

PUBLIC UTILITIES COMMISSION  
505 Van Ness Avenue  
San Francisco CA 94102-3298



**Pacific Gas & Electric Company**  
**ELC (Corp ID 39)**  
**Status of Advice Letter 5940E**  
**As of October 28, 2020**

Subject: Lake Spaulding Sky Mountain Land Donation - Request for Approval under Decision D.03-12-035, D.08-11-043, D.10-08-004 and Public Utilities Code Section 851

Division Assigned: Energy

Date Filed: 09-08-2020

Date to Calendar: 09-11-2020

Authorizing Documents: D0312035

Authorizing Documents: D0811043

Authorizing Documents: D1008004

<b>Disposition:</b>	<b>Accepted</b>
<b>Effective Date:</b>	<b>09-28-2020</b>



**PUBLIC UTILITIES COMMISSION**  
505 Van Ness Avenue  
San Francisco CA 94102-3298



Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

AL Certificate Contact Information:

Annie Ho

(415) 973-8794

[PGETariffs@pge.com](mailto:PGETariffs@pge.com)

**PUBLIC UTILITIES COMMISSION**  
505 Van Ness Avenue  
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to  
**[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)**

September 8, 2020

**Advice 5940-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Lake Spaulding Sky Mountain Land Donation - Request for Approval under Decision D.03-12-035, D.08-11-043, D.10-08-004 and Public Utilities Code Section 851**

**Purpose**

Pursuant to the streamlined procedures adopted by the California Public Utilities Commission ("Commission" or "CPUC") in Decision (D.) 08-11-043 (as modified by D.10-08-004), Pacific Gas and Electric Company ("PG&E") requests a disposition letter approving PG&E's donation of fee simple title to approximately 62 acres of land in Placer County, commonly known as Lake Spaulding ("Property") to the San Joaquin County Office of Education ("SJCOE"). This donation is being made in the public interest and will protect and preserve the Beneficial Public Values ("BPVs") on the Property, including the habitat of fish, wildlife and plants, sustainable forestry, the scenic viewshed of the Property, outdoor recreation, and identified historic and cultural values by restricting any use of the Property that would significantly impair or interfere with the protection of these values. This donation is in accordance with the terms and conditions specified in the Settlement Agreement and Stipulation that were approved by the Commission in D.03-12-035 ("Stipulation").

**Background**

Pursuant to the Stipulation, the Pacific Forest and Watershed Lands Stewardship Council ("Stewardship Council") was established in 2004 to develop a plan to permanently protect, for the benefit of the citizens of California, more than 140,000 acres of watershed lands ("Watershed Lands") owned by PG&E. This effort is known as PG&E's Land Conservation Commitment (LCC). PG&E is fulfilling its commitment through fee donation of certain Watershed Lands and/or the conveyance of conservation easements, (or satisfactory assurance in another form) that each parcel will be managed consistent with the purpose of the Land Conservation Commitment. PG&E will not make fee simple donations of lands that contain hydroelectric project features, hydroelectric projects licensed by the Federal Energy Regulatory Commission ("FERC"), or properties whose ownership is otherwise required for utility operations. The Stipulation also includes provisions to

ensure the rights necessary to operate and maintain current and future hydroelectric and associated water delivery facilities are reserved, and the existing agreements for economic uses will be honored.

A detailed description of this proposed donation, which addresses the requirements set forth in Section 12(a) of the Stipulation, is provided in the attached Land Conservation and Conveyance Plan (Attachment A) prepared by the Stewardship Council and approved by their Board of Directors. Land Conservation and Conveyance Plans will be issued serially for all Watershed Lands and together will comprise the Land Conservation Plan Volume III.

### **Property Specific Considerations**

In accordance with the streamlined procedure adopted by the Commission in D.08-11-043 (as modified by D.10-08-004), PG&E provides the following information as required by Ordering Paragraph 2:

#### **(1) Identity of the Conservation Property**

The Property, identified as a portion of Parcel 813 on the map included in Attachment A, page 5, is located in Placer County. The Property is approximately 38 miles northeast of Auburn and approximately 22 miles west of Truckee. The Property is surrounded by private property and National Forest System lands managed by the Tahoe National Forest.

#### **(2) Type of Property Interest Disposition**

Per the Stewardship Council recommendation, PG&E will convey fee simple title to the SJCOE. SJCOE will then immediately convey a conservation easement (Attachment B) to the Wildlife Heritage Foundation ("WHF"), which will permanently protect the BPVs on the Property. The Property will be transferred subject to a Grant Deed restriction regarding water use. For the complete text of the Grant Deed, see Attachment C.

PG&E and SJCOE will also enter into an Easement and Maintenance Agreement covering road maintenance and access by SJCOE and its invitees over and across PG&E retained land by way of an access road commonly known as "Six Mile Valley Road". For the complete text of the Easement and Maintenance Agreement, see Attachment D.

The State Board of Equalization estimates the value of the Property is \$51,025 (Attachment E).

#### **A. Property Encumbrances and Uses**

There is a recorded encumbrance on the Property for an underground communication facility. There are no unrecorded encumbrances. However there is an existing third-party agreement for economic use on the Property for group recreation facilities (Camp). SJCOE and the lessee of the Camp will enter into an agreement allowing SJCOE to purchase the Camp facilities when SJCOE receives fee title to the Property. The Camp has signed a termination agreement for their ground lease that will occur at close with the signing of the purchase agreement for their assets. For the complete text of the Asset Purchase Agreement, see Attachment F.

B. Public Access

The Property can be accessed via Lake Valley Road, which is accessed from the Yuba Gap exit off Interstate 80.

Public access to the Property will not be changed as a result of the donation of the Property. For the complete text regarding Public Access please see Attachment B, Page 7, Section 7.

C. PG&E's Assumption of Liability

Section 12(f) of the Stipulation requires that PG&E hold the donee and/or conservation organizations harmless for hazardous waste or substance liability. Fulfillment of that obligation is reflected in the Environmental Agreements, attached hereto as Attachment G and H.

PG&E conducted an initial environmental review in 2011 as part of its diligence in preparation for donation of the Property and a follow up ESA or "refresh" in 2017. The environmental reviews included Environmental Site Assessments (ESAs). The ESAs assessed the past and present uses, ownership, and environmental conditions in order to identify potential issues that present known or possible environmental areas of concern. The ESAs included, but were not limited to, site reconnaissance, interviews, historical and regulatory document review, and limited sampling. The sampling did identify three (3) areas containing lead that were attributed to the Camp operator. The Camp hired a contractor to perform the remediation work to remove the lead contaminated soil and the work was completed in December of 2019. The Central Valley Regional Water Quality Control Board approved the remediation work in June 2020 with a No Further Action Letter.

**(3) Legal Name and Location of Receiving Parties**

San Joaquin County Office of Education  
2922 Transworld Drive  
Stockton, CA 95206

Attn: James A. Mousalimas, County  
Superintendent of Schools

Wildlife Heritage Foundation  
563 Second Street, Suite 120  
Lincoln, CA 95648  
Attn: Darla Guenzler, Executive Director

**(4) Proposed Uses and Conservation Management Objectives:**

As set forth in the Stipulation, the cornerstone of the Land Conservation Commitment is its requirement that the Watershed Lands be preserved and enhanced for the following broad range of BPVs, which are as follows:

- Protection of the Natural Habitat of Fish, Wildlife, and Plants
- Preservation of Open Space
- Outdoor Recreation by the General Public
- Sustainable Forestry
- Agricultural Uses
- Historic Values

The conservation easement for the Property ensures permanent protection of those BPVs listed in the Stipulation that are present on the Property. Attachment B, Section E provides that the following BPVs are protected on the Property:

A. Protection of the Natural Habitat of Fish, Wildlife, and Plants

Natural Habitat of Fish, Wildlife, and Plants - Habitat for fish, wildlife, and plants that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act. The term "habitat" includes vegetation along banks and shorelines that contribute to maintaining watershed health. The term "native" refers to plants and animals that occur naturally on the Property and are defined as "native" by the California Department of Fish & Wildlife and its successors.

B. Preservation of Open Space

The scenic viewshed of the Property in keeping with the surrounding environment, providing a contiguous forested landscape visible to passersby on the nearby roads and highways.

C. Historic Values

Identified historical and cultural values, to the extent they are protected by state and federal law.

D. Outdoor Recreation by the General Public

Outdoor recreation in the form of passive recreational pursuits such as hiking, fishing, nature study, environmental education, and sightseeing.

E. Sustainable Forestry

Sustainable Forestry - Forest resources on the Property consist of Sierra Mixed Conifer.

Stipulation BPVs listed below are not present on this Property and thus are not included in this conservation easement.

F. Agricultural Uses

**(5) Environmental Information**

The proposed transaction constitutes a change in ownership with no proposed changes to land uses; thus, no direct or indirect environmental impacts will occur as a result. Therefore, the transaction does not constitute a “project” under the California Environmental Quality Act (CEQA). Accordingly, as stated in D.99-12-030 (pages 7 and 9), this advice letter process is not subject to review under CEQA.

**TRIBAL LANDS POLICY**

On September 25, 2003 and November 21, 2008, the Commission adopted Decisions (D.) 03-12-035 and D.08-11-043 (as modified by D.10-08-004), respectively, which collectively established the LCC program and the requirements and obligations under which PG&E must permanently protect its Watershed Lands through implementation of conservation easement and fee donation transactions. In accordance with D. 03-12-035, the Stewardship Council is charged to oversee the LCC and to carry out environmental enhancement and youth investment activities. In the conduct of its oversight, the Stewardship Council identifies and recommends: public agencies or qualified conservation organizations to receive fee and conservation easement interests; conservation objectives for the properties, including identification of beneficial public values; criteria for ultimate disposition of the properties; conservation easement guidelines; and land disposition plans. Upon receiving such recommendations from the Stewardship Council, PG&E must expeditiously submit applications consistent with the Land Conservation Plan for the Commission's review and approval under Public Utilities Code section 851.

Subsequently, on December 5, 2019, the Commission also adopted its Tribal Land Transfer Policy<sup>1</sup> (Policy). The Policy articulates the Commission's “expectation that

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<sup>1</sup> See Investor-Owned Utility (IOU) Real Property – Land Disposition – First Right of Refusal for Disposition of Real Property Within the Ancestral Territories of California Native American Tribes.

for any future disposition of Real Property, the [Investor Owned Utility (IOU)] will offer Tribes a right of first refusal before putting the property on the market” and articulates steps the Commission expects the IOU to undertake.

The transaction described in this Advice Letter, as required by law, conforms with the legal requirements of D.03-12-035, D.08-11-043 (as modified by D.10-08-004), and the Stewardship Council process. Those requirements are different from and not reconcilable with the requirements in the Policy. Additionally, it appears that the Policy was not intended to cover LCC transactions.<sup>2</sup> The Policy specifies that it will be applied to Real Property contained within the hydro watershed lands retained by PG&E through implementation of its LCC. This language suggests that LCC transactions are not subject to the Policy.

Separately, while different in structure, the LCC program is consistent with the Policy’s objectives to ensure tribal interests are appropriately considered, and substantial tribal engagement regarding this Property has been conducted through the Stewardship Council’s formal multi-step process to solicit and select organizations interested in receiving a donation of Watershed Lands or becoming a conservation easement holder.

Since its formation in 2004, the Stewardship Council has made a concerted effort to extend the benefits of PG&E’s Land Conservation Commitment to Native American Tribes and Native American entities in California. Stewardship Council staff has met in person with representatives of Native American entities and conducted other types of special outreach to ensure that Native American entities were aware about and provided full access for participation in the opportunities presented by PG&E’s Land Conservation Commitment.

Specific to the Lake Spaulding Sky Mountain Property, the Stewardship Council did not receive a Land Stewardship Proposals (LSP) from a Native American Tribe.

### **Native American Engagement**

Consistent with existing practice for LCC transactions, PG&E is serving this Advice Letter to the Tribes and Native American entities affected by the proposed transaction as identified by the Stewardship Council’s outreach process. The Stewardship Council’s outreach process includes noticing to those tribal contacts as identified through CAL FIRE’s Native American Contact List, which the Native American Heritage Commission assisted in creating and provides ongoing updates and issue resolution assistance.<sup>3</sup>

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<sup>2</sup> Ibid., pg. 1: “Dispo[sition] of Real Property . . . including any Real Property contained within the hydro watershed lands retained by Pacific Gas and Electric Company through implementation of the Land Conservation Commitment.”

<sup>3</sup> <https://www.fire.ca.gov/programs/resource-management/resource-protection-improvement/environmental-protection-program/cultural-resources-management-program/>

### **PG&E's Review & Finding**

PG&E has reviewed the transaction and documents herein and has determined that the proposed transaction is compliant with requirements of the Stipulation. Additionally, this transaction will not have an adverse effect on the public interest or on the ability of the utility to provide safe and reliable service to customers at reasonable rates.

Lastly, the Stewardship Council intends to provide funding to satisfy property tax payments in perpetuity for the Property.<sup>4</sup> Upon CPUC approval of fee title donation of the Property, Placer County will receive a one-time lump sum payment to satisfy property tax in perpetuity for the Property. The County would, in-turn, be required to distribute the funds to the general fund and applicable special districts consistent with the Tax Rate Area in effect for the parcels.

### **Protests**

**\*\*\*Due to the COVID-19 pandemic and the shelter at home orders, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to EDTariffUnit@cpuc.ca.gov and PGETariffs@pge.com\*\*\***

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail by facsimile or electronically, any of which must be received no later than September 28, 2020, which is 20 days after the date of this submittal. Protests should be mailed to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@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.

Erik Jacobson  
Director, Regulatory Relations  
c/o Megan Lawson

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<sup>4</sup> As stated in Resolution E-4644 the Commission endorses the Stewardship Council 1) Guidelines Regarding Satisfaction of Tax Neutrality, and 2) the Property Tax Neutrality Methodology adopted by the Stewardship Council.



Note: (1) the Donation Letter Agreement between PG&E and the San Joaquin Office of Education is available upon request.

cc: Service List Appendix A - Advice Letter 5940-E  
Heidi Krolick, Stewardship Council  
Erin Healy, Stewardship Council  
Service List A.08-04-020 and I.02-04-026  
Additional Parties Identified by the Stewardship Council

\*\*\*\*\* **SERVICE LIST Advice 5940-E** \*\*\*\*\*  
**APPENDIX A**

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

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(415) 703-2871  
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Michael Rosauer  
Energy Division  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703-2579  
fly@cpuc.ca.gov

San Joaquin County Office of Education  
2922 Transworld Drive  
Stockton, CA 95206  
Attn: James A. Mousalimas,  
County Superintendent of Schools  
jmousalimas@sjcoe.net

Wildlife Heritage Foundation  
563 Second Street, Suite 120  
Lincoln, CA 95648  
Attn: Darla Guenzler, Executive Director  
scanderson@sjcoe.net

Stewardship Council  
Attention: Executive Director  
3300 Douglas Blvd. Ste. 250  
Roseville, CA 95661  
Telephone: (916) 297-6660



# ADVICE LETTER 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 E)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Annie Ho

Phone #: (415) 973-8794

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: AMHP@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
 PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 5940-E

Tier Designation: 1

Subject of AL: Lake Spaulding Sky Mountain Land Donation - Request for Approval under Decision D.03-12-035, D.08-11-043, D.10-08-004 and Public Utilities Code Section 851

Keywords (choose from CPUC listing): Agreements, Section 851

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.03-12-035, D.08-11-043, D.10-08-004

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:

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes  No

Requested effective date:

No. of tariff sheets: N/A

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:

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

<sup>1</sup>Discuss in AL if more space is needed.

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

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Erik Jacobson, c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility Name: Pacific Gas and Electric Company  
Address: 77 Beale Street, Mail Code B13U  
City: San Francisco, CA 94177  
State: California Zip: 94177  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
Email: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: District of Columbia Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

# **Attachment A**

## **Land Conservation and Conveyance Plan**

# Final LCCP

June 26, 2019

Updated July 13, 2020



## Land Conservation and Conveyance Plan

Lands for Donation to San Joaquin County Office of Education at Lake Spaulding (SJCOE) Planning Unit

## **Executive Summary**

### **Subject**

LCCP Lake Spaulding Planning Unit (Lands Donated to SJCOE)  
Land Conservation Plan Identification Number (Parcel) 813 as shown on the map attached as Exhibit 1.

Type of Property Interest Disposition

- San Joaquin County Office of Education (SJCOE) to hold fee simple title to approximately 62 acres within Parcel 813 of the Lake Spaulding planning unit.
- Wildlife Heritage Foundation (WHF) to hold the conservation easement on the 62 acres of Parcel 813 donated to SJCOE.

### **Summary**

Approximately 62 acres within one parcel (Parcel 813) will be donated to SJCOE and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by SJCOE to WHF. The remaining 1,263 acres within Parcel 813 will be retained by PG&E or donated to the California Department of Forestry and Fire Protection (CAL FIRE) and are addressed in separate Land Conservation and Conveyance Plans (LCCPs).

Pending California Public Utilities Commission (CPUC) approval, and immediately following PG&E's conveyance of 62 acres within Parcel 813 to SJCOE, SJCOE and WHF will enter into the conservation easement.

The 62 acres in Parcel 813 to be donated to SJCOE are outside the Drum-Spaulding FERC Project boundary (FERC #2310) and PG&E has determined this acreage does not need to be retained for existing or future utility operations. Therefore, this acreage is available for donation, subject to PG&E's reserved rights.

This transaction will not have an adverse effect on the public interest or on the ability of the utility to provide safe and reliable service to customers at reasonable rates.

### **Property Location**

The Property subject to this LCCP consists of approximately 62 acres in Placer County immediately south of Lake Valley Reservoir.

### **Economic Uses and Agreements**

There are recorded encumbrances on the acreage for donation to SJCOE in the Lake Spaulding planning unit for underground communication facilities. There are no unrecorded encumbrances, but there is an existing lease for economic uses on the lands to be donated to SJCOE for group recreational facilities (Camp). SJCOE and the lessee have entered into an agreement allowing SJCOE to purchase the Camp facilities when SJCOE receives fee title to the Property.

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

### **Permanent Protection of the Beneficial Public Values**

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

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

The conservation easement for Parcel 813 within the Lake Spaulding planning unit lists the following BPVs that are to be protected:

- Natural Habitat of Fish, Wildlife, and Plants - Habitat for fish, wildlife, and plants that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act. The term “habitat” includes vegetation along banks and shorelines that contribute to maintaining watershed health. The term “native” refers to plants and animals that occur naturally on the Property, and are defined as “native” by the California Department of Fish & Wildlife and its successors.
- Sustainable Forestry - Forest resources on the Property consist of Sierra Mixed Conifer.
- The scenic viewshed of the Property in keeping with the surrounding environment, providing a contiguous forested landscape visible to passersby on the nearby roads and highways.
- Outdoor recreation in the form of passive recreational pursuits such as hiking, fishing, nature study, environmental education, and sightseeing.
- Identified historical and cultural values, to the extent they are protected by state and federal law.

### **Tax Neutrality**

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

Pending CPUC approval of the fee title donation of the Property, Placer County will receive a lump sum payment of \$20,882, consistent with the methodology described in the Property Tax Neutrality Methodology adopted on June 27, 2012 and amended most recently on November 15, 2017.

### **Hazardous Waste Disclosure**

PG&E has provided the Lake Spaulding Planning Unit Environmental Site Assessment Report dated December 1<sup>st</sup>, 2011, to SJCOE and WHF, fulfilling the disclosure requirements of the Land Conservation Commitment.

### **Consideration of Parcel Split**

Within Parcel 813, approximately 62 acres are proposed to transfer to SJCOE. At closing, the 62 acre Property, as well as the remainder of the parcel, must comply with the California Subdivision Map Act (Government Code Section 66410, et seq.) as separate legal parcels. Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to this conveyance.

### **Enhancement Component**

To further the preservation and enhancement of beneficial public values on the property, the Stewardship Council has budgeted funding for SJCOE to (1) acquire the existing Camp assets and (2) improve the existing facilities to ensure ADA compliance and suitability for educational purposes. The grant agreement contains the following conditions, among others: (1) SJCOE shall conduct CEQA review prior to adopting any improvement plan for the Property or undertaking any improvement project, whichever occurs first; (2) If SJCOE decides not to carry out the improvement projects for any reason, including because the CEQA review revealed significant and unavoidable environmental impacts, SJCOE shall return the unused portion of grant funding. This grant funding does not require Commission approval.

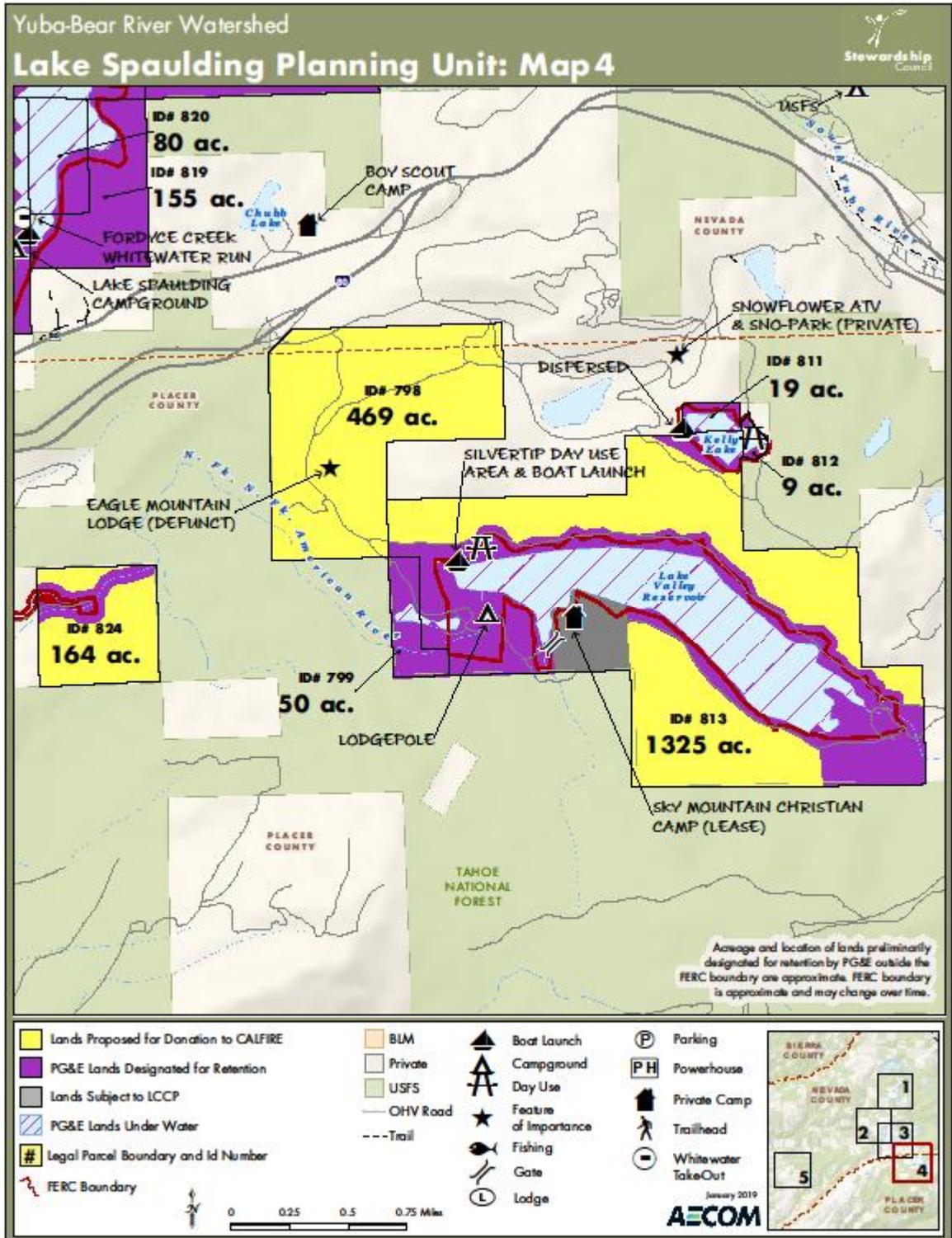
### **Applicable CEQA Exemption(s) or Reason Why Transaction is not a "Project Under CEQA"**

This Lake Spaulding transaction will not result in a direct physical change or a reasonably foreseeable indirect physical change in the environment; therefore, the Stewardship Council does not believe that the transaction is a project under CEQA. SJCOE approved a Notice of Exemption for the transaction and stated the project is exempt based on 14CCR 15061 and 14CCR 15301. In addition, the transfer of land to preserve open space, habitat, or historical resources is categorically exempt under Section 15325 of the CEQA Guidelines (CFR Title 14, Chapter 3) and Public Resources Code 21080.28 clarifies that CEQA review is not required before a public agency transfers an interest in property, provided the purpose of the transfer is to conserve the land for habitat, open space, agricultural, or historic preservation, among other purposes. Also, the establishment of a conservation easement is categorically exempt under Section 15325 of the CEQA Guidelines (CFR Title 14, Chapter 3).

While the principal effect of the conservation easement will be to significantly restrict development on the site in perpetuity, the conservation easement reserves to SJCOE the right to expand the Camp consistent with the existing use of the Property and subject to the limitations in the conservation easement. However, SJCOE is not proposing to expand the Camp or change the Property's use at this time. Once SJCOE purchases the Camp from the current lessee, SJCOE plans to continue managing and operating the Camp as the lessee does presently. If, in the future, SJCOE decides to pursue new development or uses that are allowed by the conservation easement, it must first obtain all necessary permits and conduct any necessary CEQA review at that time.

The fact that the Stewardship Council has provided funding for SJCOE as described above does not change this analysis. The funding agreement contains conditions allowing SJCOE to return any improvement funding without penalty if SJCOE decides not to move forward with the improvements (due to environmental impacts or any other reason). In addition, any grant agreement requires SJCOE to conduct CEQA review prior to adopting an improvement plan or undertaking any improvements. Given these facts, CEQA review of these potential improvements is not required prior to approval of the land transaction.

Exhibit 1. Map of the Property



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## Introduction

The Pacific Forest and Watershed Lands Stewardship Council (Stewardship Council) is a private, nonprofit foundation established in 2004 pursuant to a Settlement Agreement and a Stipulation Resolving Issues Regarding the Land Conservation Commitment approved by the California Public Utilities Commission (CPUC) in Decision 03-12-035 (Dec. 18, 2003). The Stewardship Council Board of Directors includes appointees from state and federal agencies, water districts, Native American and rural interests, forest and farm industry groups, conservation organizations, the CPUC, and Pacific Gas and Electric Company (PG&E).

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

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

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

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

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

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

During the development of LCP Volumes I and II and the LCCPs, the Stewardship Council implemented a public outreach program to ensure local communities, elected representatives, neighboring property owners, Native American tribes and groups, and other key stakeholders had many opportunities to engage in the Stewardship Council's effort to preserve and enhance the Watershed Lands. To solicit additional input from the public on potential fee title recipients or conservation easement holders (referred to as donees), the Stewardship Council hosted a series of public information meetings. These meetings were designed to (1) provide an overview and update on the Stewardship Council's Land Conservation Program, (2) outline next steps, timeline, and opportunities for additional public input, and (3) solicit public input on the desired qualifications of potential donees and the future stewardship of the planning units. The Stewardship Council also made a concerted effort to extend the benefits of PG&E's Land Conservation Commitment to Native American tribes and groups, including meeting in person with representatives of Native American entities and conducting special outreach to best ensure Native American entities were aware of, and provided full access to participate in the opportunities presented by PG&E's Land Conservation Commitment.

Public input that the Stewardship Council received as a result of the public outreach process, including comments on Volume II of the LCP, comments from public information meetings on the selection of donees and other issues, and correspondence received by the Stewardship Council were considered by the Stewardship Council in its evaluation of the potential donees and their land stewardship proposals. In addition to public meetings, the public was given the opportunity to participate in all of the Stewardship Council's public board meetings where decisions were made on fee title and conservation easement donees. Prior to making a decision regarding the disposition of any parcel, the Stewardship Council will provide notice to the Board of Supervisors of the affected county, each affected city, town, and water supply entity, each affected Tribe

and/or co-licensee, and each landowner located within one mile of the exterior boundary of the parcel, by mail or other effective manner. A summary of the public outreach process for this subject LCCP, the Lake Spaulding planning unit, is provided in Appendix 1. Furthermore, the proposed LCCP will be made available for public review and comment before it is forwarded by the Watershed Planning Committee to the board for its review and approval.

**The Stewardship Council Board of Directors recommends that the San Joaquin County Office of Education (SJCOE) receive approximately 62 acres within one parcel (813) of the Lake Spaulding planning unit in fee and that the Wildlife Heritage Foundation (WHF) hold a conservation easement over the lands recommended for donation to SJCOE in this parcel (813) of the Lake Spaulding planning unit.**

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

**Table 1 Stipulation 12(a) Requirements**

<p><b>(1) Acreage, Existing Economic Uses and Agreements</b>  <i>“Reasonably exact estimates of acreage, by parcel, within or outside licensed project boundaries, and existing economic uses (including all related agreements);”</i></p>
<p><b>(2) Objectives to Preserve and/or Enhance</b>  <i>“Objectives to preserve and/or enhance the BPVs, as defined in the Settlement Agreement, Appendix E, of each individual parcel;”</i></p>
<p><b>(3) Recommendations for Conservation Easement and Fee Simple Donation</b>  <i>“A recommendation for grant of a conservation easement or fee simple donation for each such parcel;”</i></p>
<p><b>(4) Finding of Donee Funding and Other Capacity to Maintain Lands to Preserve and/or Enhance BPVs</b>  <i>“A finding that the intended donee of such easement or fee simple has the funding and other capacity to maintain that property interest so as to preserve and/or enhance the BPVs thereof;”</i></p>
<p><b>(5) Analysis of Tax and Other Economic and Physical Impacts</b>  <i>“An analysis of tax and other economic and physical impacts of such disposition strategy, and a commitment by an appropriate entity to provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county under the LCC will be ‘tax neutral’ for that county;”</i></p>
<p><b>(6) Hazardous Waste Disclosure</b>  <i>“A disclosure of all known hazardous waste or substance contamination or other such environmental liabilities associated with each parcel;”</i></p>
<p><b>(7) Consideration of Parcel Split</b>  <i>“Appropriate consideration whether to split any parcel which is partly used or useful for operation of PG&amp;E’s and/or a co-licensee’s hydroelectric facilities, where the beneficial public values of the unused part may be enhanced by such split, provided that it is consistent with Section 12(b)(4) of this Stipulation and that, in the event that governmental approval of a parcel split imposes conditions or restrictions on other PG&amp;E property, the decision to accept or reject such conditions will be at PG&amp;E’s sole discretion;”</i></p>

**Table 1 Stipulation 12(a) Requirements**

<p><b>(8) Strategy for Physical Measures to Enhance BPVs</b> <i>"A strategy to undertake appropriate physical measures to enhance the BPVs of individual parcels; provided that no such measure will be in conflict with the provisions of Settlement Agreement paragraph 17(c) and Appendix E paragraph 1;"</i></p>
<p><b>(9) Monitoring Plan for the Economic and Physical Impacts of Disposition and Implementation of Enhancement Measures</b> <i>"A plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures on the applicable management objectives;"</i></p>
<p><b>(10) Implementation Schedule for Transactions and Measures</b> <i>"A schedule for the implementing transactions and measures."</i></p>

## **1. Acreage, Existing Economic Uses and Agreements**

### **Acreage and Property Description**

Approximately 62 acres in Parcel 813 will be donated to SJCOE and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by SJCOE to WHF. 592 acres within Parcel 813 will be donated to the California Department of Forestry and Fire Protection (CAL FIRE) and will also be subject to a conservation easement. The remaining 671 acres within Parcel 813 will be retained by PG&E subject to a conservation easement.

The Lake Spaulding planning unit is located 26 miles from Nevada City and 19 miles from Truckee at an approximate elevation range of 5,200 to 7,000 feet mean sea level (msl). The planning unit encompasses many scenic lakes in the high elevation mountains of the Sierra Nevada.

The Lake Spaulding planning unit offers a variety of habitat for both plants and wildlife. Various special status plant species have been identified in the vicinity of the planning unit, including shore sedge, Oregon fireweed, Stebbins' phacelia, Butte County fritillary, and Cantelow's lewisia. Similarly, special status wildlife species such as Sierra Nevada snowshoe hare, Pacific fisher, Sierra marten, foothill yellow-legged frog, and the Federally endangered mountain yellow-legged frog have been surveyed in the vicinity of the planning unit. Throughout the planning unit, there are key winter and summer deer range, fawning areas, and major deer migration corridors.

Lake Valley Reservoir provides recreation opportunities including boating, camping and picnicking. On the northwestern shore of Lake Valley Reservoir, PG&E operates the Silvertip Day Use area; across the reservoir, the Lodgepole Campground offers 35 sites in a forested setting. PG&E leases approximately 40 acres of land on the south side of the reservoir to Sky Mountain Christian Camp (Camp). The lease has been in place for several decades and extensive building and infrastructure improvements were funded and constructed by the lessee, including a main lodge, residence cabins, gymnasium, well and water system, propane, electric and communication infrastructure, landscaping, and paved roads, among other things. The facility has operated year-round as a religious retreat and summer camp. SJCOE intends to purchase the Camp facilities and continue to operate it for environmental education.

There is one PG&E Timber Management Unit (TMU) totaling 1,218 timbered acres that encompasses the lands recommended for donation to SJCOE. The TMU is currently managed under a Multiple-Use prescription, meaning that protection and uses of other resources and facilities may preclude sustained timber management as the highest and best use of portions of the TMU.

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

The planning unit lies within the ancestral territory of the Maidu, Washoe, and Nisenan-Southern Maidu groups. Both historic and prehistoric resources are present within the Lake Spaulding planning unit.

### **Adjacent and Nearby Landowners**

The parcel subject to donation to SJCOE is surrounded by National Forest System lands managed by the Tahoe National Forest and private property. The parcel is accessible via Lake Valley Road, which is accessed from the Yuba Gap exit off of Interstate 80 (I-80).

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

### **Existing Economic Uses and Agreements**

There are recorded encumbrances on the acreage for donation to SJCOE in the Lake Spaulding planning unit for underground communication facilities. There are no unrecorded encumbrances, but there is one existing agreement for economic uses on the lands to be donated to SJCOE for the Camp facilities. SJCOE and the lessee will enter into an agreement allowing SJCOE to purchase the Camp facilities when SJCOE receives fee title to the Property.

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

## 2. Objectives to Preserve and/or Enhance the BPVs

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

The following text lists the objectives for each BPV at the Lake Spaulding planning unit that the Stewardship Council board approved in LCP Volume II, as well as a description of how the transaction, as summarized by this LCCP, supports each objective and preserves and/or enhances the BPVs.

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

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

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

*2. Objective: Preserve open space in order to protect natural and cultural resources, the wilderness character of the region, and continued low-intensity recreation experiences.*

The conservation easement will ensure that no further development will occur unless specifically authorized by the conservation easement and consistent with the BPVs. The Property contains the existing Camp facilities which are interspersed in the forest and blend with the natural scenery. SJCOE proposes to maintain the Property to be donated without significant modifications to the landscape. The current open space values on the Property will remain for the benefit of the public. The conservation easement allows for an additional 8 acres of development in a building envelope to expand the camp for campground, educational, recreational purposes, or Property management purposes, in a manner designed to minimize adverse impacts to the conservation values. No expansion is currently proposed.

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<sup>1</sup> Land Conservation Commitment I.02-04-026, Appendix E, p. 38

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

The conservation easement allows for public access for outdoor recreational and educational activities, including hiking, fishing, nature study, environmental education, and sightseeing. SJCOE reserves the right to make and enforce reasonable regulations to control, limit, or, exclude Informal Uses and public access where it determines such Informal Uses and/or public access is inconsistent with the protection of the Property, protection of the Conservation Values on the Property, or authorized uses of the Property, including the safety and security of authorized users of the Camp.

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

The conservation easement allows vegetation and forest management for public or personal safety, fire protection and suppression, and the enhancement of biodiversity in accordance with sound, generally accepted practices that include prescriptive burning, harvesting, thinning, and brush removal.

*5. Objective: Identify potential grazing opportunities in order to enhance agricultural resources and related economic benefits.*

There is no current agricultural use of the Property, so agriculture is not included as a BPV. The Property is heavily forested, rocky, and developed, so it is not proposed to introduce agricultural uses.

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

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

### **3. Recommendations for Conservation Easement and Fee Simple Donation**

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

#### **Conservation Easement**

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

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

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

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

#### **Donee Selection Process**

The Stewardship Council used a formal multi-step process to solicit and select organizations interested in receiving a donation of Watershed Lands or becoming a

conservation easement holder at the Lake Spaulding planning unit. The process consisted of the following key steps:

- Organizations were invited to register via the Stewardship Council’s Interested Donee Registry and were invited to submit a statement of qualifications (SOQ). The Stewardship Council reviewed the SOQs that were submitted to identify organizations that: (a) were determined to be a qualified nonprofit conservation organization; a federal, state or local governmental entity; or, a recognized tribe; (b) appeared to have sufficient financial and organizational capacity relative to the property interest sought within the planning unit; and, (c) appeared to be capable of satisfying the requirements of the Settlement and Stipulation for receiving a donation of fee title or to hold the conservation easement.
- Organizations interested in a fee title donation were invited to submit a land stewardship proposal (“LSP” or “proposal”) describing their capacity and interest in preserving and enhancing the BPVs. No LSPs were received specifically for the Camp, but two proposals from CAL FIRE and the US Forest Service were received requesting available lands in the Lake Valley Reservoir area and SJCOE requested a donation of the former Eagle Mountain Lodge site to construct a new camp. Following discussion with the Camp operator that indicated willingness to sell the Camp assets, the Stewardship Council worked with SJCOE to enter into this transaction to acquire the Camp and SJCOE was recommended to receive fee title to the Camp at the January 24, 2018 board meeting. The US Forest Service was recommended for fee title donation to a different area (Parcel 798) at the November 14, 2013 board meeting, but later withdrew interest. CAL FIRE was recommended for donation of fee title to approximately 1,311 acres that include Parcel 798 and land adjacent to the SJCOE donation at the June 27, 2018 board meeting.
- The LSPs were posted on the Stewardship Council’s website.
- Organizations demonstrating sufficient capacity and determined by the Stewardship Council to be best-suited to receive a donation of property interest (fee or conservation easement) in particular Watershed Lands within a planning unit are being recommended to PG&E to receive fee title and/or conservation easements.

### **Retention or Donation of Fee Title**

The Settlement Agreement states that PG&E will not be expected to make fee simple donations of Watershed Lands with hydroelectric project features, and conservation easements and enhancements may not interfere with hydroelectric operations. In general, PG&E will retain fee title to those Watershed Lands within the boundaries of hydroelectric projects licensed by the FERC, as well as other properties required for continuing and future utility operations. However, these Watershed Lands will be conserved via a conservation easement. See Appendix 6 for a description of PG&E’s Land Conservation Commitment.

The 62 acres proposed for donation to SJCOE in Parcel 813 were identified as available for donation, subject to PG&E's reserved rights.

#### **Lands to be Donated by PG&E**

Approximately 62 acres within one parcel (813) will be donated to SJCOE pending CPUC approval of the Section 851 filing for the transaction. The legal description of the parcel is included in the grant deed, which is provided in Appendix 2. The qualifications and capacity of SJCOE to manage the Lake Spaulding property recommended for donation are described in Chapter 4.

The map provided in Exhibit 1 shows all of the land within Parcel 813 in the Lake Spaulding planning unit that will be donated. The map also shows key features in the planning unit and surrounding area, and the ownership of adjacent land.

592 acres within Parcel 813 will be donated to the California Department of Forestry and Fire Protection (CAL FIRE) and are the subject of a separate LCCP.

#### **Lands to be Retained by PG&E**

The remaining 671 acres in Parcel 813 in the Lake Spaulding planning unit will be retained by PG&E and will be the subject of a separate LCCP.

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

##### **Selected Organizations**

At the conclusion of the selection process referenced below, the following organizations were endorsed by the Stewardship Council board on January 24, 2018 and June 27, 2018 respectively:

- The San Joaquin County Office of Education (SJCOE) to hold fee simple title to approximately 62 acres within Parcel 813. SJCOE plans to use the Camp for environmental education. The Camp will offer activities for urban youth from San Joaquin and neighboring counties, such as outdoor education, hiking, fishing, kayaking, leadership, and team building.
- Wildlife Heritage Foundation (WHF) to hold a conservation easement over the 62 acres to be donated to SJCOE in Parcel 813.

##### **Capacity of Selected Organizations**

The Stewardship Council board finds that SJCOE and WHF will have the funding and other capacity to maintain the Property interest so as to preserve and/or enhance the BPVs<sup>2</sup>.

###### **A. SJCOE:**

- SJCOE has provided educational programs and services in San Joaquin County for over 160 years and provides services to 14 local school districts and one community college district.
- SJCOE has operated the San Joaquin Outdoor Education (SJOE), an outdoor school program in the Santa Cruz Mountains, for nearly 60 years. SJCOE currently leases the school facility from YMCA Camp Jones Gulch. SJOE serves over 4,400 fifth- and sixth-grade students and nearly 500 high school cabin leaders annually from 12 of the 14 local school districts, for 33 weeks each year.
- SJCOE is fully certified through the California Department of Education by the California Outdoor School Association, Residential Outdoor Science School Certification program. The school has also received Commendations of Excellence from the State Superintendent of Public Instruction.
- Since 1993, SJCOE has acquired fee title to three other properties ranging from a 62,000 square foot historical building to a 290 acre park and developed them into new educational facilities, such as charter schools and an at-risk youth high school.

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<sup>2</sup> Stipulation, Section 12(a)(4)

**B. WHF:**

- Founded in 2001, WHF is a 501(c)(3) non-profit dedicated to protecting and enhancing wildlife habitat and connecting Californians to the outdoors.
- WHF is a statewide land trust, holding nearly 100,000 acres on over 129 conservation easement and fee title lands in both rural and urban areas, as far north as Shasta County and as far south as the Mojave Desert.
- WHF is recognized by the California Department of Fish and Wildlife, California Department of Conservation, US Fish and Wildlife Service, and U.S. Army Corps of Engineers as a 501(c)(3) non-profit organization acceptable to hold conservation easements in accordance with state and federal permitting requirements. In addition, WHF has been accredited by the Land Trust Alliance since 2008 and is a member in good standing of the California Council of Land Trusts.
- WHF has a professional staff comprised of an Executive Director, Associate Director, Lead Biologist, two Field Technicians, and an Operations Manager. The staff has deep expertise in natural resource management, biology, and environmental sciences.

## **5. Analysis of Tax and Other Economic and Physical Impacts**

The Stipulation requires that the LCCP provide “an analysis of tax and other economic and physical impacts of such disposition strategy, and a commitment by an appropriate entity [which may be PG&E, subject to being authorized by the Commission to fully recover in rates any such costs in approving PG&E’s Section 851 application or in another appropriate Commission proceeding, Stewardship Council, donee, or a third party, depending on the individual circumstances] to provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county under this Land Conservation Commitment will be ‘tax neutral’ for that county.”

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

### **Stewardship Council Board Policies and Guidelines**

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

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

On June 27, 2012, the Stewardship Council board approved an amendment to the property tax neutrality methodology it had adopted on May 2, 2012, after an opportunity for public comment and specific outreach to all potentially affected counties. On June 24, 2015 and January 21, 2016, the Stewardship Council board approved some revisions to that methodology. The methodology establishes a standard payment process when lands are transferred to organizations that are exempt from paying property taxes (see Appendix 5).

On August 14, 2014, the California Public Utilities Commission approved Resolution E-4644. The resolution states that the Commission endorses the Guidelines Regarding Satisfaction of Tax Neutrality and the Property Tax Neutrality Methodology adopted by the Stewardship Council.

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

### **Achieving Property Tax Neutrality**

The Stewardship Council will provide funding to satisfy property tax payments in perpetuity for the Property. Based on the tax tables, which are current as of the date of this LCCP, the transfer of lands to SJCOE is anticipated to result in the reduction of approximately \$835 in annual taxes paid to Placer County (as shown in Table 2 below). If assessed values on the lands recommended for donation change prior to the transfer of the property, the Stewardship Council will revise the payment calculation.

**Table 2: Property Tax Detail**

<b>Parcel ID</b>	<b>SBE Map Number</b>	<b>Taxes on Acres Transferred</b>
813 (portion)	135-31-1-6 (portion)	\$835

Upon receipt of a lump sum payment of approximately \$20,882, Placer County will, in turn, be required to distribute the funds to the general fund and applicable special districts consistent with the Tax Rate Area in effect for the parcel.

### **Other Economic and Physical Impacts**

The Settlement and Stipulation require an analysis of the physical and economic impacts of each fee title transfer. The transaction agreements for the donation of 62 acres within the Lake Spaulding planning unit have not mandated any changes to the physical or economic uses of the lands. SJCOE intends to purchase the Camp facilities that Sky Mountain Christian Camp has developed on the Property and continue using them as a group recreational camp for environmental education. If SJCOE proposes to expand the existing facilities or to undertake or permit new activities on the Property in the future, consistent with the terms of the conservation easement, SJCOE will obtain all necessary permits and conduct any required CEQA review at that time.

To enhance and preserve beneficial public values on the Property, the Stewardship Council has granted funding for SJCOE to (1) acquire the existing Camp assets and (2) improve the existing Camp facilities to ensure ADA compliance and suitability for educational purposes. This approval of grant funding will not have any physical or economic impacts because SJCOE has not committed to undertaking any specific improvements at this time. Prior to adopting an improvement plan or conducting any improvements funded by this grant, SJCOE would be required to comply with CEQA and analyze the potential physical impacts of the improvements.

## **6. Hazardous Waste Disclosure**

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

### **Lands to be Donated by PG&E**

PG&E has provided Lake Spaulding Planning Unit Environmental Site Assessment Report dated December 1, 2011, to SJCOE and WHF, fulfilling the disclosure requirements of the Land Conservation Commitment.

### **Environmental Agreement**

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

## **7. Consideration of Parcel Split**

To effectuate transfer of the 62 acres identified for donation to SJCOE within Parcel 813, a parcel split is required to comply with the California Subdivision Map Act (Government Code Section 66410, et seq.). Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to this conveyance.

## **8. Strategy for Physical Measures to Enhance the BPVs**

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

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

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

As part of this program, and to further the preservation and enhancement of the BPVs, the Stewardship Council has granted funding for SJCOE to (1) acquire the existing camp assets and (2) improve the existing facilities to ensure ADA compliance and suitability for educational purposes.

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

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

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

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

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

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

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

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

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

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

## **10. Implementation Schedule for Transactions and Measures**

### **Schedule for Transaction**

- CPUC review and approval (2020)
- Close of escrow (2021)
- Stewardship Council release of funds to WHF per conservation easement funding agreement (2021)

### **Compliance with Local Land Use Planning Requirements**

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

## Appendix 1: Summary of Public Outreach

### SUMMARY OF PUBLIC OUTREACH PROGRAM

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

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

## Appendix 1: Summary of Public Outreach

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

### **LAKE SPAULDING PLANNING UNIT PUBLIC OUTREACH**

Highlighted below are the opportunities that have been, or are being, provided for public input on key documents and decisions concerning the Lake Spaulding planning unit and the land conservation and conveyance process.

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

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

During public review of Volumes I and II of the LCP, seven public comments were submitted concerning the Lake Spaulding planning unit. These comments reflected a request to reflect water agency facilities in LCP maps, support for the US Forest Service as a potential fee donee, as well as support for protecting and enhancing the open space and recreational values of the Lake Spaulding planning unit, as well as comments on certain recreational facilities proposed for the property.

#### **II. NOTICING OF LANDOWNERS WITHIN ONE MILE**

In the fall of 2006 a postcard was distributed to the approximately 26,000 landowners located within one mile of the exterior boundary of all the parcels to notify and invite comment on Volume I and II of the LCP. A postcard was also sent to notify and invite all landowners located within one mile of the parcels within the Lake Spaulding planning unit to a Public Information Meeting that was held in Auburn, California on April 14, 2011. In addition, simultaneous with the release of the proposed subject LCCP for public comment, adjacent landowners located within one mile of the subject parcels are noticed by mail 30 days before the Watershed Planning Committee considers forwarding the proposed subject LCCP to the board for final approval.

#### **III. PUBLIC INFORMATION MEETING**

A Public Information Meeting workshop for several planning units in the Yuba-Bear Watershed Area was hosted by the Stewardship Council on April 14, 2011 in Auburn, California. The meeting concerned six planning units: Lower Drum, Chili Bar, Lake Spaulding, Bear River, Narrows and Fordyce Lake planning

## Appendix 1: Summary of Public Outreach

unit. Attendees at the workshop included a total of 58 individuals representing a wide variety of interests including local, state, federal, and tribal governments; and community organizations. The meeting was advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to the local newspaper, and a postcard sent to all landowners on record located within one mile of any PG&E parcel associated with the Lake Spaulding planning unit.

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

The Stewardship Council received the following comments at the meeting and through comment cards that apply to the lands subject to this LCCP:

### General Comments

- Mineral resources should be included as a beneficial public value
- Lands available for donation should be transferred to an entity that will preserve and enhance public access
- Provide adequate time for the public to review and provide comments on the land stewardship proposals, proposed donee recommendations, and conservation easements
- Understand that all of the parcels have a history of land use and are no longer pristine
- Provide parcel-specific goals to promote public understanding and comment

### Lake Spaulding

- Support transfer of lands to an entity that would restrict vehicle traffic to present levels
- Continue to allow public use of existing roads
- Maintain public access for recreation (hiking, fishing, and camping)
- Support for lands available for donation to be transferred to the US Forest Service
- Rely on existing laws to protect sensitive wildlife and archaeological resources

## **IV. PUBLIC REVIEW OF LAND STEWARDSHIP PROPOSALS**

On May 13, 2011, the Stewardship Council received five Land Stewardship Proposals from organizations interested in being considered for a donation of fee title to certain lands located within the Lake Spaulding planning unit. The Department of Forestry and Fire Protection, Nevada County Land Trust (aka Bear Yuba Land Trust), the San Joaquin County Office of Education, the US Forest Service–Tahoe National Forest, and University of California–Center for Forestry. Each of the organizations prepared and submitted its proposal which was posted on the Stewardship Council's website for public review and comment, and an e-mail was sent to contacts in the Stewardship Council's database to notify them of the postings.

## **V. PUBLIC REVIEW OF LAND CONSERVATION PROGRAM POLICIES & GUIDELINES**

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

## Appendix 1: Summary of Public Outreach

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

### *Land Conservation Program Funding Policy*

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

### *Guidelines for Achieving Property Tax Neutrality*

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

### *Proposed methodology for achieving tax neutrality*

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

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

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

## Appendix 1: Summary of Public Outreach

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

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

### **VII. PUBLIC REVIEW OF THE LAND CONSERVATION AND CONVEYANCE PLANS**

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

### **VIII. STEWARDSHIP COUNCIL BOARD OF DIRECTORS MEETINGS**

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

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

<p>RECORDING REQUESTED BY AND RETURN TO:</p> <p>PACIFIC GAS AND ELECTRIC COMPANY 245 Market Street, N10A, Room 1015 P.O. Box 770000 San Francisco, California 94177 <b>Attention: Land Consultant (LCC)</b></p> <p>No Recording Fee Pursuant to Government Code 27383</p> <p>THE UNDERSIGNED GRANTOR(S) DECLARE(S) DOCUMENTARY TRANSFER TAX IS \$0</p> <p>Transfer Tax Exempt due to Revenue &amp; Taxation Code 11922</p> <p><u>See Signature of Grantor Below</u> Signature of declarant or agent determining tax</p>	<p>(SPACE ABOVE FOR RECORDER'S USE ONLY)</p>
LD	DEED
APN:	

**GRANT DEED AND RESERVATION OF RIGHTS AND EASEMENTS**

**I. CONVEYANCE OF FEE**

**PACIFIC GAS AND ELECTRIC COMPANY**, a California corporation (“**Grantor**”), hereby grants, without warranty express or implied, to San Joaquin County Office of Education, a county office of education duly organized and validly existing under the Constitution and laws of the State of California (“**Grantee**”), the real property (“**Property**”), situate in the County of Placer, State of California, described in Exhibit A attached hereto and made a part hereof.

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

**II. RECITALS**

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

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

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

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

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

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

F. Consistent with the terms of the Governing Documents, Grantor and Grantee acknowledge this conveyance, together with the [conservation easement] (“**Conservation Easement**”) being entered into concurrently herewith by Grantee and Wildlife Heritage Foundation, a California non-profit public benefit corporation (together with its successors under the Conservation Easement, “**CE Holder**”), are being made in the public interest with the intent to ensure the permanent protection of the beneficial public values on the Property as identified in the LCP and the Conservation Easement while allowing the ongoing use of the Property by Grantor for Hydro Project Activities and Electric Activities, and acknowledging and honoring existing third party uses.

## III. GRANTOR RESERVATION OF RIGHTS AND EASEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Facilities and associated Water Delivery Facilities and/or Electric Facilities located on the Property or adjacent to the Property, or as Grantor deems necessary to comply with applicable state or federal regulations; and

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

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

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

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

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

#### IV. TERMS OF GRANT

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

conditions, easements, restrictions, liens, encumbrances and other exceptions of record or unrecorded.

2. The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto, and all covenants shall apply to and run with the Property. All future conveyances of the fee interest in the Property shall be consistent with the terms of the Governing Documents. In accordance with Section 12 b (4) of the Stipulation, Grantee and its successors and assigns shall not convey all or any portion of the fee interest in the Property to any governmental entity, public agency or any Native American tribe that may currently have, or come to possess, authority to expand Grantor's obligations under Part 1 of the FPA and any successor statute, without the prior written consent of the Grantor, which consent shall be in Grantor's sole discretion exercised in good faith.

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

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

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

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

V. MISCELLANEOUS

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

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

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

*[SIGNATURE PAGE FOLLOWS]*

IN WITNESS WHEREOF the parties hereto have executed this agreement this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

GRANTOR:

PACIFIC GAS AND ELECTRIC  
COMPANY, a California corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

GRANTEE:

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

SAN JOAQUIN COUNTY OFFICE OF  
EDUCATION, a county office of education  
duly organized and validly existing under the  
Constitution and laws of the State of California

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

CERTIFICATE OF ACCEPTANCE, GOVERNMENT CODE SECTION 27281

This is to certify that the interest in real property conveyed by the deed or grant deed dated \_\_\_\_\_, \_\_\_\_\_, from Pacific Gas and Electric Company to the San Joaquin County Office of Education, a county office of education duly organized and validly existing under the Constitution and laws of the State of California is hereby accepted by order of the [Board] on \_\_\_\_\_, \_\_\_\_\_, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: \_\_\_\_\_

By: \_\_\_\_\_

EXHIBIT A

PROPERTY DESCRIPTION

[Follows this page]

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

State of California )  
County of San Francisco )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

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

State of California )  
County of San Joaquin )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

Appendix 3: Conservation Easement

RECORDING REQUESTED BY AND )  
WHEN RECORDED MAIL TO: )  
 )  
Wildlife Heritage Foundation )  
Attn: Darla Guenzler, Executive Director )  
563 Second Street, Suite 120 )  
Lincoln, CA 95648 )  
 )

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Space Above Line for Recorder's Use Only

**CONSERVATION EASEMENT DEED**  
**(Sky Mountain)**

THIS CONSERVATION EASEMENT DEED ("Conservation Easement") is made as of \_\_\_\_\_, 20\_\_\_\_ ("Effective Date"), by SAN JOAQUIN COUNTY OFFICE OF EDUCATION, a \_\_\_\_\_ ("Grantor"), in favor of WILDLIFE HERITAGE FOUNDATION, a California nonprofit public benefit corporation ("WHF" or "Grantee") (Grantor and WHF are sometimes referred to herein individually as "Party" and collectively as "Parties"), with reference to the following facts, circumstances, and terms:

**RECITALS**

A. **The Property.** Grantor is the fee title owner of certain real property ("Property") containing approximately 61.96 acres located in the County of Placer, State of California. The Property is legally described and depicted in **Exhibit A** attached hereto and incorporated herein by this reference.

B. **WHF's Nonprofit Status.** WHF is a California nonprofit public benefit corporation, exempt from federal income taxation under sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code of 1986, as amended ("IRC"), and qualified to acquire and hold conservation easements pursuant to California Civil Code section 815.3. WHF is dedicated to the preservation, protection or enhancement of land in its natural, scenic, forested, or open space condition.

C. **Transfer of Property to Grantor.** Pacific Gas and Electric Company, a California corporation ("PG&E"), transferred to Grantor the fee interest in the Property in accordance with that certain Grant Deed, being recorded in the Official Records of the County of Placer, immediately prior to the recording hereof ("Grant Deed"), attached

hereto as **Exhibit B** and incorporated herein by reference, subject to: (1) PG&E's reservation of certain rights in and to the Property, as set forth in the Grant Deed ("PG&E Reserved Rights"); and (2) those legally-enforceable third-party rights to use the Property in effect as of the Effective Date, as listed on **Exhibit C** attached hereto and incorporated herein by this reference, true and complete copies of which have been provided to, and reviewed and accepted by, Grantee ("Express Third-Party Uses").

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

E. **Beneficial Public Values**. The Governing Documents require PG&E to ensure that approximately 140,000 acres of watershed lands, all located in California and owned by PG&E as of the date the Governing Documents were entered into (collectively, "Watershed Lands"), are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values (collectively, "Beneficial Public Values"). The Property is included in these Watershed Lands. The Land Conservation Commitment constitutes the obligations of PG&E to convey fee title and conservation easements to Watershed Lands, and to protect the Beneficial Public Values of the Watershed Lands, as well as certain other obligations related thereto, as set forth in detail in the Governing Documents. The Stipulation provides that conservation easements for Watershed Lands will preserve or enhance reasonable public access.

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

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

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

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

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

K. **Preservation and Protection in Perpetuity.** Grantor and WHF each desire through this Conservation Easement to ensure the permanent protection of the Conservation Values on the Property, subject to PG&E’s Reserved Rights and the Express Third-Party Uses. Specifically, the Parties desire to ensure that the Conservation Values on the Property will be preserved and protected in perpetuity as provided herein, and that uses of the Property that are inconsistent with these Conservation Values will be prevented or corrected.

### **GRANT OF CONSERVATION EASEMENT AND AGREEMENTS**

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

1. **Conservation Purposes.** The purposes of this Conservation Easement are to protect and preserve in perpetuity the Conservation Values of the Property by restricting any use of the Property that will significantly impair the Conservation Values (“Conservation Purposes”). Subject to the following terms and conditions, Grantor will confine uses of the Property to activities that are consistent with the Conservation Purposes and the terms of this Conservation Easement. As used herein, the terms “impair” or “impairment” mean to diminish in quantity, quality, value, strength or viability.

### Appendix 3: Conservation Easement

As used in this Conservation Easement, the terms “significant” or “significantly”, when used with “impair” or “impairment”, respectively, mean a greater than negligible adverse impact or an impact for more than a transient period.

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

2. **Rights Conveyed to WHF.** To accomplish the Conservation Purposes, Grantor hereby grants and conveys the following rights to WHF:

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

(b) **Right of Access to Inspect, Monitor and Enforce.** WHF shall have the right to access and enter upon the Property using any easement or right of way appurtenant to the Property in order to exercise the following rights: (a) inspect the Property three times annually to determine whether Grantor is in compliance with the terms of this Conservation Easement, provided that WHF provides written notice to Grantor at least ten (10) days prior to the annual inspection, and that Grantor shall have the option to be present during any compliance monitoring; (b) exercise the rights which are granted to WHF herein; and (c) enforce the terms of this Conservation Easement, in accordance with Section 10 of this Conservation Easement, including without limitation, the right to restore the Conservation Values, provided, that such access and entry will

## Appendix 3: Conservation Easement

be made in a manner that will not interfere unreasonably with the permitted use(s) or enjoyment of the Property by Grantor and any occupant(s) or user(s) of the Property pursuant to the terms of this Conservation Easement. WHF may authorize entry of its consultants to the extent they are assisting WHF in its monitoring obligations or other activities authorized by this Conservation Easement in the exercise of WHF's rights under this Section 2(b) or Section 2(c) below; provided that all access conducted by WHF and WHF's consultants hereunder that is not under the accompaniment of Grantor shall be in accordance with applicable laws and regulations, including without limitation, those included in California Education Code Sections 45125.1 and 45125.2. The appurtenant access rights referenced above include, without limitation, all access rights granted to Grantor for the benefit of Grantor and WHF, among others, under the Easement and Maintenance Agreement covering real property owned by PG&E and located adjacent to the Property that has been recorded immediately preceding this Conservation Easement, without Grantor imposing any additional terms, conditions, permissions, or limitations on WHF's exercise of such appurtenant access rights than those set forth in this Conservation Easement. Nothing in this section shall be construed to authorize entry by members of the public for any purpose.

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

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

Conservation Easement or be considered grounds for its termination, extinguishment, or modification.

4. **Grantor's Duties.** To the extent Grantor has or reasonably should have knowledge of actual or anticipated unauthorized third-party use of the Property that violates or would violate the terms of this Conservation Easement, Grantor shall undertake all reasonable actions to prevent such unauthorized use. In determining what actions are reasonable pursuant to this section, the Parties acknowledge that the Property is large and has multiple points of ingress and egress and that preventing all unauthorized use may not be reasonable or feasible.

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

(a) **Rights of Ownership.** Grantor reserves to itself all rights of ownership of the Property. Grantor shall confine its use of the Property to those permitted activities and uses, and to such other activities and uses of the Property as are both: (1) consistent with the Conservation Purposes; and (2) not prohibited under the terms of this Conservation Easement. The permitted uses and activities set forth on **Exhibit F** are presumed to be consistent with the Conservation Purposes, but **Exhibit F** is not an exclusive list of such uses and activities. Uses and activities that are prohibited in **Exhibit F** are inconsistent with the Conservation Purposes. Those permitted uses listed in **Exhibit F** that will involve construction or renovation of buildings or other structures shall be undertaken only in the applicable zones ("Zones"), as depicted on the map included in **Exhibit G** ("Zones Map"), attached hereto and incorporated herein by this reference. Each Zone is mapped by survey or other reasonably precise method and has been marked in the field using signage mutually acceptable to the Parties.

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

6. **Express Third-Party Uses.** **Exhibit C** describes the Express Third Party Uses of the Property permitted with the express agreement of Grantor. Grantor retains the right to maintain, renew, or replace all such agreements memorializing Express Third-Party Uses ("Third-Party Use Agreements") and to engage in all activities reasonably required to comply with Grantor's obligations with respect to the Express Third-Party Uses, subject to the following conditions:

(a) **Increases in Intensity or Expansion of Location or Size or Change in Third Party Use.** Except as otherwise provided in this Conservation Easement, subject to existing Third Party Use Agreements, any (i) increase in the intensity, (ii) expansion of the location or size, or (iii) change in the use, of any of the Express Third-Party Uses, whether through a new agreement or an amendment to an existing agreement, that Grantor determines in consultation with WHF under Section 9(a) are likely to significantly impair the Conservation Values shall not be allowed.

(b) **Renewal or Replacement of Third-Party Use Agreements.** All Third-Party Use Agreements existing as of the Effective Date are identified on **Exhibit C.** As Third-Party Use Agreements are renewed or replaced (either with the existing user or a new user), Grantor, in consultation with WHF, shall use all commercially reasonable best efforts to include contractual provisions to bring the continuation of the Express Third-Party Uses and the preservation of the Conservation Values into alignment to the fullest extent reasonably practicable.

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

7. **Public Access.**

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

(b) **New or Increased Public Access.** If Grantor desires to allow new public access or Informal Uses or an expansion of public access or Informal Uses on the Property, WHF's advance written approval is required in accordance with

Section 9(b), which approval shall not be unreasonably withheld, conditioned or delayed.

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

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

8. **Compliance with Applicable Law.** This Conservation Easement describes certain rights held by Grantor, WHF, PG&E, and third parties, as well as permitted uses that are presumed to be consistent with the Conservation Purposes of the Conservation Easement. Nothing in this Conservation Easement requires Grantor, WHF, PG&E, or third parties to exercise these rights. Nor does this Conservation Easement provide Grantor, WHF, PG&E, or third parties with regulatory approval to undertake any action described as a retained right or permitted use. Prior to undertaking any action to exercise these rights, Grantor, WHF, PG&E, and third parties shall obtain all necessary permits and comply with all applicable laws, including, but not limited to, the California Environmental Quality Act ("CEQA"), Public Resources Code sections 21000 et seq.

9. **Consultation and Approval Processes.**

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

## Appendix 3: Conservation Easement

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

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

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

(3) **Written Approval.** Grantor shall not, and shall not have the right to, commence or conduct the Proposed Activity until and unless it receives the written approval of WHF, and only in the manner approved, unless the Proposed Activity is deemed approved pursuant to Section 9(b)(4) below.

(4) **Agreement Deadline for Proposed Activity.** The Proposed Activity shall be deemed to have been approved if no objection has been given within sixty (60) days after WHF's receipt of the notice of the Proposed Activity and all supplemental information requested by WHF pursuant to Section 9(b)(1) above.

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

### 10. **Enforcement and Remedies.**

(a) **Procedures Upon Violation.** If a party hereto ("Non-Breaching Party") determines there is a breach of the terms of this Conservation Easement or that a breach is threatened, written notice of such breach ("Notice of Breach") and a demand for corrective action sufficient to cure the breach shall be given in accordance with Section 21 by the Non-Breaching Party to the Party allegedly breaching this

### Appendix 3: Conservation Easement

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

(b) **Litigation.** If the Parties are not able to resolve a dispute under Section 10(a) above, a Non-Breaching Party may bring an action at law or equity in a court of competent jurisdiction to enforce compliance with the terms of this Conservation Easement, to recover damages to which a Non-Breaching Party may be entitled for violation of the terms of this Conservation Easement, or for any other legal or equitable relief available under California law, including, but not limited to, temporary or permanent injunctive relief, monetary damages or any other form of relief required to achieve the restoration of the Property to the condition it existed prior to any violation. Notwithstanding anything to the contrary in this Conservation Easement, in no event shall the Breaching Party be liable to the Non-Breaching Party for, and the Parties each hereby waive their right to, any indirect, special, punitive or consequential damages resulting from the Breaching Party's breach of this Conservation Easement, whether foreseeable or unforeseeable. For purposes of this Section 10(b), a Non-Breaching Party can be either or both WHF and/or Grantor.

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

(d) **Remedies at Law Inadequate.** The Parties agree that remedies at law for any violation of the terms of this Conservation Easement are inadequate and that a Non-Breaching Party shall be entitled to the injunctive relief described in this section, in addition to such other relief to which it may be entitled, including specific performance of the terms of this Conservation Easement, without the necessity of

proving either actual damages or the inadequacy of otherwise available legal remedies, provided the other legal requirements for injunctive relief are met. The Non-Breaching Party's remedies shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity, including but not limited to, the remedies set forth in California Civil Code section 815 *et seq.* For purposes of this Section 10(d), a Non-Breaching Party can be either or both WHF and/or Grantor.

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

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

13. **Acts Beyond Grantor's Control.** Nothing contained in this Conservation Easement shall be construed to entitle WHF to bring any action against Grantor for any injury to or change in the Property or impairment of the Conservation Values resulting from (a) any natural cause beyond Grantor's control, including, without limitation, fire not caused by Grantor, flood, storm, climate change, earth movement, diseases affecting biological features of the Property, or any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Property or impairment to the Conservation Values resulting from such causes; (b) acts by WHF or its employees, consultants, agents, contractors, board of directors, or representatives; or (c) acts by third parties over whom Grantor has no control, provided Grantor has fulfilled its obligations under Section 4. Should impairment to the Conservation Values occur as a result of (a) or (c), Grantor and WHF shall consult to determine an appropriate, reasonable response to address the conditions.

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

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15. **Taxes; No Liens.** Grantor shall pay before delinquency all taxes, assessments (general and special), fees, and charges of whatever description levied on or assessed against the Property by competent authority (collectively "Taxes"), including any Taxes imposed upon, or incurred because of, this Conservation Easement, and shall furnish WHF with satisfactory evidence of payment upon request. Grantor shall keep the Property free from any liens (other than a security interest that is expressly subordinate to this Conservation Easement as provided in Section 23(m)), including those arising out of any obligations incurred by Grantor for any labor or materials furnished or alleged to have been furnished to or for Grantor at or for use on the Property.

16. **Hold Harmless.** Grantor shall hold harmless and indemnify WHF and its directors, officers, and employees and the successors and assigns of each of them (each an "Indemnified Party" and, collectively, "Indemnified Parties") from and against any and all liabilities, penalties, costs, losses, damages, expenses (including, without limitation, reasonable attorneys' fees and experts' fees), causes of action, claims, demands, orders, liens or judgments (each a "Claim" and, collectively, "Claims"), proximately caused by the occupancy or use of the Property by Grantor or its directors, officers, employees, or agents, unless due solely to the negligence of WHF or any of WHF's officers, employees or agents. If any action or proceeding is brought against any of the Indemnified Parties by reason of any such Claim, Grantor shall, at the election of and upon written notice from an Indemnified Party seeking indemnification under this section, defend such action or proceeding by counsel reasonably acceptable to the Indemnified Party or reimburse such Indemnified Party for all reasonable charges incurred.

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

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

18. **Condemnation.** This Conservation Easement is “property appropriated to public use,” the condemnation of which is prohibited except as provided in California Code of Civil Procedure section 1240.055.

19. **Transfer of Conservation Easement.**

(a) **Voluntary Assignment.** In the event that Grantee decides to assign its interest under this Conservation Easement, Grantee shall only assign such interest to an organization that is: (i) qualified to hold a conservation easement under section 815.3 of the California Civil Code; (ii) experienced in holding and monitoring conservation easements on properties similar to the Property; and (iii) willing and financially able to assume all of the responsibilities imposed on such successor Grantee under this Conservation Easement. The assigning Grantee shall give preference to any qualifying organization that has experience in holding and monitoring conservation easements on properties of the nature and characteristics of the Property. Before assigning its interest under this Conservation Easement, the assigning Grantee shall provide Grantor, and the Sierra Nevada Conservancy (“SNC”) with written notice of such intention to transfer (“Transfer Notice”) and shall consult with Grantor and SNC pursuant to Section 9(a). The Transfer Notice shall identify the proposed assignee and include a description of how the proposed assignee meets the assignee designation criteria set forth in this section. In consultation with Grantor, the assigning Grantee shall allow SNC a period of not less than sixty (60) days to approve the proposed assignee, which approval shall not be unreasonably withheld and shall be based on whether the proposed assignee meets the designation criteria specified in this section. If SNC does not approve the proposed assignee, SNC shall provide the assigning Grantee with the reasons behind such decision.

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

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

### Appendix 3: Conservation Easement

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

20. **Transfer of Property to Third-Party.** Grantor shall not transfer the Property without the prior written approval of Grantee, which approval shall not be unreasonably withheld, conditioned or delayed. Grantor shall give written notice to Grantee of the intent to transfer the interest at least ninety (90) days prior to the date of such transfer. Grantor agrees to incorporate the terms of this Conservation Easement by reference in any deed or other legal instrument by which Grantor divests itself of any interest in all or any portion of the Property, including, without limitation, a leasehold interest. Grantee shall have the right to prevent subsequent transfers in which prospective transferees are not given actual notice of the terms, covenants, conditions and restrictions of this Conservation Easement. The failure of Grantor or Grantee to perform any act provided in this section shall not impair the validity of this Conservation Easement or limit its enforceability in any way.

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

To WHF: Wildlife Heritage Foundation  
563 Second Street, Suite 120  
Lincoln, CA 95648  
Attn: Executive Director

To Grantor: San Joaquin County Office of Education  
2922 Transworld Drive  
Stockton, CA 95206  
Attn: Superintendent

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

22. **Amendment.** This Conservation Easement may be amended only upon the written agreement of Grantor and Grantee. Any such amendment shall be consistent with the Conservation Purposes of this Conservation Easement and

California law governing conservation easements and shall not affect its perpetual duration. Any such amendment shall be recorded in the official records of Placer County.

23. **Additional Provisions.**

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

(b) **Grantor's Advice of Legal Counsel.** Grantor and WHF acknowledge and stipulate that WHF has advised Grantor that WHF cannot provide, and has not provided, Grantor with legal or tax advice at any time respecting the Conservation Easement. Grantor and WHF further acknowledge that WHF has advised Grantor to seek legal counsel in the negotiation and execution of this Conservation Easement and that Grantor has done so.

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

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

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

### Appendix 3: Conservation Easement

Easement to a person or circumstance, such action shall not affect the application of the provision to any other persons or circumstances.

(f) **Entire Agreement.** This instrument sets forth the entire agreement of the Parties with respect to the Conservation Easement and supersedes all prior written or oral discussions, negotiations, understandings, or agreements of the Parties relating to the Conservation Easement. No alteration or variation of this instrument shall be valid or binding unless contained in an amendment in accordance with Section 22.

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

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

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

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

(k) **Hazardous Materials Liability.**

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

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

### Appendix 3: Conservation Easement

Claim, Grantor shall, at the election of and upon written notice from Grantee, defend such action or proceeding by counsel reasonably acceptable to the Indemnified Party.

(3) Despite any contrary provision of this Conservation Easement, the Parties do not intend this Conservation Easement to be, and this Conservation Easement shall not be, construed to create in or give to Grantee any of the following:

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

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

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

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

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

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

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

### Appendix 3: Conservation Easement

(l) **Warranty.** Grantor represents and warrants to Grantee that Grantor is the sole owner of fee simple title to the Property; that the Property is not subject to any other conservation easement; and, other than those exceptions expressly listed in **Exhibit J**, attached hereto and incorporated herein by this reference, there are no outstanding mortgages, liens, encumbrances or other interests in the Property (including, without limitation, water and mineral interests) that may conflict or are otherwise inconsistent with this Conservation Easement and which have not been expressly subordinated to this Conservation Easement by a written, recorded subordination agreement approved by Grantee.

(m) **Additional Easements.** Grantor shall not grant any additional easements, rights of way, or other interests in the Property (other than a security interest that is expressly subordinated to this Conservation Easement), or grant, transfer, abandon, or relinquish (each a “**Transfer**”) any mineral, air, or water right, or any water associated with the Property, without first obtaining the written approval of Grantee, which approval shall not be unreasonably withheld, conditioned or delayed. This section shall not limit the provisions of **Section 20** nor prohibit transfer of a fee or leasehold interest in the Property that is subject to this Conservation Easement and complies with **Section 20**. Grantor shall provide a certified copy of any recorded or unrecorded grant or Transfer document to Grantee.

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

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

- EXHIBIT A – Legal Description of Property and Map of the Property
- EXHIBIT B – Grant Deed
- EXHIBIT C – Express Third-Party Uses and Third-Party Use Agreements
- EXHIBIT D – Conservation Values
- EXHIBIT E – **Intentionally Omitted**
- EXHIBIT F – Grantor’s Use of the Property
- EXHIBIT G – Zones Map
- EXHIBIT H – **Intentionally Omitted**
- EXHIBIT I – **Intentionally Omitted**
- EXHIBIT J – Encumbrances

Appendix 3: Conservation Easement

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

**GRANTOR:**

SAN JOAQUIN COUNTY OFFICE OF EDUCATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**WHF:**

WILDLIFE HERITAGE FOUNDATION

By: \_\_\_\_\_

Name: Darla Guenzler

Title: Executive Director

Date: \_\_\_\_\_



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

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

NOTARY SEAL

Appendix 3: Conservation Easement

EXHIBIT A

Legal Description of Property and Map of the Property

[Follows this page]

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EXHIBIT B

Grant Deed

[Follows this page]

EXHIBIT C

Express Third-Party Uses and Third-Party Use Agreements

1. The terms, conditions, and provisions as contained in the instrument entitled “Agreement”, by and between the Pioneer Pulp Company, and M. Pedlar, regarding water rights, recorded in Book A of Miscellaneous Records, Page 147. The existence of said document being disclosed by Book 121, Page 448 of Deeds.
2. An easement granted to Pacific Bell for Underground Communications Facilities and Incidental Purposes (February 10, 1993)

EXHIBIT D

Conservation Values

The Conservation Values of the Property are summarized below and described in more detail in the Baseline Documentation Report:

- (a) Natural Habitat of Fish, Wildlife, and Plants - Habitat for fish, wildlife, and plants that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act. The term "habitat" includes vegetation along banks and shorelines that contribute to maintaining watershed health. The term "native" refers to plants and animals that occur naturally on the Property and are defined as "native" by the California Department of Fish & Wildlife and its successors.
- (b) Sustainable Forestry - Forest resources on the Property consist of Sierra Mixed Conifer.
- (c) The scenic viewshed of the Property in keeping with the surrounding environment, providing a contiguous forested landscape visible to passersby on the nearby roads and highways.
- (d) Outdoor recreation in the form of passive recreational pursuits such as hiking, fishing, nature study, environmental education, and sightseeing.
- (e) Identified historical and cultural values, to the extent they are protected by state and federal law.

EXHIBIT F

Grantor's Use of the Property

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

- 1. Subdivision and Partitioning:** Any legal or de facto division, subdivision, lot creation, or partitioning of the Property, including a request for a certificate of compliance pursuant to the Subdivision Map Act (California Government Code section 66499.35), is prohibited. Notwithstanding that, as of the Effective Date, the Property is comprised of a single legal parcel, the terms and conditions of this Conservation Easement will apply to the Property as a whole, and the Property will not be transferred or otherwise conveyed except as a whole, intact, single piece of real estate; neither Grantor nor Grantor's personal representative, successors, or assigns will transfer or otherwise convey any portion of the Property that constitutes less than the entire fee interest in the Property, except for leasehold interests. Upon prior written notification to Grantee, Grantor may execute one or more lot-line adjustments that may involve the boundary of the Property, provided, however, that no part of the Property is removed or divided from the Property as a whole, and no boundaries delineating the Zones are altered.
- 2. Development Rights:** Except as specifically permitted by this **Exhibit F**, the exercise of any development rights associated with the Property is prohibited, including, without limitation, the right to construct apartment houses; multi-family dwellings; mobile homes; house-trailers; permanent tent facilities or similar structures; golf courses; casinos and gaming facilities; boat ramps; underground tanks; billboards, or street lights. All development rights that are now or hereafter allocated to, implied, reserved or inherent in the Property are assigned, granted, deeded and/or otherwise transferred to and/or vested in and/or otherwise placed under the sole and absolute control and discretion of Grantee in perpetuity and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described or to any other property nor used for the purpose of calculating permissible lot yield of the Property or any other Property.
- 3. Commercial Uses:** Except as specifically permitted by this **Exhibit F**, commercial structures and commercial uses on the Property are prohibited. Notwithstanding any other provision in this Conservation Easement, the following uses are explicitly prohibited: livestock feedlots; gravel mining; casinos and gaming facilities; mobile home parks; commercial wind farms; and billboards; provided, that the foregoing

prohibition shall not prohibit Grantor from installing mobile homes as New Improvements (as defined below) in accordance with Section 4 below and consistent with the Camp Purposes (as defined below). For purposes of this Section 3, the term “commercial” shall be defined as any structure or use for which a fee or charge is imposed for the purpose of generating a financial gain that is inconsistent with the Conservation Purposes.

**4. Construction and Use of Structures:** Notwithstanding any provision herein to the contrary, Grantor shall have the right to construct the following structures, all of which shall be located wholly within the Zones. All permitted structures shall conform with the following additional restrictions. Grantor shall consult with, and/or seek approval of, Grantee, as set forth below, in accordance with Section 9 of this Conservation Easement and provide construction plans to Grantee before beginning construction.

- a. All camp buildings, facilities, recreational areas, parking areas, and other facilities existing on the Property (“Existing Camp Improvements”) are located within the 13.31 acre “Existing Camp Zone” and within the “Expanded Building Zone”, both as designated on the Zones Map and in the specific locations set forth in the Baseline Documentation Report. Grantor may take the following actions with respect to any Existing Camp Improvement, without consultation or approval of WHF: (1) repair and maintain such Existing Camp Improvement, and (2) reconstruct and/or replace such Existing Camp Improvement but only if such reconstructed or replaced Existing Camp Improvement is located within the same building footprint and is no more than ten percent larger in total square footage of the Existing Camp Improvement being reconstructed or replaced. Grantor may construct new improvements, including new parking areas and including expanded or relocated Existing Camp Improvements not covered by subsection (2) of the immediately preceding sentence (collectively, “New Improvements”) within the Existing Camp Zone; provided, that: (1) Grantor shall seek approval of Grantee, as required in accordance with Section 9(b) of this Conservation Easement, of any New Improvements and provide construction plans to Grantee before beginning construction; (2) any New Improvements shall not exceed two stories or forty feet in height; and (3) any New Improvements shall not be inconsistent with the Conservation Purposes and shall not significantly impair the Conservation Values. Once any Grantee-approved New Improvement has been constructed, Grantor shall have the right to repair, maintain, reconstruct, and/or replace such New Improvement in accordance with second sentence of this Section 4(a). At least fifty percent (50%) of the surface land acreage coverage in the Existing Camp Zone shall be retained in its natural condition as described in the Baseline Documentation Report.
- b. In addition to the New Improvements permitted under Section 4(a) of this Exhibit F, Grantor may construct New Improvements within development

### Appendix 3: Conservation Easement

footprint(s) that are located within the “Expanded Building Zone” designated on the Zones Map; provided, that, in addition to the requirements for New Improvements set forth in Section 4(a) above, Grantor shall seek approval of Grantee, as required in accordance with Section 9(b) of this Conservation Easement, of the proposed development footprint (a “New Development Footprint”) for the proposed New Improvements. At no time shall the total acreage of the New Development Footprints (including any permitted expansions thereof) located within the Expanded Building Zone plus the development footprint of the Existing Camp Improvements (including any permitted expansions thereof) located within the Expanded Building Zone exceed a total of eight acres.

- c. Grantor shall obtain all required building permits, approvals, and licenses, and comply with all applicable federal, state, and local laws and regulations, in construction, reconstruction, repair, maintenance, replacement, and management of all Existing Camp Improvements and New Improvements.
- d. Grantor may operate and maintain permitted Existing Camp Improvements and New Improvements as a commercial campground. Use of the Existing Camp Improvements and New Improvements shall not be inconsistent with the Conservation Purpose and shall not significantly impair the Conservation Values.
- e. Unless otherwise provided, for each structure permitted under this Section 4, appurtenant power generation, power sources or water production facilities are permitted to supply power or water for the permitted uses set forth in this Conservation Easement.
- f. Grantor and Grantee acknowledge that Grantor intends to use the Property primarily to support environmental education, science education, and recreational programs for, or for the benefit of, youth, including offering an outdoor school and camp to youth inside and outside of San Joaquin County, adult professional development, and other activities reasonably connected to youth environmental education, science education, and outdoor recreation. Grantor also intends to make the Property, including the overnight accommodation facilities, available to current user groups and other public and private organizations for team building, recreational use, and general outdoor enjoyment. All uses referenced above in this Section 4(f) are collectively referred to herein as the “Camp Purpose”. If use of the Property for the Camp Purpose is determined to be infeasible by Grantor in consultation with Grantee in accordance with Section 9 of this Conservation Easement, Grantor may change the Camp Purpose to a new use of the Property provided: (1) the new Camp Purpose is for educational, recreational, property management purposes, or for the protection or enhancement of the Conservation Values, and (2) the new Camp Purpose shall be subject to Grantee’s prior

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written consent in accordance with Section 9 of this Conservation Easement to ensure the uses will not significantly impair the Conservation Values and will be consistent with the Conservation Purpose. Grantor shall provide Grantee true, correct, and complete reasonable data and information on an annual basis that will enable Grantee to confirm that the primary use of the Property is in conformance with the first sentence of this Section 4(f).

**5. Roads:** Grantor may maintain, repair, or replace existing roads on the Property, without approval of or consultation with Grantee, as long as such maintenance, repair and replacement of existing roads are consistent with the current footprint and level of improvement of such roads. Grantor shall have the right to limit or prohibit access to existing nonpublic roads, provided such actions are consistent with existing rights of way and/or easements on the Property, and further, that such actions are consistent with Section 3 and Section 8 of this Conservation Easement. Grantor may upgrade the level of improvement of existing roads (i.e. improve a gravel road to a paved road) within the same footprint of such roads, subject to approval with Grantee pursuant to Section 9(b) of this Conservation Easement. Grantor may construct new roads to provide access to existing structures or structures authorized to be constructed by this Easement. The location and construction of such new roads shall be approved in advance by Grantee, which approval shall not be unreasonably withheld. Any other alteration of the surface or general topography of the Property for the purpose of construction, improvement or replacement of roads for motorized vehicles of any type or for the purpose of paving such roads is prohibited.

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

**7. Trails:** Grantor may construct and maintain trails (defined as any definable route less than five (5) feet in width, not including curbs, cuts or fills) for recreational and educational purposes, and for use by pedestrians, horses, and mules. Grantor may use motorized vehicles on trails for management purposes, provided such use does not significantly impair the Conservation Values. Otherwise, motorized vehicles are prohibited on trails. The following requirements for the construction and maintenance of such new trails shall apply: (a) the surface of the trail shall remain pervious (such as dirt, wood chips or gravel) (except within the designated Zones or as may be required by federal, state or local laws relating to access for disabled persons); (b) the trail shall be located, to the extent possible, in the path of a trail or forestry road existing on the Effective Date, as defined in the Baseline Documentation Report; (c) the trail shall be constructed and maintained so as to minimize erosion and sedimentation and ensure proper drainage; (d) the trail shall be otherwise installed in a manner to avoid

unnecessary tree removal, grading and other land disturbance, but allowing for selective brush removal; and (e) prior to construction of trails, Grantor shall submit to Grantee a qualified scientist's opinion that the proposed trail construction will not impact any special status, endangered or threatened species, or their habitats, listed in the Baseline Documentation Report, or any other such designated species or habitats identified at the time of the proposed construction. Grantee may request consultation regarding construction of trails under Section 9(a) of this Conservation Easement.

**8. [Intentionally Omitted]**

**9. Water Resources:** As necessary and appropriate to carry out the uses permitted by this Conservation Easement, Grantor may, after obtaining any necessary state permits, develop, enhance and maintain water resources on the Property for habitat restoration, water consumption in connection with permitted uses, and permitted recreation uses, provided that such activities are consistent with and do not violate PG&E's Reserved Rights and do not significantly impair the Conservation Values. Permitted uses include, without limitation, the construction, repair, and maintenance of ponds and irrigation systems, installation and maintenance of wells, and the development of water capture and delivery facilities, including but not limited to water lines and access roads or trails to water facilities consistent with Section 5 and Section 7 of this **Exhibit F**. Water may be exported off the Property for immediate fire control response or wildfire emergency. Other than as permitted in this section, the manipulation, impoundment, or alteration of any natural swale, natural water course, non-human constructed channel, wetland, streambank, vernal pool, perennial spring, water circulation, or any other body of water are prohibited.

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

- 11. Air Rights:** The transfer, encumbrance, sale, lease, severance or other separation of the air rights attached to the Property by Grantor is prohibited without the prior approval of Grantee in accordance with Section 9 of this Conservation Easement, which Grantee may withhold in its absolute discretion. Grantor shall not use or authorize others to use the airspace above the Property for commercial or private aviation, including but not limited to, airplane flights, ultralight flights; hang gliding; glider flights; rotor craft flights; balloon flights; airship flights; and light sport airplane flights. Grantor may use unmanned aerial vehicles only for the following purposes: (1) management or monitoring purposes, but shall not authorize others to use such airspace above the Property for that purpose; and (2) developing communications, storytelling, or marketing materials for the Property no more frequently than on an annual basis and for short periods of time that shall not impact the Conservation Values; provided that (a) Grantor shall not use unmanned aerial vehicles during avian nesting season without first consulting with Grantee in accordance with Section 9(a) above, and (b) Grantor shall give Grantee advance written notice of Grantor's use of unmanned aerial vehicles during other times of the year. Grantee may use unmanned aerial vehicles for monitoring purposes; provided that Grantee provides written notice to Grantor at least ten (10) days prior to each flight.
- 12. Natural Resource Management:** Grantor may protect, restore, enhance and maintain the natural resources on the Property, including, without limitation, stabilization of banks and soils, vegetation management; fire control and the enhancement of biodiversity, all, in accordance with sound, generally accepted practices such as prescriptive grazing, prescriptive burning, harvesting, thinning, planting and brush removal, provided such activities do not significantly impair the Conservation Values. The intentional introduction of non-native tree or other plant species is prohibited. Grantor may remove or control invasive, non-native plant species or feral, non-native animal species, using techniques that minimize harm to native wildlife and plants, provided such activities do not significantly impair the Conservation Values.
- 13. Refuse and Hazardous Materials:** The dumping, deposit, permanent storage and/or disposal of refuse, soil, trash, contaminated soil, waste, bio-solids, debris, sewer sludge, agrichemicals, herbicides, pesticides, or any other dangerous, toxic, hazardous or unsightly materials on the Property is prohibited.
- 14. Minerals:** Grantor may not explore for or extract minerals on the Property, provided that notwithstanding the foregoing, Grantor may remove existing rocks from the Property to be used for the purpose of blocking off roads on the Property, delineating camping areas and for other purposes on the Property approved in advance by Grantee under Section 9(b), which approval shall not be unreasonably withheld, conditioned or delayed. Grantor may further remove gravel and shale for the purposes of building permitted structures and/or maintaining permitted roads on the Property. No removal of rocks may occur within 50' slope distance of any perennial or ephemeral watercourse, as such term is defined in the California Forest Practice Rules 2013, Title 14 California Code of Regulations, Chapter 4 Article 1, 895.1, as amended or replaced from time to time. Erosion control and drainage structures are not considered "man-made watercourses" under this Conservation Easement. Other than as permitted by this

section, the filling, dumping, excavating, draining, dredging, mining, hydraulic fracturing, drilling, removing or exploring for or extracting minerals, loam, soil, sands, hydrocarbons, gravel, rocks or other similar material on or below the surface of the Property, or granting or authorizing surface entry for any such purpose are prohibited.

**15. Forest Management:** Grantor may harvest, cut or remove trees and vegetation for the purposes of ensuring public or personal safety on the Property, including for fire protection and suppression; provided, that all such activities are conducted in a manner that is consistent with the Conservation Purposes and other terms and conditions of this Conservation Easement. Snags shall be retained for wildlife habitat benefits and shall not be intentionally removed, except for reasons of public safety. Except where Grantor is required to take emergency action to protect public or personal safety, Grantor shall consult with Grantee under Section 9(a) of this Conservation Easement before undertaking any fire management activities under this section. Where Grantor is required to take emergency action to protect public or personal safety, such action shall be carried out in a manner designed to minimize impacts on the Conservation Values.

**16. [Intentionally Omitted]**

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

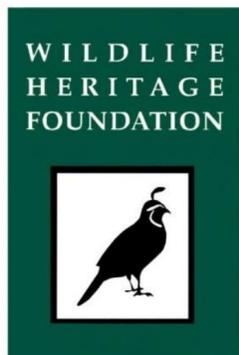
**18. Agriculture:** Except for grazing for management purposes in accordance with Section 12 or Section 16 of this **Exhibit F**, the plowing, disking, cultivation, ripping, planting, sowing, irrigation, or any other conversion of the Property to crops, orchards, vineyards, or any other agricultural use or disturbance of the Property and its native vegetation are prohibited. Intentional seeding, planting, or introduction of exotic or non-native plant species are prohibited. Cannabis cultivation and the commercial cultivation of native plants are prohibited.

**19. Vehicle Use:** Grantor may authorize the use of motorized vehicles on designated roadways in support of the recreational uses permitted in Section 8 of this **Exhibit F**. Except as permitted in Section 8 of this **Exhibit F**, commercial recreational vehicle use is prohibited. Grantor shall take reasonable and practicable actions to ensure that all vehicles use only designated roads, and that unauthorized third parties are prevented from using motorized vehicles on the Property, provided, however, that Grantor shall not be responsible for injuries or changes to the Property caused by such uses beyond Grantor's control. In no event shall any all-terrain vehicles, off-road vehicles, or off-highway vehicles, including without limitation four-wheelers, three-wheelers,

### Appendix 3: Conservation Easement

snowmobiles, and/or motorcycles be used off designated roadways, except when used by Grantor for management purposes, provided such uses do not significantly impair the Conservation Values.

EXHIBIT G  
Zones Map



**Roads, Parking, Trails and Boundaries**

- Sky Mountain Property Approximate Boundary
- FERC Approximate Boundary
- Access road (Sky Mountain Private Road and Lake Valley Road)
- Paved road
- Fire road
- Parking area
- Dirt path/trail

**Camp Facilities**

- Existing Camp Zone (13.31 acres)
- Expanded Camp Zone (19.50 acres)
- Camp Buildings
- ⦿ Activity Area
- ⦿ Cabins

EXHIBIT J

Encumbrances

1. The terms, conditions, and provisions as contained in the instrument entitled “Agreement”, by and between the Pioneer Pulp Company, and M. Pedlar, regarding water rights, recorded in Book A of Miscellaneous Records, Page 147. The existence of said document being disclosed by Book 121, Page 448 of Deeds.
2. An easement granted to Pacific Bell for Underground Communications Facilities and Incidental Purposes (February 10, 1993)



**Conservation Easement Funding Agreement  
Lake Spaulding Planning Unit  
SJCOE Donated Lands  
(within Parcel #813)**

This Conservation Easement Funding Agreement (“**Agreement**”) is entered into as of the Effective Date (defined below) by and between the Pacific Forest and Watershed Lands Stewardship Council, a California nonprofit public benefit corporation (the “**Stewardship Council**”) and the Wildlife Heritage Foundation, a California nonprofit public benefit corporation (“**Grantee**”) with reference to the following facts:

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

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

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

D. In connection with the Land Conservation Commitment, Grantee has agreed to accept a perpetual conservation easement created pursuant to California Civil Code Section 815 *et seq.* (the “**Conservation Easement**”) over a portion of the PG&E retained Watershed Lands consisting of approximately 62 acres of real property located in Placer County, State of California, as more particularly described in **Exhibit A** attached hereto and incorporated herein by reference (the “**Property**”).

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

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



1. Effective Date. This Agreement shall become effective upon the recording of the Conservation Easement in favor of Grantee in the Official Records of Placer County (the “**Effective Date**”). It is understood and agreed that if for any reason whatsoever the recording of the Conservation Easement does not occur on or before December 31, 2020, this Agreement shall be of no further force or effect and the parties shall thereupon be released from any obligations under this Agreement.

2. Grant. Effective upon the Effective Date, the Stewardship Council grants **Two Hundred Seventy-Five Thousand Sixteen Dollars (\$275,016)** (the “**Grant Funds**”) to Grantee to be used solely for the following purposes:

a. Two Hundred Sixty-Five Thousand Sixteen Dollars (\$265,016) of the Grant Funds shall be used to implement conservation easement monitoring as described in Sections 3 and 4 below (the “**Monitoring Funds**”).

b. Ten Thousand Dollars (\$10,000.00) of the Grant Funds shall be used for conservation easement defense and enforcement costs as described in Section 5 below (the “**Defense and Enforcement Funds**”).

3. Use of Grant Funds. The Grant Funds shall be payable to Grantee within thirty (30) days of the Effective Date. Grantee will use the Grant Funds for the purposes described in this Agreement and for no other purpose without the prior written consent of the Stewardship Council. The Stewardship Council reserves the right to require the total or partial return of Grant Funds in the event Grantee fails to comply with the terms and conditions of this Agreement.

a. Grantee may “pool” the Monitoring Funds with other funds Grantee uses for monitoring of other conservation easements held by Grantee, and Grantee may use the Monitoring Funds to monitor any of its conservation easements as long as Grantee meets its obligations as described in Section 4 below.

b. Within thirty (30) days of receipt of funds, Grantee will provide the Stewardship Council with evidence of deposit of (1) the Monitoring Funds into an account which shall be restricted to the stewardship and monitoring of conservation easements held by the Grantee, including but not limited to the Conservation Easement on the Property; and (2) the Defense and Enforcement Funds into an account which shall be restricted to the legal defense or enforcement of conservation easements held by the Grantee, including but not limited to the Conservation Easement on the Property. The requirement to provide evidence of deposit will be satisfied when Grantee submits to the Stewardship Council the form attached as **Exhibit B**.

4. Conservation Easement Monitoring. From and after the Effective Date, Grantee agrees to conduct regular monitoring of the Property to ensure compliance with the terms of the Conservation Easement. Grantee shall conduct on-site monitoring of the Property not less than annually to assess compliance with the terms and conditions of the Conservation Easement and note any material changes to the Property compared to the baseline documentation report and



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

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

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

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

6. Grant Report. Grantee agrees to submit to the Stewardship Council and/or its designee the following grant Status Reports pursuant to this Agreement. The initial Status Report shall be submitted to the Stewardship Council by the fourth quarter of the 2021 calendar year and include data up to the date of the initial Status Report. The final Status Report shall be submitted to the Stewardship Council or its designee on or before December 31, 2023. The due dates of the initial and final Status Reports can be changed by the Stewardship Council or its designee with at least 60 days written notice to Grantee. The Stewardship Council or its



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

- a. Copies of annual monitoring reports pertaining to the Conservation Easement for years selected by the Stewardship Council or its designee;
- b. A statement as to whether any violations of the Conservation Easement were observed during the reporting period, and the outcome of any action taken to correct such violation;
- c. A statement as to whether any amendments to the Conservation Easement were approved during the reporting period, with copies of any such amendments included in the Status Reports;
- d. A statement as to whether fee title of the property was conveyed, the date of such conveyance, and the identity of the transferee; and
- e. A report providing an accounting of how the Grant Funds have been invested or expended in furtherance of the purposes of this Agreement.

7. Records. Grantee will indicate the Grant Funds separately on its books of account, and maintain such records in accordance with generally accepted accounting principles. Grantee shall additionally maintain written records including the baseline documentation report, the Deed of Conservation Easement, any amendments to the Conservation Easement, other transaction documents, and copies of monitoring reports, notices to the landowner, and other communications pursuant to the Conservation Easement in accordance with the practices generally accepted in the land trust community.

8. Inspection. The Stewardship Council or its designee shall have the right to inspect the books and records of Grantee and evaluate Grantee's use of Grant Funds, so long as (i) such inspection or evaluation occurs during regular business hours; (ii) such inspection or evaluation does not unreasonably interfere with Grantee's regular operations; and (iii) the Stewardship Council or its designee provides at least three (3) days prior notice of any such inspection or evaluation.

9. Assignment and Transfer of Funds. Grantee shall not assign its interest under the Conservation Easement except in accordance with the provisions of the Conservation Easement relating to permitted assignments. In the event that Grantee assigns its interest under the Conservation Easement to a successor conservation easement holder, Grantee shall transfer the remaining balance of the Grant Funds to the successor conservation easement holder. Assignee's receipt of any funds from Grantee shall be conditioned upon the assignee's agreement in writing to assume all of Grantee's obligations under this Agreement.

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



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

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

12. Indemnification. Grantee hereby agrees to indemnify, defend, and hold harmless the Stewardship Council, and the Stewardship Council's past, present and future officers, directors, and employees, from and against any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including interest, penalties, and reasonable attorney fees and costs, that they may incur or suffer and that result from, or are related to, the receipt and use of the Grant Funds by Grantee.

13. Limit of Stewardship Council Obligations. The Stewardship Council's obligations under this Agreement shall under no circumstances exceed the Grant Funds amount set forth in Section 2 above.

14. Assignment. This Agreement may not be assigned by the Grantee in whole or in part except as provided in Section 9 above. The Stewardship Council may assign its rights and delegate its obligations under this Agreement to a third party at the Stewardship Council's sole discretion. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit and burden of the parties and their respective heirs, successors and assigns.

15. Amendment; Entire Agreement. This Agreement may not be amended or modified except by written instrument signed by both parties. This Agreement constitutes the entire understanding of the parties concerning the subject matter hereof, and supersedes any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein.

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



17. Counterparts. This Agreement may be executed in counterparts which together shall constitute a single agreement.

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

By: \_\_\_\_\_

Name: Heidi Krolick

Title: Executive Director

Date: \_\_\_\_\_

**Wildlife Heritage Foundation,**  
a California Nonprofit Public Benefit Corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit A  
Property Map  
Lake Spaulding Planning Unit  
SJCOE Donated Lands\***

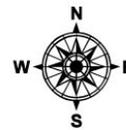



- Sky Mountain Preserve Approximate Boundary
- Structures (1.19 acres)
- Parking area (0.34 acres)
- Activity area (1.31 acres)

*Figure 5  
Featured Area Map*

**Sky Mountain Preserve  
Placer County, California**

Data Source: ERSI 2019  
GIS/Cartography: Fernando Rodriguez





**Exhibit B**

**Evidence of Grant Fund Deposit and Restriction of Use Certification**

<b>Date:</b>	<b>Planning Unit/Property Title:</b> Lake Spaulding Planning Unit SJCOE Donated
<b>Grantee Name:</b> Wildlife Heritage Foundation	<b>Grantee Address:</b>

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

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

Please include a copy of the bank statement(s) referencing the deposit.

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

## PROPERTY TAX NEUTRALITY METHODOLOGY

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### INTRODUCTION

The Settlement Agreement<sup>1</sup> and Stipulation<sup>2</sup> that established the Land Conservation Commitment require that the Land Conservation Plan being developed by the Stewardship Council provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county will be “tax neutral” for each county. Section 4.3 of Volume I of the Land Conservation Plan (LCP) adopted by the Stewardship Council in November 2007 described the Stewardship Council’s potential strategies and anticipated approach to achieving property tax neutrality at a programmatic level.

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

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

### PURPOSE OF PROPOSED METHODOLOGY

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

### DETERMINING TAX NEUTRALITY PAYMENT AMOUNT

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

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

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

[http://www.stewardshipcouncil.org/documents/Settlement\\_Agreement.pdf](http://www.stewardshipcouncil.org/documents/Settlement_Agreement.pdf)

<sup>2</sup> *Stipulation Resolving Issues Regarding the Land Conservation Commitment*, September 25, 2003:

[http://www.stewardshipcouncil.org/documents/Stipulation\\_Agreement.pdf](http://www.stewardshipcouncil.org/documents/Stipulation_Agreement.pdf)

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

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

### ***Lump-sum payment***

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

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

Appendix 5: Tax Neutrality Methodology

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

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

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

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

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

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

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

**Appendix A**

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

**Table 1**

**Table 1 – Estimated Property Taxes From Land Available for Donation<sup>3</sup>**

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

## Appendix 5: Tax Neutrality Methodology

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

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

<sup>a</sup> This acreage includes lands within parcels that cross county boundaries

I.02-04-026

**APPENDIX E**  
**LAND CONSERVATION COMMITMENT**

**STATEMENT OF PURPOSE**

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

PG&E Environmental Enhancement Corporation will develop a plan for protection of these lands for the benefit of the citizens of California. Protecting such lands will be accomplished through either (1) PG&E's donation of conservation easements to one or more public agencies or qualified conservation organizations consistent with these objectives, or (2) PG&E's donation of lands in fee to one or more public entities or qualified conservation organizations, whose ownership would be consistent with these conservation objectives.

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**COMMITMENTS**

1. PG&E Shall Place Permanent Conservation Easements on or Donate Watershed Lands: The Watershed Lands and Carizzo Plains shall (1) be subject to permanent conservation easements restricting development of the lands so as to protect and preserve their beneficial public values, and/or (2) be donated in fee simple to one or more public entities or qualified non-profit conservation organizations, whose ownership will ensure the protection of these beneficial public values. PG&E will not be expected to make fee simple donations of Watershed Lands that contain PG&E's or a joint licensee's hydroelectric project features. In instances where PG&E has donated land in fee, some may be sold to private entities subject to conservation easements and others, without significant public interest value, may be sold to private entities with few or no restrictions.

The conservation easements shall provide for the preservation of land areas for the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values and, shall prevent any other uses that will significantly impair or interfere with those values. Conservation easements on the Watershed Lands will include an express reservation of a right for continued operation and maintenance of hydroelectric facilities and associated water delivery facilities, including project replacements and improvements required to meet existing and

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future water delivery requirements for power generation and consumptive water use by existing users, compliance with any FERC license, FERC license renewal or other regulatory requirements. In addition, easements will honor existing agreements for economic uses, including consumptive water deliveries. The conservation easements shall be donated to and managed by one or more non-profit conservation trustees, qualified conservation organizations or public agencies with the experience and expertise to fully and strictly implement the conservation easements.

2. Process For Development of the Conservation Easements and Land Donation Plan: PG&E will work with PG&E Environmental Enhancement Corporation and the Commission in the development and implementation of the conservation easements and land donation plan. PG&E Environmental Enhancement Corporation will recommend to PG&E (1) conservation objectives for the properties, including identification of conservation values, (2) criteria for ultimate disposition of the properties, (3) conservation easements guidelines, and (4) land disposition plans.
  
3. Reporting Responsibilities: PG&E Environmental Enhancement Corporation will prepare a report to the Commission within 18 months of the Effective Date describing the status of the conservation easement and land disposition plan. PG&E Environmental Enhancement Corporation will make the report available to the public upon request. Every two years following the first report, PG&E Environmental Enhancement Corporation will prepare a report to the Commission on the implementation of the conservation easement and land disposition plan.

## **Attachment B**

**Deed of Conservation Easement and Agreement**

RECORDING REQUESTED BY AND )  
WHEN RECORDED MAIL TO: )  
)  
Wildlife Heritage Foundation )  
Attn: Darla Guenzler, Executive Director )  
563 Second Street, Suite 120 )  
Lincoln, CA 95648 )  
)

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Space Above Line for Recorder's Use Only

**CONSERVATION EASEMENT DEED**  
**(Sky Mountain)**

THIS CONSERVATION EASEMENT DEED ("Conservation Easement") is made as of \_\_\_\_\_, 20\_\_\_\_ ("Effective Date"), by SAN JOAQUIN COUNTY OFFICE OF EDUCATION, a \_\_\_\_\_ ("Grantor"), in favor of WILDLIFE HERITAGE FOUNDATION, a California nonprofit public benefit corporation ("WHF" or "Grantee") (Grantor and WHF are sometimes referred to herein individually as "Party" and collectively as "Parties"), with reference to the following facts, circumstances, and terms:

**RECITALS**

A. **The Property.** Grantor is the fee title owner of certain real property ("Property") containing approximately 61.96 acres located in the County of Placer, State of California. The Property is legally described and depicted in **Exhibit A** attached hereto and incorporated herein by this reference.

B. **WHF's Nonprofit Status.** WHF is a California nonprofit public benefit corporation, exempt from federal income taxation under sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code of 1986, as amended ("IRC"), and qualified to acquire and hold conservation easements pursuant to California Civil Code section 815.3. WHF is dedicated to the preservation, protection or enhancement of land in its natural, scenic, forested, or open space condition.

C. **Transfer of Property to Grantor.** Pacific Gas and Electric Company, a California corporation ("PG&E"), transferred to Grantor the fee interest in the Property in accordance with that certain Grant Deed, being recorded in the Official Records of the County of Placer, immediately prior to the recording hereof ("Grant Deed"), attached

hereto as **Exhibit B** and incorporated herein by reference, subject to: (1) PG&E's reservation of certain rights in and to the Property, as set forth in the Grant Deed ("PG&E Reserved Rights"); and (2) those legally-enforceable third-party rights to use the Property in effect as of the Effective Date, as listed on **Exhibit C** attached hereto and incorporated herein by this reference, true and complete copies of which have been provided to, and reviewed and accepted by, Grantee ("Express Third-Party Uses").

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

E. **Beneficial Public Values.** The Governing Documents require PG&E to ensure that approximately 140,000 acres of watershed lands, all located in California and owned by PG&E as of the date the Governing Documents were entered into (collectively, "Watershed Lands"), are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values (collectively, "Beneficial Public Values"). The Property is included in these Watershed Lands. The Land Conservation Commitment constitutes the obligations of PG&E to convey fee title and conservation easements to Watershed Lands, and to protect the Beneficial Public Values of the Watershed Lands, as well as certain other obligations related thereto, as set forth in detail in the Governing Documents. The Stipulation provides that conservation easements for Watershed Lands will preserve or enhance reasonable public access.

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

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

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

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

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

K. **Preservation and Protection in Perpetuity.** Grantor and WHF each desire through this Conservation Easement to ensure the permanent protection of the Conservation Values on the Property, subject to PG&E’s Reserved Rights and the Express Third-Party Uses. Specifically, the Parties desire to ensure that the Conservation Values on the Property will be preserved and protected in perpetuity as provided herein, and that uses of the Property that are inconsistent with these Conservation Values will be prevented or corrected.

## **GRANT OF CONSERVATION EASEMENT AND AGREEMENTS**

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

1. **Conservation Purposes.** The purposes of this Conservation Easement are to protect and preserve in perpetuity the Conservation Values of the Property by restricting any use of the Property that will significantly impair the Conservation Values (“Conservation Purposes”). Subject to the following terms and conditions, Grantor will confine uses of the Property to activities that are consistent with the Conservation Purposes and the terms of this Conservation Easement. As used herein, the terms “impair” or “impairment” mean to diminish in quantity, quality, value, strength or viability.

As used in this Conservation Easement, the terms “significant” or “significantly”, when used with “impair” or “impairment”, respectively, mean a greater than negligible adverse impact or an impact for more than a transient period.

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

2. **Rights Conveyed to WHF.** To accomplish the Conservation Purposes, Grantor hereby grants and conveys the following rights to WHF:

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

(b) **Right of Access to Inspect, Monitor and Enforce.** WHF shall have the right to access and enter upon the Property using any easement or right of way appurtenant to the Property in order to exercise the following rights: (a) inspect the Property three times annually to determine whether Grantor is in compliance with the terms of this Conservation Easement, provided that WHF provides written notice to Grantor at least ten (10) days prior to the annual inspection, and that Grantor shall have the option to be present during any compliance monitoring; (b) exercise the rights which are granted to WHF herein; and (c) enforce the terms of this Conservation Easement, in accordance with Section 10 of this Conservation Easement, including without limitation, the right to restore the Conservation Values, provided, that such access and entry will

be made in a manner that will not interfere unreasonably with the permitted use(s) or enjoyment of the Property by Grantor and any occupant(s) or user(s) of the Property pursuant to the terms of this Conservation Easement. WHF may authorize entry of its consultants to the extent they are assisting WHF in its monitoring obligations or other activities authorized by this Conservation Easement in the exercise of WHF's rights under this Section 2(b) or Section 2(c) below; provided that all access conducted by WHF and WHF's consultants hereunder that is not under the accompaniment of Grantor shall be in accordance with applicable laws and regulations, including without limitation, those included in California Education Code Sections 45125.1 and 45125.2. The appurtenant access rights referenced above include, without limitation, all access rights granted to Grantor for the benefit of Grantor and WHF, among others, under the Easement and Maintenance Agreement covering real property owned by PG&E and located adjacent to the Property that has been recorded immediately preceding this Conservation Easement, without Grantor imposing any additional terms, conditions, permissions, or limitations on WHF's exercise of such appurtenant access rights than those set forth in this Conservation Easement. Nothing in this section shall be construed to authorize entry by members of the public for any purpose.

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

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

Conservation Easement or be considered grounds for its termination, extinguishment, or modification.

4. **Grantor's Duties.** To the extent Grantor has or reasonably should have knowledge of actual or anticipated unauthorized third-party use of the Property that violates or would violate the terms of this Conservation Easement, Grantor shall undertake all reasonable actions to prevent such unauthorized use. In determining what actions are reasonable pursuant to this section, the Parties acknowledge that the Property is large and has multiple points of ingress and egress and that preventing all unauthorized use may not be reasonable or feasible.

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

(a) **Rights of Ownership.** Grantor reserves to itself all rights of ownership of the Property. Grantor shall confine its use of the Property to those permitted activities and uses, and to such other activities and uses of the Property as are both: (1) consistent with the Conservation Purposes; and (2) not prohibited under the terms of this Conservation Easement. The permitted uses and activities set forth on **Exhibit F** are presumed to be consistent with the Conservation Purposes, but **Exhibit F** is not an exclusive list of such uses and activities. Uses and activities that are prohibited in **Exhibit F** are inconsistent with the Conservation Purposes. Those permitted uses listed in **Exhibit F** that will involve construction or renovation of buildings or other structures shall be undertaken only in the applicable zones ("Zones"), as depicted on the map included in **Exhibit G** ("Zones Map"), attached hereto and incorporated herein by this reference. Each Zone is mapped by survey or other reasonably precise method and has been marked in the field using signage mutually acceptable to the Parties.

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

6. **Express Third-Party Uses.** **Exhibit C** describes the Express Third Party Uses of the Property permitted with the express agreement of Grantor. Grantor retains the right to maintain, renew, or replace all such agreements memorializing Express Third-Party Uses ("Third-Party Use Agreements") and to engage in all activities reasonably required to comply with Grantor's obligations with respect to the Express Third-Party Uses, subject to the following conditions:

(a) **Increases in Intensity or Expansion of Location or Size or Change in Third Party Use.** Except as otherwise provided in this Conservation Easement, subject to existing Third Party Use Agreements, any (i) increase in the intensity, (ii) expansion of the location or size, or (iii) change in the use, of any of the Express Third-Party Uses, whether through a new agreement or an amendment to an existing agreement, that Grantor determines in consultation with WHF under Section 9(a) are likely to significantly impair the Conservation Values shall not be allowed.

(b) **Renewal or Replacement of Third-Party Use Agreements.** All Third-Party Use Agreements existing as of the Effective Date are identified on **Exhibit C**. As Third-Party Use Agreements are renewed or replaced (either with the existing user or a new user), Grantor, in consultation with WHF, shall use all commercially reasonable best efforts to include contractual provisions to bring the continuation of the Express Third-Party Uses and the preservation of the Conservation Values into alignment to the fullest extent reasonably practicable.

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

## 7. **Public Access.**

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

(b) **New or Increased Public Access.** If Grantor desires to allow new public access or Informal Uses or an expansion of public access or Informal Uses on the Property, WHF's advance written approval is required in accordance with

Section 9(b), which approval shall not be unreasonably withheld, conditioned or delayed.

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

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

8. **Compliance with Applicable Law.** This Conservation Easement describes certain rights held by Grantor, WHF, PG&E, and third parties, as well as permitted uses that are presumed to be consistent with the Conservation Purposes of the Conservation Easement. Nothing in this Conservation Easement requires Grantor, WHF, PG&E, or third parties to exercise these rights. Nor does this Conservation Easement provide Grantor, WHF, PG&E, or third parties with regulatory approval to undertake any action described as a retained right or permitted use. Prior to undertaking any action to exercise these rights, Grantor, WHF, PG&E, and third parties shall obtain all necessary permits and comply with all applicable laws, including, but not limited to, the California Environmental Quality Act ("CEQA"), Public Resources Code sections 21000 et seq.

9. **Consultation and Approval Processes.**

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

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

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

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

(3) **Written Approval.** Grantor shall not, and shall not have the right to, commence or conduct the Proposed Activity until and unless it receives the written approval of WHF, and only in the manner approved, unless the Proposed Activity is deemed approved pursuant to Section 9(b)(4) below.

(4) **Agreement Deadline for Proposed Activity.** The Proposed Activity shall be deemed to have been approved if no objection has been given within sixty (60) days after WHF's receipt of the notice of the Proposed Activity and all supplemental information requested by WHF pursuant to Section 9(b)(1) above.

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

#### 10. **Enforcement and Remedies.**

(a) **Procedures Upon Violation.** If a party hereto ("Non-Breaching Party") determines there is a breach of the terms of this Conservation Easement or that a breach is threatened, written notice of such breach ("Notice of Breach") and a demand for corrective action sufficient to cure the breach shall be given in accordance with Section 21 by the Non-Breaching Party to the Party allegedly breaching this

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

(b) **Litigation.** If the Parties are not able to resolve a dispute under Section 10(a) above, a Non-Breaching Party may bring an action at law or equity in a court of competent jurisdiction to enforce compliance with the terms of this Conservation Easement, to recover damages to which a Non-Breaching Party may be entitled for violation of the terms of this Conservation Easement, or for any other legal or equitable relief available under California law, including, but not limited to, temporary or permanent injunctive relief, monetary damages or any other form of relief required to achieve the restoration of the Property to the condition it existed prior to any violation. Notwithstanding anything to the contrary in this Conservation Easement, in no event shall the Breaching Party be liable to the Non-Breaching Party for, and the Parties each hereby waive their right to, any indirect, special, punitive or consequential damages resulting from the Breaching Party's breach of this Conservation Easement, whether foreseeable or unforeseeable. For purposes of this Section 10(b), a Non-Breaching Party can be either or both WHF and/or Grantor.

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

(d) **Remedies at Law Inadequate.** The Parties agree that remedies at law for any violation of the terms of this Conservation Easement are inadequate and that a Non-Breaching Party shall be entitled to the injunctive relief described in this section, in addition to such other relief to which it may be entitled, including specific performance of the terms of this Conservation Easement, without the necessity of

proving either actual damages or the inadequacy of otherwise available legal remedies, provided the other legal requirements for injunctive relief are met. The Non-Breaching Party's remedies shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity, including but not limited to, the remedies set forth in California Civil Code section 815 *et seq.* For purposes of this Section 10(d), a Non-Breaching Party can be either or both WHF and/or Grantor.

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

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

13. **Acts Beyond Grantor's Control.** Nothing contained in this Conservation Easement shall be construed to entitle WHF to bring any action against Grantor for any injury to or change in the Property or impairment of the Conservation Values resulting from (a) any natural cause beyond Grantor's control, including, without limitation, fire not caused by Grantor, flood, storm, climate change, earth movement, diseases affecting biological features of the Property, or any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Property or impairment to the Conservation Values resulting from such causes; (b) acts by WHF or its employees, consultants, agents, contractors, board of directors, or representatives; or (c) acts by third parties over whom Grantor has no control, provided Grantor has fulfilled its obligations under Section 4. Should impairment to the Conservation Values occur as a result of (a) or (c), Grantor and WHF shall consult to determine an appropriate, reasonable response to address the conditions.

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

15. **Taxes; No Liens.** Grantor shall pay before delinquency all taxes, assessments (general and special), fees, and charges of whatever description levied on or assessed against the Property by competent authority (collectively "Taxes"), including any Taxes imposed upon, or incurred because of, this Conservation Easement, and shall furnish WHF with satisfactory evidence of payment upon request. Grantor shall keep the Property free from any liens (other than a security interest that is expressly subordinate to this Conservation Easement as provided in Section 23(m)), including those arising out of any obligations incurred by Grantor for any labor or materials furnished or alleged to have been furnished to or for Grantor at or for use on the Property.

16. **Hold Harmless.** Grantor shall hold harmless and indemnify WHF and its directors, officers, and employees and the successors and assigns of each of them (each an "Indemnified Party" and, collectively, "Indemnified Parties") from and against any and all liabilities, penalties, costs, losses, damages, expenses (including, without limitation, reasonable attorneys' fees and experts' fees), causes of action, claims, demands, orders, liens or judgments (each a "Claim" and, collectively, "Claims"), proximately caused by the occupancy or use of the Property by Grantor or its directors, officers, employees, or agents, unless due solely to the negligence of WHF or any of WHF's officers, employees or agents. If any action or proceeding is brought against any of the Indemnified Parties by reason of any such Claim, Grantor shall, at the election of and upon written notice from an Indemnified Party seeking indemnification under this section, defend such action or proceeding by counsel reasonably acceptable to the Indemnified Party or reimburse such Indemnified Party for all reasonable charges incurred.

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

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

18. **Condemnation.** This Conservation Easement is “property appropriated to public use,” the condemnation of which is prohibited except as provided in California Code of Civil Procedure section 1240.055.

19. **Transfer of Conservation Easement.**

(a) **Voluntary Assignment.** In the event that Grantee decides to assign its interest under this Conservation Easement, Grantee shall only assign such interest to an organization that is: (i) qualified to hold a conservation easement under section 815.3 of the California Civil Code; (ii) experienced in holding and monitoring conservation easements on properties similar to the Property; and (iii) willing and financially able to assume all of the responsibilities imposed on such successor Grantee under this Conservation Easement. The assigning Grantee shall give preference to any qualifying organization that has experience in holding and monitoring conservation easements on properties of the nature and characteristics of the Property. Before assigning its interest under this Conservation Easement, the assigning Grantee shall provide Grantor, and the Sierra Nevada Conservancy (“SNC”) with written notice of such intention to transfer (“Transfer Notice”) and shall consult with Grantor and SNC pursuant to Section 9(a). The Transfer Notice shall identify the proposed assignee and include a description of how the proposed assignee meets the assignee designation criteria set forth in this section. In consultation with Grantor, the assigning Grantee shall allow SNC a period of not less than sixty (60) days to approve the proposed assignee, which approval shall not be unreasonably withheld and shall be based on whether the proposed assignee meets the designation criteria specified in this section. If SNC does not approve the proposed assignee, SNC shall provide the assigning Grantee with the reasons behind such decision.

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

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

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

20. **Transfer of Property to Third-Party.** Grantor shall not transfer the Property without the prior written approval of Grantee, which approval shall not be unreasonably withheld, conditioned or delayed. Grantor shall give written notice to Grantee of the intent to transfer the interest at least ninety (90) days prior to the date of such transfer. Grantor agrees to incorporate the terms of this Conservation Easement by reference in any deed or other legal instrument by which Grantor divests itself of any interest in all or any portion of the Property, including, without limitation, a leasehold interest. Grantee shall have the right to prevent subsequent transfers in which prospective transferees are not given actual notice of the terms, covenants, conditions and restrictions of this Conservation Easement. The failure of Grantor or Grantee to perform any act provided in this section shall not impair the validity of this Conservation Easement or limit its enforceability in any way.

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

To WHF: Wildlife Heritage Foundation  
563 Second Street, Suite 120  
Lincoln, CA 95648  
Attn: Executive Director

To Grantor: San Joaquin County Office of Education  
2922 Transworld Drive  
Stockton, CA 95206  
Attn: Superintendent

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

22. **Amendment.** This Conservation Easement may be amended only upon the written agreement of Grantor and Grantee. Any such amendment shall be consistent with the Conservation Purposes of this Conservation Easement and

California law governing conservation easements and shall not affect its perpetual duration. Any such amendment shall be recorded in the official records of Placer County.

23. **Additional Provisions.**

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

(b) **Grantor's Advice of Legal Counsel.** Grantor and WHF acknowledge and stipulate that WHF has advised Grantor that WHF cannot provide, and has not provided, Grantor with legal or tax advice at any time respecting the Conservation Easement. Grantor and WHF further acknowledge that WHF has advised Grantor to seek legal counsel in the negotiation and execution of this Conservation Easement and that Grantor has done so.

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

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

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

Easement to a person or circumstance, such action shall not affect the application of the provision to any other persons or circumstances.

(f) **Entire Agreement.** This instrument sets forth the entire agreement of the Parties with respect to the Conservation Easement and supersedes all prior written or oral discussions, negotiations, understandings, or agreements of the Parties relating to the Conservation Easement. No alteration or variation of this instrument shall be valid or binding unless contained in an amendment in accordance with Section 22.

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

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

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

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

(k) **Hazardous Materials Liability.**

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

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

Claim, Grantor shall, at the election of and upon written notice from Grantee, defend such action or proceeding by counsel reasonably acceptable to the Indemnified Party.

(3) Despite any contrary provision of this Conservation Easement, the Parties do not intend this Conservation Easement to be, and this Conservation Easement shall not be, construed to create in or give to Grantee any of the following:

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

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

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

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

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

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

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

(l) **Warranty.** Grantor represents and warrants to Grantee that Grantor is the sole owner of fee simple title to the Property; that the Property is not subject to any other conservation easement; and, other than those exceptions expressly listed in **Exhibit J**, attached hereto and incorporated herein by this reference, there are no outstanding mortgages, liens, encumbrances or other interests in the Property (including, without limitation, water and mineral interests) that may conflict or are otherwise inconsistent with this Conservation Easement and which have not been expressly subordinated to this Conservation Easement by a written, recorded subordination agreement approved by Grantee.

(m) **Additional Easements.** Grantor shall not grant any additional easements, rights of way, or other interests in the Property (other than a security interest that is expressly subordinated to this Conservation Easement), or grant, transfer, abandon, or relinquish (each a "**Transfer**") any mineral, air, or water right, or any water associated with the Property, without first obtaining the written approval of Grantee, which approval shall not be unreasonably withheld, conditioned or delayed. This section shall not limit the provisions of **Section 20** nor prohibit transfer of a fee or leasehold interest in the Property that is subject to this Conservation Easement and complies with **Section 20**. Grantor shall provide a certified copy of any recorded or unrecorded grant or Transfer document to Grantee.

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

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

- EXHIBIT A – Legal Description of Property and Map of the Property
- EXHIBIT B – Grant Deed
- EXHIBIT C – Express Third-Party Uses and Third-Party Use Agreements
- EXHIBIT D – Conservation Values
- EXHIBIT E – **Intentionally Omitted**
- EXHIBIT F – Grantor’s Use of the Property
- EXHIBIT G – Zones Map
- EXHIBIT H – **Intentionally Omitted**
- EXHIBIT I – **Intentionally Omitted**
- EXHIBIT J – Encumbrances

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

**GRANTOR:**

SAN JOAQUIN COUNTY OFFICE OF EDUCATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**WHF:**

WILDLIFE HERITAGE FOUNDATION

By: \_\_\_\_\_

Name: Darla Guenzler

Title: Executive Director

Date: \_\_\_\_\_



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

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

NOTARY SEAL

EXHIBIT A

Legal Description of Property and Map of the Property

[Follows this page]

EXHIBIT B

Grant Deed

[Follows this page]

## EXHIBIT C

### Express Third-Party Uses and Third-Party Use Agreements

1. The terms, conditions, and provisions as contained in the instrument entitled "Agreement", by and between the Pioneer Pulp Company, and M. Pedlar, regarding water rights, recorded in Book A of Miscellaneous Records, Page 147. The existence of said document being disclosed by Book 121, Page 448 of Deeds.
2. An easement granted to Pacific Bell for Underground Communications Facilities and Incidental Purposes (February 10, 1993)

EXHIBIT D  
Conservation Values

The Conservation Values of the Property are summarized below and described in more detail in the Baseline Documentation Report:

- (a) Natural Habitat of Fish, Wildlife, and Plants - Habitat for fish, wildlife, and plants that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act. The term "habitat" includes vegetation along banks and shorelines that contribute to maintaining watershed health. The term "native" refers to plants and animals that occur naturally on the Property and are defined as "native" by the California Department of Fish & Wildlife and its successors.
- (b) Sustainable Forestry - Forest resources on the Property consist of Sierra Mixed Conifer.
- (c) The scenic viewshed of the Property in keeping with the surrounding environment, providing a contiguous forested landscape visible to passersby on the nearby roads and highways.
- (d) Outdoor recreation in the form of passive recreational pursuits such as hiking, fishing, nature study, environmental education, and sightseeing.
- (e) Identified historical and cultural values, to the extent they are protected by state and federal law.

## EXHIBIT F

### Grantor's Use of the Property

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

**1. Subdivision and Partitioning:** Any legal or de facto division, subdivision, lot creation, or partitioning of the Property, including a request for a certificate of compliance pursuant to the Subdivision Map Act (California Government Code section 66499.35), is prohibited. Notwithstanding that, as of the Effective Date, the Property is comprised of a single legal parcel, the terms and conditions of this Conservation Easement will apply to the Property as a whole, and the Property will not be transferred or otherwise conveyed except as a whole, intact, single piece of real estate; neither Grantor nor Grantor's personal representative, successors, or assigns will transfer or otherwise convey any portion of the Property that constitutes less than the entire fee interest in the Property, except for leasehold interests. Upon prior written notification to Grantee, Grantor may execute one or more lot-line adjustments that may involve the boundary of the Property, provided, however, that no part of the Property is removed or divided from the Property as a whole, and no boundaries delineating the Zones are altered.

**2. Development Rights:** Except as specifically permitted by this **Exhibit F**, the exercise of any development rights associated with the Property is prohibited, including, without limitation, the right to construct apartment houses; multi-family dwellings; mobile homes; house-trailers; permanent tent facilities or similar structures; golf courses; casinos and gaming facilities; boat ramps; underground tanks; billboards, or street lights. All development rights that are now or hereafter allocated to, implied, reserved or inherent in the Property are assigned, granted, deeded and/or otherwise transferred to and/or vested in and/or otherwise placed under the sole and absolute control and discretion of Grantee in perpetuity and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described or to any other property nor used for the purpose of calculating permissible lot yield of the Property or any other Property.

**3. Commercial Uses:** Except as specifically permitted by this **Exhibit F**, commercial structures and commercial uses on the Property are prohibited. Notwithstanding any other provision in this Conservation Easement, the following uses are explicitly prohibited: livestock feedlots; gravel mining; casinos and gaming facilities; mobile home parks; commercial wind farms; and billboards; provided, that the foregoing

prohibition shall not prohibit Grantor from installing mobile homes as New Improvements (as defined below) in accordance with Section 4 below and consistent with the Camp Purposes (as defined below). For purposes of this Section 3, the term “commercial” shall be defined as any structure or use for which a fee or charge is imposed for the purpose of generating a financial gain that is inconsistent with the Conservation Purposes.

**4. Construction and Use of Structures:** Notwithstanding any provision herein to the contrary, Grantor shall have the right to construct the following structures, all of which shall be located wholly within the Zones. All permitted structures shall conform with the following additional restrictions. Grantor shall consult with, and/or seek approval of, Grantee, as set forth below, in accordance with Section 9 of this Conservation Easement and provide construction plans to Grantee before beginning construction.

- a. All camp buildings, facilities, recreational areas, parking areas, and other facilities existing on the Property (“Existing Camp Improvements”) are located within the 13.31 acre “Existing Camp Zone” and within the “Expanded Building Zone”, both as designated on the Zones Map and in the specific locations set forth in the Baseline Documentation Report. Grantor may take the following actions with respect to any Existing Camp Improvement, without consultation or approval of WHF: (1) repair and maintain such Existing Camp Improvement, and (2) reconstruct and/or replace such Existing Camp Improvement but only if such reconstructed or replaced Existing Camp Improvement is located within the same building footprint and is no more than ten percent larger in total square footage of the Existing Camp Improvement being reconstructed or replaced. Grantor may construct new improvements, including new parking areas and including expanded or relocated Existing Camp Improvements not covered by subsection (2) of the immediately preceding sentence (collectively, “New Improvements”) within the Existing Camp Zone; provided, that: (1) Grantor shall seek approval of Grantee, as required in accordance with Section 9(b) of this Conservation Easement, of any New Improvements and provide construction plans to Grantee before beginning construction; (2) any New Improvements shall not exceed two stories or forty feet in height; and (3) any New Improvements shall not be inconsistent with the Conservation Purposes and shall not significantly impair the Conservation Values. Once any Grantee-approved New Improvement has been constructed, Grantor shall have the right to repair, maintain, reconstruct, and/or replace such New Improvement in accordance with second sentence of this Section 4(a). At least fifty percent (50%) of the surface land acreage coverage in the Existing Camp Zone shall be retained in its natural condition as described in the Baseline Documentation Report.
- b. In addition to the New Improvements permitted under Section 4(a) of this Exhibit F, Grantor may construct New Improvements within development

footprint(s) that are located within the “Expanded Building Zone” designated on the Zones Map; provided, that, in addition to the requirements for New Improvements set forth in Section 4(a) above, Grantor shall seek approval of Grantee, as required in accordance with Section 9(b) of this Conservation Easement, of the proposed development footprint (a “New Development Footprint”) for the proposed New Improvements. At no time shall the total acreage of the New Development Footprints (including any permitted expansions thereof) located within the Expanded Building Zone plus the development footprint of the Existing Camp Improvements (including any permitted expansions thereof) located within the Expanded Building Zone exceed a total of eight acres.

- c. Grantor shall obtain all required building permits, approvals, and licenses, and comply with all applicable federal, state, and local laws and regulations, in construction, reconstruction, repair, maintenance, replacement, and management of all Existing Camp Improvements and New Improvements.
- d. Grantor may operate and maintain permitted Existing Camp Improvements and New Improvements as a commercial campground. Use of the Existing Camp Improvements and New Improvements shall not be inconsistent with the Conservation Purpose and shall not significantly impair the Conservation Values.
- e. Unless otherwise provided, for each structure permitted under this Section 4, appurtenant power generation, power sources or water production facilities are permitted to supply power or water for the permitted uses set forth in this Conservation Easement.
- f. Grantor and Grantee acknowledge that Grantor intends to use the Property primarily to support environmental education, science education, and recreational programs for, or for the benefit of, youth, including offering an outdoor school and camp to youth inside and outside of San Joaquin County, adult professional development, and other activities reasonably connected to youth environmental education, science education, and outdoor recreation. Grantor also intends to make the Property, including the overnight accommodation facilities, available to current user groups and other public and private organizations for team building, recreational use, and general outdoor enjoyment. All uses referenced above in this Section 4(f) are collectively referred to herein as the “Camp Purpose”. If use of the Property for the Camp Purpose is determined to be infeasible by Grantor in consultation with Grantee in accordance with Section 9 of this Conservation Easement, Grantor may change the Camp Purpose to a new use of the Property provided: (1) the new Camp Purpose is for educational, recreational, property management purposes, or for the protection or enhancement of the Conservation Values, and (2) the new Camp Purpose shall be subject to Grantee’s prior

written consent in accordance with Section 9 of this Conservation Easement to ensure the uses will not significantly impair the Conservation Values and will be consistent with the Conservation Purpose. Grantor shall provide Grantee true, correct, and complete reasonable data and information on an annual basis that will enable Grantee to confirm that the primary use of the Property is in conformance with the first sentence of this Section 4(f).

**5. Roads:** Grantor may maintain, repair, or replace existing roads on the Property, without approval of or consultation with Grantee, as long as such maintenance, repair and replacement of existing roads are consistent with the current footprint and level of improvement of such roads. Grantor shall have the right to limit or prohibit access to existing nonpublic roads, provided such actions are consistent with existing rights of way and/or easements on the Property, and further, that such actions are consistent with Section 3 and Section 8 of this Conservation Easement. Grantor may upgrade the level of improvement of existing roads (i.e. improve a gravel road to a paved road) within the same footprint of such roads, subject to approval with Grantee pursuant to Section 9(b) of this Conservation Easement. Grantor may construct new roads to provide access to existing structures or structures authorized to be constructed by this Easement. The location and construction of such new roads shall be approved in advance by Grantee, which approval shall not be unreasonably withheld. Any other alteration of the surface or general topography of the Property for the purpose of construction, improvement or replacement of roads for motorized vehicles of any type or for the purpose of paving such roads is prohibited.

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

**7. Trails:** Grantor may construct and maintain trails (defined as any definable route less than five (5) feet in width, not including curbs, cuts or fills) for recreational and educational purposes, and for use by pedestrians, horses, and mules. Grantor may use motorized vehicles on trails for management purposes, provided such use does not significantly impair the Conservation Values. Otherwise, motorized vehicles are prohibited on trails. The following requirements for the construction and maintenance of such new trails shall apply: (a) the surface of the trail shall remain pervious (such as dirt, wood chips or gravel) (except within the designated Zones or as may be required by federal, state or local laws relating to access for disabled persons); (b) the trail shall be located, to the extent possible, in the path of a trail or forestry road existing on the Effective Date, as defined in the Baseline Documentation Report; (c) the trail shall be constructed and maintained so as to minimize erosion and sedimentation and ensure proper drainage; (d) the trail shall be otherwise installed in a manner to avoid

unnecessary tree removal, grading and other land disturbance, but allowing for selective brush removal; and (e) prior to construction of trails, Grantor shall submit to Grantee a qualified scientist's opinion that the proposed trail construction will not impact any special status, endangered or threatened species, or their habitats, listed in the Baseline Documentation Report, or any other such designated species or habitats identified at the time of the proposed construction. Grantee may request consultation regarding construction of trails under Section 9(a) of this Conservation Easement.

**8. [Intentionally Omitted]**

**9. Water Resources:** As necessary and appropriate to carry out the uses permitted by this Conservation Easement, Grantor may, after obtaining any necessary state permits, develop, enhance and maintain water resources on the Property for habitat restoration, water consumption in connection with permitted uses, and permitted recreation uses, provided that such activities are consistent with and do not violate PG&E's Reserved Rights and do not significantly impair the Conservation Values. Permitted uses include, without limitation, the construction, repair, and maintenance of ponds and irrigation systems, installation and maintenance of wells, and the development of water capture and delivery facilities, including but not limited to water lines and access roads or trails to water facilities consistent with Section 5 and Section 7 of this **Exhibit F**. Water may be exported off the Property for immediate fire control response or wildfire emergency. Other than as permitted in this section, the manipulation, impoundment, or alteration of any natural swale, natural water course, non-human constructed channel, wetland, streambank, vernal pool, perennial spring, water circulation, or any other body of water are prohibited.

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

**11. Air Rights:** The transfer, encumbrance, sale, lease, severance or other separation of the air rights attached to the Property by Grantor is prohibited without the prior approval of Grantee in accordance with Section 9 of this Conservation Easement, which Grantee may withhold in its absolute discretion. Grantor shall not use or authorize others to use the airspace above the Property for commercial or private aviation, including but not limited to, airplane flights, ultralight flights; hang gliding; glider flights; rotor craft flights; balloon flights; airship flights; and light sport airplane flights. Grantor may use unmanned aerial vehicles only for the following purposes: (1) management or monitoring purposes, but shall not authorize others to use such airspace above the Property for that purpose; and (2) developing communications, storytelling, or marketing materials for the Property no more frequently than on an annual basis and for short periods of time that shall not impact the Conservation Values; provided that (a) Grantor shall not use unmanned aerial vehicles during avian nesting season without first consulting with Grantee in accordance with Section 9(a) above, and (b) Grantor shall give Grantee advance written notice of Grantor's use of unmanned aerial vehicles during other times of the year. Grantee may use unmanned aerial vehicles for monitoring purposes; provided that Grantee provides written notice to Grantor at least ten (10) days prior to each flight.

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

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

**14. Minerals:** Grantor may not explore for or extract minerals on the Property, provided that notwithstanding the foregoing, Grantor may remove existing rocks from the Property to be used for the purpose of blocking off roads on the Property, delineating camping areas and for other purposes on the Property approved in advance by Grantee under Section 9(b), which approval shall not be unreasonably withheld, conditioned or delayed. Grantor may further remove gravel and shale for the purposes of building permitted structures and/or maintaining permitted roads on the Property. No removal of rocks may occur within 50' slope distance of any perennial or ephemeral watercourse, as such term is defined in the California Forest Practice Rules 2013, Title 14 California Code of Regulations, Chapter 4 Article 1, 895.1, as amended or replaced from time to time. Erosion control and drainage structures are not considered "man-made watercourses" under this Conservation Easement. Other than as permitted by this

section, the filling, dumping, excavating, draining, dredging, mining, hydraulic fracturing, drilling, removing or exploring for or extracting minerals, loam, soil, sands, hydrocarbons, gravel, rocks or other similar material on or below the surface of the Property, or granting or authorizing surface entry for any such purpose are prohibited.

**15. Forest Management:** Grantor may harvest, cut or remove trees and vegetation for the purposes of ensuring public or personal safety on the Property, including for fire protection and suppression; provided, that all such activities are conducted in a manner that is consistent with the Conservation Purposes and other terms and conditions of this Conservation Easement. Snags shall be retained for wildlife habitat benefits and shall not be intentionally removed, except for reasons of public safety. Except where Grantor is required to take emergency action to protect public or personal safety, Grantor shall consult with Grantee under Section 9(a) of this Conservation Easement before undertaking any fire management activities under this section. Where Grantor is required to take emergency action to protect public or personal safety, such action shall be carried out in a manner designed to minimize impacts on the Conservation Values.

**16. [Intentionally Omitted]**

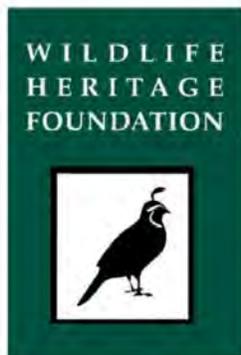
**17. Carbon Rights:** Grantor hereby reserves for itself and its successors and assigns all carbon rights and the right to sell carbon rights that are part of and appurtenant to the Property for forest-based carbon storage occurring by virtue of the forest management and other restrictions established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

**18. Agriculture:** Except for grazing for management purposes in accordance with Section 12 or Section 16 of this Exhibit F, the plowing, disking, cultivation, ripping, planting, sowing, irrigation, or any other conversion of the Property to crops, orchards, vineyards, or any other agricultural use or disturbance of the Property and its native vegetation are prohibited. Intentional seeding, planting, or introduction of exotic or non-native plant species are prohibited. Cannabis cultivation and the commercial cultivation of native plants are prohibited.

**19. Vehicle Use:** Grantor may authorize the use of motorized vehicles on designated roadways in support of the recreational uses permitted in Section 8 of this Exhibit F. Except as permitted in Section 8 of this Exhibit F, commercial recreational vehicle use is prohibited. Grantor shall take reasonable and practicable actions to ensure that all vehicles use only designated roads, and that unauthorized third parties are prevented from using motorized vehicles on the Property, provided, however, that Grantor shall not be responsible for injuries or changes to the Property caused by such uses beyond Grantor's control. In no event shall any all-terrain vehicles, off-road vehicles, or off-highway vehicles, including without limitation four-wheelers, three-wheelers,

snowmobiles, and/or motorcycles be used off designated roadways, except when used by Grantor for management purposes, provided such uses do not significantly impair the Conservation Values.

EXHIBIT G  
Zones Map



**Roads, Parking, Trails and Boundaries**

- Sky Mountain Property Approximate Boundary
- FERC Approximate Boundary
- Access road (Sky Mountain Private Road and Lake Valley Road)
- Paved road
- Fire road
- Parking area
- Dirt path/trail

**Camp Facilities**

- Existing Camp Zone (13.31 acres)
- Expanded Camp Zone (19.50 acres)
- Camp Buildings
- ⛺ Activity Area
- 🏠 Cabins

## EXHIBIT J

### Encumbrances

1. The terms, conditions, and provisions as contained in the instrument entitled "Agreement", by and between the Pioneer Pulp Company, and M. Pedlar, regarding water rights, recorded in Book A of Miscellaneous Records, Page 147. The existence of said document being disclosed by Book 121, Page 448 of Deeds.
2. An easement granted to Pacific Bell for Underground Communications Facilities and Incidental Purposes (February 10, 1993)



# **Attachment C**

**Grant Deed**

RECORDING REQUESTED BY AND RETURN TO:

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

No Recording Fee Pursuant to Government Code 27383

THE UNDERSIGNED GRANTOR(S) DECLARE(S) DOCUMENTARY TRANSFER TAX IS \$0

Transfer Tax Exempt due to Revenue & Taxation Code 11922

See Signature of Grantor Below  
Signature of declarant or agent determining tax

(SPACE ABOVE FOR RECORDER'S USE ONLY)

LD	DEED
APN:	

## GRANT DEED AND RESERVATION OF RIGHTS AND EASEMENTS

### I. CONVEYANCE OF FEE

**PACIFIC GAS AND ELECTRIC COMPANY**, a California corporation (“**Grantor**”), hereby grants, without warranty express or implied, to San Joaquin County Office of Education, a county office of education duly organized and validly existing under the Constitution and laws of the State of California (“**Grantee**”), the real property (“**Property**”), situate in the County of Placer, State of California, described in Exhibit A attached hereto and made a part hereof.

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

### II. RECITALS

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

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

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

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

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

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

F. Consistent with the terms of the Governing Documents, Grantor and Grantee acknowledge this conveyance, together with the [conservation easement] (“**Conservation Easement**”) being entered into concurrently herewith by Grantee and Wildlife Heritage Foundation, a California non-profit public benefit corporation (together with its successors under the Conservation Easement, “**CE Holder**”), are being made in the public interest with the intent to ensure the permanent protection of the beneficial public values on the Property as identified in the LCP and the Conservation Easement while allowing the ongoing use of the Property by Grantor for Hydro Project Activities and Electric Activities, and acknowledging and honoring existing third party uses.

### III. GRANTOR RESERVATION OF RIGHTS AND EASEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Facilities and associated Water Delivery Facilities and/or Electric Facilities located on the Property or adjacent to the Property, or as Grantor deems necessary to comply with applicable state or federal regulations; and

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

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

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

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

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

#### IV. TERMS OF GRANT

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

conditions, easements, restrictions, liens, encumbrances and other exceptions of record or unrecorded.

2. The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto, and all covenants shall apply to and run with the Property. All future conveyances of the fee interest in the Property shall be consistent with the terms of the Governing Documents. In accordance with Section 12 b (4) of the Stipulation, Grantee and its successors and assigns shall not convey all or any portion of the fee interest in the Property to any governmental entity, public agency or any Native American tribe that may currently have, or come to possess, authority to expand Grantor's obligations under Part 1 of the FPA and any successor statute, without the prior written consent of the Grantor, which consent shall be in Grantor's sole discretion exercised in good faith.

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

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

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

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

## V. MISCELLANEOUS

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

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

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

*[SIGNATURE PAGE FOLLOWS]*

IN WITNESS WHEREOF the parties hereto have executed this agreement this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

GRANTOR:

PACIFIC GAS AND ELECTRIC  
COMPANY, a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

GRANTEE:

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

SAN JOAQUIN COUNTY OFFICE OF  
EDUCATION, a county office of education  
duly organized and validly existing under the  
Constitution and laws of the State of California

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CERTIFICATE OF ACCEPTANCE, GOVERNMENT CODE SECTION 27281

This is to certify that the interest in real property conveyed by the deed or grant deed dated \_\_\_\_\_, \_\_\_\_\_, from Pacific Gas and Electric Company to the San Joaquin County Office of Education, a county office of education duly organized and validly existing under the Constitution and laws of the State of California is hereby accepted by order of the [Board] on \_\_\_\_\_, \_\_\_\_\_, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: \_\_\_\_\_

By: \_\_\_\_\_

EXHIBIT A

PROPERTY DESCRIPTION

[Follows this page]

EXHIBIT B

ELECTRIC LINE EASEMENT AREA

[Follows this page]

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

State of California )  
County of San Francisco )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

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

State of California )  
County of San Joaquin )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

## **Attachment D**

### **Easement and Maintenance Agreement**

RECORDING REQUESTED BY AND  
RETURN TO:

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

No Recording Fee Pursuant to Government  
Code 27383

THE UNDERSIGNED GRANTOR(S)  
DECLARE(S) DOCUMENTARY  
TRANSFER TAX IS \$0

Transfer Tax Exempt due to Revenue &  
Taxation Code 11922

See Signature of Grantor Below  
Signature of declarant or agent determining  
tax

LD #: 2117-12-10020

(SPACE ABOVE FOR RECORDER'S USE ONLY)

Assessor's Parcel Numbers:

Sky Mountain Property: 066-050-006-000  
Easement Property:

**EASEMENT AND MAINTENANCE AGREEMENT**

This Easement and Maintenance Agreement ("**Agreement**") is made and entered into as of \_\_\_\_\_ ("**Effective Date**") by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("**PG&E**"), and SAN JOAQUIN COUNTY OFFICE OF EDUCATION, a County Office of Education duly organized and validly existing under the Constitution and Laws of the State of California ("**SJCOE**"), affecting the hereinafter described access road situate in the County of Placer, State of California. PG&E and SJCOE are sometimes collectively referred to as the "**Parties**" and individually as a "**Party**."

RECITALS

A. As part of its Land Conservation Commitment (as defined below), and pursuant to a Grant Deed and Reservation of Rights and Easements, concurrently with the execution and delivery of this Agreement, PG&E is conveying to SJCOE approximately 62 acres in Placer County immediately south of Lake Valley Reservoir, as more particularly described on **EXHIBIT "A"** attached hereto and made a part hereof (the "**Sky Mountain Property**"), which has been approved by the California Public Utilities Commission ("**CPUC**") pursuant to CPUC Advice Letter \_\_\_\_\_ .

B. PG&E is the owner of that certain real property located next to the Sky Mountain Property in Placer County, as more particularly described on **EXHIBIT "B"** attached hereto and made a part hereof (the "**Retained Land**"); and

C. SJCOE wishes to obtain for the benefit of SJCOE and its directors, officers, partners, members, managers, employees, contractors, subcontractors, consultants, representatives, agents, permittees and invitees ("**SJCOE's Representatives**"), including Wildlife Heritage Foundation, a California non-profit public benefit corporation (together with its successors under the Conservation Easement, "**CE Holder**"), a perpetual non-exclusive easement to use the access road, commonly known as "Six Mile Valley Road" (the "**Access Road**"), located on the Retained Land and approximately shown on **EXHIBIT "C"** attached hereto and made a part hereof.

D. The Access Road crosses a portion of the Federal Energy Regulatory Commission ("**FERC**") Project #2310 (the "**FERC Boundary**") as approximately shown on **EXHIBIT "C"**.

E. Such lands within the FERC Boundary are subject to certain regulatory requirements.

F. In addition to the grant of the Access Easement, PG&E and SJCOE desire to memorialize their mutual understanding and agreement regarding useage, repair and maintenance work, and notifications related to the Access Road to ensure compliance with all FERC Project #2310 regulatory requirements and to establish certain protections for PG&E and requirements for SJCOE regarding use of the Access Road.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants contained in this Agreement, and for such other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, PG&E and SJCOE agree as follows:

1. **Perpetual Non-Exclusive Access Easement.**

(a) PG&E hereby grants to SJCOE, for the benefit of SJCOE and SJCOE's Representatives (including CE Holder), upon the terms and conditions set forth in this Agreement, a non-exclusive, perpetual easement right of surface access, ingress and egress to and from the Sky Mountain Property over and across the Retained Land by way of the Access Road (the "**Access Easement**"). SJCOE's Access Easement and this Agreement shall constitute covenant running with the land pursuant to Section 1468 of the California Civil Code, as may be amended from time-to-time, and shall be binding upon and inure to the benefit of the Parties, and their respective successors and assigns.

(b) SJCOE's use of the Access Easement shall not endanger health, create a nuisance, or otherwise be incompatible with overall FERC Project No. 2310 requirements or recreational uses.

(c) SJCOE shall take all reasonable precautions to ensure that the use of the Access Easement on the Retained Land will occur in a manner that will

protect the scenic, recreational, and environmental values of FERC Project No. 2310.

(d) SJCOE may allow SJCOE's Representatives, including CE Holder, to utilize the Access Easement.

Notwithstanding the above, nothing herein shall impair or otherwise impede PG&E's right for continued use of the Retained Land, including the Retained Land containing the Access Easement, in all ways and for all purposes PG&E deems necessary to fulfill its obligations as licensee under FERC Project 2310.

## 2. Proportionate Sharing of Cost Burden.

(a) All road maintenance and repair work on the Access Road shall be performed by PG&E. The Parties intend that they shall share the reasonable cost burden of such maintenance and repair of the Access Road in proportion to their individual use of the Access Road, as such use may change from time to time. The Parties have determined that from the Effective Date to the fifth (5th) anniversary of the Effective Date, such costs shall be allocated seventy percent (70%) to PG&E and thirty percent (30%) to SJCOE, provided that in no event shall SJCOE's aggregate contribution during the first five (5) years following the Effective Date exceed \$25,000 (the "**Contribution Cap Amount**"). The initial period from the Effective Date to the fifth (5th) anniversary of the Effective Date, and each five (5)-year period following thereafter is referred to as a "**Contribution Period**."

(b) The cost allocation and the Contribution Cap Amount for each Contribution Period following the initial Contribution Period shall be subject to review at the election of either Party. To initiate such review, a Party shall give written notice to the other Party (a "**Contribution Review Notice**"), no more than nine (9) months and no less than six (6) months before the commencement of the next Contribution Period. Promptly after receipt of a Contribution Review Notice, the Parties shall reasonably cooperate to review the allocation and Contribution Cap Amount then applicable to determine if such allocation and applicable Contribution Cap Amount remain equitable for the next Contribution Period and shall adjust such allocation and/or Contribution Cap Amount as they mutually determine is appropriate. If the Parties are unable to make such determination within ninety (90) days after a Party gives a Contribution Review Notice, either Party may elect to proceed with negotiation and mediation pursuant to Section 24 below. If neither Party elects to review the allocation and Contribution Cap Amount within the timeframe set forth herein, the allocation then in effect shall remain in effect for the next Contribution Period and the Contribution Cap Amount for the next Contribution Period shall be increased by ten percent (10%) for the next Contribution Period.

(c) Notwithstanding the foregoing, SJCOE shall be solely responsible for the cost of any repairs due damage caused by SJCOE or SJCOE's Representatives, and PG&E shall be solely responsible for the cost of any repairs

due damage caused by PG&E or by any of PG&E's directors, officers, partners, members, managers, employees, contractors, subcontractors, consultants, representatives, agents, permittees and invitees.

(d) SJCOE acknowledges that a critical component of PG&E conducting all maintenance and repair activities for the Access Road is that this ensures PG&E's compliance with FERC regulatory requirements with the FERC Boundary. PG&E shall endeavor to notify SJCOE of upcoming costs for which SJCOE will be responsible as PG&E's annual budgets are developed from time to time, and SJCOE shall have no less than one hundred eighty (180) days to pay its share of costs after written notice by PG&E to SJCOE.

3. **Insurance.** SJCOE shall procure, carry and maintain at all times and at SJCOE's sole expense, the insurance coverages set forth in **EXHIBIT "D"** attached hereto and made a part hereof. SJCOE shall not make use of the Access Road unless and until the insurance coverage required by this Agreement is in effect and current proof of insurance has been provided to PG&E.

4. **Conservation Documents.**

(a) PG&E and SJCOE hereby enter into this Agreement with reference to the following:

(1) PG&E is a party to that certain Settlement Agreement (the "**Settlement Agreement**") as modified and approved by CPUC in its Opinion and Order of December 18, 2003 (Decision 03-12-035).

(2) In furtherance of the Settlement Agreement, and to provide additional detail regarding the implementation of the "**Land Conservation Commitment**" (defined below), the parties to the Settlement Agreement and other interested parties entered into that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (the "**Stipulation**").

(3) The Settlement Agreement and the Stipulation (collectively, the "**Governing Documents**") require PG&E to ensure that approximately 140,000 acres of watershed lands and approximately 655 acres of land located in the Carizzo Plains, all owned by PG&E (collectively, the "**Watershed Lands**"), including the Sky Mountain Property and the Retained Land, are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values. The obligations of PG&E with respect to the Watershed Lands are set forth in detail in Appendix E of the Settlement Agreement and in Section 12 of the Stipulation, and are defined therein as the "**Land Conservation Commitment.**"

(4) Pursuant to the Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California non-profit public benefit corporation (the "**Stewardship Council**") was created to oversee and carry out the Land

Conservation Commitment. In accordance with the Governing Documents, the Stewardship Council developed and adopted a land conservation plan (the "**LCP**") for protection of the Watershed Lands for the benefit of the citizens of California. The LCP includes, among other things, objectives to preserve and/or enhance the beneficial public values identified on each parcel of Watershed Lands.

(5) PG&E has agreed that, subject to (A) CPUC approval under California Public Utilities Code Section 851, (B) approval by the FERC for lands subject to its jurisdiction, and (C) certain other requirements provided in the Governing Documents, every parcel of the Watershed Lands, including the Retained Land, will be subject to a fee simple donation or donations and/or conservation easement or easements donated by PG&E to one or more public agencies or qualified non-profit conservation organizations.

(6) In furtherance of the foregoing, PG&E intends to grant a conservation easement or easements (the "**Conservation Easement**") over the Retained Land to one or more public agencies or qualified non-profit conservation organizations (the "**Easement Grantee**").

(7) Concurrently with the conveyance of the Conservation Easement, it is anticipated that the Easement Grantee and PG&E may enter into a land management plan (as initially adopted, and as the same may be modified and replaced from time to time, the "**Land Management Plan**") to preserve and enhance the beneficial public values present at the Retained Land.

(b) SJCOE acknowledges and agrees that, except as expressly set forth above, neither PG&E nor its officers, directors, employees or agents makes or has made any representations or warranties of any kind, express or implied, written or oral, as to the Governing Documents, the Land Conservation Commitment, the LCP, the Conservation Easement, the Land Management Plan, and the conveyances and agreements that PG&E may enter into pursuant to the foregoing (collectively, the "**Conservation Documents**"), the activities to be carried out pursuant thereto, or the potential physical, economic or other impact thereof on SJCOE, the Retained Land, the rights and obligations of SJCOE under this Agreement or otherwise.

(c) Without in any way limiting any other rights of PG&E, PG&E shall have the right to require reasonable modifications to the Access Easement to the extent necessary or desirable to preserve and enhance the beneficial public values present at the Retained Land in accordance with the Conservation Documents. SJCOE acknowledges that, such modifications may result in SJCOE being required to conduct, or refrain from conducting, certain activities currently permitted on some or all of the Access Road and such modifications may materially impact SJCOE economically and otherwise. In addition to the rights reserved under this Agreement, PG&E and others permitted by the Conservation Documents shall have the right to temporarily or permanently construct on the Retained Land such new structures or other improvements as PG&E deems appropriate in PG&E's sole discretion to comply with the provisions of the Conservation Documents ("**LCP Facilities**"), and to reconstruct, maintain, operate and use the LCP Facilities. PG&E shall give SJCOE at least thirty (30) days' prior written notice of PG&E's election to modify SJCOE's use of the Access Easement.

(d) If PG&E shall sell, convey or otherwise transfer fee title to all or any part of the Retained Land, including, without limitation, any transfer or transfers described in this Section 4, PG&E shall thereupon be released from any and all covenants, liabilities and obligations (express or implied) on the part of PG&E under this Agreement, accruing from or after the date of such sale, conveyance or transfer, and SJCOE shall look solely to the transferee or transferees for performance of the obligations of PG&E under this Agreement. This Agreement shall not be affected by such sales, conveyances or transfers, except for such modifications set forth herein, and SJCOE agrees to attorn to the transferee or transferees, such attornment to be effective and self-operative without the execution of any further instrument by the parties to this Agreement. Under no circumstances shall PG&E be liable for any act or omission whatsoever of any Easement Grantee with regard to the Conservation Easement, the Conservation Documents or otherwise, as more specifically set forth in this Section 4. PG&E shall also have the right to reserve in any deed or by separate instrument, easements and other retained rights for PG&E's benefit upon any sale, conveyance or transfer of the Retained Land, or any portion thereof (the "**Reserved Easements**"), including, without limitation, easements and other rights of entry and use for the installation, replacement, use, operation, repair and maintenance of hydroelectric, water delivery and other existing or future facilities on the Retained Land or in connection with property in the vicinity of the Retained Land, for the investigation, remediation and mitigation of any Hazardous Materials and/or in connection with FERC requirements. SJCOE hereby agrees that this Agreement shall be subject to, and subordinate to, the Reserved Easements. SJCOE agrees to take such reasonable actions, including but not limited to acknowledging, delivering or executing instruments and documents, as may be required to effectuate the purposes of this Section 4, and to further document the provisions of this Agreement that will continue in effect between SJCOE and PG&E, as a third party beneficiary.

(e) This Section 4 shall be self-operative and no further instrument of subordination shall be required. However, SJCOE agrees to execute such documentation as may be reasonably requested by PG&E in order to carry out the terms of this Section 4.

(SJCOE TO INITIAL HERE: \_\_\_\_\_)

5. **Condition of the Property.** SJCOE accepts the Property "as is", in its existing physical condition, without warranty by PG&E or any duty or obligation on the part of PG&E to maintain the Property. SJCOE acknowledges that one or more of the following (collectively, "**Potential Environmental Hazards**") may be located in, on or underlying the Property:

(a) electric and magnetic fields, electromagnetic fields, power frequency fields and extremely low frequency fields, however designated, whether emitted by electric transmission lines, other electrical distribution equipment or by any other means ("**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 defined herein, relating to the protection of human health or the environment, 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

(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.

The term “**Legal Requirements**,” means, collectively with (i) 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 laws which relate to the generation, use, storage, handling, treatment, transportation or disposal of Hazardous Substances or to health, safety, noise, environmental protection, air quality or water quality, (ii) the conditions of any permit, occupancy certificate, license or other approval issued by public officers relating to the Access Easement or SJCOE or SJCOE's Representatives' use of the Access Road; and (iii) any liens, encumbrances, easements, covenants, conditions, restrictions and servitudes (if any) of record, or of which SJCOE has notice, which may be applicable to the Property regardless of when they become effective, insofar as they relate to the Access Easement or SJCOE or SJCOE's Representatives' use of the Access Road.

SJCOE shall take all necessary precautions to protect SJCOE's Representatives from risks of harm from Potential Environmental Hazards, and SJCOE shall be responsible for the health and safety of SJCOE's Representatives. SJCOE acknowledges that it has previously evaluated the condition of the Property and all matters affecting the suitability of the Property for the uses permitted by this Agreement, including, but not limited to, the Potential Environmental Hazards listed herein.

6. **Indemnification; Release.**

(a) SJCOE shall, to the maximum extent permitted by law, indemnify, protect, defend and hold harmless PG&E, its parent corporation, subsidiaries, affiliates, and their officers, managers, directors, representatives, agents, employees, (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 negligence of the Indemnitees, which arise from or are in any way connected with entry on or use of the Access Road by SJCOE or SJCOE's Representatives, including, but not limited to, Claims arising out of: (i) injury to or death of persons, including, but not limited to, employees of PG&E or SJCOE (and including, but not limited to, injury due to exposure to EMFs and other Potential Environmental Hazards in, on or about the Property); (ii) injury to property or other interest of PG&E, SJCOE or any third party; (iii) violation of any applicable federal, state, or local laws, statutes, regulations, or ordinances, including all Legal Requirements relating to the environment and including any liability imposed by law or regulation without regard to fault. Without limiting the generality of the foregoing, SJCOE 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 use of the Access Road by, or at the request or for the benefit of, SJCOE. In the event any action or proceeding is

brought against any Indemnitee for any Claim against which SJCOE is obligated to indemnify or provide a defense hereunder, upon written notice from PG&E, SJCOE shall defend such action or proceeding at SJCOE's sole expense by counsel approved by PG&E, which approval shall be in PG&E's sole and absolute discretion.

(b) SJCOE acknowledges that all Claims arising out of or in any way connected with releases or discharges of a Hazardous Substance, or the exacerbation of a Potential Environmental Hazard, occurring as a result of or in connection with SJCOE's use of the Access Road, or the use of any of SJCOE's Representatives, and all costs, expenses and liabilities for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remediation and other response costs, including attorneys' fees and disbursements and any fines and penalties imposed for the violation of any Legal Requirements relating to the environment or human health, are expressly within the scope of the indemnity set forth above. The purpose of the foregoing indemnity is to protect PG&E and the Indemnitees from expenses and obligations related to Hazardous Substances on the Access Road to the fullest extent permitted by law. The SJCOE's obligation to defend includes, but is not limited to, the obligation to defend claims and participate in administrative proceedings, even if they are false or fraudulent.

(c) SJCOE's use of the Access Road shall be at SJCOE's sole risk and expense, and SJCOE accepts all risk relating to SJCOE's use of the Access Road. PG&E shall not be liable to SJCOE for, and SJCOE 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 an occurrence on or about the Access Road.

(d) SJCOE shall, to the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitees harmless against claims, losses, costs (including attorneys' fees and costs), liabilities and damages resulting from the failure of SJCOE, or any of SJCOE's consultants, contractors or subcontractors, to comply with the insurance requirements set forth in **EXHIBIT "D"**.

(e) The provisions of this Section 6 shall survive the termination of this Agreement.

7. **Use of Access Road.** SJCOE shall not, and shall not permit SJCOE's Representatives to make use of the Access Road in any way which will endanger human health or the environment, create a nuisance or otherwise be incompatible with the use of the Access Road or the Retained Land, by PG&E or others entitled to use such property. SJCOE acknowledges that PG&E may have previously granted, and may in the future grant, certain rights in and across the Access Road 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.

8. **Relocation.** The rights granted to SJCOE herein shall forever be subordinate to PG&E's right to replace, reconstruct, relocate, operate and maintain the Access Road. Whenever reasonably practical, PG&E will use reasonable efforts to notify SJCOE in advance of any such activities. Upon any such relocation, such relocated road shall be the Access Road for all purposes hereunder. The Parties acknowledge that a portion of the ingress and egress to and from the Access Road is located on property not owned by PG&E and that the owner of such property may restrict or prohibit ingress and egress across such property at any time.

9. **Site Security.** SJCOE agrees that SJCOE and SJCOE's Representatives shall comply with any and all of PG&E's on-site safety and security requirements and any other rules and regulations that may be applicable to the Access Road from time to time. Any new requirements for the Access Easement at the Retained Land will be sent to SJCOE in writing pursuant to Section 11 below. SJCOE agrees to cooperate with PG&E and to abide by any and all orders or instructions issued by PG&E, its employees, agents or representatives. PG&E reserves the right to restrict access to the Access Road 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's facilities, wherever located, 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 Retained Land.

10. **Assignment.** This Agreement and may not be separately assigned, transferred or conveyed. Any purported assignment, transfer, conveyance or encumbrance violating the foregoing condition shall be void and of no effect.

11. **Notices.** Any notices or communications will be submitted in writing and shall be personally delivered, or sent by first class mail, certified or registered, postage prepaid, or by national overnight courier, with charges prepaid for next business day delivery, addressed to the addressee party at the address or addresses listed below, or to such other address or addresses as such party may from time to time designate in writing. Notices shall be deemed received upon actual receipt or refusal of the notice by the party being sent the notice.

If to PG&E:

If by registered or certified mail, return receipt requested:

Director, Land Management  
Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code N10A  
San Francisco, CA 94177  
Re: Land Conservation Commitment

With a copy to:

Law Department  
Pacific Gas and Electric Company  
P.O. Box 7442  
San Francisco, CA 94120  
Attn: Managing Counsel, Commercial and Transactions  
(Real Estate)  
Re: Land Conservation Commitment

If by personal delivery or overnight courier:

Director, Land Management  
Pacific Gas and Electric Company  
245 Market Street, Room 1051  
San Francisco, CA 94105  
Re: Land Conservation Commitment

With a copy to:

Law Department  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B30A  
San Francisco, CA 94105  
Attn: Managing Counsel, Commercial and Transactions  
(Real Estate)  
Re: Land Conservation Commitment

If to SJCOE:

San Joaquin County Office of Education  
2922 Transworld Drive  
Stockton, CA 95206  
Attn: James A. Mousalimas, County Superintendent of  
Schools

12. **Governing Law.** This Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of the State of California.
13. **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.
14. **Binding Effect.** This Agreement and the covenants and agreements herein contained shall be binding on, and inure to the benefit of, the parties hereto and their respective heirs, successors and assigns, subject to the limitations on assignment set forth in this Agreement.
15. **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, and including any appeal thereof, 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. 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.
16. **No Waiver.** Any waiver with respect to any provision of this Agreement shall not be effective unless in writing and signed by the party against whom it is asserted. The waiver of any provision of this Agreement by a party shall not be construed as a waiver of a subsequent breach or failure of the same term or condition or as a waiver of any other provision of this Agreement.
17. **No Dedication; No Third-Party Beneficiary.** Nothing herein contained shall be deemed to be a gift or dedication of the Retained Land or portion thereof to the general public, or for any public use or purpose whatsoever. The right of the public or any person, including SJCOE and SJCOE's Representatives, to make any use whatsoever of the Access Road 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 and absolute discretion. The provisions of this Agreement are for the exclusive benefit of the parties and their successors and assigns, and shall not be deemed to confer any rights upon any person, except such parties and their successors and assigns, subject to the limitations on assignment set forth in this Agreement. No obligation of a party under this Agreement is enforceable by, or is for the benefit of, any other third parties.

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

19. **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.

20. **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.

21. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument. Each Party shall be entitled to rely upon executed copies of this Agreement transmitted either by facsimile or a pdf version by email to the same and full extent as the originals.

22. **Survival.** The waivers of claims or rights, the releases and the obligations of SJCOE under this Agreement to indemnify, protect, defend and hold harmless PG&E and other Indemnitees shall survive the expiration or earlier termination of this Agreement, and so shall all other obligations or agreements of PG&E and SJCOE hereunder which by their terms survive the expiration or earlier termination of this Agreement.

23. **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 liability, cost or expense to PG&E.

24. **Mediation.**

(a) Except as provided in this Section, the Parties agree to first negotiate and then mediate with respect to any claim or dispute arising out of or relating to this Agreement, before resorting to court action. Either Party may initiate settlement negotiations by providing written notice to the other Party, setting forth the subject of the claim or dispute. The Parties agree to cooperate in scheduling negotiations and to participate in the settlement negotiations in good faith. If the Parties fail to settle such claim or dispute within thirty (30) days after the date of mailing of the notice initiating settlement negotiations or within such additional time period as the Parties may agree in writing, the Parties agree to

submit the matter to JAMS for mediation. Either Party may commence mediation by providing to JAMS and the other Party a written request for mediation, setting forth the subject of the claim or dispute and the relief requested. Except as provided herein or by written agreement of the Parties, the mediation shall be conducted in Sacramento pursuant to the JAMS rules. The Parties will cooperate in selecting a mediator from the JAMS panel of neutrals, and in scheduling the mediation proceedings. The Parties agree to participate in the mediation in good faith, and to share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the Parties, their employees, agents, experts and attorneys, and by the mediator and any other JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the Parties, but evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. If JAMS should no longer exist at the time the claim or dispute arises, the matter shall be submitted to its successor entity, or if there is no such successor entity, to the American Arbitration Association or other similar organization mutually agreed upon by the Parties, and except as provided herein or by mutual agreement of the Parties, the mediation rules of such successor or alternate organization shall apply. Except as may be expressly set forth in any written settlement agreement, should the matter be settled by negotiation or mediation prior to commencing court action, each Party shall pay its own attorneys' fees and costs. Except as provided in Section 24(b), neither Party may commence an action arising out of or relating to this Agreement until expiration of the negotiation period and completion of the initial mediation session in accordance with this Section. If either Party commences an action with respect to a claim or dispute covered by this Section without first attempting to resolve the matter through negotiation and mediation, or refuses to negotiate or mediate after a request has been made, then that Party shall not be entitled to recover attorneys' fees and costs, even if such fees and costs would otherwise be available to that Party in such action.

(b) Either Party may seek equitable relief to preserve the status quo prior to participating in the negotiation and mediation proceedings required pursuant to Section 24(a). In addition, matters that are within the jurisdiction of probate, small claims, or bankruptcy court are excluded from mandatory negotiation and mediation hereunder.

(c) The provisions of this Section 24 may be enforced by any court of competent jurisdiction, and the Party seeking enforcement shall be entitled to an award of all fees and costs, including reasonable attorneys' fees, to be paid by the Party against which enforcement is ordered. The covenants of the Parties contained in this Section 24 shall survive the expiration or earlier termination of this Agreement.

*[SIGNATURE PAGE FOLLOWS]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth below each signature, effective upon the Effective Date first written above.

“PG&E”

“SJCOE”

PACIFIC GAS AND ELECTRIC COMPANY,  
a California corporation

SAN JOAQUIN COUNTY OFFICE OF  
EDUCATION, a County Office of Education  
duly organized and validly existing under the  
Constitution and Laws of the State of  
California

By: \_\_\_\_\_  
Sarah Hug  
Manager, Hydro Support

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

Its: \_\_\_\_\_  
Date: \_\_\_\_\_

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

State of California )  
County of \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

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

State of California )  
County of \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

**EXHIBIT A**

**SKY MOUNTAIN PROPERTY LEGAL DESCRIPTION**

**[Follows this page]**

**EXHIBIT B**  
**RETAINED LAND LEGAL DESCRIPTION**

**[Follows this page]**

**EXHIBIT C**  
**ACCESS ROAD DEPICTION**

**[Follows this page]**

## EXHIBIT D

### INSURANCE REQUIREMENTS

SJCOE shall procure, carry and maintain the following insurance coverage, and SJCOE is also responsible for the compliance of SJCOE's consultants, contractors and subcontractors with the insurance requirements:

A. Workers' Compensation and Employers' Liability

1. Workers' Compensation insurance or self-insurance indicating compliance with any applicable labor codes, acts, laws or statutes, state or federal.
2. Employers' Liability insurance shall not be less than One Million Dollars (\$1,000,000) each accident for injury or death.

B. Commercial General Liability

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Commercial General Liability Coverage "occurrence" form, with no coverage deletions.
2. The limit shall not be less than Two Million Dollars (\$2,000,000) each occurrence/ Four Million Dollars (\$4,000,000) aggregate for bodily injury, property damage and personal injury. In addition, such insurance shall insure the performance by SJCOE of its indemnity and other contractual obligations under the Agreement.
3. Coverage shall (a) by "Additional Insured" endorsement add as insureds PG&E, its directors, officers, agents and employees with respect to liability arising out of activities performed by or for SJCOE or any other obligation or liability under the Agreement, and (b) be endorsed to specify that SJCOE's insurance is primary and that any insurance or self-insurance maintained by PG&E shall not contribute to it.

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 Two Million Dollars (\$2,000,000) each accident for bodily injury and property damage.

D. Additional Insurance Provisions

1. Upon execution of the Agreement, SJCOE shall furnish PG&E with certificates of insurance and endorsements of all required insurance.
2. The documentation shall state that coverage shall not be changed, cancelled, terminated, failed to be renewed or lapsed, except after thirty (30) days prior written notice has been given to PG&E.

3. The documentation must be signed by a person authorized by that insurer to bind coverage on its behalf and shall be submitted to PG&E's Land Agent as specified under Notices in the body of the Agreement.
4. PG&E may inspect the original policies or require complete certified copies, at any time.
5. SJCOE shall furnish PG&E the same evidence of insurance for SJCOE's agents, consultants, contractors or subcontractors as PG&E requires of SJCOE, prior to entry onto the Access Road by such parties.
6. Should SJCOE have the right under this Agreement to self-insure for any required insurance, SJCOE shall be liable to PG&E for the full equivalent of insurance coverage which would have been available to PG&E if the applicable insurance policies had been obtained by SJCOE from a third party insurer, in full compliance with the provisions of this EXHIBIT "D", and shall pay on behalf of or indemnify PG&E for all amounts which would have been payable by the third party insurer. In addition, SJCOE shall act with the same promptness and subject to the same standards of good faith as would apply to a third party insurance company.

Administrative Information

Attach to LD: 2117-12-10020

Area, Region or Location: 6

Land Service Office: Auburn

Line of Business: Hydro (24)

Business Doc Type: Conveances Out

MTRSQ: 21.17.12.35.44, 21.17.12.35.41, 21.17.12.35.43, 21.17.12.35.42,

FERC License Number:

PG&E Drawing Number: N/A

Plat No.: N/A

LD of Affected Documents:

LD of Cross Referenced Documents:

Type of interest: Agreements (56), Cost Agreements (67), Conveyances Out (11), Easements  
Granted Over Fee Lands (11C)

SBE Parcel: 135-31-001B-3, 135-31-001-6

% Being Quitclaimed: N/A

Order or PM: 2047430

JCN: N/A

County: Placer

Utility Notice Number: N/A

851 Approval Application No:

Prepared By: M7HI

Checked By: R9M1

Approved By: SMTk

Revised by: TLLL

## **Attachment E**

**State Board of Equalization Land Appraisal Record**

BRLNP705

State Board of Equalization  
Board Roll System  
Land Subsystem

07/25/19  
9:28 AM

Lake Spaulding/Sky Mountain LAR

Page 92

Selected by: Assessee 0135 Pacific Gas & Electric Co.  
County 31 PLACER

Post List  
Roll Year 2019

Map		Par	Non-Fee	Status	Class	TRA	Miles	Index Typ Num	Sht	Esc Ind	Market Values			Total	
Asse	Asse										Op R/W	Not R/W	Non-Unitary		
0135	0135	31	001	06			589 Acres						32,000	484,740	516,740

# **Attachment F**

## **Asset Purchase Agreement**

## ASSET PURCHASE AGREEMENT

### ARTICLE I: PROPERTY/PURCHASE PRICE

#### 1.1 Certain Basic Terms.

(a) Purchaser and Notice Address:  
San Joaquin County of Education  
Attn: Scott Anderson  
Telephone: (209) 468-4807  
Facsimile: (209) 468-9076  
Email: scanderson@sjcoe.net

With a copy to:  
Atkinson, Andelson, Loya, Ruud & Romo  
Attn: David Soldani, Esq.  
Telephone: (559) 225-6700  
Facsimile: (559) 225-3416  
E-Mail: dsoldani@aalrr.com

(b) Seller and Notice Address:  
Sky Mountain Christian Camp  
a California Non-Profit Corporation  
45600 Lake Valley Road  
Emigrant Gap  
Placer County, CA 95715  
Attn: Mark Saunders, President  
Telephone: 530-320-3643  
Email: skymtn@skymtncc.com

With a copy to:  
David Valerio, Attorney At Law  
P.O. Box 4977  
Auburn, CA 95604  
Telephone: 530-401-0369  
Facsimile: 530-820-3067  
E-Mail: dj.valerio13@gmail.com

Neal Saunders, Executive Director  
Sky Mountain Christian Camp, Inc.  
45600 Lake Valley Road  
Emigrant G Gap  
Placer County, CA 95715

- (c) Date of this Agreement: Nov. 20, 2019 ("Agreement Date")
- (d) Purchase Price: \$2,500,000.00.
- (e) Due Diligence Period: Up to 90 days after the Agreement date.
- (f) Final Inspection: Purchaser may conduct a final inspection of the Personal Property of Seller at any time from the end of the Due Diligence Period until Close.
- Closing Date: As agreed by Purchaser and Seller, but in no event later than four months following the date Purchaser gains fee title to the Real Property (the "Closing Date")

1.2 Property. Subject to the terms of this Purchase and Sale Agreement (the "Agreement"), Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, the following property (the "Property"):

(a) All of Seller's right, title and interest, in and to all fixtures, furniture, equipment, and other tangible personal property, owned by Seller (the "Personal Property") presently located on the real property described in the Appraisal Report attached hereto as Exhibit A (the "Real Property"), together with the buildings and improvements

thereon (the "Improvements") (such Improvements and Personal Property detailed in the Appraisal Report attached hereto as Exhibit A), and all appurtenances of the Real Property, including easements, licenses or rights-of-way relating thereto, and, without warranty, all right, title, and interest, if any, of Seller in and to the land lying within any street or roadway adjoining the Real Property described above or any vacated or hereafter vacated street or alley adjoining the Real Property. For purposes of clarification, this Agreement does not cover the Land Acquisition of such Real Property, as detailed in Paragraph 1.3 herein, and excludes any power or electrical towers or lines situated on the Real Property. If Seller has any ownership right or interest in such power or electrical towers or lines, Seller will dispose of or otherwise terminate such ownership interest prior to the Closing Date. Purchaser acknowledges the existence of a License Agreement between Seller and PG&E for use of property and facilities owned by PG&E located outside Real Property; and that said License Agreement may not be transferable. Purchaser shall hold Seller harmless against any potential for said License Agreement not to be transferred to Purchaser and that it is the sole responsibility of Purchaser to resolve the transfer of said License Agreement for its own benefit.

(b) All leases of space in the Improvements and other licenses and occupancy agreements (excluding the License Agreement noted in 1.2(a)), and all documents and rights related thereto, including all guaranties, security deposits and/or letters of credit applicable thereto (collectively, the "Leases").

(c) All of Seller's rights, title and interest in and to all those maintenance, landscaping, and other repair and service contacts delivered to Purchaser as part of the Property Information (the "Service Contracts") that are not terminated by Purchaser in accordance with Paragraph 3.4.

(d) All of Seller's right, title and interest, if any, in and to all of the following items, to the extent assignable and without warranty (the "Intangible Personal Property"): (i) licenses, and permits relating to the operation of the Property, (ii) all applications, plans, specifications and entitlements related to the development of the Property, (iii) the right to use the name of the Property (if any) in connection with the Property, and (iv) if still in effect, guaranties and warranties received by Seller from any contractor, manufacturer or other person in connection with the construction or operation of the Property.

1.3 Conditions Precedent to Purchase of Personal Property. As a condition precedent to the sale of the Personal Property, Purchaser and Seller shall take all actions necessary to enable the acquisition of fee simple title by Purchaser to the Real Property currently owned by Pacific Gas & Electric Company (PG&E) (such transaction the "Land Acquisition"). Such Land Acquisition is a condition precedent to the sale of the Personal Property. If Purchaser is unable to complete the Land Acquisition for any reason, including, but not limited to, any reason that is out of the Purchaser's control or dependent on a third party, Purchaser, at its sole discretion, may terminate this Agreement without penalty. Purchaser acknowledges Seller has transferred title to all power and electrical towers and lines to PG&E, see Power Line Agreement attached hereto as Exhibit D, and that this condition precedent has been fulfilled.

1.4 Purchase Price Adjustment. If any adverse results including but not limited to deterioration of buildings or improvements or deterioration or omission of personal property (all of which are included in appraisal reports attached hereto as Exhibit A) are found during the Inspections noted in Paragraph 2.3 or Paragraph 1.1(f), the Purchase Price may be renegotiated or the Agreement may be terminated.

## ARTICLE 2: INSPECTIONS

2.1 Property Information. Seller has previously made available or shall make available to Purchaser within 5 days after the Date of this Agreement, to the extent in Seller's possession as of the Date of the Agreement, copies of, or access to, with the right to copy, those materials more particularly described below (the "Property Information").

- (a) copies of the Leases (including any amendment or subsequent agreements that modify the Leases) and access to the Lease files;
- (b) a current rent roll of the Property, in the customary form provided by Seller (the "Rent Roll");

- (c) operating statements for the previous fiscal year and year-to-date;
- (d) copies of any service or maintenance agreements, if any, relating to the Property along with any amendments and copies of related invoices and bills dated January 1, 2017 or later ("Service Contracts");
- (e) any environmental reports prepared for Seller;
- (f) any and all reports or written information regarding the Property collected or received by Seller as part of any review of the Property as part of a due diligence study or assessment of the Property, whether such documentation was created by Seller or provided to Seller by any other person or entity reviewing or assessing the Property; and
- (g) copies of the most recent utility bills (including water, electric, sewer, natural gas, and waste bills) with respect to the Property for the past twenty four (24) months.
- (h) copies of any and all documents that reflect the identity and contact information for all users of the Property for the last three (3) years.

Except as otherwise expressly provided herein, Seller makes no representations or warranties as to the accuracy or completeness of the Property Information, and Purchaser shall rely solely on its own inspections and investigations, as more particularly set forth in Paragraph 2.3.

2.2 Confidentiality. Seller hereby acknowledges that the Purchaser is subject to the California Public Records Act. Thus, this Agreement, and the associated documents, may be subject to public disclosure.

2.3 Inspections. During the Due Diligence Period, Purchaser, its agents, and employees shall have the right to enter upon the Property for the purpose of making non-invasive inspections at Purchaser's sole risk, cost and expense. Purchaser is a self-insured public agency and will maintain coverage necessary to address its activities and obligations with respect to this Agreement. If Purchaser hires third party contractors or consultants to enter the Property during the Due Diligence Period, before any such entry such third parties shall provide Seller with a certificate of insurance naming Seller as an additional insured and with a California admitted insurer with a one million dollar (\$1,000,000) policy limit. All of such entries upon the Property shall be at reasonable times during normal business hours and after at least two (2) business days' prior notice to Seller or Seller's agent, and Seller or Seller's agent shall have the right to accompany Purchaser during any activities performed by Purchaser on the Property. Purchaser may meet with Tenants during the Due Diligence Period only to discuss the terms of the Tenant's lease and the condition of the Property. Purchaser shall coordinate any such Tenant meetings with Seller and any such Tenant meeting must occur in the presence of a Seller's representative. Thus, the Parties will work in good faith to schedule any such Tenant meetings at mutually convenient times. Purchaser shall not contact any employees of Seller, any governmental agency or instrumentality, or any other third person regarding the Property without the prior written consent of Seller, provided, however, that Purchaser is hereby authorized to make written inquiry of governmental agencies in order to confirm that the current use of the Property is permitted under applicable zoning ordinances. Purchaser shall have the right to contact current customers of Seller upon close of the Due Diligence Period in order to secure future camp reservations and continue generating revenue immediately following close of escrow. Upon at least two (2) business day's prior written notice and request from Purchaser, Seller shall notify Tenants under Leases of the Property ("Tenants") to allow Purchaser to view the Improvements, subject to the rights of Tenants under their Leases and except to the extent specifically prohibited in any of the Leases. Seller hereby warrants and confirms that it has no current knowledge, without any duty of inquiry or investigation, of any provision in the Leases that would entirely prohibit Purchaser to review the Property and the Improvements during the Due Diligence Period. At Seller's request, Purchaser shall provide Seller with a copy of the results of any tests and inspections made by third parties on Purchaser's behalf, without representation or warranty, excluding only market and economic feasibility studies. If any inspection or test disturbs the Property, Purchaser will restore the Property to the same condition as existed before the inspection or test. Purchaser shall defend, indemnify Seller and hold Seller, Seller's trustees, officers, tenants,

agents, contractors and employees and the Property harmless from and against any and all losses, costs, damages, claims, or liabilities, including but not limited to, mechanic's and materialmen's liens and Seller's attorneys' fees, arising out of or in connection with Purchaser's inspection of the Property as allowed herein. The provisions of this Paragraph 2.3 shall survive the Closing or the earlier termination of this Agreement.

2.4 Termination During Due Diligence Period. If Purchaser determines, in its sole discretion, before the expiration of the Due Diligence Period that the Property is unacceptable for Purchaser's purposes, Purchaser shall have the right to terminate this Agreement by giving to Seller notice of termination before the expiration of the Due Diligence Period. In addition, upon such a termination, Purchaser shall immediately return the Property Information to Seller. Upon termination of the Agreement pursuant to this Section, neither Party shall have any further duty or obligation pursuant to this Agreement except as explicitly stated in the Agreement. If Purchaser does not give notice of termination, this Agreement shall continue in full force and effect.

2.5 Purchaser's Reliance on its Investigations. To the maximum extent permitted by applicable law and except for Seller's representations and warranties contained in Paragraph 6.1 of this Agreement, this sale is made and will be made without representation, covenant, or warranty of any kind (whether express, implied, or, to the maximum extent permitted by applicable law, statutory) by Seller. As a material part of the consideration for this Agreement, Purchaser agrees to accept the Personal Property on an "as is" and "where is" basis, with all faults, and without any representation or warranty, all of which Seller hereby disclaims, except for Seller's Warranties. Except for Seller's Warranties, no warranty or representation is made by Seller as to fitness for any particular purpose, merchantability, design, quality, condition, operation or income, compliance with drawings or specifications, absence of defects, absence of hazardous or toxic substances, absence of faults, flooding, or compliance with laws and regulations including, without limitation, those relating to health, safety, and the environment. Purchaser acknowledges that Purchaser has entered into this Agreement with the intention of making and relying upon its own investigation of the physical, environmental, economic use, compliance, and legal condition of the Property and that, other than the Seller's Warranties, Purchaser is not now relying, and will not later rely, upon any representations and warranties made by Seller or anyone acting or claiming to act, by, through or under or on Seller's behalf concerning the Property. The provisions of this Paragraph 2.5 shall survive indefinitely any Closing or termination of this Agreement and shall not be merged into the Closing documents.

### ARTICLE 3: OPERATIONS AND RISK OF LOSS

3.1 Ongoing Operations. During the pendency of this Agreement, Seller shall carry on its business and activities relating to the Property substantially in the same manner as it did before the Date of this Agreement, provided that in no event shall Seller be required to make any capital repairs, replacements or improvements to the Property.

3.2 Performance Under Leases and Service Contracts. During the pendency of this Agreement, Seller will perform its material obligations under the Leases and Service Contracts and other agreements that may affect the Property.

3.3 New Contracts; New Leases. From the Date of this Agreement, Seller shall not enter into any lease or other contract that will grant a third party any possessory, occupancy, or license right to the Property or amend, terminate or renew any Leases (other than with respect to Leases under which the tenant has a right, pursuant to the terms of the Lease, to a renewal or extension with no approval or other discretionary rights on the part of Seller, as landlord) without Purchaser's prior written consent, which may be withheld in Purchaser's reasonable discretion. During the pendency of this Agreement, Seller will not enter into any Service Contract except for contracts entered into in the ordinary course of business that are terminable without cause upon no more than thirty (30) days' notice and without penalty or cancellation fee, without the prior consent of Purchaser, which shall not be unreasonably withheld or delayed. In the event that Purchaser has failed to respond within three (3) Business Days of receipt of a written request from Seller for consent to enter into, amend, terminate or renew any Leases, or to enter into any Service Contracts, the request shall be deemed approved. Seller shall be responsible for all obligations, including the payment of any fees, set forth in the Leases and Service Contracts that become due or accrue prior to the expiration of the Due Diligence Period even if the bill or invoice for any related fee is issued after the Due Diligence Period.

3.4 Termination of Service Contracts. Prior to the expiration of the Due Diligence Period, Purchaser shall notify Seller which Service Contracts Purchaser wishes to assume at Closing. Notwithstanding the foregoing, Purchaser shall assume all Service Contracts that are not terminable on 30 days or less notice or that require the payment of a termination charge (unless Purchaser agrees to pay such termination charge). Purchaser shall pay any transfer or assignment charges due in connection with its assumption of any Service Contracts, provided that Seller provides copies of all such Service Contracts, along with any associated charges, pursuant to Paragraph 2.1(d) above. Notice of termination for all Service Contracts not assumed by Purchaser shall be given by Seller not later than the Closing Date and any charges due thereunder after the Closing Date and through the date of actual termination shall be included as a prorated expense.

3.5 Damage or Condemnation. Risk of loss resulting from any condemnation or eminent domain proceeding which is commenced or has been threatened before the Closing, and risk of loss to the Property due to fire, flood or any other cause before the Closing, shall remain with Seller. Seller shall provide prompt written notification to Purchaser of any damage or condemnation threat or proceeding as described in this Paragraph 3.5. If before the Closing the Property or any portion thereof shall be materially damaged, or if all or any material portion of the Property shall be subjected to a bona fide threat of condemnation or shall become the subject of any proceedings, judicial, administrative or otherwise, with respect to the taking by eminent domain or condemnation, then Purchaser may terminate this Agreement by written notice to Seller given within 5 days after Purchaser learns of and/or receives notice from the Seller of the damage or taking. If the Closing Date is within the aforesaid 5-day period, then Closing shall be extended to the next business day following the end of said 5-day period. If no such election is made, and in any event if the damage or taking is not material, this Agreement shall remain in full force and effect and the purchase contemplated herein, less any interest taken by eminent domain or condemnation, shall be effected with no further adjustment except as contemplated in this paragraph. Seller shall assign, transfer and set over to Purchaser all of the right, title and interest of Seller in and to any awards that have been or that may thereafter be made for any taking. To the extent that any damage to the Property due to casualty exceeds the deductible under Seller's insurance, Seller shall promptly negotiate a settlement (the "Settlement") with its adjuster (and the Closing shall be delayed until the date five (5) days after the Settlement is agreed upon) and Seller shall credit Purchaser at Closing with the amount of the Settlement, less the cost of any work which Seller undertakes prior to Closing. For purposes of this paragraph, the phrases "Material damage" and "Materially damaged" means damage reasonably expected to exceed two percent (2%) of the Purchase Price to repair.

#### ARTICLE 4: CLOSING

4.1 Escrow. The Escrow Holder shall be Placer Title Company. Purchaser is or will be a party to an escrow process involving Purchaser and PG&E and effecting the transfer of fee title to the Real Property from PG&E to Purchaser. The escrow holder shall be empowered by Purchaser to administer this Asset Purchase transaction wherein the Stewardship Council shall deposit into escrow the funds necessary for Purchaser to complete the purchase of the Personal Property, after said funds become available and any remaining contingencies are satisfied. After this event the escrow will be ready to close. Purchaser shall disclose to Seller any escrow requirements that may affect or delay the Closing as soon as possible after any such requirements becomes known or identifiable to Purchaser.

4.2 Closing. The consummation of the transaction contemplated herein ("Closing") shall occur on the Closing Date.

4.3 Conditions to the Parties' Obligations to Close. The obligation of Seller, on the one hand, and Purchaser, on the other hand, to consummate the transaction contemplated hereunder is contingent upon the following:

(a) The other party's representations and warranties contained herein shall be true and correct in all material respects as of the Date of this Agreement and the Closing Date;

(b) The Conditions Precedent, as noted in Paragraph 1.3, have been met;

(c) As of the Closing Date, the other party shall have performed its obligations hereunder and all deliveries to be made at Closing have been tendered;

(d) As of the Closing Date, there shall exist no actions, suits, arbitrations, claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings, pending or threatened against the other party that would materially and adversely affect the other party's ability to perform its obligations under this Agreement; and

(e) As of the Closing Date, there shall exist no pending or threatened action, suit or proceeding with respect to the other party before or by any court or administrative agency which seeks to restrain or prohibit, or to obtain damages or a discovery order with respect to, this Agreement or the consummation of the transaction contemplated hereby.

So long as a party is not in default hereunder, if any condition to such party's obligation to proceed with the Closing hereunder has not been satisfied as of the Closing Date, such party may, in its sole discretion, terminate this Agreement by delivering written notice to the other party on or before the Closing Date, or elect to close, notwithstanding the non-satisfaction of such condition, in which event such party shall be deemed to have waived any such condition. If such party elects to close, notwithstanding the nonsatisfaction of such condition, there shall be no liability on the part of the other party for nonsatisfaction of such condition or for breaches of representations and warranties of which the party electing to close had knowledge as of the Closing.

4.4 Seller's Deliveries in Escrow. On or before one (1) business day prior to the Closing Date, Seller shall deliver in escrow the following:

(a) Bill of Sale and Assignment of Leases and Contracts. A Bill of Sale and Assignment of Leases and Contracts in the form of Exhibit B attached hereto (the "Assignment"), executed by Seller.

(b) Additional Documents. Any additional documents that may reasonably require for the proper consummation of the transaction contemplated by this Agreement.

4.5 Purchaser's Deliveries in Escrow. On or before one (1) business day prior to Closing Date, Purchaser shall deliver in escrow the following:

(a) Purchase Price. The Purchase Price, plus or minus applicable proration's, deposited by Purchaser in immediate, same-day federal funds wired for credit into the escrow account at a bank satisfactory to Seller.

(b) Bill of Sale and Assignment of Leases and Contracts. The Assignment, executed by Purchaser.

(c) Additional Documents. Any additional documents that may reasonably require for the proper consummation of the transaction contemplated by this Agreement.

4.6 Closing Statements. At the Closing, Seller and Purchaser shall execute closing statements consistent with this Agreement.

4.7 Possession. Seller shall deliver possession of the Property to Purchaser at the Closing.

4.8 Post-Closing Deliveries. Immediately after the Closing, Seller shall deliver to Purchaser: the original Leases to the extent in Seller's possession; originals of all Service Contracts (or copies if no originals are available) and receipts for deposits; and all keys and codes, if any, used in the operation of the Property.

4.9 Notice to Tenants. Seller shall deliver to each tenant immediately after the Closing a notice regarding the sale in substantially the form of Exhibit C attached hereto, or such other form as may be required by applicable state law.

4.10 Costs. Purchaser shall pay all escrow fees.

4.11 Close of Escrow. On the Closing Date, and provided that the conditions to Closing have been satisfied, the funds shall be disbursed on account of the Purchase Price in accordance with the approved Closing Statement and all other funds and documents delivered to the party entitled thereto under the terms of this Agreement.

#### ARTICLE 5: PRORATIONS

5.1 Prorations. The day of Closing shall be counted as a full day of ownership by Purchaser and all prorations hereinafter provided to be made as of the Closing shall each be made as of the end of the day before the Closing Date. In each such proration set forth below, the portion thereof applicable to periods beginning as of Closing shall be credited or charged to Purchaser and the portion thereof applicable to periods ending as of Closing shall be credited or charged to Seller.

(a) Operating Expenses. All operating expenses (including utilities and all charges under Service Contracts assumed by Purchaser, the "Operating Expenses") shall be prorated as of the Closing Date for the Current Billing Period. As to each service provider, operating expenses payable or paid to such service provider in respect to the billing period of such service provider in which the Closing Date occurs (the "Current Billing Period"), shall be prorated on a per diem basis based upon the number of days in the Current Billing Period prior to the Closing Date (which shall be allocated to Seller) and the number of days in the Current Billing Period on and after the Closing Date (which shall be allocated to Purchaser) and assuming that all charges are incurred uniformly during the Current Billing Period, and charges for all prior periods shall be brought current by Seller unless Seller is contesting such charges in good faith. If actual bills for the Current Billing Period are unavailable as of the Closing Date, then such proration shall be made on an estimated basis based upon the most recently issued bills, subject to readjustment upon receipt of actual bills. To the extent that the amount of actual consumption of any utility services is not determined prior to the Closing Date, a proration shall be made at Closing based on the last available reading and post-closing adjustments between Purchaser and Seller shall be made within twenty (20) days of the date that actual consumption for such pre-closing period is determined, which obligation shall survive the Closing and not be merged therein.

(b) Fees and Charges under Service Contracts, Licenses and Permits. Fees and charges under the Service Contracts, licenses and permits, shall be prorated on the basis of the periods to which such Service Contracts, licenses and permits shall relate.

(c) Pending Reservations. Any reservations and accompanying deposits accepted prior to close of escrow shall be transferred by seller to buyer prior to the close of escrow.

5.2 Final Adjustment After Closing. If final prorations cannot be made at Closing for any item being prorated under Paragraph 5.1, then Purchaser and Seller agree to allocate such items on a fair and equitable basis as soon as invoices or bills are available, with final adjustment to be made as soon as reasonably possible after the Closing, to the effect that income and expenses are received and paid by the parties on an accrual basis with respect to their period of ownership. Payments in connection with the final adjustment shall be due within 30 days of written notice. Seller shall have reasonable access to, and the right to inspect and audit, Purchaser's books to confirm the final prorations. This Paragraph 5.2 shall survive the Closing.

5.3 Tenant Deposits. All tenant security deposits in Seller's possession, as reflected on a final Rent Roll delivered to Purchaser (and interest thereon if required by law or contract to be earned thereon) and not theretofore applied to tenant obligations under the Leases, shall be credited to Purchaser and charged to Seller at Closing. As of the Closing, Purchaser shall assume Seller's obligations related to tenant security deposits so credited (the "Security Deposits"). PURCHASER WILL INDEMNIFY, DEFEND, AND HOLD SELLER HARMLESS FROM AND AGAINST ALL DEMANDS AND CLAIMS MADE BY TENANTS ARISING OUT OF THE TRANSFER OR DISPOSITION OF ANY SECURITY DEPOSITS TRANSFERRED TO PURCHASER AND WILL REIMBURSE SELLER FOR ANY REASONABLE EXPENSES (INCLUDING ALL REASONABLE ATTORNEYS' FEES) INCURRED OR THAT MAY BE INCURRED BY SELLER AS A RESULT OF ANY SUCH CLAIMS OR DEMANDS BY TENANTS. Seller shall remain responsible for any claim or damage related to Seller's disposition of the Security Deposits initiated by Seller prior to the Closing Date. The provisions of this Paragraph 5.3 shall survive the Closing or termination of this Agreement.

5.4 Utility Deposits. Purchaser shall be responsible for making any deposits, required with utility companies. Seller shall provide copies of all utility bills and documents related to utility deposits to Purchaser during the Due Diligence Period as part of the Property Information pursuant to Paragraph 2.1.

5.5 Survival. The provisions of this Article 5 shall survive Closing.

#### ARTICLE 6: REPRESENTATIONS AND WARRANTIES

6.1 Seller's Representations and Warranties. As a material inducement to Purchaser to execute this Agreement and consummate this transaction, Seller represents and warrants to Purchaser that as of the Date of this Agreement:

(a) Organization and Authority. Seller has been duly organized and is validly existing as a California non-profit corporation, is in good standing in the State of California and is qualified to do business in the state in which the Property is located. Seller has the full right and authority and has obtained any and all consents required to enter into this Agreement and to consummate or cause to be consummated the transactions contemplated hereby. This Agreement has been, and all of the documents to be delivered by Seller at the Closing will be, authorized and properly executed and constitutes, or will constitute, as appropriate, the valid and binding obligation of Seller, enforceable in accordance with their terms.

(b) Conflicts and Pending Action. There is no agreement to which Seller is a party or to Seller's knowledge binding on Seller which is in conflict with this Agreement. There is no action or proceeding pending or, to Seller's knowledge, threatened against the Property, including condemnation proceedings, or against the Seller which challenges or impairs Seller's ability to execute or perform its obligations under this Agreement.

(c) Rent Roll; Leases. To Seller's knowledge, the Rent Roll to be provided to Purchaser will be true, correct and complete in all material respects as of the date thereof.

(d) Violations. To Seller's knowledge, Seller has not received written notice from any governmental entity, and to Seller's actual knowledge without any duty of inquiry or investigation there are no current or pending material violation by Seller of any law, rule or regulation affecting the Property or its use including any environmental law or regulation, except for any such matters which may have been previously cured by Seller or except as set forth in the Property Information.

(e) Hazardous Materials. To Seller's knowledge, (A) except as disclosed in the Property Information including, without limitation, any environmental reports provided to Purchaser and any inspections or investigations performed by Purchaser, (B) except for medical and cleaning equipment, materials and supplies commonly used in medical office buildings and gasoline and diesel fuel used in automobiles, no Hazardous Materials are presently used, deposited, stored, or otherwise located on, under, or in the Property, in violation of any environmental laws. The term "Hazardous Materials" shall mean any substance the presence of which requires investigation or remediation under applicable laws, which is defined as a "hazardous waste," "hazardous substance," pollutant or contaminant under any environmental laws, the presence of which on the Property causes or threatens to cause a nuisance upon the Property or poses or threatens to pose a hazard to the health or safety of persons on or about the Property. "Seller's knowledge," as used in this Agreement means the current actual knowledge as of the Date of this Agreement without any duty of inquiry or investigation.

6.2 Purchaser's Representations and Warranties. As a material inducement to Seller to execute this Agreement and consummate this transaction, Purchaser represents and warrants to Seller that as of the Date of this Agreement and as of the Closing Date:

(a) Organization and Authority. Purchaser has the full right and authority and has obtained any and all consents required to enter into this Agreement and to consummate or cause to be consummated the transactions contemplated hereby. This Agreement has been, and all of the documents to be delivered by Purchaser at the Closing

will be, authorized and properly executed and constitutes, or will constitute, as appropriate, the valid and binding obligation of Purchaser, enforceable in accordance with their terms.

(b) Conflicts and Pending Action. There is no agreement to which Purchaser is a party or to Purchaser's knowledge binding on Purchaser which is in conflict with this Agreement. There is no action or proceeding pending or, to Purchaser's knowledge, threatened against Purchaser which challenges or impairs Purchaser's ability to execute or perform its obligations under this Agreement.

#### ARTICLE 7: DEFAULT AND DAMAGES

7.1 Default by Seller. If Seller defaults in its obligation to sell and convey the Property to Purchaser pursuant to this Agreement, and Seller does not cure such default within five (5) days after receipt of notice of such default from Purchaser, Purchaser's sole remedy shall be to elect one of the following: (a) to terminate this Agreement, in which event Seller shall reimburse Purchaser any documented, actual out of pocket costs incurred by Purchaser to review and inspect the Property during the Due Diligence Period pursuant to this Agreement or otherwise associated with Purchaser's proposed acquisition of the Property, or (b) to bring a suit for specific performance provided that any suit for specific performance must be brought within 90 days of Seller's default, to the extent permitted by law, Purchaser waiving the right to bring suit at any later date; provided, however, if the remedy of specific performance is not legally available to Purchaser due to Seller's transfer of the Property to a third party, Purchaser shall be entitled to pursue its actual damages as a result of such breach (but not consequential, indirect or punitive damages). Purchaser agrees not to file a lis pendens or other similar notice against the Property except in connection with, and after, the proper filing of a suit for specific performance.

7.2 Breach of Agreement by Purchaser. If Purchaser breaches this Agreement and such breach results in Purchaser declining to purchase the Property of Seller pursuant to this Agreement, and Purchaser does not cure such breach within five (5) days after receipt of notice of such breach from Seller, Seller's sole remedy shall be to terminate this Agreement, in which event Purchaser shall reimburse Seller any documented, actual out of pocket costs incurred by Seller to perform its obligations regarding the sale of the Property to Purchaser. Notwithstanding the total amount of costs incurred by Seller, no more than \$10,000 may be recovered by Seller against Purchaser.

#### ARTICLE 8: MISCELLANEOUS

8.1 Parties Bound. Except for an assignment pursuant this Paragraph 8.1, neither party may assign this Agreement without the prior written consent of the other, and any such prohibited assignment shall be void. No assignment permitted under this Agreement shall relieve the assigning party of any liability hereunder, whether arising before or after the date of such assignment. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the respective legal representatives, successors, assigns, heirs, and devisees of the parties.

8.2 Headings. The article and paragraph headings of this Agreement are for convenience only and in no way limit or enlarge the scope or meaning of the language hereof.

8.3 Recordation. Purchaser shall not record this Agreement or any memorandum of this Agreement.

8.4 Invalidity and Waiver. If any portion of this Agreement is held invalid or inoperative, then so far as is reasonable and possible the remainder of this Agreement shall be deemed valid and operative, and effect shall be given to the intent manifested by the portion held invalid or inoperative. The failure by either party to enforce against the other any term or provision of this Agreement shall not be deemed to be a waiver of such party's right to enforce against the other party the same or any other such term or provision in the future.

8.5 Governing Law. This Agreement shall, in all respects, be governed, construed, applied, and enforced in accordance with the law of the state and county in which the Property is located, which is Placer County, California.

8.6 Survival. Unless otherwise expressly stated in this Agreement, each of the representations, and

warranties contained in this Agreement shall survive the Closing for a period of one (1) year immediately following the Closing Date. Any claim brought after Closing shall be actionable or enforceable if and only if: (i) notice of such claim is given to the party which allegedly made such misrepresentation or breached such covenant, obligation, warranty or agreement within one (1) year after the Closing Date; and (ii) the amount of damages or losses as a result of such claim suffered or sustained by the party making such claim exceeds \$10,000; and (iii) Purchaser's sole remedy for the breach of any representation or warranty discovered by Purchaser prior to the Closing Date shall be to terminate this Agreement and seek documented costs incurred by the Purchaser to review and inspect the Property during the Due Diligence Period pursuant to this Agreement or otherwise associated with Purchaser's proposed acquisition of the Property, including but not limited to all documented costs of Buyer's consultants and legal counsel, up to \$10,000. In all events both Seller's and Purchaser's maximum aggregate liability for damages arising from all breaches of any representations or warranties shall be limited to the other Party's actual documented damages (and specifically excluding consequential, punitive and exemplary damages) not to exceed the applicable insurance coverage amount in the aggregate. The remedies for breach of any other covenant or agreement shall be limited by the provisions of Paragraph 7.2; provided, however the indemnification provisions of Paragraph 2.3, shall survive the termination of this Agreement or the Closing, whichever occurs, and shall not be merged, until the applicable statute of limitations with respect to any claim, cause of action, suit or other action relating thereto shall have fully and finally expired.

8.7 No Third Party Beneficiary. This Agreement is not intended to give or confer any benefits, rights, privileges, claims, actions, or remedies to any person or entity as a third party beneficiary or otherwise.

8.8 Entirety and Amendments. This Agreement embodies the entire agreement between the Parties and supersedes all prior agreements and understandings relating to the Property except for any confidentiality agreement binding on Purchaser, which shall not be superseded by this Agreement. This Agreement may be amended or supplemented only by an instrument in writing executed by the party against whom enforcement is sought.

8.9 Time. Time is of the essence in the performance of this Agreement.

8.10 Attorneys' Fees. Subject to Paragraph 8.16, should either party employ attorneys to enforce any of the provisions hereof, the party against whom any final judgment or award is entered agrees to pay the prevailing party all reasonable costs, charges, and expenses, including attorneys' fees, expended or incurred in connection therewith.

8.11 Notices. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the addresses set forth in Paragraph 1.1. Any such notices shall be either (a) sent by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier, (b) sent by facsimile, with written confirmation by overnight or first class mail, in which case notice shall be deemed delivered upon receipt of confirmation transmission of such facsimile notice, or (c) sent by personal delivery, in which case notice shall be deemed delivered upon receipt. Any notice sent by facsimile or personal delivery and delivered after 5:00 p.m. local time where the Property is located shall be deemed received on the next business day. A party's address may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice. Notices given by counsel to the Purchaser shall be deemed given by Purchaser, notices given by counsel to the Seller shall be deemed given by Seller, and notices given to a party's counsel shall be deemed given to the party. Notwithstanding the inclusion of a party's e-mail address in Paragraph 1.1, notices sent by e-mail shall not be effective notice.

8.12 Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the normal rule of construction — to the effect that any ambiguities are to be resolved against the drafting party — shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

8.13 Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday for

national banks in the location where the Property is located, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday. The last day of any period of time described herein shall be deemed to end at 5:00 p.m. local time where the Property is located.

8.14 Procedure for Indemnity. The following provisions govern actions for indemnity under this Agreement. Promptly after receipt by an indemnitee of notice of any claim, such indemnitee will, if a claim in respect thereof is to be made against the indemnitor, deliver to the indemnitor written notice thereof and the indemnitor shall have the right to participate in such proceeding and, if the indemnitor agrees in writing that it will be responsible for any costs, expenses, judgments, damages, and losses incurred by the indemnitee with respect to such claim, to assume the defense thereof, with counsel mutually satisfactory to the parties; provided, however, that an indemnitee shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnitor, if the indemnitee reasonably believes that representation of such indemnitee by the counsel retained by the indemnitor would be inappropriate due to actual or potential differing interests between such indemnitee and any other party represented by such counsel in such proceeding. The failure of indemnitee to deliver written notice to the indemnitor within a reasonable time after indemnitee receives notice of any such claim shall relieve such indemnitor of any liability to the indemnitee under this indemnity only if and to the extent that such failure is prejudicial to its ability to defend such action, and the omission so to deliver written notice to the indemnitor will not relieve it of any other liability that it may have to any indemnitee. If an indemnitee settles a claim without the prior written consent of the indemnitor, then the indemnitor shall be released from liability with respect to such claim unless the indemnitor has unreasonably withheld such consent.

8.15 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement. To facilitate execution of this Agreement, the parties may execute and exchange by telephone facsimile counterparts of the signature pages.

8.16 WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY; provided that any controversy arising out of or concerning this Agreement and the performance thereof, and not settled by mutual negotiation of the parties to this Agreement, shall be settled by submitting the dispute for resolution by a single arbitrator under the auspices of the American Arbitration Association [AAA]. The single arbitrator shall be appointed by the AAA and the decision of the arbitrator shall be final and binding on the parties. Arbitration shall take place in Sacramento County, California

8.17 Limitation of Liability. Purchaser shall have no claims or causes of action against any disclosed or undisclosed, direct or indirect member, partner, principal, parent, subsidiary or other affiliate of Seller (the "Protected Affiliates"), or any officer, director, employee, trustee or shareholder of Seller or any of the Protected Affiliates (together with the Protected Affiliates, the "Protected Parties"), arising out of or in connection with this Agreement. Purchaser shall not sue or otherwise seek to enforce any personal obligation of Seller against any of the Protected Parties with respect to any matters arising out of or in connection with this Agreement or the transactions contemplated by this Agreement. Seller shall have no claims or causes of action against any disclosed or undisclosed, direct or indirect board member, employee or other affiliate of Purchaser (the "Protected Purchaser Affiliates") arising out of or in connection with this Agreement. Seller shall not sue or otherwise seek to enforce any personal obligation of Purchaser against any of the Protected Purchaser Affiliates with respect to any matters arising out of or in connection with this Agreement or the transactions contemplated by this Agreement.

SIGNATURE PAGE TO  
PURCHASE AND SALE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written below.

Date: November 5, 2019

"Seller"

SKY MOUNTAIN CHRISTIAN CAMP,  
California non-profit corporation

By:   
Name: Gerald H. Scott  
Its: Treasurer

Date: 11/20, 2019

"Purchaser"

SAN JOAQUIN COUNTY OFFICE OF EDUCATION,  
a California county office of education

By:   
Name: JAMES TROUSALINAS  
Title: COUNTY SUPERINTENDENT OF SCHOOLS

## **APPRAISAL REPORT**

Sky Mountain Christian Camp  
456000 Lake Valley Road  
Emigrant Gap, Placer County, California 95715

### **VALUATION OF**

The Depreciated Replacement Cost of Buildings and Site Improvements and  
The Fair Market Value of Furniture, Fixtures and Equipment on a  
Portion of Assessor's Parcel No. 066-050-006 Comprising  
40.0 Acres with 1,500 Feet of Frontage on Valley Lake Reservoir  
Improved with about 30,050 Square Feet of Buildings  
Including an Assembly Building and Gymnasium  
Designed as a Conference and Retreat Center

### **PREPARED FOR**

Ronald J. Estes, Ed. D.  
Division Director, Operations & Support Services  
San Joaquin County Office of Education  
Email: restes@sjcoe.net  
Phone: (209)468-9061

### **PREPARED BY**

Wayne F. Prescott, MAI, CCIM  
***The Schmidt-Prescott Group, Inc.***

### **EFFECTIVE DATE OF VALUE OPINION**

April 18, 2015  
(The date I toured the property)

# THE SCHMIDT - PRESCOTT GROUP, INC.

*Real Estate Appraisers – Property Valuation Specialists*



*Frank E. Schmidt, MAI, SRA*

*Mathew D. Watson*

*Christine Pham*

*Carmen Yopez*

*Wayne F. Prescott, MAI, CCIM*

August 30, 2016

Ronald J. Estes, Ed. D.  
Division Director, Operations & Support Services  
San Joaquin County Office of Education  
Email: [restes@sjcoe.net](mailto:restes@sjcoe.net)  
Phone: (209)468-9061

Re: Appraisal Report: Sky Mountain Christian Camp

Dear Mr. Estes:

I conducted an investigation, gathered data, and made the analyses that enabled me to fulfill the purpose of our engagement: to form an opinion of the depreciated replacement cost of the buildings and site improvements; and the fair market value of personal property; at Sky Mountain Christian Camp (SMCC), and to communicate those opinions in this report. This Appraisal Report sets forth the description, factual data, assumptions, and conditions affecting my appraisal, and the findings and analyses that lead to and support my conclusion(s) and opinions.

The intended users of the report are my Client; the San Joaquin County Office of Education, and its real estate, legal, and financial advisors; and the Pacific Forest and Watershed Lands Stewardship Council. Hereinafter I may refer to the Client as SJCOE or as "the Agency", and the PFWLSC as the Council or Stewardship Council. The intended use of this report is to assist the Client in their effort to purchase the buildings, site improvements, and personal property located at SMCC. Use of this report by others is not intended by the appraiser(s). No responsibility is assumed by the appraiser(s) for unintended use.

This report replaces the one I issued on August 1, 2016. The Stewardship Council administers a process to divest some Pacific Gas and Electric Company land assets. Allene Zanger, Executive Director of the Council, reviewed my August 1 report for facts relating to the Council's role in the process. Among other things, this report corrects some misunderstandings I had about the Council's role in the divestiture process. I request that any printed or soft copies of the August 1, 2016 report be discarded.

The fee simple interest in the *land* may be gifted to the Agency. The Agency will purchase the camp assets from the camp owner. This purchase creates the need for the valuations for which I was engaged and that I have opined:

- the *Depreciated Replacement Cost* of the buildings and site improvements that are constructed on the land comprising SMCC; and
- the Fair Market Value of the furniture, fixtures, and equipment (FF&E) located at SMCC.

#### **Background**

PG&E is the lessor, and SMCC is the lessee, on a 10-year ground lease extension that expires on December 31, 2023. That lease extended and replaced past contracts, dating back about 40 years. Over those years, the lessee has added and/or upgraded over 30,000 square feet of buildings and necessary site improvements at a cost of more than \$5.4 Million to create SMCC. The buildings and other structures must be removed upon termination of the lease in 2023, at the lessee's expense.

The Stewardship Council was created to implement the PG&E bankruptcy settlement agreement. One of the roles of the Stewardship Council is to recommend to PG&E and the California Public Utilities Commission that certain parcels of land be donated by PG&E to qualified entities. Qualified entities are public agencies, conservation non-profits, or native American tribes. SJCOE is a qualified entity. SMCC is a non-profit, but not a conservation non-profit. As part of the PG&E's land conservation commitment pursuant to the bankruptcy settlement, the fee simple interest in the land cannot be donated to SMCC. Transfer of the land to a qualified entity can occur after the CPUC approves a transfer.

The PG&E Bankruptcy Settlement requires that PG&E place conservation easements on their land. Thus, if ownership of the subject land is transferred, the deed will reflect a restriction consistent with the intent of conservation easements, to allow no further development. For additional information about the Council, the Land Conservation Contract being implemented, and the Stipulations to the Contract, the reader can access the Council's website at [www.stewardshipcouncil.org](http://www.stewardshipcouncil.org).

#### **Appraisal Reports Prepared by Others**

I was provided with copies of several Appraisal Reports and Brokers Opinions of Value that were prepared by others during the time period 2011-2015. These appraisals opined to fair market value of various estates, property rights, value in use, and depreciated replacement costs in the range of \$700,000 to \$5.5 Million. I present this information to illustrate the range of value conclusions that have already been opined, based upon the timing (date of value) and ownership rights appraised.

A Broker's Opinion of Value prepared in 2011 opined to a fair market value of the going concern of \$5.5 Million, based upon transactional sales data. The opinion was based upon the assumption that the lease did not exist, and that the hard assets and land were owned together as one fee simple interest.

An appraisal of the Market Value of the Going Concern prepared in 2014 concluded that the operating conference center and retreat business being conducted utilizing the premises was worth less than what the tenant and other appraisers and brokers felt the buildings and FF&E alone were worth. It opined that with a lease in place for a substantial period of time, the market value would be \$1.3 Million; but with the existing lease approaching termination, the market value was \$700,000. This report described the property as "a camp facility including tent camping, RV camping, and rental cabins". The sale comparables utilized in that analysis were traditional RV and tent-style campgrounds that sold in the price range of \$800,000 to \$2,375,000 during the 2009 to 2013 time frame.

A report prepared for SMCC in 2015 opined to a *Value in Use* of \$2,000,000, determined by developing the replacement cost of the improvements less physical deterioration. *Value in Use* was defined in that report as: "the value a specific property to a specific person or specific firm as opposed to the value to persons or the market in general".

These appraisal reports created for me a question regarding the appropriate level of depreciation present in the improvements, the contribution to total value of the intangible asset (the operating business), and the effect upon value that resulted from a lease facing probable non-renewal in 7.5 years; more particularly, the effect upon the contributory value of the buildings and site improvements that will revert to the fee owner upon lease termination.

The physical improvements, standing alone, have only salvage value without the benefit of the land they stand upon. Land and improvements work together to create fair market value. The buildings and site improvements alone have no fair market value, but only salvage value. My opinions of the depreciated replacement cost are not the fair market value of the improvements, which have zero market value as stand-alone components.

Upon completion of my site visit and market investigation, I concluded that the subject competes in the conference center market, not the traditional campground/RV market. I developed and analyzed market transactions of fee simple sales of conference center/retreat/camps. However, my opinions of value are confined to the depreciated replacement cost of the buildings and site improvements, and the fair market value of the FF&E. I was not engaged to opine regarding the market value of the going concern, or any component of real property value, except the depreciated value of the buildings and site improvements. To isolate the contributory value of the buildings and site improvements, it was necessary to estimate the value of these other components of value.

#### **Hypotheticals and Assumptions Applied**

**Hypothetical Condition** is defined in the Uniform Standards of Professional Appraisal Practice (USPAP) as *“a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.”* The land is presently leased by Sky Mountain Christian Camp (SMCC) on a 10-year lease extension that expires December 31, 2023. To isolate the depreciated replacement cost of the buildings and site improvements, it was appropriate to apply the hypothetical that the land is owned in fee simple and the lease does not exist. Absent that assumption, there would be few transactions for comparison and scarce data upon which to base my opinion regarding the depreciated replacement cost of the improvements.

**Extraordinary Assumption** is defined in USPAP as *“an assumption, directly related to a specific (appraisal) assignment, as of the effective date of the assignment results, which, if found to be*

*false, could alter the appraiser's opinions or conclusions."* I applied these extraordinary assumptions:

It was an extraordinary assumption of my appraisal that the work product entitled Sky Mountain Camp Assessment dated July 11, 2016 prepared by

- William Munt, Iomlan Construction Services;
- Gary Layman, NorCal CASP; and
- Michael Loureiro, Progressive Designs

accurately reflects the physical condition of the premises, and the cost to correct the identified deficiencies, to the extent discovered and reported by them.

It was an extraordinary assumption of my appraisal that the lease to SMCC from PG&E will not be extended beyond the current term. Although the probability of that occurrence seems remote, it is not an impossibility.

It was an extraordinary assumption of my appraisal that the inventory of buildings and site improvements that were included in the appraisal report prepared by Lee Smith, MAI, for Mark Saunders, President of SMCC, with a date of value of October 7, 2015, was accurate. I used a cost estimating service called Marshall Valuation Service (MVS) to estimate the replacement cost of buildings and site improvements. MVS is essentially the Bible for appraisers regarding building costs.

It was an extraordinary assumption of my appraisal that the structures are not substantially affected by any condition that would be revealed by an inspection accomplished by a qualified technician intending to prepare a Structural Pest Control Report;

It was an extraordinary assumption of my appraisal that the inventory of furniture, fixtures, and equipment prepared by SMCC and provided by the Client was complete and accurate.

The application of these extraordinary assumptions and hypothetical condition affected the assignment results.

The reader should note that I have opined an opinion of the *depreciated replacement cost* of the buildings and site improvements - it is not my opinion of the *fair market value* of the real property, or the fair market value of the buildings and site improvements, or the market value

of the going concern. It is impossible to opine on the fair market value of the buildings and site improvements alone – they cannot exist without the land upon which they are built. To be marketable (an essential component of market value), they must be able to be sold alone. Standing alone, without the land upon which they are built, the buildings and site improvements have only salvage value. I did not opine as to salvage value. My Client emphasized that the Agency wants to fairly compensate the lessee for his investment in building and site improvements, so my analysis was undertaken with that in mind.

The Fair Market Value of the FF&E was opined by Doug Neale, ASA, with Neale and Sons, Inc., who prepared the Appraisal Report for the FF&E as a subcontractor to my office. Mr. Neale's report is displayed in the Addenda.

Based on my site visit and the investigation and analyses undertaken, I formed these opinions:

<b>Opinion of Depreciated Replacement Cost of the Buildings and Site Improvements:</b>	<b>\$2,450,000</b>
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<b>Opinion of Fair Market Value of Personal Property:</b>	<b>\$ 300,000</b>
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These opinions are subject to the conditions and assumptions presented above, and are based upon the analyses presented following.

Sincerely,



Wayne F. Prescott, MAI, CCIM

California Certified General Real Estate Appraiser No. AG001533

**GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

This appraisal and report were made applying these general assumptions:

1. No responsibility was assumed for the legal description or for matters including legal or title considerations. Title to the property was assumed to be good and marketable unless otherwise stated;
2. The property was appraised or evaluated free and clear of any or all liens, easements, and encumbrances unless otherwise stated;
3. The property was appraised or otherwise evaluated assuming it was under responsible ownership and competent management, and available for its highest and best use;
4. The information furnished by the Client and others was believed to be reliable. However, no warranty is given for its accuracy;
5. All engineering was assumed to be correct. Plot plans or any other illustrative material in this report were included only to assist the reader in visualizing the property;
6. It was assumed that there are no hidden or unapparent conditions in the land or structures that render it more or less marketable or valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them. We recommend that trained professionals be engaged to ascertain compliance with ADA, and to identify any physical or environmental conditions that could affect market value. The results of these investigations should be revealed to us so we can consider them in our valuation;
7. Unless otherwise stated in this report, the existence of hazardous material, toxic waste, and/or other environmental impairments which may or may not be present on or in the property, was not investigated by this consultant. The Client should identify any known or suspected environmental impairments;

As real estate consultants, we are not qualified to properly investigate this property for any discharge, spillage, uncontrolled loss, seepage, filtration or storage of hazardous substances which may adversely affect the value of this property. Neither are we qualified to detect the presence of substances such as asbestos, urea-formaldehyde foam insulation, nor other materials that could create an environmental impairment to the subject property, or to other property caused by conditions present at the subject property. Our opinion(s) were predicated on the assumption that there is no such material on or in the property that would affect market value. No responsibility was assumed for any such conditions or for any expertise or engineering knowledge required to discover and/or correct them;

8. It was assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the report;
9. It was assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal and reported in the report;
10. It was assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate or other opinion contained in this report are based;
11. It was assumed that the utilization of the land and improvements are within the boundaries or property lines of the property appraised and that there is no encroachment or trespass unless noted in the report;

This report has been made with the following limiting conditions:

1. Any allocation of value between land and improvements was made at the request of, and to assist the Client, and does not constitute a separate market value for either land or improvements;
2. Possession of the report, or a copy thereof, does not carry with it the right of publication or use. It may not be used for any purpose by any person other than the Client(s), for the Intended Use specified in the engagement agreement and/or report. This report may become part of the public record;
3. The consultant is not required to give further consultation, testimony, or attend court for matters involving the subject property unless arrangements have been previously made.

**Reader Note:**

The other appropriate and more specific limitations on my opinions or conclusions were identified in the cover letter or report as *Hypothetical Conditions, Extraordinary Assumptions, or Contingencies*.

**CERTIFICATION**

Version.AI.13.01

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. 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.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice (USPAP)*.
9. I have made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the person signing this certification. Christine Pham verified some of the comparable data and wrote the first draft of some sections of the report.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.



Wayne F. Prescott, MAI, CCIM  
California Certified General Real Estate Appraiser, No. AG001533

This Appraisal Report is comprised of the foregoing and the following narration and addenda. The word "we" when used in this report addresses the fact that Carmen Yopez assisted the writer with research. All analysis was the work of Wayne F. Prescott.

**SCOPE OF THE ASSIGNMENT**

My engaged Scope of Work was to:

- Utilized the Smith inventory as a base for the inventory of buildings and site improvements;
- Tour the property with representatives of the ownership and Client, and their consultants, to learn about the condition of all buildings, site improvements, and personal property;
- Photograph all buildings and visible site improvements;
- Spot check building dimensions;
- Verify construction materials via observation, and review construction drawings provided by Neal Saunders;
- Inquire regarding what "belongs" to the SMCC and what belongs to other entities, such as PG&E;
- Query PG&E and other entities with a possible ownership interest as to the extent of that interest;
- Query Camp personnel about the age of buildings, maintenance programs, recent upgrades, etc. that affect depreciation;
- check County records for building permits;
- Review the reports of the ADA expert, general building contractor, and any other contractors employed by the District and incorporate their findings into my evaluation of condition and depreciation;
- Determine and measure all kinds of depreciation that affect the replacement cost of the buildings and site improvements, and the fair market value of the personal property;
- Write and deliver a report delineating my findings and those of Neale and Sons, Inc.

Some of these items were previously addressed, but these items have not been:

I did spot check building dimensions and found the Smith inventory to be accurate, so I relied upon the Smith inventory of buildings and site improvements. The minor discrepancy in total building area results from the fact that my calculation reflects only significant buildings and

building elements. It may also reflect the fact that the mezzanine of the Conference Center is larger than shown on the plans, which were not the As-Built drawings.

SMCC has an agreement with the fee land owner, PG&E, to maintain the private road and utility lines beyond the boundaries of the 40 acre site. The Client agreed that it would be appropriate for me to confine my work to the 40 acre site and improvements thereon;

Messrs. Munt, Layman, and Loureiro queried the owner's representative, Neal Saunders, regarding maintenance programs, recent upgrades, etc. that affect depreciation. These items are discussed in the Sky Mountain Camp Assessment report upon which I relied;

I checked County records for building permit history and found it to be incomplete and spotty at best. The County's records are not complete enough for the Client to be confident that the buildings and site improvements were constructed to code, although they appear to be. I recommend that the Client obtain clearance from the County prior to purchase, delineating any improvements that must be made to avoid future surprises;

The Analysis sections of this report reflect the input of the other consultants who toured the facility with me on April 18.

#### **Information Provided to the Appraiser**

These documents were provided by the Client and SMCC:

- Architectural drawings of some buildings;
- The lease;
- An appraisal report prepared by Valbridge Property Advisors for the National Wildlife Foundation stating their opinion of the Market Value of the Leasehold Interest in the Going Concern in January 2014;
- A broker's opinion of the market value of SMCC prepared in November 2011;
- An appraisal report prepared for Mr. Mark Saunders, President of SMCC, by Lee B. Smith and Associates with a date of opinion of October 7, 2014 opining the "value in use";
- Profit and Loss statements for SMCC for 2009 through 2015;
- A handwritten list of FF&E (excluding vehicles);
- References to the role of the Stewardship Council in the land transfer process.

**Site Visit**

I toured the property on April 18, 2016. Present for the tour were Ron Estes, William Munt, Michael Loureiro, Ron Estes, James Thomas, Janai Stanton, and the owner's representative, Neal Saunders.

**Extent of Research into Physical Factors**

I studied copies of the assessor's parcel map(s), public record summary, aerial maps, and other data about the subject available from our on-line data resources, and I studied any physically descriptive data provided by the Client and property owner such as structural, geological, or environmental reports, subdivision maps, title reports, etc. (each described herein if applicable). I relied upon the appraisals, plans, title report, and other documents.

**Extent of Research into Legal Factors**

I gathered data about land use ordinances and physical hazards from the websites of various municipalities and discussions with planning department personnel. I reviewed a preliminary title report.

**Extent of Research Into Economic Factors**

I gathered, analyzed, and applied macro-economic information gleaned from many sources, including:

- The Wall Street Journal
- 12<sup>th</sup> District Beige Book
- GlobeSt.com
- CoStar.com newsletters
- LoopNet.com statistics.

I gathered, analyzed, and applied data about market conditions and other micro-economic information from the people I interviewed about sale transactions involving other conference centers/retreats/camps.

### **Extent of Comparable Data Research**

I used a variety of subscription and web-based services to gather comparable data, including:

- Schmidt-Prescott Group Verified Data Files
- CoStar Group (CoStar.com)
- First American Real Estate Solutions (RealQuest.com)
- LoopNet.com
- ACA, COSA, and camp websites
- Various commercial real estate brokerage websites

### **Verification**

The most appropriate data that I discovered was verified with a party to the transaction. When that was not possible, I listed the extent of verification, using public record and subscription data services, in the Analysis section.

### **Type and Extent of Analysis Applied**

The data is summarized on spreadsheets displayed in the Analysis sections following. The analysis was comparative, iterative, and quantitative, to the extent that I was able to develop metrics in this market, which proved to be dominated by non-profit groups with limited profit motive.

### **Compliance**

It was the intent of this appraisal to comply with the requirements of:

- The Uniform Standards of Professional Appraisal Practice (USPAP) including the Ethics and Competency Provisions as promulgated by the Appraisal Standards Board of the Appraisal Foundation; and
- The Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute

## **DEFINITIONS**

**Market Value of the Going Concern** is defined as the market value of an established and operating business enterprises including the real property, personal property, financial assets, and the intangible assets of the business.<sup>1</sup>

When appraisals are prepared for public agencies, we use the definition of **Fair Market Value** provided in the Code of Civil Procedure section 1263.320:

(a) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

(b) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable.

In the appraisal of personal property, **Fair Market Value** is that amount expected to be received in the transfer of an asset between a willing buyer and a willing seller, both knowledgeable in the use of and condition of the subject asset and neither being under compulsion to buy or sell. Fair market value may include personal property not installed and ready for use upon completion of installation, the only difference being the cost of transportation and installation. "Fair Market Value" generally relates to used personal property and is valued at replacement cost less depreciation, or it may be the product of any investigation of prices in the open market for personal property of like kind and quality.

**Fee simple estate** is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup>

**Leased Fee Interest** is the ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.<sup>3</sup>

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1 Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

2 Ibid.

3 Ibid.

**Leasehold Interest** is the right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.<sup>4</sup>

**Replacement Cost** is defined in the Dictionary of Real Estate Appraisal as the estimated cost to construct, at current prices as of a specific date, a substitute for the building or other improvements, using modern materials and current standards, design, and layout. Marshall Valuation Service defines Replacement Cost as the total cost of construction required to replace the subject building [and/or site improvement] with a substitute of like or equal utility using current standards of materials and design.<sup>5</sup>

**Depreciation** means a loss in property value from any cause.<sup>6</sup>

**Functional Obsolescence** is the impairment of the functional capacity of a property or building according to market tastes and standards.<sup>7</sup>

**Real Property** is all of the interests, benefits, and rights in the ownership of the physical real estate—that is, the bundle of rights with which the ownership of the real estate is endowed.<sup>8</sup>

**Real Estate** is the physical land and appurtenances attached to the land.<sup>9</sup>

**Deferred Maintenance** refers to items of disrepair on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.<sup>10</sup>

**Contributory Value** is a type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.<sup>11</sup>

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4 Ibid.

5 Ibid.

6 Marshall Valuation Service 2016

7 Op Cit.

8 Ibid.

9 Ibid.

8 Ibid.

10 Ibid.

11 Ibid.

**Economic life** is the period over which improvements contribute to property value.<sup>12</sup>

**Physical life** is an estimate of how old an improvement will be when it is worn out; or, the total period a building lasts or is expected to last as opposed to its economic life.<sup>13</sup>

### **PROPERTY AND PROPERTY RIGHTS APPRAISED**

The fee interest is presently divided between the landowner or lessor, Pacific Gas and Electric, a California Corporation (PG&E), who owns a leased fee interest; and the lessee, SMCC, who holds a leasehold interest. The lessee has operated SMCC on the 40-acre site since the mid-1970's. The lessee appears to have expended about \$5.4 Million (in today's dollars) over that time period to create the buildings and site improvements that now exists (See Analysis section). It was my task to estimate and opine the *depreciated replacement cost* of these improvements in a manner that will fairly compensate the lessee for his investment.

#### **The Lease**

The complete lease is displayed in the Addenda. The relevant points could affect my analysis are presented here.

#### **Term and Expiration**

The property has been leased by SMCC since the mid-1960's. The current term of 10 years is an extension of a 20-year lease. The extended term expires December 31, 2023, in about 7.5 years. Page 5, Building Removal clause in the lease states that the any building or other structures....constructed on the leased property by Lessee shall be removed from the property before the termination of this lease or any extension thereof. This is significant because the buildings have a remaining economic life of 7.5 years if the lease is not extended beyond 2023.

#### **Subletting**

This requires the written consent of PG&E. The lease does not contain the typical clause "which will not be unreasonably withheld", which begs the question: would it be? It appears that a decision might depend upon drought/rainfall conditions, electrical power needs, regulatory guidelines, and so forth. There is risk that the opportunity to sublet could be withheld.

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<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

### **Water Usage**

SMCC can take up to 5 acre-feet of water per year from the reservoir for camp operations. They can use it for recreational activities such as boating and swimming.

### **Fluctuation of Water Level**

PG&E can change the amount of water in the reservoir to meet their needs. I understand that SMCC is above the high water mark, so although the lease places the risk of flooding on the lessee, the possibility of flooding seems remote, and did not affect my opinions.

### **Easements**

I reviewed a preliminary title report dated May 9, 2016 prepared by Placer Title Company that revealed several exceptions to title consisting of easements for access and utilities. These do not appear to affect the value or utility of the buildings, site improvements, or FF&E that were appraised.

### **Land and Lake Frontage**

The site is comprised of 40 acres of land which is a portion of Assessor's Parcel No. 066-050-006. The 40 acres has about 1500 feet of frontage on Lake Valley Reservoir. SMCC is the only private improvement on the lakefront, except for a public boat ramp near the site. Restricted boating is allowed on the lake to the general public. The lease states that the lessee is allowed to use lake water as a potable source, and that the lessor has the right to raise and lower the water level as necessary for their purposes. The lease acknowledges that such could result in flooding on SMCC, although it is my understanding that the leased land is above the high water mark.

### **Access**

Lake Valley Road dead-ends at SMCC after passing through a public camp ground on the same parcel as SMCC, but leased to others. The distance to the I-80 Freeway along Lake Valley and Six Mile Valley Road is about 3 miles. SMCC has an agreement with PGE to maintain portions of these roads and power lines along them; these are not on the site of SMCC. The terms of this agreement were not reviewed, and the economic impact (if any) of that agreement upon the operation of SMCC was not evaluated.

**Physical Characteristics**

The lake is situated at an elevation of 5800 feet above mean sea level. The land slopes generally upward away from the lake toward the south to a maximum elevation of 5,925 ft AMSL. The land is wooded, rolling hills, with natural groundcover. The timber was once inventoried; it does not appear practical to harvest it. The value of the timber, if any, was not investigated. The lessor has the right under the lease to harvest timber, but never has in the history of SMCC.

Soil conditions on the site appear to be suited for the existing improvements. It was a general assumption of my appraisal that the site is suitable for the existing improvements. Natural drainage appears adequate, and the site is not in a designated flood zone. Potential environmental impairments were not identified by the writers during their site visit or indicated by the Client or owner's representative at the time of engagement. It was a general assumption of my appraisal that there are no environmental issues that affect the property appraised. Many buildings pre-date modern codes, so there may be some asbestos building materials present. Friable asbestos was not observed.

Electricity is provided by PGE. A set of on-site generators (diesel and gasoline powered) provide back-up power. An on-site propane tank farm with a capacity of 24,250 gallons is piped to all buildings, where it is burned in wall furnaces in cabins, force-air system in the conference center, and space heaters in the gymnasium, to provide heat.

The climate is such that the site receives 2-5 feet of snow each winter. The buildings are constructed to withstand expected snow loads.





Sky Mountain Christian Camp, Emigrant Gap, California

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1 - Conference Center



2 - View from Conference Center



3 - Beach (Conference Center in background)



4 - Kitchen



5 - Kitchen



6 - Living quarters, Conf. Center Mezzanine

Sky Mountain Christian Camp, Emigrant Gap, California

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7 – Gym



8 – Interior of Gym



9 – A-Frame Office



10 – Propane Tank Farm



11- Diesel Fuel Tank



12 - Chapel

**Sky Mountain Christian Camp, Emigrant Gap, California**

**INVENTORY OF BUILDINGS AND SITE IMPROVEMENTS**

	Dimensions			Area	Foundation	Structure	Siding	Roof
<b><u>Conference Center</u></b>				5,688				
Second Level			Irregular	1,973				
			Irregular	<u>7,661</u>	Conc./Conc. Pier	Wood Frame	Ext. Plywood	Comp. Shingle
Porch			Irregular	1,095	Concrete Pier	Wood Frame	Ext. Plywood	Comp. Shingle
						<i>MVS Category - Restaurant Cafeteria, Section/Page 12/40</i>		
						<i>MVS Category Porches, Section/Page 12/40</i>		
<b>Gym</b>	50.0	X	100.0	<b>5,000</b>	Concrete Pier	Steel Frame	Metal	Metal
Mezzanine Level	16.5	X	50.0	<b>825</b>	Concrete Pier	Wood Frame	Metal	Metal
Porch	10.0	X	22.0	220	Concrete	Steel/Wd. Frame	Open	Metal
						<i>MVS Category - Gymnasium, Sect/Pg 18/25</i>		
<b><u>Goldrush Camp</u></b>								
<b>Cabin</b>	16.4	X	24.0	394	Concrete Block	Wood Frame	Hardboard	Comp. Shingle
<b>Cabin</b>	16.4	X	24.0	394	Concrete Block	Wood Frame	Hardboard	Comp. Shingle
<b>Cabin</b>	16.4	X	24.0	394	Concrete Block	Wood Frame	Hardboard	Comp. Shingle
<b>Cabin</b>	16.4	X	24.0	394	Concrete Block	Wood Frame	Hardboard	Comp. Shingle
<b>Cabin</b>	16.4	X	24.0	394	Concrete Block	Wood Frame	Hardboard	Comp. Shingle
<b>Cabin</b>	16.4	X	24.0	394	Concrete Block	Wood Frame	Hardboard	Comp. Shingle
				<u>2,364</u>				
						<i>MVS Category - Cottages, Sect/Page 12/15</i>		
Attached Porch	5.0	X	16.0	80	Concrete Block	Wood Frame	Hardboard	Wood Shingle
Attached Porch	5.0	X	16.0	80	Concrete Block	Wood Frame	Hardboard	Wood Shingle
Attached Porch	5.0	X	16.0	80	Concrete Block	Wood Frame	Hardboard	Wood Shingle
Attached Porch	5.0	X	16.0	80	Concrete Block	Wood Frame	Hardboard	Wood Shingle
Attached Porch	5.0	X	16.0	80	Concrete Block	Wood Frame	Hardboard	Wood Shingle
Attached Porch	5.0	X	16.0	80	Concrete Block	Wood Frame	Hardboard	Comp. Shingle
				<u>480</u>				
						<i>MVS Category Porches, Section/Page 12/40</i>		
Attached Utility	2.0	X	5.7	11	Concrete Block	Wood Frame	Hardboard	Comp. Shingle
Attached Utility	2.0	X	5.7	11	Concrete Block	Wood Frame	Hardboard	Comp. Shingle
Attached Utility	2.0	X	5.7	11	Concrete Block	Wood Frame	Hardboard	Comp. Shingle
Attached Utility	2.0	X	5.7	11	Concrete Block	Wood Frame	Hardboard	Comp. Shingle
Attached Utility	2.0	X	5.7	11	Concrete Block	Wood Frame	Hardboard	Comp. Shingle
Attached Utility	2.0	X	10.2	20	Concrete Block	Wood Frame	Hardboard	Comp. Shingle
				<u>75</u>				
						<i>MVS Category - Shop Bldgs, Sect/Page 17/13</i>		
<b>Pump House</b>	8.2	X	12.2	<b>100</b>	Concrete Slab	Wood Frame	Ext. Plywood	Comp. Shingle
Attached Porch	5.0	X	12.2	61	Concrete Pier	Wood Frame	Open	Wood Shingle
						<i>MVS Categories 17/13 &amp; 12/40</i>		
<b>Chapel</b>	30.0	X	50.0	<b>1,500</b>	Concrete	Steel Frame	Metal	Metal
Attached Porch	6.0	X	12.0	72	Concrete	Steel/Wd. Frame	Open	Metal
						<i>MVS Category - Fellowship Hall, Sect/Page 16/10</i>		
<b>Garage</b>	16.3	X	20.2	329	Concrete Slab	Wood Frame	Hardboard	Comp. Shingle
<b>Shop</b>			Irregular	1,137	Concrete Slab	Wood Frame	Hardboard/Meta	Comp. Shingle
Attached Storage	8.0	X	39.0	312	Mud Sill	Steel Frame	Metal	Metal
				<u>1,778</u>				
						<i>MVS Category - Shop Bldgs, Sect/Page 17/13</i>		

**Sky Mountain Christian Camp, Emigrant Gap, California**

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<b>Main Camp</b>								
Cabin Duplexes	16.3	X	40.3	657	Concrete	Wood Frame	Hardboard	Comp. Shingle
Cabin Duplexes	16.3	X	40.3	657	Concrete	Wood Frame	Hardboard	Comp. Shingle
Cabin Duplexes	16.3	X	40.3	657	Concrete	Wood Frame	Hardboard	Comp. Shingle
Cabin Duplexes	16.3	X	40.3	657	Concrete	Wood Frame	Hardboard	Comp. Shingle
Cabin Duplexes	16.1	X	40.2	647	Concrete	Wood Frame	Hardboard	Comp. Shingle
Cabin Duplexes	16.1	X	40.2	647	Concrete	Wood Frame	Hardboard	Comp. Shingle
Cabin Duplexes	16.1	X	40.2	647	Concrete	Wood Frame	Hardboard	Comp. Shingle
Cabin Duplexes	16.1	X	40.2	647	Concrete	Wood Frame	Hardboard	Comp. Shingle
Cabin Duplexes	16.1	X	40.2	647	Concrete	Wood Frame	Hardboard	Comp. Shingle
Cabin Duplexes	16.1	X	40.2	647	Concrete	Wood Frame	Hardboard	Comp. Shingle
Cabin Duplexes	16.1	X	40.2	647	Concrete	Wood Frame	Hardboard	Comp. Shingle
Cabin Duplexes	16.1	X	40.2	647	Concrete	Wood Frame	Hardboard	Comp. Shingle
				<b>7,804</b>				
						<i>MVS Category - Cottages, Sect/Page 12/15</i>		
Attached Porches	7.0	X	10.4	73	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	6.5	X	10.5	68	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.0	X	27.5	110	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.0	X	27.5	110	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	6.1	X	10.5	64	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	8.4	X	10.8	91	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	6.6	X	9.0	59	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	6.6	X	9.0	59	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	6.8	X	9.0	61	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
Attached Porches	4.4	X	5.4	24	Concrete Pier	Wood Frame	Hardboard	Comp. Shingle
				<b>1,031</b>				
						<i>MVS Category Porches, Section/Page 12/40</i>		
Boiler Rm	6.7	X	9.3	62	Concrete	Wood Frame	Hardboard	Comp. Shingle
						<i>MVS Category - Shop Bldgs, Sect/Page 17/13</i>		

**Sky Mountain Christian Camp, Emigrant Gap, California**

<b>Miscellaneous Buildings</b>									
A-Frame Meeting Center	29.0	X	37.0	1,073	Concrete Slab	Wood Frame	Hardboard	Wood Shake	
						<i>MVS Category - Fellowship Hall, Sect/Page 16/10</i>			
Storage	14.5	X	14.5	210	Concrete Slab	Wood Frame	Hardboard	Comp. Shingle	
						<i>MVS Category - Shop Bldgs, Sect/Page 17/13</i>			
Chapel/Office	16.2	X	40.2	651	Concrete	Wood Frame	Hardboard	Comp. Shingle	
						<i>MVS Category - Fellowship Hall, Sect/Page 16/10</i>			
Garage/Storage			Irregular	602	Concrete Slab	Wood Frame	Hardboard	Comp. Shingle	
						<i>MVS Category - Shop Bldgs, Sect/Page 17/13</i>			
Generator House	12.2	X	12.2	149	Concrete Slab	Wood Frame	Plywood	Comp. Shingle	
						<i>MVS Category - Shop Bldgs, Sect/Page 17/13</i>			
Storage	8.2	X	12.2	100	Mud Sill	Wood Frame	Plywood	Comp. Shingle	
Beach House	8.0	X	12.0	96	Concrete Pier	Wood Frame	Batt/Board	Comp. Shingle	
						<i>MVS Category - Shop Bldgs, Sect/Page 17/13</i>			
<b>Total Building Area</b>				<b>30,050</b>	<b>(Excluding Porches)</b>				
<b>Utilities</b>									
<b>Propane System</b>				<b>Gallons</b>		<i>MVS Category - Tanks, Section/Page 61/8</i>			
				8,600	Concrete Stand				
				6,000	Concrete Stand				
Tanks in a Tank Farm				5,000	Concrete Stand				
				5,000	Concrete Stand				
				250					
Propane Valves, Regulators						<i>No MVS Section</i>			
Distribution System				3,000	Underground				
<b>Water System</b>						<i>MVS Category - Tanks, Section/Page 61/1-8</i>			
Water Tank - Polyethylene				16,000					
Water Tank - Wood				10,000					
Domestic Well	6"	X	900'	900		<i>MVS Category - Wells, Sect/Page 63/10</i>			
Pump 5HP									
Water Distribution System				3,000					
<b>Septic System</b>						<i>MVS Category Tanks, Section/Page 61/3</i>			
Tank				1,500					
Tank				1,500					
Tank				1,500					
Tank				1,500					
Tank				3,000					
Underground Lines				3,000					
Pump Station									
Pump Station									
Leach Field				6,300					
<b>Roads and Parking</b>						<i>MVS Category - Yard &amp; Subdivision Costs</i>			
Asphalt Road				59,705		<i>Average 12' wide</i>			
Asphalt Parking				14,337					
				74,042		<i>Grading, 4" Base, 4" Asphalt</i>			
<b>Equipment</b>									
Walkin Freezer	8	X	16	128					
Walkin Freezer	8	X	12	96					
Walkin Cooler	10	X	14	140					
Diesel Tank - Gallons				500					
Diesel Tank w/pump - Gallons				1,000					
Electrical Generator Diesel									
Electrical Generator Propane									
<b>Distribution</b>									
Trench				3000					
Electrical				3000					
Gas Line				3000					
Water Line				3000					
Power Lines				4975					

The camp presently functions year-round, primarily on weekends most of the year and weekly during the summer months. The client base is Christian religious groups. By limiting the market of potential campers, the facilities have been underutilized.

**Quality of Construction; Age and Depreciation; Economic Life**

**Physical Life versus Economic Life**

Economic life is the period over which improvements contribute to property value. Physical life is an estimate of how old an improvement will be when it is worn out; or, the total period a building lasts or is expected to last. Using MVS, observations during my site visit, and my review of plans, I estimated a physical life of most of the buildings at 50 years. The remaining economic life is about 7.5 years, since the buildings will need to be demolished and removed from the site at the end of the lease term in 2023. Bear in mind that I have assumed that the lease will be non-renewed. In fact, the parties could renew or extend the lease. The probable extension period would be 10 years. If that occurred, the economic life would be extended.

**Quality of Construction**

Because the buildings must endure snow loads, the quality of construction rates above average. Roof overhangs are extended and roof slopes are generally steep. The conference center has a detailed and gabled roof pattern. The gymnasium floor is carpeted. Every cabin has full bathroom facilities. In the replacement cost analysis, I utilized MVS ratings of "Good" for most improvements to reflect the high level of construction quality that I observed throughout the facility.

The buildings and all improvements appear to have received above-average maintenance, and as a result, the effective age is less than the chronological age. The chronological age could not be verified with building permits. The site was first improved as a camp in the 1960's. Some of the older cabins pre-date the purchase of the current owners in 1976. The conference center was built in 1968, and substantially rebuilt later, I believe in the 1980's. The Main Camp cabins are newer. The gymnasium appears to have been built around 1990.

### **Functional Obsolescence**

is the impairment of the functional capacity of a property or building according to market tastes and standards. Most of the life safety and access issues discussed below are classified as curable functional obsolescence. Obsolescence is curable when, as a result of the cure, value is enhanced. Functional obsolescence is quantified in excess of \$800,000 in the Cost Approach section of the Analysis.

### **Sky Mountain Camp Assessment Report**

This section includes conclusions and opinions stated in the Sky Mountain Camp Assessment document dated July 11, 2016. I considered the data and conclusions stated in that report, and relied upon some conclusions. The report (displayed in the Addenda) addresses structural, life safety, and access issues observed by the authors of that report.

The report indicates that the buildings were constructed to generally allow good access, but full compliance with the Americans with Disabilities Act was not achieved. Modification of construction features regarding life safety codes related to exiting of assembly buildings to a safe area of refuge is needed. In the conference center, second floor level, any room used for sleeping (the current and potential future use) needs a secondary exit meeting egress requirements, typically a window that would meet these requirements. I understand that the roof structural elements of the conference center make this difficult to achieve.

The Assessment Report cited areas of concern regarding accessibility for persons with disabilities, particularly at the entries, and in the restrooms, in the main lodge, gymnasium, Gold Rush assembly hall, and beach on the lake. At least one cabin in each camp area should be modified to provide full accessibility for any persons brought into the camp that would require such items. There need to be accessible routes connecting the main areas of the camp, including the beach. In more remote or inaccessible areas, provisions need to be made to allow a small, all-terrain vehicle meeting the carrying requirements for accessibility to navigate and transport persons to these areas. A deck is needed to replicate the experience of overlooking the lake that is now done by traversing the rock outcropping. The kitchen in the conference center would need to be examined and more than likely renovated to meet the level of compliance and function necessary to be compliant. All areas of the camp need to provide at least one accessible area for use by persons needing assistance.

These functional issues will need to be addressed to enable the facility to achieve its highest and best use. After that occurs, the market value of the going concern will be enhanced.

### **Physical Deterioration and Deferred Maintenance**

There are several areas that need maintenance or repair in order to keep the camp in working order. There are several buildings that need roof repair or replacement. There are areas that need repair or replacement in the kitchen to function at the required level without creating fire or smoke risks for the occupants. The electrical system and panels should be analyzed and repaired as needed.

Items identified in the Assessment Report that did not affect my opinion of value were the proposed addition of a mobile home (\$90,000) and new cabin furnishings (\$90,000). The Assessment Report identified a total of \$310,800 in deferred maintenance.

The effect of overall depreciation is addressed later in the Analysis sections. Based upon the unknowns, a contingency factor of 20% was applied to these items by the consultants. The methodology by which knowledge of camp systems will be passed to a future owner is a big unknown contributing to the contingency factor, since there were no written records available for reference. I relied upon the opinion of the more qualified consultants who prepared the Assessment Report to develop my opinions regarding depreciation.

### **Personal Property Appraised**

Mr. Douglas Neale, ASA, ISA, CAPP with Neale & Sons prepared the appraisal of personal property. His attached report delineates the separate valuation of over 300 items of FF&E that were listed on the inventory list provided by the Client as received from SMCC. Mr. Neale's entire report is an addendum to this report. His opinion of Fair Market Value of the furniture, fixtures, and equipment was \$301,089.50, rounded to **\$300,000**.

## **REGION AND MARKET**

To find adequate data for comparison, it was necessary to search the entire State of California, and to talk to market participants across the state. In that endeavor, it became apparent that the principal market for facilities like the SMCC, which are improved not as “campgrounds” but more highly improved as retreat and conference centers, is regional. These facilities should be located within 2 hours of a major population center, preferably less than 90 minutes. As a result, most market participants are looking for a center in the northern Sierra off the I-80 freeway or Highway 50 to serve the Bay Area from San Francisco to Sacramento, or in southern California near Big Bear Lake in San Bernardino County, to serve the campers in the communities in the Los Angeles Basin.

In the Bay Area, there are centers in both the Sierra and the Santa Cruz Mountains. Those in the Santa Cruz Mountains serve many campers in the 9 Bay Area Counties, while the Sierra facilities serve the Sacramento and San Joaquin Valley Counties. The Santa Cruz Mountain facilities benefit from lower elevation, thus less climate-related maintenance costs and a longer camping season. The only data examined from a Santa Cruz Mountain facility was the income and expense data about Camp Jones Gulch, operated by the Client.

School districts are a principle source of revenue for camp/retreat/conference centers, because many districts operate, or participate in, the Outdoor School program for 4<sup>th</sup> and 5<sup>th</sup> grade students. There are 14 elementary school districts in Sacramento and San Joaquin Counties.

## **Conclusion**

The outdoor school sub-market is a major source of revenue for camp/retreat/conference centers, and a target market for properties like SMCC.

## **MARKET CONDITIONS**

The For-Profit campground market endured substantial diminution in market value after the events of October 2008 and the ensuing recession, when families reduced their expenditure on vacations and other non-essential purchases. Some private, for-profit campgrounds with debt were forced into foreclosure, while others cut-back on their workforce, deferred maintenance, and found other ways to sustain their operation. On the other hand, the Not-for-Profit market was characterized by a lack of sales activity. Consistent with the economic recovery in other commercial market segments in California, beginning in 2013, not-for-profits returned to the

market, when several sales of large centers were purchased by religious organizations. Cory Jones with California Camp Realty, a broker who specializes in this product type, told me that due to the small number of camp/retreat center transactions, prices remain relatively firm, but market velocity slows down during a recession. Mr. Jones opined that pricing today is not much different than it was in 2008, which was at the top of the price market for many property types. Many non-profit organizations began again to purchase camps after the recession ended. I made no adjustment for changing market conditions in the Analysis section.

These retreat center facilities are being purchased with little regard for the income being produced at the time of sale. Most buyers purchase based upon a pro forma that will enable them to usually break-even upon achieving stabilized occupancy, but will have years leading up to stabilization when expenses will exceed gross income. Market participants expressed the opinion that a vacant center, needing physical upgrades to meet occupancy, access, and habitability standards, could reach stabilized occupancy in 3-7 years. Most buyers have a constituency to whom they plan to market to achieve the substantial portion of occupancy, with a plan to market the balance to the general public and/or organized groups. Reaching stabilized occupancy, in some cases, was forecast to be substantially achieved by marketing to the existing constituency.

California Counties, through their Office of Education, operate science camps for 4<sup>th</sup> and 5<sup>th</sup> grade students. These counties are members of the California Outdoor School Association (COSA). There are 14 elementary and consolidated school districts in each of Sacramento and San Joaquin Counties. School districts are a target market for the owners of facilities like the subject, particularly when underutilized, vacant, foreclosed, or otherwise unprofitable. In a market presently dominated by non-profits, there is little profit motive driving retreat center purchase.

### Conclusion

Many privately operated retreat and conference centers were unprofitable during and after the recession. Consequently, many of these were foreclosed, or have diminished their operation and offered the property for sale. Private non-profits, public agencies, and religious organizations are the most active market participants now, and they are acquiring these facilities, albeit at less than replacement cost.

### **REAL ESTATE TAXES AND ASSESSMENT DATA**

The property tax rate for the subject property is 1% of the assessed value. The assessed value will be re-set, approximating the selling price, upon sale. The Agency does not have to pay property taxes and will be assessed Zero. Property tax expense should be addressed in a market valuation, since the market includes potential purchasers who are not tax-exempt. However, in this market dominated by non-profit market activity, it is reasonable to omit tax expense as a line item on the pro forma operating budget.

### **LAND USE ORDINANCES**

The property is under the jurisdiction of Placer County. The land use ordinances that apply are the zoning code and General Plan, which each designate the land for recreational uses. The specific category is RES – Resort (160 Acre Minimum). This district encompasses rural lands with significant natural amenities such as lakes and trails that offer commercial recreational potential.

The current use is a legal use. Any kind of camping, skiing, or retreat center is allowed. The land is not steep enough for skiing (except cross-country). There are several tent and RV campgrounds in the neighborhood. If the site was encumbered with a conservation easement, the present recreational use would likely be permitted.

### **Building Permits**

We asked the Placer County Planning and Public Works Departments for their records related to the subject property. The records were incomplete. In fact, there were no permit records for the major buildings. We queried the Department, but they insisted that no other records were available. It appears that building permits were not obtained for many structures and site improvements. The estimated cost to verify compliance, and/or achieve compliance retroactively, was estimated in the Assessment Report, and that estimate was incorporated into my cost approach analysis.

### **HIGHEST AND BEST USE ANALYSIS**

I considered the legally permissible, physically possible, financially feasible, and maximally productive uses of the subject as if vacant and as improved. Based upon everything presented

herein, it was clear that the cost to construct a facility like the subject would exceed the market value upon completion. It was clear that the current use is an underutilization. Continuation or enhancement of the current camp use is consistent with the application of a conservation easement on the land. The property can function effectively without adding additional structures.

I concluded that the Highest and Best Use, As If Vacant, was to develop the land in a minimalist way for camping by the general public, such as an expansion of the adjacent public campground.

The Highest and Best Use, As Improved, is to correct the physical deficiencies and market the facility to a broader camp/retreat/conference center marketplace to include school groups for outdoor school, non-profit and private groups for conferences, retreats, and private parties, etc. This expanded use can provide a better return on the investment in buildings and site improvements.

It is unlikely, but possible, for SMCC to adjust their operation to achieve the highest and best use. It is improbable that SMCC would invest the necessary amount to comply with ADA standards, and state standards applicable to curriculum, food service, facilities, and student-care, without a firm commitment for a lease extension beyond 2023. Chet Quiade, legal counsel for San Joaquin County Office of Education, opined that it is unlikely that SMCC could qualify to operate an outdoor education program. It would be possible for SMCC to sublease the property to an entity that did qualify, but the expenditure of funds to qualify in light of the lease status create an untenable risk/reward scenario. The costs to bring the improvements into compliance are discussed in the Cost Approach section of the Analysis.

### **APPRAISAL PROCESS**

The appraisal profession typically relies upon three traditional approaches in estimating the market value of real property. These are the *Income Capitalization Approach*, the *Sales Comparison Approach*, and the *Cost Approach*. The quantity and quality of available data and the applicability of each approach relative to the value to be evaluated are important factors in choosing the approaches and reconciling them to an opinion of value.

For special-purpose properties like SMCC, and particularly for an assignment like this where the task is to determine the depreciated replacement cost of improvements, the cost approach has enhanced relevance. The income capitalization approach is difficult to apply, because many

market participants purchase these facilities when underutilized, vacant, foreclosed, or otherwise unprofitable. In a market presently dominated by non-profits, there is little profit motive driving these purchases.

The Agency needs to purchase the buildings, site improvements, and FF&E. The FF&E is tangible and moveable. It can be sold at market value and removed from the site. The buildings and site improvements cannot be moved and relocated, and in fact have no marketability or market value without the land beneath them included as a component of market value. Thus, I did not opine about the *fair market value* of the buildings and site improvements; I opined regarding the *depreciated replacement cost* of these.

The available transactional data on camps reflects the Market Value of the Going Concern. The camps/retreats/conference centers that have recently sold in California were purchased based upon their potential to function at their highest and best use as a going concern retreat or conference center for the not-for-profit purchasers.

The Market Value of the Going Concern is the value of all the assets of a business working together to create value. SMCC is a business enterprise, creating a product using financial assets (cash), intangible assets or business value (name, trained workforce, trademarks, contracts, etc.) and tangible assets (land buildings, site improvements, and personal property). My opinions of value are restricted to the tangible assets that the Client plans to purchase and which I was engaged to appraise.

I studied the profit and loss history of SMCC for the period 2008-2015. During that time period, annual gross income was on the order of \$300,000, and expenses were either slightly more or slightly less than \$300,000. The Saunders Family, consisting of 4 adults and 2 children, provide most of the SMCC workforce, paying themselves \$150-200,000 per year total. This workforce is the most substantial business value component, and it seems low for the work accomplished. It is probable that these employees work super-standard work hours. The Agency's pro forma projects substantially greater employee expense.

The other component of business value is the customer list. This list could enable a buyer to develop \$300,000 of annual receipts. There would likely be some losses. \$300,000 represents something on the order of 15% of the projected gross income with the facility utilized to its highest and best use (see income capitalization approach section). This should enable a buyer to achieve stabilized occupancy faster than what could otherwise be achieved.

The return on investment in buildings and site improvements over several decades of \$5.4 Million (in today's dollars) is minimal. The trained workforce is comprised of the owners of SMCC, who would presumably not continue as employees. The cost to provide a workforce at stabilized occupancy at the highest and best use far exceeds the workforce cost at the existing sub-standard operating level. There is marginal business value present in SMCC. I concluded that the business value component is zero. The predominance of the value of SMCC lies in the tangible assets.

#### **MARKET VALUE OF THE GOING CONCERN**

I applied the sales comparison approach to develop data relevant to the market value of the going concern.

#### **Sales Comparison Approach**

Details about the sales transactions to which I compared the subject are summarized on the table following. All were fee simple sales, except Comparable 2.

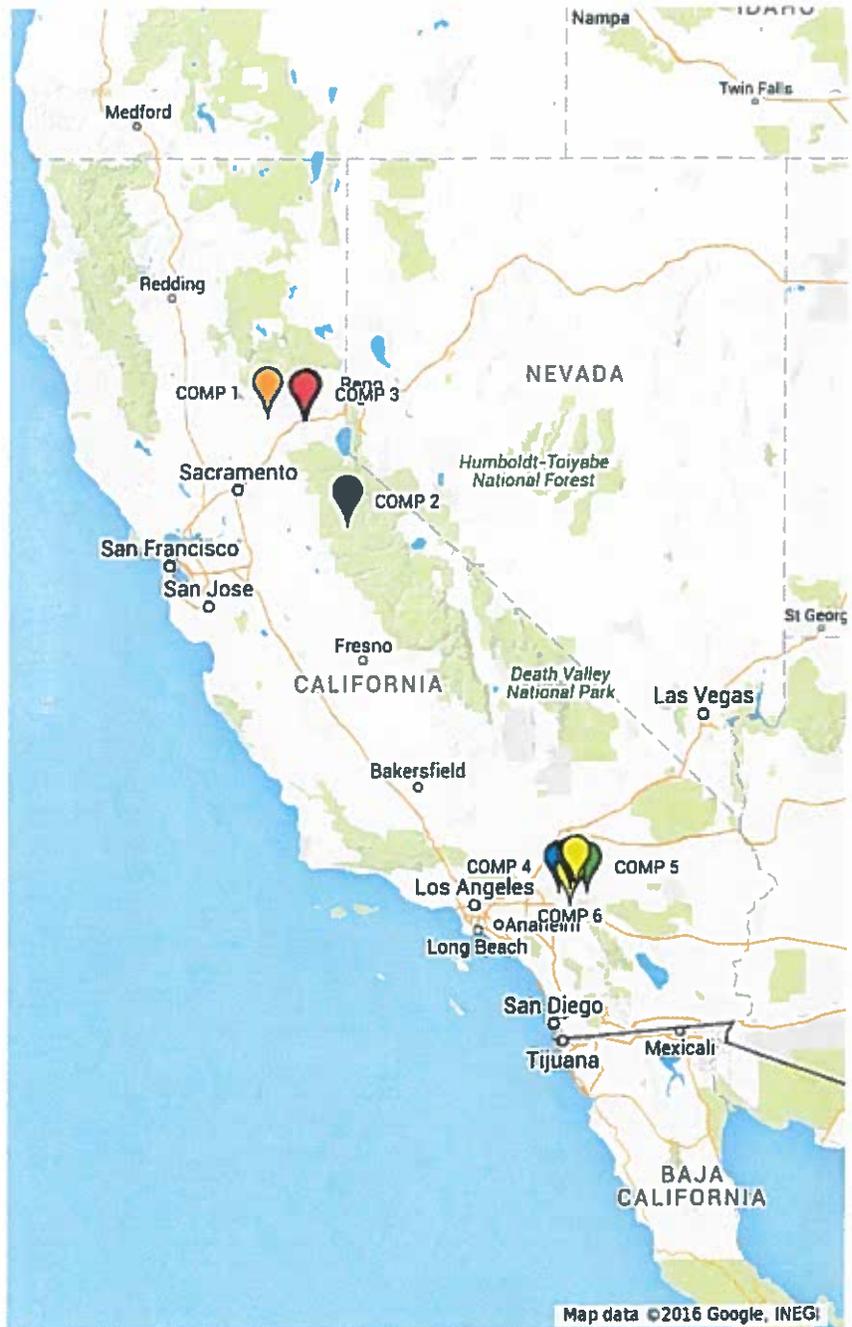
Sky Mountain Christian Camp, Emigrant Gap, California

ELEMENT OF ADJUSTMENT	SKY MOUNTAIN CC	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6	COMPARABLE 7	COMPARABLE 8
ADDRESS		SHADY CREEK FAMILY CAMP 18601 PATHFINDER WAY NEVADA CITY	DAVID OVID RETREAT CENTER 2 MI. S. OF LAKE ARROWHEAD 3500 SETMOUR ROAD RUNNING SPRINGS	BLU SKY MEADOWS CG 3780 STATE HWY 38 20 Miles from BIG BEAR	OAK GLEN CHRISTIAN CONFERENCE CENTER 39364 OAK GLEN ROAD YUCAIPA	CEDAR LAKE CAMP OH BIG BEAR LAKE 1100 CEDAR LAKE BIG BEAR LAKE	EMIGENI CAMP & CONF CTR OH BIG BEAR LAKE 100 SUGARPINE RD BIG BEAR CITY	CISCO GROVE RV PARK OH BIG BEAR LAKE 1100 CEDAR LAKE BIG BEAR LAKE	
PRIMARY USES		OUTDOOR SCHL 7 EVENT CTR NON-PROFIT EVENT CENTER LAFAYETTE CAPITAL GROUP SUTTER COUNTY BO OF ED WEBSITE/GLENT/RO/MINT CHIEF WILL SLACK AT SITE	4-H GROUPS IN SUMMER ANY SOURCE TEAR ROUND FARM BUREAU OF STANISLAUS FLYER/RO/COSTAR	SECULAR CAMP & RET CENTER PACIFIC MERCANTILE BANK W. COSTA TORAH R & C CTR RO/COSTAR/PRESS RELEASES RABBI MANDACHEM HECHT	RETREATS CABIN CAMPING WILDLIFE CONSERVANCY GRACEPOINTE MINISTRIES RO/COSTAR/WEBSITE	RELIGIOUS CONFERENCE PUBLIC USE FREE METH CHURCH OF SOCIAL 50 CA BLENDING CTR, INC REALQUEST, PRESS RELEASES MR. JACOBSON	RELIGIOUS CONFERENCE PUBLIC USE FIRST CONGR CHURCH OF LA COSTAR/RO/WDBSITE D. DOWNEY, VP FINANCE	RELIGIOUS CONFERENCE PUBLIC USE FIRST CONGR CHURCH OF LA WEBSITE/RO/FLYER BUTLER'S BROKER FEE SIMPLE	
GRANTEE		CLIENT/DOWNER/INSPECTION							
VERIFICATION SOURCES		ASSUME FEE SIMPLE							
REAL PROPERTY RIGHTS		LEASEHOLD							
TRANSACTION/ASKING PRICE		\$4,400,000							
ADJUSTMENT MADE AT TIME OF SALE		ASSUME NONE							
NET PRICE PAID		\$4,400,000							
DOWNPAYMENT		7/1/2008							
YEAR BUILT		ALL CASH							
DISTANCE TO POPULATION CENTER		1915-PRESENT							
ADA COMPLIANCE		STOCKTON/SACRAMENTO							
BEDS		260							
CABINS		7,661							
CONFERENCE CENTER		INCLUDED IN CONF CTR							
GYMNASIUM		5000							
OTHER BUILDINGS		2 CHAPELS, WKSHP							
TOTAL BUILDINGS/SF		30,050							
DISTANCE TO WATERFRONT		<1000' TO ON-SITE BEACH							
ACRES IN CAMP		4000							
ELEVATION ABOVE SEA LEVEL		5,800							
ALLOWABLE LAND USES/ZONING		RECREATIONAL							
PRICE PER ACRE		\$17,600							
PRICE PER SQUARE FOOT BUILDINGS		\$83,333							
STABILIZED GROSS POTENTIAL INCOME		\$138							
GROSS POTENTIAL INCOME MULTIPLIER		2,527,500							
REPORTED INCOME/PRO FORMA INCOME		1.66							
REPORTED EXPENSES/PRO FORMA EXP		250,000							
RECORDED PROFIT/EXCESS INCOME		0							
VALUE OF A LAKE		\$50,000							

# Sky Mountain Comp Map

Untitled layer

-  Camp Sylvester Resort
-  Shady Creek
-  Cisco Grove
-  Dovid Oved Retreat Center
-  Blue Sky Meadows
-  Oak Glen
-  Cedar Lake Camp
- 
- Sky Mountain Christian Camp**
-  Engedi Camp



**Comparable No. 1** was the July 2008 sale of the Shady Creek Family Camp to the Sutter County Board of Education (SCBOE). This transaction was chosen for comparison because it is proximate to the subject, because the transaction was from one non-profit to another, and because the buyer was a school district with a similar plan of utilization to a similar highest and best use as the Client. The facility is about the same distance from the Sacramento and Stockton market areas as the subject, about 1.5 hours. The land is owned, not leased.

The site historically operated as a conference center known as the Shady Creek Family Camp. The long-time owner upgraded the septic system at a reported cost of \$1 Million in the early 2000's, and had recently added 17 new cabins and central shower facility. In 2005, the lender, Lafayette Capital Group, obtained ownership when they foreclosed. Lafayette subsequently sold the property to Sutter for \$4.4 Million in July 2008.

Much of the 132 acres is steep and rocky, with the improvements occupying a small portion of the land area. A creek runs through the site.

The buyer operates an outdoor education program for 4<sup>th</sup> and 5<sup>th</sup> grade students know as Shady Creek Outdoor School. They had previously operated since the 1950's at a leased site, relocating the program to Shady Creek after the purchase. The price for a week at the Outdoor School will be \$235 during the 2016-17 school year. The center is available to be rented by private groups for retreats, conferences, weddings, or other events.

I corresponded at length with the Facilities Director for SCBOE. I learned that the post-acquisition cost to make the facility function at its highest and best use as a conference center marketed principally to the outdoor education program were in the range of \$100-200,000. These expenditures were incurred over the 8-years that the property has been owned by SCBOE.

Issues involving ADA compliance were minimal – it was necessary to raise up signage at restrooms; move 4 partition walls in restroom stalls and add several panels to enable wheelchair turn-around; raise handrails at stairways; grind shifted concrete walkways were raised or shifted by tree roots; and repaint parking lot stripes. Building permits were not an issue.

**Comparable No. 2** is the current offering for sale of Camp Sylvester, a 4-H group summer camp owned and operated by the Stanislaus County Farm Bureau since 1927. This property was selected for comparison because it reflects the effect of a nearby lake/beach access, and the effect on market value of leased versus fee simple land ownership. This 9.5-acre camp is

operated on land leased from the Stanislaus National Forest on a 20-year lease. Compared to the other comparables, the asking price appears to reflect a contribution to market value due to fee ownership of the land, versus a leasehold interest, on the order of \$1 Million. Because the land is leased, and all other comparable transactions were fee simple, I placed less emphasis on it.

Although not on a lake, Camp Sylvester programs include the use of Pinecrest Lake, about 3500 feet away. The site is 2.3 miles from the Dodge Ridge Ski Area. The camp operates year-round and sleeps 195 in 19 cabins. The major improvement, the 3500 SF dining hall and meeting room, was recently built in 2006. The broker's flyer indicated that the target market for purchase is a non-profit/foundation that would continue to make the camp available during the summer for 4-H groups. Future Farmers of America, 4-H, Boy Scout, and Girl Scout groups have historically attended camp here.

The camp is being offered for sale because of declining use over the last several years, attributed to the recession; the Rim Fire of 2013 a few miles away; and the decline in numbers among the historical market. The Modesto area is one part of California still in recession recovery mode.

**Comparable No. 3** is the Running Springs Retreat in Running Springs, California, purchased in September 2014 from the foreclosing bank (Pacific Mercantile Bank) by the West Coast Torah Retreat and Camp Center, Inc. Brei Akiva, an international Jewish youth organization that previously operated from a smaller leased property in Malibu, operates the facility. This transaction was selected for comparison because it reflects a purchase by a non-profit with an existing client base, like the subject at its highest and best use. The site is near Lake Arrowhead in the San Bernardino National Forest. It was previously purchased by Chabad of California in August 2005 for \$4.3 Million, using a development loan for \$8.25 Million from Pacific Mercantile. Many of the improvements were made using the excess of that development loan over the purchase price, so many of the improvements are less than 10 years old.

Rabbi Manochen Hecht, Executive Director, told me that the property is now known as the David Ovid Retreat Center. The buyer was motivated to purchase the center because it has a kosher kitchen, which is costly to construct because it requires duplicate cooking facilities for different food groups; because the managers were outgrowing their leased facility in Malibu; and because the site has a rich Jewish heritage, including a burial ground where the remains of a former owner were exhumed. The buyer hopes to restore the remains to the site.

Of the 300 beds, 1/3 are hotel-style with private rooms in a lodge building, and 2/3 are in bunk-style cabins. The target market is summer camp for their constituency, campers from around the world seeking a kosher camping experience. The price for a 3-week summer program is \$3,300. Rabbi Hecht was not aware of the pro forma operating numbers, nor was he aware of expenditures after the sale to repair deferred maintenance and to reach ADA compliance, however, the press reported that the buyer had raised \$8.5 Million to purchase, and planned to raise another \$1.5 Million to prepare the camp for use (it had been idle for 3 years prior to purchase). The property has not yet reached maximum utilization at stabilized income and occupancy.

The total building area was reported to be 70,332 SF. The largest building is a 10,000 SF multi-purpose building that houses the kitchen(s) and serves as a dining hall. The site is about 80-90 miles/1.75 hours east of Los Angeles. In addition to campers from around the world, the users are expected to be Jewish groups from the Los Angeles market area, for celebrations and retreats.

**Comparable No. 4** was the November 2015 purchase of Blue Sky Meadow Campground, 20 miles from Big Bear Lake, California. This comparable was chosen for comparison because it was a recent sale from one non-profit to another of a camp/retreat center, with a similar sleeping capacity and building area as the subject property. This camp and conference center transferred from The Wildlife Conservancy to GracePointe Ministries in November 2015 at a price of \$3.7 Million. Wildlife purchased the property in 2002 for \$3.1 Million from the Los Angeles County Education Foundation. The land is improved with 32,000 SF of buildings built between 1974 and 2008, on 183 acres. Listing broker Teresia Knight told me that she was not at liberty to divulge financial information, but she did confirm that the seller sold the property because they were not using it, and the buyer purchased it for use as a year-around retreat center, but not as an outdoor science camp. She stated that the buildings and equipment were in excellent condition; the cost to bring the property into compliance with ADA and other current standards was not evaluated prior to purchase.

**Comparable No. 5** was the December 2015 purchase of the Oak Glen Christian Conference Center in Yucaipa, California by the Southern California Blending Center, Inc. from the Free Methodist Church of Southern California. This comparable was chosen for comparison because it brackets the building size of the subject on the upside, the sleeping capacity is similar, it was reported to be well-maintained like the subject, it included among the improvements a gymnasium, and I was able to learn much about this transaction from my contact their, Anthony Jacobson, their Agent for Service of Process and a principal in the non-profit corporation formed by about 50 churches in the Los Angeles and San Diego areas who intend to

continue to operate the facility as a retreat and conference center for the existing client base of religious organizations, while making improvements and adapting the facility to better serve the needs of the owner-members. This conference center on 44 acres included 58 buildings totaling 90,000 SF. Among the improvements were a 3-bedroom house and numerous mobile homes on an area known as "Upper Camp", which is zoned for residential use. The buyer will add some high-end housing there for the use of their higher-end constituents. The land area was reported by various sources to range from 40 to 50 acres. Mr. Jacobson stated his belief that the actual land area is 44 acres.

The \$8,034,000 purchase price was off-set by a credit of \$234,000 to replace some aging water tanks and other infrastructure, making the effective price \$7,800,000. He allocated this amount as follows: Value of the ongoing business - \$2.5 Million; value of the land - \$2.5 Million; value of the buildings and infrastructure - \$3 Million. At \$2.5 Million, land in this location is worth about \$57,000 per acre. At \$3 Million, the improvements were valued at \$33/SF. The buyer will spend about \$1 Million to cure physical defects primarily related to ADA requirements. Adjusting for the \$1 Million estimated cost to upgrade the buildings for compliance with current standards, the buildings and site improvements appear to have contributed about \$2 Million to the purchase price.

The net income to the property had been in the range of \$500-600,000 over the past several years. Mr. Jacobson said that they valued the business at a 4X multiplier to arrive at the \$2.5 Million business value component. At a net income of \$600,000, the purchase at a net price of \$7,800,000 transacted at an overall capitalization rate of 7.7%.

After completion, they forecast that the campground will create a net of income over expenses of \$750,000 within 5 years.

The seller financed the purchase price. The down payment was 20% and the seller financed the balance at 6%, amortized over 15 years and due in 6. These terms are not untypical for seller-financing. The buyers do not anticipate the need for additional financing in Year 6, when they expect the property and business to be self-sufficient and providing cash flow to support other non-profit activities.

The buyer owns several smaller camp facilities east of Los Angeles held by various entities. The buyer stated that if the property had substantial lake frontage like the subject, they probably would have been willing to pay \$500,000 more, with the caveat that the actual terrain, access, etc. would have been important. Most importantly, it would have to be a situation where a building could be built overlooking the lake. Mr. Jacobson said that being on a lake does not

add much revenue to a camp operation. An amount of \$500,000 is 6.4% of the net purchase price of \$7,800,000.

**Comparable No. 6** is the October 2013 sale of Cedar Lake Camp for \$4.0 Million from the First Congregational Church of Los Angeles to Sheffield Communities, Inc., through a non-profit established by the owner of Sheffield, Edwin Hupp, who had attended this campground as a child. This comparable was included for analysis because it was the only center I discovered with water frontage, a 3.5 acre pond contained within the site.

Although the buyer was the owner of a land development company, there were, and continue to be, no plans to pursue development of the land. The motivation was preservation of a childhood memory, as Mr. Hupp and his wife attended and worked at Cedar Lake as children. Some of the buildings are ADA compliant, but there are no plans to correct deficiencies, or an expectation that compliance is necessary, in the older, 1959 cabins. The facilities provide sufficient access to enable camping by all.

This all-season camp had been operating as a group camp and retreat facility prior to purchase, breaking even financially with a gross income of \$760,000 during the last year of operation by the previous owner, 2012. The new owners increased the gross to \$1 Million in 2015. A 5-day campership with 2 meals per day is priced at between \$250-270.

**Comparable No. 7** is the Engedi Camp and Conference Center in Big Bear City, California, being offered for sale at a price of \$3,995,000. My sources told me that the price is firm, but above-market. The campground was established in 1957 by the Burbank Camp Fire Girls, who called it Camp Cohila. The property operates on a conditional use permit (CUP) issued by the County of San Bernardino, which has been renewed every 3 years, most recently in 2015. This factor seems to account for the sources' opinion that the asking price is too high for a camp; however, in 1979 the 62.9 acre site was purchased by a residential developer who proposed 133 residential lots on the site. A moratorium on water use in 1992 resulted in foreclosure, and the land subsequently returned to ownership by the Campfire Girls, who sold it to a group of Southern California churches, who leased it to an entity they controlled called Engedi Camp and Conference Center. In 2015, the non-profit that had donated the land to the Campfire Girls bought the land and gifted the fee interest to the Engedi Camp and Conference Center.

This property has upside potential as a residential development site if the availability of water improves. It is also approved for up to 550 beds for retreat use. The property is improved with underground utilities serving 19,660 square feet of buildings that comprise 10 houses with a

total of 12 living units ranging from 1151 to 2404 square feet, and a 3800 SF dining hall and kitchen. These provide 220 beds, while the CUP allows development to 550.

The property is adjacent to subdivided residential lots on 2 sides. The asking price may be speculative, influenced by the potential to become again a site for 133 homes. The property is located about 2 hours from Los Angeles. I was told that there are 2 religious groups interested in purchasing. The property is being marketed as a venue for school group camping. The listing documents describe a growing demand by school groups for camping opportunities in the Southern California market area.

**Comparable No. 8** Is the Cisco Grove Campground and RV Park being offered for sale in the City of Soda Springs, near Emigrant Gap. This offering was selected for comparison because it is the closest "campground" I discovered. This is a traditional RV park, a for-profit operation marketed to overnight campers and the general public, a different target market than the highly-improved retreat/conference centers like SMCC. The camp was being offered for sale at \$3,700,000, but was withdrawn from the market in July 2015 after being exposed to the market for 3-years.

#### **Analysis**

Five of the eight transactions I discovered and evaluated sold, or were now being offered for sale, within the tight range of \$3.7 to \$4.4 Million. Looking at only the 4 in the middle, the range tightens to \$3.7-4.0 Million.

The comparison grid reveals that this set of comparables reflects a wide variation in acreage, building square footage, allowable uses, target marketability, and lake access. The four sales with fee simple land ownership that were sold by non-profits to non-profits indicate that this sub-market, which is the de facto market for camps/conference/retreat centers, appears to believe that a functioning or Could-Be-Functional camp with fee simple land ownership with retreat and/or conference center potential has a market value in the range of \$3.7 to \$4 Million when ready for use without the need to invest other money to address deferred maintenance, compliance, and safety issues.

**Comparable No. 1** is most proximate to SMCC and appeals to the same demographic and campership sub-markets as the subject. With agricultural zoning and a 40-acre minimum lot size, this property could be subdivided into 3 house lots, which provided some speculative land value. The sale closed escrow in 2008. Although market participants expressed the opinion

that market conditions have been unchanging, I did consider the fact that this property sold at the top of the market, just prior to the events that lead to the recession.

**Comparable No. 2** is on leased land. Based upon my conclusion below that the contributory fee simple value of the land is no more than \$10,000 per acre, an upward adjustment on the order of \$100,000 appears warranted. The balance of the difference in price appears to be attributable to the risk of operating on leased land, whereby ones investment in buildings can be obliterated if the lease term is not extended.

**Comparable No. 3** in southern California has an allowable use that permits a residential subdivision on part of the land. The buyer intends to develop that land with high-end houses that would be operated as part of the center. Land within the market area for second homes for Los Angeles Basin residents far exceeds the \$3,750/acre value of 40-acre sites (without lake frontage) in the rural community of Emigrant Gap. The buyer was influenced by several factors that contributed to a non-market, emotional component of value: the prior presence of remains on a burial site on the land, and the kosher aspect of the kitchen facilities. Consequently, I placed less emphasis on this transaction.

I placed considerable emphasis on **Comparable No. 4** because it had the most similar building area, the most similar number of beds, the buildings are well-maintained like the subject, and the sale closed escrow recently.

**Comparable No. 5** in southern California has an allowable use that permits a residential subdivision on part of the land. Although the purchaser did not intend to redevelop the site with houses, the potential to do that is inherent in the land value component of the purchase price, which was estimated at \$2.5 Million by the purchaser, or \$57,000 per acre. The total land value component of the subject is on the order of \$400,000 or \$10,000/acre (see Analysis section). Comp 5 warrants a downward adjustment on the order of \$2.1 Million for the land value component. Because Comp 5 was earning a substantial net profit resulting in a contribution to value of \$2.5 Million from the business enterprise, and the subject property's earning history is spotty, a downward adjustment of \$2.5 Million is warranted for the contribution to value from the business enterprise. After making these adjustments, Comp 5 indicates a total value of the FF&E and improvements on that site of \$2.2 Million.

**Comparable No. 6** was the only comp discovered with lake frontage, although the lake is small at 3.5 acres and it is self-contained on the site. I placed less emphasis on this comp because the confirming source told me that the buyer, Mr. Hupp, may have paid an above-market price

because he had an emotional attachment to the property, having spent many summers there as a child.

**Comparable No. 7** has several metrics similar to the subject: 62.9 acres vs. 40 for the subject; almost 20,000 SF of buildings vs. 30,050 for SMCC; and buildings built in 1997 in similar condition. The center operates on a use permit that is renewable every 3 years, introducing a sizable risk factor. The site is zoned for, and was previously approved for, a residential subdivision. The property has not sold, and my source believes it will sell at a lower price. I placed less emphasis on this comparable.

I placed no emphasis on **Comparable No. 8**, but felt compelled to include it here because it is in very close proximity to SMCC.

#### **Application of Derived Metrics**

The gray-highlighted line items on the grid show computed ratios for price per bed, price per acre, and price per square foot of building. Because the size and unit value of the acreage varies greatly among the comps, and because camps typically confine operations to a far smaller area than their total acreage, and because many are surrounded by public lands with public access to trails, price per acre is not a good metric for comparison. Price per Bed is not consistent enough for comparison.

Price per Square Foot of Building is the most consistent metric. If arranged by size/square footage, the numbers are inversely proportional to the size of the facility: the larger the number of square feet, the lower the price per SF. The SMCC building area of 30,050 is closest in size to Comps 1 and 3, which create a range for SMCC between \$116 and \$133/SF, and an indication of value between \$3,486,000 and \$3,997,000.

The Gross Potential Income Multiplier was derived by multiply the typical price campers pay per week times the number of campers the facility could accommodate if all beds were filled by campers, times 52 weeks. For the subject, that number is \$2,527,500 (see pro forma below). The range of multipliers derived from those camps where I could derive the metric, ranged from 1.31 to 1.66, bracketing a third at 1.44. The range of indicated value is \$3,311,000 to \$4,196,000.

## Conclusion

It is clear from the evidence that the market participants believe that a substantially improved camp/retreat/conference center facility on fee simple land, when in sound operating condition, has a market value between \$3.5 and \$4.0 Million. Based on the weight of the evidence, the sales comparison approach indicates that the Market Value of the Going Concern for SMCC, if it were in sound operating condition without substantial physical deficiencies, should be **\$3,750,000**.

## Land Value

We searched the RealQuest transcript of the public record and found that there have been few land sales transactions near Emigrant Gap over the recent past. I did discover 3 listings of similar size parcels *without lake frontage* being offered for sale that form the basis for my opinion regarding the contributory value of the land:

- 38 acres in Cisco Grove in Nevada County on U.S. Forest Service Road 85 going to Fordyce Lake. The seller may finance the purchase at the asking price of \$99,000 (\$2605/acre);
- 25 acres in Cisco Grove on Luken Way, asking \$159,000 (\$6,360/acre);
- 169 acres in Cisco Grove adjacent Cisco Grove Campground 9(Comparable No. 7), off Luken Way near Highway 85. Asking \$269,000 (\$1,592/acre)

These listings indicate that the SMCC 40-acre tract, if unimproved, *without lake frontage*, would have a market value in the range of \$2500 to \$5000 per acre. I used the mid=point, \$3750 per acre, in this analysis.

Two market participants opined regarding the contribution to market value that lake frontage provides. Mr. R. Mark Saunders, President of SMCC, in a letter to the Stewardship Council dated July 25, 2014, opined that lake access had a value of \$250,000. Mr. Jacobson with Oak Glen Christian Conference Center (Sales Comparable No. 5) opined that he would have paid up to \$500,000 more (than the \$7.8 Million net purchase price) for Comp 5, if it had lake frontage. That amount is about 6.5% of the purchase price. Mr. Saunders number is 6.5% of \$3,846,000. I used Mr. Saunders estimate of \$250,000 as the contribution of lake frontage to land value, to conclude as follows:

$$\$3,750/\text{acre} \times 40 \text{ acres} + \$250,000 = \$400,000$$

The contributory value of the land was estimated to be **\$400,000**.

### **Income Capitalization Approach**

There is little evidence that the market participants are purchasing camp/retreat/conference centers based upon the income at the time of sale. Indeed, most market activity is among not-for-profit entities, and most of the comparables were not earning a substantial income at the time of sale, nor had they in the recent past. I have included this approach in my analysis to illustrate that the highest and best use of SMCC is not the current part-time operation, but rather it is a center with a primary constituency of elementary school groups that operates year round, weather permitting. The reader should note that the FF&E value includes snow removal equipment that enables SMCC to operate year-round.

### **Rent Survey**

I surveyed school district to see how much the weekly fee is for outdoor camps. The survey covers a broad geographical area because the data is not easily obtained:

The first facility listed on the table above is Shady Creek, the same property as Sale Comparable No. 1. The capacity of that facility is 250 (including on-site personnel) and the weekly fee for a 5-day program will be \$235 in 2016-17 school year. The facilities in Sonora and Coloma would also provide direct "competition" to SMCC, if it were operating at its highest and best use.

I was able to glean a lot of information talking to the Director of Sly Park Camp, operated by the Sacramento County Office of Education on 35 acres of land leased from the U.S. Forest Service on a 20-year lease with 18 years remaining. The site is in Pollock Pines, about 1.5 hours from the greater Sacramento area. This is a former California Conservation Corp facility built prior to the leasehold of SCOE, which began circa 1970. The lease is based upon a Fee Offset basis, whereby the rent is waived if the tenant invests in the upkeep of the facilities in compliance with the Grainger-Thye Act. The buildings do endure deferred maintenance. The buildings are mostly ADA compliant, but money has been budgeted to address further compliance issues. The facilities are being upgraded on an annual basis. Facilities include 8 cabins with restroom facilities that accommodate 26-32 persons, a conference center with a full commercial kitchen that needs to be upgraded that accommodates about 50 residents, a 7000 SF gymnasium with bleachers, and a dining hall that seats about 200. The capacity of the facility, and the inclusion of a gymnasium in the building mix, make this a good model for the operation of SMCC as an outdoor school.

**Sky Mountain Christian Camp, Emigrant Gap, California**

<b>Outdoor School</b>	<b>Location</b>	<b>Program/ Season</b>	<b>Cost per Camper</b>	<b>Days of Camp</b>	<b>Rate Pd/Day</b>	<b>Equip 5- Day Rate</b>
Shady Creek School	Nevada City		\$214	4	\$53.50	\$372.50
			\$235	5	\$47.00	\$235.00
Coloma Discovery School	Coloma	Goldrush	\$160	2	\$80.00	\$400.00
		Science	\$200	3	\$66.67	\$333.33
		Program	\$285	4	\$71.25	\$356.25
		Ropes	\$160	2	\$80.00	\$400.00
		Course	\$225	3	\$75.00	\$375.00
		Program	\$285	4	\$71.25	\$356.25
Sierra Outdoor School	Sonora		\$127	2	\$63.50	\$317.50
			\$175	3	\$58.33	\$291.67
			\$213	4	\$53.25	\$266.25
			\$249	5	\$49.80	\$249.00
Mendocino Woodlands Camp (MOSS)	Mendocino		\$200	3	\$66.67	\$333.33
			\$225	4	\$56.25	\$281.25
			\$245	5	\$49.00	\$245.00
Walker Creek Ranch	Petaluma	3 tier levels	\$335	4	\$83.75	\$418.75
		and free	\$363	5	\$72.60	\$363.00
Nature Bridge at Yosemite			\$282	3	\$94.00	\$470.00
			\$407	4	\$101.75	\$508.75
			\$477	5	\$95.40	\$477.00
			\$522	6	\$87.00	\$435.00
Walden West	Saratoga		\$260	4	\$65.00	\$325.00
			\$280	5	\$56.00	\$280.00

Sky Mountain Christian Camp, Emigrant Gap, California

Westminister Woods	Occidental	Fall-	\$54	1	\$54.00	\$270.00
		Spring	\$163	2	\$81.50	\$407.50
		Rate	\$235	3	\$78.33	\$391.67
			\$298	4	\$74.50	\$372.50
			\$335	5	\$67.00	\$335.00
		Winter	\$49	1	\$49.00	\$245.00
		Rates	\$148	2	\$74.00	\$370.00
			\$212	3	\$70.67	\$353.33
			\$269	4	\$67.25	\$336.25
			\$297	5	\$59.40	\$297.00
High Trails	Angelus Oaks	Low Season	\$150	3	\$50.00	\$250.00
			\$190	4	\$47.50	\$237.50
			\$230	5	\$46.00	\$230.00
		Mid Season	\$170	3	\$56.67	\$283.33
			\$210	4	\$52.50	\$262.50
			\$250	5	\$50.00	\$250.00
		High Season	\$190	3	\$63.33	\$316.67
			\$230	4	\$57.50	\$287.50
			\$270	5	\$54.00	\$270.00

SCOE operates nature camps at Sly Park about 39 weeks per year, and generates income from private retreat and conference groups about 7 weeks per year for a total of 46 operating weeks. School groups are charged \$235/student/week; prices vary for private groups based upon their usage of facilities and staff. Sly Park provides housekeeping, custodial, and food service to all groups, and provides the nature education program to student groups. The staff of 20 includes 7 teachers/naturalists, 6 kitchen staff, 3, office staff, and 3.5 maintenance personnel. Groups provide cabin leaders/managers. Typical occupancy during a school program consists of 190 students, 10 adult volunteers, and 20 staff. The 190 students generate weekly income of \$44,650, close to the pro forma numbers for SMCC.

**Pro Forma Income and Expenses**

The pages following display the pro forma budget prepared by SJCOE.

**Sky Mountain Christian Camp, Emigrant Gap, California**

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**San Joaquin County Office of Education  
Lake Spaulding Planning Unit - Parcel 813**

**Proposed Operating Budget**

<b>Notes/Assumptions</b>
Operate camps 45 weeks a year for 5 days per week or 225 days a year: 25 weeks - Outdoor Education program 11 weeks - summer or specialized camps 9 weeks - 'other'
Sky Mountain's highest camper days were during 2008-09, which consisted of operating camp on weekends and full weeks in the summer for an estimated 108 days per year. If SJCOE operates camps for 225 days that is twice as many days. Some costs below were adjusted accordingly.

<b>Revenues:</b>		
Outdoor Education	\$ 1,110,000.00	Operate Outdoor Education program 25 weeks per year.
National Guard camp fees	\$ 177,778.00	Estimated 4 of the 9 'other' weeks.
Conference facility rental fees	\$ 222,222.00	Estimated 5 of the remaining 9 'other' weeks. Facility rental to groups for corporate events, professional development, etc.
Summer or specialized camp fees	\$ 488,889.00	Operate summer or specialized camps for 11 weeks.
Child Nutrition	\$ 50,900.00	National School Lunch Program (NSLP) for Outdoor Education program only.
<b>Total Operating Revenue</b>	<b>\$ 2,049,789.00</b>	

Sky Mountain Christian Camp, Emigrant Gap, California

<b>Operating Expenses:</b>		
Coordinator II	\$ 123,405.00	Keeping the site open year-round would require an onsite administrator.
Coordinator I	\$ 118,223.00	Keeping the site open year-round would require an onsite assistant administrator.
Staff Secretary	\$ 64,144.00	Keeping the site open year-round would require onsite staff.
Clerk Typist	\$ 61,270.00	Keeping the site open year-round would require onsite staff.
Coordinator II	\$ 119,580.00	Cost of staff for the Outdoor Education program.
Naturalist Intern (9)	\$ 87,714.00	Cost of staff for the Outdoor Education program.
Naturalist Returning (2)	\$ 21,454.00	Cost of staff for the Outdoor Education program.
Naturalist Senior (3)	\$ 33,440.00	Cost of staff for the Outdoor Education program.
Naturalist Evening (2)	\$ 25,657.00	Cost of staff for the Outdoor Education program.
Naturalist EMT Stipend (4)	\$ 6,911.00	Cost of staff for the Outdoor Education program.
Naturalist Wilderness Stipend (8)	\$ 5,604.00	Cost of staff for the Outdoor Education program.
Cabin Leader	\$ -	Currently non-paid high school student volunteers.
Outdoor Education Director (.50 FTE)	\$ 76,030.00	Cost of staff for the Outdoor Education program.
Outdoor Education Administrative Assistant (.50 FTE)	\$ 29,535.00	Cost of staff for the Outdoor Education program.
Bus Drivers	\$ 84,357.00	Cost of staff for the Outdoor Education program.
Operations Supervisor	\$ 106,810.00	Keeping the site open year-round would require onsite staff.
Maintenance Worker (2)	\$ 131,479.00	Keeping the site open year-round would require onsite staff.
Cook (2)	\$ 124,410.00	YMCA currently provides, prepares, and serves food for the Outdoor Education program.
Nutrition Warehouse Assistant	\$ 61,270.00	YMCA currently provides, prepares, and serves food for the Outdoor Education program.
Food Service Assistant	\$ 62,668.00	YMCA currently provides, prepares, and serves food for the Outdoor Education program.
Food Server	\$ -	Cabin Leader volunteers will assist food service staff with set-up, serving, and cleanup.
Licensed Vocational Nurse	\$ 71,404.00	American Camp Association requirement and/or recommendation.
Health Care Assistant	\$ 64,076.00	American Camp Association requirement and/or recommendation.
Lifeguard (5)	\$ 35,191.00	Summer or specialized groups for 4 months. Research shows average salary of \$10 per hour.
Food	\$ 214,000.00	Annual per meal food cost based on 2014-15 Outdoor Education program YMCA contract.
<b>Utilities:</b>		
PG&E	\$ 22,500.00	2008-09 Sky Mountain \$10,760 yearly cost/108 days of operation = \$100 per day applied to estimate of operating camps 225 days per year.
Propane	\$ 35,420.00	Sky Mountain 3-year average has been doubled in anticipation of twice the number of camper days.

**Sky Mountain Christian Camp, Emigrant Gap, California**

<i>Auto/Tractor:</i>		
Gas	\$ 21,084.00	Sky Mountain 4-year average has been doubled in anticipation of twice the number of camper days.
Diesel	\$ 13,374.00	Sky Mountain 3-year average has been doubled in anticipation of twice the number of camper days.
Repair & Maintenance	\$ 8,283.00	Based on Sky Mountain 4-year average.
DMV Renewals	\$ 654.00	Based on Sky Mountain 4-year average.
Vehicle Repair Labor ( <i>Pool Car</i> )	\$ 29,000.00	Based on 2014-15 actual expenses for Outdoor Education program.
<i>Bus:</i>		
Interfund Transportation ( <i>Venture Bus Rental</i> )	\$ 4,000.00	Based on 2014-15 actual expenses for Outdoor Education program.
Equipment Repair ( <i>Bus Maintenance/Service</i> )	\$ 17,400.00	Based on 2014-15 actual expenses for Outdoor Education program.
Contracted Services ( <i>Bus Fuel</i> )	\$ 12,700.00	Based on 2014-15 actual expenses for Outdoor Education program.
<i>Other:</i>		
Equipment Repair ( <i>Radio Repairs</i> )	\$ 320.00	Based on 2014-15 actual expenses for Outdoor Education program.
Building/Road Repair	\$ 18,056.00	Based on Sky Mountain 3-year average.
Professional development	\$ 4,607.00	Based on research into other outdoor education camps financials - trainings for staff for ADA, CPR, Lifeguard, etc.
Travel and Conference	\$ 4,200.00	Based on SJCOE 2015-16 financials.
TB Testing	\$ 400.00	Based on SJCOE 2015-16 financials.
Fingerprinting	\$ 650.00	Based on SJCOE 2015-16 financials.
Telephone	\$ 4,309.00	Based on Sky Mountain 5-year average.
Cellular Phones	\$ 1,000.00	Estimated cost.
Internet Charges	\$ 1,000.00	Estimated cost.
Accreditation fee	\$ 350.00	Based on American Camp Association Accreditation information.
Postage	\$ 200.00	Based on SJCOE 2015-16 financials.
Licenses/Permits	\$ 3,095.00	Based on Sky Mountain 5-year average of County fees.
Water Testing	\$ 1,220.00	Based on Sky Mountain 5-year average.
Materials & Supplies	\$ 36,541.00	2014-15 SJCOE actual expenses have been doubled in anticipation of twice the number of camper days and based on Sky Mountain 5-year average (recreation, office cleaning).
Advertisements (on-going)	\$ 2,000.00	Estimated cost.
Insurance	\$ 2,500.00	Estimated cost.
<b>Total Operating Expenses</b>	<b>\$ 1,973,495.00</b>	
<b>Net Income(Loss)</b>	<b>\$ 76,294.00</b>	

**Sky Mountain Christian Camp, Emigrant Gap, California**

The agency also provided the operating budget for Camp Jones Gulch. Utilizing the budget information provided, the input on accommodations described in the assessment report, the rent survey including the information about Sly Mountain, and the accommodation range of the comparable sales, I created the pro forma below that is my estimate for the stabilized operation of SMCC at its highest and best use. My numbers were influenced by the fact that all of the comparables operate with about 200 campers per week, and SMCC can accommodate 210 campers when staffed as proposed, with all staff housed on site.

I described below how my pro forma differs from the pro forma of the agency.

<b>PRO FORMA INCOME - AS IF STABILIZED</b>							
<b>GROSS POTENTIAL INCOME</b>							
<b>OUTDOOR EDUCATION</b>							
	25	WKS X	210	CAMPERS X	250	\$/CMPR/WK	<b>1,312,500</b>
<b>NATIONAL GUARD CAMPS</b>							
	4	WKS X	45000	/week			<b>180,000</b>
<b>PRIVATE CONFERENCES</b>							
	15	WKS X	45000	/week			<b>675,000</b>
<b>SUMMER CAMP PROGRAMS</b>							
	8	WEEKS	45000	/week			<b>360,000</b>
	<b>52</b>		<b>TOTAL WEEKS OF POTENTIAL OPERATION</b>				<b>2,527,500</b>
<b>VACANCY AND COLLECTION LOSSES</b>						15.38%	<b>(388,846.15)</b>
<b>BASED UPON POTENTIAL LOSS OF</b>			8	<b>WEEKS OF OPERATION DUE TO INCLEMENT WEATHER</b>			
<b>EFFECTIVE GROSS INCOME</b>							<b>2,138,654</b>
<b>EXPENSES</b>							
<b>FIXED EXPENSES</b>							
	<b>RE TAXES</b>						0
	<b>DIRECT ASSESSMENTS</b>						0
	<b>LIABILITY INSURANCE</b>					2015 ACTUAL+ FOR SMCC	<b>14,000</b>
							<b>14,000</b>

**Sky Mountain Christian Camp, Emigrant Gap, California**

<b>PAYROLL EXPENSES</b>		<i>INCLUDES PAYROLL TAXES AND ALL BENEFITS</i>					
<b>ADMINISTRATIVE</b>		<b>ON SITE</b>					
	CAMP COORDINATOR					123,405	
	ASSISTANT COORDINATOR					0	
	SECRETARY/ADMIN ASST/INFORMATION TECHNOLOGIST					90,000	
	DRIVERS					84,357	
	CLERK TYPIST						<b>INCLUDED WITH SECRETARY</b>
						<u>297,762</u>	<b>297,762</b>
<b>MAINTENANCE</b>							
	OPERATIONS SUPERVISOR					106,810	
	MAINTENANCE STAFF	3	X	43,826		<u>131,479</u>	
						<u>238,289</u>	<b>238,289</b>
<b>FOOD SERVICE</b>							
	COOK					124,410	
	FOOD SERVICE ASSISTANT					62,668	
	NUTRITIONAL WAREHOUSE ASSISTANT					61,270	
	FOOD SERVERS - PART TIME	3	X	15,000		<u>45,000</u>	
						<u>293,348</u>	<b>293,348</b>
<b>HEALTH CARE</b>							
	LICENSED VOCATIONAL NURSE					71,404	
	HEALTH CARE ASSISTANT					64,078	
	EMPLOYEE HEALTH SCREENING					1,200	
	LIFE GUARDS	5		7,038		<u>35,191</u>	
						<u>171,873</u>	<b>171,873</b>
							<i>ONE FULL TIME EQUIVALENT</i>
<b>OUTDOOR EDUCATION PROGRAM</b>							
	COORDINATOR		1			119,580	
	OUTDOOR EDUCATION DIRECTOR		1				<b>INCLUDED W/COORDINATOR</b>
	ADMIN ASST TO OUTDOOR ED DIRECTOR		1			29,535	
	NATURALIST SENIOR		3			33,440	
	NATURALIST PAR TIME EVENING		2			25,657	
	NATURALIST INTERN		9			87,714	
	NATURALIST RETURNING		2			21,454	
	NATURALIST EMT		4			6,911	
	NATURALIST WILDERNESS		8			<u>5,604</u>	
						<u>329,895</u>	<b>329,895</b>
							<i>ABOUT 10 FULL TIME EQUIVALENT</i>
		210	CAMPERS X	44	WEEKS X \$/DAY	25	<b>231,000</b>
<b>FOOD</b>							
<b>UTILITIES</b>							
	PROPANE	2 X	ACTUAL FOR SKY MOUNTAIN BASED ON	2X WINTER PERATING DAYS		35,420	
	ELECTRICITY		BASED UPON SMCC DAILY COST OF	\$100	365	<b>36,500</b>	

**Sky Mountain Christian Camp, Emigrant Gap, California**

<b>EQUIPMENT AND VEHICLES</b>					
GASOLINE	SMCC 4-YEAR AVERAGE X 2			25,000	
DIESEL	SMCC 3-YEAR AVERAGE X 2			14,000	
DMV FEES	SMCC 4-YEAR AVERAGE			750	
REPAIR & MAINT	SMCC 4-YEAR AVERAGE			8,500	
VEHICLE	FOR OUTDOOR ED PROGRAM			30,000	
CONTRACT BUS SERVICE FOR OUTDOOR ED PROGRAM				34,100	
				<b>112,350</b>	<b>112,350</b>
<b>BUILDING AND ROAD MAINT</b>					
	SMCC 5-YEAR AVERAGE+				19,000
<b>OFFICE AND ADMINISTRATIVE</b>					
TELEPHONE	SMCC 3-YEAR AVERAGE+			4,500	
CELLULAR SERVICE	5	X 12 MO X	50	3,000	
INTERNET SERVICE	12		150	1,200	
ACA ACCREDITATION				350	
LICENSES AND PERMITS	SMCC 5-YEAR AVERAGE OF COUNTY FEES+			3,200	
WATER TESTING	SMCC F-YEAR AVERAGE+			1,250	
OFFICE SUPPLIES	BASED ON SMCC 5-YEAR AVERAGE AND SICOE EXP.			37,500	
ADVERTISING	100 PER MONTH			1,200	
				<b>52,200</b>	<b>52,200</b>
<b>TOTAL EXPENSES</b>					<b>1,831,637</b>
<b>NET OPERATING INCOME</b>					<b>\$307,017</b>

**Gross Potential Income**

Note that this analysis was based on stabilized occupancy, which may not be achieved within several years. Camps are not being purchased in the marketplace based upon actual income at the time of sale.

The sale comparable properties all operate a 12-month schedule. The elevation of SMCC at 5,800 feet is not untypical among the comparables, where elevation ranged from 3500 to 7000 feet, with several near 6000. I based the gross potential income on a 12-month operating schedule.

The agency's forecasted weekly income from the outdoor education program of \$370/camper far exceeds the income being earned by competing programs. Based upon the actual price per camper at Camp Jones Gulch that could be transferred to SMCC, and the survey results, I concluded to a campership fee of \$250/week.

The agency's pro forma is based on 25 weeks of outdoor school, 4 weeks of rental to the National Guard, 5 weeks of rental to private groups, and 11 weeks of summer camp, for a total of 45 weeks. My projection is based on a different allocation, but a similar total of 44 weeks after accounting for the potential for inclement winter weather.

The Client should note that Cory Jones with California Camp Realty told me that he has clients ready, willing, and able to rent a camp like SMCC for the entire summer, whereupon the lessee would operate a private summer camp, at a price of \$500,000. I did not work this number into my analysis.

#### **Effective Gross Income**

Inclement weather is likely to reduce the number of operating weeks during many winters. I applied an 8-week vacancy and collection loss factor to estimate the effective gross income that is based on achieving an average 44 weeks of operation.

#### **Expenses**

I believe that experience will show that the camp can be operated with one less administrative person. I deleted the income to the Assistant Coordinator in my analysis.

The agency is not obliged to pay property taxes. The market is dominated by non-profit buyers who do not pay real property taxes. I did not apply an amount for property taxes in the pro forma.

The agency has a blanket insurance policy that insures all their facilities. The actual cost to insure SMCC is better reflected by the actual cost incurred in 2015 by SMCC for property and liability insurance.

I compared the employee head count to the Sky Mountain head count and found that when I compare the SMCC pro forma head count to full-time employee equivalent, the numbers are about the same. The client advised that the numbers shown on the SMCC pro forma were based upon the historical numbers at Camp Jones Gulch.

I estimated a cost per day for food to be \$25 applied to 210 campers for 44 weeks (52 – 8 vacancy factor).

I estimated a higher propane expense based upon a far greater proportion of winter usage than the historical amount for SMCC.

My analysis results in a net income of about \$300,000. This excess of income over cost could be used to enhance programs, provide camper scholarships, or otherwise be utilized as an offset to create a true non-profit operation with break-even income.

I was only able to extract a capitalization rate from one comparable, Comparable No. 5, at 7.7%. If the approximately \$300,000 net income is capitalized at 7.7%, the indication of value is about \$3.9 Million.

I placed minimal emphasis on this approach to value. The highest and best use of SMCC falls in the non-profit sub-market, where profit is not a reliable measure of value.

#### **Cost Approach**

I applied the cost approach in two ways. The first scenario provides an estimate of what an owner of the fee simple interest in the land should be willing to pay for the improvements. The second scenario is based upon the assumption that the buildings must be demolished in 7.5 years, and represents my opinion regarding the contributory value of the depreciated buildings and site improvements that a seller, faced with the certainty that in 7.5 years he must demolish and remove the improvements, should be willing to accept.

#### **Scenario One**

The cost approach was applied by adding the measurable components of value to create an estimate of the Market Value of the Going Concern, and then deducting the contribution of various identified components of value from the Market Value of the Going Concern to reveal the *depreciated replacement cost* of the building and site improvements and the fair market value of the personal property. The math is displayed on the following spreadsheet, and then discussed below:

## **COST APPROACH SUMMARY**

<b><u>Buildings &amp; Site Improvements</u></b>		
Replacement Cost		\$5,410,000
<b><u>Depreciation</u></b>		
<b><u>Deferred Maintenance (Identified in Camp Assessment Report)</u></b>		
Shake Roof	(12,000)	
Shake Roof	(8,000)	
Kitchen Equipment	(150,000)	
Kitchen Renovation/Electrical	(100,000)	
Heating System components	(40,800)	
	(310,800)	(310,800)
<b><u>Long &amp; Short Term Physical Deterioration @ %</u></b>	25%	(1,352,500)
<b><u>Functional Obsolescence (Identified in Assessment Report)</u></b>		
To address sub-standard egress	(70,000)	
To address accessibility	(491,500)	
To address building re-use	(50,000)	
Further Assessment of Utilities/Systems	(70,000)	
Soft Costs (Plans, Permits, etc.)	(125,000)	
	(806,500)	(806,500)
To address unknowns & contingency		
20% of Above Components of Depreciation	(493,960)	(493,960)
<b>Total Depreciation</b>		<b>(2,963,760)</b>
<b>Depreciated Value of Buildings and Site Improvements</b>		<b>2,446,240</b>
<b><u>FF &amp; E</u></b>	from Appraisal Report of Neale	<b>300,000</b>
<b><u>Land</u></b>		
Per Acre Asking Price in Emigrant Gap - No Lake frontage	3,750	
Site Acres	40	
	150,000	
Estimated Value of Lake Frontage	250,000	
Market Value of Land	\$10,000 /Acre	400,000
		<b>400,000</b>
<b>Sum of Components of Real Estate and Personal Property</b>		<b>3,146,240</b>
<b><u>Entrepreneurial Incentive</u></b>		
		-
<b><u>Business Value</u></b>		
		-
<b><u>Fair Market Value of the Going Concern</u></b>		
		3,146,240
	Rounded	<b>3,150,000</b>
Less Business Value Component		-
Less Land Value		(400,000)
<b>Fair Market Value of the Real and Personal Property</b>		<b>2,750,000</b>
<b>Minus the Fair Market Value of the FF&amp;E</b>		<b>(300,000)</b>
<b>Depreciated Replacement Cost of the Buildings and Site Improvements</b>		<b>\$2,450,000</b>

**Sky Mountain Christian Camp, Emigrant Gap, California**

The \$2,750,000 is allocated \$2,450,000 to buildings and site improvements, and \$300,000 to FF&E.

**Replacement Costs of Buildings and Site Improvements**

The cost to replace the buildings and site improvements was estimated by applying Marshall Valuation Service (MVS) numbers to the schedule shown earlier:

<b>REPLACEMENT COST OF BUILDINGS AND SITE IMPROVEMENTS</b>										
	Dimensions		Area	Foundation	Structure	Siding	Roof	Quality	Base \$/SF	Repl. Cost
<b>Conference Center</b>	Irregular		5,688		<i>MVS Category - Restaurant Cafeteria, Section/Page 12/40</i>					
Second Level	Irregular		<u>1,973</u>							
			7,661	Conc./Conc. Pier	Wood Frame	Ext. Plywood	Comp. Shingle	Good	147.63	1,130,993
Porch	Irregular		1,095	Concrete Pier	Wood Frame	Ext. Plywood	Comp. Shingle	Ave-Gd	27.74	30,370
	<i>MVS Category Porches, Section/Page 12/40</i>									
<b>Gym</b>	50.0 X 100.0		5,000	Concrete Pier	Steel Frame	Metal	Metal	Good	135.02	675,100
Mezzanine Level	16.5 X 50.0		825	Concrete Pier	Wood Frame	Metal	Metal		63.63	52,495
Porch	10.0 X 22.0		220	Concrete	Steel/Wd. Frame	Open	Metal		27.74	6,103
	<i>MVS Category - Gymnasium, Sect/Pg 18/25</i>									
<b>Goldrush Camp</b>										
Cabin	16.4 X 24.0		394	Concrete Block	Wood Frame	Hardboard	Comp. Shingle			
Cabin	16.4 X 24.0		394	Concrete Block	Wood Frame	Hardboard	Comp. Shingle			
Cabin	16.4 X 24.0		394	Concrete Block	Wood Frame	Hardboard	Comp. Shingle			
Cabin	16.4 X 24.0		394	Concrete Block	Wood Frame	Hardboard	Comp. Shingle			
Cabin	16.4 X 24.0		394	Concrete Block	Wood Frame	Hardboard	Comp. Shingle			
Cabin	16.4 X 24.0		<u>394</u>	Concrete Block	Wood Frame	Hardboard	Comp. Shingle			
			2,364		<i>MVS Category - Cottages, Sect/Page 12/15</i>			Average	97.34	230,112
Attached Porch	5.0 X 16.0		80	Concrete Block	Wood Frame	Hardboard	Wood Shingle			
Attached Porch	5.0 X 16.0		80	Concrete Block	Wood Frame	Hardboard	Wood Shingle			
Attached Porch	5.0 X 16.0		80	Concrete Block	Wood Frame	Hardboard	Wood Shingle			
Attached Porch	5.0 X 16.0		80	Concrete Block	Wood Frame	Hardboard	Wood Shingle			
Attached Porch	5.0 X 16.0		80	Concrete Block	Wood Frame	Hardboard	Wood Shingle			
Attached Porch	5.0 X 16.0		<u>80</u>	Concrete Block	Wood Frame	Hardboard	Comp. Shingle			
			480		<i>MVS Category Porches, Section/Page 12/40</i>			Ave-Gd	27.74	13,315
Attached Utility	2.0 X 5.7		11	Concrete Block	Wood Frame	Hardboard	Comp. Shingle			
Attached Utility	2.0 X 5.7		11	Concrete Block	Wood Frame	Hardboard	Comp. Shingle			
Attached Utility	2.0 X 5.7		11	Concrete Block	Wood Frame	Hardboard	Comp. Shingle			
Attached Utility	2.0 X 5.7		11	Concrete Block	Wood Frame	Hardboard	Comp. Shingle			
Attached Utility	2.0 X 5.7		11	Concrete Block	Wood Frame	Hardboard	Comp. Shingle			
Attached Utility	2.0 X 10.2		<u>20</u>	Concrete Block	Wood Frame	Hardboard	Comp. Shingle			
			75		<i>MVS Category - Shop Bldgs, Sect/Page 17/13</i>			Good	32.93	2,470
<b>Pump House</b>	8.2 X 12.2		100	Concrete Slab	Wood Frame	Ext. Plywood	Comp. Shingle		32.93	3,293
Attached Porch	5.0 X 12.2		61	Concrete Pier	Wood Frame	Open	Wood Shingle		27.74	1,692
	<i>MVS Categories 17/13 &amp; 12/40</i>									
<b>Chapel</b>	30.0 X 50.0		1,500	Concrete	Steel Frame	Metal	Metal	Good	131.18	196,770
Attached Porch	6.0 X 12.0		72	Concrete	Steel/Wd. Frame	Open	Metal		27.74	1,997
	<i>MVS Category - Fellowship Hall, Sect/Page 16/10</i>									
<b>Garage Shop</b>	16.3 X 20.2		329	Concrete Slab	Wood Frame	Hardboard	Comp. Shingle			
Attached Storage	Irregular		1,137	Concrete Slab	Wood Frame	Hardboard/Meta	Comp. Shingle			
	8.0 X 39.0		<u>312</u>	Mud Sill	Steel Frame	Metal	Metal			
			1,778		<i>MVS Category - Shop Bldgs, Sect/Page 17/13</i>			Good	32.93	58,550



**Sky Mountain Christian Camp, Emigrant Gap, California**

<b>Utilities</b>										
<b>Propane System</b>		<b>Gallons</b>							<i>MVS Category - Tanks, Section/Page 61/8</i>	
		8,600	Concrete Stand							76,000
		6,000	Concrete Stand							63,000
	<b>Tanks in a Tank Farm</b>	5,000	Concrete Stand							40,000
		5,000	Concrete Stand							40,000
		250								2,350
	<b>Propane Valves, Regulators</b>								<i>No MVS Section</i>	5,000
	<b>Distribution System</b>	3,000	Underground							<i>See Below</i>
										<b>226,350</b>
<b>Water System</b>									<i>MVS Category - Tanks, Section/Page 61/1-8</i>	
	Water Tank - Polyethylene	16,000								17,400
	Water Tank - Wood	10,000								26,000
	Domestic Well 6" X 900'	900						38.00	<i>MVS Category - Wells, Sect/Page 63/10</i>	34,200
	Pump SHP									13,100
	<b>Water Distribution System</b>	3,000								<i>See Below</i>
										<b>90,700</b>
<b>Septic System</b>									<i>MVS Category Tanks, Section/Page 61/3</i>	
	Tank	1,500								2,700
	Tank	1,500								2,700
	Tank	1,500								2,700
	Tank	1,500								2,700
	Tank	3,000								4,200
	<b>Underground Lines</b>	3,000								<i>See Below</i>
	Pump Station									10,000
	Pump Station									10,000
	Leach Field	6,300						5.00		31,500
										<b>66,500</b>
<b>Roads and Parking</b>									<i>MVS Category - Yard &amp; Subdivision Costs</i>	
	Asphalt Road	52,378							16 ft ave width x 0.62 miles	
	Asphalt Parking	14,337								
		<b>66,715</b>							<i>Grading, 4" Base, 4" Asphalt</i>	3.13 <b>208,817</b>
<b>Equipment</b>										
	Walkin Freezer 8 X 16	128								22,650
	Walkin Freezer 8 X 12	96								20,250
	Walkin Cooler 10 X 14	140								23,000
	Diesel Tank - Gallons	500								25,000
	Diesel Tank w/pump - Gallons	1,000								32,500
	Electrical Generator Diesel									90,000
	Electrical Generator Propane									75,000
										<b>288,400</b>
<b>Distribution</b>										
	Trench	3000						6.54		19,620
	Electrical	3000						23.08		69,240
	Gas Line	3000						14.16		42,480
	Water Line	3000						20.00		60,000
	Power Lines	4975						19.35		96,266
										<b>287,606</b>
<b>Total MVS Base Replacement Cost</b>										<b>4,584,618</b>
<b>X Western Region Current Cost Adjustment Factor</b>										<b>1.00</b>
<b>MVS Placer County Location Adjustment Factor</b>										<b>1.18</b>
<b>Replacement Cost of Buildings and Site Improvements</b>										<b>5,409,849</b>
<b>Rounded to</b>										<b>5,410,000</b>

The Distribution cost is the cost to distribute utilities in the common trench that interconnects the propane tank farm, transformers, generator room, and all buildings.

MVS includes a factor to adjust for local cost conditions. For Placer County, that factor as shown above is 18%.

The replacement cost of all improvements is **\$5,410,000**.

### ***Depreciation***

Depreciation includes these components:

- Deferred Maintenance, which consists of those items that a prudent seller would address prior to offering for sale, or a prudent buyer would plan to address immediately after purchase;
- Short and Long-Term Depreciation, which consists of general deterioration of physical improvements over the course of time. This reflects the condition of the improvements *after* correction of deferred maintenance items;
- External obsolescence, which results from off-site conditions that affect value; and
- Functional obsolescence, which results from changes in taste, law, or other factors that render building components, systems, or configurations obsolete in the marketplace.

The Assessment Report identified shake roofs on the Gold Rush porches and A Frame Conference Center (\$20,000 total); kitchen equipment replacement (\$150,000); and electrical panel and heating equipment replacement (\$80,000 + \$40,800) as items warranting immediate attention. I categorized these as deferred maintenance totaling \$310,800.

The Assessment Report identified \$70,000 in costs to address sub-standard egress; \$491,500 to address accessibility/ADA compliance; \$50,000 to address building re-use at their highest and best uses; \$620,000 to address potential but not identified upgrades to systems; and \$125,000 soft costs. I estimated a factor of 20% for contingencies (the rate utilized in the Assessment Report), applied to the cost to address deferred maintenance, short and long-term deterioration, and functional obsolescence, which I believe accounts for any unidentified but potentially necessary upgrades. I concluded a 20% contingency factor adequately addressed "Unknowns", so I did not apply the \$620,000 number cited in the Assessment Report.

I applied a rate of 25% to long and short term physical deterioration otherwise not accounted for. Other appraisers had estimated this to be in the 15% to 50% range. The buildings and site improvements are well-maintained and do not approach the 50% mark, while 15% is a bit light, with some structures dating back 40 years. I believe that the condition of the improvements, after correction of deferred maintenance, will reflect a 12-year effective age. MVS forecast a physical life expectancy of 50 years:  $12/50 = 24\%$ . I am not good enough to be that precise, so I applied a rate of 25%. The total depreciation from all causes sums to 55%.

***Fair Market Value of the FF&E***

This amount was identified by Neale & Associates, Inc. at \$300,000, a contribution to the Market Value of the Going Concern. The Neale report is presented in the Addenda.

***Land Value***

The contributory value of the land was estimated to be \$400,000. The land is a component of the Market Value of the Going Concern.

***Entrepreneurial Incentive***

Market activity is characterized by financial difficulties for sellers, resulting in selling prices well below replacement costs. New, rural camp/retreat/conference center properties are not being developed in California. There is minimal incentive to construct new facilities like the subject; developers and investors have myriad other opportunities to develop land whereby the profit potential is greater. Entrepreneurial incentive was estimated to be zero dollars.

***Business Value***

The financial history of SMCC was reviewed using profit and loss statements from 2008 through 2015:

	Net Income
2009	87,279
2010	2,839
2011	(102,715)
2012	33,001
2013	not provided
2014	(44,177)
2015	(31,137)
	<b>(9,152)</b>

Average net income reported was a negative number. It does not appear that SMCC has a business enterprise component of value.

The Market Value of the Going Concern – the value of all components of the enterprise working together to create value – was estimated to be \$3,150,000:

Sky Mountain Christian Camp, Emigrant Gap, California

<b>Depreciated Value of Buildings and Site Improvements</b>		<b>2,446,240</b>
<b>FF &amp; E</b>		<b>300,000</b>
<b>Land</b>		
Per Acre Asking Price in Emigrant Gap - No Lake frontage	3,750	
Site Acres	40	
	150,000	
Estimated Value of Lake Frontage	250,000	
Market Value of Land	\$10,000 /Acre	<b>400,000</b>
		<b>400,000</b>
Sum of Components of Real Estate and Personal Property		<b>3,146,240</b>
<b>Entrepreneurial Incentive</b>		<b>-</b>
<b>Business Value</b>		<b>-</b>
<b>Fair Market Value of the Going Concern</b>		<b>3,146,240</b>
	Rounded	<b>3,150,000</b>
Less Business Value Component		<b>-</b>
Less Land Value		<b>(400,000)</b>
Fair Market Value of the Real and Personal Property		<b>2,750,000</b>
Minus the Fair Market Value of the FF&E		<b>(300,000)</b>
Depreciated Replacement Cost of the Buildings and Site Improvements		<b>\$ 2,450,000</b>
<b>Estimate of Depreciation Upon Completion of Recommended Repairs and Maintenance</b>		
Economic Life	50 Years	
Remaining Ec. Life	38 Years	
	12 Years	
	12 Years =	24%
	50 Years	Say 25%

***Depreciated Replacement Cost of Improvements; Fair Market Value of the FF&E***

Deducting from the FMV the only component of value found to be significant, the contributory value of the land, the remainder is \$2,750,000. Deducting from this the Fair Market Value of the FF&E leaves an amount that is my opinion of the *depreciated replacement cost* of the buildings and site improvements that a buyer should be willing to pay for the improvements, with fee ownership of the land: **\$2,450,000.**

**Scenario Two**

SMCC will own its interest in the buildings only until the lease expires in 2023, about 7.5 years from the date of my opinions of value. Before the termination date, the lease states that SMCC must remove the buildings and most site improvements. Based upon my assumption that the lease will not be extended beyond that date, SMCC has a short time to enjoy the benefit of the improvements. The remaining economic life of 7.5 years is far less than the physical life expectancy (after curing deferred maintenance) of 38 years reflected in Scenario One. Consequently, from a realistic seller's point of view, the buildings/site improvements are depreciated 85%:

$$\begin{aligned} 50 \text{ year life expectancy minus } 7.5 \text{ years remaining economic life} &= 42.5 \text{ years} \\ 42.5 \text{ years divided by } 50 \text{ years life expectancy} &= 0.850 \end{aligned}$$

The buildings can be used, going forward, for 15% of their useful life:

$$100.0 \text{ minus } 0.850 = 0.150 \text{ proportion of remaining useful life}$$

Fifteen percent of the \$5,410,000 replacement cost is \$811,500, rounded to **\$800,000.**

For the record, suppose that I did not assume that the lease would not be extended, and in fact it had already been extended for 10 more years. Ten years is the typical term for PG&E lease extensions. That would result in a remaining economic life of 17.5 years. Under that scenario, the analysis would be:

$$\begin{aligned} 50 \text{ year life expectancy minus } 17.5 \text{ years remaining economic life} &= 32.5 \text{ years} \\ 32.5 \text{ years divided by } 50 \text{ years life expectancy} &= 0.650 \end{aligned}$$

The buildings could then be used, going forward, for 35% of their useful life:

$$100.0 \text{ minus } 0.650 = 0.350 \text{ proportion of remaining useful life}$$

Thirty-Five percent of the \$5,410,000 replacement cost is \$1,893,500.

The assumption of lease non-renewal was warranted so that the realistic expectations of both buyer and seller could be evaluated. I provided the Scenario Two analysis for perspective.

### **RECONCILIATION**

In the sales comparison approach, I utilized fee simple transactional and offering data spanning the time frame from pre-recession to a current date. Market participants told me that the market had been stable, but in fact, it appears that the price paid for Shady Creek Family Camp was at the top of the market. Surprisingly, those centers now on the market or sold post-recession were priced and/or sold in the tight range of \$3.7 to \$4.0 Million, the two exceptions being properties with a component of value based upon residential subdivision potential. These reflected a wide range of metrics: note the gray-shaded line items on the Sales Comparison spreadsheet. On each line item, the range of unit values is great because the size of the element being measured differed so much. Selling Price was a tighter metric than any of these, in the range of \$3.7 to \$4.0 Million. For those that sold in this price range, a substantial post-purchase expenditure to make the facility compliant with safety, ADA, and building code requirements were concluded by the buyer to be not necessary.

I placed greater emphasis on the cost approach because it reflects the need for substantial expenditures after sale that will necessarily be incurred at SMCC that were not reflected in the sales comparison approach. The reader should note that absent the need for correction of the depreciation items of functional obsolescence that were identified in the Assessment Report, the cost approach conclusion would have been more consistent with as the sales comparison approach conclusion.

Although SMCC does not own the land, they do own the leasehold interest for at least 7.5 years. The lease may be extended, so they are not compelled to sell. That is, although SMCC realistically have only a guarantee of 7.5 years to enjoy the benefits of building ownership, SMCC can continue to operate, as they have for 40 years, with a constant risk of non-renewal. However, that risk does not warrant the necessary expenditure to achieve the highest and best use.

SJCOE will receive the fee simple interest in the land. I placed greater emphasis on the Scenario One analysis in the Cost Approach section.

<b>Opinion of Depreciated Replacement Cost of the Buildings and Site Improvements:</b>	<b>\$2,450,000</b>
<b>Opinion of Fair Market Value of Personal Property:</b>	<b>\$ 300,000</b>

*The opinions above are subject to the assumptions and conditions displayed at the beginning of this report. These assumptions and conditions were necessary to form the opinion needed by the Client, based upon the conditions of ownership that exists, and the data available for analysis.*

**ADDENDA**

- Engagement Agreement
- Lease
- FF&E Appraisal Report of Douglas Neale, ASA, ISA, CAPP
- Sky Mountain Assessment Report (Bound by Others under separate cover)
- Preliminary Title Report (Bound by Others under separate cover)
- Qualifications of Appraiser

# THE SCHMIDT - PRESCOTT GROUP, INC.

*Real Estate Appraisers — Property Valuation Specialists*



*Frank E. Schmidt, MAI, SRA*

*Mathew D. Watson  
Nancy Bigham  
Christine Pham  
Carmen Yepez*

*Wayne F. Prescott, MAI, CCIM*

March 21, 2016

Ronald J. Estes, Ed. D.  
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Re: Contract for Appraisal Work at Sky Mountain Christian Camp

Dear Mr. Estes:

I understand that your agency has an opportunity to obtain ownership of the fee simple interest in 40 acres of land that are improved with Sky Mountain Christian Camp (SMCC). You have asked us to offer our opinion regarding:

- the depreciated replacement cost of the buildings and site improvements that are constructed on the land comprising SMCC; and
- the value of the furniture, fixtures, and equipment (FF&E) located at SMCC.

The land is being gifted to your agency. You are required to “purchase the camp assets from the camp owner”. This purchase creates the need for the valuations that would be provided by our appraisal. It appears that SMCC has agreed to sell the real property assets consisting of buildings and site improvements at their depreciated replacement cost. It does not appear that the value of FF&E – actual cash value/fair market value, value in use, or liquidation value - has been decided. It appears that the market value of the leasehold interest of SMCC, if any exists, will not be addressed. We are not to be engaged to appraise the land or the leasehold interest.

## Evaluation of the Hard Assets of Sky Mountain Christian Camp

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The number we would produce for the buildings and site improvements would not be called "market value". It would be called "Depreciated Replacement Cost of Improvements". We would be using a cost estimating service called Marshall Valuation Service (MVS) to estimate the replacement cost of buildings and site improvements, based upon an inventory list. MVS is essentially the Bible for appraisers regarding building costs. MVS defines Replacement Cost as *the total cost of construction required to replace the subject building [and/or site improvement] with a substitute of like or equal utility using current standards of materials and design.*

The meaning of depreciation applied would be the one in the Dictionary of Real Estate Appraisal, 6<sup>th</sup> Edition, published by the Appraisal Institute: *a loss in property value from any cause.*

The number we would produce for the FF&E would be fair market value, as described in the attached letter of Doug Neale of Neale and Sons, Inc., who will prepare the Appraisal Report for the FF&E as a subcontractor to my office:

*"Fair Market Value" is that amount expected to be received in the transfer of an asset between a willing buyer and a willing seller, both knowledgeable in the use of and condition of the subject asset and neither being under compulsion to buy or sell. Fair market value may include personal property not installed and ready for use upon completion of installation, the only difference being the cost of transportation and installation. "Fair Market Value" generally relates to used personal property and is valued at replacement cost less depreciation, or it may be the product of any investigation of prices in the open market for personal property of like kind and quality.*

Mr. Neale's report will be incorporate into my report as one document. Be sure to read Mr. Neale's contract. Note that the FF&E inventory list that is the basis for his price does not include any vehicles; you told me there were vehicles of substantial value.

You gave me copies of several appraisal reports prepared for the real property. The appraisal report prepared by Lee Smith, MAI, for Mark Saunders at Sky Mountain Christian Camp and Conference Center, with a date of value of October 7, 2015, included an inventory of buildings and site improvements, stating building dimensions and basic construction features. The inventory includes generating and water storage equipment, but it does not include:

- details about the age, thickness, roadbed, location or length of buried pipes and cables, fences, etc.;

## **Evaluation of the Hard Assets of Sky Mountain Christian Camp**

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- electric utilities and other site improvements that are not buildings, but infrastructure;
- furniture, fixtures, and equipment (FF&E) owned by SMCC.

My scope of work for the buildings and site improvements will be to:

- Utilized the Smith inventory as a base for the inventory of buildings and site improvements;
- Tour the property to estimate the condition and depreciation of all buildings and site improvements;
- Photograph all buildings and visible site improvements;
- Spot check building dimensions;
- Verify construction materials via observation, and review construction drawings if available;
- Inquire regarding what "belongs" to the SMCC and what belongs to other entities, such as PG&E;
- Query PG&E and other entities with a possible ownership interest as to the extent of that interest;
- Query Camp personnel about the age of buildings, maintenance programs, recent upgrades, etc. that affect depreciation;
- check County records for building permits;
- Review the reports of the ADA expert, general building contractor, and any other contractors employed by the District and incorporate their findings into our evaluation of condition and depreciation;
- Determine and measure all kinds of depreciation that affect the fair market value of the buildings and site improvements;
- Write and deliver a report delineating my findings and those of Neale and Sons, Inc.

The inventory list of buildings, site improvements, and FF&E were provided to us in the email from Ron Estes to me dated March 15, 2016. We will check both the FF& E list, and the buildings/site improvements list, for accuracy. There is some duplication on the lists; we will address that during our site visit, so that nothing is appraised twice.

## **Evaluation of the Hard Assets of Sky Mountain Christian Camp**

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We discussed the need for you to be aware of the potential existence of environmental impairments, endangered species, and artifacts. These matters could affect our conclusions, because they would affect the depreciated value of the buildings. An evaluation of these will be beyond the scope of our work. It might be prudent for you to commission a Phase I environmental inspection. This is standard procedure for acquisitions by agencies on urban sites, maybe less important for rural sites.

Our standard format Engagement Agreement follows. This letter is a part of the Agreement. Please sign and return the Engagement Agreement Summary Page. You can disregard the request for information list on Page 4 of the Agreement.

It's always a pleasure to work with the educational community. We look forward to contributing to the success of this endeavor.

Very Truly Yours,



**Wayne F. Prescott, MAI, CCIM**

State Certified Real Estate Appraiser, Certificate No. AG001533

## **Evaluation of the Hard Assets of Sky Mountain Christian Camp**

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### **ENGAGEMENT AGREEMENT SUMMARY PAGE**

The information on this summary, and the cover letter, are part of the attached Engagement Agreement. The Client's signature below acknowledges that the entire agreement applies.

**Client:** San Joaquin County Office of Education

**Report Type:** Appraisal Report as defined in the Uniform Standards of Professional Appraisal Practice.

**Purpose of the Engagement; Intended Use and Intended User(s) of the Work Product:**

The purpose of this engagement is estimate the depreciated replacement cost of buildings and site improvements, and the fair market value of the FF&E.

Our work product will be used, in conjunction with the Client's real estate, legal, and financial advisors, to determine the amount to offer to pay for the hard assets of Sky Mountain Christian Camp at the subject site.

The Intended User is the Client and his real estate, legal, and financial advisors.

**Scope of work:** In Phase I, the consultant and sub-consultant will estimate the depreciated replacement cost of the hard building and site improvement assets, and the fair market value of the personal property at SMCC; and report the findings in an Appraisal Report that adheres to the Uniform Standards of Professional Appraisal Practice. The land is not to be specifically appraised.

**Identification of Property(s) to be Evaluated:** The hard assets of SMCC located on a 40-acre site on Lake Valley Reservoir near Emigrant Gap, Placer County, California. I understand that the hard assets consists of buildings, site improvements, and personal property belonging to Sky Mountain Christian Camp, located at the subject site. The land is not a hard asset to be appraised.

**Effective Date(s) of Value Opinion:** Date of inspection unless otherwise advised

**Number of Copies of Written Reports to be Delivered:** Delivery by pdf. Printed copies at \$50.00 each

**Evaluation of the Hard Assets of Sky Mountain Christian Camp**

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**Delivery Date:** 6 weeks after receipt of signed engagement letter or site visit, whichever is later.  
For access to the property(s) contact:

**Fixed Fee:** Hourly rates delineated in the body of this Agreement (for Prescott) and Addendum (for Neale) will apply in Phase 1, but will be capped at maximum and minimums as follows:

For the buildings and site improvements appraised by Prescott: \$7,500 min & \$20,000 max;  
For the FF&E appraised by Neale: \$13,600 minimum, \$18,500 maximum

**Deposit:** Waived

**Out of Pocket Expenses:** Travel, housing and meals during any time period spent traveling to or inspecting the site.

**Confidentiality:** Non-public information provided by the Client will be confidential.

**Clients addresses for notice:** \_\_\_\_\_

**Payment:** The fee for this assignment will be paid by the San Joaquin County Office of Education upon receipt of an invoice to be delivered at the same time as the appraisal report.

*Client needs a signed original* \_\_\_\_\_ *signed facsimile* \_\_\_\_\_

**Signature of Client:** \_\_\_\_\_ **Date of Agreement:** \_\_\_\_\_

**Signature of Consultant:**  \_\_\_\_\_

**Evaluation of the Hard Assets of Sky Mountain Christian Camp**

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**ENGAGEMENT AGREEMENT**

This is an Agreement between \_\_\_\_\_ (Client) and The Schmidt-Prescott Group, Inc. (Consultant) regarding work to be performed by Consultant on behalf of Client. The parties agree to the following terms and conditions:

**Scope of Work:** In Phase I, Consultant will deliver to Client \_\_\_\_\_

**Report Type:** \_\_\_\_\_

**Description of work:**

Consultant will prepare \_\_\_\_\_

The work product will conform to the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Ethics and Standards of Professional Practice of the Appraisal Institute and the American Society of Appraisers. Phase I will be completed when the scope of work has been agreed upon in writing. Additional work in additional phases may be undertaken based upon the agreed-upon scope of work. If additional phases are undertaken, the terms and conditions of this engagement will apply to additional work except as modified by agreement, oral or written. Consultation undertaken after delivery of the specified product will be treated as an additional phase of work to be invoiced at the rates shown in the body of this document, unless otherwise arranged.

**Purpose of the Engagement; Intended Use and Intended User(s) of the Work Product:**

The purpose of this engagement is \_\_\_\_\_

Our work product will be used \_\_\_\_\_

The Intended User is \_\_\_\_\_

**Identification of Property(s) to be Evaluated:** \_\_\_\_\_

**Effective Date(s) of Value Opinion(s):** \_\_\_\_\_

**Number of Copies of Each Report to be Delivered:** pdf. Hard copies at \$50.00 each

## Evaluation of the Hard Assets of Sky Mountain Christian Camp

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### Definitions:

**Replacement Cost of a Building [or Site Improvement]** is the total cost of construction required to replace the subject building [or site improvement] with a substitute of like or equal utility using current standards of materials and design. These costs include labor, materials, supervision, contractor's profit and overhead, architect's plans and specifications, sales taxes and insurance. (Source: Marshall Valuation Service)

**Depreciation** is the loss in value due to any cause. (Source: Marshall Valuation Service)

### Delivery Date:

Consultant will deliver the agreed upon product within \_\_\_\_ weeks of receipt of signed engagement agreement, necessary documents described below, and deposit.

### Access to the Property:

For access to the property(s) for inspection, contact: \_\_\_\_\_  
*Representatives of the parties should accompany the consultant during his inspection if there are physical conditions that the parties want to be sure that the consultant considers.*

### Compensation:

These rates apply to Schmidt-Prescott Group employees, and to contractors engaged to contribute to our work product. Consultation undertaken after delivery of the specified product is an additional phase of work to be invoiced at the hourly rate, unless otherwise arranged.

### Fixed Fee:

The fixed fee for this assignment is \_\_\_\_\_. *This fixed fee supercedes the rate schedule shown above unless the assignment is canceled before completion.*

### Deposit:

\$ \_\_\_\_\_.00

## **Evaluation of the Hard Assets of Sky Mountain Christian Camp**

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**Balance Due:**

An invoice will be issued when the report(s) are delivered. The amount owed will be invoiced and paid prior to the consultant's deposition or testimony when required. If the time period over which work is performed exceeds one month, statements may be issued, payable monthly. The consultant(s) reserve the right to withdraw from any case prior to deposition or court testimony when an unpaid balance exists for 30 days or more.

**Payment for Services:**

Indicate here the name and address of the person or entity responsible for payment of the Consultant's fee. For entities other than individuals, include the name of the individual who represents the entity in this matter. If the Client is represented by a third party, we need to know whether the Client or third party is responsible for payment:

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**Contract Severed:**

The hourly rate schedule shown above will be applied if the contract is severed by the Client prior to completion of the engagement.

**Consultant to be Declared as Expert:**

If it is intended that Consultant or any Associate is to be (or has been) declared an expert regarding the subject property, then the Client agrees that the Consultant will charge an hourly designation fee at the hourly rates shown above (unless a fixed fee supercedes), and that the minimum amount earned by the Consultants under this engagement is \$750.00. *This amount is a minimum, not an additional, fee for services herein engaged.*

## **Evaluation of the Hard Assets of Sky Mountain Christian Camp**

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### **Additional Work:**

If additional work is to be performed in future phases, it will be phased as addenda to this agreement and priced in accordance with the hourly rate schedule shown above. Consultation after delivery constitutes an additional phase.

### **Out of Pocket Expenses:**

Client agrees to pay consultants' out of pocket expenses incurred in the course of this assignment. Prior to the expenditure of more than \$50.00 in out of pocket expenses for any individual expenditure, consultant will discuss the expenditure with client and obtain approval. At this point in time, the potential for out of pocket expense is created by:

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### **Additional Information to be Provided by Client Prior to Commencement of Work:**

Client should deliver to Consultant any pertinent contracts and/or documents that might affect the market value of the property *(to the extent they are available - this is an all-inclusive list)*

- ! Leases or rental agreements in effect or in negotiation on the Date(s) of Opinion;
- ! Schedule of any furniture, fixtures, or equipment that is not part of the real estate but is to be appraised;
- ! Agreements specifying any terms of purchase on option, and/or rights of first refusal;
- ! Offers, or Letters of Intent, to sell or purchase the property. To comply with USPAP, we request a copy of any current offering for sale, purchase in escrow, or details of any sale that transacted over the past 3 years;
- ! Plans and specifications for buildings or other improvements, including any specialized equipment on the site to be included in the market value;
- ! Correspondence from governmental authorities restricting use or granting permission for special uses; Historic registries or designations;
- ! Reports or documents addressing the condition of the building or land including any toxic contamination, soils, environmental impairment, or physical condition reports;
- ! Other contracts, documents, reports, or investigations that might enhance or restrict the marketability or value of the property, such as conditional use permits;;
- ! Current property tax bill, and tax bill applicable on a retrospective date of opinion;
- ! Legal description, preferably as part of a prelim or title report;

## **Evaluation of the Hard Assets of Sky Mountain Christian Camp**

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- ! If the interest to be appraised is a partial ownership interest, any document that affects or governs the management or control of the real property, such as partnership, LLC, or other operating agreement.

### **Confidentiality:**

Consultants will make every effort to maintain confidentiality with regard to the nature, purpose, use, and scope of the assignment. Client must recognize and accept the premise that the consultant must gather market data from participants in the market to accomplish the assignment; these market participants expect compensation typically in the form of reciprocal information. We will relate that the purpose of our investigation is \_\_\_\_\_.

With regard to information provided by the Client or other parties to this endeavor, all information provided to the Consultant will not be revealed to anyone except employees and contractors of the Consultant who are working on the assignment.

### **Reporting:**

Consultant will make progress reports to client \_\_\_\_\_

### **Contractor Status:**

Consultant is a contractor to the Client. This Agreement is not intended and will not be construed to create an employment relationship between the parties. Consultant is not a fiduciary; his duties and liabilities are limited to those outlined in this contract. The Federal Tax ID number for The Schmidt-Prescott Group, Inc. is 77-0131155.

### **Governing Law:**

This Agreement will be construed in accordance with the laws of the State of California and will be subject to the jurisdiction of the arbitrators and/or courts of said State.

**Evaluation of the Hard Assets of Sky Mountain Christian Camp**

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**Indemnification:**

Client will indemnify, defend and hold harmless Consultant from and against the claims of any third party arising out of the performance by Consultant of his duties hereunder, except for claims arising out of the negligence, recklessness or willful misconduct of Consultant. Client agrees that Consultants' liability for any damage of whatever kind will be limited to the amount of the fees received by the Consultant for the work performed.

**Attorney's Fees:**

In any action, proceeding, mediation, or arbitration between Client and Consultant arising out of this agreement, the prevailing party will be entitled to reasonable fees and costs.

**Notices:**

Any notice desired or required to be given hereunder will be in writing and will be deemed given when personally delivered or sent by U.S. mail, postage prepaid, certified or registered, and with return receipt requested, addressed as follows or to such other address as either party will designate by like written notice:

If to Client:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to Consultant:

The Schmidt-Prescott Group, Inc.  
2010 North First Street, Suite 390  
San Jose, California 95131

**Paragraph Headings:**

Paragraph headings are for the convenience of the parties and do not constitute a part of, or in any manner modify, the terms of this Agreement.

**Evaluation of the Hard Assets of Sky Mountain Christian Camp**

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**General Assumptions:**

The General Assumptions and Limiting Conditions attached apply, and will be a part of any verbal or written opinion of value or evaluation prepared. These are fundamental assumptions applied by most Appraisal Institute members. *Client should read these and advise if any need amendment or deletion based upon conditions inherent in the subject property(s), or pertinent to this assignment.* There may be other conditions appropriate to this assignment that will be identified in the work product as *Hypothetical Conditions, Extraordinary Assumptions, or Contingencies.* These will be discussed with the Client when applicable.

**Authorization:**

Client and Consultant have executed this Agreement as of the date shown above. An original or copy affixed with your signature constitute an Agreement. *Please advise if you need a signed original \_\_\_\_\_ or a signed facsimile \_\_\_\_\_ bearing our signature.*

**CONSULTANT:**

**CLIENT(S):**

The Schmidt-Prescott Group, Inc.

By:  \_\_\_\_\_

Wayne F. Prescott, MAI, CCIM

or \_\_\_\_\_

Frank E. Schmidt, MAI, SRA

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date of Agreement: \_\_\_\_\_

## **Evaluation of the Hard Assets of Sky Mountain Christian Camp**

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### **GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

This appraisal and report were made applying these general assumptions:

1. No responsibility was assumed for the legal description or for matters including legal or title considerations. Title to the property was assumed to be good and marketable unless otherwise stated;
2. The property was appraised or evaluated free and clear of any or all liens and encumbrances unless otherwise stated;
3. Responsible ownership and competent property management were assumed;
4. The information furnished by the Client and others was believed to be reliable. However, no warranty is given for its accuracy;
5. All engineering was assumed to be correct. Plot plans or any other illustrative material in this report were included only to assist the reader in visualizing the property;
6. It was assumed that there are no hidden or unapparent conditions in the land or structures that render it more or less marketable or valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them. We recommend that trained professionals be engaged to ascertain compliance with ADA, and to identify any physical or environmental conditions that could affect market value. The results of these investigations should be revealed to us so we can consider them in our valuation;
7. Unless otherwise stated in this report, the existence of hazardous material, toxic waste, and/or other environmental impairments which may or may not be present on or in the property, was not investigated by this consultant. The Client should identify any known or suspected environmental impairments;

## **Evaluation of the Hard Assets of Sky Mountain Christian Camp**

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As a real estate consultant, I am not qualified to properly investigate this property for any discharge, spillage, uncontrolled loss, seepage, filtration or storage of hazardous substances which may adversely affect the value of this property. Neither are we qualified to detect the presence of substances such as asbestos, urea-formaldehyde foam insulation, nor other materials that could create an environmental impairment to the subject property, or to other property caused by conditions present at the subject property. Our opinion(s) were predicated on the assumption that there is no such material on or in the property that would affect market value. No responsibility was assumed for any such conditions or for any expertise or engineering knowledge required to discover and/or correct them.

8. It was assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the report;
9. It was assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal and reported in the report;
10. It was assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate or other opinion contained in this report are based.
11. It was assumed that the utilization of the land and improvements are within the boundaries or property lines of the property appraised and that there is no encroachment or trespass unless noted in the report.
12. No opinion as to title was rendered. Title was assumed to be marketable and free and clear of all liens, encumbrances, easements and restrictions except those specifically addressed in the appraisal and discussed in the report. The property was appraised or otherwise evaluated assuming it was under responsible ownership and competent management, and available for its highest and best use.
13. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The consultant did not undertake a compliance survey and analysis of the subject improvements to determine whether or not it conforms with the requirements of the ADA.

## **Evaluation of the Hard Assets of Sky Mountain Christian Camp**

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It is possible that an ADA compliance survey of the subject improvements would reveal that the subject property is not in compliance with one or more requirements of the Act. If so, this fact could affect the market value of the subject property. Since the consultant had no evidence relating to this issue, the compliance, or non-compliance, with ADA was not taken into consideration in the valuation or evaluation of the subject property. The Client should provide any information on this issue to the Consultant.

This report has been made with the following limiting conditions:

1. Any allocation of value between land and improvements was made at the request of, and to assist the Client, and does not constitute a separate market value for either land or improvements;
2. Possession of the report, or a copy thereof, does not carry with it the right of publication or use. It may not be used for any purpose by any person other than the Client(s), for the Intended Use specified in the engagement agreement and/or report;
3. The consultant is not required to give further consultation, testimony, or attend court for matters involving the subject property unless arrangements have been previously made;
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the Consultant, or the firm with which the Consultant is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the Consultant.

End of Limiting Conditions

Reader Note:

There may be other appropriate and more specific limitations on our opinions or conclusions identified in the cover letter or report as *Hypothetical Conditions, Extraordinary Assumptions, or Contingencies*.



P.O. Box 425, Saratoga, CA 95071  
(14320 Saratoga-Sunnyvale Rd., Saratoga, CA)  
Tel: (408) 867-3751 · Fax: (408) 867-3782  
Web Site: www.nealeandsons.com,  
Email Address: dneale@nealeandsons.com  
State Bond # 0418795 · Tax I.D. #94-2820450

Since 1947

Wayne Prescott, MAI, CCIM  
The Schmidt-Prescott Group, Inc.  
2010 North First St., Suite 390  
San Jose, CA 95131

March 16, 2016

Re: Sky Mountain Christian Camp, FF&E Appraisal

Mr. Prescott:

Neale & Son's proposal to conduct a fair market value appraisal of all Sky Mountain Christian Camp's Furniture, Fixtures and Equipment located at 45600 Lake Valley Rd., Emigrant Gap, CA 95715 is as follows:

Neale and Sons would conduct an on-site inventory and appraisal of Sky Mountain Christian Camp FF&E, based on the owner's recent (11) page inventory, as supplied by the San Joaquin County Office of Education. We plan to work directly off the owner's inventory and spot check the quantities of the owner's listings rather than providing a detailed verification of the inventory, as previously discussed. Therefore, we would assume all quantities and descriptions are accurate. If any glaring discrepancy is found, we will correct the quantity and/or description on our appraisal report. The valuation used for this report will be Fair Market Value. We will utilize the Sales Analysis Method and/or the Cost Summation Method. For your reference the definition of Fair Market Value is as follows:

*"Fair Market Value" as referred to in this report is that amount expected to be received in the transfer of an asset between a willing buyer and a willing seller, both knowledgeable in the use of and condition of the subject asset and neither being under compulsion to buy or sell. Fair market value may include personal property not installed and ready for use upon completion of installation, the only difference being the cost of transportation and installation. "Fair Market Value" generally relates to used personal property and is valued at replacement cost less depreciation, or it may be the product of any investigation of prices in the open market for personal property of like kind and quality.*

This appraisal assignment makes the following assumptions and limitations:

1. There will be no required pre appraisal site visit.
2. The owner and/or the San Joaquin County Office of Education will supply all information available on the FF&E to be appraised, including, but not limited to; receipts, invoices, service records, tax returns or any other material that will be of benefit the appraiser in his valuation of the FF&E.
3. It is assumed that no trucks or vehicles are to be valued, except for the rolling stock disclosed on the owner's inventory.
4. Sky Mountain Christian Camp will supply the appraiser with lodging and food for the duration of his on-site inventory and appraisal.
5. The appraiser will only spot check the owner's inventory vs. verifying said inventory. We will assume all quantities and descriptions are accurate.

Additionally the following items will be assumed to be Real Estate, as listed on the owner's inventory of FF&E, and/or on the BUILDING AND IMPROVEMENT DESCRIPTKION SUMMARY CHART, supplied by the San Joaquin County Office of Education:

1. Wood stove in kitchen staff lounge
2. Diesel Generators
3. Electric Generators
4. Swim docks 6'x 14'
5. Diesel Tanks
6. Propane Tanks
7. Water Tanks
8. Walk In Freezers
9. Walk In Refrigerators

The final appraisal report will be sent PDF to [wprescott@valuationconsultants.net](mailto:wprescott@valuationconsultants.net), ready for you to include in your final report to the San Joaquin County Office of Education.

Additionally, our appraisal report will be guided by the *Principles of the Appraisal Practice and Code of Ethics* of the American Society of Appraisers and the International Society of Appraisers, as well as the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation.

Our fee to conduct this appraisal project will be based on an hourly rate of \$250.00 per hour, plus expenses, and will include up to 8.5 days of: on-site investigation, inventory, valuation, photography, research, travel and assembly of the final report. The final fee will vary depending on: the actual time needed to finish the appraisal, the availability of food and lodging being provided via Sky Mountain, the assumption there are no additional items to be added to the FF&E appraisal, or unforeseen requests above and beyond the initial job description.

Therefore, based on the above:

1. Our minimum fee for this appraisal assignment would be: \$13,600.00
2. Our maximum, NOT TO EXCEED fee would be: \$18,500.00

I hope this proposal meets with your approval, and I will await your response.

Sincerely,



Doug Neale, ASA, ISA, CAPP  
President  
Neale & Sons Inc.

2117-12-0279

LEASE TO SKY MOUNTAIN CHRISTIAN CAMP AT  
LAKE VALLEY RESERVOIR

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Attachments: EXHIBIT A - Map of Property Leased  
EXHIBIT B - Master Plan Map

P. G. & E. CO.  
COPY



**LEASE FOR LAKE VALLEY RESERVOIR**

THIS LEASE AGREEMENT is made and entered into this 1st day of January 1982, by and between PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called LESSOR, and SKY MOUNTAIN CHRISTIAN CAMP, a California non-profit corporation, hereinafter called LESSEE, for the purpose of non-profit religious and non-profit group recreation.

**WITNESSETH:**

LESSOR hereby leases to LESSEE, and LESSEE hereby leases from LESSOR the property described in paragraph 1 below for the term and subject to the terms, covenants and conditions herein specified, each and all of which LESSEE hereby agrees strictly to observe.

LESSEE hereby promises punctually to pay the rent hereinafter specified at the times and in the manner prescribed.

LESSEE promises further faithfully and diligently to cause its agents, invitees and guests strictly to observe and adhere to all conditions contained in this lease.

Property  
Leased

1. LESSOR maintains and operates its Lake Valley Reservoir situate in Placer County, State of California, and in connection therewith, but not entirely as a part thereof, owns, is in possession of, and hereby leases to LESSEE that certain property described as follows and approximately shown outlined in orange on the attached EXHIBIT A:

Beginning at a point on the section line between Sections 35 and 36, Township 17 North, Range 12 East, M.D.B. & M., a distance 625 feet north from a cedar post marking the east 1/4 corner of Section 35; thence west a distance of 1,125 feet; thence north 45° west 980 feet to a point 20 feet laterally from the high water line on the southerly side of Lake Valley Reservoir; thence easterly along a line 20 feet laterally from and parallel to the normal high water line of said Lake Valley Reservoir to the easterly section line of Section 35; thence south 791 feet to the point of beginning, containing 40 acres plus or minus, excepting therefrom communication lines, pipe lines and other installations on said premises used by LESSOR in the conduct of its business, and the right to reconstruct, maintain, and use the same, together with the right of ingress thereto and egress therefrom over and across said property.

Term

2. Unless sooner terminated as hereinafter provided, the term of this lease shall be ten (10) years. It will commence January 1, 1982 and will end December 31, 1991.

This lease may be extended as specified under paragraph 5, Option.

**Rent**

3. The total rent for the use of said property during the first five year period of the lease term, is six thousand and 00/100ths dollars (\$6,000.00) which LESSEE agrees to pay as follows, namely: one thousand two hundred and 00/100ths dollars (\$1,200.00) upon execution and delivery hereof and thereafter one thousand two hundred and 00/100ths dollars (\$1,200.00) on or before the first (1st) day of January in each of the remaining four (4) years of the first five years of the lease term.

Unless hereafter directed in writing to the contrary, all payments shall be made to LESSOR at its office located at 333 Sacramento Street, Auburn, California, 95603, Attention: Division Land Supervisor, Drum Division.

**Rent  
Adjustment**

4. Prior to the beginning of the sixth (6th) year (January 1, 1987) of the lease term, LESSOR will, at its sole discretion, adjust the rent to the then fair market rent; however, in no event shall the rent be less than \$1,200.00 per year.

**Option**

5. LESSOR does hereby give LESSEE the further right and option of extending the term of this lease for a period of ten (10) years from and after January 1, 1992, under the same terms and conditions contained in this lease, provided that (a) LESSEE has performed to LESSOR'S satisfaction and in complete accordance with all the terms and conditions of this lease during the initial ten (10) years, (b) the option is exercised in writing by LESSEE on or before June 30, 1991, and provided further (c) the rent, at the sole discretion of LESSOR, will be adjusted to the then fair market rent both at the beginning of this option period and again on January 1, 1997.

**Assignment  
and Subletting**

6. This lease is personal to LESSEE. LESSEE shall not, under any circumstances, assign or hypothecate this lease, or any interest therein, and shall not sublet the property, or any part thereof, or any right or privilege appurtenant thereto without the prior written consent of LESSOR.

A consent by LESSOR to one assignment, subletting, occupation or use by any other person, shall not be deemed consent to any subsequent assignment, subletting, occupation or use by another person.

Any assignment or subletting without the prior written consent of LESSOR shall be void and shall, at the sole option of LESSOR, terminate this lease.

**Access Trails  
and Roads**

7. LESSOR and LESSEE agree the primary year-round access to the leased property will be the existing road which traverses the northerly and southeasterly boundary of Lake Valley Reservoir.

In addition and in an effort to assist LESSEE in providing a winter program on the property, LESSOR will permit LESSEE to use, on a limited basis, LESSOR'S Lodgepole Campground road. This road traverses the westerly and southwesterly boundary of Lake Valley Reservoir. The use of this road will be permitted only during the months of October through May of each year during the term of this lease or any extension thereof. The use of trucks or buses on this road or any snow removal operation will not be permitted at any time.

LESSEE, at its sole cost and expense, agrees to install a cable across this road, at a location designated by LESSOR's local Division Land Supervisor, interlock it with LESSOR's lock and post a sign, no smaller than 3 feet x 3 feet, which will state "For Sky Mtn. Camp Use Only". LESSEE further agrees that it will be totally responsible for any damage that may result because of LESSEE's use of the Lodgepole Campground road.

This limited winter use of the Lodgepole Campground road will be at the sole discretion of LESSOR and may be terminated at any time for any reason.

All roads or trails on LESSOR's lands used by LESSEE, its agents, guests or invitees shall be maintained, at LESSEE's sole cost and expense, in a safe condition at all times. Such maintenance will be performed to LESSOR's satisfaction and will include adequate side ditches, cross drains, dips or culverts so as to prevent soil erosion. Such roads and trails will be marked or barriered to encourage their use and to discourage cross-cutting of steep slopes or buffer areas.

LESSEE shall indemnify LESSOR against and hold LESSOR harmless from any liability for injuries to or death of persons or damage to property resulting from the use of all said roads or trails.

Master Plan

8. LESSEE has submitted a Master Plan Map, designated EXHIBIT "B", attached to and made a part of this lease. This map delineates LESSEE's proposed ultimate development of the leased property.

LESSOR has reviewed EXHIBIT "B" and approves the development as shown subject to all terms and conditions contained herein and to the following:

(a) All those provisions stipulated in paragraph 7, above, Access trails and roads, must be strictly adhered to.

(b) LESSEE will be totally responsible for payment for all work performed on the property and shall indemnify and hold LESSOR harmless for any and all liability resulting from any lien or claim of lien arising out of such work. LESSEE shall have the right, at its sole cost and expense, to contest the validity of any such lien or claimed lien.

LESSOR will have the right to enter the leased property for the purpose of posting notices of non-responsibility for any work performed at the direction of LESSEE. Should a lien be filed against the property or any other action affecting the title thereto be commenced, the party first receiving notice thereof shall immediately give written notice to the other party.

Right to Construct

(c) LESSEE shall have the right, during the first five (5) years of the lease term, to construct, as shown on EXHIBIT "B", buildings,

fences, water pipe lines with appropriate meter(s), septic systems and other appurtenant structures on the property suitable and proper for religious and recreational purposes.

If, at the end of the first five (5) year period, December 31, 1986, LESSEE does not complete the planned construction, LESSOR may cancel (1) the right and option to renew for the ten (10) year period as stated in paragraph 4, Option, or (2) the entire lease. Such cancellation will be at the sole discretion of LESSOR.

(d) LESSEE shall not place, construct or install, nor caused to be placed, constructed or installed, any obstacle or structure in said Lake Valley Reservoir which may constitute a hazard to LESSEE or others who may use the waters of the Lake.

(e) LESSEE will refrain from using in its construction any reflective type material which may detract from the natural surroundings of the property.

(f) All construction must comply with any and all federal, state or county orders, rules and regulations.

Sanitary  
Facilities

(g) LESSEE shall provide and maintain suitable and adequate sanitary, sewer/septic facilities which are acceptable to LESSOR and will comply in all respects with any and all rules and regulations that may be established by the State Board of Health or any other health agency.

At no time shall there be more people utilizing the property than can adequately be accommodated by then existing functioning sanitary sewer/septic facilities.

Capacity

(h) At the time of completion of the Master Plan, the design capacity is limited to a maximum occupancy of 350 persons at any one time.

Any adjustment in the maximum occupancy will be at the sole discretion of LESSOR.

(i) Any construction which deviates from that shown on the attached EXHIBIT "B", must first be approved in writing by LESSOR.

(j) LESSEE shall conduct all its operations in accordance with good property management procedures to avoid any unfavorable impact upon the environment, ecology or aesthetics of the leased property and its surroundings and to reflect credit upon both LESSOR and LESSEE.

Right to  
Inspect

(k) LESSOR may enter upon the property or any part thereof at any and all times for the purpose of inspecting the property and any construction thereon and determining for itself whether LESSEE is observing and complying fully with all terms and conditions hereof.

**Building  
Removal**

(1) Any buildings or other structures, not including water pipe lines with associated meter(s), septic systems or fences, constructed on the leased property by LESSEE shall be removed from the property before the termination of this lease or any extension hereof. If LESSEE fails to remove any such buildings or structures, then LESSOR may within one (1) year after such termination remove the remaining buildings or structures at the sole risk of LESSEE. All costs and expenses associated with said removal and the restoration of the property shall be paid by LESSEE on demand. Any buildings or structures not removed will be deemed fixtures, constituting a part of the property and title thereto will automatically vest in LESSOR.

All water pipe lines with associated meter(s), septic systems, and/or fences installed on the property will be deemed fixtures and constitute a part of the real property.

**Water Usage**

9. Subject to the water rights of LESSOR, LESSEE shall be allowed to take from Lake Valley Reservoir, at no cost, not more than five (5) acre feet of water each year for use on the property. In addition, LESSEE will install and maintain at its sole cost and expense all facilities, including a water meter, necessary for the taking of said water in accordance with EXHIBIT "B". Said water meter will be installed by LESSEE not later than July 1, 1982.

LESSEE will provide LESSOR, at its Auburn office, with quarterly water meter readings indicating the amount of water used for that quarter. If LESSEE's usage exceeds five (5) acre feet of water per year, LESSEE will pay LESSOR for the lost electric generation resulting from the overage at LESSOR's then current avoided cost for generation formula established by LESSOR and approved by the California Public Utilities Commission.

LESSEE acknowledges that LESSOR makes no representation, guarantee or warranty that said water is potable or suitable for any particular purpose including domestic use or for human consumption. LESSEE agrees that should it use said water, make it available or offer it for human consumption or domestic use, LESSEE will be totally responsible for and take all necessary precautions to make it potable. LESSEE also assumes all risks and liabilities in connection therewith.

**Reservoir Water  
Fluctuation**

10. LESSOR will have the right in its sole judgment to fluctuate the water level of said Lake Valley Reservoir at any time and will not be required to hold the water level at any specific elevation for the convenience of LESSEE. LESSOR will also have the right in its sole judgment to flood any portion of the property by raising the water level of said Reservoir, and in such event it will not be liable in damages or otherwise to LESSEE with respect to any buildings or other structures which it may have placed on the portion of the property as may be so flooded.

LESSEE hereby agrees that it will indemnify LESSOR against and hold it harmless from any liability for injuries to or death of persons or damage to property located on the property, resulting from, arising out of, or in any way connected with, the raising or other fluctuation of the water in said Reservoir whether produced by the voluntary action or LESSOR or otherwise.

**Water  
Pollution**

11. LESSEE, at its sole cost and expense, will exercise all necessary precautions and means to prevent the pollution and contamination of any of the waters on the property, including particularly those of Lake Valley Reservoir. LESSEE further assumes all responsibility to correct any pollution or contamination of such waters caused by LESSEE's operations.

**Timber**

12. LESSOR reserves all interest in forest products on the property including the right to perform timber management, perform reforestation, harvest any timber or forest products and otherwise designate the disposition of any forest products upon the property. LESSOR further reserves the right to use or construct any roads upon said property it deems necessary.

LESSEE will maintain the grounds in a safe and orderly condition, to permit neither waste, injury nor removal of trees, shrubbery or other property upon or part of the leased property, except such injury or removal as may be necessary to continued maintenance of the leased property in a safe and good condition, including removal of trees which exist in a decadent or hazardous condition, flammable brush, undergrowth and other debris. In instances where timber or tree removal is necessary to maintenance of the leased property in a safe condition, LESSEE will, if circumstances permit, notify LESSOR's Division Land Supervisor at Auburn, California, at least twenty-four (24) hours prior to taking remedial action.

**Conduct and  
Complaints**

13. LESSEE will not permit any disorderly conduct or nuisance to exist on the property. LESSOR reserves the right to cancel this lease with thirty (30) days' written notice in the event of complaints that the use for which this lease is given is resulting in nuisances or does not reflect credit upon both LESSOR and LESSEE. LESSEE will not permit any portion of the property to be used for industrial or commercial purposes.

**Fire  
Precautions**

14. LESSEE will comply with any and all orders, rules and regulations, whether federal, state or county, relating to the occupancy and/or use of the property, and will take all reasonable and required precautions to prevent and/or suppress fires thereon.

**Taxes**

15. LESSEE will pay all taxes levied or assessed during the term of this lease or any extension thereof against any and all existing improvements or improvements which may be constructed on the property and further be responsible for payment of any special assessments or fees of special assessment districts which may be levied against the property hereafter.

**Insurance**

16. LESSEE will procure and maintain in effect during the entire term of this lease or any extension hereof insurance for both bodily injury (including automobile) and property damage liability (including automobile) in the amount of not less than \$1,000,000 for injury to or death of one or more persons as a result of any one accident or occurrence, and of not less than \$1,000,000 for damage to property resulting from any one accident or occurrence. Such insurance shall include assumption of contractual liability and shall also be endorsed to (a) include LESSOR as an additional insured, (b) contain a severability of interest clause and (c) provide that notice shall be given to LESSOR at least thirty (30) days prior to cancellation or material change in the form of such policies. LESSEE shall furnish LESSOR prior to commencing performance hereof and within not more than five (5) days after the execution hereof, certificates of insurance together with copies of the endorsements required herein. LESSOR shall have the right to inspect the original policies of such insurance.

**FERC  
Compliance**

17. This lease is made subject to any existing easements and LESSEE acknowledges the rights of LESSOR, its successors and assigns, to use that portion of the property within the boundary of Federal Energy Regulatory Commission Project No. 2310 for project purposes, and to use the property or any portion of it which in the sole judgment of LESSOR may at any time be deemed necessary or convenient for LESSOR to conduct its various public utility businesses.

LESSEE's use of the property shall not in any way endanger health, create a nuisance or otherwise be incompatible with overall project recreational use, in accordance with Paragraph (C) of Federal Power Commission Order No. 313 issued December 27, 1965 (34 FPC 1546, 1549-50).

Rights granted herein with respect to that portion of the property lying within FERC Project 2310 shall be in effect only so long as LESSOR is LICENSEE for Federal Energy Regulatory Commission Project No. 2310.

**Environmental  
Clauses**

18. LESSEE agrees that its use of the property shall be in accordance with all applicable federal, state and local laws, rules, regulations and ordinances, (hereinafter referred to as "Laws") including, but not limited to, those concerning protection of the environment.

LESSEE will obtain any and all permits, licenses and other governmental approvals (hereinafter referred to as "Permits") legally required by virtue of its use of said property, including, but not limited to, Permits under the Clean Air Act, Clean Water Act, Resources Conservation and Recovery Act, and California Environmental Quality Act of 1970. LESSEE will promptly inform LESSOR in writing of each filing and the outcome of any such application for a Permit.

LESSEE will inform LESSOR in writing of the precise nature of its use of said property, including, but not limited to, any activities which might subject LESSOR to regulation under any Laws concerned with protection of the environment.

**Indemnity**

19. LESSEE will indemnify LESSOR, its officers, agents and employees against all loss, damage, expense and liability resulting from injury to or death of person, including, but not limited to, employees of LESSOR or LESSEE or damage to property, including, but not limited to, property of LESSOR or LESSEE, arising out of or in any way connected with LESSEE's operations hereunder, or with the rising or other fluctuation of the water in Lake Valley Reservoir whether produced by the voluntary action of LESSOR or otherwise, including any loss, damage, expense, or liability proximately caused or contributed to by the negligence, whether active or passive, of LESSOR or resulting from the failure of LESSEE to obtain or comply with any permit or failure to inform LESSOR of the precise nature of its activities excepting only such loss, damage, expense, or liability as may be caused by the sole negligence or willful misconduct of LESSOR.

**Signs**

20. In addition to the sign LESSEE is required to post under paragraph 7, Access trails and roads, LESSEE will also, at its sole cost and expense, post a sign near the main lodge building, no smaller than 4 feet by 4 feet in size, which will state "These facilities are courtesy of PGandE and Sky Mountain Christian Camp."

**Cancellation**

21. LESSOR hereby reserves the right, exercisable at any time or times during the term hereof, (a) to make such temporary or permanent use of said property, or any portion thereof, as it shall deem necessary or convenient in connection with the conduct of its various public utility businesses, (b) to sell, exchange or lease the whole or any portion of said property, and (c) to grant easements in, on and across said property for any and all purposes. If LESSOR shall so desire to utilize the whole or any portion of said property, or to sell, exchange or lease the whole or any portion thereof, or grant easements therein, and shall give LESSEE at least 120 days written notice to that effect containing a description of the lands so to be utilized, sold, exchanged or leased, or the easement to be granted, this lease shall as to the lands so described forthwith terminate upon the expiration of the period so designated. If the lands so described shall include the whole of said property LESSOR will pay or tender to LESSEE such portion of any rent which may have been paid in advance for the current year as would otherwise have been applicable to the remainder of such current year next succeeding the date when such tenancy will terminate by virtue of such notice, but in case the lands so described shall include only a portion of said property then this lease shall not be affected as to the balance of said property and LESSOR shall thereupon repay to LESSEE such proportion of the rent then paid for the then current year as the acreage in the lands described in such notice shall bear to the entire acreage of said property and as the balance of said current year from the expiration of said notice shall bear to the entire current year. After the expiration of said current year and throughout the remaining term of this lease there shall be a reduction of the rate of rental hereunder in proportion as the acreage in the lands described in such notice shall bear to the entire acreage of said property.

**Default**

22. In the event of default by LESSEE in the performance of any of the terms, conditions or requirements of this lease, LESSOR may at its option terminate this lease by written notice to LESSEE at Post

Office Box 79, Emigrant Gap, California 95715, Attention: President, in which event all rights of LESSEE will cease and terminate thirty (30) days from and after the date of such notice and thereupon LESSOR may re-enter the property and remove all persons therefrom.

LESSOR's  
Sole Judgement

23. Evaluation of LESSEE's performance, observance and compliance with all terms and conditions of this lease will be a matter of LESSOR's sole judgement. Any decision made by LESSOR regarding unsatisfactory performance by LESSEE will be reasonable and evidenced by appropriate documentation.

Time is of the essence of the provisions hereof.

IN WITNESS WHEREOF the parties hereto have executed these presents in duplicate this 26<sup>TH</sup> day of April 19 82.

LAND DEPT. APPR.  
*[Handwritten initials]*

PACIFIC GAS AND ELECTRIC COMPANY

*via*  
By *[Signature]*  
Its Manager, Land Department

And By *[Signature]*  
Its Secretary

SKY MOUNTAIN CHRISTIAN CAMP

By *Mark Saunders*  
Its President

And By *Eileen L. Saunders*  
Its Secretary

*NE 1/4 Sec 35,  
T. 17 N. R. 12 E. 110M  
SBE 135-31-001 Pl. 6  
Acct 75*

Approved as to Form

*[Signature]*  
Attorney

P. G. & E. CO.  
COPY

Sky Mountain Christian Camp  
Appraisal



Since 1947

April 17, 2016

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Email Address: [dneale@nealeandsons.com](mailto:dneale@nealeandsons.com)  
State Bond # 0418795 · Tax I.D. #94-2820450

Since 1947

**LETTER OF TRANSMITTAL**

Wayne Prescott  
The Schmidt-Prescott Group  
2010 N. 1st Street, Ste. 390  
San Jose, CA 95131

April 17, 2016

In accordance with your authorization we have carried out an investigation and appraisal of the furniture, fixtures and equipment, as listed on the schedule of FF&E provided by the owner. The personal property is exhibited to us as being that of and located at:

Sky Mountain Christian Camp  
45660 Lake Valley Rd.  
Emigrant Gap, CA 95715

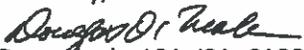
The assets have been valued using generally accepted appraisal principles and theory, and comply with the reporting requirements of the *Uniform Standards of Professional Appraisal Practice* (USPAP) as written by the Appraisal Foundation, the American Society of Appraisers and the International Society of Appraisers.

Based on the data and conclusions presented in this appraisal report, it is our opinion that the fair market value in continued use, of the subject assets as of April 17, 2016 are reasonably stated in the amount of:

**Fair Market Value In Continued Use: \$301,089.50**

The opinions of value expressed in this appraisal are contingent upon the analyses, facts, and limiting conditions presented in the accompanying report. No portion of the report stands alone without the approval of its authors. No portion of this report may be disseminated to the public through advertising, public relations, new, or any other public means of communications without the prior written consent of Neale & Sons Inc.

Sincerely,

  
Doug Neale ASA, ISA, CAPP  
President

## APPRAISAL PRINCIPLES & METHODOLOGY

### PURPOSE AND INTENDED USE FOR APPRAISAL

The appraisal was made to express my opinion of the Fair Market Value In Continued Use of the personal property in question. The intended use of this report is to assist the San Joaquin County Office of Education to prepare an offer to purchase the assets (excluding land) of Sky Mountain Christian Camp. The intended users of this report are: Wayne Prescott, the San Joaquin County Office of Education and their real estate, personal property, legal, and financial advisors and consultants.

### INSPECTION

The appraisal investigation included a physical inspection as of April 17, 2016 with subsequent research through April 28, 2016. This report is effective on April 17, 2016.

### DEFINITION OF VALUES

The definition of Fair Market Value In Continued Use as referred to in this report is the estimated amount, expressed in terms of money, that may reasonably be expected for a property in an exchange between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell, and both fully aware of all relevant facts, including installation, as of a specific date and assuming that the business earnings support the value reported. This amount includes all normal direct and indirect costs, such as installation and other assemblage costs to make the property fully operational.

Fair Market Value generally relates to used equipment and is valued at replacement cost less depreciation, or it may be the product of any investigation of prices in the open market for equipment of the like kind and quality.

The definition of Extraordinary Assumption, as defined by the USPAP, is an assumption directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions or conclusions. (USPAP, pg. 4-3). The appraiser has made the assumption in this report that all information supplied is accurate and true.

### APPRAISAL METHODS

This appraisal utilizes one or more of the following appraisal methods in determining the fair market value, in continued use:

Cost Summation Method: The Cost Summation Method is an estimate of what it will cost to produce, demolish, alter or repair a tangible property. The method consist of adding together all of the estimated individual items of cost. There are two kinds of items of cost (1) items purchased in the open market, appraised at buyers cost by the

pricing principal. (2) Items such as labor, supervision, indirect expense, financing and so forth, appraised on the basis of recorded data derived from past experience. These appraisals are forecast of costs and rely on the causal and continuity postulates.

**Sales Analysis Method:** This method is based on an analysis of the prices at which comparable properties have sold. The market value of the subject property is the most probable price which it would bring if offered for sale. A comparable property is one which has the same value elements as the subject property (but not necessarily, or even generally, in the same proportions). The Sales Analysis Method assumes that the price at which a comparable property sold, was the result of a particular weighted-combination of value elements comprised in that property. The existence of the value elements, in certain proportions, is assumed to be the cause which produces the sales price as an effect. This appraisal method utilizes the causal postulate.

**Income Approach:** The Income Approach involves estimating the subject's potential for generating income for its owner. The income is then capitalized, or used to estimate value, by one or more of several methods. Capitalization may be based on the ratio of annual income to sales price as exhibited in market sales. Alternatively, projected future income may be discounted to its present value at a discount or yield rate derived from current market yield expectations. Tangible property utilized in a business is only one component in the production of income. It is difficult to isolate the income attributable to only the building or only the equipment. When personal property or equipment is appraised, the income approach is not normally applicable.

Although we considered all three approaches to value, we relied on the Sales Analysis Method and/or the Cost Summation Method. The Income Approach was considered, but was not used in this appraisal.

#### **COLLECTION, VERIFICATION, ANALYSIS**

This appraisal report reflects research which includes the collection, verification, analysis and reconciliation of such data as is available. The data has been adequately identified and described to indicate a value conclusion. No pertinent information has been withheld in this report.

#### **PROPERTY USE**

As of the effective date of this appraisal the property was utilized as a Christian camp and conference center.

#### **PROPERTY INCLUDED**

The appraisal included all Furniture, Fixtures and Equipment of the subject business as listed on the schedule of FF&E provided by the owner, to be offered to the San Joaquin

County Office of Education, unless stated otherwise. Furthermore all applicable installation cost including labor, supervision, indirect expenses, utility systems and other relevant aspects have been valued in this report, where applicable.

#### PROPERTY EXCLUDED

This appraisal excluded all other Furniture, Fixtures and Equipment at the site, not included on the schedule of FF&E, provided by the owner. I observed numerous excluded items on site such as vehicles, additional machinery and equipment in the shop and some kitchen items, to name a few. In addition land, building construction, fixed building surfaces, yard improvements and other aspects of the real estate, attached in a manner meant to be permanent, unrelated to the items appraised of the subject business were excluded.

The appraisal also excluded company records, research and library data, computer related data and software (except those items of software specifically related to the subject equipment), patterns, license agreements or other tangible, intangible or current assets associated with the enterprise, if any.

#### TYPE OF INVESTIGATION

This appraisal has been made in accordance with generally accepted appraisal principals and accordingly included such test and other procedures as we considered necessary.

In order to arrive at a supportable opinion of value, it was found necessary to utilize both documented and verbal evidence of market transactions. A concerted effort has been put forth to verify the accuracy of the information herein contained.

Accordingly, the information is believed to be reliable and correct and has been gathered according to the procedures which have been recognized under the *Principles of the Appraisal Practice and Code of Ethics* of the American Society of Appraisers and the International Society of Appraisers, as well as the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation.

#### APPROACH TO THE VALUE

We considered the history, character, location, size and utility of the subject property.

We have also considered the following:

Comparable Used Furniture, Fixtures & Equipment prices from reputable dealers or individuals, where available and supportable. Adjustments were made, where applicable and appropriate, to reflect the differences between the subject and comparable.

The value of the Furniture, Fixtures & Equipment not normally traded or supportable on the used market has been determined by establishing the cost of Replacement New. From this amount deductions for physical deterioration and functional obsolescence were taken into consideration where applicable.

We have considered where measurable, the condition and quality of the Furniture, Fixtures & Equipment, its utility and degree of functional or economical obsolescence.

Where applicable, consideration has been given to currency exchange, duties, taxes, freight, installation and engineering fees.

In making our investigation, we attempted to determine as closely as possible maintenance procedures, equipment that has been recently overhauled or is in need of being rebuilt. The date of manufacture and the number of years in production was identified by reference to accounting and maintenance records for some items, through serial number reference books and by estimating where none of the foregoing data was readily obtainable.

We also relied on information supplied to determine the physical condition of all major Furniture, Fixtures & Equipment. Where no information was supplied, we assumed the condition to be in (G) good operating condition, unless stated otherwise in this report.

## DEFINITIONS OF CONDITION

### NEW (N)

This term describes new items that have not been used before.

### EXCELLENT (EX)

This term describes those items that are in near-new condition and have had very little use.

### VERY GOOD (VG)

This term describes an item of equipment in excellent condition capable of being used to its fully specified utilization for its designed purpose without being modified and without requiring any repairs or abnormal maintenance at the time of inspection or within the foreseeable future.

### GOOD (G)

This term describes those items of equipment which are in good operating condition. They may or may not have been modified or repaired and are capable of being used at or near their fully specified utilization.

### FAIR (F)

This term describes those items which because of their condition are being used at some point below their fully specified utilization because of the effects of age and/or application and which may require general repairs and some replacements of minor elements in the foreseeable future to raise them to be capable of being utilized to or near their original specifications.

### POOR (P)

This term is used to describe those items of equipment which because of their condition can be used only at some point well below their fully specified utilization, and it is not possible to realize full capacity in their current condition without extensive repairs and/or the replacement of major elements in the near future.

### SALVAGE (S)

This term is used to describe those items of equipment whose value remains in the whole property or a component of the whole property that has been retired from service.

### SCRAP (X)

This term is used to describe those items which are no longer serviceable and which cannot be utilized to any practical degree regardless of the extent of the repairs or modifications to which they may be subjected. This condition applies to items which have been used for 100 percent of their useful life or which are 100 percent technologically or functionally obsolescent and are no longer serviceable and have no value other than for their material content.

## **STATEMENT OF LIMITING CONDITION**

This appraisal is subject to the following limiting conditions:

The appraiser renders no opinion as to legal fee or title; it is assumed to be marketable. Prevailing leases, liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property was appraised as though free and clear, under responsible ownership, and competent management.

This report shall be used for its intended purpose only, and by the parties to whom it is addressed. It is for your internal use only and, unless otherwise stated, should not be disseminated to the public or third parties in any part.

All estimates of value are presented as the appraiser's considered opinion based on information obtained during the investigation.

No appraisal of land or any intangibles that might exist was made by Neale & Sons Inc.

Testimony or attendance in court by reason of this appraisal may become a requirement of this engagement, therefore, arrangements and fees for such services must be made in advance.

The statements of value and all conclusions shall apply as of the effective date shown herein.

Neither the appraiser nor any employee of Neale & Sons Inc. has any current or contemplated financial interest in the property appraised.

Neither all, nor any part of the contents of this report is to be conveyed to the public through advertising, public relations, news, sales or other media, without written consent and approval of the author. This applies particularly to value conclusions and to the identity of the appraiser and the firm with which he or she is connected.

This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. No portion of the report stands alone without approval from the author.

The liability of Neale & Sons Inc. and its employees is limited to the client only and only up to the amount of the fee actually received for the assignment. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any

deficiency in the property. The client will hold Neale & Sons Inc. and its employees completely harmless.

The appraiser is not qualified to opine on the compliance or non-compliance of the subject property to current or proposed safety and health regulations. If doubt exists as to compliance, it is recommended that expert counsel be obtained.

The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties. The appraiser has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Neale & Sons Inc. and its partners, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including, without limitation, hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

All opinions as to values stated are presented as this appraiser's considered opinion based on the facts and data set forth in the report. This appraiser assumes no responsibility for changes in the Market and/or Liquidation conditions or for the inability of the owner to locate a purchaser at the appraised value.

# QUALIFICATIONS OF APPRAISER

***Doug Neale ASA, ISA, CAPP***

President, Neale and Sons, Inc., Appraisers & Auctioneers.  
Full Time Occupation as Appraiser & Auctioneer since 1974.  
Bachelor of Arts Degree, with honors - University of California at Santa Barbara.

Senior Member, American Society of Appraisers.  
Designated Member, International Society of Appraisers.  
Certified Appraiser of Personal Property CAPP, International Society of Appraisers.  
Member International Right of Way Association.  
Past Member, National Auctioneer's Association.  
Past Member, Appraisers Association of America.  
Past Director, California State Auctioneer's Association.  
Past Advisor, Council of Advisors, State of California Auctioneers Commission.

Instructor, National Auctioneers Association.  
Instructor, California State Auctioneers Association.  
Instructor, California Auction College.  
Instructor, Society of Auditors-Appraisers.  
Instructor, Santa Clara County Assessor's Office.  
Instructor, Professional Fiduciary Association of California.  
Instructor, Washington State Auctioneer's Association.

Course Completion, Personal Property Evaluation #101, International Society of Appraisers.  
Course Completion, Personal Property Evaluation #102, International Society of Appraisers.  
Course Completion, Appraiser's Fiduciary Responsibility #103, International Society of Appraisers.  
Course Completion, Gem Identification, Gemological Institute of America.  
Course Completion, Diamond Appraisal, Gemological Institute of America.  
Course Completion, Expert Witness #SE 700, The Appraisal Institute.  
Course Completion, Personal Property Evaluation, #PP 101. American Society of Appraisers.  
Course Completion, Personal Property Evaluation, #PP 102. American Society of Appraisers.  
Course Completion, Personal Property Evaluation, #PP 103. American Society of Appraisers.  
Course Completion, Mach. & Equip. Principles of Valuation, #ME 201. American Society of Appraisers.  
Course Completion, Mach. & Equip. Principles of Valuation, #ME 202. American Society of Appraisers.  
Course Completion, Mach. & Equip. Advanced Topics #ME 204. American Society of Appraisers.  
Course Completion, National Uniform Standards of Professional Appraisal Practice. Appraisal Foundation.

American Society of Appraisers Reaccreditation Program.  
International Society of Appraisers Reaccreditation Program.  
U.S.P.A.P. Reaccreditation. Program.

Published Article in C.S.A.A. Magazine: *The Chanticleer*. "Appraisals for the I.R.S."

Accepted as an Expert Witness in the following: Courts; Federal, Superior, Municipal, Probate, Bankruptcy and Tax Appeals Boards, as located in:

California: Santa Clara County, San Mateo County, Santa Cruz County, Alameda County, Marin County, San Francisco County, San Joaquin County, San Benito County, Stanislaus County, Napa County, Monterey County, Sacramento County, Los Angeles County, Orange County.

Oregon: Marion County.

## PARTIAL LIST OF CLIENTS

### AD VALOREM TAX CONSULTANTS

Lane Westly Inc.  
Declarations Services

### ADVERTISING

Jim Hamilton Direct Communications

### ASSOCIATIONS / CLUBS / ORGANIZATIONS

The Sainte Claire Club  
Concordia-Argonaut Club, San Francisco.

### AVIATION / AREOSPACE

Lockheed - Martin  
Hughes Aircraft  
TRW  
Bruce Industries  
Vern Miller Aviation

### AQUARIUM STORES

The Aquarium

### AMUSEMENT PARKS & CARNIVAL

Show of Shows Inc.  
Foley & Burke Co.  
Dot Amusement Inc.  
Winchester Mystery House  
Great America – Krafty Korn

### ANTIQUA STORES

Ace Antiques  
Charles & Charles Inc., Los Angeles  
Christopher's Antiques  
New Castle Architectural Antiques  
Rosemary's Antiques  
Los Gatos Antiques  
Montgomery Antiques

### APPRAISAL COMPANIES

Sequoia Appraisal Group  
Appraisal Research Corp.  
Mansbach Associates  
The Hanford / Healy Company  
Haley Appraisal Company  
Roessler & Associates  
Desmond, Marcello & Amster

### ARCHITECTS

S.L.R. Architects

### ART GALLERIES / ARTISTS

ADI Gallery  
Westview Gallery

William Ward Estate

### AUTOMOTIVE & AUTO PARTS

Goodyear Tire Company  
San Francisco Auto Dealers Association  
Chrysler Corporation  
AAMCO Transmission  
Midas Muffler, Executive Offices  
Meinke Car Care Center  
Penniman & Richards Machine Shop  
Par Distributors  
B.P. Racing  
American Auto Body Repair & Painting  
Mustang Ranch Automotive  
Santa Teresa Shell  
Chevron Towing  
Quick Auto Body Repair  
Al Moreno Automotive  
Almaden Color Services  
Hillcap Auto Wreckers  
George Italtan Repair  
Klassic Body Works  
Lee's Auto Body  
Monument Auto Parts  
Stephen's Automotive  
Contra Costa Body Shop  
MTC Motors  
Grand Auto Supply  
Dependable Brake Shop  
Wally's Auto Clinic  
Sam's Automotive  
Sherwood Trailer Company  
Lou Amaral Complete Automotive  
Pajaro Motors Inc.  
Max's Garage  
Precision Peoples Car Repair  
Paul's Auto Electric  
Curtis Auto & Truck Repair & Sales  
City Towing Body Shop  
101 Body Shop  
Unlimited Auto Recovery  
Expand a Van  
T&M Transmission  
Dennis Auto Body  
La Guardia Collision  
Tron's Auto Body  
Just Carol's Auto Restoration  
Body Style European Specialists  
Precise Automotive Repair  
Valencia's Custom Auto  
Wester Volkswagen Dodge, Seaside

Car Town Automotive Center  
Santa Clara Auto Body  
LTR Auto Center  
Tire & Wheel Motor Sports  
Mowry Automotive Center  
Khalsa Auto Center  
Santa Clara Auto Body  
Dayton Automotive  
Streetwerke Inc.  
Bill & Bill Auto Center  
Ward's Custom Paints / Auto Body  
Curtis Auto Recycling & Scrap

**AUTOMOTIVE, ANTIQUE**

Brooks Motorcycle Collection  
Dr. Edgar Lawrence Collection  
Glenford Denne Collection  
Michael Medeiros Collection  
Tom Bowers Collection (Bend, Oregon)  
Phillip DeRosa Collection  
San Jose Fire Museum Collection

**BAKERY**

Neldam's Bakery  
Ris Bakery

**BANKS / LENDING INSTITUTIONS**

Comerica Bank  
Heritage Bank Of Commerce  
Pacific Valley Bank  
First Interstate Bank  
First National Banks of: Marysville, Oroville,  
Chico, Willows, Sacramento.  
Sanwa Bank  
Sumitomo Bank of California  
Union Bank  
Bay View Federal Savings  
Bank of America  
Truckee River Bank  
Valley Commercial Bank, Stockton  
Financial Center Bank, Redwood City  
Placer Bank of Commerce, Roseville  
AEA Credit Union  
Colonial Bancorp  
Mercury Federal Savings & Loan  
Cabrillo Federal Savings  
Bank of Northern California  
Bank of Columbia Falls, Montana  
Sandy State Bank, Utah  
Independent Savings & Loan, Vallejo  
Saratoga Savings & Loan  
California Funding Center  
State Wide Thrift & Loan

Unified Mortgage Company  
Far West Savings & Loan  
Federal Credit Union  
Mission National Bank  
PML Lending  
Regent Thrift & Loan  
Barbary Coast Bank  
Sonoma Financial  
Bank of Los Gatos  
Gateway Savings  
Unified Consumer's Lending  
Best Real Estate Loans  
Northern Trust Bank  
Wells Fargo Bank, SBA Lending  
GE Commercial Finance  
Wells Fargo Bank: Mt. View  
Washington Mutual Bank  
Community Bank of The Bay  
S&L Home Loans  
Network Funding Group  
Bank of Almaden

**BANK TRUST DEPARTMENTS**

Bank of America, Trust Department  
Bank of the West, Trust Department  
Barclays' Bank of Cal., Trust Division  
Wells Fargo Bank, Trust Division  
Crocker National Bank, Trust Division  
First Interstate Bank of Cal., Trust Division  
Bank of California, Trust Division  
Pacific Trust Company  
University National Bank & Trust  
Greater Bay Trust Co.

**BEAUTY SALONS / BARBERS**

21<sup>st</sup> Century Products  
Special FX Salon  
G & B Beauty Supply  
Mirror, Mirror  
Rolie's Barber Shop  
At Hair Technologies  
The Squire Barber Shop  
Nails & More  
Tri City Beauty College  
Classy Lady Styling Salon  
Eye for Beauty  
Contour Hair Care  
Fabionar Salon  
Lucky's Barber Shop  
Nina's Nails  
University Nails  
Kim's Salon  
Sun Valley Nails

Dream Girls Hair Salon  
King Rd. Barber Shop  
Angelique's Beauty Salon  
Main St. Hair  
Story & King Wigs

**BIO MEDICAL**

Genentech  
XOMA

**BLUE PRINT**

ABC Blue Print  
East Bay Blue Print

**BOATING / HARBORS**

Circle Line Statue of Liberty Ferry, Inc.  
Konocti Harbor Inn  
R.J. System Boat Yard  
Cooley's Landing Center  
Arizona River Runners  
O.A.R.S. Grand Canyon Dories  
Arizona Raft Adventures  
Grand Canyon Discovery  
Wilderness River Runners /ARAMARK  
Western River Expeditions

**BOOK BINDERY & ARCHIVAL REPAIR**

Memorabilia of San Jose

**BOOK STORES**

Alpine Book Store

**BOWLING LANES**

Pleasant Hill Lanes

**CABINET MAKERS / FURNITURE MFG.**

Amer. - Tel Cabinets  
American West Furniture Mfg.  
Marshall Cabinetry  
Heron Furniture Mfg.  
Norcal Furniture Mfg.  
Clyde Hill Furniture

**CAR WASH**

Moonlite Car Wash  
Pacific Car Wash  
Superior Touch Car Wash

**CELLULAR SERVICES**

Mobile Access

**CARPET CONTRACTORS**

Stringer's Carpet sales

**CHEMICAL SOLVENT  
MANUFACTURING & DIST.**

U.S. Cellulose

**CHURCHES**

Congregational Church of Campbell  
St. Francis Cathedral, Oakland  
Advent Ministries  
Open Door Church  
Praise Chapel  
Saratoga Federated Church  
St. Nicholas Greek Orthodox

**CHRISTMAS TREE LOTS**

Alpine Trees

**CLEANERS / LAUNDROMATS**

Diamond Cleaners  
Township Cleaners  
Holiday Cleaners  
Modern Suds Laundromat  
Cost Less Cleaners  
Vapor Sudden Service Cleaners  
Valetone Cleaners  
T.M. Laundry

**CLEANING / RENOVATION SERVICES**

Service Master  
Specialty Insurance Services

**CLOTHING / WARDROBE**

Ujena International (Swimwear)  
Kim's Custom Embroidery  
Gates Leather & Clothing  
Lace's Lingerie  
American Athletics (Sportswear)  
Khoobsural Boutique (Indian / Pakistani)  
Four Seasons Clothing  
Mertillo Linens & Lace

**COIN STORE**

San Jose Coin Shop

**CONSTRUCTION**

Aparicio Construction  
Waldron Construction  
Blazer Construction  
Play Ground Unlimited Construction  
Giancola Concrete Construction Co.  
H & K Grading  
P & H Construction  
Prowse Construction

Hubbard Enterprises Construction  
B & P Construction Co.  
Eigen Engineering  
Chitwood Bros. Drywall  
Cash Construction  
Butler Construction  
Peake Engineering  
Benitz Construction  
Trumpp Brothers Construction  
Walls "R" Us

**CONVENTION SERVICES**

E.C.S. Convention Services

**COURT TESTIMONY**

Individuals from Neale & Sons have been accepted as expert witnesses in: Federal Court, Superior Court, Municipal Court, Probate Court, Franchise Tax Board, Bankruptcy Court.

**In California:**

Napa County  
San Benito County  
Santa Clara County  
San Francisco County  
Monterey County  
Santa Cruz County  
San Mateo County  
Sonoma County  
Alameda County  
Marin County  
San Joaquin County  
Stanislaus County  
Sacramento County  
Los Angeles County  
Contra Costa County  
Solano County

**In Oregon:**

Marion County

**C.P.A / & TAX SERVICES**

G.F.I (Consulting Management Firm)  
Dixon Enterprises Tax Service  
Cozy Home Tax Service  
Community Together, Tax Service  
Dale Griffin Tax Preparation Service  
Union City Income Tax Specialist  
Paul De Gregorio, C.P.A.

**CYCLERY**

Pleasant Hill Cyclery  
New Cycle  
Contra Costa Cyclery

**DANCE STUDIOS**

Anne's Dance Studio

**DAY CARE**

Peninsula Day Care Center  
Jubilee Academy  
Serene Care Day Care

**DRILLING**

Maggiara Bros. Drilling

**DRUG STORES**

Walgreens

**ELECTRICAL CONTRACTORS**

C.V.E. Corp.  
Morgan Hill Electric  
Willow Glen Electric

**ELECTRONIC/ AUDIO/ VIDEO**

Monster Cable Co.  
Sunnyvale Electronics  
Century Stereo  
Ace Components TV Repair  
Anatech Electronics  
West Sound Stereo  
Eastern Electronics

**ENERGY CONSERVATION**

Preferred Energy Services

**ENVIRONMENTAL /  
GEOTECHINCAL ENGINEERING**

William Cotton Associates  
Geo Technical Engineering  
Terratech Geo Technical Engineering  
Geo Environmental Technology  
Gentech Environmental

**FARM EQUIPMENT**

Merritt Ranch  
Atkinson Farms  
Vineyards OPS  
Quail Hollow Ranch, Felton  
Davey & Sons Farms  
Caterpillar Tractor  
Pacific Agricultural Supplies  
Soil Fume Inc.  
Clyde Hill Farm  
Happy Valley Ranch  
Golden State Equipment  
B&B Llama Ranch

**FIDUCIARIES**

John Rowden Davis, DPA  
Marshall Fiduciary Services  
Richard Lambie Fiduciary Services  
Backhouse Fiduciary Services  
N.E.G. Consulting Inc.

**FILM/ RECORDING STUDIOS**

Saul Zaentz Film Studios  
Fantasy Records  
Multichrome Film Company  
Transcontinental Video Corporation  
Seascape Productions  
Vietnam Int'l Video Dubbing  
Pan Asia Video  
HK Int'l Video Distributing

**FINANCIAL ANALYSIS SERVICES**

Dornbusch Associates

**FIREARMS**

Santa Clara County Sheriff's Dept.  
Santa Clara County Public Admin / Guardian  
Trilex Weapons, Inc.

**FIRE FIGHTING**

Colma Fire Department  
Saratoga Fire Department  
Konocti Harbor Fire Department  
San Jose Fire Museum

**FLORIST/ NURSERY**

The Village Florist  
Wesley Flowers & Gifts  
Saratoga Garden Nursery  
Union City Florist  
Burlesque Telephone  
Balloons to Go  
Bob Gilmore Flowers  
Reynoso Florist  
Floreria Loreno Florist

**FOOD PROCESSING / FROZEN FOODS /****PRODUCE**

Party Ice, Mfg.  
M&O Farms (Strawberry)  
Soil Fume Inc. (Strawberry)  
Central West Produce  
Luce-Carmel Meat Packing  
Fiesta Bahia Ice Cream Mfg.  
Butchers Union, San Francisco  
India Spice  
Silva Produce

Sanchez Meat Market  
Keystone Coffee  
Cafferata Ravioli Factory  
Discount Meat & Fish  
Don Francisco Foods  
Crain Walnut Shellers  
El Tapita Foods

**FOUNDRY / METAL WORK**

South Bay Bronze  
Alfa-VMP Inc. (Alviso Foundry)  
Vitta Corp.

**FUNERAL HOMES**

Johnson Funeral Home, Morgan Hill

**FURNITURE DEALERSHIPS**

Resource & Design  
St. Onge Design  
Fortinos Total Home: Furniture, Appliance  
Global Traders

**FURNITURE RESTORATION**

New Life Finishing  
Dunne's Refinishing Service  
Morton's Eyre Refinishing  
On Site Finishing  
Bay Area Restoration

**GASOLINE STATIONS**

UNOCAL  
Chevron  
Shell  
ARCO  
Mobil  
Coast Gasoline  
Jiffy Food / Gas  
Larry's Union Service Station

**GOLF COURSES**

City of Palo Alto Golf Course  
Valley Crest Golf Course Maintenance

**GROCERY STORES**

Safeway Markets  
7/11 Stores  
AM/PM Markets  
Golden West Grocery Store  
Bruno's Market  
Mexico Super Market  
Mercado Jalisco  
Aquililla Market  
Damavand Market

Valu-Max Supermarket  
Jiffy Food Store  
Pleasant Hill Mart  
Yolanda's Market  
24 Market  
Guerro's Mercado  
Mi Pueblo Grocery  
Los Cabos Market

**HARDWARE STORES**

True Value Hardware

**HIGH TECHNOLOGY**

I.B.M.  
Hewlett Packard  
Applied Micro Circuits  
D.P.I., Inc.  
Advanced Micro Devices  
Intel  
RoIm Mil Spec  
Direct TV  
TRW  
Lockheed – Martin  
Hughes Raytheon  
Honeywell  
Intri-Plex Technologies  
Nohau Corporation  
Plus Development Corporation  
Quantum Corporation  
Loral Corporation  
Seeq Technology  
Applied Material  
Digital Corporation  
CLI (Compression Labs Inc.)  
NCR / Sharebase  
Bank of the West Technology Industries  
Teradata  
Datalink  
Cimflex Technology  
Cygnet Technologies  
IMAGIC  
Nutech  
Xlxele Enterprises  
Alpha Test  
Farex Corporation  
Retro Tek  
Plantronics  
Centcircuit International Inc.  
INABA Corporation  
C.X.R. / Halcyon  
Specialty Engineering  
Jasper Electronics  
TanThap

Electro Technical Services  
Fujitsu Micro Services  
Creative Computer  
Zendex  
PCA Design  
Dyna Craft Inc.  
Zeta Tech  
NeoPhotonics

**HEALTH CLUBS / SPORTS**

Grecian Health Spas  
What a Racquet  
Rieks Center for Human Enrichment  
Iron Works  
Programmed Athletic Fitness  
The Karate Studio  
American Athletic  
World Gym  
American Family Sauna & Tub  
The Alternative Health & Sports Clinic

**HOTEL / MOTEL / RESORTS**

Campton Place Hotel, San Francisco  
The Queen Anne Inn, San Francisco  
Konacti Harbor Inn  
Seacliff Inn, Aptos  
Rancho Motel  
Burgundy House, Yountville  
Harbor Lights Hotel  
Radisson Plaza Hotel, San Jose

**INSURANCE CO. / ADJUSTERS**

Travelers  
Specialty Insurance  
Safeco  
Home United Pacific reliance  
Indemnity  
Hartford  
Farmers Insurance Group  
A.A.A.  
Fireman's Fund  
All State  
United Insurance  
Crawford Adjusters  
Brown Brothers Adjusters  
Northern Claims Service, Inc.  
D.L. Glaze Co.  
Independent Claims Adjusters Inc.  
Service Master  
Hanover Insurance Group

**JEWELRY STORES**

San Francisco Loan & Jewelry Association

Diamite Jewelry Company  
Kim Ahn Jewelry  
Frazier's Jewelry and Repair  
Paul Opper Lapidarian  
J.A. Jewelry  
Austin Jewelers  
Kim Hung Jewelry  
Dos Hermanos Jewelry  
La Colonia Jewelry  
Kim Ahn Jewelers

**LABORATORIES**

Pharmchem Labs  
Ratel Labs  
Spectra Laboratories

**LANDSCAPING/ NURSERY**

Oliver's Home Repair & Garden service  
Area Custom Tree Service  
Pacific Nursery

**LAPPING & POLISHING**

Micro Precision Lapping  
Optic Fab

**LAW OFFICES APPRAISED**

Law Offices of Clayton & McEvoy  
Law Offices of Walter Hammon  
Law Offices of Betty Lebbos  
Law Offices of Donald DeVries  
Law Offices of Herman Mager  
Law Offices of Fuller, Glickman, Mausalam  
Law Offices of Larry McEvoy  
Law Offices of Berg & Parker, San Francisco  
Law Offices of Lynn Yates Carter  
Law Offices of Fields & Gunderson  
Law Offices of David Sussman  
Law Offices of Hoge, Fenton & Appel  
Law Offices of Hall & Hieat , San Luis Obispo  
Law Offices of Berliner & Cohen  
Law Offices Blaha, and Hartford, Pleasanton  
Law Offices of Hoover & Bechtel  
Law Offices of Hales & Hales  
Law Offices of Popelka-Allard  
Law Offices of Alan Nudelman  
Law Offices of Jerome Blaha  
Law Offices of Flicker & Kerin  
Law Offices of Dok, Levy & Perrin

**LEASING AGENCIES**

G.E. Capital  
Charter Leasing Company  
Coast Leasing

GE Commercial Finance  
Network Funding

**LIQUOR STORES**

Big D Discount Liquors  
Larry's Liquors  
Barrone's Liquors  
University Liquors  
A-1 Liquors  
King & Story Liquors

**LUMBER YARDS**

T&H Lumber  
Hayward Lumber  
Piedmont Lumber

**MACHINE SHOPS**

Paragon Mechanical (PMI)  
FHL Corporation  
Allen's Machine Shop  
RSI Machining  
Alpha Z Technology  
Gateway Precision  
Exela Limited  
Reynolds Precision Machine  
Arco Manufacturing  
Western Sales Assoc.  
Kettman Machining  
A&T Precision Machinery  
C&H Specialists, Sheet Metal  
Jost Heating & Sheet Metal Inc.  
Co Fab Steels Corp  
ML Precision  
T.R. Engineering  
Y.H. Sheet Metal

**MACHINERY & EQUIPMENT SALES**

Firstenburg Machinery Company

**MAILING SERVICES**

Precision Mailing Inc.

**MANUFACTURING**

Bruce Industries, Carson City  
Alpha Technology  
Raymond Manufacturing  
Curoco Corp.  
Lazertron  
Arco Mfg.  
Industrial Mechanical  
ALL Engraving  
All West Steel Fabrication  
Ornamental Iron

**MARBLE (CULTURED) MFG.**

American Custom Marble

**MARINE LABORATORIES**

Long Marine Lab

**MEAT & FISH PACKING/ PROCESSING**

Butchers Union, San Francisco

Sanchez Meat Market

Discount Meat & Fish

Luce-Carmel Meat Packing

**MEDICAL/ DENTAL/ HEALTH PLAN/ LASER SURGERY**

OMNI Health Plan

First Care Urgent & Family Med. Ctr:

(Campbell, San Jose, Morgan Hill)

Capitola Pediatrics

Health Protection Inc.

Los Gatos Ear, Nose & Throat Clinic

Sports Medicine, Fremont

San Jose Medical Center, Medical Lab

Gabilan Radiology Medical Group

Diamond Associates Counseling

Lively Dental Labs, Oakland

John Kravacica Dental

Healdsburg Dental Plaza

Rancho Cordova Dental Associates

Far Western Medical Supply Inc.

California Ear Institute

Associated Psychotherapist

Santa Clara County Hospital

Samaritan Medical Associates

Sirota & Koufman Medical Labs

The Alternative Health & Sports Clinic

Forest Medical Group

San Jose Orthopedic Medical Group

LRD Ultra Sound

Amato Chiropractic

Image Enhancing Dermatology

Presidio Dermatology

Heart Assoc. of Northern California

IMPAC Medical Systems

Life Sport Medicine and Wellness Center

George W. Parkinson, M.D.

Camran Nezhad, M.D.

Andrew Menkes, M.D.

Michael Rabkin, M.D. Laser Surgery

Kanwal Khanna, MD

Ronald A. Restifo, M.D.

Luis Zavala, M.D.

**METAL REFINISHING, PLATING**

Advanced Metal Finishing

The Silver Shop

**MOBILE HOME SERVICE**

Arden's Contracting

**MONEY TRANSFER**

Money Gram

Instacash

Fast Cash

**MOTION PICTURE THEATERS**

Camera One Theater

**MOVING COMPANIES**

Crown Moving Company, San Leandro

CMI Computer (Computer Movers)

United Van Lines

Bay Area Allied Van Lines

Olson Moving & Storage (Redding CA)

Graebel Van Lines

S&M Moving

Bay Area Moving & Storage

**MULTI MEDIA**

Better Image Productions

McFann Gray & Associates

Palo Alto Color

Monterey Life Magazine

**MUSEUMS**

Montalvo Arts Center, Saratoga

City of San Jose Museum

San Jose Fire Museum

Smithsonian (Nat'l Museum of Amer. History)

Casa Grande (Nat'l Landmark, New Almaden)

City of Sunnyvale Historical Society & Museum

City of Saratoga Historical Society & Museum

Museum of Natural Science, Chico State Univer.

Niles Essanay Silent Film Museum

**MUSIC STORES**

DeAngelo's Music

The Guitar Center

Retmo Latino Records / CD

United Acoustics

**NATIONAL PARK SERVICE**

**Grand Canyon National Park:**

Arizona River Runners  
O.A.R.S. Grand Canyon Dories  
Arizona Raft Adventures  
Grand Canyon Discovery  
Wilderness River Runners /ARAMARK  
Western River Expeditions

**Statue of Liberty National Monument**

Ellis Island / ARAMARK  
Liberty Island / Evelyn Hill Inc.  
Circle Line Statue of Liberty Ferry Inc.

**OFFICE SUPPLIES**

Cooks Office Products  
Discount Office Furniture

**PAINT / PIGMENTATION MANUFACTURING & DIST.**

Standard Brand Paints  
Elementis Pigmentation

**PAWN SHOPS**

Greenback Pawn Shop  
San Francisco Loan & Jewelry Assoc.

**PAVING COMPANIES**

Spirit Road Oils

**PEST CONTROL & TERMITE**

East Valley Termite Control

**PHOTOGRAPHY**

Gordon Kelley Photography  
Woodside Image Center  
Skelton Photography  
Jones Photo Color  
Mark Gottlieb Photography  
Walgreen's 1 Hour Photo

**PLAY GROUND EQUIPMENT**

Play Ground Unlimited

**PLUMBING CONTRACTORS**

Champion Plumbing  
Gilroy Plumbing

**POOL & SPA**

American Family Pool & Sauna

**PRINTING**

PrinTech Printing & Graphics  
Four Seasons Printing

Smith McKay Printing  
Winn Wright Corporation Photo Lab  
Crusader Printing  
Action Division Printing Center  
Fine Line Printing  
Minute Man Press  
Vina Int'l Copy & Printing  
Alameda Color Service  
Better Image Productions  
G&H Printing  
Bay Printing

**PRIVATE INVESTIGATOR AGENCY**

J. Santos & Associates

**PROPERTY MANAGEMENT**

MG Properties, "The Arches Apartments"  
Barbaccia Properties LTD.  
Biagini Properties

**PUBLIC AGENCIES / CITY, STATE, NATION**

U.S. National Park Service  
U.S. Dept. of the Interior  
U.S. Fish & Wildlife Service  
U.S. Small Business Administration  
Internal Revenue Service  
Resolution Trust Corporation  
Federal Deposit Insurance Corporation  
CALTRANS  
State of California Dept. of Transportation  
Transbay Joint Powers Authority (TJPA)  
Golden Gate Transit  
MUNI  
AC Transit  
California Youth Symphony  
Golden Gate Bridge District  
BART  
Santa Clara County Parks Administration  
Santa Clara County Traffic Authority  
Santa Clara County Public Admin.  
Santa Cruz County Public Admin.  
San Mateo County Public Admin.  
San Mateo County Office of Education  
SamTrans  
San Mateo County Fire District  
South Bay Systems Authority  
Santa Clara County Office of Education  
Santa Clara County Transportation  
San Mateo Mosquito Abatement  
San Benito County District Attorney  
Santa Clara County District Attorney  
Atherton Police Department  
Stanford Police Department

Santa Clara County Sheriff's Department  
City of San Jose  
City of Sunnyvale  
City of San Mateo  
City of Redwood City  
City of San Anselmo  
City of Ross  
City of San Francisco  
City of Burlingame  
City of Belmont  
City of Foster City  
City of Half Moon Bay  
City of San Bruno  
City of Lockford Community Service  
City of Fremont Fire District  
City of Fremont, Public Works  
City of San Francisco, Board of Trade  
Town of Colma  
City of San Jose, Redevelopment  
City of E. Palo Alto, Redevelopment  
City of Pleasant Hill, Redevelopment  
City of Napa, Redevelopment  
City of Merced, Redevelopment  
City of Santa Clara, Redevelopment  
City of Monterey, Redevelopment  
City of Seaside, Redevelopment  
City of Santa Rosa, Redevelopment  
City of San Francisco, Redevelopment  
City of Fremont, Redevelopment  
City of Alameda, Redevelopment  
City of Oakland, Redevelopment  
City of Hayward, Redevelopment  
City of Mountain View, Redevelopment  
City of Watsonville, Redevelopment

**PUBLIC UTILITIES**

Pacific Bell, Merced  
A.T. & T.  
Montara Sanitary District  
P.G. & E.

**PUBLISHING**

Smith McKay Publishing  
Monterey Life Magazine  
Vietnam Thoug Mai (Vietnam Yellow Pages)  
Triethan Weekly Magazine  
Smart's Publishing

**RANCHES**

Valley View Equestrian Ranch  
B&B Llama Ranch (Bend Oregon)  
Quail Hollow Ranch (Felton)  
Happy Valley Ranch

Merritt Ranch

**REAL ESTATE OFFICES**

Gibson Properties  
Kelley Gordon Development Corp.  
American Realty  
Alpha Pacific Realty  
Duplessis Realty  
Red Carpet Realty  
Axiom Realty & Mortgage  
Remax Realty  
Max Real Financial

**RECYCLE & SCRAP**

Curtis Auto Recycling & Scrap Metal

**REDEVELOPMENT AGENCIES**

City of San Jose  
City of E. Palo Alto  
City of Pleasant Hill  
City of Napa  
City of Merced  
City of Santa Clara  
City of Monterey  
City of Seaside  
City of Santa Rosa  
City of San Francisco  
City of Fremont  
City of Alameda  
City of Oakland  
City of Hayward  
City of Mountain View  
City of Watsonville

**REFRIGERATION**

Commercial Mechanical

**RELOCATION AGENCIES**

Cutler & Associates  
Pacific Relocation Consultants  
Overland, Pacific & Cutler  
The MI Group  
Suddath Relocation Services

**RENTAL CENTERS**

Golden Gate Rental Center  
The Party Place  
U-Haul of California  
Wally's Rental Center

**RESTAURANT/ BAR/ FAST FOOD**

The Cliff House, San Francisco  
Manresa Restaurant

Cianos  
 Ravioli's Restaruant  
 Tourelle Café, Lafayette  
 Johnny's Restaurant  
 17 West  
 Fresh Choice  
 Petit Maure  
 Original Joe's Restaurant  
 Pioneer Chicken  
 Popeye's Chicken  
 Kentucky Fried Chicken  
 Taco Bell  
 Taco Time  
 Dominos Pizza  
 Chevy's Fresh Mex  
 Wienerschnitzel  
 AM/PM Stores  
 Nations Giant Hamburger  
 Fresh Start Restaurant  
 Memphis West  
 Wind Surf Restaurant and Café  
 Something Special Catering  
 Dimples & Co. Catering  
 Flapper McGees  
 The Philly Grill  
 Tiffany's Cocktail Lounge  
 Adriatic Club Bar and Grill  
 Wally's Coffee Shop  
 We're on a Roll  
 Whisky Gulch Saloon  
 Tony's Restaurant  
 Tortilla Flats Restaurant  
 Los Banos Donut Shop  
 Manley's Donuts  
 India Kashmir Restaurant  
 Yogurt Creationz  
 China Joy  
 Club Afrique  
 Collins Club  
 El Bulebar Club  
 Frey Jack's Fish and Chips  
 Goldie's Oakwood BBQ  
 Pena Moai Club  
 El Tazumal Restaurant  
 Union Station Restaurant  
 The Turf Club, Hayward  
 Lenny's Bar  
 Pallo Componero  
 Tay Ho Restaurant  
 Huong Lan Sandwiches  
 Club 369  
 Casa Castillio  
 Music Lover's Café

Toto Pizzeria  
 New Orleans Palace Cuisine  
 Taco Uruapan  
 Taquiera "El Pergino"  
 Café Marimba  
 Mehran India Restaurant  
 Mexican Burritos Restaurant  
 King Pizza  
 Mi Pueblo Taqueria  
 King's Chop Sticks Restaurant  
 Evelyn Hill Inc. (Statue of Liberty)  
 ARAMARK (Ellis Island)  
 Quiznos  
 Beale St. Bar & Grill  
 A Tavola Restaurant  
 Ole' Café  
 Jiffy Food Store  
 Amarin Thai Restaurant  
 La Morena Restaurant  
 Firkin & Beaver  
 Creekside Patio & Bar  
 Yo-Soy Ice Cream  
 Black Bart's Coffee Kiosk

#### RETAIL STORE

Walgreens  
 Montgomery Wards  
 Gemco Stores  
 Union Plaza Shopping Center  
 Siagon Gift Shop  
 El Charro Mexican Imports

#### RETIREMENT HOMES

Valley Pines  
 Channing Care Facility

#### ROBOTICS

Raymond Mfg.  
 Android Industries

#### ROCK & GRAVEL/ QUARRY/ CONCRETE

Azeveado Quarry  
 Pleasanton Ready Mix Concrete  
 Aparicio Concrete  
 Stevens Creek Quarry  
 Ryan Concrete Products  
 Tri-City Concrete Plant

#### ROOFING CONTRACTORS

A1 American Roofing  
 Shake & Shingle Inc.  
 Roof Guard Roofing Co. Inc.  
 Sam Jin Roofing

**SATELLITE COMMUNICATIONS**

Direct TV Group

**SCHOOL DISTRICTS / SCHOOLS/ UNIVERSITIES**

Stanford University  
Tulsa University  
University of Santa Clara  
University of California, Berkeley  
California State University at San Jose  
California State University at Chico  
University of Washington  
De Anza College  
New Haven Union School District  
Poway Union School District  
Berryessa Union School District  
Saratoga Los Gatos Union School District  
Oakland Unified School District

**SHOES**

Red Wing Shoes  
Nick's Shoe Repair  
Classico Shoes  
Zapateria Emanuel Shoes

**SHOPPING CENTERS**

Union Station Shopping Center  
Homebase / Tropicana Village Shopping Center  
Village Shopping Center

**TEXTILE INDUSTRY**

Tedcom International Poly Propylene Bag Mfg.  
Mertillo Linens

**THEATER & THE ARTS**

Manhattan Playhouse  
Montalvo Theater  
Oakland Ballet  
Opera San Jose

**TRANSPORTATION**

Greyhound Bus Lines (San Jose, Hayward, San Francisco)  
BART  
SAMTRANS  
Santa Clara County Transportation  
Golden State Transportation  
Golden Gate Transit  
MUNI

AC Transit

**TRANSPORTATION INDUSTRY**

Kingston Contracting

**TRAVEL AGENCIES**

Quixtor Travel

**TRUCKING FIRMS**

Ben Salamoni Trucking Co.  
Ryder Truck Rentals  
S & S Trucking  
Performance Diesel  
San Jose Distribution Services

**VIDEO RENTAL / DISTRIBUTOR**

Video Emporium  
Disoteca Video  
Vietnam Video

**WAREHOUSE STORAGE & DISTRIBUTION**

San Jose Distribution Services

**WASTE MANAGEMENT / LANDFILL / SCAVENGERS**

Laidlaw Gas Recovery Systems  
Zanker Road Landfill  
Daly City Scavengers

**WATER PURIFICATION**

T.M Premium Purity Drinking Water

**WEED ABATEMENT SERVICES**

H & N Enterprises

**WELDING CONTRACTORS**

American Portable Welding  
Super Weld  
Monterey Welding  
Wesgo Technical Ceramics & Brazing Alloys

**WINERY / BREWERY**

Domaine M. Marion Winery  
Corbett Canyon Winery  
Pachetti Winery  
Xcelsior Brewery / Acme Beer  
Joyce Vineyards

## **SUMMARY OF CONCLUSIONS**

Based on the data and conclusions presented in this appraisal report, it is our opinion that the fair market value in continued use, of the subject assets as of April 17, 2016 are reasonably stated in the amount of:

**Fair Market Value In Continued Use: \$301,089.50**

## CERTIFICATION OF APPRAISAL

I hereby certify to the best of my knowledge and belief that:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions stated herein and are my personal, unbiased professional analyses, opinions and conclusions.

I have no present or prospective personal interest in the property that is the subject of the report, and I have no personal interest or bias with respect to the parties involved.

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 estimated, the attainment of a stipulated result, or the occurrence of a subsequent event.

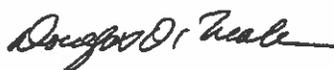
The appraisal assignment was not based upon a requested minimum valuation, or specific valuation, or approval of a loan. Employment of the appraisers was not contingent upon the appraisal producing a specific value, or a value within a given range.

The analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with and is subject to the requirements of the Principles of the *Appraisal Practice and Code of Ethics* of the American Society of Appraisers, The International Society of Appraisers and the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation.

The undersigned hereby certifies that I have made personal inspections, where possible, of the subject of this report.

Except as noted herein, no one other than the undersigned provided significant professional assistance to the person signing this report.

The American Society of Appraisers and The International Society of Appraisers have a mandatory re-certification and continuing education program for all its members. I am in compliance with both of these programs.



Doug Neale ASA, ISA, CAPP  
President

## SOURCES

1. 2013-2014 Sky Mountain Tax Return/Depreciation Schedules
2. Neale & Sons auction records
3. Northern Tool & Equipment
4. Quick Attach
5. New England Camp Discounter
6. Fall Line Ski Area Products
7. FarmTek
8. Harbor Freight Tools
9. Ebay
10. Costco
11. Craigslist
12. Superior Products
13. Hubert Food Merchandise
14. Kelley Blue Book Snowmobiles
15. Best Sheet Metal
16. Top Bid
17. Top Bid Serial Number Handbook
18. New England Camp Discounter
19. Down River
20. Ski Area Products
21. Hot Line Compact Tractor Guide
22. Hot Line Material Handling Guide
23. Hot Line Farm Equipment Guide
24. Yakaz.com
25. TM Trading Inc.
26. Gov Deals
27. Clark Tractor & Supply Inc.
28. Adcatch101
29. Kifco
30. Buywaterwheels.com
31. Berry Hill Drip
32. Shawng1978
33. 1<sup>st</sup> Last Only
34. Kramzh
35. Karen's Barn
36. Debbibrand
37. CPO on ebay
38. Sales Baron
39. Enterprenartist
40. Tbay
41. Keycraze.com
42. Grainger
43. Tvrsales3
44. Csilverblue2008
45. Chashick-1
46. Vintageandmore916
47. Johns0743
48. hazus-jfvjo
49. takeagoldenride
50. U Tools Shop
51. Eebygum
52. Colorado Standby
53. Green Box Recycling
54. Ritchie Bros. Auctioneers
55. Guinnett County
56. Whiteula
57. Bobcat Tractor
58. Erskine Tractor
59. Fastline Tractor
60. Machinery Trader
61. Bobcat of Buffalo
62. West Plains Inc.
63. Darrylpd
64. Westrax Machinery
65. A&E Machinery
66. Northwest Implement
67. Rainer Machinery
68. Don Smock Auction
69. Aerial Titans
70. Public Surplus
71. Stewart & Stevenson
72. Sw-ironman
73. Buyhitek
74. JL Perryman
75. Sandblast8
76. Father Bill Autos
77. Construction Equipment Guide
78. Schmidt Equipment
79. Alliance Trade & Commerce
80. West Michigan Tractor
81. Equipment Locator
82. Kurtz Trading
83. Rel47ford
84. Inhisname12345
85. Dakota2520
86. Heartroof
87. UTV hitchworks

88. Lano Equipment of Norwood
89. Tractor House
90. M&D Truck & Equipment
91. Auctiontime.com
92. Linn Benton Tractor Sales
93. Brugginks.com
94. Metroquip
95. Grassmanvt
96. Kkb.com
97. NADA Guides
98. Snowmobiletraderonline
99. Snowsnakes.com
100. Snowmobile.com
101. Killington.com
102. Chameleoninc.com
103. Ksl.com
104. Resortboneyard.com
105. Sno-cat.com
106. Chameleoninc.com
107. Johnclark47
108. Lead-husky
109. suckercreekcamp
110. chacobro1
111. funshine65
112. searchpeacelove
113. shanedog3
114. Sheds For Less Direct
115. Mpau8943
116. Chef950
117. gwwsimba
118. carid on ebay
119. RJ Equipment
120. Bort Trucker
121. Demomanjeff
122. Winngo Tech
123. Goodstuff-24seven
124. Traderjohn1
125. Powers Surplus Treasure
126. Buynsell-wjr
127. Surplus Carolina
128. Empirecompanies619
129. c-nan2
130. Lex-Roy
131. Templesherer
132. Enginotech2
133. Whitewaternow
134. Kin7660
135. Billcool35
136. Mr Zee Power
137. 09tracer14
138. Abgsco
139. Tadd Wholesale
140. Jennsatticmore
141. The Glass Shelf
142. Baseballfan1956
143. Hobkirk
144. Angelz Factory
145. Derricmosle-5
146. 2014-gus
147. Annbohe-0
148. Macon Brothers
149. Marija714
150. Giordanno555
151. Webstaurantstore
152. SB Liquidations 1
153. mik3523.kltzj
154. 123goldensun
155. Eddijim1
156. Rolandab02
157. Kyleekins77
158. A City Discount
159. Carinalss01
160. Ellabellalola
161. City Food Equipment
162. Poboysdiscount
163. Resteq
164. Carrijack
165. Ohioville Consignment
166. Acme Surplusphx
167. Todd Goape
168. Rocogdelo0
169. Game-changer2014
170. Rharbit1
171. Flyn2979
172. Microstar
173. Fuzzyhd
174. Kepullen-4
175. Mars Distributing
176. Voltage Resale
177. TN Eagles Nest
178. Valutimeisnow
179. Wegotitforyou2015

- 180. Clever-clever
- 181. Sierra Trading Post
- 182. Belk
- 183. Art3539
- 184. Labodin
- 185. Restaurant Equipment Galaxy
- 186. Your-equipment-guys
- 187. Asphalt Pumps
- 188. Oss-usa
- 189. isave
- 190. Aqua Hersch
- 191. Peninsula Classic Holden  
Parts
- 192. American.antiques
- 193. P.a.duchmon
- 194. Irishiss.ga
- 195. Giant-pau
- 196. Itsgoodjunk
- 197. Zaxriche
- 198. Carls General Store
- 199. Maddyandme248
- 200. New View Enterprises
- 201. Loloel
- 202. Tom.jelly
- 203. Stillmanwi
- 204. Littlethislittlethat
- 205. Lapisblue
- 206. Mark-of-one
- 207. Premier Auctions Inc.
- 208. Mix Wholesale
- 209. Maverick Commercial Equipment
- 210. Food Service Equipment
- 211. Midwest Pro Food
- 212. Shanduclo0
- 213. David-73
- 214. North Park Rental
- 215. Bay-rest
- 216. Used Restaurant Store
- 217. Grover Broker
- 218. Athu-bo
- 219. Carolina Cooks Equipment
- 220. Henderson Restaurant Supply
- 221. Atlantic Resaurant Equipment Co.
- 222. Orange County Equipmentjam1962
- 223. North Country Ganson Rose  
Equipment
- 224. E-strait
- 225. Robdeb2009
- 226. KaTom Restaurant Equipment
- 227. Equipment Lab
- 228. Suzyq35son
- 229. Wrights Antiques Fine furniture
- 230. Elite Restaurant Equipment
- 231. Home Depot
- 232. Meyer.jl
- 233. Emmajoes.1900
- 234. Dcal1210
- 235. PfantasticPfinds
- 236. Junkonhill786
- 237. JC Penny
- 238. Ross-Simon
- 239. Walmart
- 240. Glamours.kitchen
- 241. Displays2go
- 242. SCHOOLSin
- 243. Argent5elle55
- 244. Globe Industrial
- 245. Pierce0000
- 246. Technology Surplus Depot
- 247. B&H Used Restaurant Equipment
- 248. 1300lakeshore
- 249. Williams7158
- 250. Wallystamps
- 251. Lithoug-higtu3bis
- 252. Appliance Connect
- 253. Wee\_ROMEO00
- 254. Vivianes Touchdennispena
- 255. Target
- 256. Crutchfield
- 257. Mr\_dr
- 258. ruthel717
- 259. super\_showroom
- 260. re-tailer
- 261. Mars Distrbuting
- 262. Ice & Refrigeration Systems
- 263. Greatgadsster998
- 264. West Michigan Food Equipment
- 265. Game Room Guys
- 266. Backes Commercial Auctioneers
- 267. Juke Box Lilly
- 268. East Coast Vending
- 269. Centeravetreasures

- 270. Candymachine.com
- 271. Zimmerman Trading Post
- 272. Fishboy001
- 273. 2015usmorda
- 274. Shopwestway
- 275. Tazzmiel
- 276. 77hondacx500
- 277. Mendelsons
- 278. Knowitall1956
- 279. Rycon54
- 280. Jdz336
- 281. Ast171
- 282. Hjas5167
- 283. Gfguenot
- 284. Scale Motor Cars & Megard  
Studio
- 285. Scottdearinger
- 286. Moac1
- 287. Total Table Tennis
- 288. Kingdaddy50
- 289. Butterflijenni
- 290. bizChair
- 291. PC Rush
- 292. Jjpslojj
- 293. Rsuresell
- 294. Q-treasures
- 295. Westchester Gov. Supply
- 296. Jeffcoso
- 297. Graha\_sagge
- 298. The State of Georgia GA  
Department of Surplus



**P.O. Box 425, Saratoga, CA 95071**  
 (14320 Saratoga-Sunnyvale Rd., Saratoga, CA 95070)  
 Tel: (408) 867-3751 • Fax: (408) 867-3782  
**Web Site: www.nealeandsons.com**  
 Email Address: aneale@nealeandsons.com  
 State Bond # 0418795 • Tax I.D. #94-2820450

Wayne Prescott  
 The Schmidt-Prescott Group  
 2010 N. 1st Street, Ste. 390  
 San Jose, CA 95131

April 17, 2016

RE: Sky Mountain Christian Camp  
 45660 Lake Valley Rd.  
 Emigrant Gap, CA 95715

**FAIR MARKET VALUE IN CONTINUED USE**  
*For the Purpose and Intended Use of making  
 an offer to purchase the FF&E of Sky Mountain Christian Camp*

#	Item	Description	Condition	Fair Market Value In Continued Use
<b>DINING ROOM</b>				
1	Folding Tables	(28) 8', Older style, heavy weight @ \$20. ea., ALL	(Fair-Good)	\$560.00
2	Stacking Chairs	(321) Virco Martest 9000 Series. Blue plastic with chrome bases. Stacking. @ \$15 ea. ALL	(Fair-Good)	\$4,815.00
3	Pool Table	(1) Harvard #808-0012. Wood finish with plastic legs. Regulation size.	(Good)	\$480.00
4	Ping Pong Tables			
	A	(1) Harvard. Folding.	(Fair)	\$125.00
	B	(1) Pool table overlay. Seiga Co.	(Fair-Good)	\$100.00

5	PA System			
	A	Components #260, #600 and (2) 100w speakers.	(Fair-Good)	
	B	(1) Microphone. Samson Q6. with stand.	(Fair-Good)	
	C	(Lot) Accessories and etc.	(Fair-Good)	
		ALL		\$250.00
6	Air Hockey Table	(1) Sportcraft <i>Turbo Hockey</i> . 3'4" x 6'3"	(Fair)	\$165.00
7	Vending Machine	(1) FSI Model 3070. S/N 76952895163. 35-slot with bill and coin validator.	(Good)	\$1,000.00
8	Pepsi Machine	(1) Vendo Model 01C 4708 BA. S/N 9QF 018156. (Vendo # PE 2986).	(Good)	\$825.00
9	Pinball Machine	(1) SportsZone. 53"h x 32"w. Model and S/N unknown. 25 cent coin operated.	(Fair-Good)	\$150.00
10	Table Cart	(1) 8'l. For folding tables.	(Fair)	\$45.00
11	Hot Chocolate Dispenser	(1) Jet spray, model unknown. Table model. With 4-cup dispenser and condiment accessory tray and etc. ALL	(Good)	\$325.00
12	Ping Pong Vending Machine	(1 of 2) Northwestern. 50 cent coin operated. On stands. With cracked plexiglass.	(Fair)	\$50.00
13	Foosball Game	(1 of 2) 2002 Harvard. Non-commercial.	(Fair-Good)	\$100.00
14	Round Tables	(2) 5' dia. @ \$25 ea., PAIR	(Fair)	\$50.00
15	Trash Cans	(5) Rubbermaid <i>Brut</i> , 33 gal. Plastic. @ \$10 ea., ALL	(Good)	\$50.00
16	Chest Freezer	(1) 36" x 21" x 33". GE, model & serial number unknown. With damage to lower right hand corner.	(Fair-Poor)	\$45.00
<b>KITCHEN/STAFF LOUNGE</b>				
17	Ice Machine	(1) Hoshizaki Ice Maker Model KML-451MAH. S/N S12420E, with filter and Hoshizaki 400 lbs capacity storage bin Model B-50PF, S/N S51293C.	(Very Good)	\$2,500.00

18	Microwaves			
	A	(1) 2014 Sharp R-551ZM, carousel. S/N D480610377. Stainless steel.	(Good)	\$135.00
	B	(2) Magic Chef MCD1311ST. S/N 40221792 and 31106917. Stainless steel. @ \$100. ea., PAIR	(Good)	\$200.00
19	Desk	(1) White formica and wood. Seven drawers.	(Fair-Poor)	\$25.00
20	Wood Stove	NOTE - Attached, considered to be part of the real estate.	(Good)	No value attributed
21-22	Free Standing Cabinets	Formica top, wood construction. Multi door and drawer arrangement.		
	A	(1) 5' x 2'.	(Fair)	\$35.00
	B	(1) 2' x 2'.	(Fair-Good)	\$25.00
23	Refrigerator	(1) GE Select #STS16ABSARWW. S/N HLL773350. 16 cu ft, with ice maker.	(Good)	\$125.00
24	Flat Screen TV	(1) 23", Vizio LTTSPXBQ0501174. With wall mount	(Good)	\$150.00
25	DVD/CD Player	(1) Sony DVP-SR210P.	(Good)	\$25.00
26	Washing Machine	(1) 1996 Kirkland Signature (by Whirlpool). Top loader. 9-cycle, heavy duty, super capacity plus, 5-speed combinations. With additional Mark-Time coin operated system.	(Good)	\$175.00
<b>KITCHEN DISH ROOM</b>				
27	Electric Dryer	(1) 1988 Amana. Top loader. Heavy duty, super capacity plus, 2-speed, 9-cycle. With mark-time 25 cent coin operated system.	(Good)	\$100.00
28	Stainless Steel Work Table	(1) 72"l x 30"w. With galvanized legs and shelf.	(Fair)	\$100.00
29	Automatic Dishwasher	(1) 1985 ADS (American Dish Service) Model AFW. S/N 12187.	(Fair)	\$850.00

30	Dish Tables	1985 Stainless Steel tables and sink. Custom made for dishwasher. With repairs to stainless steel top of sink.		
	A	(1) 5' x 2'6" Custom design run out table. Galvanized legs with splash guard	(Good)	
	B	(1) 6'8" x 2'6" Run Out table. Galvanized legs with splash guard	(Good)	
	C	(1) 20" x 20" x 6" Sink with goose neck facet.	(Fair)	
		ALL		\$850.00
31	Stacking Utility Carts	(2) 4'h x 2' x 1 6'. H Creator Wilson Co. <i>The Toughie</i> . @ \$50 ea., PAIR	(Fair)	\$100.00
32	Utility Carts With Tubs	(4) Various, including: Luxor and Rubbermaid. @ \$45 ea., ALL	(Fair)	\$180.00
33	Dishwasher Stacking Trays	(21) @ \$8. ea., ALL	(Good)	\$168.00
34	Dishwasher Stacking Silverware Trays	(6) Plastic. @ \$5 ea., ALL	(Good)	\$30.00
35-66	Smallware	Including:		
		(67) 64 oz Plastic pitchers	(Fair-Good)	
		(26) Plates 10", melomine, Prolon Ware		
		(65) Serving bowls, round, melomine		
		(88) Serving bowls, oval, melomine		
		(268) Cereal bowls, melomine		
		(68) Oval platters, melomine		
		(214) Desert bowls, 4 1/2", melomine		
		(25) Serving plates, 7", melomine		
		(50) Serving plates, 5 1/2", melomine		
		(53) Coffee cups, melomine		
		(65 sets) Salt and pepper shakers		
		(25) Sugar dispenser		
		(22) Soy sauce dispenser		
		(45) Serving trays, 13" x 18"		
		(41) Serving trays, 12" x 16"		
		(33) Serving trays, 10" x 13"		
		(66) Serving baskets, 12" x 8"		
		(24) Serving drays 10: x 13"		

		approx. (800) Knives, forks, spoons, soup spoons, Brandware China		
		(53) Serving baskets, oval		
		(28) Steak knives		
		(44) Pot holders		
		(4) Hot mitts		
		(27) Soup ladles, plastic		
		(70) Serving straw baskets		
		(28) Soup-Pasta serving bowls		
		(39) Serving salad bowls		
		(20) Bus tubs		
		(17) Bus tub lids		
		ALL		\$2,232.00
67-94	Kitchen Utensils	Including:		
		(3) aluminum pot, 12" x 5"d.		
		(1) aluminum pot, 14" x 12"d.		
		(11) Stainless tongs, 12"		
		(12) Scoops		
		(2) aluminum scoops		
		(16) Spatulas		
		(9) Wire whips		
		(3) Stainless grill scrappers		
		(4) Stainless grill spatulas, 8"		
		(6) Stainless grill spatulas, 5"		
		(1) Stainless meat fork, 16"		
		(10) Stainless spoons, 16"	(Fair-Good)	
		(5) Stainless dippers		
		(44) Stainless serving spoons		
		(5) Butcher knives, 10"		
		(9) Misc. knives		
		(1) Sharpening steel, 12"		
		(2) Meat forks, 6"		
		(2) Pizza cutters		
		(1) Cake divider		
		(2) Pastry bags		
		(1) Pastry bag kit		
		No entry		
		(1) Pizza roller fimpler		

		(1) Stainless mandolin slicer		
		(6) Stainless seasoning shakers		
		(39) Serving salad bowls		
		ALL		\$916.00
95	Stainless Steel Work Table	(1) 30" x 24". Galvanized legs with lower shelf.	(Good)	\$75.00
96	Stainless Steel Scullery Sink	(1) Advance Food Products, 21" x 24" x 14"d sink. With facet set. Installed.	(Good)	\$300.00
97	Plastic Cups	(220) 8 1/2 oz. Continental/Silite Plastic. @ \$0.50 ea., ALL	(Fair-Good)	\$110.00
98	Window Mount A/C Unit	(1) Whirlpool. 110 volt.	(Fair-Good)	\$50.00
99	Stainless Steel 3 Compartment Sink	(1) . Three compartment, 20" x 18" 14"d each. With (2) 24"l drying sections. With facet. Installed.	(Good)	\$850.00
100	Three Door Reach In Refrigerator	(1) 78"l x 84 1/2"h x 30". Superior/True Co. T S-72. S/N 1-3470504. Stainless steel. With minor dent.	(Very Good)	\$1,300.00
101	Portable Food Warmer/Proofer	(1) 1999 Metro C175-HM200. Stainless steel. 18-tray capacity.	(Good)	\$600.00
102	Range Oven/Grill	(1) 72"l x 30". DCS Dynamic Cooking Systems. Stainless steel. With (1) 48" x 21" grill, (4) 12" burners, (2) ovens. With 72"l x 20"h stainless steel splash guard and shelf.	(Very Good)	\$2,000.00
103	Tilt Fryer	(1) Groen Model HFP-2-4, 41" x 24" x 10"d capacity. With cold water spigot. Stainless steel.	(Good)	\$3,000.00
104	10 Gal. Tilt Kettle	(1) Cleveland. Stainless steel. With 10 gal. tilt kettle. Model and S/N unknown. With 18"h stainless steel equipment stand.	(Good)	\$1,650.00
105	Propane Rice Cooker	(1) 1991, Rinnai RER-55A-P, natural gas, 10"d x 17"dia. 31200 BTU p/hr.	(Good)	\$250.00
106	Double Convection Oven	(1) 2013, DCS (Dynamic Cooking Systems) <i>Professional</i> , 68"h x 38"w x 39"d. Upper/lower oven. Gas.	(Good)	\$1,400.00

107	Double Convection Oven	(1) 1983 Blodgett Model FA-15. 71 1/2"h x 38"w x 37"d. S/N 975FA-15. Stainless steel. Gas.	(Fair)	\$750.00
108	Hand Sink	(1) Advanced, 14" x 10" x 5"h. Stainless steel. With facet.	(Good)	\$250.00
109	Kettle Stand	(1) 24" x 24". Stainless steel. Valued with #104. No value attributed.	(Good)	No value attributed
110	Mixer Stand	(1) 24" x 30". Aluminum. Valued with #111. No value attributed.	(Good)	No value attributed
111	Commercial 20 qt. Mixer	(1) 1998, Welbilt W20. S/N 7913110004FA. With 30" x 30" stainless steel equipment stand, mixing bowl and attachments. (See #152).	(Good)	\$1,350.00
112	No Entry			
113	Sheet Pan Racks	(7) 69"h x 26"w. 12 shelves. Capacity 12" x 18" x 25" trays. Aluminum. @ \$50 ea., ALL	(Fair-Good)	\$525.00
114	Stainless Steel Work Tables	(2) 72" x 30". Lower shelf with three drawers. @ \$175 ea., PAIR	(Good)	\$525.00
115	Stainless Steel Work Tables	(2) 60"l x 30"w. With lower shelf and two drawers. @ \$150 ea., PAIR	(Good)	\$300.00
116	Stainless Work Table Drawers	(10) Valued with #114 and #115. No value attributed.	(Good)	No value attributed
117-128	Pots and Pans	Including:		
		(124) aluminum sheet pans, 24" x 16"	(Fair-Good)	
		(30) aluminum sheet pans, 16" x 12"		
		(1) Edlund #1 can opener		
		(11) Stainless hotel pans, 11" x 18" x 4"d		
		(26) Stainless hotel pans, 11" x 18" x 2"d		
		(7) Stainless hotel pans, 11" x 9" x 2"d		
		(10) Stainless hotel pans, 11" x 9" x 4"d		

		(2) aluminum 1 gal. measuring vessel		
		(1) Stainless 12" china cap		
		(2) aluminum sauce pans, 1 1/2 qt		
		(2) aluminum sauce pans, 3 qt		
		(2) aluminum sauce pans, 6 qt		
		ALL		\$4,464.00
129-146	Kitchen Utensils #2	Including:		
		(36) Plastic ketchup dispensers	(Fair-Good)	
		(78) Plastic dressing dispensers		
		(2) Stainless 12" strainers		
		(3) aluminum 13" strainers		
		(1) aluminum 16" strainer		
		(2) Stainless mixing bowls, 14"		
		(7) Plastic mixing bowls, 12"		
		(2) Stainless mixing bowls, 14"		
		(2) 6 qt plastic mixing bowls		
		(4) Plastic		
		(14) Bread pans		
		(1) Jumbo potato masher		
		(8) Muffin 12-hole tins		
		(22) Hotel pans, 6" x 12"		
		(16) Stainless bread baking racks		
		(1) Pizza rocker knife		
		(1) Stainless wire whip, 24"		
		(4) Stainless sieves		
		ALL		\$979.50
147-151	Tabletop Electric Appliances #1 & Misc.	Including:		
		(1) Waring Commercial food processor	(Fair-Good)	
		(1) Hamilton Beach bar mixer, stainless steel		
		(1) Robot Coupe CL50-A Food Processor		
		(1) Electric rice cooker, 16"		
		(160) Stainless serving bowls, 6"		
		ALL		\$1,465.00

152	Mixer 20 qt Meat Grinder Attachment	(1) Valued with #111. No value attributed.	(Good)	No value attributed
153-159	Kitchen Utensils #3	Including:		
		(10) Perforated hotel pans, deep	(Fair-Good)	
		(1) Instadice potato dicer		
		(1) Wood cutting board, 18" x 24"		
		(2) Plastic cutting boards, 18" x 24"		
		(2) Plastic cutting boards, 15" x 20"		
		(4) Plastic cutting boards, 18" x 12"		
		(2) Stainless scales		
		ALL		\$326.00
160	Commercial Fans	(2) Patton, 20". @ \$40 ea., PAIR	(Good)	\$80.00
161	Roasting Pan	(1) 21" x 17" x 6". Aluminum.	(Good)	\$75.00
162	Roasting Pans	(4) 24" x 16" x 3". Aluminum. @ \$75 ea., ALL	(Good)	\$300.00
163	Coffee Grinder	(1) 2005 Grindmaster 250. S/N L042600.	(Good)	\$250.00
164	Soft Ice Cream Server	(1) 1979 Taylor Soft Server Machine Model 799. S/N 57365. With 1 freezing cylinder.	(Fair)	\$600.00
165	Meat Slicer	(1) 1988 Univex Model 6509. 9" blade, gravity feed, stainless steel. S/N 428176.	(Good)	\$350.00
166	Pizza Dough Roller	(1) Somerset Industries CDR500. S/N 07070078. Stainless steel. 20" capacity.	(Good)	\$1,500.00
167	No Entry			
168	Chafing Dishes	(2) Pro Al chafing dishes. Lidded, stainless steel. @ \$100 ea., PAIR	(Very Good)	\$200.00

169	Trash Cans	(2) Kitchen, 13" x 13" x 28". Plastic. @ \$20 ea., PAIR	(Fair)	\$40.00
170	Laundry Hamper	(1) Kitchen, 14" x 14" x 20".	(Fair)	\$10.00
171 A	Galvanized Make Up Hood	(1) 10'l x 4'3"d x 2'11"h. with (6) grease traps and (1) 24" blower mounted on roof. (NOTE: galvanized hood without fire system and lights). Non Conforming, grand fathered in.	(Poor)	\$900.00
171 B	Walk-in Freezers			
	A	(1) Wood construction. Interior: 11'l x 7'4"w x 7'7"h x 5" thick, with floor. With (1) 34" wood door, (1) McQuary cooling unit with (2) 10" fans and (2) interior lights. Currently not in use.	(Good)	\$4,100.00
	B	(1) Wood construction. Interior: 15'l x 7'4"w x 7'2"h x 4 3/4" thick, with floor. With (1) 34" wood door, (1) Heathcraft LSF094HS2 cooling unit with (2) 12" fans, (1) door curtain and (2) interior lights. S/N D93M03223.	(Good)	\$4,700.00
171 C	Walk-in Refrigerator	(1) Wood construction (rebuilt in 2012 with new installation and plastic, @ a cost of \$12,000.00). Interior: 14'l x 94"w x 8'h x 6 1/2" thick, with floor. With (1) 36" door with plastic sheeting, (1) 36" strip door, (1) Russell AL26-72 cooling unit with (2) 10" fans, (Lot) white coated shelving and (2) interior lights. S/N F88118999-3. 1 HP.	(Very Good)	\$12,000.00
<b>CABINS/LOWER CAMP</b>				
172 A	Foam Mattresses and Plastic Covers	(252) 1995-2014, 30" x 74" x 5"d. @ \$30 ea., ALL	(Poor- Very Good)	\$7,560.00

172 B	Bunk Beds	Twin size. Plywood. NOTE - Attached, considered to be part of the real estate.	(Good)	No value attributed
<b>CABINS GOLD RUSH</b>				
173	Metal Bunk Beds	(30) Twin size. Plywood. @ \$40 ea., ALL	(Good)	\$1,200.00
174	Foam Mattresses and Plastic Covers	(60) 1995-2014, 30" x 74" x 5"d. @ \$30 ea., ALL	(Poor- Very Good)	\$1,800.00
<b>GENERATOR ROOM</b>				
175	Submersible Sewage Pump	(1) Wayne CSECAP50, 1/2 HP, 7680 gpm (Northern Equipment).	New	\$325.00
176	No Entry			
177	Hard Rakes	(5) @ \$5 ea., ALL	(Good)	\$25.00
178	Flat Shovels	(5) @ \$5 ea., ALL	(Good)	\$25.00
179	Wide Flat Shovels	(3) @ \$7 ea., ALL	(Good)	\$21.00
180	Picks	(2) @ \$10 ea., PAIR	(Good)	\$20.00
181	Leaf Rakes	(5) @ \$5 ea., ALL	(Good)	\$25.00
182	Gas Cans	(5) Plastic, various. @ \$5 ea., ALL	(Good)	\$25.00
183	Diesel Generator			
	A	(1) ENGINE: Detroit Diesel engine. S/N 5135625. With vented exhaust system.	(Good)	

	B	(1) GENERATOR: Groban Model DGM 40-63. S/N 4428022.		
		40 KW 40 KVA 60 HZ 1800 RPM 240 volts 167 amps Hour: 1,168	(Good)	
	C	(1) SKID PLATE: 6'2" x 3'9" with rubber sound pad.	(Good)	
	D	(1) TRANSFER SWITCH: Westinghouse double throw safety switch control panel. Catalog # XF-324. Style #K61854. (3) Poles, 200 amps, 240 volts, (1) volt DC.	(Good)	
	E	(1) DIESEL FUEL TANK: 550 gallon. Mounted in rafters.	(Good)	
		ALL		\$5,550.00
184	No Entry			
<b>GYM</b>				
185	Upholstered Chairs	(257) 1996. Stacking. @ \$15 ea., ALL	(Fair)	\$3,855.00
186	Chair Dollies	(2) Red. @ \$45 ea., PAIR	(Good)	\$90.00
187	Folding Tables	(2) 8'l. @ \$20. ea., PAIR	(Fair-Good)	\$40.00
188	Table Cart	(1) 8' For folding tables.	(Fair)	\$45.00
189	Podium	(1) Pine	(Fair)	\$30.00

190	Stage Platform Sections	(8) 4' x 4'. Wood & carpet. Homemade @ \$100 ea., ALL	(Good)	\$800.00
191	Aerial Platform/Man Lift	(1) 1989 Up-Right Lifts Model 62201-000-00. S/N UR-1716. Operative power 12 volt battery. Platform height: 31'. 300 lbs capacity. With outriggers and battery charger. (UL31/37).	(Fair-Good)	\$1,150.00
192	Trash Cans	(2) Brut. 33 gal. @ \$10 ea., PAIR	(Good)	\$20.00
<b>SMALL CHAPEL</b>				
193	Metal Folding Chairs	(50) @ \$2 ea., ALL	(Good)	\$100.00
194	Utility Cart	(1) 24" x 15".	(Good)	\$15.00
195	Folding Tables	(3) 8'. @ \$20 ea., ALL	(Fair)	\$60.00
196	Music Stand	(1) Total.	(Good)	\$10.00
<b>GOLD RUSH CHAPEL</b>				
197	Upholstered Stacking Chairs	(69) @ \$20. ea., ALL	(Fair)	\$1,035.00
198	Music Stand	(1) Total.	(Good)	\$10.00
199	Utility Cart	(1) 24" x 18".	(Good)	\$15.00
200	Chair Dolly	(1) Red.	(Good)	\$45.00

201	Folding Tables	(2) 8'l. @ \$5 ea., PAIR	(Poor)	\$10.00
202	Table Cart	(1) Total.	(Poor)	\$15.00
203	Trash Can	(1) Brut. 33 gal.	(Good)	\$10.00
<b>A-FRAME</b>				
204	Upholstered Stacking Chairs	(83) @ \$15. ea., ALL	(Fair)	\$1,245.00
205	Folding Tables	(6) 8' x 30". @ \$20 ea., ALL	(Good)	\$120.00
206	Table Cart	(1) 8'.	(Good)	\$45.00
207	Music Stand	(1) Total.	(Good)	\$10.00
208	Chair Dolly	(1) Red.	(Good)	\$45.00
209	Trash Cans	(2) Brut. 33 gal. @ \$10 ea., PAIR	(Good)	\$20.00
<b>LOWER GARAGE/STORAGE</b>				
210	Submersible Lake Pump	(1) 2015. 2 HP. 150' Head pressure. Located in lake. Considered part of the real estate. Valued with the irrigation system.	(Very Good)	No value attributed
211	Bag Filter Housings	1993. 36" high		
	A	(4) Bag filter housing canisters, 36"h x 9"dia.	(Fair)	

	B	(1) Bag filter housing canister, 30"h x 9"d.	(Fair)	
		Currently part of the irrigation system. Originally used with, the now defunct, reverse osmosis system. Considered part of the real estate. Valued with the irrigation system.		No value attributed
<b>OLD OFFICE</b>				
212 A	Steel Desks	(2) 48". @ \$20 ea., PAIR	(Fair)	\$40.00
212 B	Filing Cabinets	(2) 5'. Four drawers, vertical. Letter size. @ \$15 ea, PAIR	(Poor)	\$30.00
<b>WATER FRONT BOAT HOUSE</b>				
213	Canoes	(14) 1980, 14'l. Fiberglass, @ \$150 ea., ALL	(Fair)	\$2,100.00
214	Canoe	(1) 1980, 16'l. Fiberglass.	(Fair)	\$150.00
215	Row Boats	(3) 8'l. Plastic. @ \$125 ea., ALL	(Good)	\$375.00
216	Wind Surfer	(1) 1985, 10' long approx. NOTE - Appraiser unable to view.	(Good)	\$125.00
217	Kayaks	(14) 1979, 7', Plastic. <i>Splash</i> @ \$100. ea. All	(Fair)	\$1,400.00
218	Iceberg Barrier #1	(1) 2001, 14'. NOTE - Appraiser unable to view.	(Fair-Poor)	\$600.00
219	Compound Archery Bows	(6) 2015, NOTE - Appraiser unable to view. @ \$135. ea., ALL	(Very Good)	\$810.00

220	Iceberg Barrier #2	(1) 2013, 20'. NOTE - Appraiser unable to view.	(Good)	\$1,500.00
221	Swim Dock	NOTE - Attached, considered to be part of the real estate.	(Good)	No value attributed
222	Aluminum Boat	(1) 12'.	(Fair-Good)	\$250.00
223	Outboard Motor	(1) Johnson <i>Seahorse</i> . 6 HP. S/N RD8255987	(Good)	\$275.00
224	Life Jackets	(94) Type 2-PFD (Near shore buoyant vests). Marlin Co and etc. @ \$12 ea., ALL	(Poor-Very Good)	\$1,128.00
225	Life Jackets	(24) Type 3-PFD (boating vests). XO2, Sterns and etc. @ \$25 ea., ALL	(Poor-Very Good)	\$600.00
226	Canoe Paddles	(51) 4'. Wood and aluminum. @ \$10 ea., ALL	(Good)	\$510.00
227	Zip line Equipment	2015. Including: (6) helmets, (7) harnesses and etc. Appraiser unable to view. ALL	(Very Good)	\$700.00
228 - 231	Outdoor Heavy Duty Basketball Equipment (Removable)	1998. Including: (2) metal poles, (2) outdoor powder coated back boards and etc. Appraiser unable to view. ALL	(Good)	\$2,000.00
232	Frisbee Golf Disk Catchers	(9) 2004. Steel with chains. Appraiser unable to view. @ \$65 ea., ALL	(Good)	\$585.00
<b>EQUIPMENT</b>				
	Snow Cat Groomers			
	A	(1) 1977 Thiokol 3700 AC <i>Hydromaster</i> . S/N T9L-406. Color: Orange. With:		
		Hour: 3,675 Plow: 13'.		
		4'9" x 8" h Tracks 6'5" l x 7'6" w Flat bed with aluminum stake sides 3'5" h.	(Good)	\$12,500.00

	B	(1) 1977 Thiokol 3700 AC <i>Hydromaster</i> . S/N T8L-333. Color: Red. With:		
		Hour: 4,934 Plow: 13'6". 4'9" x 10"h Tracks 6'5"l x 7'6"w Flat bed with aluminum stake sides 3'5"h.	(Fair-Good)	\$12,000.00
234	Snow Cat Pull Behind Sleighs	(2) 8' x 12'. Double rails with 4'h aluminum slate sides and 8' x 12" plywood canopy. @ \$3,000. ea., PAIR	(Good)	\$6,000.00
235	Snow Mobile	(1) 2006 Polaris Model 500 <i>Wide Track LX</i> . (Model S06SU4B5). S/N ISU85X6C625819.	(Very Good)	\$3,000.00
236	Rubber Tractor Utility Vehicle	(1) 2008 ASV <i>Scout</i> , #SC-50. S/N CFA00138. Closed cab. 14"h x 19"h Tracks. Hours: 611. With:		
		5'9" x 4'6"w Cargo bed (1) 3'9"h Tradesman camper shell (2) 3'6" upholstered aluminum benches (1) Additional dump bed	(Very Good-Excellent)	\$20,200.00
237	4WD Utility Work Machine	(1) 2008 Bobcat <i>Toolcat</i> 5600 Turbo. 4x4 with cab. S/N unknown. Hours: 1,921.5 Fully loaded. 4'8" x 4'8" utility bed, tow package and front loader, (see #247).	(Very Good)	\$26,900.00
238	4WD Backhoe / Wheel Loader Tractor	(1) 2002 JCB Model 215S. S/N SLP214FC2U0901430. (p/n #0901430). Hours: 1,092. With:		
		4x4x4 Diesel engine (1) 214-S Series 3, front loader arms (1) Clam shell front loader bucket. Condition (Good). (see #243) (1) Pr. JCB Pallet Forks (see #244). Located at Lodgepole camp. (1) 214-S Series 3 backhoe (1) 24" Backhoe bucket Fully enclosed cab with ROPS Fully loaded with AMFM/CD, A/C and etc.	(Excellent)	
		ALL		\$29,500.00

239	High Speed 2 Stage Rotary Snow Blower	(1) 1997 Stewart & Stevenson Model SSLB-700. S/N 2011H. 8'l with 36" dia blades. Duetz diesel engine. (Located on JCB tractor)	(Good)	\$17,000.00
240	Skid Steer Tractor	(1) 2002 Bobcat Model 863H. S/N 514640001. Hours: approx. 1,800. With loader bucket (see #246) and pallet forks. NOTE - Appraiser unable to view.	(Good)	\$17,900.00
241	Bobcat Snow Blowers			
	A	(1) Bobcat Model SB-240 X84. 84"h. S/N 713200561. (Located on item #237 Bobcat Toolcat 5600).	(Very Good)	\$5,000.00
	B	(1) Bobcat Model SB-2418. 84"h. S/N 7132600224. (Located at Lodge Pole Camp).	(Good)	\$4,800.00
242	QuickAttach Snow Blower	(1) QuickAttach Model 2410X, P/N 315245, S/N 102335i. 84"h. (Located at Lodge Pole Camp).	(Very Good)	\$5,000.00
243	Clamshell Front Loader Bucket	(1) 92"l x 40"h. JCB Model unknown. S/N unknown. (Located at Lodge Pole Camp). Valued with #238.	(Good)	No value attributed
244	JCB Pallet Forks	(1 pair) 1988, JCB Model 4500X24/2076.600. S/N unknown. (Catalog #6W8900). Manually operated. (Located at Lodge Pole Camp). Valued with #238.	(Good)	No value attributed
245	Skid Steer Ice Scraper	(1) Erskine, Model & S/N unknown. (Located at Lodge Pole Camp).	(Fair)	\$250.00
246	Bobcat Front Loader Bucket	(1) 5'l x 24" Bobcat. Model unknown. S/N unknown. (Located at Lodge Pole Camp). Valued with item #240.	(Good)	No value attributed
247	Toolcat Front Loader Bucket	(1) Bobcat Toolcat 5600. Heavy duty. Model and S/N unknown. NOTE - Appraiser unable to view. (location unknown). Valued with item #237.	(Very Good)	No value attributed

248	Snowbear Snow Plows	(2) Snowbear, 84". (Located at Lodge Pole Camp). @ \$750 ea., PAIR	(Very Good)	\$1,500.00
249	Thiokol Parts for Snow Cat Groomers	(Lot) Salvage only. ALL	(Salvage)	\$1,000.00
250	550 Gal. Diesel Tank #1	Located in Generator Room Rafters. Valued with #183.	(Good)	No value attributed
251	1,000 Gal. Diesel Tank #2	Above ground. Double Wall Vault . 12'5"l x 4'2"w x 4'3"h. Fill-Right 800A elec. pump with nozzle. Located near shop.	(Good)	\$3,000.00
<b>SHOP</b>				
252	Floor Drill Press	(1) Central Machinery T-583. Floor model, 16-speed, 1HP.	(Good)	\$225.00
253	Bench Drill Press	(1) 1990 Performance Tough 8". S/N 236722.	(Good)	\$75.00
254	Arc Welder	(1) Sears arc welder. Model 113.201371. Part #7279.P089.	(Fair)	\$100.00
255	20 Ton Press	(1) Make unknown, model 928. (12 ton press frame, replaced with 20 ton bottle jack).	(Good)	\$125.00
256	Airless Paint Sprayer	(1) Campbell Hausfeld <i>Paint Pro Series</i> .	(Fair)	\$125.00
257	No Entry			
258	No Entry			
259	10" Table Saw	(1) Central Machinery T-504. S/N 000954. With stand	(Good)	\$100.00
260	Key Machine	(1) Curtis 2000 automatic. Manually operated. With all accessories, keys and etc.	(Good)	\$500.00

261	Metal Chop Saw	(1) Chicago Electric Power Tools 10" compound saw, item #41168. 1 1/3 HP, 4,000 rpm. Orange. S/N 403002.	(Good)	\$100.00
262	Bench Grinder	(1) 1983 CTT Tools. Model CT8B. 3/4 HP, 8" wheel.	(Good)	\$45.00
263	Power 10" Miter Saw	(1) 1986 Makita Model LS1000, 10" (255 mm). S/N 118366E.	(Good)	\$50.00
264	1/2" Hammer Drill	(1) Skil, unknown model.	(Good)	\$40.00
265	Cordless Drill	(1) Makita, 9.6 Volt, model unknown. S/N unknown.	(Good)	\$40.00
266	1/2" Right Angle Drill	(1) Milwaukee <i>Hole Hawg</i> Heavy duty 1/2" Model 1675-1. S/N 4138798211835.	(Good)	\$150.00
267	Circular Saw	(1) Milwaukee <i>Sawzall</i> , Model 6508. S/N 0748362720.	(Fair-Good)	\$60.00
268	Polisher/Sander	(1) Black & Decker.	(Good)	\$45.00
269	Saber Saws	(2) Black & Decker, model unknown. S/N unknown. @ \$20 ea., PAIR	(Good)	\$40.00
270	Circular Saw	(1) Black & Decker, model unknown. S/N unknown.	(Good)	\$35.00
271	Circular Saws	(2) Skil, model unknown. S/N unknown. @ \$40 ea., PAIR	(Good)	\$80.00
272	1/2" Pneumatic Impact Gun	(1) Astro AR148.	(Good)	\$50.00

273	Pneumatic 3/8" Air Drill	(1) Central Pneumatic 276.	(Good)	\$35.00
274	Pneumatic 3/8" Air Ratchet	(1) Central Pneumatic 283A.	(Good)	\$35.00
275	Router with Bits	(1) Sears, model unknown. S/N unknown.	(Good)	\$65.00
276	Solvent Parts Washer	(1) Hurri Kleen STD-26.	(Fair)	\$150.00
277	Rolling Tool Cabinets			
	A	(1) Craftsman, 58"h.	(Fair)	\$175.00
	B	(1) US General. Five drawers with upper and lower open tool storage.	(Very Good)	\$75.00
278	Drain Auger	(1) Milwaukee 0565-1. S/N 0004671543. 110 volt.	(Fair)	\$175.00
279	Mig Wire Feed Welder	(1) 2007 Century 160 230 volt 20-160 amp 117-067-004. S/N H101203. With cart and accessories.	(Good)	\$575.00
280	Pneumatic D/A Sander	(1) Make unknown, model 928.S/N unknown.	(Good)	\$35.00
281	Motor Oil	50 gal. Valued with item #290-293.	New	No value attributed
282	Automatic Transmission Fluid	15 gal. Valued with item #290-293.	New	No value attributed
283	Anti-Freeze	30 gal. Valued with item #290-293.	New	No value attributed

284	90WT Gear Oil	Valued with item #290-293.	New	No value attributed
285	Pneumatic Nailer	(1) Hitachi S/N K601233.	(Fair)	\$185.00
286	Pneumatic Stapler	(1) Senco Model SKS.	(Good)	\$125.00
287	Pneumatic Stapler	(1) Senco Model PW.	(Good)	\$150.00
288	Battery Charger	(1) Upright, older unit, Make unknown, Model M50D.	(Fair)	\$40.00
289	Battery Chargers	(3) Small capacity, light duty. @ \$20 ea., ALL	(Good)	\$60.00
290-293, 281-284, 295-297, 302-303 A	Misc. Hardware and Supplies Throughout Facility	Including:		
		(Lot) Misc. plumbing fittings (Lot) Misc. electrical fittings (Lot) Nuts, bolts, screws, nails (Lot) Misc. 30 gal. paint Paint supplies (Lot) Misc. doors (Lot) PVC pipe and connections (Lot) Galvanized pipe, fittings and connections (Lot) Copper pipe (Lot) Copper and brass connections (Lot) Copper plumbing fixtures (Lot) Gas connections Electrical wire and high voltage electrical components	(Good)	

		(Lot) Door hardware and doors (Lot) Automotive supplies and lubricants (Lot) Ropes and chains (Lot) Cables (Lot) Switches and breakers (Lot) Wire (Lot) Supplies for Thiokol (Lot) Automotive parts tires and etc. (Lot) Wire copper and aluminum (Lot) Tarps, blankets (Lot) Galvanized flashing and parts (Lot) Heater vents and pipes (Lot) Welding accessories (Lot) ATF (Lot) Anti-Freeze (Lot) 90WT Gear Oil (Lot) Motor Oils (Lot) Paint & Doors		
		ALL		\$12,000.00
294	Hand Tools	(Lot) Large quantity. Including: automotive, construction, fabrication and etc. (excluding rollaway tool cabinets). Manufactures include: Pittsburgh, Channel Lock, Craftsman, Stan Wiss, Pretul and others. The majority of the hand tools are made in China. ALL	(Fair-Very Good)	\$2,500.00
295-297	Paint & Doors	(Lot) Valuede with #290-293. Appraiser unable to view.	(Good)	No value attributed

298	Transit and Stand	(1) Sears Model 78946115, S/N unknown. NOTE - Appraiser unable to view.	(Good)	\$150.00
299	Misc. Jacks	(5) Including: bottle, auto, heavy duty bumper and etc. ALL	(Good)	\$300.00
300	Pneumatic Jack Hammer	(1) NOTE - Appraiser unable to view.	(Good)	\$375.00
301	Acetylene Welder	(1) Including: (2 sets) Victor gauges, cart, cutters and tools. Tanks assumed to be owned by Sky Mt.	(Good)	\$375.00
302-303 B	General Purpose Fluids	Hydraulic & SHC 626. Valued with # 290-293	(Very Good)	No value attributed
303 B	Propane Generator	(1) Circa 1970. ENGINE: Massey Ferguson 3-cycle engine (converted to propane) GENERATOR: Makle unknown, capacity unknown. Mounted on skid plate. With propane feeder line, exhaust and skid plate. Voltage regulator currently being replaced.	(Fair-Good)	\$3,000.00
304	Cement Blocks	(130). 46"l x 24"w x 16"d. @\$40. ea. ALL	(Fair-Good)	\$5,200.00
305	Water Reel	(1) 2006 Kifco Model WR B-20. S/N 400322WRB20. 200-300' approx. of hose.	(Very-Good)	\$3,500.00
<b>GRAND TOTAL:</b>				<b>\$301,089.50</b>



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Sky Mt. (3)



Sky Mt. (4)



Sky Mt. (5)



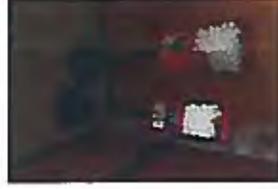
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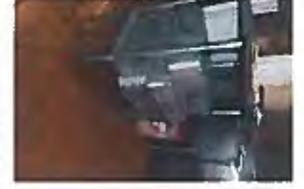
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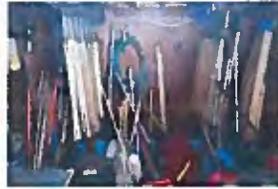
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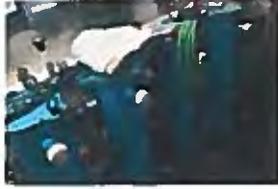
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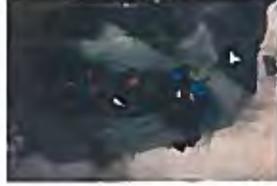
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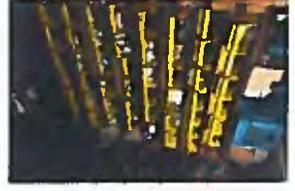
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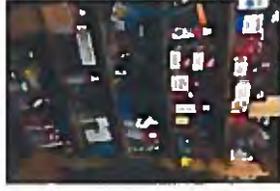
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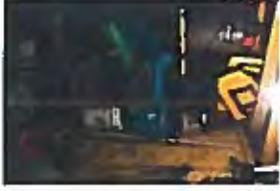
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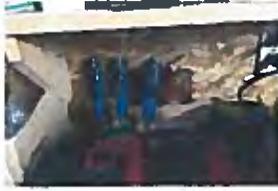


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**EXHIBIT B**

**BILL OF SALE AND ASSIGNMENT OF CONTRACTS**

**BILL OF SALE AND ASSIGNMENT OF LEASES AND CONTRACTS**

This instrument is executed and delivered as of the \_\_\_\_ day of \_\_\_\_\_, 201\_ (the "Effective Date") pursuant to that certain Purchase and Sale Agreement ("Agreement"), dated \_\_\_\_\_, 201\_, by and between \_\_\_\_\_, a \_\_\_\_\_ ("Seller"), and \_\_\_\_\_, a \_\_\_\_\_ ("Purchaser"), covering the real property described in Exhibit A attached hereto ("Real Property").

1. Sale of Personalty. For good and valuable consideration, Seller hereby sells, transfers, sets over and conveys to Purchaser the following (the "Personal Property"):

(a) Tangible Personalty. All of Seller's right, title and interest in and to all fixtures, furniture, equipment, buildings and improvements and other tangible personal property, if any, owned by Seller presently located on the Real Property.

(b) Leases. All leases of space in the improvements located on the Real Property and other licenses and occupancy agreements, and all documents and rights related thereto, including all guaranties, security deposits and/or letters of credit applicable thereto (collectively, the "Leases"), as more particularly described on Exhibit B attached hereto.

(c) Intangible Personalty. All of Seller's right, title and interest, if any, in and to all of the following items, to the extent assignable and without warranty (the "Intangible Personal Property"): (i) licenses, permits, and other governmental approvals and entitlements relating to the Property, and (ii) any architectural or engineering plans or drawings related to the Property.

2. Service Contracts. Seller hereby transfers and assigns to Purchaser all of Seller's right, title and interest in and to the service and maintenance contracts listed on Exhibit C attached hereto (collectively, the "Contracts").

3. Assumption. Purchaser hereby assumes and agrees to pay and perform all of the terms, covenants, conditions and obligations of Seller under the Leases and Contracts arising or accruing on or after the Effective Date, and agrees to indemnify and hold Seller harmless from and against any claims, costs or liabilities in connection with the Leases and Contracts arising or accruing on or after the Effective Date.

3. Warranty of Title. Seller warrants and defends title to the Personal Property unto Purchaser, its successors and assigns, against any person or entity claiming, or to claim, the same or any part thereof by, through or under Seller.

4. Agreement Applies. The covenants, agreements, representations, warranties, indemnities and limitations provided in the Agreement with respect to the property conveyed hereunder (including, without limitation, the limitations of liability provided in the Agreement), are hereby incorporated herein by this reference as if herein set out in full and shall inure to the benefit of and shall be binding upon Purchaser and Seller and their respective successors and assigns.

5. Disclaimer. Except as set forth in the Agreement, the Personal Property and the Service Contracts are conveyed by Seller and accepted by Purchaser AS IS, WHERE IS, AND (EXCEPT AS EXPRESSLY SET FORTH IN THE AGREEMENT) WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF WHATSOEVER NATURE, EXPRESS OR IMPLIED, IT BEING THE INTENTION OF SELLER AND PURCHASER EXPRESSLY TO NEGATE AND EXCLUDE ALL WARRANTIES, INCLUDING WITHOUT LIMITATION, THE IMPLIED

WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WARRANTIES CREATED BY ANY AFFIRMATION OF FACT OR PROMISE OR BY ANY DESCRIPTION OF THE PROPERTY CONVEYED HEREUNDER, AND ALL OTHER REPRESENTATIONS AND WARRANTIES WHATSOEVER CONTAINED IN OR CREATED BY THE UNIFORM COMMERCIAL CODE OF THE STATE OR STATES WHERE THE REAL PROPERTY IS LOCATED.

IN WITNESS WHEREOF, the undersigned have caused this Bill of Sale and Assignment of Contracts to be executed as of the date written above.

SELLER:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PURCHASER:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Exhibit A

to

Bill of Sale and Assignment of Contracts

Real Property Description:

**Sky Mountain Christian Camp**

**456000 Lake Vally Road, Emigrant Gap, Placer County, California 95715**

**Located on a Portion of Assessor's Parcel No. 066-050-006**

**Comprising Approximately 40 Acres with 1,500 Feet of Frontage on Lake Valley Reservoir**

**Improved with about 30,500 Square Feet of Buildings**

Exhibit B

To

Bill of Sale and Assignment of Contracts  
Assigned Leases

Exhibit B

Form of Bill of Sale

THIS BILL OF SALE ("*Bill of Sale*") is made as of this 15<sup>th</sup> day of MAY, 2018 by and between Sky Mountain Christian Camp, Inc., a California nonprofit 501(c)(3) organization ("*Seller*"), and Pacific Gas and Electric Company, a California corporation ("*Buyer*"), in the following factual context:

Seller and Buyer are parties to that certain Pole Line Sale and Purchase Agreement dated as of the Execution Date as defined therein ("*Agreement*"), providing for, among other things, Seller's conveyance of the Pole Line to Buyer on the terms and conditions stated in the Agreement. Capitalized terms used herein and not defined shall have the meanings given them in the Agreement.

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, Seller hereby sells, transfers, assigns and conveys to Buyer all of Seller's right, title and interest in and to the Pole Line which consists of all of the electrical facilities located on the Pole Line Property, including but not limited to, poles, wires, cables, conductors, cross-arms, braces, transformers, anchors, fixtures, appurtenances, substructures, conduits, services, meters, and other associated equipment and personal property owned by Seller that are used in connection with the Pole Line as described herein and that Buyer deems necessary for the distribution of electric energy.

Buyer hereby accepts the foregoing sale, transfer, assignment and conveyance on the terms and conditions stated in the Agreement.

This Bill of Sale may be executed in one or more identical counterparts, each of which such counterpart shall be deemed an original for all purposes and all such counterparts collectively consisting of one such Bill of Sale.

IN WITNESS WHEREOF, Seller and Buyer have executed and delivered this Bill of Sale as of the day and year first above written.

**SELLER:**  
SKY MOUNTAIN CHRISTIAN CAMP

**BUYER:**  
PACIFIC GAS AND ELECTRIC COMPANY

Signature: R Mark Sanders

Signature: John Mathieson

Name: R. Mark Sanders

Name: John Mathieson

Title: Executive Director

Title: Sr. Manager, Dist. Asset Strategy and Development

Exhibit C

To

Bill of Sale and Assignment of Contracts  
Assigned Contracts

**EXHIBIT C**  
**NOTICE TO TENANTS**

\_\_\_\_\_, 201\_

**VIA CERTIFIED MAIL**

[Name of Tenant]  
[Address for Notice]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: Legal Notice Department

Re: Notice of Sale of [Name of Property]

Ladies and Gentlemen:

You are hereby advised that \_\_\_\_\_ (“Seller”), has sold all of its interest in the property located at \_\_\_\_\_ (the “Property”), to \_\_\_\_\_, a \_\_\_\_\_ (“Purchaser”) and has assigned that certain [Insert name of lease document] by and between Seller and [Name of Tenant], a \_\_\_\_\_ (“Tenant”), dated as of \_\_\_\_\_, 200\_ (the “Lease”), to Purchaser. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Lease.

In connection with the sale, Seller has delivered to Purchaser any advance rental and retains no portion thereof. As a result of this delivery and this notice, Seller has no further liability to you with respect to your advance rental payments, if any. Purchaser has assumed all of the obligations of landlord under your lease, [including any obligations with respect to your security deposit of \$ \_\_\_\_\_], which has been transferred to Purchaser.

Very truly yours,

**SELLER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT D**  
**POWER LINE AGREEMENT**



**Pacific Gas and  
Electric Company™**

Catherine A. Watkins

*Mailing Address*  
P.O. Box 7442  
San Francisco, CA 94120

*Street/Courier Address*  
Law Department  
77 Beale Street  
San Francisco, CA 94105

(415) 973-0345  
Fax: (415) 972-5952  
Email: CAWm@pge.com

May 21, 2018

VIA OVERNIGHT DELIVERY

Sky Mountain Christian Camp, Inc.  
R. Mark Saunders, Executive Director  
34287 E. Towle Road  
Alta, CA 95701

**Re: Satisfaction of Conditions Confirmation under Pole Line Sale and Purchase Agreement  
Between Sky Mountain Christian Camp and PG&E**

Dear Mr. Saunders:

By this letter, PG&E hereby confirms that all of the Buyer's respective conditions to Closing have been satisfied under the Pole Line Sale and Purchase Agreement between Pacific Gas and Electric Company and Sky Mountain Christian Camp, dated as of May 15, 2018 ("Agreement"). Capitalized terms used in this letter and not defined herein have the meanings given to such terms in the Agreement.

I am enclosing PG&E's payment of the Purchase Price via PG&E check number 7276477 in the amount of One Hundred Fifty Thousand Dollars as provided in Section 2 of the Agreement. I also am enclosing a copy of each of the following fully-executed documents: (1) the Bill of Sale; (2) the Pole Line Sale and Purchase Agreement; and (3) the letter agreement between the Parties regarding the conforming change to the License Agreement upon the Closing under the Pole Line Sale and Purchase Agreement.

Please execute this letter as indicated below to confirm that all of Seller's respective conditions to Closing have been satisfied under the Agreement. Once executed, please return an original executed version of this letter to me at the above-referenced address in the enclosed envelope.

Sincerely,

Catherine A. Watkins  
Senior Counsel

Sky Mountain Christian Camp

May 21, 2018

Page 2

**AGREED TO BY:**

Sky Mountain Christian Camp, Inc.,  
a California nonprofit 501(c)(3) organization

By: R. Mark Saunders

Name: R. Mark Saunders

Title: Executive Director

Date of Signature: 5-22-18

cc: Cindy Wong, PG&E  
John Mathieson, PG&E

Enclosures:

- PG&E check number 7276477
- Fully-executed Bill of Sale
- Fully-executed Pole Line Sale and Purchase Agreement
- Fully-executed Letter Agreement Re Conforming Change to License Agreement upon Closing of Pole Line Sale and Purchase Agreement

## **Attachment G**

**Environmental Agreement - (Fee Donee)**

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

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

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**ENVIRONMENTAL AGREEMENT  
(Easement Grantee – Conveyed Fee)**

THIS ENVIRONMENTAL AGREEMENT ("Agreement"), dated as of \_\_\_\_\_, \_\_\_\_\_, executed by and between WILDLIFE HERITAGE FOUNDATION, a California non-profit public benefit corporation ("Easement Grantee") and PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("Grantor"), is entered into with reference to that certain Transaction Agreement dated \_\_\_\_\_, \_\_\_\_\_, by and among Easement Grantee, San Joaquin County Office Of Education, a \_\_\_\_\_ ("Fee Grantee") and Grantor ("Transaction Agreement"), pursuant to which Fee Grantee is acquiring from Grantor that certain real property described on Exhibit A hereto and made a part hereof (the "Property"), and Easement Grantee is acquiring a conservation easement over the Property ("Conservation Easement"). Grantor and Easement Grantee are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Easement Grantee hereby agree as follows:

1. Definitions. The following terms have the meanings ascribed to them below for purposes of this Agreement:

1.1. "Closing Date" means the date of recordation of the Grant Deed in the Official Records of Placer County, California.

1.2. "Environmental Requirements" means all applicable present and future laws, statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, judicial, administrative and regulatory decrees, directives and judgments of all governmental authorities, agencies, departments, commissions and boards, 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, without limitation, all requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of Hazardous Substances, whether solid, liquid or gaseous in nature, into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, whether solid, liquid or gaseous in nature.

1.3. "Grant Deed" means the Grant Deed conveying title to the Property from Grantor to Fee Grantee.

1.4. "Hazardous Substances" means any hazardous or toxic material or waste that is or becomes regulated by any local governmental authority, the State of California or the United States Government under any Environmental Requirements. For purposes of this Agreement, Hazardous Substances include, without limitation, any material or substance:

(a) 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 (42 U.S.C. § 9601 et seq.) ("CERCLA"); the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); the Federal Water Pollution Control Act (33 U.S.C. § 1151 et seq.); the Clean Air Act (42 U.S.C. § 7401 et seq.); the Safe Drinking Water Act (42 U.S.C. § 300f et seq.); the River and Harbor Act of 1899 (33 U.S.C. § 401 et seq.); the National Emission Standard for Asbestos (40 C.F.R. § 61.140 et seq.); the OSHA Construction Standards (29 C.F.R. § 1926.1001 et seq.); the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.); the Oil Pollution Act (33 U.S.C. § 2701 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.); the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.); the Atomic Energy Act of 1954, (42 U.S.C. §2011 et seq.); the Nuclear Waste Policy Act of 1982 (42 U.S.C. §10101 et seq.); the Medical Waste Management Act (Cal. Health & Safety Code §25015 et seq.); the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 et seq.); the Carpenter-Presley-Tanner Hazardous Substance Account Act (Cal. Health and Safety Code § 25300 et seq.); the Hazardous Waste Act (Cal. Health & Safety Code § 25100 et seq.); and all rules and regulations of the United States or California Environmental Protection Agency or any successor agency, or any other state or federal department, board or agency, or any other agency or governmental board or entity having jurisdiction, as any of the foregoing have been, or are hereafter amended from time to time; or

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

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

(d) that contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(e) that contains lead-based paint or other lead contamination, polychlorinated biphenyls or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or

(f) that contains radon gas.

1.5. "Necessary Remediation" means Remediation required by any governmental agency which has jurisdiction over the Remediation pursuant to the Environmental Requirements, to address Hazardous Substances, to enable the current use of the Property as of the Closing Date.

1.6. "Remediation" refers to the process of, and all work and planning performed in connection with, the investigation, testing for, monitoring, remediation, containment, transportation, removal and disposal or recycling of Hazardous Substances from the Property and any other property to which Hazardous Substances originating on the Property have migrated or may migrate in the future, and the repair and restoration of the Property, and restoration and mitigation of affected natural resources, regardless of whether such actions are required by Environmental Requirements.

## 2. Allocation of Responsibility for Hazardous Substances.

2.1. Generally. In general, Grantor shall (as between Grantor and Easement Grantee) bear the cost for the Necessary Remediation of Hazardous Substances which have been released to soil and/or groundwater prior to the Closing Date.

2.2. Environmental Reports. Grantor, as part of the Land Conservation Commitment (as defined in the Transaction Agreement), has prepared certain Environmental Reports (as defined in the Transaction Agreement) concerning the Property. Copies of these Environmental Reports have been provided to Easement Grantee.

### 2.3. Grantor Responsibility for the Cost of Necessary Remediation of Pre-Closing Hazardous Substance Releases.

(a) As set forth in this Section 2.3(a), Grantor shall retain responsibility for the cost of Necessary Remediation of Hazardous Substance releases in soil and groundwater, which are present on the Property prior to the Closing Date, provided that Easement Grantee did not cause, in whole or in part, such Hazardous Substance contamination and provided that such Necessary Remediation is not the result, in whole or in part, of Easement Grantee's active or passive negligence. If Grantor releases Hazardous Substances to soil or groundwater on the Property on or after the Closing Date, Grantor shall be responsible for the cost of Necessary Remediation of such releases.

(b) Grantor's retention of responsibility in this Section 2.3 shall exclude:

(i) Remediation of naturally-occurring Hazardous Substances,  
(ii) Remediation of Hazardous Substances present at background or ambient concentrations;

(iii) Remediation of contamination to the extent caused in whole or in part by Fee Grantee and/or Easement Grantee or to the extent resulting from Fee Grantee's and/or Easement Grantee's active or passive negligence, including Fee Grantee's and/or Easement Grantee's exacerbation of any Hazardous Substance release present as of the Closing Date, as identified in the Environmental Reports;

(iv) Remediation of lessee or tenant-owned Hazardous Substances which had not been released to soil or groundwater as of the Closing Date;

(v) Liability to parties other than Easement Grantee (i.e. successors and assigns of Easement Grantee); and

(vi) Responsibility assumed by Easement Grantee pursuant to this Agreement, including as set forth in Section 2.4 of this Agreement.

(c) Grantor shall have the right to perform all Remediation for which it is responsible under this Agreement. Easement Grantee shall not communicate with any governmental agency regarding any Remediation activities for which Grantor is responsible without the prior notice to, consultation with and obtaining the consent of the Grantor, which shall not be unreasonably withheld or delayed, and, if such consent is granted, without allowing the Grantor to participate in and lead any such communications. Grantor shall have the right, but not the obligation, to remediate to a more stringent level than that which constitutes Necessary Remediation, at Grantor's cost.

2.4. Easement Grantee Responsibility for Necessary Remediation of Certain Hazardous Substances. Easement Grantee shall be responsible for the Necessary Remediation of Hazardous Substance contamination at the Property to the extent Easement Grantee caused all or part of such contamination.

2.5. Performance and Completion of Necessary Remediation. Any Necessary Remediation performed hereunder shall be conducted in a manner consistent with applicable Environmental Requirements and shall be considered complete when the party conducting the Necessary Remediation obtains from the California Department of Toxic Substances Control or other governmental agency with jurisdiction over the matter, a "No Further Action Letter," "Certificate of Completion," or other governmental certification indicating that additional Remediation is not required for the current land use.

2.6. Access; Property Restoration; Recording or Deed Restriction. Easement Grantee hereby acknowledges and agrees that Grantor shall have a reasonable right of access to and entry on the Property at all times upon seventy-two (72) hour notice to conduct all necessary actions to address any Hazardous Substances for which Grantor has responsibility under this Agreement. Grantor's actions to address the Hazardous Substances for which it has responsibility shall be made with reasonable efforts to not interfere with the Easement Grantee's use of the Property. Upon completion of the actions to address the Hazardous Substances for which it has responsibility, Grantor shall make reasonable efforts to restore the Property to the condition it was in prior to the commencement of the actions to address Hazardous Substances for which it has responsibility. Grantor and Easement Grantee acknowledge and agree that attainment of an appropriate remediation standard for Necessary Remediation at the Property may require recordation of a deed restriction limiting certain uses of the Property or other similar land use control instruments concerning the Property. In the event that such a deed restriction or land use control instrument is required, Easement Grantee shall cooperate in the recording of such document in the appropriate office of the County where the Property is located; provided that such cooperation shall not require Easement Grantee to subordinate the Conservation Easement or any rights included in the Conservation Easement to such deed restriction or land use control instrument

unless such subordination is approved, in form and substance, by Easement Grantee, in Easement Grantee's sole and absolute discretion exercised in good faith.

3. Indemnity.

3.1. By Grantor. Grantor agrees and covenants, at its sole cost and expense, to indemnify, protect, defend and hold Easement Grantee harmless, from and against any and all losses (including diminution in the value of the Property and other consequential damages), costs, claims, demands, actions, suits, orders, causes of action, obligations, controversies, debts, expenses, accounts, damages, judgments and liabilities of whatever kind or nature, and by whomsoever asserted, in law, equity or otherwise (each a "Claim" and, collectively, "Claims"), including, without limitation, the payment of damages, the payment of the actual fees and expenses of experts, attorneys and others and the payment of "response costs" under CERCLA or any other Environmental Requirements, arising from or relating, in whole or in part, to Grantor's failure to perform or discharge Grantor's responsibilities and obligations set forth in Section 2.3 of this Agreement. Notwithstanding the foregoing, Grantor shall have no obligation to indemnify, protect, defend or hold the Easement Grantee harmless, from and against any Claims for which Easement Grantee is responsible under Section 2.4 of this Agreement.

3.2. By Easement Grantee. Easement Grantee agrees and covenants, at its sole cost and expense, to indemnify, protect, defend and hold Grantor harmless, from and against any and all Claims (including, without limitation, the payment of damages, the payment of the actual fees and expenses of experts, attorneys and others and the payment of "response costs" under CERCLA or any other Environmental Requirements) to the extent arising from or relating, in whole or in part, to Easement Grantee's failure to perform or discharge Easement Grantee's responsibilities and obligations set forth in Section 2.4 of this Agreement. Notwithstanding the foregoing, Easement Grantee shall have no obligation to indemnify, protect, defend or hold the Grantor harmless, from and against any Claims for which Grantor is responsible under Section 2.3 of this Agreement.

4. Notice by Easement Grantee. Easement Grantee shall promptly notify Grantor of any discovery of a release of Hazardous Substances on the Property. Easement Grantee shall promptly notify Grantor of any notice of potential liability for costs of Remediation (whether or not covered by Section 2), and following such notification (or the determination by Grantor of its potential liability for such costs) provide such information and reports with respect to such potential liability and the status of Hazardous Substances on the Property as Grantor shall reasonably request.

5. Easement Grantee's Representations and Warranties. Easement Grantee represents and warrants to Grantor as follows:

5.1. Easement Grantee has in all respects voluntarily and knowingly executed this Agreement.

5.2. Easement Grantee has had an opportunity to seek and has sought independent legal advice from attorneys of Easement Grantee's choice with respect to the advisability of executing this Agreement.

5.3. Easement Grantee has made such investigation of the facts pertaining to this Agreement as it deems necessary.

5.4. The terms of this Agreement are contractual and are the result of negotiation between Easement Grantee and Grantor.

5.5. This Agreement has been carefully read by Easement Grantee and the contents hereof are known and understood by Easement Grantee.

5.6. Easement Grantee is duly organized, validly existing and in good standing under the laws of the state of its organization and is qualified to do business in the state in which the Property is located and the persons executing this Agreement on behalf of Easement Grantee have the full right and authority to execute this Agreement on behalf of Easement Grantee and to bind Easement Grantee without the consent or approval of any other person or entity. This Agreement is (i) duly authorized, properly executed and delivered by Easement Grantee, (ii) legal, valid and binding obligations of Easement Grantee enforceable in accordance with its terms at the time of the Closing Date, and (iii) not in violation of any agreement or judicial order to which Easement Grantee is a party or to which it is subject.

## 6. Mandatory Negotiation and Mediation.

6.1. Except as provided in Section 6.2, Grantor and Easement Grantee agree to first negotiate and then mediate with respect to any claim or dispute arising out of or relating to this Agreement, before resorting to court action. Either Party may initiate settlement negotiations by providing written notice to the other Party, setting forth the subject of the claim or dispute. Easement Grantee and Grantor agree to cooperate in scheduling negotiations and to participate in the settlement negotiations in good faith. If Easement Grantee and Grantor fail to settle such claim or dispute within thirty (30) days after the date of mailing of the notice initiating settlement negotiations or within such additional time period as the parties may agree in writing, the parties agree to submit the matter to JAMS (or other similar organization such as the American Arbitration Association mutually agreed upon by the parties) for mediation. If an organization other than JAMS is agreed upon by the parties to conduct the mediation hereunder, all references to JAMS shall be deemed changed to the selected organization. Either Party may commence mediation by providing to JAMS and the other Party a written request for mediation, setting forth the subject of the claim or dispute and the relief requested. Except as provided herein or by written agreement of the parties, the mediation shall be conducted in Sacramento pursuant to the JAMS rules. The parties will cooperate in selecting a mediator from the JAMS panel of neutrals, and in scheduling the mediation proceedings. The parties agree to participate in the mediation in good faith, and to share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by either of the parties, their employees, agents, experts and attorneys, and by the mediator and any other JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, but evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. If JAMS should no longer exist at the time the claim or dispute arises, the matter shall be submitted to its successor entity, or if there is no such successor entity, to the American Arbitration Association or other similar organization mutually agreed upon by the parties, and except as provided herein or by mutual agreement of the parties, the mediation rules of such successor or alternate organization shall apply. Except as may be expressly set forth in any written settlement agreement, should the matter be settled by negotiation or mediation prior to commencing court action, each Party shall pay its own attorneys' fees and costs. Except as provided in Section 6.2, neither Party may commence an action arising out of or relating to this Agreement until expiration of the negotiation period and completion of the initial mediation session in accordance with this Section 6.1. If either Party

commences an action with respect to a claim or dispute covered by this Section 6.1 without first attempting to resolve the matter through negotiation and mediation, or refuses to negotiate or mediate after a request has been made, then that Party shall not be entitled to recover attorneys' fees and costs, even if such fees and costs would otherwise be available to that Party in such action. Nothing in this Section 6 shall change any of Easement Grantee's rights to enforce any violations of the Conservation Easement in accordance with the terms thereof.

6.2. Either Party may seek equitable relief to preserve the status quo prior to participating in the negotiation and mediation proceedings required pursuant to Section 6.1. In addition, matters that are within the jurisdiction of probate, small claims, or bankruptcy court are excluded from mandatory negotiation and mediation hereunder.

6.3. The provisions of this Section 6 may be enforced by any court of competent jurisdiction, and the Party seeking enforcement shall be entitled to an award of all fees and costs, including reasonable attorneys' fees, to be paid by the Party against which enforcement is ordered. The covenants of Grantor and Easement Grantee contained in this Section 6 shall survive the expiration or earlier termination of this Agreement or the Closing Date.

## 7. Miscellaneous.

7.1. Each Party acknowledges (a) this Agreement is the result of extensive good faith negotiations between the Parties through their respective counsel, (b) Easement Grantee's counsel has carefully reviewed and examined this Agreement before execution by Easement Grantee, and (c) any statute or rule of construction that ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement.

7.2. In the event that either Party shall bring an action to enforce its rights under this Agreement, or relating to the interpretation hereof, whether for declaratory or other relief, the prevailing Party in any such proceeding shall be entitled to recover from the other Party reasonable attorneys' fees and all costs, expenses and disbursements that the prevailing Party incurred in connection with such proceeding and any appeal thereof (including, but not limited to, the reasonable costs of discovery, investigation, preparation for trial, professional or expert consultation and testimony). Easement Grantee shall also pay all attorneys' fees and costs Grantor incurs in defending this Agreement or otherwise protecting Grantor's rights in any voluntary or involuntary bankruptcy case, assignment for the benefit of creditors, or other insolvency, liquidation or reorganization proceeding involving Easement Grantee or this Agreement, including all motions and proceedings related to relief from an automatic stay, lease assumption or rejection, use of cash collateral, claim objections, disclosure statements and plans of reorganization. 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. The non-prevailing Party shall also pay the attorneys' fees and costs incurred by the prevailing Party in any post-judgment proceedings to collect and enforce the judgment. For purposes hereof, the reasonable fees of Grantor's in-house attorneys who perform services in connection with any such action are 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 Grantor's Law Department. Any such fees and costs incurred prior to judgment, award, or

decree may be included in any judgment, award or decree entered in such proceeding in favor of the prevailing Party. Any such fees, costs and expenses incurred by the prevailing Party in enforcing a judgment, award or decree in its favor shall be recoverable separately from and in addition to any other amount included in such judgment, award or decree. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.

7.3. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the respective Parties. No transfer of an interest in the Property or this Agreement by Easement Grantee or its assignees shall operate to relieve Easement Grantee of its obligations hereunder. This Agreement shall not create or bestow any right in any third party. The Parties agree that no third party beneficiary to this Agreement exists and that nothing contained herein shall be construed as giving any other person or entity third party beneficiary status.

7.4. The failure of either Party to insist upon strict compliance with any of the terms hereof shall not be considered to be a waiver of any of such terms, nor shall it militate against the right of either Party to insist upon strict compliance herewith at any later time.

7.5. This Agreement shall not constitute or be construed as an admission of liability or fact by Grantor for any purpose whatsoever.

7.6. Each Party shall execute, acknowledge and deliver to the other Party all documents, and shall take all actions reasonably required by the other Party from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of this Agreement.

7.7. The respective representations, warranties, covenants, and agreements of Grantor and Easement Grantee contained in this Agreement shall survive the Closing Date.

7.8. Time is of the essence of this Agreement.

7.9. This Agreement shall be governed by the laws of the State of California.

7.10. Should any portion, word, clause, phrase, sentence or paragraph of this Agreement be declared void or unenforceable, such portion shall be considered independent and severable from the remainder, and the validity of the remainder shall remain unaffected.

7.11. This Agreement sets forth the entire understanding of Easement Grantee and Grantor in connection with the subject matter hereof, and Easement Grantee acknowledges that Grantor has made no statement, representation or warranty relating to the Property upon which Easement Grantee has relied or that acted as an inducement for Easement Grantee to enter into this Agreement. The Parties' obligations under this Agreement may not be altered or amended in any respect except by a writing executed by both Easement Grantee and Grantor. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Grantor and Easement Grantee have caused this Agreement to be duly executed as of the date first written above.

GRANTOR:

PACIFIC GAS AND ELECTRIC COMPANY,  
a California corporation

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

EASEMENT GRANTEE:

WILDLIFE HERITAGE FOUNDATION,  
a California non-profit public benefit corporation

By: \_\_\_\_\_  
Name: Darla Guenzler  
Its: Executive Director

EXHIBIT A

PROPERTY DESCRIPTION

[Follows this page]

**CERTIFICATE OF ACKNOWLEDGMENT**

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

State of California )  
County of \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

**CERTIFICATE OF ACKNOWLEDGMENT**

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

State of California )  
County of \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

## **Attachment H**

**Environmental Agreement – (Easement Grantee)**

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

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

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**ENVIRONMENTAL AGREEMENT  
(Easement Grantee – Conveyed Fee)**

THIS ENVIRONMENTAL AGREEMENT ("Agreement"), dated as of \_\_\_\_\_, \_\_\_\_\_, executed by and between WILDLIFE HERITAGE FOUNDATION, a California non-profit public benefit corporation ("Easement Grantee") and PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("Grantor"), is entered into with reference to that certain Transaction Agreement dated \_\_\_\_\_, \_\_\_\_\_, by and among Easement Grantee, San Joaquin County Office Of Education, a \_\_\_\_\_ ("Fee Grantee") and Grantor ("Transaction Agreement"), pursuant to which Fee Grantee is acquiring from Grantor that certain real property described on Exhibit A hereto and made a part hereof (the "Property"), and Easement Grantee is acquiring a conservation easement over the Property ("Conservation Easement"). Grantor and Easement Grantee are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Easement Grantee hereby agree as follows:

1. Definitions. The following terms have the meanings ascribed to them below for purposes of this Agreement:

1.1. "Closing Date" means the date of recordation of the Grant Deed in the Official Records of Placer County, California.

1.2. "Environmental Requirements" means all applicable present and future laws, statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, judicial, administrative and regulatory decrees, directives and judgments of all governmental authorities, agencies, departments, commissions and boards, 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, without limitation, all requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of Hazardous Substances, whether solid, liquid or gaseous in nature, into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, whether solid, liquid or gaseous in nature.

1.3. "Grant Deed" means the Grant Deed conveying title to the Property from Grantor to Fee Grantee.

1.4. "Hazardous Substances" means any hazardous or toxic material or waste that is or becomes regulated by any local governmental authority, the State of California or the United States Government under any Environmental Requirements. For purposes of this Agreement, Hazardous Substances include, without limitation, any material or substance:

(a) 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 (42 U.S.C. § 9601 et seq.) ("CERCLA"); the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); the Federal Water Pollution Control Act (33 U.S.C. § 1151 et seq.); the Clean Air Act (42 U.S.C. § 7401 et seq.); the Safe Drinking Water Act (42 U.S.C. § 300f et seq.); the River and Harbor Act of 1899 (33 U.S.C. § 401 et seq.); the National Emission Standard for Asbestos (40 C.F.R. § 61.140 et seq.); the OSHA Construction Standards (29 C.F.R. § 1926.1001 et seq.); the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.); the Oil Pollution Act (33 U.S.C. § 2701 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.); the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.); the Atomic Energy Act of 1954, (42 U.S.C. §2011 et seq.); the Nuclear Waste Policy Act of 1982 (42 U.S.C. §10101 et seq.); the Medical Waste Management Act (Cal. Health & Safety Code §25015 et seq.); the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 et seq.); the Carpenter-Presley-Tanner Hazardous Substance Account Act (Cal. Health and Safety Code § 25300 et seq.); the Hazardous Waste Act (Cal. Health & Safety Code § 25100 et seq.); and all rules and regulations of the United States or California Environmental Protection Agency or any successor agency, or any other state or federal department, board or agency, or any other agency or governmental board or entity having jurisdiction, as any of the foregoing have been, or are hereafter amended from time to time; or

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

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

(d) that contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(e) that contains lead-based paint or other lead contamination, polychlorinated biphenyls or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or

(f) that contains radon gas.

1.5. "Necessary Remediation" means Remediation required by any governmental agency which has jurisdiction over the Remediation pursuant to the Environmental Requirements, to address Hazardous Substances, to enable the current use of the Property as of the Closing Date.

1.6. "Remediation" refers to the process of, and all work and planning performed in connection with, the investigation, testing for, monitoring, remediation, containment, transportation, removal and disposal or recycling of Hazardous Substances from the Property and any other property to which Hazardous Substances originating on the Property have migrated or may migrate in the future, and the repair and restoration of the Property, and restoration and mitigation of affected natural resources, regardless of whether such actions are required by Environmental Requirements.

## 2. Allocation of Responsibility for Hazardous Substances.

2.1. Generally. In general, Grantor shall (as between Grantor and Easement Grantee) bear the cost for the Necessary Remediation of Hazardous Substances which have been released to soil and/or groundwater prior to the Closing Date.

2.2. Environmental Reports. Grantor, as part of the Land Conservation Commitment (as defined in the Transaction Agreement), has prepared certain Environmental Reports (as defined in the Transaction Agreement) concerning the Property. Copies of these Environmental Reports have been provided to Easement Grantee.

### 2.3. Grantor Responsibility for the Cost of Necessary Remediation of Pre-Closing Hazardous Substance Releases.

(a) As set forth in this Section 2.3(a), Grantor shall retain responsibility for the cost of Necessary Remediation of Hazardous Substance releases in soil and groundwater, which are present on the Property prior to the Closing Date, provided that Easement Grantee did not cause, in whole or in part, such Hazardous Substance contamination and provided that such Necessary Remediation is not the result, in whole or in part, of Easement Grantee's active or passive negligence. If Grantor releases Hazardous Substances to soil or groundwater on the Property on or after the Closing Date, Grantor shall be responsible for the cost of Necessary Remediation of such releases.

(b) Grantor's retention of responsibility in this Section 2.3 shall exclude:

(i) Remediation of naturally-occurring Hazardous Substances,  
(ii) Remediation of Hazardous Substances present at background or ambient concentrations;

(iii) Remediation of contamination to the extent caused in whole or in part by Fee Grantee and/or Easement Grantee or to the extent resulting from Fee Grantee's and/or Easement Grantee's active or passive negligence, including Fee Grantee's and/or Easement Grantee's exacerbation of any Hazardous Substance release present as of the Closing Date, as identified in the Environmental Reports;

(iv) Remediation of lessee or tenant-owned Hazardous Substances which had not been released to soil or groundwater as of the Closing Date;

(v) Liability to parties other than Easement Grantee (i.e. successors and assigns of Easement Grantee); and

(vi) Responsibility assumed by Easement Grantee pursuant to this Agreement, including as set forth in Section 2.4 of this Agreement.

(c) Grantor shall have the right to perform all Remediation for which it is responsible under this Agreement. Easement Grantee shall not communicate with any governmental agency regarding any Remediation activities for which Grantor is responsible without the prior notice to, consultation with and obtaining the consent of the Grantor, which shall not be unreasonably withheld or delayed, and, if such consent is granted, without allowing the Grantor to participate in and lead any such communications. Grantor shall have the right, but not the obligation, to remediate to a more stringent level than that which constitutes Necessary Remediation, at Grantor's cost.

2.4. Easement Grantee Responsibility for Necessary Remediation of Certain Hazardous Substances. Easement Grantee shall be responsible for the Necessary Remediation of Hazardous Substance contamination at the Property to the extent Easement Grantee caused all or part of such contamination.

2.5. Performance and Completion of Necessary Remediation. Any Necessary Remediation performed hereunder shall be conducted in a manner consistent with applicable Environmental Requirements and shall be considered complete when the party conducting the Necessary Remediation obtains from the California Department of Toxic Substances Control or other governmental agency with jurisdiction over the matter, a "No Further Action Letter," "Certificate of Completion," or other governmental certification indicating that additional Remediation is not required for the current land use.

2.6. Access; Property Restoration; Recording or Deed Restriction. Easement Grantee hereby acknowledges and agrees that Grantor shall have a reasonable right of access to and entry on the Property at all times upon seventy-two (72) hour notice to conduct all necessary actions to address any Hazardous Substances for which Grantor has responsibility under this Agreement. Grantor's actions to address the Hazardous Substances for which it has responsibility shall be made with reasonable efforts to not interfere with the Easement Grantee's use of the Property. Upon completion of the actions to address the Hazardous Substances for which it has responsibility, Grantor shall make reasonable efforts to restore the Property to the condition it was in prior to the commencement of the actions to address Hazardous Substances for which it has responsibility. Grantor and Easement Grantee acknowledge and agree that attainment of an appropriate remediation standard for Necessary Remediation at the Property may require recordation of a deed restriction limiting certain uses of the Property or other similar land use control instruments concerning the Property. In the event that such a deed restriction or land use control instrument is required, Easement Grantee shall cooperate in the recording of such document in the appropriate office of the County where the Property is located; provided that such cooperation shall not require Easement Grantee to subordinate the Conservation Easement or any rights included in the Conservation Easement to such deed restriction or land use control instrument

unless such subordination is approved, in form and substance, by Easement Grantee, in Easement Grantee's sole and absolute discretion exercised in good faith.

3. Indemnity.

3.1. By Grantor. Grantor agrees and covenants, at its sole cost and expense, to indemnify, protect, defend and hold Easement Grantee harmless, from and against any and all losses (including diminution in the value of the Property and other consequential damages), costs, claims, demands, actions, suits, orders, causes of action, obligations, controversies, debts, expenses, accounts, damages, judgments and liabilities of whatever kind or nature, and by whomsoever asserted, in law, equity or otherwise (each a "Claim" and, collectively, "Claims"), including, without limitation, the payment of damages, the payment of the actual fees and expenses of experts, attorneys and others and the payment of "response costs" under CERCLA or any other Environmental Requirements, arising from or relating, in whole or in part, to Grantor's failure to perform or discharge Grantor's responsibilities and obligations set forth in Section 2.3 of this Agreement. Notwithstanding the foregoing, Grantor shall have no obligation to indemnify, protect, defend or hold the Easement Grantee harmless, from and against any Claims for which Easement Grantee is responsible under Section 2.4 of this Agreement.

3.2. By Easement Grantee. Easement Grantee agrees and covenants, at its sole cost and expense, to indemnify, protect, defend and hold Grantor harmless, from and against any and all Claims (including, without limitation, the payment of damages, the payment of the actual fees and expenses of experts, attorneys and others and the payment of "response costs" under CERCLA or any other Environmental Requirements) to the extent arising from or relating, in whole or in part, to Easement Grantee's failure to perform or discharge Easement Grantee's responsibilities and obligations set forth in Section 2.4 of this Agreement. Notwithstanding the foregoing, Easement Grantee shall have no obligation to indemnify, protect, defend or hold the Grantor harmless, from and against any Claims for which Grantor is responsible under Section 2.3 of this Agreement.

4. Notice by Easement Grantee. Easement Grantee shall promptly notify Grantor of any discovery of a release of Hazardous Substances on the Property. Easement Grantee shall promptly notify Grantor of any notice of potential liability for costs of Remediation (whether or not covered by Section 2), and following such notification (or the determination by Grantor of its potential liability for such costs) provide such information and reports with respect to such potential liability and the status of Hazardous Substances on the Property as Grantor shall reasonably request.

5. Easement Grantee's Representations and Warranties. Easement Grantee represents and warrants to Grantor as follows:

5.1. Easement Grantee has in all respects voluntarily and knowingly executed this Agreement.

5.2. Easement Grantee has had an opportunity to seek and has sought independent legal advice from attorneys of Easement Grantee's choice with respect to the advisability of executing this Agreement.

5.3. Easement Grantee has made such investigation of the facts pertaining to this Agreement as it deems necessary.

5.4. The terms of this Agreement are contractual and are the result of negotiation between Easement Grantee and Grantor.

5.5. This Agreement has been carefully read by Easement Grantee and the contents hereof are known and understood by Easement Grantee.

5.6. Easement Grantee is duly organized, validly existing and in good standing under the laws of the state of its organization and is qualified to do business in the state in which the Property is located and the persons executing this Agreement on behalf of Easement Grantee have the full right and authority to execute this Agreement on behalf of Easement Grantee and to bind Easement Grantee without the consent or approval of any other person or entity. This Agreement is (i) duly authorized, properly executed and delivered by Easement Grantee, (ii) legal, valid and binding obligations of Easement Grantee enforceable in accordance with its terms at the time of the Closing Date, and (iii) not in violation of any agreement or judicial order to which Easement Grantee is a party or to which it is subject.

6. Mandatory Negotiation and Mediation.

6.1. Except as provided in Section 6.2, Grantor and Easement Grantee agree to first negotiate and then mediate with respect to any claim or dispute arising out of or relating to this Agreement, before resorting to court action. Either Party may initiate settlement negotiations by providing written notice to the other Party, setting forth the subject of the claim or dispute. Easement Grantee and Grantor agree to cooperate in scheduling negotiations and to participate in the settlement negotiations in good faith. If Easement Grantee and Grantor fail to settle such claim or dispute within thirty (30) days after the date of mailing of the notice initiating settlement negotiations or within such additional time period as the parties may agree in writing, the parties agree to submit the matter to JAMS (or other similar organization such as the American Arbitration Association mutually agreed upon by the parties) for mediation. If an organization other than JAMS is agreed upon by the parties to conduct the mediation hereunder, all references to JAMS shall be deemed changed to the selected organization. Either Party may commence mediation by providing to JAMS and the other Party a written request for mediation, setting forth the subject of the claim or dispute and the relief requested. Except as provided herein or by written agreement of the parties, the mediation shall be conducted in Sacramento pursuant to the JAMS rules. The parties will cooperate in selecting a mediator from the JAMS panel of neutrals, and in scheduling the mediation proceedings. The parties agree to participate in the mediation in good faith, and to share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by either of the parties, their employees, agents, experts and attorneys, and by the mediator and any other JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, but evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. If JAMS should no longer exist at the time the claim or dispute arises, the matter shall be submitted to its successor entity, or if there is no such successor entity, to the American Arbitration Association or other similar organization mutually agreed upon by the parties, and except as provided herein or by mutual agreement of the parties, the mediation rules of such successor or alternate organization shall apply. Except as may be expressly set forth in any written settlement agreement, should the matter be settled by negotiation or mediation prior to commencing court action, each Party shall pay its own attorneys' fees and costs. Except as provided in Section 6.2, neither Party may commence an action arising out of or relating to this Agreement until expiration of the negotiation period and completion of the initial mediation session in accordance with this Section 6.1. If either Party

commences an action with respect to a claim or dispute covered by this Section 6.1 without first attempting to resolve the matter through negotiation and mediation, or refuses to negotiate or mediate after a request has been made, then that Party shall not be entitled to recover attorneys' fees and costs, even if such fees and costs would otherwise be available to that Party in such action. Nothing in this Section 6 shall change any of Easement Grantee's rights to enforce any violations of the Conservation Easement in accordance with the terms thereof.

6.2. Either Party may seek equitable relief to preserve the status quo prior to participating in the negotiation and mediation proceedings required pursuant to Section 6.1. In addition, matters that are within the jurisdiction of probate, small claims, or bankruptcy court are excluded from mandatory negotiation and mediation hereunder.

6.3. The provisions of this Section 6 may be enforced by any court of competent jurisdiction, and the Party seeking enforcement shall be entitled to an award of all fees and costs, including reasonable attorneys' fees, to be paid by the Party against which enforcement is ordered. The covenants of Grantor and Easement Grantee contained in this Section 6 shall survive the expiration or earlier termination of this Agreement or the Closing Date.

## 7. Miscellaneous.

7.1. Each Party acknowledges (a) this Agreement is the result of extensive good faith negotiations between the Parties through their respective counsel, (b) Easement Grantee's counsel has carefully reviewed and examined this Agreement before execution by Easement Grantee, and (c) any statute or rule of construction that ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement.

7.2. In the event that either Party shall bring an action to enforce its rights under this Agreement, or relating to the interpretation hereof, whether for declaratory or other relief, the prevailing Party in any such proceeding shall be entitled to recover from the other Party reasonable attorneys' fees and all costs, expenses and disbursements that the prevailing Party incurred in connection with such proceeding and any appeal thereof (including, but not limited to, the reasonable costs of discovery, investigation, preparation for trial, professional or expert consultation and testimony). Easement Grantee shall also pay all attorneys' fees and costs Grantor incurs in defending this Agreement or otherwise protecting Grantor's rights in any voluntary or involuntary bankruptcy case, assignment for the benefit of creditors, or other insolvency, liquidation or reorganization proceeding involving Easement Grantee or this Agreement, including all motions and proceedings related to relief from an automatic stay, lease assumption or rejection, use of cash collateral, claim objections, disclosure statements and plans of reorganization. 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. The non-prevailing Party shall also pay the attorneys' fees and costs incurred by the prevailing Party in any post-judgment proceedings to collect and enforce the judgment. For purposes hereof, the reasonable fees of Grantor's in-house attorneys who perform services in connection with any such action are 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 Grantor's Law Department. Any such fees and costs incurred prior to judgment, award, or

decree may be included in any judgment, award or decree entered in such proceeding in favor of the prevailing Party. Any such fees, costs and expenses incurred by the prevailing Party in enforcing a judgment, award or decree in its favor shall be recoverable separately from and in addition to any other amount included in such judgment, award or decree. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.

7.3. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the respective Parties. No transfer of an interest in the Property or this Agreement by Easement Grantee or its assignees shall operate to relieve Easement Grantee of its obligations hereunder. This Agreement shall not create or bestow any right in any third party. The Parties agree that no third party beneficiary to this Agreement exists and that nothing contained herein shall be construed as giving any other person or entity third party beneficiary status.

7.4. The failure of either Party to insist upon strict compliance with any of the terms hereof shall not be considered to be a waiver of any of such terms, nor shall it militate against the right of either Party to insist upon strict compliance herewith at any later time.

7.5. This Agreement shall not constitute or be construed as an admission of liability or fact by Grantor for any purpose whatsoever.

7.6. Each Party shall execute, acknowledge and deliver to the other Party all documents, and shall take all actions reasonably required by the other Party from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of this Agreement.

7.7. The respective representations, warranties, covenants, and agreements of Grantor and Easement Grantee contained in this Agreement shall survive the Closing Date.

7.8. Time is of the essence of this Agreement.

7.9. This Agreement shall be governed by the laws of the State of California.

7.10. Should any portion, word, clause, phrase, sentence or paragraph of this Agreement be declared void or unenforceable, such portion shall be considered independent and severable from the remainder, and the validity of the remainder shall remain unaffected.

7.11. This Agreement sets forth the entire understanding of Easement Grantee and Grantor in connection with the subject matter hereof, and Easement Grantee acknowledges that Grantor has made no statement, representation or warranty relating to the Property upon which Easement Grantee has relied or that acted as an inducement for Easement Grantee to enter into this Agreement. The Parties' obligations under this Agreement may not be altered or amended in any respect except by a writing executed by both Easement Grantee and Grantor. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Grantor and Easement Grantee have caused this Agreement to be duly executed as of the date first written above.

GRANTOR:

PACIFIC GAS AND ELECTRIC COMPANY,  
a California corporation

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

EASEMENT GRANTEE:

WILDLIFE HERITAGE FOUNDATION,  
a California non-profit public benefit corporation

By: \_\_\_\_\_  
Name: Darla Guenzler  
Its: Executive Director

EXHIBIT A

PROPERTY DESCRIPTION

[Follows this page]

**CERTIFICATE OF ACKNOWLEDGMENT**

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

State of California )  
County of \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

**CERTIFICATE OF ACKNOWLEDGMENT**

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

State of California )  
County of \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

**Stewardship Council's List of Individuals and Entities to Whom it has Provided Notice Regarding Lake Spaulding (SJCOE)**

**WITHIN A MILE MAILING**

<b>OWNER</b>	<b>CARE OF</b>	<b>MAIL ADDRESS</b>	<b>CITY, STATE &amp; ZIP CODE</b>
See Attached			
<b>WATER AGENCY MAILING</b>			
Placer County Water Agency		P.O. Box 6570	Auburn, CA 95604-6570
Nevada Irrigation District		1036 West Main Street	Grass Valley, CA 95945
<b>Other (County) Co. Special Districts</b>			
<b>BOARD OF SUPERVISORS MAILING</b>			
The Honorable Bonnie Gore, District 1	Placer County Board of Supervisors	175 Fulweiler Ave.	Auburn, Ca 95603
The Honorable Robert Weygandt, District 2	Placer County Board of Supervisors	175 Fulweiler Ave.	Auburn, Ca 95603
The Honorable Jim Holmes, District 3	Placer County Board of Supervisors	175 Fulweiler Ave.	Auburn, Ca 95603
The Honorable Kirk Uhler, District 4	Placer County Board of Supervisors	175 Fulweiler Ave.	Auburn, Ca 95603
The Honorable Cindy Gustafson, District 5	Placer County Board of Supervisors	175 Fulweiler Ave.	Auburn, Ca 95603
<b>CITIES/TOWNS AFFECTED MAILING</b>			
<b>NATIVE AMERICAN TRIBAL MAILING</b>			
United Auburn Indian Community of the Auburn Rancher	Mathew Moore, Chairperson	10720 Indian Hill Rd.	Auburn, Ca 95603
Shingle Springs Band of Miwok Indians	Nicholas Fonseca, Chairperson	PO Box 1340	Shingle Springs, Ca 95682
Washoe Tribe of Nevada and California	Neil Mortimer, Chairperson	919 Highway 395 South	Gardnerville, Ca 89410
<b>INDIVIDUALS &amp; ENTITIES WHO SUBMITTED COMMENTS</b>			
Mike Vandeman	<a href="mailto:mjvande@pacbell.net">mjvande@pacbell.net</a>		
Michael Garabedian	Friends of the North Fork (American River)	<a href="mailto:michaelgarabedian@earthlink.net">michaelgarabedian@earthlink.net</a>	
<b>INDIVIDUALS &amp; ENTITIES WHO SPOKE AT BOARD MEETING ON June 26, 2019</b>			
Annie Cunial	San Joaquin County Office of Education		
Troy Brown	San Joaquin County Office of Education		
<b>OTHER ORGANIZATIONS THAT SUBMITTED LSP</b>			
CALFIRE			

MICHAEL T GEBHARDT  
NATIONAL AMERICAN CORPORATION LP  
SIERRA PACIFIC LAND & TIMBER COMPANY  
BIVINS G & JUNE M MICHAEL  
NATIONAL AMERICAN CORP  
REGENTS OF THE UNIVERSITY OF CA  
DEREK & REGAN STEVENS  
GENE P WEST  
M L WEST  
CHY COMPANY THE  
MARK A REED  
RIX & MARY MAURER  
MARSHALL CARRASCO  
JOHN & ERIN DREW  
SNOWFLOWER INC  
ANSOB INC TRSTE  
UNITED STATES OF AMERICA  
SALLY TRSTE EDWARDS  
SCOTT JANUS  
MICHAEL & LINDA SMITH  
WILLIAM W & DENISE M BARR  
GLENN C WATERMAN  
LEONARD J TRSTE SAWICKY  
JANINE M GLOVER

C/O YOUNG JEROME ROBERT

C/O MARSHALL REALTY

C/O MICHAEL PAMPLIN

P O BOX 571  
PO BOX 06115  
PO BOX 496028  
PO BOX 507  
POB 2529  
1111 FRANKLIN ST ST  
18089 STEVENS RANCH PL PL  
18694 PINE SHADOWS LN LN  
25 EL CABALLO TRL TRL  
2555 THIRD ST ST  
2924 AVON RD RD  
305 MAMAKI ST ST  
3255 S VIRGINIA ST ST  
344 S CHURCH ST ST  
3958 BETTY LN LN  
4709 SELKIRK WAY WAY  
47200 KELLY LAKE RD RD  
5624 CAMELLIA AVE AVE  
5631 BIRKDALE CT CT  
6455 BUTLER CIR CIR  
6638 ROSE ACRES RD RD  
6886 WING POINT RD RD  
7185 SIERRA DR DR  
7201 CALVIN DR DR

TAHOE CITY CA 96145  
CHICAGO IL 60606 6115  
REDDING CA 96049  
ALTA CA 95701  
FRISCO TX 75034  
OAKLAND CA 94607  
PENN VALLEY CA 95946  
PENN VALLEY CA 95946  
SPARKS NV 89441  
SACRAMENTO CA 95818  
ROCKLIN CA 95765  
HONOLULU HI 96821  
RENO NV 89502  
GRASS VALLEY CA 95945  
LOOMIS CA 95650  
FAIR OAKS CA 95628  
EMI CA 95715  
SACRAMENTO CA 95819  
ROCKLIN CA 95677  
PENRYN CA 95663  
ORANGEVALE CA 95662  
BAINBRIDGE ISLAND WA 98110  
GRANITE BAY CA 95746  
CITRUS HEIGHTS CA 95621

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

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	East Bay Community Energy	Redwood Coast Energy Authority
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Regulatory & Cogeneration Service, Inc.
Alta Power Group, LLC	Energy Management Service	SCD Energy Solutions
Anderson & Poole	Engineers and Scientists of California	
Atlas ReFuel	GenOn Energy, Inc.	SCE
BART	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Barkovich & Yap, Inc.	Green Power Institute	SPURR
California Cotton Ginners & Growers Assn	Hanna & Morton	San Francisco Water Power and Sewer
California Energy Commission	ICF	Seattle City Light
California Public Utilities Commission	IGS Energy	Sempra Utilities
California State Association of Counties	International Power Technology	Southern California Edison Company
Calpine	Intestate Gas Services, Inc.	Southern California Gas Company
Cameron-Daniel, P.C.	Kelly Group	Spark Energy
Casner, Steve	Ken Bohn Consulting	Sun Light & Power
Cenergy Power	Keyes & Fox LLP	Sunshine Design
Center for Biological Diversity	Leviton Manufacturing Co., Inc.	Tecogen, Inc.
Chevron Pipeline and Power	Los Angeles County Integrated	TerraVerde Renewable Partners
City of Palo Alto	Waste Management Task Force	Tiger Natural Gas, Inc.
City of San Jose	MRW & Associates	TransCanada
Clean Power Research	Manatt Phelps Phillips	Troutman Sanders LLP
Coast Economic Consulting	Marin Energy Authority	Utility Cost Management
Commercial Energy	McKenzie & Associates	Utility Power Solutions
Crossborder Energy	Modesto Irrigation District	Water and Energy Consulting Wellhead
Crown Road Energy, LLC	NLine Energy, Inc.	Electric Company
Davis Wright Tremaine LLP	NRG Solar	Western Manufactured Housing
Day Carter Murphy	Office of Ratepayer Advocates	Communities Association (WMA)
Dept of General Services	OnGrid Solar	Yep Energy
Don Pickett & Associates, Inc.	Pacific Gas and Electric Company	
Douglass & Liddell	Peninsula Clean Energy	