

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



Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 6298E
As of October 4, 2021

Subject: Lake Britton California State Parks 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: 08-20-2021

Date to Calendar: 08-25-2021

Authorizing Documents: D0312035

Authorizing Documents: D0811043

Authorizing Documents: D1008004

Disposition:	Accepted
Effective Date:	09-10-2021

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

AL Certificate Contact Information:

Annie Ho

415-973-8794

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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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



August 20, 2021

Advice 6298-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Lake Britton California State Parks 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 135 acres of land in Shasta County, commonly known as Lake Britton (“Property”) to the California Department of Parks and Recreation (“STATE PARKS”). 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 portions of Parcels 244, 245, 249 and 269 on the map included in Attachment A, pages 5-6, are located in Shasta County. The Property is approximately 10 miles north of Burney, and approximately 50 miles northeast of Redding. The Property is surrounded by private property, state lands, National Forest System Land managed by Lassen National Forest and other PG&E-retained planning unit parcels.

(2) Type of Property Interest Disposition

Per the Stewardship Council recommendation, PG&E will convey fee simple title to STATE PARKS. STATE PARKS will then immediately convey a conservation easement (Attachment B) to the Shasta Land Trust ("SLT"), which will permanently protect the BPVs on the Property. The Property will be transferred subject to a grant deed with certain restrictions and reserved rights for the continued operation of Electric Facilities and Hydroelectric facilities. For the complete text of the grant deed, see Attachment C.

The State Board of Equalization estimates the value of the Property is \$24,776 (Attachment D).

A. Property Encumbrances and Uses

There are recorded encumbrances on the Property for roads and electric transmission and distribution lines and the Pacific Crest Trail. There are no unrecorded encumbrances. There is one existing third-party agreement for economic use on the Property, a license agreement with STATE PARKS for recreation and public park use.

PG&E and STATE PARKS will enter into a new 20-year License Agreement for Public Park Use covering multiple adjacent PG&E fee properties. The License allows STATE PARKS continued improvement, operation and maintenance of trails, roads and facilities of McArthur Burney Falls State Park. For the complete text of the License Agreement for Public Park Use, see Attachment E.

B. Public Access

The Property can be accessed from Clark Creek County Road, by foot across adjacent State lands, by boat, or by State Park access roads.

Public access to the Property will not be changed as a result of the donation. The conservation easement recognizes that the Property has been used by third parties for recreational, cultural, and other non-commercial or informal purposes without formal written agreements to conduct such activities. The conservation easement further recognizes that access to the Property is inherent or may be inherent in the enjoyment of the conservation values and the informal uses and, consistent with the objectives articulated in the Settlement and Stipulation, shall allow public access to the Property that is substantially consistent with the public access existing on the effective date of the conservation easement. STATE PARKS reserves the right to make reasonable rules and regulations to control, limit, or, as necessary, exclude informal uses and public access.

For a complete description of the public access provisions see Attachment B, Section 7.

C. Utility Facility Access, Operation and Maintenance Easement

PG&E and STATE PARKS will also enter into a Utility Facility Access, Operation and Maintenance Easement Agreement covering PG&E's continued use, maintenance and access to all current and future hydroelectric facilities. For the complete text of the Utility Facility Access, Operation and Maintenance Easement Agreement see Attachment F.

D. 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 Agreement, attached hereto as Attachment G.

PG&E conducted an initial environmental review including Environmental Site Assessments (ESAs) in 2010 as part of its diligence in preparation for donation of the Property and a follow-up ESA or "refresh" in 2015. 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 not identify any potential environmental issues.

(3) Legal Name and Location of Receiving Parties

California Department of Parks and
Recreation
1416 9th Street,
Sacramento, CA 95814
Attn: Acquisition and Development Division

Shasta Land Trust
5170 Bechelli Lane
Redding, CA 96002
PO Box 992026
Redding, CA 96099-2026
Attn: 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 H provides that the following BPVs are protected on the Property:

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

A diverse range of plant, animal, fungal, and micro biotic communities exist in the ecosystems that make up the Property. Terrestrial habitat within the Property supports a large population of bald eagles.

B. Preservation of Open Space

The Property provides open space and scenic viewsheds for McArthur-Burney Falls Memorial State Park and Highway 299, and Highway 89, which have been designated as part of the Volcanic Legacy Scenic Byway.

C. Historic Values

The Property is located within the ancestral territory of the Pit River Tribe. Ethnobotanical resources have been identified, such as redbud, which is of special importance to Native Americans use. The character of the Property includes lands historically utilized by Native Americans.

D. Outdoor Recreation by the General Public

The Property provides opportunities for outdoor recreation, such as hiking, sightseeing, swimming, and birdwatching. The property contains approximately 0.25 miles of the Pacific Crest National Scenic Trail (PCT) designated under the National Trails System Act of 1968 (16 USC 124), which provides significant public recreation and scenic enjoyment through non-mechanized travel including hiking and equestrian use.

E. Sustainable Forestry

The Property is heavily forested. Black oak forest is common on the portion of the Property near the Pit River confluence with Lake Britton, along with some remnant apple orchard trees and incense-cedar.

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

The Tribal Lands Policy exempts fee transactions subject to the LCC (Resolution, p. 59, ¶ 15.).

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.¹

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.² Upon CPUC approval of fee title donation of the Property, Shasta 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, 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 9, 2021, which is 20 days after the date of this submittal. Protests should be mailed to:

¹ <https://www.fire.ca.gov/programs/resource-management/resource-protection-improvement/environmental-protection-program/cultural-resources-management-program/>

²As 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

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th 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.

Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to this advice letter; the requirements for responding to advice letters are set forth in General Order 96-B, Rules 3.11; see also Decision 08-11-043 (as modified by Decision 10-08-004).

Effective Date

Pursuant to the review process outlined in D.08-11-043 (as modified by D.10-08-004), PG&E requests that this Category 1 advice submittal become effective as soon as possible.

Notice

In accordance with General Order 96-B, Section IV, and D.08-11-043 (as modified by D.10-08-004), a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list, Service List A.08-04-020 and I.02-04-026, Appendix A and additional parties identified by the Stewardship Council. Address changes to the General Order 96-B service list should be directed to e-mail PGETariffs@pge.com. For changes to any other service list, please contact the Commission Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov.

***** SERVICE LIST Advice 6298-E *****
APPENDIX A

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

Mary Jo Borak
Energy Division
505 Van Ness Avenue
San Francisco, CA 94102
(415) 703-1333
bor@cpuc.ca.gov

Robert (Mark) Pocta
Public Advocates Office
505 Van Ness Avenue
San Francisco, CA 94102
(415) 703-2871
rmp@cpuc.ca.gov

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

California Department of Parks and Recreation
1416 9th Street,
Sacramento, CA 95814
Attn: Acquisition and Development Division

Shasta Land Trust
5170 Bechelli Lane
Redding, CA 96002
PO Box 992026
Redding, CA 96099-2026
Attn: Executive Director

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) #: 6298-E

Tier Designation: 1

Subject of AL: Lake Britton California State Parks 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): Section 851, Agreement

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: N/A

Service affected and changes proposed¹: N/A

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

¹Discuss 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

Name: Sidney Bob Dietz II, 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

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

May 1, 2019

Updated July 22, 2021



Stewardship
Council

Land Conservation and Conveyance Plan

Lands to be Donated to State Parks at
The Lake Britton Planning Unit

Executive Summary

Subject

LCCP Lake Britton Planning Unit (Lands for Donation to California State Parks)
Land Conservation Plan Identification Numbers (Parcels) 244, 245, 249, and 269 as shown on the map attached as Exhibit 1.

Type of Property Interest Disposition

- California Department of Parks and Recreation (California State Parks) to hold fee simple title to 135 acres within Parcels 244, 245, 249, and 269 (Property) of the Lake Britton planning unit.
- Shasta Land Trust (SLT) to hold the conservation easement on the 135 acres of Parcels 244, 245, 249, and 269 donated to California State Parks.

Summary

135 acres within four parcels (Parcels 244, 245, 249, and 269) will be donated to California State Parks and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by California State Parks to SLT. The remaining 6,009 acres within the planning unit are or will be addressed in other Land Conservation and Conveyance Plans (LCCPs).

Pending California Public Utilities Commission (CPUC) approval, and immediately following PG&E's conveyance of 135 acres within Parcels 244, 245, 249, and 269 to California State Parks, California State Parks and SLT will enter into the conservation easement.

The 135 acres in Parcels 244, 245, 249, and 269 to be donated to California State Parks are outside the Pit 3, 4, 5 Project boundary (FERC #233) 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 135 acres in Shasta County south of Lake Britton and adjacent to McArthur Burney Falls Memorial State Park.

Economic Uses and Agreements

There are recorded encumbrances on the acreage for donation to California State Parks in the Lake Britton planning unit for roads, electric transmission and distribution lines, and the Pacific Crest Trail. There are no unrecorded encumbrances, but there is one existing agreement for economic uses on the lands to be donated to California State Parks, a license to California State Parks.

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

Permanent Protection of the Beneficial Public Values

The grant deed transferring fee title to California State Parks includes a recital that California State Parks and PG&E acknowledge that the conveyance, together with the conservation easement transaction being entered into by California State Parks and SLT, 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 Parcels 244, 245, 249, and 269 within the Lake Britton planning unit lists the following Beneficial Public Values (BPVs) that are to be protected:

- **Fish, Plant and Wildlife Habitat:** A diverse range of plant, animal, fungal, and micro biotic communities exist in the ecosystems that make up the Property. Terrestrial habitat within the Property supports a large population of bald eagles.
- **Open space:** The property provides open space and scenic viewsheds for McArthur-Burney Falls Memorial State Park and Highway 299, and Highway 89, which have been designated as part of the Volcanic Legacy Scenic Byway.
- **Forest Resources:** The Property is heavily forested. Black oak forest is common near the Pit River confluence with Lake Britton, along with some remnant apple orchard trees and incense-cedar.
- **Historical resources:** The Property is located within the ancestral territory of the Pit River Tribe. Ethnobotanical resources have been identified, such as redbud, which is of special importance to Native Americans use. The character of the Property includes lands historically utilized by Native Americans.
- **Outdoor Recreation:** The Property provides opportunities for outdoor recreation, such as hiking, sightseeing, swimming, and birdwatching. The property contains approximately 0.25 miles of the Pacific Crest National Scenic Trail (PCT) designated under the National Trails System Act of 1968 (16 USC 124), which provides significant public recreation and scenic enjoyment through non-mechanized travel including hiking and equestrian use.

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, Shasta County will receive a lump sum payment of approximately \$15,211, 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 Britton Planning Unit Environmental Site Assessment Report dated October 25, 2011, to California State Parks and SLT, fulfilling the disclosure requirements of the Land Conservation Commitment.

Consideration of Parcel Split

Within Parcels 244, 245, 249, and 269, approximately 148 acres will be retained by PG&E. PG&E determined that operational needs would be met sufficiently through the reservation of rights for ongoing hydroelectric operations on the remaining 135 acres within these parcels. To effectuate transfer of a portion of the property, parcel splits will be required to comply with the California Subdivision Map Act (Government Code Section 66410, et seq). Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to future conveyances of parcels within this planning unit.

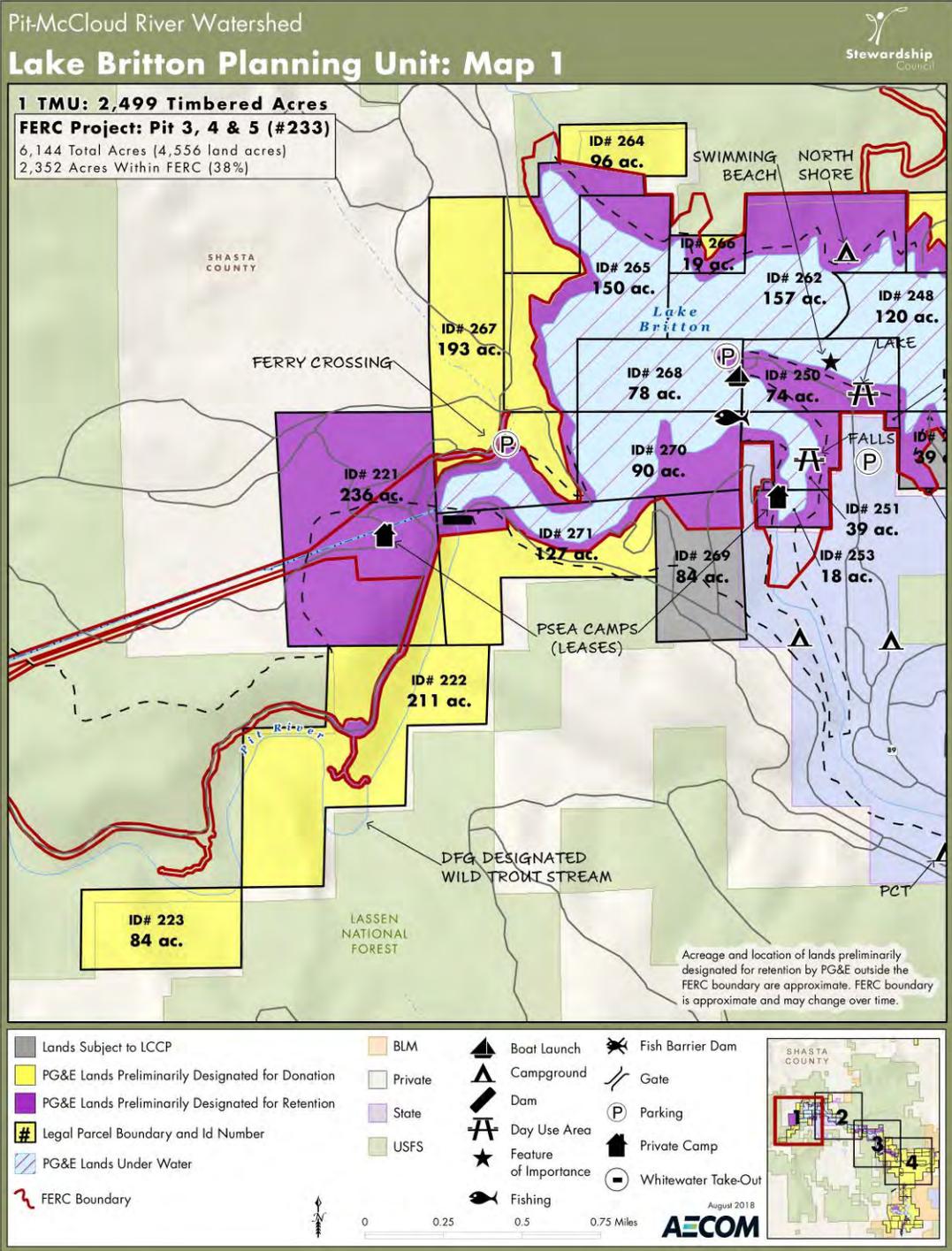
Applicable CEQA Exemption(s) or Reason Why Transaction is not a “Project” Under CEQA

The Lake Britton transaction will not result in a direct physical change or a reasonably foreseeable indirect physical change in the environment; therefore, the Stewardship Council does not believe that the transaction is a project under CEQA. In addition, the transfer of land to preserve open space, habitat, or historical resources is categorically exempt under Section 15325 of the CEQA guidelines (CFR Title 14, Chapter 3) 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 California State Parks the right to construct facilities such as campgrounds, horse corrals, picnic shelters, restrooms, caretaker residence, storage facilities, parking and visitor interpretation facilities to serve the property, subject to the limitations in the conservation easement. However, California State Parks is not proposing to carry out any permitted development or change in use at this time. Instead, at least for the time being, California State Parks intends to manage the Property as PG&E does presently. If, in the future,

California State Parks 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. Public Resources Code 21080.28 states that CEQA review is not required even when physical changes to the property are reasonably foreseeable as a result of the transfer, provided that the environmental review occurs before those changes occur.

Exhibit 1. Map of the Property



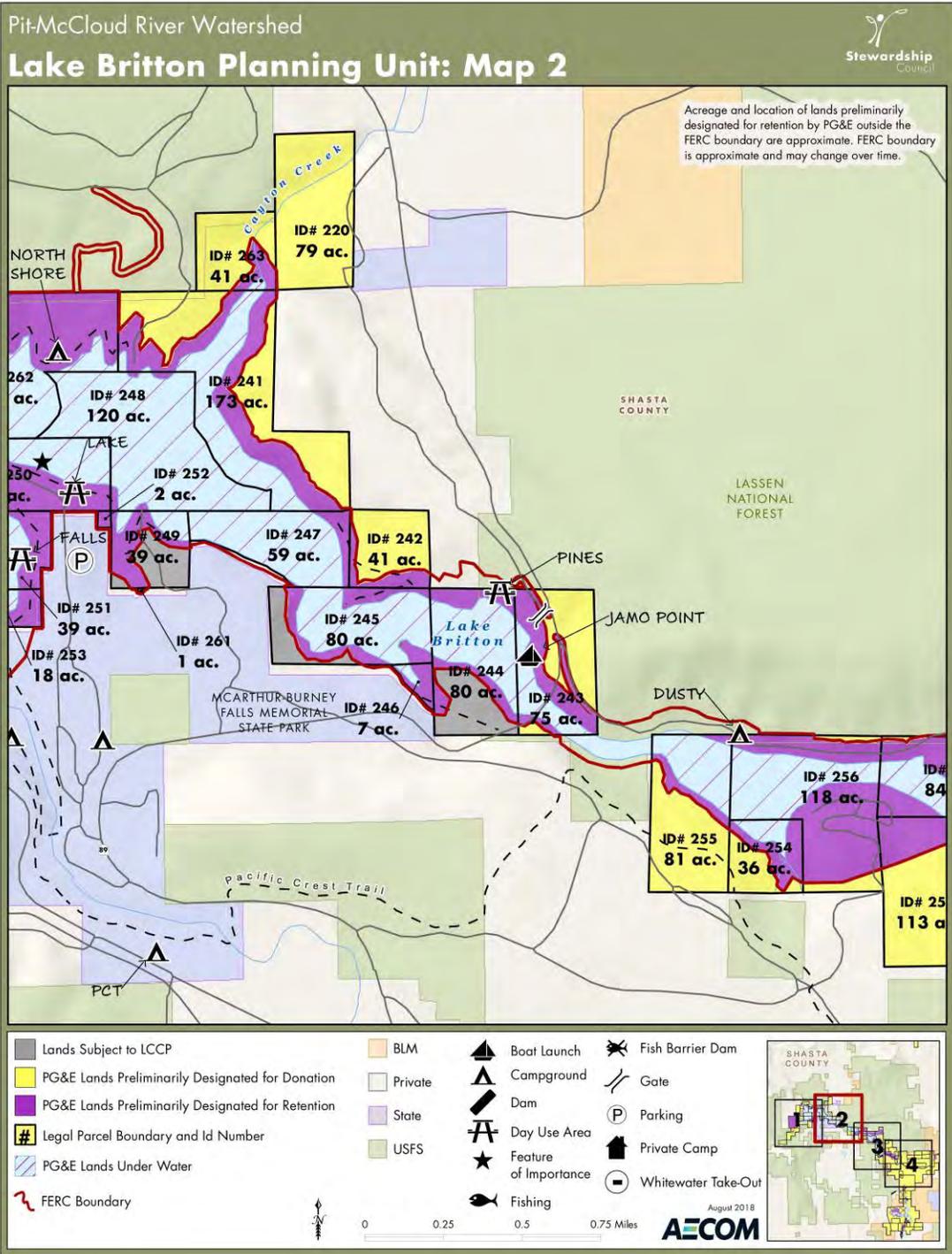


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Introduction

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 provide 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 provided 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 Britton planning unit, is provided in Appendix 1. Furthermore, the proposed LCCP was 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 California State Parks receive 135 acres within four parcels (244, 245, 249, and 269) of the Lake Britton planning unit in fee and that Shasta Land Trust (SLT) hold a conservation easement over the lands recommended for donation to California State Parks in these parcels (244, 245, 249, and 269) of the Lake Britton planning unit.

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

Table 1 Stipulation 12(a) Requirements

<p>(1) Acreage, Existing Economic Uses and Agreements <i>“Reasonably exact estimates of acreage, by parcel, within or outside licensed project boundaries, and existing economic uses (including all related agreements);”</i></p>
<p>(2) Objectives to Preserve and/or Enhance <i>“Objectives to preserve and/or enhance the BPVs, as defined in the Settlement Agreement, Appendix E, of each individual parcel;”</i></p>
<p>(3) Recommendations for Conservation Easement and Fee Simple Donation <i>“A recommendation for grant of a conservation easement or fee simple donation for each such parcel;”</i></p>
<p>(4) Finding of Donee Funding and Other Capacity to Maintain Lands to Preserve and/or Enhance BPVs <i>“A finding that the intended donee of such easement or fee simple has the funding and other capacity to maintain that property interest so as to preserve and/or enhance the BPVs thereof;”</i></p>
<p>(5) Analysis of Tax and Other Economic and Physical Impacts <i>“An analysis of tax and other economic and physical impacts of such disposition strategy, and a commitment by an appropriate entity to provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county under the LCC will be ‘tax neutral’ for that county;”</i></p>
<p>(6) Hazardous Waste Disclosure <i>“A disclosure of all known hazardous waste or substance contamination or other such environmental liabilities associated with each parcel;”</i></p>
<p>(7) Consideration of Parcel Split <i>“Appropriate consideration whether to split any parcel which is partly used or useful for operation of PG&E’s and/or a co-licensee’s hydroelectric facilities, where the beneficial public values of the unused part may be enhanced by such split, provided that it is consistent with Section 12(b)(4) of this Stipulation and that, in the event that governmental approval of a parcel split imposes conditions or restrictions on other PG&E property, the decision to accept or reject such conditions will be at PG&E’s sole discretion;”</i></p>
<p>(8) Strategy for Physical Measures to Enhance BPVs <i>“A strategy to undertake appropriate physical measures to enhance the BPVs of individual parcels; provided that no such measure will be in conflict with the provisions of Settlement Agreement paragraph 17(c) and Appendix E paragraph 1;”</i></p>
<p>(9) Monitoring Plan for the Economic and Physical Impacts of Disposition and Implementation of Enhancement Measures <i>“A plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures on the applicable management objectives;”</i></p>

Table 1 Stipulation 12(a) Requirements

(10) Implementation Schedule for Transactions and Measures

"A schedule for the implementing transactions and measures."

1. Acreage, Existing Economic Uses and Agreements

Acreage and Property Description

The Lake Britton planning unit contains 61 legal parcels (Parcels 211-271) totaling approximately 6,144 acres in Shasta County. 135 acres in Parcels 244, 245, 249, and 269 will be donated to California State Parks and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by California State Parks to SLT. The remaining 6,009 acres within the planning unit will be retained by PG&E or donated to another entity and will be subject to conservation easements.

The Lake Britton planning unit is located 46 miles northeast of Redding and less than 10 miles north of Burney. The planning unit contains the 1,293-acre Lake Britton and portions of the Pit River and Hat Creek.

Lake Britton provides valuable habitat resources and has been identified as a Significant Natural Area by the California Department of Fish and Wildlife. The 8-mile long Lake Britton provides habitat for both recreational and native fisheries. Northwestern pond turtles, as well as several mollusks and bi-valve aquatic species, were also frequently documented around Lake Britton during FERC relicensing studies. Terrestrial habitat within the planning unit provides for a wide range of species. The area adjacent to Lake Britton and the Pit River has one of the largest populations of bald eagles within the contiguous United States, and the Pit River System is one of the most important bald eagle nesting areas in California. Additionally, eight bank swallow colony complexes, three osprey nests, a probable new peregrine falcon breeding site, potential breeding habitat for willow flycatcher, and habitat for the valley elderberry longhorn beetle were also identified during FERC relicensing studies. The Lake Britton area also provides habitat for several special status plants and six species of noxious weeds.

Lake Britton is a popular recreation area for angling, swimming, hiking, picnicking, boating, camping, wildlife viewing, and hunting. Most of the recreation facilities are found in the lower Lake Britton area at McArthur-Burney Falls Memorial State Park. The park has a license on 182 acres of shoreline lands from PG&E. McArthur-Burney Falls Memorial State Park is one of the oldest and most popular State Parks in California; it contains Burney Falls, a National Landmark, along with several campgrounds, trails, and two day use areas. These popular day use areas are located at Burney Falls and along the lakeshore. The lakeshore day use area contains a beach, marina, picnic area, designated swim area, and boat rental.

The planning unit contains one Timber Management Unit (TMU) that includes 2,499 acres of timber, consisting of second-growth mixed conifer and eastside pine stands. The Lake Britton TMU is currently managed by PG&E for multiple-uses, 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 activities (farming or grazing) occur within the planning unit.

Lake Britton is located on land formerly occupied by an extensive ancient lake. Human use of the Lake Britton area dates back to the Paleoindian period over 7,500 years ago. The planning unit is within the Pit River Tribe's ancestral territory. The entire shoreline of Lake Britton was Federally designated an archaeological district in 1975 with over 90 archaeological sites including 20 prehistoric villages contained within the district. Cultural resource surveys as part of the Pit 3, 4, 5 FERC Project identified 102 ethnographic locations and recorded 66 sites in the vicinity of Lake Britton, which include shell middens, lithic scatters, housepits, cairns, and historic cairns, a railroad, homesteads, roads, and ditches. Ethnobotanical resources have also been identified in the area such as hazel and redbud, which are of special importance to Native Americans for art, medicine, basketry, and cultural use.

Adjacent and Nearby Landowners

The parcels subject to donation to California State Parks are surrounded by private property, state lands, and National Forest System land managed by Lassen National Forest. The parcels are accessed by foot across adjacent State lands, by boat, State Park access roads, and Clark Creek County Road.

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

Existing Economic Uses and Agreements

There are recorded encumbrances on the acreage for donation to California State Parks in the Lake Britton planning unit for roads, electric transmission and distribution lines, and the Pacific Crest Trail. There are no unrecorded encumbrances, but there is one existing agreement for economic uses on the lands to be donated to California State Parks, a license to California State Parks.

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

2. Objectives to Preserve and/or Enhance the BPVs

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

The following text lists the objectives for each BPV at the Lake Britton 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 and identifies a diverse range of plant, animal, fungal, and micro biotic communities exist in the ecosystems that make up the Property. Terrestrial habitat within the Property supports a large population of bald eagles.

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

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

3. Objective: Enhance recreational facilities in order to provide additional public access and educational opportunities, as well as to enhance the recreation experience.

The conservation easement allows for public access to the property that is substantially consistent with the public access currently existing on the property subject to reasonable rules and regulations. The conservation easement includes outdoor recreation as a BPV

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

and a provision that requires State Parks to coordinate management and operation of the PCT and feeder trails in accordance with the Comprehensive Management Plan.

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

Forest management activities will be subject to compliance with applicable laws and conducted as further described and allowed in the conservation easement (Appendix 2).

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

The conservation easement will protect 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. Shasta Land Trust (SLT) will hold the conservation easement over the lands to be donated to California State Parks in the Lake Britton planning unit that are the subject of this LCCP. The qualifications of SLT are described in Chapter 4.

Accordingly, immediately following PG&E's conveyance of the lands to be donated to California State Parks in the Lake Britton planning unit, California State Parks will convey the conservation easement to SLT.

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 135 acres proposed for donation to California State Parks in Parcels 244, 245, 249, and 269 were identified as available for donation, subject to PG&E's reserved rights.

Lands to be Donated by PG&E

135 acres within four parcels (244, 245, 249, and 269) will be donated to California State Parks pending CPUC approval of the Section 851 filing for the transaction. The legal description of the parcels is included in the grant deed, which is provided in Appendix 2. The qualifications and capacity of California State Parks to manage the Lake Britton property recommended for donation are described in Chapter 4.

The map provided in Exhibit 1 shows all of the land within Parcels 244, 245, 249, and 269 in the Lake Britton planning unit that will be donated. The map also shows key features in the planning unit and surrounding area, and the ownership of adjacent land.

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

Selected Organizations

At the conclusion of the selection process referenced below, the following organizations were endorsed by the Stewardship Council board on December 2, 2010 and January 22, 2015, respectively:

- California State Parks to hold fee simple title to 135 acres within Parcels 244, 245, 249, and 269.
- Shasta Land Trust (SLT) to hold a conservation easement over the 135 acres to be donated to California State Parks in Parcels 244, 245, 249, and 269.

Capacity of Selected Organizations

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

A. California State Parks:

- California State Parks manages more than 270 park units encompassing 1.4 million acres of land across the state of California, with over 280 miles of coastline, 625 miles of lake and river frontage, nearly 15,000 campsites, and 3,000 miles of hiking, biking, and equestrian trails.
- California State Parks manages the McArthur Burney Falls Memorial State Park (MBFMSP), which is adjacent to each of the parcels being recommended for donation to California State Parks. This park consists of 611 acres of land under direct ownership, 74 acres under a use agreement with the USFS, and 182 acres licensed from PG&E. These lands are managed under the MBFMSP General Plan, which reflects long-range development plans to provide for optimum use and enjoyment of the Park as well as protection of its quality and resources.

B. SLT:

- Established in 1998, SLT's mission is to conserve the beauty, character, and diversity of significant lands in far northern California.
- SLT holds 17 conservation easements totaling over 24,000 acres.
- SLT is guided by a seven member board of directors with several standing committees and strong volunteer support. SLT's board includes an environmental

² Stipulation, Section 12(a)(4)

chemist, current and retired educators, financial planner, director of local economic development organization, retired project manager from the Nature Conservancy, and retired planner.

- SLT is an accredited land trust.

Donee Selection Process

The Stewardship Council used a formal multi-step process to solicit and select organizations interested in receiving a donation of Watershed Lands or becoming a conservation easement holder at the Lake Britton planning unit. The process consisted of the following key steps:

- Organizations were invited to register via the Stewardship Council's Interested Donee Registry and were invited to submit a statement of qualifications (SOQ). The Stewardship Council reviewed the SOQs that were submitted to identify organizations that: (a) were determined to be a qualified nonprofit conservation organization; a federal, state or local governmental entity; or, a recognized tribe; (b) appeared to have sufficient financial and organizational capacity relative to the property interest sought within the planning unit; and, (c) appeared to be capable of satisfying the requirements of the Settlement and Stipulation for receiving a donation of fee title or to hold the conservation easement.
- Organizations interested in a fee title donation were invited to submit a land stewardship proposal ("LSP" or "proposal") describing their capacity and interest in preserving and enhancing the BPVs. The LSPs were posted on the Stewardship Council's website.
- Organizations demonstrating sufficient capacity and determined by the Stewardship Council to be best-suited to receive a donation of property interest (fee or conservation easement) in particular Watershed Lands within a planning unit are being recommended to PG&E to receive fee title and/or conservation easements.

5. Analysis of Tax and Other Economic and Physical Impacts

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

The following sections address the Stewardship Council’s plan for achieving tax neutrality for Shasta County where the Property is located. The final LCCP submitted for all PG&E Watershed Lands located in Shasta 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. After the CPUC has approved the fee title donation of the Property, Shasta County will receive a lump sum payment of approximately \$15,211.

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

Table 2: Property Tax Detail

Parcel ID	Donated Acres	SBE Map Number	Annual Taxes on Acres Transferred
244	28.79	135-45-19-4	\$280.02
245	22.91	135-45-19-4	\$222.83
249	21.77	135-45-12B-2	\$105.59
269	61.88	135-45-85A-17	\$42.71

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

Other Economic and Physical Impacts

The Settlement and Stipulation require an analysis of the physical and economic impacts of each fee title transfer. The transaction agreements for the donation of 135 acres within

the Lake Britton planning unit have not mandated any changes to the physical or economic uses of the lands.

While the principal effect of the conservation easement will be to significantly restrict development on the site in perpetuity, the conservation easement reserves to California State Parks the right to construct facilities such as campgrounds, horse corrals, picnic shelters, restrooms, caretaker residence, storage facilities, parking and visitor interpretation facilities to serve the property, subject to the limitations in the conservation easement. However, California State Parks is not proposing to carry out any permitted development or change in use at this time. Instead, at least for the time being, California State Parks intends to manage the Property as PG&E does presently. If, in the future, California State Parks decides to pursue new development or uses that are allowed by the conservation easement, it must first obtain all necessary permits and conduct any necessary CEQA review at that time.

6. Hazardous Waste Disclosure

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

Lands to be Donated by PG&E

PG&E has provided the Lake Britton Planning Unit Environmental Site Assessment Report dated October 25, 2011, to California State Parks and SLT, fulfilling the disclosure requirements of the Land Conservation Commitment.

Environmental Agreement

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

7. Consideration of Parcel Split

Within Parcels 244, 245, 249 and 269, approximately 148 acres will be retained by PG&E. PG&E determined that operational needs would be met sufficiently through the reservation of rights for ongoing hydroelectric operations on the remaining 135 acres within these parcels. To effectuate transfer of a portion of the property, parcel splits will be required to comply with the California Subdivision Map Act (Government Code Section 66410, et seq). Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to future conveyances of parcels within this planning unit.

8. Strategy for Physical Measures to Enhance the BPVs

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Implementation Schedule for Transactions and Measures

Schedule for Transaction

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

Compliance with Local Land Use Planning Requirements

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

Appendix 1: Public Outreach Summary

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: Public Outreach Summary

- 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 BRITTON 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 Britton 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, four public comments were submitted concerning the Lake Britton Planning Unit during public review of Volumes I and II of the LCP. Public comments emphasized the following regarding the future management of the property:

- Prohibit grazing in the Lake Britton planning unit to protect the streambank
- Limit timber harvesting to protect the watershed and water quality
- The conservation easement should protect the watershed, limit development, and prohibit mining.
- The conservation easement should provide public access, as appropriate

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 Britton planning unit to a Public Information Meeting that was held in Burney in 2009. In addition, simultaneous with the release of the proposed subject LCCP for public comment, adjacent landowners located within one mile of the subject parcels are noticed by mail 30 days before the Watershed Planning Committee considers forwarding the proposed subject LCCP to the board for final approval.

Appendix 1: Public Outreach Summary

III. PUBLIC INFORMATION MEETING

A Public Information Meeting workshop for several planning units in the Pit-McCloud Watershed area was hosted by the Stewardship Council on October 29, 2009, in Burney, California. The meeting concerned four planning units: Fall River Mills, Fall River Valley, Hat Creek, and Lake Britton. Attendees at the workshop included a total of 33 individuals representing a wide variety of interests including local and federal governments, community organizations, and community members. The meeting was advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to the local newspaper, and a postcard sent to all landowners on record located within one mile of any PG&E parcel associated with the Lake Britton planning unit.

The purpose of the workshop was to: (1) provide a review and update on the Stewardship Council's Land Conservation Program; and, (2) solicit additional public input on future stewardship of the planning units. Stations were set up with maps, other pertinent information, and easels with blank paper. Below is a summary of comments related to the Lake Britton planning unit that were recorded on the easels and provided on comment cards.

Lake Britton Planning Unit

- Future landowners and conservation easement holders should have experience managing easements, expertise in resource management and grazing, staying power, and ability to cooperate with multiple stakeholders
- Prohibit OHV use due to potential impacts on wildlife habitat and soils
- Assess and develop educational opportunities for the public and youth to learn about the Pit River Indian culture
- Protect cultural resources including traditional and medicinal plants, sacred sites, and human remains
- Concern the enhanced public access would impact sensitive riparian habitat
- Support for reestablishing the Pit River Rendezvous, a yearly black powder shooting event
- Support for the lands available for donation to be transferred to the Pit River Tribe

IV. PUBLIC REVIEW OF LAND STEWARDSHIP PROPOSALS

In August 2010, 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 Britton planning unit. The Pit River Tribe, Bureau of land management, California State Parks, Shasta County, and the United States Forest Service Lassen National Forest. 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.

Appendix 1: Public Outreach Summary

V. PUBLIC REVIEW OF LAND CONSERVATION PROGRAM POLICIES & GUIDELINES

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

Land Conservation Program Funding Policy

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

Appendix 1: Public Outreach Summary

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

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

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

VII. PUBLIC REVIEW OF THE LAND CONSERVATION AND CONVEYANCE PLANS

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

VIII. STEWARDSHIP COUNCIL BOARD OF DIRECTORS MEETINGS

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

Appendix 1: Public Outreach Summary

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

RECORDING REQUESTED BY AND RETURN TO:

STATE OF CALIFORNIA
Department of General Services
Real Property Services Division, Acquisition Unit
707 Third Street, 5th Floor, MS 505
West Sacramento, CA 95605

OFFICIAL STATE BUSINESS – EXEMPT FROM RECORDING FEES
PURSUANT TO GOVERNMENT CODE SECTION 27383 AND
DOCUMENTARY TRANSFER TAX PURSUANT TO REVENUE AND
TAXATION CODE SECTION 11922

(SPACE ABOVE FOR RECORDER'S USE ONLY)

LD

DEED

APN Nos. 023-060-022, 023-080-001, 023-080-007, 023-080-013

GRANT DEED AND RESERVATION OF RIGHTS

I. CONVEYANCE OF FEE

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("**Grantor**"), does hereby grant to the STATE OF CALIFORNIA ("**STATE**"), all of its right, title, and interest in and to the real property situated in the unincorporated area of the County of Shasta, State of California ("**Property**"), described in Exhibit A attached hereto and by this reference incorporated herein, and shown on Exhibit A-1 attached hereto and by this reference incorporated herein.

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**").

F. To facilitate the Hydro Project Activities and Electric Activities following the conveyance effected by this Grant Deed and Reservation of Rights (this "**Grant Deed**"), and the continued use, maintenance, repair and replacement of 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, STATE, as grantor, and Grantor, as grantee, are executing and delivering that certain Utility Facility Access, Operation and Maintenance Easement of even date with this Grant Deed (the "**Utility Facility Access, Operation and Maintenance Easement**").

G. Consistent with the terms of the Governing Documents, Grantor and STATE acknowledge this conveyance, together with Utility Facility Access, Operation and Maintenance Easement and the Conservation Easement being entered into by STATE and Shasta Land Trust concurrently with this conveyance, is being made in the public interest with the intent to ensure the permanent protection of the beneficial public values on the Property as identified in the LCP while allowing the ongoing use of the Property by Grantor for hydroelectric operations, water delivery, and related activities, and acknowledging and honoring the existing third party uses.

III. RESERVATION OF RIGHTS; EASEMENT AGREEMENT

Grantor expressly reserves 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, its invitees and assigns, hereby reserves a non-exclusive right of surface access, ingress and egress over and across Parcel 4 of the Property identified on **Exhibit A** attached hereto, to and from the Adjacent Lands, by means of roads and lanes on said Parcel 4, if such there be, otherwise by such route or routes as shall occasion the least practicable damage and inconvenience to said Parcel 4 (“**Grantor’s Access Rights**”). “**Adjacent Lands**” means lands owned by Grantor that are described in **Exhibit X**, attached hereto and made a part hereof. Without limiting the foregoing, Grantor may allow the holder of a conservation easement encumbering all or any portion of the Adjacent Lands to utilize the Grantor’s Access Rights. Grantor's Access Rights shall constitute covenants 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 hereto, their respective successors and assigns.

Grantor and STATE acknowledge that the Utility Facility Access, Operation and Maintenance Easement shall be effective immediately upon the execution, delivery and effectiveness of this Grant Deed with the same force and effect as if the easement rights set forth in the Utility Facility Access, Operation and Maintenance Easement were expressly reserved by Grantor in this Grant Deed.

IV. TERMS OF GRANT

The conveyance by Grantor to STATE pursuant to this Grant Deed is subject to: (a) a lien securing payment of real estate taxes and assessments; (b) all matters that would be disclosed by a physical inspection or survey of the Property or that are actually known to STATE; and (c) all contracts, leases, licenses, covenants, conditions, easements, restrictions, liens, encumbrances and other exceptions of record or unrecorded.

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 12b(4) of the Stipulation, STATE, 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 Native American tribe without the prior written consent of the Grantor, which consent shall be in Grantor's sole discretion exercised in good faith.

V. MISCELLANEOUS

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.

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

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

[SIGNATURES FOLLOW ON NEXT PAGES]

IN WITNESS WHEREOF, the undersigned has executed this Grant Deed dated as of _____, 20__.

Grantor:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

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 _____

CERTIFICATE OF ACCEPTANCE

This is to certify that, pursuant to Sections 15853 and 27281 of the California Government Code, the interest in real property conveyed by the Grant Deed dated _____, _____ from PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, to the STATE OF CALIFORNIA is hereby accepted by the undersigned officer on behalf of the State Public Works Board pursuant to the approval action by said Board and duly adopted on _____. The STATE consents to the recordation thereof by its duly authorized officer.

ACCEPTED:

STATE OF CALIFORNIA
State Public Works Board

By: _____
Andrea Scharffer, Deputy Director

Date: _____

ACKNOWLEDGED:

STATE OF CALIFORNIA
Director, Department of General Services

By: _____
Michael P. Butler, Chief
Real Property Services Section

Date: _____

Exhibit A

Legal Description of Property
(Attached behind this Page)

Exhibit A-1

Property Maps
(Attached behind this Page)

Exhibit X

Legal Description of Adjacent Property
(Attached behind this Page)

RECORDING REQUESTED BY:

State of California—Official Business
Department of General Services

Exempt from recording fees as per
Gov't. Code Sec. 27388.1

WHEN RECORDED MAIL TO:

STATE OF CALIFORNIA
Department of General Services
Real Property Services Division,
707 Third Street, 5th Floor, MS 505
West Sacramento, CA 95605
Attn: Acquisition Unit

WITH A COPY TO:

Executive Director
Shasta Land Trust
P. O. Box 992026
Redding, CA 96099-2026

CONSERVATION EASEMENT

THIS CONSERVATION EASEMENT (“**Conservation Easement**”) is made and entered into this _____ day of _____, 20__ (“**Effective Date**”), by and between the STATE OF CALIFORNIA (“**STATE**”), acting by and through the CALIFORNIA DEPARTMENT OF PARKS AND RECREATION (“**STATE PARKS**”), and the SHASTA LAND TRUST, a California nonprofit public benefit corporation (“**Grantee**”), with reference to the following facts:

RECITALS

A. STATE is the owner of approximately 135.35 acres of real property located in the County of Shasta (“**County**”), State of California, as more particularly described in **Exhibit A** attached hereto and incorporated herein by reference, together with all improvements and appurtenances thereto (“**Property**”). A map of the Property identifying the improvements existing on the Property as of the date of this Conservation Easement and various other natural features of the Property is attached hereto as **Exhibit B** and incorporated herein by reference (“**Property Maps**”).

B. Pacific Gas and Electric Company, a California corporation (“**PG&E**”), transferred fee title to the Property to the STATE by Grant Deed, recorded in the Official Records of the

Appendix 3: Conservation Easement

County before recordation of this Conservation Easement, (the “**Grant Deed**”), the form of which is attached hereto as **Exhibit C** and incorporated herein by reference. PG&E transferred fee title to the Property to the STATE in connection with PG&E’s implementation of the “Land Conservation Commitment” (defined below) provided for in the following documents and described more fully below:

- a. That certain Settlement Agreement (“**Settlement Agreement**”) as modified and approved by the Public Utilities Commission of the State of California (“**Commission**”) in its Opinion and Order of December 18, 2003 (Decision 03-12-035); and
- b. That certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (“**Stipulation**”). The Stipulation provides, among other things, that conservation easements will preserve or enhance reasonable public access.

C. The Settlement Agreement and the Stipulation (collectively, “**Governing Documents**”) require PG&E to ensure that approximately 140,000 acres of watershed lands, all located in California and owned by PG&E as of the date the Governing Documents were entered into (collectively, “**Watershed Lands**”), 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 (collectively, “**Beneficial Public Values**” or “**BPVs**”). The Property is included in these Watershed Lands.

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

E. The Beneficial Public Values present at the Property are referred to herein as “**Conservation Values**” as more specifically provided below. The “**Land Conservation Commitment**” constitutes the obligations of PG&E to convey fee title and conservation easements to Watershed Lands, and to protect the Beneficial Public Values of the Watershed Lands, as well as certain other obligations related thereto, as set forth in detail in the Governing Documents.

F. The Property possesses forested, recreational, historical, scenic and open space characteristics, valuable to the people of the County, the State of California, and the public in general.

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

Appendix 3: Conservation Easement

H. The Stewardship Council has defined the “sustainable forestry” BPV as “the practice of managing dynamic forest ecosystems to provide ecological, economic, social and cultural benefits for present and future generations.”

I. The Property includes the following specific Conservation Values:

- a. Fish, Plant and Wildlife Habitat. A diverse range of plant, animal, fungal, and micro biotic communities exist in the ecosystems that make up the Property. Terrestrial habitat within the Property supports a large population of bald eagles.
- b. Forest Resources. The Property is heavily forested. Black oak forest is common on the portion of the Property near the Pit River confluence with Lake Britton, along with some remnant apple orchard trees and incense-cedar.
- c. Open Space. The Property provides open space and scenic viewsheds for McArthur-Burney Falls Memorial State Park and Highway 299, and Highway 89, which have been designated as part of the Volcanic Legacy Scenic Byway.
- d. Historic Resources. The Property is located within the ancestral territory of the Pit River Tribe. Ethnobotanical resources have been identified, such as redbud, which is of special importance to Native Americans use. The character of the Property includes lands historically utilized by Native Americans.
- e. Outdoor Recreation. The Property provides opportunities for outdoor recreation, such as hiking, sightseeing, swimming, and birdwatching. The property contains approximately 0.25 miles of the Pacific Crest National Scenic Trail (PCT) designated under the National Trails System Act of 1968 (16 USC 124), which provides significant public recreation and scenic enjoyment through non-mechanized travel including hiking and equestrian use.

J. All rights of STATE and Grantee hereunder are subject to (i) PG&E’s reservation of certain rights in and to the Property, as set forth in the Grant Deed (“**PG&E Reserved Rights**”), (ii) that certain **Utility Facility Access, Operation and Maintenance Easement (“Utility Facility Access, Operation and Maintenance Easement”)** in favor of PG&E with respect to the Property, recorded in the Official Records of the County before recordation of this Conservation Easement, the form of which is attached hereto as **Exhibit D** and incorporated herein by reference (“**PG&E Easement Reserved Rights**”), and (iii) the third-party rights to use the Property in effect as of the Effective Date, as included on **Exhibit E** attached hereto and incorporated herein by reference (“**Express Third Party Uses**”).

K. 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. Grantee is a tax-exempt nonprofit organization qualified under section 501(c)(3) of the Internal Revenue Code and is eligible to acquire and hold a perpetual conservation easement pursuant to section 815.3(a) of the California Civil Code. In

Appendix 3: Conservation Easement

furtherance of the Land Conservation Commitment and the above-described public policy purposes, STATE desires to grant to Grantee, and Grantee desires to accept from STATE, a conservation easement over and upon the Property.

L. STATE and Grantee each desires through this Conservation Easement to ensure the permanent protection of the Conservation Values. Specifically, the parties desire to assure that the Conservation Values on the Property will be protected in perpetuity as provided herein, and that uses of the Property that significantly impair the Conservation Values will be prevented or corrected.

COVENANTS, TERMS, CONDITIONS AND RESTRICTIONS

NOW THEREFORE, in consideration of the above recitals, all of which are expressly incorporated into this Conservation Easement, the mutual promises and covenants contained in this Conservation Easement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, STATE hereby voluntarily grants and conveys to Grantee, and to Grantee's successors and assigns, and Grantee hereby accepts from STATE, a perpetual conservation easement as defined by Section 815.1 of the Conservation Easement Act of 1979 (California Civil Code section 815 et seq.), of the nature and character described in this Conservation Easement, in, on, over and across the Property on the following terms and conditions as hereinafter set forth.

1. Conservation Purpose. The purpose of this Conservation Easement is as follows (“**Conservation Purpose**”): to protect the Conservation Values in perpetuity by preventing any use of the Property that will significantly impair the Conservation Values. Subject to the following terms and conditions, STATE and Grantee intend that this Conservation Easement will confine the uses of the Property to such activities that do not significantly impair the Conservation Values. As used in this Conservation Easement, the terms “significantly impair” and “significant impairment” mean a material adverse change in Conservation Values. Any consideration as to whether an actual or potential impact of a particular activity or use has or may significantly impair Conservation Values shall take into account the actual and potential impacts of the activity or use in question as well as the cumulative impacts of other uses and activities on the Property excepting therefrom the cumulative impacts of STATE's Reserved Rights (as defined below), PG&E Reserved Rights, PG&E Easement Reserved Rights and the Express Third Party Uses. In every evaluation of whether significant impairment of Conservation Values has occurred or is threatened, Grantee shall evaluate the magnitude (including, without limitation, consideration of the rarity and fragility of the natural resource affected and the area of land, wildlife habitat or vegetation community involved both locally and in relation to total acreage of that type of land, wildlife habitat or vegetation community in the Property) and the duration of the actual or potential change(s).

STATE and Grantee acknowledge that the Governing Documents reflect the intention of the parties thereto (1) to honor Express Third-Party Uses and (2) 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

Appendix 3: Conservation Easement

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

2. PG&E Reserved Rights. All rights and obligations of STATE and Grantee under this Conservation Easement are subject to the PG&E Reserved Rights. In the event of a conflict between the PG&E Reserved Rights and the Conservation Purpose, this Conservation Easement shall be construed to unconditionally permit the exercise of the PG&E Reserved Rights.

3. Utility Facility Access, Operation and Maintenance Easement. All rights and obligations of STATE and Grantee under this Conservation Easement are subject to the PG&E Easement Reserved Rights. In the event of a conflict between the PG&E Easement Reserved Rights and the Conservation Purpose, this Conservation Easement shall be construed to unconditionally permit the exercise of the PG&E Easement Reserved Rights.

4. Baseline Documentation Report. The parties hereto acknowledge that a baseline documentation report (“**Report**”) has been prepared, a copy of which is on file with STATE and Grantee at their respective addresses for notices set forth below. The Report contains representations of the physical condition of the Property existing as of the Effective Date. The Report is intended to serve as an objective, though nonexclusive, information baseline for monitoring compliance with the terms of this Conservation Easement. Notwithstanding the foregoing, if a controversy arises with respect to the nature and extent of the physical or biological condition of the Property or the historical uses of the Property or the permitted uses of the Property under this Conservation Easement, 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 controversy.

5. Rights Conveyed To Grantee. In order to accomplish the Conservation Purpose, STATE transfers and conveys to Grantee the following rights and interests:

(a) **Preserve and Protect.** Subject to the exceptions listed in **Section 6(a)** below and elsewhere in this Conservation Easement, Grantee has the right to identify, preserve and protect in perpetuity the Conservation Values.

(b) **Entry and Access Rights.** Grantee and Grantee’s directors, officers, employees, contractors, subcontractors, consultants, representatives, and agents, including entities authorized by Grantee to conduct monitoring activities on Grantee’s behalf (“**Grantee’s**

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Representatives’), are hereby granted rights of access to enter upon the Property, and may enter upon the Property after giving notice to STATE, as required below, in order to monitor compliance with and otherwise enforce the terms of this Conservation Easement, to determine whether STATE’s activities are in compliance with the terms of this Conservation Easement and to take all actions deemed necessary by Grantee to identify, preserve, protect, and monitor in perpetuity the Conservation Values, all in compliance with the provisions of **Section 11**. Except in cases where Grantee determines that immediate entry is required to prevent, terminate, or mitigate a violation of this Conservation Easement, Grantee shall give STATE fourteen (14) days prior written notice of such entry. Grantee’s Representatives may enter the Property immediately, where such entry is necessary to prevent, terminate, or mitigate damage to, or the destruction of any of the Conservation Values, or to prevent, terminate or mitigate a violation of the terms of this Conservation Easement. STATE’s representatives shall have the right to accompany Grantee’s Representatives during monitoring visits or on any other visit permitted by this **Section 5(b)**. All access and entry allowed under this **Section 5(b)** shall be made in a manner that will not unreasonably interfere with the permitted use(s) or enjoyment of the Property by STATE, its successors in interest, and any legally-recognized user(s) of the Property, including without limitation, PG&E with regards to the exercise of any PG&E Reserved Rights or PG&E Easement Reserved Rights, and third-parties with regards to the exercise of any Express Third Party Uses.

(c) **Enforcement.** Subject to and in accordance with the provisions of **Section 11**, Grantee, has the right to enforce the terms of this Conservation Easement, to enjoin any activity on the Property or other use of the Property which is in violation of the terms of this Conservation Easement, and to enforce the restoration of such areas or features of the Property as may hereafter be damaged as a result of activity or use that is determined to be in violation of this Conservation Easement. Any requirement of STATE to expend monies to act and/or restore the Property under this Conservation Easement shall be subject to **Section 11(d)** of this Conservation Easement.

6. Prohibited Uses, Change in Use, Unauthorized Use, Acts of God, Emergencies, Acts of Unrelated Third Parties.

(a) **Prohibited Uses.** Any activity on or use of the Property that significantly impairs Conservation Values is prohibited. Without limiting the generality of the foregoing, STATE will not actively engage in, or knowingly permit others to actively engage in, the following prohibited uses (collectively, **“Prohibited Uses”**) which could significantly impair Conservation Values and are in violation of the terms of this Conservation Easement and therefore prohibited on the Property, in each case (1) except as required or permitted pursuant to the PG&E Reserved Rights or the PG&E Easement Reserved Rights (as described in **Sections 2 and 3** above); (2) except as permitted under, and performed in accordance with, Express Third Party Uses; (3) except as expressly permitted under **Sections 6 and 8** below and elsewhere in this Conservation Easement; and (4) except as required to be undertaken under any Applicable Law (as defined below):

(i) **Construction and Development.** STATE reserves the right to develop no more than a total of ten (10) acres of the Property within one or more building envelopes (**“Building Envelopes”**), the locations of which are to be determined in the future. Development within the Building Envelopes shall be limited to uses that further the preservation of the state's extraordinary biological diversity, protection of its most

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valued natural and cultural resources, or creation of opportunities for high-quality outdoor recreation. Grantee shall provide written approval, which shall not be unreasonably withheld or delayed, of any other proposed development or use within the Building Envelopes. Development within the Building Envelopes shall be constructed in a neutral style in keeping with the surrounding environment so that it unobtrusively blends into the surrounding environment. Examples of such development include, but are not limited to, campgrounds, horse corrals, picnic shelters, restrooms, caretaker residence, storage facilities, parking and visitor interpretation facilities to serve the Property. Before constructing any improvement(s) within the Building Envelopes, (i) STATE and Grantee shall designate the exact location of the Building Envelopes by survey or other reasonably precise method at STATE's cost, and (ii) STATE shall record in the Official Records of the County a map and addendum to this Conservation Easement signed by the parties which identifies the designated location of the Building Envelopes. Prior to construction, Building Envelopes may be relocated if unforeseen circumstances prevent and/or unreasonably limit construction within previously selected Building Envelopes. Under no circumstances shall the aggregate acreage of the selected Building Envelopes exceed ten (10) acres in total size.

In accordance with **Sections 8(g) and 8(i)**, development, installation, protection, and use of utilities and underground water resources on the Property to serve the permitted structures and/or development within the Building Envelopes (“**Support Infrastructure**”), may extend outside of the Building Envelopes. Support Infrastructure may include, without limitation, access roads, wells, pump houses, underground pipelines, electricity facilities, and any additional infrastructure and/or storage facilities required, including parking only to the extent connected with such Support Infrastructure. Any existing structures (detailed in Report) and utilities may be maintained and repaired/replaced as necessary.

(ii) Use or Transfer of Development Rights. All development rights that are now or hereafter allocated to, implied, reserved, or inherent in or to the Property are terminated and extinguished and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described, or to any other property (whether adjacent or otherwise).

(iii) Subdivision. Notwithstanding that the Property is comprised of more than one legal parcel, there shall be no legal or *de facto* sale, conveyance or gift of less than all of the parcels within the Property, nor any further division, subdivision or partitioning of the Property. The Property may not be sold, conveyed or otherwise transferred in separate parcels or lots, and STATE shall continue to maintain the parcels comprising the Property, and all interests therein, under common ownership, as though a single legal parcel.

(iv) Dumping or Salvage. There shall be no dumping, storage or other disposal on the Property of soil, trash or garbage except for (a) refuse generated on the Property which may be stored on the Property on a temporary basis prior to its removal from the Property in areas where the Conservation Values of the Property are not significantly impaired, or (b) compostable refuse generated on the Property which may be

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disposed of on the Property in a responsible manner which does not significantly impair the Conservation Values of the Property. There shall be no dumping, storage or other disposal on the Property of ashes, sludge, Hazardous Substances (as defined below), or other unsightly or dangerous materials. This restriction does not apply to ashes from wildfire or other fire conducted for resource management or research purposes. There shall be no storage or disassembly on the Property of inoperable automobiles, trucks, or other vehicles or equipment for purposes of sale, or rental of space for that purpose. Pursuant to **Section 6(c)** below, STATE shall make a reasonable effort to prevent unauthorized dumping by the public.

(v) Vegetation. There shall be no removal, cutting or destruction on the Property of native vegetation except as permitted herein. STATE reserves the right to (a) prune, cut down or remove dead or diseased trees, shrubs and other vegetation and to prune, as reasonably necessary and appropriate to control or prevent hazardous conditions or fire and to keep fire roads and trails clear and (b) exercise any of the exceptions listed in **Section 6(a)**. Except as authorized under the provisions of **Section 8(a)**, there shall be no deliberate introduction by STATE on the Property of any invasive plant (defined below) outside of the Building Envelopes. Invasive vegetation, whether native or nonnative, may be removed, cut, or destroyed at STATE's discretion. An invasive plant is defined as a plant tending to spread prolifically and undesirably or harmfully. Lists of native, non-native and invasive plants can be found on the California Natural Diversity Database (CNDDDB) website or in the Jepson Manual.

(vi) Roads. There shall be no oiling of roads or creation of new roads except with prior written consent of Grantee or as otherwise expressly authorized herein. New roads are permitted to the extent incorporated in a forest management plan, provided such roads do not significantly impair Conservation Values. New roads or the resurfacing of existing roads is permitted within and for ingress and egress to the Building Envelopes. In addition, STATE may, after providing written notice to Grantee, improve roads outside the Building Envelopes in conjunction with permitted maintenance, repair, replacement and construction of improvements under this Conservation Easement. STATE will take reasonable actions to ensure abandoned roads that were originally constructed by STATE blend with the surrounding landscape subject to the provisions of **Section 11(d)** below. STATE reserves the right, but shall have no obligation, to maintain the existing network of roads on the Property as shown in **Exhibit B**. Dust abatement treatments or placing rock on the road network is permitted.

(vii) Fences and Walls. Except with prior written consent of Grantee, which shall not be unreasonably withheld or delayed, and pursuant to one of the exceptions listed in **Section 6(a)** or as reasonably necessary in connection with permitted research or for public safety purposes or as otherwise expressly authorized herein, there shall be no construction of any new, permanent fences or walls outside of the Building Envelopes. STATE may repair or replace existing and/or otherwise permitted fences or walls on the Property. With prior written consent of Grantee, which shall not be unreasonably withheld or delayed, STATE may construct retaining walls to replace existing and/or otherwise permitted fences and walls where other approaches are not appropriate.

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(viii) Alteration of Land or Excavation. There shall be no filling, excavating, grading, draining or dredging on the Property, nor any change in the general topography of the Property, except if necessary to protect or enhance the Conservation Values, for public health and safety related to enjoyment of Conservation Values, or pursuant to one of the exceptions listed in Section 6(a) or as otherwise expressly authorized herein; provided, however, that the STATE's exercise of exceptions in this section shall be subject to the prior written consent of Grantee.

(ix) Mining and Drilling. There shall be no mining, dredging, drilling, removing, or exploring for or extracting of minerals, oil, gas, coal, or other hydrocarbons, soils, sands, gravel, loam, rocks or any other material on, under, or at the Property; provided, however, in no event shall the foregoing restriction be deemed to prohibit testing, drilling or operating groundwater wells on the Property as reasonably necessary in connection with STATE's exercise of any permitted rights. Utilizing existing rock pits for use on roads located within the Property are allowed, as long as such activity does not significantly impair the Conservation Values.

(x) Historical and Cultural Resource Identification. There shall be no activities, actions or uses that disturb or impair any identified historical or cultural resources on the Property in violation of state or federal law.

(xi) Water Resources. There shall be no development of any waters on the Property for fish farming or any other commercial or industrial purpose. Except with prior written consent of Grantee and pursuant to one of the exceptions listed in **Section 6(a)** or as otherwise expressly authorized herein, there shall be no manipulation or alteration of natural water courses, wetland, stream bank, shorelines or bodies of water or activities or uses that significantly impair water quality. Groundwater wells may be installed for local use on the Property as reasonably necessary to support the permitted uses of the Property under **Section 8** below.

(xii) Water Rights. There shall be no severance, conveyance, impairment or encumbrance of water or water rights appurtenant to the Property, separately from the underlying fee title to the Property, or other action which diminishes or extinguishes such water rights, and this Conservation Easement shall not sever or impair any riparian water rights appurtenant to the Property.

(xiii) Water Quality Degradation. There shall be no uses permitted under this Conservation Easement whereby runoff from such uses results in a violation of applicable federal, state, and local water quality laws.

(xiv) Pacific Crest National Scenic Trail- The State will coordinate the management and operation of the PCT and feeder trails including, but not limited to, signing, condition surveys, trailhead and trail use surveys, water development, construction and maintenance activities in accordance with the Comprehensive Management Plan for the Pacific Crest National Scenic Trail as may be amended from time to time.

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(b) **Changes in Use.** STATE understands that the Prohibited Uses may be more economically valuable than permitted uses under this Conservation Easement and that neighboring properties may in the future be put entirely to such Prohibited Uses. It is the intent of both STATE and Grantee that any such changes shall not be deemed to be circumstances justifying the termination, extinguishment or modification of this Conservation Easement. In addition, the inability of STATE, or STATE's successors, or assigns, to conduct or implement any or all of the uses permitted under the terms of this Conservation Easement, or the unprofitability of doing so, shall not impair the validity of the Conservation Easement or be considered grounds for the termination, extinguishment or modification of same.

(c) **Unauthorized Third Party Uses and STATE's Obligations.** If Grantee discovers any unauthorized third-party use or activity on the Property that violates the terms of this Conservation Easement, and Grantee gives STATE written notice thereof, STATE shall use reasonable efforts to stop or prevent any such unauthorized use of the Property, subject to the provisions of **Section 11(d)** below.

(d) **Acts of God; Emergencies; Acts of Unrelated Third Parties; Pre-Existing Conditions.** Nothing in this Conservation Easement shall require STATE to take any action to restore the condition of the Property (i) after any Act of God, which includes, without limitation, fire, climatic change, flood, storm, earth movement, or natural evolutionary changes in the condition of the Property from that described in the Report; (ii) after any action taken by STATE under emergency conditions to prevent, abate, or mitigate unreasonable impairment to the Conservation Values, or to any person resulting from such causes; (iii) after any acts of unrelated third parties, so long as STATE has satisfied its obligations under **Section 6(c)**, above, and **Section 7(d)**, below; or (iv) if such condition existed prior to the Effective Date of this Conservation Easement.

7. Public Access:

(a) **Informal Uses and Public Access.** STATE and Grantee recognize that the Property has been used by third parties and/or members of the public for recreational, cultural, and other non-commercial or informal purposes without formal written agreements to conduct such activities (the "**Informal Uses**"). STATE and Grantee further recognize that access to the Property is inherent or may be inherent in the enjoyment of the Conservation Values and the Informal Uses. Consistent with the objectives articulated in the Governing Documents to provide continued reasonable access by the public to the Watershed Lands, STATE shall allow public access to the Property that is substantially consistent with the public access existing on the Effective Date of the Conservation Easement. STATE reserves the right to make reasonable rules and regulations to control, limit, or, as necessary, exclude Informal Uses and public access, including without limitation, (i) by posting and other means; and (ii) by restricting access to areas of the Property under active cultivation, grazing, study, temporarily to prevent vandalism and dumping, seasonally to prevent erosion/sedimentation concerns, or for safety purposes during timber harvesting or other permitted management activities that may pose a hazard. STATE shall make reasonable efforts to prevent Informal Uses that significantly impair the Conservation Values.

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(b) **New or Increased Public Access.** If STATE desires to allow new public access or Informal Uses or expansion of public access or Informal Uses on the Property, Grantee's advance written consent is required, which consent shall not be unreasonably withheld, provided such new or expanded use does not significantly impair the Conservation Values.

(c) **Limitations and Conditions.** Sections 7(a) and 7(b) above are subject to the following:

(i) **Liability Limitation.** STATE and Grantee claim all of the rights and immunities against liability for injury to the public to the fullest extent allowable by law, including without limitation, under the California Tort Claims Act, California Government Code section 810 et seq., as amended and any successor provisions thereof.

(ii) **Periodic Review of Informal Uses.** As part of Grantee's annual compliance monitoring, (i) STATE and Grantee shall consult on the known Informal Uses and public access on the Property conducted under Sections 7(a) and 7(b) above during the preceding monitoring period for the purpose of Grantee's assessment of STATE's compliance with the requirements set forth in those sections; and (ii) with respect to Informal Uses allowed by the STATE on the Property in accordance with Section 7(a) above, STATE and Grantee will consult, and include recommendations, if any, regarding the necessity of controlling, limiting, or excluding Informal Uses to ensure the protection of the Conservation Values from significant impairment.

(d) **Unauthorized Public Access.** If STATE or Grantee discovers any unauthorized public access use or activity that violates the terms of this Conservation Easement, STATE shall use reasonable efforts, in consultation with Grantee, to stop or prevent any such unauthorized use of the Property, subject to the provisions of Section 11(d) below. The Parties acknowledge and agree that any form of legal action by STATE shall be subject to authorization by the California Attorney General.

8. STATE's Reserved Rights: Notwithstanding anything to the contrary in this Conservation Easement, STATE expressly reserves all rights accruing from the ownership of the Property, including the right to engage in or permit or invite others to engage in all uses of the Property that are not expressly prohibited by this Conservation Easement and are not in conflict with the Conservation Purpose ("STATE's Reserved Rights"). Pursuant to California Civil Code section 815.4, all interests in the Property not expressly transferred and conveyed to Grantee by this Conservation Easement or reserved to PG&E as the PG&E Reserved Rights or the PG&E Easement Reserved Rights, (as described in Sections 2 and 3 above), shall remain with STATE. In exercising STATE's Reserved Rights, STATE will (i) use reasonable efforts to consult with Grantee, and (ii) use reasonable efforts to employ methods and practices that will not significantly impair the Conservation Values.

The following uses and practices, though not necessarily an exhaustive recital of consistent uses and practices, are expressly permitted under this Conservation Easement:

(a) **Habitat/Vegetation Management.** The Property may be used to create,

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maintain, restore, or enhance habitat for wildlife and native biological communities.

- i. Prescribed Burning. STATE may conduct or cause to be conducted prescribed burning for habitat improvement and fuel reduction purposes, if it does not significantly impair the Conservation Values. Any prescribed burning must be carried out in accordance with a prescribed burning plan administered by the responsible government agencies. Any post-fire restoration of the Property by STATE must be approved in advance by Grantee, which shall not be unreasonably withheld or delayed.
- ii. Down and Dead Wood. STATE may conduct or cause to be conducted cutting and removal of down and dead wood consistent with generally accepted good habitat management practices, fire reduction, and for safety purposes. STATE and Grantee intend that some down and dead wood remains on the Property to encourage habitat nesting and foraging.
- iii. Fire. In the event of a fire, STATE may harvest and sell salvageable trees in accordance with any existing or new timber harvest plan consistent with generally accepted good management practices, as those practices may be identified from time to time by appropriate governmental or educational institutions, and in a manner not wasteful of soil resources or detrimental to water quality or conservation. Grantee approval is not required for tree removal for emergency fire control.
- iv. Non-Native Plants. STATE reserves the right to remove and control non-native plants, invasive native plants and noxious weeds (such as thistle), provided that the measures taken to remove and control the non-native and native plants and noxious weeds, including controlled burning, comply with Applicable Laws (as defined in Section 9 below) and regulations and do not significantly impair the Conservation Values of the Property. STATE reserves the right under a forest management plan approved by Grantee, which shall not be unreasonably withheld or delayed, under Section 8(b)(iii) below to introduce non-native species and species from different areas and seed zones for the purposes of research, adaptive management, ecosystem restoration and other objectives.
- v. Vegetation Restoration. STATE may remove vegetation as reasonably required to construct and maintain buildings, structures, roads, trails and other improvements specifically permitted under this Conservation Easement and provided that, following any construction, vegetation shall be restored in a timely manner to a condition consistent with the

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condition immediately preceding undertaking of such activity unless restoration would cause more significant harm to Conservation Values than allowing the site to continue as is in the reasonable determination of STATE.

(b) **Forest Management.**

- i. STATE may undertake commercial and/or non-commercial forest management activities on the Property for any of the following purposes: (1) to promote the health and sustainability of the Property's natural resources; (2) to protect and enhance the Property's riparian resources; (3) to maintain an ecologically appropriate species mix of overstory and understory vegetation; (4) to protect and enhance wildlife habitat for native species historically present on the Property; (5) to protect cultural resources on the Property; (6) to control invasive and non-native vegetation; and (7) to prevent, mitigate, and/or respond to any natural disaster (such as wildfire, significant insect and disease outbreak, or significant wind damage).
- ii. Forest management activities for the purposes outlined in paragraph (i) may include, but shall not be limited to, timber harvesting; salvage logging; conversion of vegetation types; pre-commercial and commercial thinning of conifer and hardwood trees; fuels management; tree planting; control of undesirable vegetation and pests; habitat maintenance and enhancement; and road and watercourse crossing construction, maintenance, repair, and enhancement.
- iii. Grantee shall approve, which shall not be unreasonably withheld or delayed, any existing or future forest management plan before STATE begins forest management activities outlined in **Section 8 (b)** above. STATE and Grantee shall review and discuss such plan periodically, as appropriate.

- (c) **Nuisance Animals.** In accordance with Applicable Laws, STATE reserves the right to control animals on the Property that (a) pose or threaten to pose a hazard to persons or property or (b) threaten to significantly impair one or more of the Conservation Values, or (c) if required under an existing Express Third Party Use agreement.

(d) **Development.** Subject to **Section 6(a)**, any and all development on the Property shall be restricted to the Building Envelopes, and shall comply with all Applicable Laws. Additionally, development shall be constructed in a manner and with a design complementary to the surrounding environment.

(e) **Recreational Use.** Recreational use by STATE and the general public is permitted in accordance with **Section 7**.

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(f) **Motorized Vehicles.** STATE reserves the right to use motorized vehicles on the Property, including off-road vehicles (such as motorcycles and all-terrain vehicles) for non-recreational purposes, specifically for ingress and egress purposes, for practices permitted under this Conservation Easement (including forest management activities), and for patrolling purposes, provided that such uses do not significantly impair the Conservation Values.

(g) **Water and Irrigation.** STATE reserves the right to conduct the following:

(i) develop groundwater wells where necessary. Such wells and their associated infrastructure must be in accordance with **Section 8(i)** below;

(ii) subject to Grantee's prior written consent, develop wildlife enhancement ponds and/or guzzlers in a manner that does not significantly impair the Conservation Values; and

(iii) develop water drafting sites that minimize impacts to water quality, riparian species, and the Conservation Values. Water drafting sites may be used for water collection for dust abatement, fire suppression purposes or other activities associated with the Property, and must be sited, constructed and maintained in order to not significantly impair the Conservation Values of the Property.

(h) **Waste and Hazardous Substances.** The dumping, release, burning, permanent storage or disposal of waste, refuse, debris, motorized vehicles or hazardous materials is prohibited; provided, however, that vehicles, building materials, machinery or supplies, including, without limitation, petroleum products and pesticides, required for permitted and legal uses may be temporarily stored on roads, landings, and other clearings outside of riparian zones in compliance with all Applicable Laws; and provided that organic debris from forest management activities permitted in this Conservation Easement may be piled, burned or otherwise treated in a manner that is consistent with applicable regulations and the forest management plan approved by Grantee under Section 8(b)(iii) below.

(i) **Utilities.** STATE reserves the right to grant utility easements on and over the Property to serve the allowed improvements and uses within the Building Envelopes in accordance with **Section 6(a)**, provided the uses under such easements do not significantly impair the Conservation Values. Right-of-way widths shall comply with the requirements of the California Forest Practice Act and Rules and any other applicable state or federal laws. All utility infrastructure on the Property shall serve only the improvements permitted on the Property, except that any electricity generated from permitted utility infrastructure facilities in excess of requirements of the permitted improvements and uses on the Property may be sold to public utilities. Notwithstanding the foregoing, commercial power generation, collection or transmission facilities are prohibited.

The construction, operation and maintenance of power lines and pipelines are permitted, provided that, without limiting the PG&E Reserved Rights and PG&E Easement Reserved Rights, STATE shall use reasonable efforts to bury transmission or power lines or pipelines related to such activity or to align such lines along roadways, and the construction of new power lines and pipelines hereunder shall be limited to the support of STATE's permitted

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activities hereunder must be unobtrusively sited and shall not significantly impair the Conservation Values.

(j) **Renewable Energy Sources.** STATE reserves the right, subject to prior written consent from Grantee, to construct renewable energy structures such as photovoltaic cells, solar arrays, and windmills, for generation of power for use on the Property, including generation of power for research equipment, provided, however, that: (i) all such renewable energy structures shall be located within **Building Envelopes**, with the limited exception of solar energy structures used to power research equipment allowed to be used elsewhere on the Property; and (ii) no construction of renewable energy structures shall significantly impair the Conservation Values. Grantee's consent shall not be unreasonably delayed or withheld. STATE and Grantee agree that the provisions of this **Subsection 8(j)** restricting the locations of the installation of renewable energy systems and prohibiting the construction of renewable energy structures that would significantly impair the Conservation Values are "reasonable restrictions" within the meaning of California Civil Code § 714."

(k) **Future Easements, Leases, Licenses, Permits, and Contracts.** Excepting the Express Third Party Uses which are subject to **Section 10** below, STATE reserves the right to grant subsequent easements, leases, licenses, permits and contracts on or relating to the Property, provided that any such subsequent easement, lease, license, permit, or contract is for a permitted use and is subordinate, subject to, and consistent with the terms of this Conservation Easement, which is documented in a separate written agreement, subject to Grantee's consent, which consent shall not be unreasonably withheld, conditioned or delayed. If STATE wishes to grant subsequent easements, leases, licenses, permits and contracts on or relating to the Property, STATE shall so notify Grantee at least sixty (60) days in advance of any such proposed grant, shall provide to Grantee a copy of any proposed easement grant document together with any such additional information relating to the proposed grant as Grantee may reasonably request. STATE shall request Grantee's consent of such grant. Grantee will review the proposal and may, in its reasonable discretion, (a) approve the proposal as being consistent with the Conservation Purpose or (b) approve the proposal on conditions intended to ensure its consistency with the Conservation Purpose or (c) disapprove the proposal as being actually or potentially inconsistent with the Conservation Purpose. Failure of Grantee to respond in writing within sixty (60) days shall be deemed consent of the proposal as being consistent with the Conservation Purpose.

(l) **Trails.** STATE reserves the right to build multi-use recreation trails on the Property provided all new trails are included in a Trails Plan, as required by the McArthur-Burney Falls Memorial State Park General Plan or similar management plan ("**Trails Plan**"), approved by Grantee, which shall not be unreasonably withheld or delayed, and are sited, constructed, and used in a manner that does not significantly impair the Conservation Values. Trails shall not damage soil, vegetation, or water quality in any riparian areas identified in the Report. Any trails built by the STATE and later abandoned promptly shall be restored to a condition consistent with the surrounding landscape subject to the provisions of **Section 11(d)** below.

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(m) **Wildfire Suppression and Property Restoration.** In instances of active wildfires on or in immediate vicinity of the Property, STATE reserves the right to suppress the wildfire by any means necessary, at full discretion of STATE. All wildfire suppression activities will be carried out, to the extent practicable, in a manner that minimizes negative impacts to the Conservation Values. The STATE shall ensure installation of erosion control on all constructed firelines, if needed. Within the riparian zones, an organic surface cover shall be applied to areas of exposed soil caused by fireline construction.

(n) **Animal Grazing.** Due to state and local open-range laws in effect on the Property as of the Effective Date, STATE shall not be required herein to exclude from the Property livestock owned by persons without express agreements for access, provided, however, that STATE, in its sole and absolute discretion, may, but shall not be obligated to, construct, maintain, repair, and replace fences for the purpose of excluding such livestock from all or any portion of the Property.

(o) **Plant Gathering.** STATE reserves the right to allow pre-approved collection of native plants, historically collected by Native Americans and other ethnic groups, for traditional purposes.

9. Responsibility for Operations. Nothing in this Conservation Easement shall be construed as giving any right or ability to Grantee to exercise physical or managerial control of the day-to-day operations of the Property or of STATE's activities on the Property. STATE shall have and retain all responsibility for, the ownership of the Property, and, in connection with STATE's use or occupancy of the Property, compliance with any present and future applicable laws, ordinances, rules, regulations, permits, authorizations, orders and requirements, whether or not in the current contemplation of the parties, which may affect or be applicable to the Property or any part of the Property (including, without limitation, any subsurface area), all consents or approvals required to be obtained from, and all rules and regulations of, and all building and zoning laws of, all federal, state, county and municipal governments, the departments, bureaus, agencies or commissions thereof, authorities, board of officers, any national or local board of fire underwriters, or any other body or bodies exercising similar functions, having or acquiring jurisdiction of the Property (in each case, an "**Applicable Law**" and, collectively "**Applicable Laws**"), except as expressly stated otherwise in this Conservation Easement. Without placing any limitation on the foregoing sentence, the parties agree as follows:

(a) **Condition of Property.** Grantee shall have no duty or responsibility for (i) the operation or maintenance of the Property except to the extent specifically undertaken by Grantee as permitted under this Conservation Easement, (ii) the monitoring of any hazardous conditions thereon, or (iii) the protection of STATE, the public, or any other person or entity from any risks relating to conditions on the Property, except to the extent that the risks involved are the result of the activities of Grantee or Grantee's Representatives on the Property.

(b) **Taxes.** Grantee shall have no duty or responsibility for real property taxes and assessments levied by competent authority on the Property.

(c) **Permits and Approvals.** STATE shall be solely responsible for obtaining any and all applicable governmental permits and approvals for, and otherwise complying with all

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Applicable Laws relating to, any activity or use of the Property by STATE which is permitted by this Conservation Easement; provided, however, STATE shall have no responsibility pursuant to this Conservation Easement for obtaining permits and approvals required on behalf of unrelated third parties who use the Property. Grantee shall be solely responsible for obtaining any and all applicable governmental permits and approvals for, and otherwise complying with all Applicable Laws relating to, any activity on or use of the Property by Grantee which is permitted by this Conservation Easement.

(d) **No Owner or Operator Liability.** The parties do not intend this Conservation Easement to be, and this Conservation Easement shall not be, construed such that it creates in or gives to Grantee any of the following solely as the result of being a passive holder of the Conservation Easement:

(i) The obligations or liability of an “owner” or “operator” or “arranger,” as those terms are defined and used in Environmental Requirements, including, but not limited to, CERCLA;

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

(iii) The obligations of a responsible person under any applicable Environmental Requirements (as defined below);

(iv) The right to investigate and remediate any Hazardous Substances associated with the Property; or

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

As used in this Conservation Easement the term “**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 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. As used in this Conservation Easement, the term “**Hazardous Substances**” means any hazardous or toxic material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government under any Environmental Requirements, including, without limitation, any material or substance:

(A) now or hereafter defined as a “hazardous substance,” “hazardous waste,” “hazardous material,” “extremely hazardous waste,” “restricted

Appendix 3: Conservation Easement

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. § 1251 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 Safe Drinking Water Act (42 U.S.C. § 300f et seq.); the River and Harbors 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. § 1926.1 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 § 117600 et seq.); the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13020 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 & Safety Code § 25300 et seq.); the Hazardous Waste Control 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) which 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, any State of the United States or any political subdivision thereof; or which cause, or are listed by the State of California as being known to the State of California to cause, cancer or reproductive toxicity; or

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

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

(F) which contains radon gas.

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(e) **Reporting to Grantee.** Not less frequently than annually, STATE shall make reasonable efforts to inform Grantee of the construction and/or development activities that STATE anticipates undertaking on the Property within the following twelve (12) months. In the event Grantee determines that any of the anticipated activities may violate the terms of this Conservation Easement, the parties will meet and confer regarding such activities within thirty (30) days after Grantee's written request.

10. Express Third Party Uses. Exhibit E hereto describes the existing third party uses of the Property permitted with the express agreement of STATE ("**Express Third Party Uses:**"). STATE retains the right to maintain, renew, and replace all agreements memorializing the Express Third Party Uses ("**Third Party Use Agreements**") and to engage in all activities reasonably required to comply with STATE's obligations with respect to the Express Third Party Uses, subject to the following conditions:

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

(b) **Renewal or Replacement of Third Party Use Agreements.** All Third Party Use Agreements existing on the date hereof are identified on Exhibit E. As Third Party Use Agreements are renewed or replaced (either with the existing user or a new user), STATE, in consultation with the Grantee, shall include contractual provisions to bring the continuation of the Express Third-Party Use and the preservation of the Conservation Values into alignment to the fullest extent reasonably practicable.

(c) **Enforcement of Third Party Use Agreements.** If STATE or Grantee discovers any default under a Third Party Use Agreement that significantly impairs the Conservation Values (and if Grantee makes such discovery, Grantee gives STATE written notice thereof), subject to the provisions of **Section 11(d)** below, STATE shall use reasonable efforts to stop or prevent such violation. The Parties acknowledge and agree that any form of legal action by STATE shall be subject to authorization by the California Attorney General.

11. Enforcement and Remedies.

(a) **Notice of Violation.** If a party hereto ("**Non-Breaching Party**") determines there is a violation of the terms of this Conservation Easement or that a violation is threatened ("**Violation**"), written notice of such Violation ("**Violation Notice**") and a demand for corrective action sufficient to cure the Violation shall be given by the Non-Breaching Party to the party allegedly violating this Conservation Easement ("**Breaching Party**"). Within thirty (30) days after delivery of a Violation Notice, STATE and Grantee shall meet at a location that STATE and Grantee agree upon to discuss the circumstances of the alleged or threatened Violation and to attempt to agree on appropriate corrective action. If the parties determine that it is appropriate and desirable, a duly qualified expert in the subject matter of the alleged or threatened Violation

Appendix 3: Conservation Easement

(“**Consulting Expert**”) shall attend the meeting. STATE and Grantee shall each pay one-half of the costs of retaining the services of the Consulting Expert for such discussion; provided, however, that if STATE and Grantee are unable to agree upon a Consulting Expert, each party may retain the services of an expert at its own expense. If STATE and Grantee are unable to agree on appropriate corrective action (or if any such corrective action is required) within thirty (30) days after such meeting, then the Non-Breaching Party shall deliver a further written notice to the Breaching Party to demand reasonable, particular corrective action to cure the Violation (“**Second Notice**”). Upon the giving of a Second Notice, the Breaching Party shall promptly commence, and thereafter diligently pursue to completion, corrective action sufficient to cure the Violation and, where the Violation involves injury to the Property resulting from any use or activity that conflicts with the Conservation Values or the Conservation Purpose, to restore the portion of the Property so injured. If a Violation is not cured within thirty (30) days after the delivery of the Second Notice (“**Final Cure Period**”), or if the cure reasonably requires more than thirty (30) days to complete and there is failure to begin the cure or failure to continue diligently to complete the cure within the thirty (30) day period, the parties may elect to proceed with the Legal Remedies as provided in **Section 11(b)**.

(b) **Legal Remedies.** If the parties are not able to settle the claim or dispute through consultation pursuant to **Section 11(a)** above, following exhaustion of all requisite administrative remedies, if any, the parties may, pursuant to California Civil Code section 815.7, bring an action at law or in equity in a court of competent jurisdiction to seek injunctive relief and/or money damages to enforce the terms of this Conservation Easement. If any party hereto determines that the circumstances require immediate action to prevent or mitigate unreasonable damage to the Conservation Values from a Violation, then that party may pursue its remedies under this **Section 11(b)** without first complying with **Section 11(a)** above.

(c) **Enforcement Discretion.** Enforcement of the terms of this Conservation Easement shall be at the respective discretion of Grantee and STATE and any forbearance to exercise rights of enforcement under this Conservation Easement in the event of any breach of any term of this Conservation Easement shall not be deemed or construed to be a waiver of such term or of any subsequent breach of the same or any other term of this Conservation Easement or of any rights under this Conservation Easement. No delay or omission in the exercise of any right or remedy upon any breach shall impair such right or remedy or be construed as a waiver.

(d) **Subject to Appropriation.** The parties hereto agree and acknowledge that any expenditures of money that may be required by the STATE under this Conservation Easement shall be contingent on the appropriation of funds by the Legislature for the specific purpose of STATE complying with its obligations in this Conservation Easement. Any delay or failure of the STATE to perform and comply with its obligations in this Conservation Easement due to funds not being appropriated or being terminated by the Legislature shall not be considered a breach or default of the terms of this Conservation Easement, and STATE shall not be liable in any way due to delay or failure to perform under the terms of this Conservation Easement, including undertaking corrective action and/or restorative action, as a result of the funds not being appropriated or being terminated by the Legislature. Notwithstanding, STATE agrees to make diligent efforts to obtain the necessary budget appropriations in amounts reasonably calculated to support the fulfillment of its obligations under this Conservation Easement as expeditiously as possible. This section only applies to the STATE.

12. Indemnification

(a) **Indemnification of STATE by Grantee.** Other than violation or breach of the terms of this Conservation Easement by STATE, Grantee waives all claims against STATE, its agencies, departments, boards, commissions, officers, agents, and employees (collectively “**Indemnitees**”), for loss or damage caused by, arising out of, or in any way connected with the Grantee’s exercise of this Conservation Easement. Grantee shall protect, indemnify, and hold Indemnitees harmless and defend Indemnitees, with counsel selected by Indemnitees, from and against any suits, actions, judgments, legal or administrative proceedings, arbitrations, claims, demands, causes of action, damages, liabilities, interest, reasonable attorneys' fees, fines, penalties, losses, costs and expenses of whatsoever kind or nature, arising out of, in connection with or incidental to any injury to or the death of any person, or damage to any property arising out of, caused by, or resulting from (in whole or in part) the negligence or willful misconduct of Grantee and/or Grantee’s Representatives and their respective employees, agents and subcontractors on the Property in connection with Grantee’s exercise of this Conservation Easement. Grantee’s duty to defend the Indemnitees is separate from, independent of and free-standing of Grantee’s duty to indemnify the Indemnitees and applies whether the issue of either parties negligence, breach of contract or other fault or obligations has in any way been determined. Grantee’s indemnity obligations under this Agreement shall not extend to that portion of such loss or damage that shall have been caused by any of the Indemnitees' comparative negligence or willful misconduct. The indemnity set forth in this section shall survive the termination of this Conservation Easement until such time as action against the Indemnitees on account of any matter covered by this indemnity is barred by the applicable statute of limitations.

Grantee shall, further, cause such indemnification in favor of the Indemnitees to be inserted in each contract and/or agreement for the provision of services to Grantee on the Property or entry onto the Property by Grantee’s Representatives. Grantee’s failure to comply with this indemnification provision shall be considered a material breach of this Conservation Easement, however such breach shall not impair the perpetual nature of this Conservation Easement.

The provisions of this **Section 12(a)** shall be inoperative at any time, and for so long as, the fee interest in the Property is owned by an entity other than the STATE, and the indemnification provisions of **Sections 12(b) and 12(c)**, shall instead be operative and binding on such successor fee interest owner (“**Grantor**”); provided, any obligation of Grantee to STATE arising prior to such transfer of the fee interest in the Property from STATE to a non-STATE entity shall survive the transfer.

(b) **Indemnification by Grantor other than the STATE.** Grantor shall hold harmless, indemnify, and defend Grantee and its directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (each a “**Grantee Indemnified Party**” and collectively, the “**Grantee Indemnified Parties**”), from and against any and all liabilities, penalties, costs, losses, damages, expenses (including, without limitation,

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reasonable attorneys' fees and experts' fees), causes of action, claims, demands, orders, liens or judgments (each a "Claim" and, collectively, "Claims"), arising from or in any way connected with: (a) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, including but not limited to any such act, omission, condition or other matter occurring in connection with the presence of the general public on the Property, regardless of cause, unless due to the negligence or willful misconduct of any of the Grantee Indemnified Parties while acting upon the authority of Grantee; or (b) Grantor's obligations specified in this Conservation Easement; or (c) a breach of any of Grantor's representations or warranties made in this Conservation Easement; or (d) any violation of, or other failure to comply with, any state, federal or local law, regulation or requirement related to the Property, by Grantor, or any entity other than a Grantee Indemnified Party acting upon the authority of Grantee, in any way affecting, involving or relating to the Property; or (e) any Hazardous Substances or underground storage tanks present, alleged to be present, released in, from or about, or otherwise associated with the Property at any time, except with respect to any Hazardous Substances placed, disposed or released by a Grantee Indemnified Party acting upon the authority of Grantee, including Claims for injury to or death of any person or physical damage to any Property and for the violation or alleged violation of, or other failure to comply with, any Environmental Requirement. If any action or proceeding is brought against any Grantee Indemnified Party by reason of any such Claim, Grantor shall, at the election of and upon written notice from the applicable Grantee Indemnified Party, defend such action or proceeding by counsel reasonably acceptable to the Grantee Indemnified Party.

- (c) **Indemnification by Grantee to Grantor other than the STATE.** Grantee shall hold harmless, indemnify, and defend Grantor and its members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (each a **Grantor Indemnified Party** and, collectively, the "**Grantor Indemnified Parties**"), from and against any and all Claims arising from or in any way connected with: (a) injury to or the death of any person, or physical damage to any property, occurring on or about the Property, resulting from the negligence of any Grantee Indemnified Party, while acting on behalf of Grantee; or (b) Grantee's obligations specified in this Conservation Easement; or (c) any violation of, or other failure to comply with, any state, federal or local law, regulation or requirement, by any Grantee Indemnified Party while acting on behalf of Grantee in any way affecting, involving or relating to the Property. If any action or proceeding is brought against any Grantor Indemnified Party by reason of any such Claim, Grantee shall, at the election of and upon written notice from the applicable Grantor Indemnified Party, defend such action or proceeding by counsel reasonably acceptable to the Grantor Indemnified Party.

13. Insurance. Prior to any entry onto the Property under the terms of this Conservation Easement by Grantee or Grantee's Representatives, Grantee and Grantee's Representatives shall each, at their own expense, provide STATE evidence of insurance as follows:

Appendix 3: Conservation Easement

- (a) Commercial General Liability – Grantee and Grantee’s Representatives shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy must include coverage for liabilities arising out of premises operations, independent contractors, products/completed operations, personal & advertising injury and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the Grantee and/or Grantee’s Representatives limit of liability. The policy must include: California Department of Parks and Recreation, State of California, its officers, agents and employees as additional insureds. This endorsement must be supplied under form acceptable to DGS’ Office of Risk and Insurance Management.
- (b) Automobile Liability – Grantee and Grantee’s Representatives shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles. The same additional insured designation and endorsement required for general liability is to be provided for this coverage.
- (c) Workers’ Compensation and Employers’ Liability – Grantee and Grantee’s Representatives shall maintain statutory workers’ compensation and employers’ liability for all employees who will be engaged in the performance of any activities and/or work related to the Property as authorized under this Conservation Easement. Employers’ liability limits of \$1,000,000 are required. Workers’ compensation policy shall contain a waiver of subrogation endorsement in favor of the STATE.

At any time, and for so long as, the fee interest in the Property is owned by an entity other than the STATE, such successor Grantor shall maintain a commercially available general liability policy, or self-insurance, insuring against bodily injury and property damage on the Property in the amount of not less than \$1,000,000 per occurrence \$2,000,000 in aggregate. Grantee shall be named an additional insured on any policy. For any claim covered by the indemnification in **Section 12(b)** above, the liability insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to Grantee with respect to Grantee’s entries onto the Property pursuant to the Conservation Easement. Grantor waives all rights of subrogation against the Grantee Indemnified Parties for recovery of damages to the extent these damages are covered by insurance maintained pursuant to this Conservation Easement. Grantor shall furnish Grantee with certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth above. Any failure of Grantee to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Grantee to identify a deficiency from evidence that is provided shall not be construed as a waiver of Grantor’s obligation to maintain such insurance.

14. Grantee Assignment of Conservation Easement.

(a) **Voluntary Assignment.** In the event that Grantee decides to assign its interest under this Conservation Easement, Grantee shall only assign such interest to an organization that is: (1) qualified to hold a conservation easement under Section 815.3 of the California Civil Code; (2) experienced in holding and monitoring conservation easements on properties similar to the Property; and (3) willing and financially able to assume all of the responsibilities imposed on Grantee under this Conservation Easement. Before assigning its interest under this Conservation Easement, Grantee shall provide STATE and the Sierra Nevada Conservancy (“SNC”) with written notice of such intention to transfer (“**Transfer Notice**”). The Transfer Notice shall identify the proposed assignee and include a description of how the proposed assignee meets the assignee designation criteria set forth in this section. Grantee shall allow SNC, with the consent of STATE, a period of not less than sixty (60) days to approve the proposed assignee, which consent shall not be unreasonably withheld and shall be based on whether the proposed assignee meets the designation criteria specified in this section. If SNC does not approve the proposed assignee, SNC shall provide Grantee with the reasons behind such decision. Notwithstanding, any approved assignment by Grantee of this Conservation Easement to an approved assignee shall not relieve Grantee from any obligations hereunder arising prior to the date of the assignment.

(b) **Involuntary Assignment.** If Grantee ever ceases to exist or no longer qualifies under applicable state law to hold a conservation easement interest, then SNC shall, with the consent of STATE, select an assignee that meets all the designation criteria specified in **Section 14(a)** above. If SNC is unable to identify an assignee that meets all the designation criteria specified in **Section 14(a)** above that is willing to accept such assignment, then SNC shall petition a court of competent jurisdiction to effect a transfer of the Conservation Easement to an organization that meets each of the qualifications criteria in **Subsection 14(a)**. Notwithstanding the foregoing, SNC may elect to serve as such assignee but only on a temporary basis until a permanent assignee can be identified by SNC and/or such transfer is effectuated by a court of competent jurisdiction.

(c) **Conditions of Assignment.** As conditions to any assignment of this Conservation Easement, Grantee and/or the SNC shall: (1) require the assignee to expressly agree in writing to assume Grantee’s obligations hereunder; (2) ensure that assignee has the resources to fulfill its obligations under the Conservation Easement; and (3) not relieve Grantee from any obligations under the Conservation Easement arising prior to the date of the assignment.

(d) **Successor to SNC.** Upon any liquidation or dissolution of SNC, SNC or STATE shall have the right to assign SNC’s rights and obligations under this **Section 14** to another entity that has a conservation mission and level of expertise consistent with that of SNC and sufficient resources and capacity to carry out the obligations of SNC.

(e) **Recording.** Pursuant to California Civil Code section 815.5, any instrument assigning or otherwise transferring this Conservation Easement shall be recorded in the Official Records of the County.

15. Subsequent Property Transfers.

STATE shall disclose the existence of this Conservation Easement in any deed or other legal instrument by which STATE divests itself of a real property interest in all or a portion of the Property, including, without limitation, a leasehold interest. STATE shall notify Grantee in writing not more than thirty (30) days after any grant by STATE to any third party transferee of any interest in any portion of the Property, whether such interest is a fee, easement, lease, or other interest. The failure of STATE to perform any act required by this **Section 15** shall not impair the validity of this Conservation Easement or limit its enforcement in any way or create any obligation on the part of Grantee.

16. Extinguishment and Condemnation.

(a) **Judicial Extinguishment.** If circumstances arise in the future that render the Conservation Purpose impossible or impracticable to accomplish, this Conservation Easement can be terminated or extinguished, whether in whole or in part, only by judicial proceedings in a court of competent jurisdiction, and the amount of the compensation to which Grantee shall be entitled from any sale, exchange, or involuntary conversion of all or any portion of the Property after such termination or extinguishment, shall be determined, unless otherwise provided by California law at the time, in accordance with **Section 16(c)**. Grantee must use any proceeds received under the circumstances described in this section in a manner consistent with the Conservation Purposes, which are exemplified and articulated by the Conservation Easement and contemporaneously prepared exhibits to it and other documentation.

(b) **Condemnation.** If all or any part of the Property is taken by exercise of eminent domain, or acquired by purchase in lieu of condemnation, so as to terminate this Conservation Easement in whole or in part, STATE and Grantee may join in appropriate actions to recover the full value of their respective interests in the Property so taken or purchased, and all direct or incidental resulting damages. All expenses reasonably incurred by the STATE and Grantee in any such action shall be first reimbursed out of the recovered proceeds; the remainder of such proceeds shall be divided between STATE and Grantee in proportion to their respective interests in the Property, or portion thereof, as established by **Section 16(c)**.

(c) **Valuation.** In accordance with California Civil Code section 815.2, STATE and Grantee acknowledge and agree that this Conservation Easement shall not be deemed personal in nature and shall constitute a real property interest in the Property vested in Grantee upon recording notwithstanding that this Conservation Easement is an obligation, and not a financial asset. For the purpose of **Sections 16(a) and 16(b)**, the fair market value of the Conservation Easement shall be determined as of the time of the extinguishment or termination by an appraisal set forth in a written report prepared and signed by an appropriately licensed or certified real estate appraiser in good standing pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code and its implementing regulations, Title 10 Section 3701 of the California Code of Regulations, the California Department of General Services Appraisal Specifications, and shall conform to the Uniform Standards of Professional Appraisal Practice. STATE and Grantee shall mutually agree on the appraiser and shall share equally in the costs of preparing the appraisal report. The fair market value as set forth in the appraisal report is subject to the approval of the California Department of General Services.

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(d) **No Merger.** Due to the Conservation Purpose of the Conservation Easement, it is the intent of STATE and Grantee that notwithstanding the provisions of Civil Code Section 811, any time the fee title to all or any portion of the Property is vested in an entity, including STATE, which also holds this Conservation Easement, the interest in the Conservation Easement shall not merge into the fee title (whether by operation of law or otherwise), and the Conservation Easement shall remain in full force and effect as to all portions of the Property, until and unless explicitly terminated by judicial proceedings (and then, only to the extent so terminated).

17. Notices. Any notice or other communication required or permitted under this Conservation Easement shall be in writing and shall be either personally delivered or transmitted by registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight courier, such as FedEx or Airborne Express, addressed to the parties as follows:

If to STATE:

California Department of Parks and Recreation
1416 9th Street
Sacramento, CA 95814
Attn: Acquisition and Development Division

With a copy to:

Department of General Services
707 Third Street, 5th Floor (MS 505)
West Sacramento, CA 95605
Attn: RESD/RPSS--Acquisitions Unit

If to Grantee:

Shasta Land Trust
1768 West St.
P.O. Box 992026
Redding, CA 96099-2026
Attn: Executive Director

If to Sierra Nevada Conservancy:

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

The date of any notice or communication shall be deemed to be the date of receipt if delivered personally, or the date of the receipt or refusal of delivery if transmitted by mail or

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overnight courier. Any party may change the address for notice by giving notice to the other party in accordance with this **Section 17**.

18. Amendment. This Conservation Easement may be amended by STATE and Grantee or their respective successors and assigns, by mutual written agreement of STATE and Grantee. STATE and Grantee shall have no right to amend **Sections 2 or 3** hereof without the written consent of PG&E in its sole and absolute discretion. Without limiting the scope of the aforementioned power to amend, the parties anticipate that future amendments may be necessary to reflect corrections to the boundary line that may result in the removal of portion(s) of the Property from the encumbrance of this Conservation Easement, clarifications, and corrections to the Conservation Easement and agree to mutually cooperate in good faith to accomplish such future amendments, to the extent such amendments are to clarify the terms of this Conservation Easement and do not significantly impair the Conservation Values. Any such amendment shall be consistent with the Conservation Purpose of this Conservation Easement and shall not affect its perpetual duration, and Grantee shall promptly record the amendment in the official records of the County, and shall thereafter promptly provide a conformed copy of the recorded amendment to STATE.

Notwithstanding the foregoing, STATE and Grantee have no right or power to consent to any action or agree to any amendment of this Conservation Easement that would result in significant impairment of the Conservation Values or limit the term or result in termination of the Conservation Easement, or adversely affect the qualification of the Conservation Easement as a conservation easement under California Civil Code section 815 et seq. or the status of Grantee as an entity authorized to acquire and hold conservation easements under California Civil Code section 815.3. Any amendment to this Conservation Easement shall comply with California Civil Code section 815 et seq. and other Applicable Laws.

19. General Provisions.

(a) **Governing Law.** This Conservation Easement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

(b) **No Public Dedication.** Nothing contained in this Conservation Easement shall be deemed to be a gift or dedication of any portion of the Property to the general public.

(c) **Liberal Construction.** Any general rule of construction to the contrary notwithstanding, this Conservation Easement shall be liberally construed in favor of Grantee to effect the purposes of this Conservation Easement and the policy and purpose of California Civil Code section 815 et seq. If any provision in this Conservation Easement is found to be ambiguous, an interpretation consistent with the purposes of this Conservation Easement which recognizes the PG&E Reserved Rights and the PG&E Easement Reserved Rights (as described in **Sections 2 and 3 above**), and STATE's Reserved Rights and that would render the provision valid shall be favored over any interpretation that would render it invalid.

(d) **Further Assurances.** Each party hereto agrees to execute and deliver to the other party such further documents or instruments as may be necessary or appropriate in order to carry out the intentions of the parties as contained in this Conservation Easement.

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(e) **Severability.** If any provision of this Conservation Easement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Conservation Easement and to this end the provisions of this Conservation Easement are intended to be and shall be severable.

(f) **Entire Agreement.** This Conservation Easement sets forth the entire agreement of the parties with respect to the Conservation Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Conservation Easement all of which are merged herein.

(g) **No Forfeiture.** Nothing contained herein will result in a forfeiture or reversion of STATE's title in any respect.

(h) **Successors.** The Conservation Easement shall be a servitude running with the land in perpetuity. The covenants, terms, conditions, and restrictions of this Conservation Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns and shall continue as a servitude running with the Property.

(i) **Recordation.** Grantee shall promptly record this Conservation Easement in the official records of the County, and shall thereafter promptly provide a conformed copy of the recorded Conservation Easement to STATE. Grantee may re-record at any time as may be required to preserve its rights in this Conservation Easement.

(j) **Termination of Rights and Obligations.** Except as otherwise stated herein, a party's rights and obligations under this Conservation Easement shall terminate only upon transfer of the party's interest in all or portions of either the Conservation Easement or the Property, except that liability for acts or omissions occurring prior to transfer shall survive the transfer.

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

(l) **List of Exhibits.** The following exhibits are attached hereto and incorporated herein:

<u>Exhibit A</u>	Legal Description of the Property
<u>Exhibit B</u>	Property Maps
<u>Exhibit C</u>	Form of Grant Deed
<u>Exhibit D</u>	Copy of Recorded Utility Facility Access, Operation and Maintenance Easement
<u>Exhibit E</u>	Schedule of Express Third-Party Uses

(m) **Counterparts.** This Conservation Easement 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.

//signatures follow on next page//

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IN WITNESS WHEREOF, STATE has granted to Grantee, and Grantee has accepted this Conservation Easement and the parties mutually agree to the covenants set forth above, as of the Effective Date.

STATE:

AUTHORIZED PER GOVERNMENT CODE §14666

STATE OF CALIFORNIA
Department of General Services

By: _____
Michael P. Butler, Chief
Real Property Services Section

Dated: _____

APPROVAL PER GOVERNMENT CODE §14666

STATE OF CALIFORNIA
Department of Forestry and Fire Protection

By: _____
Thom Porter, Director

Dated: _____

GRANTEE:

SHASTA LAND TRUST,
a California nonprofit public benefit corporation

By: _____

Its: _____

Dated: _____

ACCEPTANCE OF CONDITIONAL RIGHT OF ENFORCEMENT

The Sierra Nevada Conservancy, a subdivision of the California Natural Resources Agency, hereby acknowledges and accepts the conditional enforcement rights set forth in Section 15 hereof.

By: _____

Its: _____

Dated: _____

[Need Notary Acknowledgement to record]

Appendix 3: Conservation Easement

EXHIBIT A

Legal Description of the Property

(Attached Behind this Page)

Appendix 3: Conservation Easement

EXHIBIT B

Property Maps
(Attached Behind this Page)

Appendix 3: Conservation Easement

EXHIBIT C

Form of Grant Deed

(Attached Behind this Page)

Appendix 3: Conservation Easement

EXHIBIT D

Copy of Recorded Utility Facility Access, Operation and Maintenance Easement
(Attached Behind this Page)

EXHIBIT E

Express Third-Party Uses
(Attached Behind this Page)

**Conservation Easement Funding Agreement
Lake Britton Planning Unit,
State Parks Donated Lands**

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 Shasta Land Trust a California nonprofit public benefit corporation (“**Grantee**”) (each a “**Party**” and collectively the “**Parties**”) with reference to the following facts:

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

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

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

D. In connection with the Land Conservation Commitment, Grantee has agreed to accept a perpetual conservation easement created pursuant to California Civil Code Section 815 *et seq.* (the “**Conservation Easement**”) over a portion of the PG&E Watershed Lands that is being donated to the California Department of Parks and Recreation by PG&E consisting of approximately 135 acres of real property located in the County of Shasta, State of California, as more particularly described in **Exhibit A** attached hereto and incorporated herein by reference (the “**Property**”).

E. Grantee has agreed to accept perpetual conservation easements over PG&E Watershed Lands that are subject to PG&E’s Land Conservation Commitment in the Cow Creek, Fall River Mills, Hat Creek, Lake Britton, Pit River, and Tunnel Reservoir planning units (the “**Watershed Properties**”).

F. In consideration of Grantee’s agreement to accept the Conservation Easement and assume the duties and obligations of the easement holder, the Stewardship Council has agreed

Appendix 4: Conservation Easement Funding Agreement

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 Shasta 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, 2022, this Agreement shall be of no further force or effect and the Parties shall thereupon be released from any obligations under this Agreement.

2. Grant Amount and Payment Terms. Effective upon the Effective Date, the Stewardship Council grants **Ninety-Nine Thousand Five Hundred Dollars (\$99,500)** (the “**Grant Funds**”) to Grantee. The Grant Funds shall be payable to Grantee within thirty (30) days of the Effective Date. Grantee will use the Grant Funds for the purposes described in this Agreement and for no other purpose without the prior written consent of the Stewardship Council. The Stewardship Council reserves the right to require the total or partial return of Grant Funds in the event Grantee fails to comply with the terms and conditions of this Agreement.

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

a. No less than Forty-Four Thousand Seven Hundred and Fifty Dollars (\$44,750) of the Grant Funds shall be deposited into a non-wasting endowment restricted solely for the purpose of funding Grantee’s costs for the stewardship and monitoring of conservation easements on the Watershed Properties (the “**Monitoring and Stewardship Endowment Funds**”). The types of allowable expenditures of these funds is described in Section 5 and 6 below.

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

c. The remainder of the Grant Funds shall be restricted for the purpose of funding Grantee’s costs for the stewardship and monitoring of any conservation easements held by Grantee, including but not limited to the conservation easements on the Watershed Properties (the “**General Monitoring and Stewardship Funds**”). Grantee may use the General Monitoring and Stewardship Funds to monitor any of its conservation easements as long as Grantee meets its obligations as described in Section 5 and 6 below.

4. Grant Deposit Requirements.

a. Within thirty (30) days of receipt of funds, Grantee will provide the Stewardship Council with evidence of deposit of the Monitoring and Stewardship Endowment Funds into an account which shall be restricted solely for the purpose of

Appendix 4: Conservation Easement Funding Agreement

funding Grantee's costs for the stewardship and monitoring of conservation easements on the Watershed Properties and shall be treated as a non-wasting endowment.

b. Within thirty (30) days of receipt of funds, Grantee will provide the Stewardship Council with evidence of deposit of the General Monitoring and Stewardship Funds and the Defense and Enforcement Funds into an account which shall be restricted to the stewardship, monitoring, and legal defense or enforcement of the conservation easements held by the Grantee, including but not limited to the Conservation Easement on the Property. Notwithstanding the right of Grantee to deposit the Monitoring and Stewardship Funds and the Defense and Enforcement Funds into a single account, the use of each type of funds is restricted as provided in Section 3 above. Neither of these accounts is required to be non-wasting.

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

5. Conservation Easement Monitoring. From and after the Effective Date, Grantee agrees to conduct regular monitoring of the Property to ensure compliance with the terms of the Conservation Easement. Grantee shall conduct on-site monitoring of the Property not less than annually to assess compliance with the terms and conditions of the Conservation Easement and note any material changes to the Property compared to the baseline documentation report and prior monitoring reports. Upon written request, the Stewardship Council or its designee shall be permitted to accompany the Grantee on its monitoring visits and to receive a copy of any monitoring report prepared by Grantee.

6. Monitoring and Stewardship Endowment Funds. Permissible uses of Monitoring and Stewardship Endowment Funds shall include, but not be limited to:

a. Regular on-site inspection and monitoring to ensure that the terms of Conservation Easement are being met;

b. Recordkeeping and preparation of reports, notices of violation, any written consent to be submitted to the fee title owner of the property which is subject to the easement, and other documentation related to the Conservation Easement and the Property;

c. Payments for staff, consultants and attorney time necessary to carry out Grantee's stewardship responsibilities with regard to its conservation easements;

d. Communications with the fee title owner of the property which is subject to the easement regarding the provisions of the Conservation Easement and planned or completed activities on the lands to be performed or allowed by the fee title owner or a licensee/lessee;

e. Responding to any inquiries or concerns raised by entities that have leases or licenses on the Property or other stakeholders who have an interest in ensuring the beneficial public values are protected.

Appendix 4: Conservation Easement Funding Agreement

7. General Monitoring and Stewardship Funds. Permissible uses of the General Monitoring and Stewardship Funds shall include but be not limited to the activities describe in Section 6 above with regard to any of the conservation easements held by Grantee.

8. 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.

9. 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.

10. Records. Grantee will indicate the Grant Funds separately on its books of account, and maintain such records in accordance with generally accepted accounting

Appendix 4: Conservation Easement Funding Agreement

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.

11. 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.

12. Assignment and Transfer of Funds. Grantee shall not assign its interest under the Conservation Easement except in accordance with the provisions of the Conservation Easement relating to permitted assignments. In the event that Grantee assigns its interest under the Conservation Easement to a successor conservation easement holder ("**Assignee**"), Grantee shall transfer all Grant Funds in its possession to Assignee and require that Assignee assume all of Grantee's obligations under this agreement.

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

14. 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.

15. 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.

Appendix 4: Conservation Easement Funding Agreement

16. 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.

17. Assignment. This Agreement may not be assigned by the Grantee in whole or in part except as provided in Section 12 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.

18. 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.

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

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

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

By: _____

Title: _____

Date: _____

Shasta Land Trust,
a California Nonprofit Public Benefit Corporation

By: _____

Title: _____

Date: _____

Exhibit A
Map of Lake Britton Planning Unit
 Page 1 of 2

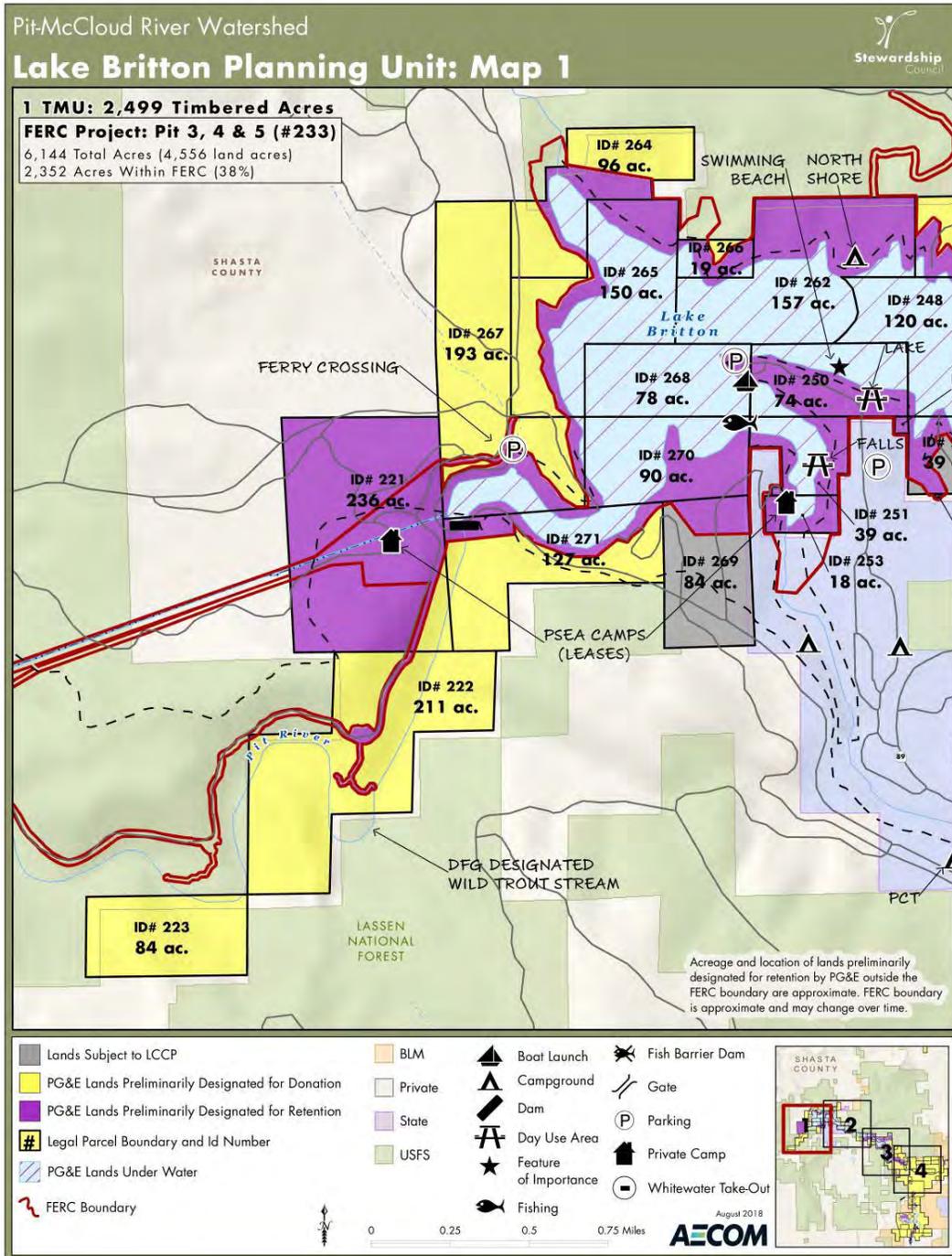


Exhibit A
Map of Lake Britton Planning Unit
 Page 2 of 2

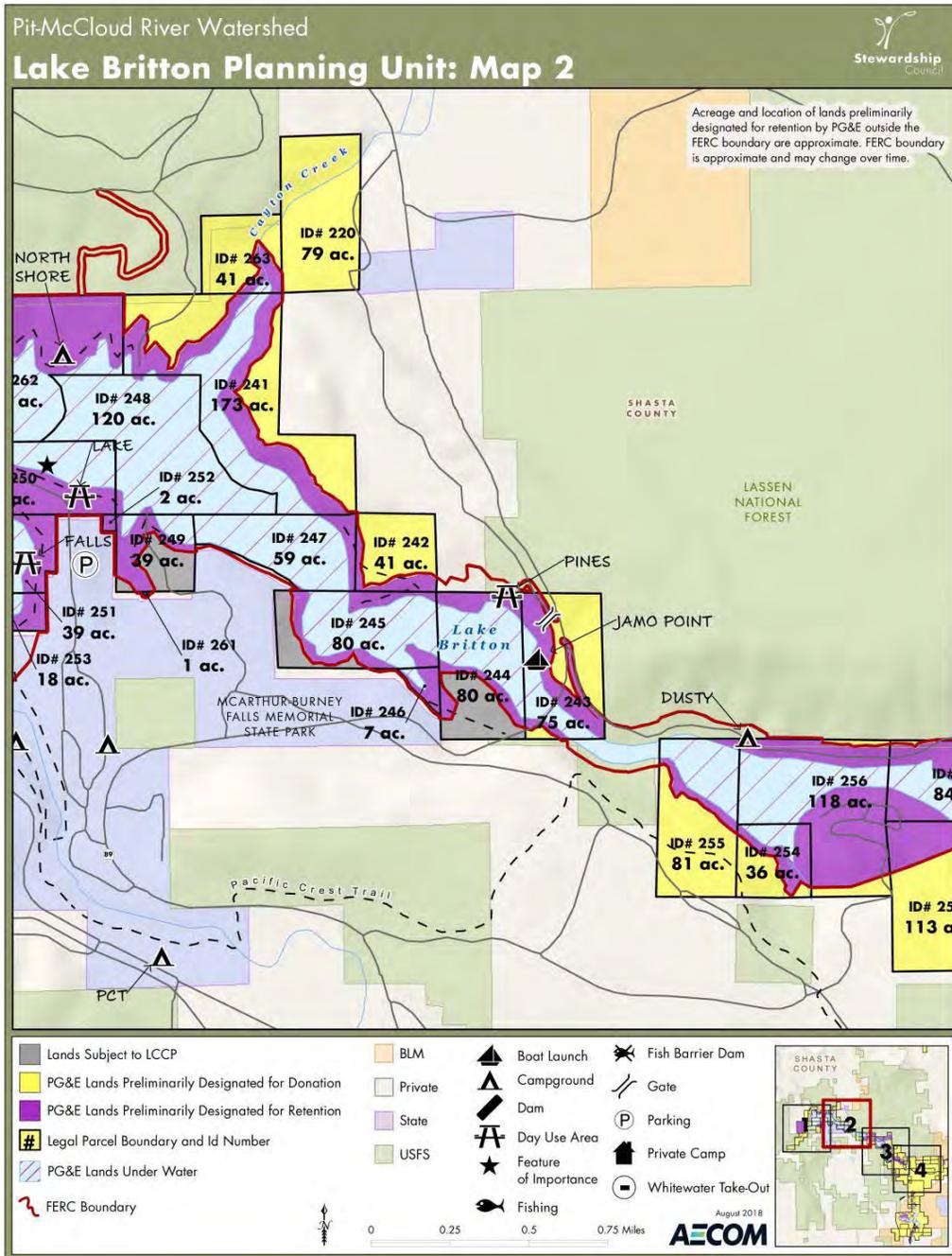


Exhibit A
Lake Britton Planning Unit
Legal Description Page 1 of 4

PARCEL 1:

PORTION OF LCP ID # 0244

PORTION OF APN: 023-080-007, AND 023-080-013

THAT CERTAIN PARCEL OF LAND SITUATE IN THE UNINCORPORATED AREA OF THE COUNTY OF SHASTA, STATE OF CALIFORNIA, INCLUDED WITHIN LOT THREE (3) AND THE NORTHWEST QUARTER (NW 1/4) OF THE NORTHEAST QUARTER (NE 1/4) OF SECTION TWENTY-EIGHT (28), TOWNSHIP THIRTY-SEVEN (37) NORTH, RANGE THREE (3) EAST, MOUNT DIABLO MERIDIAN, BEING A PORTION OF THE LANDS DESCRIBED WITHIN VOLUME 141, PAGE 486 OF DEEDS, SHASTA COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH ONE-QUARTER (N 1/4) CORNER OF SAID SECTION 28 AS SHOWN ON THAT MAP FILED FOR RECORD IN BOOK 39 OF LAND SURVEYS, AT PAGE 120, SHASTA COUNTY RECORDS, FROM WHICH THE SOUTH ONE-QUARTER (S 1/4) CORNER BEARS SOUTH 0°19'31" EAST, A DISTANCE OF 2402.35 FEET (*SHOWN AS "NORTH 0°18'26" WEST 2403.96 FEET" ON SAID MAP*); THENCE ALONG THE MID-SECTION LINE THEREOF, SOUTH 0°19'31" EAST, A DISTANCE OF 1925.39 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE LEAVING SAID LINE, SOUTH 84°48'50" EAST, A DISTANCE OF 162.97 FEET; THENCE NORTH 21°28'15" EAST, A DISTANCE OF 256.26 FEET; THENCE NORTH 41°33'56" WEST, A DISTANCE OF 341.18 FEET; THENCE NORTH 14°56'08" WEST, A DISTANCE OF 128.67 FEET TO SAID MID-SECTION LINE; THENCE ALONG SAID MID-SECTION LINE, NORTH 0°19'31" WEST, A DISTANCE OF 164.72 FEET; THENCE SOUTH 88°43'27" EAST, A DISTANCE OF 568.83 FEET; THENCE SOUTH 49°07'06" EAST, A DISTANCE OF 483.17 FEET; THENCE SOUTH 20°39'42" EAST, A DISTANCE OF 230.71 FEET; THENCE SOUTH 35°30'03" EAST, A DISTANCE OF 422.66 FEET; THENCE SOUTH 70°21'44" EAST, A DISTANCE OF 141.38 FEET TO THE EAST LINE OF SAID LOT 3; THENCE ALONG SAID EAST LINE, SOUTH 0°19'06" EAST, A DISTANCE OF 322.27 FEET TO THE SOUTHEAST CORNER OF SAID LOT 3; THENCE ALONG THE SOUTH LINE THEREOF, NORTH 89°26'15" WEST, A DISTANCE OF 1388.80 FEET TO THE SOUTHWEST CORNER OF SAID LOT 3; THENCE ALONG SAID MID-SECTION LINE, NORTH 0°19'31" WEST, A DISTANCE OF 476.96 FEET TO THE **TRUE POINT OF BEGINNING**;

CONTAINING 28.79 ACRES, MORE OR LESS.

Exhibit A
Lake Britton Planning Unit
Legal Description Page 2 of 4

PARCEL 2:

PORTION LCP ID # 0245

PORTION OF APN: 023-080-007

THAT CERTAIN PARCEL OF LAND SITUATE IN THE UNINCORPORATED AREA OF THE COUNTY OF SHASTA, STATE OF CALIFORNIA, INCLUDED WITHIN THE NORTH HALF (N 1/2) OF THE NORTHWEST ONE-QUARTER (NW 1/4) OF SECTION TWENTY-EIGHT (28), TOWNSHIP THIRTY-SEVEN (37) NORTH, RANGE THREE (3) EAST, MOUNT DIABLO MERIDIAN, BEING A PORTION OF THE LANDS DESCRIBED WITHIN VOLUME 62, PAGE 232 OF OFFICIAL RECORDS OF SHASTA COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 28 AS SHOWN ON THAT MAP FILED FOR RECORD IN BOOK 39 OF LAND SURVEYS, AT PAGE 120, SHASTA COUNTY RECORDS, FROM WHICH THE NORTH ONE-QUARTER (N 1/4) CORNER BEARS SOUTH 88°20'36" EAST, A DISTANCE OF 2779.42 FEET (*SHOWN AS "SOUTH 88°20'50" EAST 2779.96 FEET" ON SAID MAP*); THENCE ALONG SAID NORTHERLY LINE, SOUTH 88°20'36" EAST, A DISTANCE OF 361.84 FEET; THENCE LEAVING SAID NORTHERLY LINE, SOUTH 4°11'23" WEST, A DISTANCE OF 356.59 FEET; THENCE SOUTH 14°40'04" EAST, A DISTANCE OF 221.15 FEET; THENCE SOUTH 25°56'20" EAST, A DISTANCE OF 337.60 FEET; THENCE SOUTH 38°32'21" EAST, A DISTANCE OF 222.29 FEET; THENCE SOUTH 82°21'58" EAST, A DISTANCE OF 216.11 FEET; THENCE SOUTH 89°20'34" EAST, A DISTANCE OF 144.17 FEET; THENCE NORTH 69°41'11" EAST, A DISTANCE OF 215.46 FEET; THENCE NORTH 40°39'49" EAST, A DISTANCE OF 179.92 FEET; THENCE SOUTH 22°56'45" EAST, A DISTANCE OF 205.90 FEET; THENCE SOUTH 62°15'24" EAST, A DISTANCE OF 320.46 FEET; THENCE NORTH 86°33'23" EAST, A DISTANCE OF 342.70 FEET; THENCE SOUTH 44°25'13" EAST, A DISTANCE OF 236.61 FEET TO A POINT ON THE SOUTH LINE OF THE NORTH ONE-HALF (N 1/2) OF THE NORTHWEST ONE-QUARTER (NW 1/4) OF SAID SECTION 28; THENCE ALONG SAID SOUTHERLY LINE, NORTH 89°14'11" WEST, A DISTANCE OF 2219.50 FEET TO THE SOUTHWEST CORNER THEREOF, THENCE ALONG THE WEST LINE OF SAID NORTH ONE-HALF (N 1/2) OF THE NORTHWEST ONE-QUARTER (NW 1/4), NORTH 0°19'55" WEST, A DISTANCE OF 1334.22 FEET TO THE **TRUE POINT OF BEGINNING**.

CONTAINING 22.91 ACRES, MORE OR LESS.

Exhibit A
Lake Britton Planning Unit
Legal Description Page 3 of 4

PARCEL 3:

PORTION LCP ID # 0249

PORTION OF APN: 023-060-022

THAT CERTAIN PARCEL OF LAND SITUATE IN THE UNINCORPORATED AREA OF THE COUNTY OF SHASTA, STATE OF CALIFORNIA, INCLUDED WITHIN THE SOUTHWEST QUARTER (SW 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION TWENTY (20), TOWNSHIP THIRTY-SEVEN (37) NORTH, RANGE THREE (3) EAST, MOUNT DIABLO MERIDIAN, BEING A PORTION OF THE LANDS DESCRIBED WITHIN VOLUME 62, PAGE 231 OF OFFICIAL RECORDS OF SHASTA COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTH ONE-QUARTER (S 1/4) CORNER OF SAID SECTION 20, AS SHOWN ON THAT MAP FILED FOR RECORD IN BOOK 39 OF LAND SURVEYS, AT PAGE 120, SHASTA COUNTY RECORDS, FROM WHICH THE SOUTHEAST CORNER OF SAID SECTION 20 BEARS NORTH 89°49'19" EAST, A DISTANCE OF 2658.90 FEET (*SHOWN AS NORTH 89°49'28" EAST, 2660.51 FEET ON SAID MAP*); THENCE ALONG THE WESTERLY LINE OF THE SOUTHWEST ONE-QUARTER (SW 1/4) OF THE SOUTHEAST ONE-QUARTER (SE 1/4) OF SAID SECTION 20, NORTH 2°26'07" EAST, A DISTANCE OF 467.71 FEET; THENCE SOUTH 62°33'09" EAST, A DISTANCE OF 313.36 FEET; THENCE SOUTH 34°12'39" EAST, A DISTANCE OF 268.79 FEET; THENCE SOUTH 79°50'29" EAST, A DISTANCE OF 105.15 FEET; THENCE NORTH 51°11'38" EAST, A DISTANCE OF 158.91 FEET; THENCE NORTH 25°31'53" WEST, A DISTANCE OF 322.59 FEET; THENCE NORTH 47°31'46" WEST, A DISTANCE OF 260.85 FEET; THENCE NORTH 33°51'48" EAST, A DISTANCE OF 249.03 FEET; THENCE NORTH 41°18'11" EAST, A DISTANCE OF 114.60 FEET; THENCE NORTH 19°23'00" WEST, A DISTANCE OF 192.10 FEET; THENCE NORTH 74°35'51" EAST, A DISTANCE OF 225.36 FEET; THENCE SOUTH 34°45'00" EAST, A DISTANCE OF 199.28 FEET; THENCE SOUTH 48°08'47" EAST, A DISTANCE OF 107.11 FEET; THENCE SOUTH 59°42'36" EAST, A DISTANCE OF 155.96 FEET; THENCE SOUTH 79°44'13" EAST, A DISTANCE OF 309.42 FEET TO A POINT IN THE EASTERLY LINE OF SAID SOUTHWEST ONE-QUARTER (SW 1/4) OF THE SOUTHEAST ONE-QUARTER (SE 1/4); THENCE ALONG SAID EASTERLY LINE, SOUTH 1°07'33" WEST, A DISTANCE OF 809.79 FEET TO THE SOUTHERLY LINE OF SAID SECTION 20; THENCE ALONG SAID SOUTHERLY LINE, SOUTH 89°49'19" WEST, A DISTANCE OF 1329.49 FEET TO THE **TRUE POINT OF BEGINNING**.

CONTAINING 21.77 ACRES, MORE OR LESS.

Exhibit A
Lake Britton Planning Unit
Legal Description Page 4 of 4

PARCEL 4:

PORTION OF LCP ID # 0269
PORTION OF APN: 023-080-001

THAT CERTAIN PARCEL OF LAND SITUATE IN THE UNINCORPORATED AREA OF THE COUNTY OF SHASTA, STATE OF CALIFORNIA, INCLUDED WITHIN SECTION THIRTY (30), TOWNSHIP THIRTY-SEVEN (37) NORTH, RANGE THREE (3) EAST, MOUNT DIABLO MERIDIAN, BEING A PORTION OF THE LANDS DESCRIBED IN VOLUME 14, PAGE 290 OF PATENTS OF THE COUNTY OF SHASTA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF LOT FIVE (5) AND THE NORTHEAST QUARTER (NE 1/4) OF THE NORTHEAST QUARTER (NE 1/4) OF SAID SECTION THIRTY (30) LYING SOUTHERLY AND WESTERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE NORTHEAST CORNER OF SECTION 30, AS SHOWN ON THAT MAP FILED FOR RECORD IN BOOK 45 OF LAND SURVEYS, AT PAGE 124, SHASTA COUNTY RECORDS, FROM WHICH THE NORTH ONE-QUARTER (N 1/4) CORNER THEREOF BEARS SOUTH 88°59'02" WEST, A DISTANCE OF 2580.44 FEET (*SHOWN AS "NORTH 88°11'52" EAST 2580.90 FEET" ON SAID MAP*); THENCE ALONG THE EASTERLY LINE OF SAID SECTION 30, SOUTH 0°02'57" WEST, A DISTANCE OF 489.27 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE LEAVING SAID EASTERLY LINE, SOUTH 89°23'40" WEST, A DISTANCE OF 853.00 FEET; THENCE NORTH 36°24'26" WEST, A DISTANCE OF 592.57 FEET TO A POINT IN THE NORTHERLY LINE OF SAID SECTION 30, SAID POINT BEING THE **POINT OF TERMINATION**.

CONTAINING 61.88 ACRES, MORE OR LESS.

SURVEYOR'S NOTE: THE FERC (FEDERAL ENERGY REGULATORY COMMISSION) PROJECT BOUNDARY DEPICTED HEREIN ON PAGES 5 THROUGH 8, INCLUSIVE, IS BASED ON G.I.S. (GEOGRAPHIC INFORMATION SYSTEM) DATA AND EXHIBIT G-3 ENTITLED "UPPER LAKE BRITTON PIT 3, 4, AND 5 PROJECT" (FERC 233-1049)", ON FILE WITH FERC.

THE BEARINGS AND DISTANCES USED HEREIN ARE BASED UPON THE CALIFORNIA COORDINATE SYSTEM OF 1983 (CCS83), ZONE 1, (EPOCH 2011.00). DISTANCES HEREIN ARE GRID UNLESS OTHERWISE NOTED. TO OBTAIN GROUND DISTANCES, DIVIDE GRID DISTANCES BY A COMBINED GRID FACTOR OF 0.9997525.

SUBJECT TO ALL COVENANTS, RIGHTS, RIGHTS-OF-WAY AND EASEMENTS OF RECORD, IF ANY.

THIS DESCRIPTION WAS PREPARED BY ME:

Jesse Lenaker

JESSE J. LENAHER, L.S. 8515



EXHIBIT B TO CONSERVATION EASEMENT FUNDING AGREEMENT

Evidence of Grant Fund Deposit and Restriction of Use Certification

Date:	Planning Unit/Property Title: Lake Britton Planning Unit, DPR Donated lands
Grantee Name: Shasta Land Trust	Grantee Address:

*Date of Deposit of Grant Funds:		Amount Deposited:	
Bank Name:	Account Name:	Account #:	
Certification of Deposit of Grant Funds and Restricted Use of Monitoring of Conservation Easement Funds			
I, hereby state that the above referenced information is true and accurate, and understand that the above information, if misrepresented, or incomplete, may be grounds for immediate repayment of grant funds. I also agree that account activity will be restricted to the permissible uses of General Monitoring and Stewardship Funds as set forth in Section 3c and 6 of the Grant Agreement.			
Name:		Title:	
Signature:		Date:	

*Date of Deposit of Grant Funds:		Amount Deposited:	
Bank Name:	Account Name:	Account #:	
Certification of Deposit of Monitoring and Stewardship Endowment Funds in Non-Wasting Endowment			
I, hereby state that the above referenced information is true and accurate, and understand that the above information, if misrepresented, or incomplete, may be grounds for immediate repayment of grant funds. I also agree that account activity will be restricted solely for the purpose of funding Grantee's costs for the stewardship and monitoring of conservation easements on the Watershed Properties and shall be treated as a non-wasting endowment as set forth in Section 3a and 6 of the Grant Agreement.			
Name:		Title:	
Signature:		Date:	

For third section, see page 2

EXHIBIT B TO CONSERVATION EASEMENT FUNDING AGREEMENT – Page 2

*Date of Deposit of Grant Funds:		Amount Deposited:
Bank Name:	Account Name:	Account #:
Certification of Deposit of Grant Funds and Restricted Use of Defense & Enforcement Funds		
I, hereby state that the above referenced information is true and accurate, and understand that the above information, if misrepresented, or incomplete, may be grounds for immediate repayment of grant funds. I also agree that account activity will be restricted to the permissible uses of the Defense and Enforcement Funds as set forth in Section 8 of the Grant Agreement.		
Name:	Title:	
Signature:	Date:	

Return to:

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

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

PROPERTY TAX NEUTRALITY METHODOLOGY

INTRODUCTION

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

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

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

PURPOSE OF PROPOSED METHODOLOGY

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

DETERMINING TAX NEUTRALITY PAYMENT AMOUNT

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

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

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

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

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

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

Appendix 5: Tax Neutrality Methodology

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

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

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

Lump-sum payment

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

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

Appendix 5: Tax Neutrality Methodology

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

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

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

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

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

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

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

Appendix A

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

Table 1

Table 1 – Estimated Property Taxes From Land Available for Donation³

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

Appendix 5: Tax Neutrality Methodology

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

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

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

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

I.02-04-026

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

2. Process For Development of the Conservation Easements and Land Donation Plan: PG&E will work with PG&E Environmental Enhancement Corporation and the Commission in the development and implementation of the conservation easements and land donation plan. PG&E Environmental Enhancement Corporation will recommend to PG&E (1) conservation objectives for the properties, including identification of conservation values, (2) criteria for ultimate disposition of the properties, (3) conservation easements guidelines, and (4) land disposition plans.

3. Reporting Responsibilities: PG&E Environmental Enhancement Corporation will prepare a report to the Commission within 18 months of the Effective Date describing the status of the conservation easement and land disposition plan. PG&E Environmental Enhancement Corporation will make the report available to the public upon request. Every two years following the first report, PG&E Environmental Enhancement Corporation will prepare a report to the Commission on the implementation of the conservation easement and land disposition plan.

Attachment B

Conservation Easement

RECORDING REQUESTED BY:

State of California—Official Business
Department of General Services

Exempt from recording fees as per
Gov't. Code Sec. 27388.1

WHEN RECORDED MAIL TO:

STATE OF CALIFORNIA
Department of General Services
Real Property Services Division,
707 Third Street, 5th Floor, MS 505
West Sacramento, CA 95605
Attn: Acquisition Unit

WITH A COPY TO:

Executive Director
Shasta Land Trust
P. O. Box 992026
Redding, CA 96099-2026

CONSERVATION EASEMENT

THIS CONSERVATION EASEMENT (“**Conservation Easement**”) is made and entered into this ____ day of _____, 20__ (“**Effective Date**”), by and between the STATE OF CALIFORNIA (“**STATE**”), acting by and through the CALIFORNIA DEPARTMENT OF PARKS AND RECREATION (“**STATE PARKS**”), and the SHASTA LAND TRUST, a California nonprofit public benefit corporation (“**Grantee**”), with reference to the following facts:

RECITALS

A. STATE is the owner of approximately 135.35 acres of real property located in the County of Shasta (“**County**”), State of California, as more particularly described in **Exhibit A** attached hereto and incorporated herein by reference, together with all improvements and appurtenances thereto (“**Property**”). A map of the Property identifying the improvements existing on the Property as of the date of this Conservation Easement and various other natural features of the Property is attached hereto as **Exhibit B** and incorporated herein by reference (“**Property Maps**”).

B. Pacific Gas and Electric Company, a California corporation (“**PG&E**”), transferred fee title to the Property to the STATE by Grant Deed, recorded in the Official Records of the

County before recordation of this Conservation Easement, (the “**Grant Deed**”), the form of which is attached hereto as **Exhibit C** and incorporated herein by reference. PG&E transferred fee title to the Property to the STATE in connection with PG&E’s implementation of the “Land Conservation Commitment” (defined below) provided for in the following documents and described more fully below:

- a. That certain Settlement Agreement (“**Settlement Agreement**”) as modified and approved by the Public Utilities Commission of the State of California (“**Commission**”) in its Opinion and Order of December 18, 2003 (Decision 03-12-035); and
- b. That certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (“**Stipulation**”). The Stipulation provides, among other things, that conservation easements will preserve or enhance reasonable public access.

C. The Settlement Agreement and the Stipulation (collectively, “**Governing Documents**”) require PG&E to ensure that approximately 140,000 acres of watershed lands, all located in California and owned by PG&E as of the date the Governing Documents were entered into (collectively, “**Watershed Lands**”), 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 (collectively, “**Beneficial Public Values**” or “**BPVs**”). The Property is included in these Watershed Lands.

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

E. The Beneficial Public Values present at the Property are referred to herein as “**Conservation Values**” as more specifically provided below. The “**Land Conservation Commitment**” constitutes the obligations of PG&E to convey fee title and conservation easements to Watershed Lands, and to protect the Beneficial Public Values of the Watershed Lands, as well as certain other obligations related thereto, as set forth in detail in the Governing Documents.

F. The Property possesses forested, recreational, historical, scenic and open space characteristics, valuable to the people of the County, the State of California, and the public in general.

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

H. The Stewardship Council has defined the “sustainable forestry” BPV as “the practice of managing dynamic forest ecosystems to provide ecological, economic, social and cultural benefits for present and future generations.”

I. The Property includes the following specific Conservation Values:

- a. Fish, Plant and Wildlife Habitat. A diverse range of plant, animal, fungal, and micro biotic communities exist in the ecosystems that make up the Property. Terrestrial habitat within the Property supports a large population of bald eagles.
- b. Forest Resources. The Property is heavily forested. Black oak forest is common on the portion of the Property near the Pit River confluence with Lake Britton, along with some remnant apple orchard trees and incense-cedar.
- c. Open Space. The Property provides open space and scenic viewsheds for McArthur-Burney Falls Memorial State Park and Highway 299, and Highway 89, which have been designated as part of the Volcanic Legacy Scenic Byway.
- d. Historic Resources. The Property is located within the ancestral territory of the Pit River Tribe. Ethnobotanical resources have been identified, such as redbud, which is of special importance to Native Americans use. The character of the Property includes lands historically utilized by Native Americans.
- e. Outdoor Recreation. The Property provides opportunities for outdoor recreation, such as hiking, sightseeing, swimming, and birdwatching. The property contains approximately 0.25 miles of the Pacific Crest National Scenic Trail (PCT) designated under the National Trails System Act of 1968 (16 USC 124), which provides significant public recreation and scenic enjoyment through non-mechanized travel including hiking and equestrian use.

J. All rights of STATE and Grantee hereunder are subject to (i) PG&E’s reservation of certain rights in and to the Property, as set forth in the Grant Deed (“**PG&E Reserved Rights**”), (ii) that certain **Utility Facility Access, Operation and Maintenance Easement** (“**Utility Facility Access, Operation and Maintenance Easement**”) in favor of PG&E with respect to the Property, recorded in the Official Records of the County before recordation of this Conservation Easement, the form of which is attached hereto as **Exhibit D** and incorporated herein by reference (“**PG&E Easement Reserved Rights**”), and (iii) the third-party rights to use the Property in effect as of the Effective Date, as included on **Exhibit E** attached hereto and incorporated herein by reference (“**Express Third Party Uses**”).

K. 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. Grantee is a tax-exempt nonprofit organization qualified under section 501(c)(3) of the Internal Revenue Code and is eligible to acquire and hold a perpetual conservation easement pursuant to section 815.3(a) of the California Civil Code. In

furtherance of the Land Conservation Commitment and the above-described public policy purposes, STATE desires to grant to Grantee, and Grantee desires to accept from STATE, a conservation easement over and upon the Property.

L. STATE and Grantee each desires through this Conservation Easement to ensure the permanent protection of the Conservation Values. Specifically, the parties desire to assure that the Conservation Values on the Property will be protected in perpetuity as provided herein, and that uses of the Property that significantly impair the Conservation Values will be prevented or corrected.

COVENANTS, TERMS, CONDITIONS AND RESTRICTIONS

NOW THEREFORE, in consideration of the above recitals, all of which are expressly incorporated into this Conservation Easement, the mutual promises and covenants contained in this Conservation Easement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, STATE hereby voluntarily grants and conveys to Grantee, and to Grantee's successors and assigns, and Grantee hereby accepts from STATE, a perpetual conservation easement as defined by Section 815.1 of the Conservation Easement Act of 1979 (California Civil Code section 815 et seq.), of the nature and character described in this Conservation Easement, in, on, over and across the Property on the following terms and conditions as hereinafter set forth.

1. Conservation Purpose. The purpose of this Conservation Easement is as follows (“**Conservation Purpose**”): to protect the Conservation Values in perpetuity by preventing any use of the Property that will significantly impair the Conservation Values. Subject to the following terms and conditions, STATE and Grantee intend that this Conservation Easement will confine the uses of the Property to such activities that do not significantly impair the Conservation Values. As used in this Conservation Easement, the terms “significantly impair” and “significant impairment” mean a material adverse change in Conservation Values. Any consideration as to whether an actual or potential impact of a particular activity or use has or may significantly impair Conservation Values shall take into account the actual and potential impacts of the activity or use in question as well as the cumulative impacts of other uses and activities on the Property excepting therefrom the cumulative impacts of STATE's Reserved Rights (as defined below), PG&E Reserved Rights, PG&E Easement Reserved Rights and the Express Third Party Uses. In every evaluation of whether significant impairment of Conservation Values has occurred or is threatened, Grantee shall evaluate the magnitude (including, without limitation, consideration of the rarity and fragility of the natural resource affected and the area of land, wildlife habitat or vegetation community involved both locally and in relation to total acreage of that type of land, wildlife habitat or vegetation community in the Property) and the duration of the actual or potential change(s).

STATE and Grantee acknowledge that the Governing Documents reflect the intention of the parties thereto (1) to honor Express Third-Party Uses and (2) 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 of the other Conservation Values, STATE and Grantee understand that achieving the Conservation Purpose requires the preservation and protection, on balance, of all of the Conservation Values actually existing on the Property, to the extent possible. It is recognized that in protecting and/or enhancing one or more of the Conservation Values, another Conservation Value may be impaired, but this is not meant to be a permanent occurrence, nor a reason to re-prioritize one Conservation Value over another. All attempts should be made to balance on a collective basis, the Conservation Values on the whole Property whenever possible. This Conservation Easement prohibits use of the Property for any purpose that would significantly impair the Conservation Values on a collective, not individual basis, taking into account the relative condition and quality of each of the Conservation Values existing on the Property as of the Effective Date.

2. PG&E Reserved Rights. All rights and obligations of STATE and Grantee under this Conservation Easement are subject to the PG&E Reserved Rights. In the event of a conflict between the PG&E Reserved Rights and the Conservation Purpose, this Conservation Easement shall be construed to unconditionally permit the exercise of the PG&E Reserved Rights.

3. Utility Facility Access, Operation and Maintenance Easement. All rights and obligations of STATE and Grantee under this Conservation Easement are subject to the PG&E Easement Reserved Rights. In the event of a conflict between the PG&E Easement Reserved Rights and the Conservation Purpose, this Conservation Easement shall be construed to unconditionally permit the exercise of the PG&E Easement Reserved Rights.

4. Baseline Documentation Report. The parties hereto acknowledge that a baseline documentation report (“**Report**”) has been prepared, a copy of which is on file with STATE and Grantee at their respective addresses for notices set forth below. The Report contains representations of the physical condition of the Property existing as of the Effective Date. The Report is intended to serve as an objective, though nonexclusive, information baseline for monitoring compliance with the terms of this Conservation Easement. Notwithstanding the foregoing, if a controversy arises with respect to the nature and extent of the physical or biological condition of the Property or the historical uses of the Property or the permitted uses of the Property under this Conservation Easement, 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 controversy.

5. Rights Conveyed To Grantee. In order to accomplish the Conservation Purpose, STATE transfers and conveys to Grantee the following rights and interests:

(a) **Preserve and Protect.** Subject to the exceptions listed in **Section 6(a)** below and elsewhere in this Conservation Easement, Grantee has the right to identify, preserve and protect in perpetuity the Conservation Values.

(b) **Entry and Access Rights.** Grantee and Grantee’s directors, officers, employees, contractors, subcontractors, consultants, representatives, and agents, including entities authorized by Grantee to conduct monitoring activities on Grantee’s behalf (“**Grantee’s**”

Representatives”), are hereby granted rights of access to enter upon the Property, and may enter upon the Property after giving notice to STATE, as required below, in order to monitor compliance with and otherwise enforce the terms of this Conservation Easement, to determine whether STATE’s activities are in compliance with the terms of this Conservation Easement and to take all actions deemed necessary by Grantee to identify, preserve, protect, and monitor in perpetuity the Conservation Values, all in compliance with the provisions of **Section 11**. Except in cases where Grantee determines that immediate entry is required to prevent, terminate, or mitigate a violation of this Conservation Easement, Grantee shall give STATE fourteen (14) days prior written notice of such entry. Grantee’s Representatives may enter the Property immediately, where such entry is necessary to prevent, terminate, or mitigate damage to, or the destruction of any of the Conservation Values, or to prevent, terminate or mitigate a violation of the terms of this Conservation Easement. STATE’s representatives shall have the right to accompany Grantee’s Representatives during monitoring visits or on any other visit permitted by this **Section 5(b)**. All access and entry allowed under this **Section 5(b)** shall be made in a manner that will not unreasonably interfere with the permitted use(s) or enjoyment of the Property by STATE, its successors in interest, and any legally-recognized user(s) of the Property, including without limitation, PG&E with regards to the exercise of any PG&E Reserved Rights or PG&E Easement Reserved Rights, and third-parties with regards to the exercise of any Express Third Party Uses.

(c) **Enforcement.** Subject to and in accordance with the provisions of **Section 11**, Grantee, has the right to enforce the terms of this Conservation Easement, to enjoin any activity on the Property or other use of the Property which is in violation of the terms of this Conservation Easement, and to enforce the restoration of such areas or features of the Property as may hereafter be damaged as a result of activity or use that is determined to be in violation of this Conservation Easement. Any requirement of STATE to expend monies to act and/or restore the Property under this Conservation Easement shall be subject to **Section 11(d)** of this Conservation Easement.

6. Prohibited Uses, Change in Use, Unauthorized Use, Acts of God, Emergencies, Acts of Unrelated Third Parties.

(a) **Prohibited Uses.** Any activity on or use of the Property that significantly impairs Conservation Values is prohibited. Without limiting the generality of the foregoing, STATE will not actively engage in, or knowingly permit others to actively engage in, the following prohibited uses (collectively, “**Prohibited Uses**”) which could significantly impair Conservation Values and are in violation of the terms of this Conservation Easement and therefore prohibited on the Property, in each case (1) except as required or permitted pursuant to the PG&E Reserved Rights or the PG&E Easement Reserved Rights (as described in **Sections 2 and 3** above); (2) except as permitted under, and performed in accordance with, Express Third Party Uses; (3) except as expressly permitted under **Sections 6 and 8** below and elsewhere in this Conservation Easement; and (4) except as required to be undertaken under any Applicable Law (as defined below):

(i) Construction and Development. STATE reserves the right to develop no more than a total of ten (10) acres of the Property within one or more building envelopes (“**Building Envelopes**”), the locations of which are to be determined in the future. Development within the Building Envelopes shall be limited to uses that further the preservation of the state's extraordinary biological diversity, protection of its most

valued natural and cultural resources, or creation of opportunities for high-quality outdoor recreation. Grantee shall provide written approval, which shall not be unreasonably withheld or delayed, of any other proposed development or use within the Building Envelopes. Development within the Building Envelopes shall be constructed in a neutral style in keeping with the surrounding environment so that it unobtrusively blends into the surrounding environment. Examples of such development include, but are not limited to, campgrounds, horse corrals, picnic shelters, restrooms, caretaker residence, storage facilities, parking and visitor interpretation facilities to serve the Property. Before constructing any improvement(s) within the Building Envelopes, (i) STATE and Grantee shall designate the exact location of the Building Envelopes by survey or other reasonably precise method at STATE's cost, and (ii) STATE shall record in the Official Records of the County a map and addendum to this Conservation Easement signed by the parties which identifies the designated location of the Building Envelopes. Prior to construction, Building Envelopes may be relocated if unforeseen circumstances prevent and/or unreasonably limit construction within previously selected Building Envelopes. Under no circumstances shall the aggregate acreage of the selected Building Envelopes exceed ten (10) acres in total size.

In accordance with **Sections 8(g) and 8(i)**, development, installation, protection, and use of utilities and underground water resources on the Property to serve the permitted structures and/or development within the Building Envelopes (“**Support Infrastructure**”), may extend outside of the Building Envelopes. Support Infrastructure may include, without limitation, access roads, wells, pump houses, underground pipelines, electricity facilities, and any additional infrastructure and/or storage facilities required, including parking only to the extent connected with such Support Infrastructure. Any existing structures (detailed in Report) and utilities may be maintained and repaired/replaced as necessary.

(ii) Use or Transfer of Development Rights. All development rights that are now or hereafter allocated to, implied, reserved, or inherent in or to the Property are terminated and extinguished and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described, or to any other property (whether adjacent or otherwise).

(iii) Subdivision. Notwithstanding that the Property is comprised of more than one legal parcel, there shall be no legal or *de facto* sale, conveyance or gift of less than all of the parcels within the Property, nor any further division, subdivision or partitioning of the Property. The Property may not be sold, conveyed or otherwise transferred in separate parcels or lots, and STATE shall continue to maintain the parcels comprising the Property, and all interests therein, under common ownership, as though a single legal parcel.

(iv) Dumping or Salvage. There shall be no dumping, storage or other disposal on the Property of soil, trash or garbage except for (a) refuse generated on the Property which may be stored on the Property on a temporary basis prior to its removal from the Property in areas where the Conservation Values of the Property are not significantly impaired, or (b) compostable refuse generated on the Property which may be

disposed of on the Property in a responsible manner which does not significantly impair the Conservation Values of the Property. There shall be no dumping, storage or other disposal on the Property of ashes, sludge, Hazardous Substances (as defined below), or other unsightly or dangerous materials. This restriction does not apply to ashes from wildfire or other fire conducted for resource management or research purposes. There shall be no storage or disassembly on the Property of inoperable automobiles, trucks, or other vehicles or equipment for purposes of sale, or rental of space for that purpose. Pursuant to **Section 6(c)** below, STATE shall make a reasonable effort to prevent unauthorized dumping by the public.

(v) Vegetation. There shall be no removal, cutting or destruction on the Property of native vegetation except as permitted herein. STATE reserves the right to (a) prune, cut down or remove dead or diseased trees, shrubs and other vegetation and to prune, as reasonably necessary and appropriate to control or prevent hazardous conditions or fire and to keep fire roads and trails clear and (b) exercise any of the exceptions listed in **Section 6(a)**. Except as authorized under the provisions of **Section 8(a)**, there shall be no deliberate introduction by STATE on the Property of any invasive plant (defined below) outside of the Building Envelopes. Invasive vegetation, whether native or nonnative, may be removed, cut, or destroyed at STATE's discretion. An invasive plant is defined as a plant tending to spread prolifically and undesirably or harmfully. Lists of native, non-native and invasive plants can be found on the California Natural Diversity Database (CNDDDB) website or in the Jepson Manual.

(vi) Roads. There shall be no oiling of roads or creation of new roads except with prior written consent of Grantee or as otherwise expressly authorized herein. New roads are permitted to the extent incorporated in a forest management plan, provided such roads do not significantly impair Conservation Values. New roads or the resurfacing of existing roads is permitted within and for ingress and egress to the Building Envelopes. In addition, STATE may, after providing written notice to Grantee, improve roads outside the Building Envelopes in conjunction with permitted maintenance, repair, replacement and construction of improvements under this Conservation Easement. STATE will take reasonable actions to ensure abandoned roads that were originally constructed by STATE blend with the surrounding landscape subject to the provisions of **Section 11(d)** below. STATE reserves the right, but shall have no obligation, to maintain the existing network of roads on the Property as shown in **Exhibit B**. Dust abatement treatments or placing rock on the road network is permitted.

(vii) Fences and Walls. Except with prior written consent of Grantee, which shall not be unreasonably withheld or delayed, and pursuant to one of the exceptions listed in **Section 6(a)** or as reasonably necessary in connection with permitted research or for public safety purposes or as otherwise expressly authorized herein, there shall be no construction of any new, permanent fences or walls outside of the Building Envelopes. STATE may repair or replace existing and/or otherwise permitted fences or walls on the Property. With prior written consent of Grantee, which shall not be unreasonably withheld or delayed, STATE may construct retaining walls to replace existing and/or otherwise permitted fences and walls where other approaches are not appropriate.

(viii) Alteration of Land or Excavation. There shall be no filling, excavating, grading, draining or dredging on the Property, nor any change in the general topography of the Property, except if necessary to protect or enhance the Conservation Values, for public health and safety related to enjoyment of Conservation Values, or pursuant to one of the exceptions listed in Section 6(a) or as otherwise expressly authorized herein; provided, however, that the STATE's exercise of exceptions in this section shall be subject to the prior written consent of Grantee.

(ix) Mining and Drilling. There shall be no mining, dredging, drilling, removing, or exploring for or extracting of minerals, oil, gas, coal, or other hydrocarbons, soils, sands, gravel, loam, rocks or any other material on, under, or at the Property; provided, however, in no event shall the foregoing restriction be deemed to prohibit testing, drilling or operating groundwater wells on the Property as reasonably necessary in connection with STATE's exercise of any permitted rights. Utilizing existing rock pits for use on roads located within the Property are allowed, as long as such activity does not significantly impair the Conservation Values.

(x) Historical and Cultural Resource Identification. There shall be no activities, actions or uses that disturb or impair any identified historical or cultural resources on the Property in violation of state or federal law.

(xi) Water Resources. There shall be no development of any waters on the Property for fish farming or any other commercial or industrial purpose. Except with prior written consent of Grantee and pursuant to one of the exceptions listed in **Section 6(a)** or as otherwise expressly authorized herein, there shall be no manipulation or alteration of natural water courses, wetland, stream bank, shorelines or bodies of water or activities or uses that significantly impair water quality. Groundwater wells may be installed for local use on the Property as reasonably necessary to support the permitted uses of the Property under **Section 8** below.

(xii) Water Rights. There shall be no severance, conveyance, impairment or encumbrance of water or water rights appurtenant to the Property, separately from the underlying fee title to the Property, or other action which diminishes or extinguishes such water rights, and this Conservation Easement shall not sever or impair any riparian water rights appurtenant to the Property.

(xiii) Water Quality Degradation. There shall be no uses permitted under this Conservation Easement whereby runoff from such uses results in a violation of applicable federal, state, and local water quality laws.

(xiv) Pacific Crest National Scenic Trail- The State will coordinate the management and operation of the PCT and feeder trails including, but not limited to, signing, condition surveys, trailhead and trail use surveys, water development, construction and maintenance activities in accordance with the Comprehensive Management Plan for the Pacific Crest National Scenic Trail as may be amended from time to time.

(b) **Changes in Use.** STATE understands that the Prohibited Uses may be more economically valuable than permitted uses under this Conservation Easement and that neighboring properties may in the future be put entirely to such Prohibited Uses. It is the intent of both STATE and Grantee that any such changes shall not be deemed to be circumstances justifying the termination, extinguishment or modification of this Conservation Easement. In addition, the inability of STATE, or STATE's successors, or assigns, to conduct or implement any or all of the uses permitted under the terms of this Conservation Easement, or the unprofitability of doing so, shall not impair the validity of the Conservation Easement or be considered grounds for the termination, extinguishment or modification of same.

(c) **Unauthorized Third Party Uses and STATE's Obligations.** If Grantee discovers any unauthorized third-party use or activity on the Property that violates the terms of this Conservation Easement, and Grantee gives STATE written notice thereof, STATE shall use reasonable efforts to stop or prevent any such unauthorized use of the Property, subject to the provisions of **Section 11(d)** below.

(d) **Acts of God; Emergencies; Acts of Unrelated Third Parties; Pre-Existing Conditions.** Nothing in this Conservation Easement shall require STATE to take any action to restore the condition of the Property (i) after any Act of God, which includes, without limitation, fire, climatic change, flood, storm, earth movement, or natural evolutionary changes in the condition of the Property from that described in the Report; (ii) after any action taken by STATE under emergency conditions to prevent, abate, or mitigate unreasonable impairment to the Conservation Values, or to any person resulting from such causes; (iii) after any acts of unrelated third parties, so long as STATE has satisfied its obligations under **Section 6(c)**, above, and **Section 7(d)**, below; or (iv) if such condition existed prior to the Effective Date of this Conservation Easement.

7. Public Access:

(a) **Informal Uses and Public Access.** STATE and Grantee recognize that the Property has been used by third parties and/or members of the public for recreational, cultural, and other non-commercial or informal purposes without formal written agreements to conduct such activities (the "**Informal Uses**"). STATE and Grantee further recognize that access to the Property is inherent or may be inherent in the enjoyment of the Conservation Values and the Informal Uses. Consistent with the objectives articulated in the Governing Documents to provide continued reasonable access by the public to the Watershed Lands, STATE shall allow public access to the Property that is substantially consistent with the public access existing on the Effective Date of the Conservation Easement. STATE reserves the right to make reasonable rules and regulations to control, limit, or, as necessary, exclude Informal Uses and public access, including without limitation, (i) by posting and other means; and (ii) by restricting access to areas of the Property under active cultivation, grazing, study, temporarily to prevent vandalism and dumping, seasonally to prevent erosion/sedimentation concerns, or for safety purposes during timber harvesting or other permitted management activities that may pose a hazard. STATE shall make reasonable efforts to prevent Informal Uses that significantly impair the Conservation Values.

(b) **New or Increased Public Access.** If STATE desires to allow new public access or Informal Uses or expansion of public access or Informal Uses on the Property, Grantee's advance written consent is required, which consent shall not be unreasonably withheld, provided such new or expanded use does not significantly impair the Conservation Values.

(c) **Limitations and Conditions.** Sections 7(a) and 7(b) above are subject to the following:

(i) **Liability Limitation.** STATE and Grantee claim all of the rights and immunities against liability for injury to the public to the fullest extent allowable by law, including without limitation, under the California Tort Claims Act, California Government Code section 810 et seq., as amended and any successor provisions thereof.

(ii) **Periodic Review of Informal Uses.** As part of Grantee's annual compliance monitoring, (i) STATE and Grantee shall consult on the known Informal Uses and public access on the Property conducted under Sections 7(a) and 7(b) above during the preceding monitoring period for the purpose of Grantee's assessment of STATE's compliance with the requirements set forth in those sections; and (ii) with respect to Informal Uses allowed by the STATE on the Property in accordance with Section 7(a) above, STATE and Grantee will consult, and include recommendations, if any, regarding the necessity of controlling, limiting, or excluding Informal Uses to ensure the protection of the Conservation Values from significant impairment.

(d) **Unauthorized Public Access.** If STATE or Grantee discovers any unauthorized public access use or activity that violates the terms of this Conservation Easement, STATE shall use reasonable efforts, in consultation with Grantee, to stop or prevent any such unauthorized use of the Property, subject to the provisions of Section 11(d) below. The Parties acknowledge and agree that any form of legal action by STATE shall be subject to authorization by the California Attorney General.

8. STATE's Reserved Rights: Notwithstanding anything to the contrary in this Conservation Easement, STATE expressly reserves all rights accruing from the ownership of the Property, including the right to engage in or permit or invite others to engage in all uses of the Property that are not expressly prohibited by this Conservation Easement and are not in conflict with the Conservation Purpose ("STATE's Reserved Rights"). Pursuant to California Civil Code section 815.4, all interests in the Property not expressly transferred and conveyed to Grantee by this Conservation Easement or reserved to PG&E as the PG&E Reserved Rights or the PG&E Easement Reserved Rights, (as described in Sections 2 and 3 above), shall remain with STATE. In exercising STATE's Reserved Rights, STATE will (i) use reasonable efforts to consult with Grantee, and (ii) use reasonable efforts to employ methods and practices that will not significantly impair the Conservation Values.

The following uses and practices, though not necessarily an exhaustive recital of consistent uses and practices, are expressly permitted under this Conservation Easement:

(a) **Habitat/Vegetation Management.** The Property may be used to create,

maintain, restore, or enhance habitat for wildlife and native biological communities.

- i. Prescribed Burning. STATE may conduct or cause to be conducted prescribed burning for habitat improvement and fuel reduction purposes, if it does not significantly impair the Conservation Values. Any prescribed burning must be carried out in accordance with a prescribed burning plan administered by the responsible government agencies. Any post-fire restoration of the Property by STATE must be approved in advance by Grantee, which shall not be unreasonably withheld or delayed.
- ii. Down and Dead Wood. STATE may conduct or cause to be conducted cutting and removal of down and dead wood consistent with generally accepted good habitat management practices, fire reduction, and for safety purposes. STATE and Grantee intend that some down and dead wood remains on the Property to encourage habitat nesting and foraging.
- iii. Fire. In the event of a fire, STATE may harvest and sell salvageable trees in accordance with any existing or new timber harvest plan consistent with generally accepted good management practices, as those practices may be identified from time to time by appropriate governmental or educational institutions, and in a manner not wasteful of soil resources or detrimental to water quality or conservation. Grantee approval is not required for tree removal for emergency fire control.
- iv. Non-Native Plants. STATE reserves the right to remove and control non-native plants, invasive native plants and noxious weeds (such as thistle), provided that the measures taken to remove and control the non-native and native plants and noxious weeds, including controlled burning, comply with Applicable Laws (as defined in Section 9 below) and regulations and do not significantly impair the Conservation Values of the Property. STATE reserves the right under a forest management plan approved by Grantee, which shall not be unreasonably withheld or delayed, under Section 8(b)(iii) below to introduce non-native species and species from different areas and seed zones for the purposes of research, adaptive management, ecosystem restoration and other objectives.
- v. Vegetation Restoration. STATE may remove vegetation as reasonably required to construct and maintain buildings, structures, roads, trails and other improvements specifically permitted under this Conservation Easement and provided that, following any construction, vegetation shall be restored in a timely manner to a condition consistent with the

condition immediately preceding undertaking of such activity unless restoration would cause more significant harm to Conservation Values than allowing the site to continue as is in the reasonable determination of STATE.

(b) **Forest Management.**

- i. STATE may undertake commercial and/or non-commercial forest management activities on the Property for any of the following purposes: (1) to promote the health and sustainability of the Property's natural resources; (2) to protect and enhance the Property's riparian resources; (3) to maintain an ecologically appropriate species mix of overstory and understory vegetation; (4) to protect and enhance wildlife habitat for native species historically present on the Property; (5) to protect cultural resources on the Property; (6) to control invasive and non-native vegetation; and (7) to prevent, mitigate, and/or respond to any natural disaster (such as wildfire, significant insect and disease outbreak, or significant wind damage).
- ii. Forest management activities for the purposes outlined in paragraph (i) may include, but shall not be limited to, timber harvesting; salvage logging; conversion of vegetation types; pre-commercial and commercial thinning of conifer and hardwood trees; fuels management; tree planting; control of undesirable vegetation and pests; habitat maintenance and enhancement; and road and watercourse crossing construction, maintenance, repair, and enhancement.
- iii. Grantee shall approve, which shall not be unreasonably withheld or delayed, any existing or future forest management plan before STATE begins forest management activities outlined in **Section 8 (b)** above. STATE and Grantee shall review and discuss such plan periodically, as appropriate.

- (c) **Nuisance Animals.** In accordance with Applicable Laws, STATE reserves the right to control animals on the Property that (a) pose or threaten to pose a hazard to persons or property or (b) threaten to significantly impair one or more of the Conservation Values, or (c) if required under an existing Express Third Party Use agreement.

(d) **Development.** Subject to **Section 6(a)**, any and all development on the Property shall be restricted to the Building Envelopes, and shall comply with all Applicable Laws. Additionally, development shall be constructed in a manner and with a design complementary to the surrounding environment.

(e) **Recreational Use.** Recreational use by STATE and the general public is permitted in accordance with **Section 7**.

(f) **Motorized Vehicles.** STATE reserves the right to use motorized vehicles on the Property, including off-road vehicles (such as motorcycles and all-terrain vehicles) for non-recreational purposes, specifically for ingress and egress purposes, for practices permitted under this Conservation Easement (including forest management activities), and for patrolling purposes, provided that such uses do not significantly impair the Conservation Values.

(g) **Water and Irrigation.** STATE reserves the right to conduct the following:

(i) develop groundwater wells where necessary. Such wells and their associated infrastructure must be in accordance with **Section 8(i)** below;

(ii) subject to Grantee's prior written consent, develop wildlife enhancement ponds and/or guzzlers in a manner that does not significantly impair the Conservation Values; and

(iii) develop water drafting sites that minimize impacts to water quality, riparian species, and the Conservation Values. Water drafting sites may be used for water collection for dust abatement, fire suppression purposes or other activities associated with the Property, and must be sited, constructed and maintained in order to not significantly impair the Conservation Values of the Property.

(h) **Waste and Hazardous Substances.** The dumping, release, burning, permanent storage or disposal of waste, refuse, debris, motorized vehicles or hazardous materials is prohibited; provided, however, that vehicles, building materials, machinery or supplies, including, without limitation, petroleum products and pesticides, required for permitted and legal uses may be temporarily stored on roads, landings, and other clearings outside of riparian zones in compliance with all Applicable Laws; and provided that organic debris from forest management activities permitted in this Conservation Easement may be piled, burned or otherwise treated in a manner that is consistent with applicable regulations and the forest management plan approved by Grantee under Section 8(b)(iii) below.

(i) **Utilities.** STATE reserves the right to grant utility easements on and over the Property to serve the allowed improvements and uses within the Building Envelopes in accordance with **Section 6(a)**, provided the uses under such easements do not significantly impair the Conservation Values. Right-of-way widths shall comply with the requirements of the California Forest Practice Act and Rules and any other applicable state or federal laws. All utility infrastructure on the Property shall serve only the improvements permitted on the Property, except that any electricity generated from permitted utility infrastructure facilities in excess of requirements of the permitted improvements and uses on the Property may be sold to public utilities. Notwithstanding the foregoing, commercial power generation, collection or transmission facilities are prohibited.

The construction, operation and maintenance of power lines and pipelines are permitted, provided that, without limiting the PG&E Reserved Rights and PG&E Easement Reserved Rights, STATE shall use reasonable efforts to bury transmission or power lines or pipelines related to such activity or to align such lines along roadways, and the construction of new power lines and pipelines hereunder shall be limited to the support of STATE's permitted

activities hereunder must be unobtrusively sited and shall not significantly impair the Conservation Values.

(j) **Renewable Energy Sources.** STATE reserves the right, subject to prior written consent from Grantee, to construct renewable energy structures such as photovoltaic cells, solar arrays, and windmills, for generation of power for use on the Property, including generation of power for research equipment, provided, however, that: (i) all such renewable energy structures shall be located within **Building Envelopes**, with the limited exception of solar energy structures used to power research equipment allowed to be used elsewhere on the Property; and (ii) no construction of renewable energy structures shall significantly impair the Conservation Values. Grantee's consent shall not be unreasonably delayed or withheld. STATE and Grantee agree that the provisions of this **Subsection 8(j)** restricting the locations of the installation of renewable energy systems and prohibiting the construction of renewable energy structures that would significantly impair the Conservation Values are "reasonable restrictions" within the meaning of California Civil Code § 714."

(k) **Future Easements, Leases, Licenses, Permits, and Contracts.** Excepting the Express Third Party Uses which are subject to **Section 10** below, STATE reserves the right to grant subsequent easements, leases, licenses, permits and contracts on or relating to the Property, provided that any such subsequent easement, lease, license, permit, or contract is for a permitted use and is subordinate, subject to, and consistent with the terms of this Conservation Easement, which is documented in a separate written agreement, subject to Grantee's consent, which consent shall not be unreasonably withheld, conditioned or delayed. If STATE wishes to grant subsequent easements, leases, licenses, permits and contracts on or relating to the Property, STATE shall so notify Grantee at least sixty (60) days in advance of any such proposed grant, shall provide to Grantee a copy of any proposed easement grant document together with any such additional information relating to the proposed grant as Grantee may reasonably request. STATE shall request Grantee's consent of such grant. Grantee will review the proposal and may, in its reasonable discretion, (a) approve the proposal as being consistent with the Conservation Purpose or (b) approve the proposal on conditions intended to ensure its consistency with the Conservation Purpose or (c) disapprove the proposal as being actually or potentially inconsistent with the Conservation Purpose. Failure of Grantee to respond in writing within sixty (60) days shall be deemed consent of the proposal as being consistent with the Conservation Purpose.

(l) **Trails.** STATE reserves the right to build multi-use recreation trails on the Property provided all new trails are included in a Trails Plan, as required by the McArthur-Burney Falls Memorial State Park General Plan or similar management plan ("**Trails Plan**"), approved by Grantee, which shall not be unreasonably withheld or delayed, and are sited, constructed, and used in a manner that does not significantly impair the Conservation Values. Trails shall not damage soil, vegetation, or water quality in any riparian areas identified in the Report. Any trails built by the STATE and later abandoned promptly shall be restored to a condition consistent with the surrounding landscape subject to the provisions of **Section 11(d)** below.

(m) **Wildfire Suppression and Property Restoration.** In instances of active wildfires on or in immediate vicinity of the Property, STATE reserves the right to suppress the wildfire by any means necessary, at full discretion of STATE. All wildfire suppression activities will be carried out, to the extent practicable, in a manner that minimizes negative impacts to the Conservation Values. The STATE shall ensure installation of erosion control on all constructed firelines, if needed. Within the riparian zones, an organic surface cover shall be applied to areas of exposed soil caused by fireline construction.

(n) **Animal Grazing.** Due to state and local open-range laws in effect on the Property as of the Effective Date, STATE shall not be required herein to exclude from the Property livestock owned by persons without express agreements for access, provided, however, that STATE, in its sole and absolute discretion, may, but shall not be obligated to, construct, maintain, repair, and replace fences for the purpose of excluding such livestock from all or any portion of the Property.

(o) **Plant Gathering.** STATE reserves the right to allow pre-approved collection of native plants, historically collected by Native Americans and other ethnic groups, for traditional purposes.

9. Responsibility for Operations. Nothing in this Conservation Easement shall be construed as giving any right or ability to Grantee to exercise physical or managerial control of the day-to-day operations of the Property or of STATE's activities on the Property. STATE shall have and retain all responsibility for, the ownership of the Property, and, in connection with STATE's use or occupancy of the Property, compliance with any present and future applicable laws, ordinances, rules, regulations, permits, authorizations, orders and requirements, whether or not in the current contemplation of the parties, which may affect or be applicable to the Property or any part of the Property (including, without limitation, any subsurface area), all consents or approvals required to be obtained from, and all rules and regulations of, and all building and zoning laws of, all federal, state, county and municipal governments, the departments, bureaus, agencies or commissions thereof, authorities, board of officers, any national or local board of fire underwriters, or any other body or bodies exercising similar functions, having or acquiring jurisdiction of the Property (in each case, an "**Applicable Law**" and, collectively "**Applicable Laws**"), except as expressly stated otherwise in this Conservation Easement. Without placing any limitation on the foregoing sentence, the parties agree as follows:

(a) **Condition of Property.** Grantee shall have no duty or responsibility for (i) the operation or maintenance of the Property except to the extent specifically undertaken by Grantee as permitted under this Conservation Easement, (ii) the monitoring of any hazardous conditions thereon, or (iii) the protection of STATE, the public, or any other person or entity from any risks relating to conditions on the Property, except to the extent that the risks involved are the result of the activities of Grantee or Grantee's Representatives on the Property.

(b) **Taxes.** Grantee shall have no duty or responsibility for real property taxes and assessments levied by competent authority on the Property.

(c) **Permits and Approvals.** STATE shall be solely responsible for obtaining any and all applicable governmental permits and approvals for, and otherwise complying with all

Applicable Laws relating to, any activity or use of the Property by STATE which is permitted by this Conservation Easement; provided, however, STATE shall have no responsibility pursuant to this Conservation Easement for obtaining permits and approvals required on behalf of unrelated third parties who use the Property. Grantee shall be solely responsible for obtaining any and all applicable governmental permits and approvals for, and otherwise complying with all Applicable Laws relating to, any activity on or use of the Property by Grantee which is permitted by this Conservation Easement.

(d) **No Owner or Operator Liability.** The parties do not intend this Conservation Easement to be, and this Conservation Easement shall not be, construed such that it creates in or gives to Grantee any of the following solely as the result of being a passive holder of the Conservation Easement:

(i) The obligations or liability of an “owner” or “operator” or “arranger,” as those terms are defined and used in Environmental Requirements, including, but not limited to, CERCLA;

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

(iii) The obligations of a responsible person under any applicable Environmental Requirements (as defined below);

(iv) The right to investigate and remediate any Hazardous Substances associated with the Property; or

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

As used in this Conservation Easement the term “**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 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. As used in this Conservation Easement, the term “**Hazardous Substances**” means any hazardous or toxic material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government under any Environmental Requirements, including, 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. § 1251 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 Safe Drinking Water Act (42 U.S.C. § 300f et seq.); the River and Harbors 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. § 1926.1 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 § 117600 et seq.); the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13020 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 & Safety Code § 25300 et seq.); the Hazardous Waste Control 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) which 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, any State of the United States or any political subdivision thereof; or which cause, or are listed by the State of California as being known to the State of California to cause, cancer or reproductive toxicity; or

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

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

(F) which contains radon gas.

(e) **Reporting to Grantee.** Not less frequently than annually, STATE shall make reasonable efforts to inform Grantee of the construction and/or development activities that STATE anticipates undertaking on the Property within the following twelve (12) months. In the event Grantee determines that any of the anticipated activities may violate the terms of this Conservation Easement, the parties will meet and confer regarding such activities within thirty (30) days after Grantee's written request.

10. Express Third Party Uses. Exhibit E hereto describes the existing third party uses of the Property permitted with the express agreement of STATE ("**Express Third Party Uses:**"). STATE retains the right to maintain, renew, and replace all agreements memorializing the Express Third Party Uses ("**Third Party Use Agreements**") and to engage in all activities reasonably required to comply with STATE's obligations with respect to the Express Third Party Uses, subject to the following conditions:

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

(b) **Renewal or Replacement of Third Party Use Agreements.** All Third Party Use Agreements existing on the date hereof are identified on Exhibit E. As Third Party Use Agreements are renewed or replaced (either with the existing user or a new user), STATE, in consultation with the Grantee, shall include contractual provisions to bring the continuation of the Express Third-Party Use and the preservation of the Conservation Values into alignment to the fullest extent reasonably practicable.

(c) **Enforcement of Third Party Use Agreements.** If STATE or Grantee discovers any default under a Third Party Use Agreement that significantly impairs the Conservation Values (and if Grantee makes such discovery, Grantee gives STATE written notice thereof), subject to the provisions of **Section 11(d)** below, STATE shall use reasonable efforts to stop or prevent such violation. The Parties acknowledge and agree that any form of legal action by STATE shall be subject to authorization by the California Attorney General.

11. Enforcement and Remedies.

(a) **Notice of Violation.** If a party hereto ("**Non-Breaching Party**") determines there is a violation of the terms of this Conservation Easement or that a violation is threatened ("**Violation**"), written notice of such Violation ("**Violation Notice**") and a demand for corrective action sufficient to cure the Violation shall be given by the Non-Breaching Party to the party allegedly violating this Conservation Easement ("**Breaching Party**"). Within thirty (30) days after delivery of a Violation Notice, STATE and Grantee shall meet at a location that STATE and Grantee agree upon to discuss the circumstances of the alleged or threatened Violation and to attempt to agree on appropriate corrective action. If the parties determine that it is appropriate and desirable, a duly qualified expert in the subject matter of the alleged or threatened Violation

(“**Consulting Expert**”) shall attend the meeting. STATE and Grantee shall each pay one-half of the costs of retaining the services of the Consulting Expert for such discussion; provided, however, that if STATE and Grantee are unable to agree upon a Consulting Expert, each party may retain the services of an expert at its own expense. If STATE and Grantee are unable to agree on appropriate corrective action (or if any such corrective action is required) within thirty (30) days after such meeting, then the Non-Breaching Party shall deliver a further written notice to the Breaching Party to demand reasonable, particular corrective action to cure the Violation (“**Second Notice**”). Upon the giving of a Second Notice, the Breaching Party shall promptly commence, and thereafter diligently pursue to completion, corrective action sufficient to cure the Violation and, where the Violation involves injury to the Property resulting from any use or activity that conflicts with the Conservation Values or the Conservation Purpose, to restore the portion of the Property so injured. If a Violation is not cured within thirty (30) days after the delivery of the Second Notice (“**Final Cure Period**”), or if the cure reasonably requires more than thirty (30) days to complete and there is failure to begin the cure or failure to continue diligently to complete the cure within the thirty (30) day period, the parties may elect to proceed with the Legal Remedies as provided in **Section 11(b)**.

(b) **Legal Remedies.** If the parties are not able to settle the claim or dispute through consultation pursuant to **Section 11(a)** above, following exhaustion of all requisite administrative remedies, if any, the parties may, pursuant to California Civil Code section 815.7, bring an action at law or in equity in a court of competent jurisdiction to seek injunctive relief and/or money damages to enforce the terms of this Conservation Easement. If any party hereto determines that the circumstances require immediate action to prevent or mitigate unreasonable damage to the Conservation Values from a Violation, then that party may pursue its remedies under this **Section 11(b)** without first complying with **Section 11(a)** above.

(c) **Enforcement Discretion.** Enforcement of the terms of this Conservation Easement shall be at the respective discretion of Grantee and STATE and any forbearance to exercise rights of enforcement under this Conservation Easement in the event of any breach of any term of this Conservation Easement shall not be deemed or construed to be a waiver of such term or of any subsequent breach of the same or any other term of this Conservation Easement or of any rights under this Conservation Easement. No delay or omission in the exercise of any right or remedy upon any breach shall impair such right or remedy or be construed as a waiver.

(d) **Subject to Appropriation.** The parties hereto agree and acknowledge that any expenditures of money that may be required by the STATE under this Conservation Easement shall be contingent on the appropriation of funds by the Legislature for the specific purpose of STATE complying with its obligations in this Conservation Easement. Any delay or failure of the STATE to perform and comply with its obligations in this Conservation Easement due to funds not being appropriated or being terminated by the Legislature shall not be considered a breach or default of the terms of this Conservation Easement, and STATE shall not be liable in any way due to delay or failure to perform under the terms of this Conservation Easement, including undertaking corrective action and/or restorative action, as a result of the funds not being appropriated or being terminated by the Legislature. Notwithstanding, STATE agrees to make diligent efforts to obtain the necessary budget appropriations in amounts reasonably calculated to support the fulfillment of its obligations under this Conservation Easement as expeditiously as possible. This section only applies to the STATE.

12. Indemnification

- (a) **Indemnification of STATE by Grantee.** Other than violation or breach of the terms of this Conservation Easement by STATE, Grantee waives all claims against STATE, its agencies, departments, boards, commissions, officers, agents, and employees (collectively “**Indemnitees**”), for loss or damage caused by, arising out of, or in any way connected with the Grantee’s exercise of this Conservation Easement. Grantee shall protect, indemnify, and hold Indemnitees harmless and defend Indemnitees, with counsel selected by Indemnitees, from and against any suits, actions, judgments, legal or administrative proceedings, arbitrations, claims, demands, causes of action, damages, liabilities, interest, reasonable attorneys' fees, fines, penalties, losses, costs and expenses of whatsoever kind or nature, arising out of, in connection with or incidental to any injury to or the death of any person, or damage to any property arising out of, caused by, or resulting from (in whole or in part) the negligence or willful misconduct of Grantee and/or Grantee’s Representatives and their respective employees, agents and subcontractors on the Property in connection with Grantee’s exercise of this Conservation Easement. Grantee’s duty to defend the Indemnitees is separate from, independent of and free-standing of Grantee’s duty to indemnify the Indemnitees and applies whether the issue of either parties negligence, breach of contract or other fault or obligations has in any way been determined. Grantee’s indemnity obligations under this Agreement shall not extend to that portion of such loss or damage that shall have been caused by any of the Indemnitees' comparative negligence or willful misconduct. The indemnity set forth in this section shall survive the termination of this Conservation Easement until such time as action against the Indemnitees on account of any matter covered by this indemnity is barred by the applicable statute of limitations.

Grantee shall, further, cause such indemnification in favor of the Indemnitees to be inserted in each contract and/or agreement for the provision of services to Grantee on the Property or entry onto the Property by Grantee’s Representatives. Grantee’s failure to comply with this indemnification provision shall be considered a material breach of this Conservation Easement, however such breach shall not impair the perpetual nature of this Conservation Easement.

The provisions of this **Section 12(a)** shall be inoperative at any time, and for so long as, the fee interest in the Property is owned by an entity other than the STATE, and the indemnification provisions of **Sections 12(b) and 12(c)**, shall instead be operative and binding on such successor fee interest owner (“**Grantor**”); provided, any obligation of Grantee to STATE arising prior to such transfer of the fee interest in the Property from STATE to a non-STATE entity shall survive the transfer.

- (b) **Indemnification by Grantor other than the STATE.** Grantor shall hold harmless, indemnify, and defend Grantee and its directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (each a “**Grantee Indemnified Party**” and collectively, the “**Grantee 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"), arising from or in any way connected with: (a) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, including but not limited to any such act, omission, condition or other matter occurring in connection with the presence of the general public on the Property, regardless of cause, unless due to the negligence or willful misconduct of any of the Grantee Indemnified Parties while acting upon the authority of Grantee; or (b) Grantor's obligations specified in this Conservation Easement; or (c) a breach of any of Grantor's representations or warranties made in this Conservation Easement; or (d) any violation of, or other failure to comply with, any state, federal or local law, regulation or requirement related to the Property, by Grantor, or any entity other than a Grantee Indemnified Party acting upon the authority of Grantee, in any way affecting, involving or relating to the Property; or (e) any Hazardous Substances or underground storage tanks present, alleged to be present, released in, from or about, or otherwise associated with the Property at any time, except with respect to any Hazardous Substances placed, disposed or released by a Grantee Indemnified Party acting upon the authority of Grantee, including Claims for injury to or death of any person or physical damage to any Property and for the violation or alleged violation of, or other failure to comply with, any Environmental Requirement. If any action or proceeding is brought against any Grantee Indemnified Party by reason of any such Claim, Grantor shall, at the election of and upon written notice from the applicable Grantee Indemnified Party, defend such action or proceeding by counsel reasonably acceptable to the Grantee Indemnified Party.

- (c) **Indemnification by Grantee to Grantor other than the STATE.** Grantee shall hold harmless, indemnify, and defend Grantor and its members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (each a **Grantor Indemnified Party** and, collectively, the "**Grantor Indemnified Parties**"), from and against any and all Claims arising from or in any way connected with: (a) injury to or the death of any person, or physical damage to any property, occurring on or about the Property, resulting from the negligence of any Grantee Indemnified Party, while acting on behalf of Grantee; or (b) Grantee's obligations specified in this Conservation Easement; or (c) any violation of, or other failure to comply with, any state, federal or local law, regulation or requirement, by any Grantee Indemnified Party while acting on behalf of Grantee in any way affecting, involving or relating to the Property. If any action or proceeding is brought against any Grantor Indemnified Party by reason of any such Claim, Grantee shall, at the election of and upon written notice from the applicable Grantor Indemnified Party, defend such action or proceeding by counsel reasonably acceptable to the Grantor Indemnified Party.

13. Insurance. Prior to any entry onto the Property under the terms of this Conservation Easement by Grantee or Grantee's Representatives, Grantee and Grantee's Representatives shall each, at their own expense, provide STATE evidence of insurance as follows:

- (a) Commercial General Liability – Grantee and Grantee’s Representatives shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy must include coverage for liabilities arising out of premises operations, independent contractors, products/completed operations, personal & advertising injury and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the Grantee and/or Grantee’s Representatives limit of liability. The policy must include: California Department of Parks and Recreation, State of California, its officers, agents and employees as additional insureds. This endorsement must be supplied under form acceptable to DGS’ Office of Risk and Insurance Management.

- (b) Automobile Liability – Grantee and Grantee’s Representatives shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles. The same additional insured designation and endorsement required for general liability is to be provided for this coverage.

- (c) Workers’ Compensation and Employers’ Liability – Grantee and Grantee’s Representatives shall maintain statutory workers’ compensation and employers’ liability for all employees who will be engaged in the performance of any activities and/or work related to the Property as authorized under this Conservation Easement. Employers’ liability limits of \$1,000,000 are required. Workers’ compensation policy shall contain a waiver of subrogation endorsement in favor of the STATE.

At any time, and for so long as, the fee interest in the Property is owned by an entity other than the STATE, such successor Grantor shall maintain a commercially available general liability policy, or self-insurance, insuring against bodily injury and property damage on the Property in the amount of not less than \$1,000,000 per occurrence \$2,000,000 in aggregate. Grantee shall be named an additional insured on any policy. For any claim covered by the indemnification in **Section 12(b)** above, the liability insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to Grantee with respect to Grantee’s entries onto the Property pursuant to the Conservation Easement. Grantor waives all rights of subrogation against the Grantee Indemnified Parties for recovery of damages to the extent these damages are covered by insurance maintained pursuant to this Conservation Easement. Grantor shall furnish Grantee with certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth above. Any failure of Grantee to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Grantee to identify a deficiency from evidence that is provided shall not be construed as a waiver of Grantor’s obligation to maintain such insurance.

14. Grantee Assignment of Conservation Easement.

(a) **Voluntary Assignment.** In the event that Grantee decides to assign its interest under this Conservation Easement, Grantee shall only assign such interest to an organization that is: (1) qualified to hold a conservation easement under Section 815.3 of the California Civil Code; (2) experienced in holding and monitoring conservation easements on properties similar to the Property; and (3) willing and financially able to assume all of the responsibilities imposed on Grantee under this Conservation Easement. Before assigning its interest under this Conservation Easement, Grantee shall provide STATE and the Sierra Nevada Conservancy (“SNC”) with written notice of such intention to transfer (“**Transfer Notice**”). The Transfer Notice shall identify the proposed assignee and include a description of how the proposed assignee meets the assignee designation criteria set forth in this section. Grantee shall allow SNC, with the consent of STATE, a period of not less than sixty (60) days to approve the proposed assignee, which consent shall not be unreasonably withheld and shall be based on whether the proposed assignee meets the designation criteria specified in this section. If SNC does not approve the proposed assignee, SNC shall provide Grantee with the reasons behind such decision. Notwithstanding, any approved assignment by Grantee of this Conservation Easement to an approved assignee shall not relieve Grantee from any obligations hereunder arising prior to the date of the assignment.

(b) **Involuntary Assignment.** If Grantee ever ceases to exist or no longer qualifies under applicable state law to hold a conservation easement interest, then SNC shall, with the consent of STATE, select an assignee that meets all the designation criteria specified in **Section 14(a)** above. If SNC is unable to identify an assignee that meets all the designation criteria specified in **Section 14(a)** above that is willing to accept such assignment, then SNC shall petition a court of competent jurisdiction to effect a transfer of the Conservation Easement to an organization that meets each of the qualifications criteria in **Subsection 14(a)**. Notwithstanding the foregoing, SNC may elect to serve as such assignee but only on a temporary basis until a permanent assignee can be identified by SNC and/or such transfer is effectuated by a court of competent jurisdiction.

(c) **Conditions of Assignment.** As conditions to any assignment of this Conservation Easement, Grantee and/or the SNC shall: (1) require the assignee to expressly agree in writing to assume Grantee’s obligations hereunder; (2) ensure that assignee has the resources to fulfill its obligations under the Conservation Easement; and (3) not relieve Grantee from any obligations under the Conservation Easement arising prior to the date of the assignment.

(d) **Successor to SNC.** Upon any liquidation or dissolution of SNC, SNC or STATE shall have the right to assign SNC’s rights and obligations under this **Section 14** to another entity that has a conservation mission and level of expertise consistent with that of SNC and sufficient resources and capacity to carry out the obligations of SNC.

(e) **Recording.** Pursuant to California Civil Code section 815.5, any instrument assigning or otherwise transferring this Conservation Easement shall be recorded in the Official Records of the County.

15. Subsequent Property Transfers.

STATE shall disclose the existence of this Conservation Easement in any deed or other legal instrument by which STATE divests itself of a real property interest in all or a portion of the Property, including, without limitation, a leasehold interest. STATE shall notify Grantee in writing not more than thirty (30) days after any grant by STATE to any third party transferee of any interest in any portion of the Property, whether such interest is a fee, easement, lease, or other interest. The failure of STATE to perform any act required by this **Section 15** shall not impair the validity of this Conservation Easement or limit its enforcement in any way or create any obligation on the part of Grantee.

16. Extinguishment and Condemnation.

(a) **Judicial Extinguishment.** If circumstances arise in the future that render the Conservation Purpose impossible or impracticable to accomplish, this Conservation Easement can be terminated or extinguished, whether in whole or in part, only by judicial proceedings in a court of competent jurisdiction, and the amount of the compensation to which Grantee shall be entitled from any sale, exchange, or involuntary conversion of all or any portion of the Property after such termination or extinguishment, shall be determined, unless otherwise provided by California law at the time, in accordance with **Section 16(c)**. Grantee must use any proceeds received under the circumstances described in this section in a manner consistent with the Conservation Purposes, which are exemplified and articulated by the Conservation Easement and contemporaneously prepared exhibits to it and other documentation.

(b) **Condemnation.** If all or any part of the Property is taken by exercise of eminent domain, or acquired by purchase in lieu of condemnation, so as to terminate this Conservation Easement in whole or in part, STATE and Grantee may join in appropriate actions to recover the full value of their respective interests in the Property so taken or purchased, and all direct or incidental resulting damages. All expenses reasonably incurred by the STATE and Grantee in any such action shall be first reimbursed out of the recovered proceeds; the remainder of such proceeds shall be divided between STATE and Grantee in proportion to their respective interests in the Property, or portion thereof, as established by **Section 16(c)**.

(c) **Valuation.** In accordance with California Civil Code section 815.2, STATE and Grantee acknowledge and agree that this Conservation Easement shall not be deemed personal in nature and shall constitute a real property interest in the Property vested in Grantee upon recording notwithstanding that this Conservation Easement is an obligation, and not a financial asset. For the purpose of **Sections 16(a) and 16(b)**, the fair market value of the Conservation Easement shall be determined as of the time of the extinguishment or termination by an appraisal set forth in a written report prepared and signed by an appropriately licensed or certified real estate appraiser in good standing pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code and its implementing regulations, Title 10 Section 3701 of the California Code of Regulations, the California Department of General Services Appraisal Specifications, and shall conform to the Uniform Standards of Professional Appraisal Practice. STATE and Grantee shall mutually agree on the appraiser and shall share equally in the costs of preparing the appraisal report. The fair market value as set forth in the appraisal report is subject to the approval of the California Department of General Services.

(d) **No Merger.** Due to the Conservation Purpose of the Conservation Easement, it is the intent of STATE and Grantee that notwithstanding the provisions of Civil Code Section 811, any time the fee title to all or any portion of the Property is vested in an entity, including STATE, which also holds this Conservation Easement, the interest in the Conservation Easement shall not merge into the fee title (whether by operation of law or otherwise), and the Conservation Easement shall remain in full force and effect as to all portions of the Property, until and unless explicitly terminated by judicial proceedings (and then, only to the extent so terminated).

17. Notices. Any notice or other communication required or permitted under this Conservation Easement shall be in writing and shall be either personally delivered or transmitted by registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight courier, such as FedEx or Airborne Express, addressed to the parties as follows:

If to STATE:

California Department of Parks and Recreation
1416 9th Street
Sacramento, CA 95814
Attn: Acquisition and Development Division

With a copy to:

Department of General Services
707 Third Street, 5th Floor (MS 505)
West Sacramento, CA 95605
Attn: RESD/RPSS--Acquisitions Unit

If to Grantee:

Shasta Land Trust
1768 West St.
P.O. Box 992026
Redding, CA 96099-2026
Attn: Executive Director

If to Sierra Nevada Conservancy:

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

The date of any notice or communication shall be deemed to be the date of receipt if delivered personally, or the date of the receipt or refusal of delivery if transmitted by mail or

overnight courier. Any party may change the address for notice by giving notice to the other party in accordance with this **Section 17**.

18. Amendment. This Conservation Easement may be amended by STATE and Grantee or their respective successors and assigns, by mutual written agreement of STATE and Grantee. STATE and Grantee shall have no right to amend **Sections 2 or 3** hereof without the written consent of PG&E in its sole and absolute discretion. Without limiting the scope of the aforementioned power to amend, the parties anticipate that future amendments may be necessary to reflect corrections to the boundary line that may result in the removal of portion(s) of the Property from the encumbrance of this Conservation Easement, clarifications, and corrections to the Conservation Easement and agree to mutually cooperate in good faith to accomplish such future amendments, to the extent such amendments are to clarify the terms of this Conservation Easement and do not significantly impair the Conservation Values. Any such amendment shall be consistent with the Conservation Purpose of this Conservation Easement and shall not affect its perpetual duration, and Grantee shall promptly record the amendment in the official records of the County, and shall thereafter promptly provide a conformed copy of the recorded amendment to STATE.

Notwithstanding the foregoing, STATE and Grantee have no right or power to consent to any action or agree to any amendment of this Conservation Easement that would result in significant impairment of the Conservation Values or limit the term or result in termination of the Conservation Easement, or adversely affect the qualification of the Conservation Easement as a conservation easement under California Civil Code section 815 et seq. or the status of Grantee as an entity authorized to acquire and hold conservation easements under California Civil Code section 815.3. Any amendment to this Conservation Easement shall comply with California Civil Code section 815 et seq. and other Applicable Laws.

19. General Provisions.

(a) **Governing Law.** This Conservation Easement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

(b) **No Public Dedication.** Nothing contained in this Conservation Easement shall be deemed to be a gift or dedication of any portion of the Property to the general public.

(c) **Liberal Construction.** Any general rule of construction to the contrary notwithstanding, this Conservation Easement shall be liberally construed in favor of Grantee to effect the purposes of this Conservation Easement and the policy and purpose of California Civil Code section 815 et seq. If any provision in this Conservation Easement is found to be ambiguous, an interpretation consistent with the purposes of this Conservation Easement which recognizes the PG&E Reserved Rights and the PG&E Easement Reserved Rights (as described in **Sections 2 and 3 above**), and STATE's Reserved Rights and that would render the provision valid shall be favored over any interpretation that would render it invalid.

(d) **Further Assurances.** Each party hereto agrees to execute and deliver to the other party such further documents or instruments as may be necessary or appropriate in order to carry out the intentions of the parties as contained in this Conservation Easement.

(e) **Severability.** If any provision of this Conservation Easement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Conservation Easement and to this end the provisions of this Conservation Easement are intended to be and shall be severable.

(f) **Entire Agreement.** This Conservation Easement sets forth the entire agreement of the parties with respect to the Conservation Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Conservation Easement all of which are merged herein.

(g) **No Forfeiture.** Nothing contained herein will result in a forfeiture or reversion of STATE's title in any respect.

(h) **Successors.** The Conservation Easement shall be a servitude running with the land in perpetuity. The covenants, terms, conditions, and restrictions of this Conservation Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns and shall continue as a servitude running with the Property.

(i) **Recordation.** Grantee shall promptly record this Conservation Easement in the official records of the County, and shall thereafter promptly provide a conformed copy of the recorded Conservation Easement to STATE. Grantee may re-record at any time as may be required to preserve its rights in this Conservation Easement.

(j) **Termination of Rights and Obligations.** Except as otherwise stated herein, a party's rights and obligations under this Conservation Easement shall terminate only upon transfer of the party's interest in all or portions of either the Conservation Easement or the Property, except that liability for acts or omissions occurring prior to transfer shall survive the transfer.

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

(l) **List of Exhibits.** The following exhibits are attached hereto and incorporated herein:

<u>Exhibit A</u>	Legal Description of the Property
<u>Exhibit B</u>	Property Maps
<u>Exhibit C</u>	Form of Grant Deed
<u>Exhibit D</u>	Copy of Recorded Utility Facility Access, Operation and Maintenance Easement
<u>Exhibit E</u>	Schedule of Express Third-Party Uses

(m) **Counterparts.** This Conservation Easement 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.

//signatures follow on next page//

IN WITNESS WHEREOF, STATE has granted to Grantee, and Grantee has accepted this Conservation Easement and the parties mutually agree to the covenants set forth above, as of the Effective Date.

STATE:

AUTHORIZED PER GOVERNMENT CODE §14666

STATE OF CALIFORNIA
Department of General Services

By: _____
Michael P. Butler, Chief
Real Property Services Section

Dated: _____

APPROVAL PER GOVERNMENT CODE §14666

STATE OF CALIFORNIA
Department of Forestry and Fire Protection

By: _____
Thom Porter, Director

Dated: _____

GRANTEE:

SHASTA LAND TRUST,
a California nonprofit public benefit corporation

By: _____

Its: _____

Dated: _____

ACCEPTANCE OF CONDITIONAL RIGHT OF ENFORCEMENT

The Sierra Nevada Conservancy, a subdivision of the California Natural Resources Agency, hereby acknowledges and accepts the conditional enforcement rights set forth in Section 15 hereof.

By: _____

Its: _____

Dated: _____

[Need Notary Acknowledgement to record]

EXHIBIT A

Legal Description of the Property

(Attached Behind this Page)

EXHIBIT B

Property Maps
(Attached Behind this Page)

EXHIBIT C

Form of Grant Deed

(Attached Behind this Page)

EXHIBIT D

Copy of Recorded Utility Facility Access, Operation and Maintenance Easement
(Attached Behind this Page)

EXHIBIT E

Express Third-Party Uses
(Attached Behind this Page)

Attachment C

Grant Deed

RECORDING REQUESTED BY AND RETURN TO:

STATE OF CALIFORNIA
Department of General Services
Real Property Services Division, Acquisition Unit
707 Third Street, 5th Floor, MS 505
West Sacramento, CA 95605

OFFICIAL STATE BUSINESS – EXEMPT FROM RECORDING FEES
PURSUANT TO GOVERNMENT CODE SECTION 27383 AND
DOCUMENTARY TRANSFER TAX PURSUANT TO REVENUE AND
TAXATION CODE SECTION 11922

(SPACE ABOVE FOR RECORDER'S USE ONLY)

LD

DEED

APN Nos. 023-060-022, 023-080-001, 023-080-007, 023-080-013

GRANT DEED AND RESERVATION OF RIGHTS

I. CONVEYANCE OF FEE

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("**Grantor**"), does hereby grant to the STATE OF CALIFORNIA ("**STATE**"), all of its right, title, and interest in and to the real property situated in the unincorporated area of the County of Shasta, State of California ("**Property**"), described in Exhibit A attached hereto and by this reference incorporated herein, and shown on Exhibit A-1 attached hereto and by this reference incorporated herein.

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**").

F. To facilitate the Hydro Project Activities and Electric Activities following the conveyance effected by this Grant Deed and Reservation of Rights (this "**Grant Deed**"), and the continued use, maintenance, repair and replacement of 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, STATE, as grantor, and Grantor, as grantee, are executing and delivering that certain Utility Facility Access, Operation and Maintenance Easement of even date with this Grant Deed (the "**Utility Facility Access, Operation and Maintenance Easement**").

G. Consistent with the terms of the Governing Documents, Grantor and STATE acknowledge this conveyance, together with Utility Facility Access, Operation and Maintenance Easement and the Conservation Easement being entered into by STATE and Shasta Land Trust concurrently with this conveyance, is being made in the public interest with the intent to ensure the permanent protection of the beneficial public values on the Property as identified in the LCP while allowing the ongoing use of the Property by Grantor for hydroelectric operations, water delivery, and related activities, and acknowledging and honoring the existing third party uses.

III. RESERVATION OF RIGHTS; EASEMENT AGREEMENT

Grantor expressly reserves 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, its invitees and assigns, hereby reserves a non-exclusive right of surface access, ingress and egress over and across Parcel 4 of the Property identified on **Exhibit A** attached hereto, to and from the Adjacent Lands, by means of roads and lanes on said Parcel 4, if such there be, otherwise by such route or routes as shall occasion the least practicable damage and inconvenience to said Parcel 4 (“**Grantor’s Access Rights**”). “**Adjacent Lands**” means lands owned by Grantor that are described in **Exhibit X**, attached hereto and made a part hereof. Without limiting the foregoing, Grantor may allow the holder of a conservation easement encumbering all or any portion of the Adjacent Lands to utilize the Grantor’s Access Rights. Grantor's Access Rights shall constitute covenants 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 hereto, their respective successors and assigns.

Grantor and STATE acknowledge that the Utility Facility Access, Operation and Maintenance Easement shall be effective immediately upon the execution, delivery and effectiveness of this Grant Deed with the same force and effect as if the easement rights set forth in the Utility Facility Access, Operation and Maintenance Easement were expressly reserved by Grantor in this Grant Deed.

IV. TERMS OF GRANT

The conveyance by Grantor to STATE pursuant to this Grant Deed is subject to: (a) a lien securing payment of real estate taxes and assessments; (b) all matters that would be disclosed by a physical inspection or survey of the Property or that are actually known to STATE; and (c) all contracts, leases, licenses, covenants, conditions, easements, restrictions, liens, encumbrances and other exceptions of record or unrecorded.

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 12b(4) of the Stipulation, STATE, 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 Native American tribe without the prior written consent of the Grantor, which consent shall be in Grantor's sole discretion exercised in good faith.

V. MISCELLANEOUS

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.

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

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

[SIGNATURES FOLLOW ON NEXT PAGES]

IN WITNESS WHEREOF, the undersigned has executed this Grant Deed dated as of _____, 20__.

Grantor:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

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 _____

CERTIFICATE OF ACCEPTANCE

This is to certify that, pursuant to Sections 15853 and 27281 of the California Government Code, the interest in real property conveyed by the Grant Deed dated _____, _____ from PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, to the STATE OF CALIFORNIA is hereby accepted by the undersigned officer on behalf of the State Public Works Board pursuant to the approval action by said Board and duly adopted on _____. The STATE consents to the recordation thereof by its duly authorized officer.

ACCEPTED:

STATE OF CALIFORNIA
State Public Works Board

By: _____
Andrea Scharffer, Deputy Director

Date: _____

ACKNOWLEDGED:

STATE OF CALIFORNIA
Director, Department of General Services

By: _____
Michael P. Butler, Chief
Real Property Services Section

Date: _____

Exhibit A

Legal Description of Property
(Attached behind this Page)

Exhibit A-1

Property Maps
(Attached behind this Page)

Exhibit X

Legal Description of Adjacent Property
(Attached behind this Page)

Attachment D

State Board of Equalization Land Appraisal Record

BRLNP705

State Board of Equalization
Board Roll System
Land Subsystem

07/28/20
1:44 PM

Page 158

Lake Britton

Selected by: Assessee 0135 Pacific Gas & Electric Company
County 45 SHASTA

Post List
Roll Year 2020

Map		Non-Fee Status		Class	TRA	Miles	Index		Esc Sht	Ind	Market Values		Non-Unitary	Total
Asse	Asse	Cnty	Map				Par	Typ			Num	R/W		
0135	0135	45	012B	02		389 Acres	001	000 - 001		IND 002 6C34 N		142,109		142,109

BRLNP705

State Board of Equalization
Board Roll System
Land Subsystem

07/28/20
1:44 PM

Lake Britton

Page 170

Selected by: Assessee 0135 Pacific Gas & Electric Company
County 45 SHASTA

Post List
Roll Year 2020

Map		Asse	Cnty	Map	Par	Non-Fee	Status	Class	TRA	Miles	Index		Esc	R/W	Market Values		Non-Unitary	Total
Asse	Asse										Typ	Num			Sht	Ind		
0135	0135	45	085A	16			286 Acres	191	000 - 001		IND	002	6C34	N		25,164	44,200	69,364



Attachment E

License Agreement for Public Park Use

**LICENSE AGREEMENT
FOR PUBLIC PARK USE**

This License Agreement for Public Park Use (this “**License Agreement**”) is made and entered into as of _____ (the “**Effective Date**”) by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called “**PG&E**”, and the STATE OF CALIFORNIA, acting through the California Department of Parks and Recreation pursuant to the provisions of Public Resources Code 5006.5, hereinafter called “**Licensee**.”

R E C I T A L S:

A. PG&E owns the real property commonly known as Lake Britton, Assessor’s Parcel Number 023-060-020, 023-060-022 and 023-080-007, State Board of Equalization No. 135-45-012B-2, 135-45-019-4 and 135-45-085A-16 hereinafter called the “**Property**”, located in the unincorporated area of the County of Shasta, State of California.

B. PG&E and Licensee previously entered into a license effective May 3, 1955 for the use of the Property, which license expired on May 2, 1965, and pursuant to that certain Amendment to License Agreement effective May 3, 1965 (the “**First Amendment**”), that certain Second Amendment to License Agreement effective May 3, 1975, that certain Third Amendment to License Agreement effective May 3, 1985, that certain Fourth Amendment to License Agreement effective May 3, 1995, that certain Fifth Amendment to License Agreement effective September 1, 2009, and that certain Sixth Amendment to License Agreement effective November 1, 2013, PG&E permitted Licensee to continue their use of the Property through October 31, 2017, and thereafter Licensee was allowed possession on a holdover basis by letters dated October 23, 2017 and January 3, 2018 (collectively “**Previous License Agreements**”).

C. In conjunction with Licensee's operation of McArthur-Burney Falls Memorial State Park, Licensee wishes to continue to use and maintain existing trails, roads and facilities previously constructed by Licensee on a portion of the Property as shown on **EXHIBIT “A”** attached hereto and by this reference made a part hereof (the “**License Area**”).

D. Licensee has requested permission for Licensee to enter the License Area for using and maintaining existing trails, roads and facilities in the License Area as more fully described in this License Agreement, and PG&E is willing to grant such permission subject to the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, PG&E and Licensee hereby agree as follows:

1. Temporary Public Park Use. Subject to the terms and conditions set forth in this License Agreement, PG&E grants to Licensee a temporary, personal, non-exclusive and non-possessory right and license to enter, and for Licensee to allow Licensee’s directors, officers,

partners, members, managers, employees, contractors, subcontractors, consultants, representatives, agents, permittees and invitees (“**Licensee’s Representatives**”) to enter the License Area for the sole purpose of using and maintaining the trails, roads and facilities in connection with Licensee’s continued improvement, operation and maintenance of McArthur-Burney Falls Memorial State Park, and for general recreational purposes by the general public and for no other purpose whatsoever, hereinafter referred to as “**Licensee’s Activities**”. Licensee has provided a list of all known existing improvements and facilities on the Property and provided a facility site plan depicting the location of the major improvements and facilities on the property, attached hereto as **EXHIBIT “B”** and by this reference made a part hereof (“**Licensee’s Facilities**”). Licensee shall not perform any modifications to Licensee’s Facilities (including all existing roads and trails) or install any new improvements or facilities without the prior written consent of PG&E, which consent shall be in PG&E’s sole and absolute discretion. Licensee shall not use or permit the use of the License Area in any manner that would tend to create waste or a nuisance. All of Licensee’s Activities shall be performed at Licensee’s sole cost and expense. This License Agreement gives Licensee a license only and does not constitute a grant by PG&E of any ownership, leasehold, easement or other similar property interest or estate.

2. CPUC Approval. This License Agreement shall not become effective, notwithstanding that it may have been executed and delivered by one or both of the parties, and Licensee shall not commence any activities hereunder, unless and until the California Public Utilities Commission (“CPUC”) approves this License Agreement, by an order which is final, unconditional and un-appealable (including exhaustion of all administrative appeals or remedies before the CPUC). Licensee further acknowledges and agrees that PG&E make no representation or warranty regarding the prospects for CPUC approval, and Licensee hereby waives all claims against PG&E which may arise out of the need for such CPUC approval or the failure of the CPUC to grant such approval. This License Agreement is made subject to all the provisions of such approval, in like manner as though said provisions were set forth in full herein.

3. Fees. Licensee shall pay to PG&E the sum of one thousand dollars (\$1000.00) as a non-refundable administrative fee on or before the execution of this License Agreement by Licensee. This License Agreement shall not become effective until the administrative fee has been received. Licensee shall pay no annual rental fee for use of the Property during the Term of this License Agreement.

4. Term; Termination; Surrender. This License Agreement shall be for a term of twenty (20) years, commencing on the Effective Date and expiring on _____ unless sooner terminated (the "**Term**"). **Provided, however, that PG&E may terminate this License Agreement, at any time, for any reason or no reason, including, without limitation, pursuant to the provisions of General Order No. 69-C of the California Public Utilities Commission (the “CPUC”), upon twenty-four (24) hours written notice to Licensee.** Upon the expiration or termination of this License Agreement, Licensee shall remove all vehicles and personal property of Licensee and Licensee's Representatives, remove all debris and waste material resulting from Licensee’s Activities, and repair and restore the Property as nearly as possible to the condition that existed prior to Licensee's occupancy per this License Agreement and all Previous License Agreements to PG&E's satisfaction. Licensee shall bear the entire cost of such removal, repair and restoration, and PG&E shall have no liability for any losses or damages caused by or

related to any termination of this License Agreement. In the event Licensee fails to comply with the requirements of this Section, PG&E may elect, at Licensee's expense, to remove such vehicles, personal property, debris and waste material and to perform such repair or restoration as necessary. Licensee shall pay such costs and expenses within ten (10) days after receipt of an invoice therefor. Licensee's obligations under this Section shall survive the expiration or termination of this License Agreement.

5. Work Plan. Licensee shall discuss with PG&E any specific requirements for Licensee's Activities on the Property, and may be requested by PG&E to prepare a work plan that incorporates such requirements and that describes in detail and with specificity the nature, scope, location and purpose of all of Licensee's Activities to be performed on the Property (the "**Work Plan**"). The Work Plan will be submitted to the following person at PG&E for approval, **Land Agent, Hydro Support, 3600 Meadow View Drive, Redding, CA 96002, at (530)246-6532**. PG&E reserves the right to request Licensee to provide additional information, reports, studies or other documents not included in the Work Plan. Licensee acknowledges and agrees that PG&E's review of the Work Plan is solely for the purpose of protecting PG&E's interests, and shall not be deemed to create any liability of any kind on the part of PG&E, or to constitute a representation on the part of PG&E or any person consulted by PG&E in connection with such review that the Work Plan is adequate or appropriate for any purpose, or complies with applicable Legal Requirements, as defined herein. Licensee agrees and covenants that all of Licensee's Activities shall be performed solely within the License Area and in strict accordance with the approved Work Plan.

6. Conservation Documents.

(a) PG&E and Licensee hereby enter into this License 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 License Area, 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) In addition to the LCP, the Stewardship Council is developing a disposition package for the License Area (the "**Disposition Package**") in order to carry out the objectives of the LCP with respect to the License Area.

(6) PG&E has agreed that, subject to (A) CPUC approval under California Public Utilities Code Section 851, (B) approval by the Federal Energy Regulatory Commission (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 License Area, 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.

(7) In furtherance of the foregoing, PG&E may convey fee title to the License Area to one or more public agencies or qualified non-profit conservation organizations (the "**Successor Licensor**"). In any event, it is anticipated that PG&E (either in connection with the conveyance of fee title or in lieu of such conveyance) or Successor Licensor will grant a conservation easement or easements (the "**Conservation Easement**") over part or all the License Area to one or more public agencies or qualified non-profit conservation organizations (the "**Easement Grantee**"). In connection with a conveyance of fee title to Successor Licensor, PG&E shall assign its right, title and interest under this License as to the License Area to Successor Licensor, and Successor Licensor shall assume the obligations of PG&E hereunder. All references in this License to "PG&E" shall be deemed to include Successor Licensor from and after the date Successor Licensor becomes the owner of fee title to the License Area.

(8) Concurrently with the conveyance of the Conservation Easement (and the conveyance of fee title, if applicable), it is anticipated that the Easement Grantee and PG&E or Successor Licensor will 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 License Area.

(b) Licensee 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 Disposition Package, 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 Licensee, the License Area, the rights and obligations of Licensee under this License Agreement or otherwise.

(c) Without in any way limiting PG&E's rights under Section 4 above, PG&E may terminate this License Agreement under Section 4 above, at any time, where PG&E determines such termination is or may be necessary or desirable to further the purposes of the LCP or the Land Management Plan. In addition, PG&E shall have the right to require modifications to Licensee's Activities to the extent necessary or desirable to preserve and enhance the beneficial public values present at the License Area in accordance with the Conservation Documents. Licensee acknowledges that, such modifications may result in Licensee being required to conduct, or refrain from conducting, certain activities currently permitted on some or all of the License Area and such modifications may materially impact Licensee economically and otherwise. In addition to the rights reserved under this License Agreement, PG&E and others permitted by the Conservation Documents shall have the right to temporarily or permanently construct on the License Area 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 Licensee at least thirty (30) days' prior written notice of PG&E's election to modify Licensee's use hereunder.

(d) If PG&E shall sell, convey or otherwise transfer fee title to the License Area, and assign the interest in this License Agreement concerning the License Area or any portion thereof, to one or more transferees, including, without limitation, any transfer or transfers described in this Section 6, 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 License Agreement, accruing from or after the date of such sale, conveyance or transfer, and Licensee shall look solely to the transferee or transferees for performance of the obligations of PG&E under this License Agreement. This License Agreement shall not be affected by such sales, conveyances or transfers, except for such modifications set forth herein, and Licensee 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 License 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 6. 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 License Area, 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 License Area or in connection with property in the vicinity of the License Area, for the investigation, remediation and mitigation of any Hazardous Materials and/or in connection with FERC requirements. Licensee hereby agrees that this License Agreement shall be subject to, and subordinate to, the Reserved Easements. Licensee 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 6, and to further document the provisions of this License Agreement that will continue in effect between Licensee and PG&E, as a third-party beneficiary.

(e) This Section 6 shall be self-operative and no further instrument of subordination shall be required. However, Licensee agrees to execute such documentation as may be reasonably requested by PG&E in order to carry out the terms of this Section 6.

(LICENSEE TO INITIAL HERE _____)

7. Condition of the Property. Licensee 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. Licensee 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.

Licensee shall take all necessary precautions to protect Licensee's Representatives from risks of harm from Potential Environmental Hazards, and Licensee shall be responsible for the health and safety of Licensee's Representatives. Licensee 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 License Agreement, including, but not limited to, the Potential Environmental Hazards listed herein.

8. Licensee's Covenants.

(a) Legal Compliance. Licensee agrees, at Licensee's sole cost and expense, promptly to comply, and cause all of Licensee's Representatives to comply, 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 Licensee's Activities or Licensee's use or occupancy of the Property; and (iii) any liens, encumbrances, easements, covenants, conditions, restrictions and servitudes (if any) of record, or of which Licensee has notice, which may be applicable to the Property (collectively, "**Legal Requirements**") regardless of when they become effective, insofar as they relate to Licensee's Activities or the use or occupancy of the Property by Licensee. The judgment of any court of competent jurisdiction, or the admission of Licensee in any action or proceeding against Licensee, whether or not PG&E is a party in such action or proceeding, that Licensee has violated any Legal Requirement relating to the use or occupancy of the Property, shall be conclusive of that fact as between PG&E and Licensee. Licensee shall furnish satisfactory evidence of such compliance upon request by PG&E.

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

(c) Use of Property. Licensee agrees that Licensee shall not in any way interfere or permit any interference with the use of the Property by PG&E. Interference shall include, but not be limited to, any activity by Licensee that places any of PG&E's gas or electric facilities in violation of any of the applicable provisions of General Order Nos. 95 (Overhead Electric), 112 (Gas), and 128 (Underground Electric) of the CPUC or of any other applicable provisions of the laws and regulations of the State of California or other governmental agencies under which the operations of utility facilities are controlled or regulated, including, without limitation, the CPUC or the Federal Energy Regulatory Commission ("**FERC**"). Licensee shall not erect, handle, or operate any tools, machinery, apparatus, equipment, or materials closer to any of PG&E's high-voltage electric conductors than the minimum clearances set forth in the High-Voltage Electrical Safety Orders of the California Division of Industrial Safety, which minimum clearances are incorporated herein by reference, but even if such orders allow it, under no circumstances closer than ten (10) feet from any energized electric conductors or appliances. Licensee shall not drill, bore, or excavate under any circumstances.

(d) Licensee's Activities. Licensee agrees that Licensee shall conduct Licensee's Activities in such a manner so as to protect the Property, PG&E's utility facilities, the environment and human health and safety. If PG&E so requests, Licensee shall provide an environmental study, at Licensee's sole cost and expense, that specifies the potential impact of Licensee's Activities on the environment, and human health and safety. Licensee shall not make use of the Property in any way which will endanger human health or the environment, create a nuisance or otherwise be incompatible with the use of the Property by PG&E or others entitled to use the Property. Licensee shall not cause or permit any Hazardous Substances, as defined herein, to be brought upon, produced, stored, used, discharged or disposed of on, or in the vicinity of, the Property. Notwithstanding the foregoing, Licensee may store or use on the License Area (i) Hazardous Substances specifically authorized by PG&E, in PG&E's sole and absolute discretion and subject to whatever conditions PG&E may impose, pursuant to the Work Plan as described in Section 5 above, in the manner so authorized, and (ii) gasoline, diesel or other fuel contained within the gas tanks of automobiles or trucks on the Property. Licensee agrees to store and/or use all such authorized Hazardous Substances in compliance with all Legal Requirements. In the event PG&E determines that Licensee's Activities in any way endanger the Property, PG&E's utility facilities, the environment, or human health or safety, PG&E may, in PG&E's sole discretion, require that Licensee halt Licensee's Activities until appropriate protective measures may be taken to eliminate such endangerment to PG&E's satisfaction. Licensee waives any claims against PG&E resulting from any delay under this paragraph. PG&E's right to halt activities under this section shall not in any way affect or alter Licensee's insurance or indemnity obligations under this License Agreement, nor shall it relieve Licensee from any of Licensee's obligations hereunder that pertain to health, safety, or the protection of the environment.

(e) Non-Interference. Licensee agrees to coordinate Licensee's Activities to strictly avoid any interference with PG&E's use of the Property and any adjoining lands owned by PG&E.

(f) Site Security. Licensee agrees that Licensee and Licensee'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 Licensee's Activities at the Property. Licensee 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 Property 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 Property.

(g) FERC Project. Licensee acknowledges that the Property was acquired for, and is devoted to hydroelectric purposes by PG&E and is a part of the FERC Project No. 233, and this License Agreement is made subject to the right of PG&E to use the Property for such purposes; and to use the Property whenever in the interest of PG&E's service to the public it shall be deemed necessary to do so. Licensee agrees that Licensee's use of the Property shall not endanger health, create a nuisance, or otherwise be incompatible with overall project recreational use.

(h) Lake Levels. Licensee agrees that PG&E shall have the right to raise or lower the water level of Lake Britton without notice to Licensee at any time for any reason. Without limitation on any other releases given by Licensee hereunder, Licensee hereby releases PG&E of any liability whatsoever to Licensee or Licensee's Representatives with respect to any personal injury or property damage caused by, or related to, such change in water level and any flooding connected therewith.

9. Indemnification; Release.

(a) Licensee 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, transferees, successors and assigns (each, an "**Indemnitee**" and collectively, "**Indemnitees**") from and against all claims, losses (including, but not limited to, diminution in value), actions, demands, damages, costs, expenses (including, but not limited to, experts fees and reasonable attorneys' fees and costs) and liabilities of whatever kind or nature (collectively, "**Claims**"), including Claims arising from the passive or active negligence of the Indemnitees, which arise from or are in any way connected with Licensee's Activities, or the entry on, occupancy or use of, the Property by Licensee or Licensee's Representatives, or the exercise by Licensee of Licensee's rights hereunder, or the performance of, or failure to perform, Licensee's duties under this License Agreement, 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 Licensee (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, Licensee 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, Licensee 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 labor performed on the Property by, or at the request or for the benefit of, Licensee. In the event any action or proceeding is brought against any Indemnitee for any Claim against which Licensee is obligated to indemnify or provide a defense hereunder, upon written notice from PG&E, Licensee shall defend such action or proceeding at Licensee's sole

expense by counsel approved by PG&E, which approval shall be in PG&E's sole and absolute discretion.

(b) Licensee 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 Licensee's use or occupancy of the Property, Licensee's Activities or the activities of any of Licensee'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 Property to the fullest extent permitted by law. The Licensee'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) Licensee's use of the Property shall be at Licensee's sole risk and expense, and Licensee accepts all risk relating to Licensee's occupancy and use of the Property. PG&E shall not be liable to Licensee for, and Licensee 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 Property.

(d) Licensee 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 Licensee, or any of Licensee's consultants, contractors or subcontractors, to comply with the insurance requirements set forth in **EXHIBIT "C"**.

(e) The provisions of this Section 9 shall survive the expiration or termination of this License Agreement.

10. Additional Activities. Licensee shall not perform any grading, paving or install any alterations, facilities or improvements in, on, under or over the License Area. Licensee shall not deposit or remove soil or gravel from or on the License Area. Licensee shall not perform any activities beyond Licensee's Activities specifically authorized by this License Agreement without the prior written consent of PG&E, which consent shall be in PG&E's sole and absolute discretion, and the prior consent, to the extent required by applicable Legal Requirements, of any governmental authority having jurisdiction, including, but not limited to, the CPUC or the FERC.

11. Reserved Rights. PG&E reserves the right to use the Property for any and all purposes whatsoever, including, without limitation, the right to use the Property for such purposes as it may deem necessary or appropriate if, and whenever, in the interest of its service to its patrons or consumers or the public, it shall appear necessary or desirable to do so. Licensee shall not make use of the Property in any way which will endanger human health or the environment, create a nuisance or otherwise be incompatible with the use of the Property by PG&E or others entitled to use the Property.

12. Compliance; Safety; Insurance. Licensee shall obtain, at Licensee's sole cost and expense, any and all necessary permits, authorizations and approvals applicable to Licensee's Activities and to evidence compliance with all Legal Requirements. PG&E shall have a right to observe Licensee's Activities at any time to confirm Licensee's compliance with the requirements of this License Agreement and applicable Legal Requirements. Licensee shall procure, carry and maintain in effect throughout the Term of this License Agreement, with respect to the License Area and the use, occupancy and activities of Licensee and Licensee's Representatives on or about the License Area, in a form and with deductibles acceptable to PG&E and with such insurance companies as are acceptable to PG&E, the insurance specified in **EXHIBIT "C"** and by this reference made a part hereof. All policies shall contain endorsements that the insurer shall give PG&E and its designees at least thirty (30) days advance written notice of any change, cancellation, termination, failure to renew or lapse of insurance. Upon Licensee's execution of this License Agreement, and thereafter at least thirty (30) days prior to the expiration date of any policy, Licensee shall provide PG&E with evidence of the insurance coverage, or continuing coverage, as applicable, required by this License Agreement as more specifically set forth in **EXHIBIT "C"**. This License Agreement shall not become effective, and Licensee and Licensee's Representatives shall not enter the Property nor commence or conduct any activity whatsoever on the Property unless and until the insurance coverage required by this License Agreement is in effect and current proof of insurance has been provided to PG&E. Licensee is also responsible for the compliance of Licensee's consultants, contractors and subcontractors with the insurance requirements, provided that Licensee may, with PG&E's written consent in PG&E's sole and absolute discretion, permit Licensee's consultants, contractors and subcontractors to maintain coverages and limits lower than those specified, so long as the coverages and limits required by Licensee are commercially reasonable in light of applicable circumstances. Licensee's consultants, contractors and subcontractors shall not enter the Property nor commence any activity whatsoever on the Property without the insurance coverage required by this License Agreement being in effect and current proof of insurance having been provided to PG&E from each such consultant, contractor and subcontractor, respectively. The requirements of this Section and **EXHIBIT "C"** shall in no event limit the liability of Licensee under this License Agreement. PG&E reserves the right to review and modify from time to time the coverages and limits of coverage required hereunder, as well as the deductibles and/or self-insurance retentions in effect from time to time. In the event that Licensee or any of Licensee's Representatives fail at any time during the Term to procure, carry or maintain, the insurance required under this Section and **EXHIBIT "C"**, or fail to deliver such policies or certificates as required, PG&E may, at its option, (i) procure such policies for the account of Licensee and Licensee's Representatives, and the cost thereof shall be paid by Licensee to PG&E within five (5) days after delivery to Licensee of an invoice therefor, and/or (ii) terminate this License Agreement, upon written notice to Licensee, in which event Licensee shall immediately vacate the Property and comply with the provisions concerning the condition of the Property on expiration or termination set forth in Section 3 above. For so long as the Licensee hereunder is the State of California, Licensee may elect to self-insure for any or all of the required coverage.

13. Mechanics' Liens. Licensee shall keep the Property free and clear of all mechanics' liens arising, or alleged to arise, in connection with any work performed, labor or materials supplied or delivered, or similar activities performed by Licensee or at Licensee's request or for Licensee's benefit. If any mechanics' liens are placed on the Property in connection with Licensee's use or activities, Licensee shall diligently pursue all necessary actions to remove such

liens from title, either by payment or by recording a lien release bond in the manner specified in California Civil Code Section 8424 or any successor statute. Notwithstanding anything to the contrary set forth in this License Agreement, if any such lien is not released and removed within thirty (30) days, PG&E at its sole option, may immediately take all actions necessary to release and remove such lien, without any duty to investigate the validity thereof, and all sums, costs and expenses, including attorneys' fees and costs, incurred by PG&E in connection with such lien shall be due and payable by Licensee within thirty (30) days after receipt of a written demand therefor, accompanied by reasonable supporting documentation.

14. Notices. Any notices or communications hereunder shall be in writing and shall be personally delivered, or sent by first class mail, certified or registered, postage prepaid, or 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 by standard U.S. mail or by registered or certified mail, return receipt requested:

Manager, Hydro Support
PG&E Land Management
111 Stony Circle
Santa Rosa, CA 95401-9507

With a copy to:

Law Department
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120
Attn: Managing Counsel, Environmental and Real Estate
Telephone: (415) 973-7503

Land Agent, Hydro Support
PG&E Land Management
3600 Meadow View Drive
Redding, CA 96002
Phone: (530) 246-6532

If to PG&E by personal delivery or overnight courier:

Manager, Hydro Support
PG&E Land Management
111 Stony Circle
Santa Rosa, CA 95401-9507

With a copy to:

Law Department
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120
Attn: Managing Counsel, Environmental and Real Estate
Telephone: (415) 973-7503

Land Agent, Hydro Support
PG&E Land Management
3600 Meadow View Drive
Redding, CA 96002
Phone: (530) 246-6532

If to Licensee:

State of California
Department of Parks and Recreation
Acquisition and Real Property Services Division
One Capitol Mall, Suite 410
Sacramento, CA 95814

With a copy to:

State of California
California State Parks
Superintendent, Cascade Sector
P.O. Box 2430
Shasta, CA 96087-2430

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

16. Entire Agreement. This License 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 License Agreement may not be amended except by a written agreement executed by both parties.

17. Binding Effect. This License 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 License Agreement.

18. Assignment. This License Agreement is personal to Licensee, and Licensee shall not assign, transfer, convey or encumber the license and other rights herein granted or any portion thereof or interest herein.

19. 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 License 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.

20. No Waiver. Any waiver with respect to any provision of this License 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 License 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 License Agreement.

21. No Offsets. Licensee acknowledges that PG&E is executing this License Agreement in its capacity as the owner of real property, and not in its capacity as a public utility company or provider of electricity and natural gas. Notwithstanding anything to the contrary contained herein, no act or omission of PG&E or its employees, agents or contractors as a provider of electricity and natural gas shall abrogate, diminish, or otherwise affect the respective rights, obligations and liabilities of PG&E and Licensee under this License Agreement. Further, Licensee covenants not to raise as a defense to Licensee's obligations under this License Agreement, or assert as a counterclaim or cross-claim in any litigation or arbitration between PG&E and Licensee relating to this License Agreement, any claim, loss, damage, cause of action, liability, cost or expense (including, without limitation, attorneys' fees) arising from or in connection with PG&E's provision of (or failure to provide) electricity and natural gas.

22. No Dedication; No Third-Party Beneficiary. Nothing herein contained shall be deemed to be a gift or dedication of the Property or portion thereof to the general public, or for any public use or purpose whatsoever. The right of the public or any person, including Licensee and Licensee's Representatives, to make any use whatsoever of the License Area 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 License 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 License Agreement. No obligation of a party under this License Agreement is enforceable by, or is for the benefit of, any other third parties.

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

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

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

26. Counterparts. This License 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 License Agreement transmitted either by facsimile or a pdf version by email to the same and full extent as the originals.

27. Joint and Several Liability. If two or more individuals, corporations, partnerships or other business associations (or any combination of two or more thereof) shall sign this License Agreement as Licensee, the liability of each such individual, corporation, partnership or other business association to perform Licensee's obligations hereunder shall be deemed to be joint and several, and all notices, payments and agreements given or made by, with or to any one of such individuals, corporations, partnerships or other business associations shall be deemed to have been given or made by, with or to all of them. In like manner, if Licensee shall be a partnership or other business association, the members of which are, by virtue of statute or federal law, subject to personal liability, then the liability of each such member shall be joint and several.

28. Survival. The waivers of claims or rights, the releases and the obligations of Licensee under this License Agreement to indemnify, protect, defend and hold harmless PG&E and other Indemnitees shall survive the expiration or earlier termination of this License Agreement, and so shall all other obligations or agreements of PG&E and Licensee hereunder which by their terms survive the expiration or earlier termination of this License Agreement.

29. Other Documents. Each party agrees to sign any additional documents or permit applications which may be reasonably required to effectuate the purpose of this License 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.

30. Authority; Execution; Conditions to Effectiveness. The parties and the individuals executing this License Agreement on behalf of the parties, each represent, by executing this License Agreement, that he or she is duly authorized to do so and to bind the respective party to its

terms. The submission of this License Agreement for examination or execution does not constitute an approval of the terms herein, or an offer to license the License Area in accordance with the terms and conditions contained herein, and this License Agreement shall not become effective unless and until it has been executed and delivered by both PG&E and Licensee, and Licensee delivers to PG&E the license fee as set forth in Section 3 above, and current proof of insurance for Licensee and its consultants, contractors and subcontractors as set forth in Section 12 above.

IN WITNESS WHEREOF, the parties have executed this License Agreement as of the date set forth below each signature, effective upon the Effective Date first written above.

“PG&E”

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____
Sarah Hug
Manager
Hydro Support

Date: _____

“Licensee”

STATE OF CALIFORNIA,
acting through the California Department of
Parks and Recreation

By: _____
Kathleen J. Amann
Assistant Deputy Director
Facilities and Development Program

Date: _____

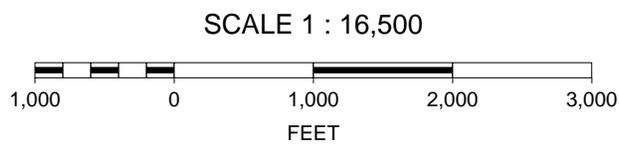
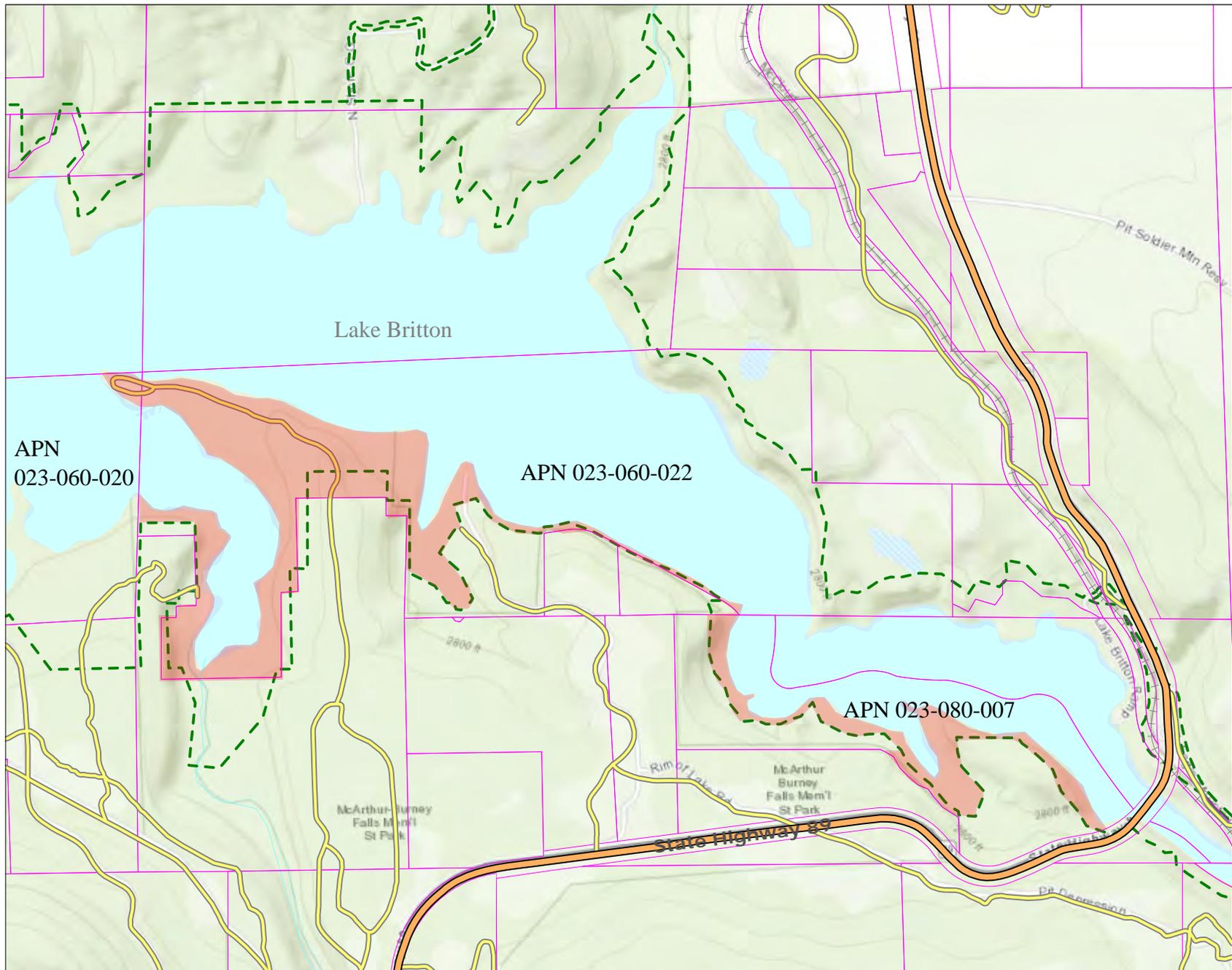
*I hereby certify that all conditions for
exemption have been complied with and this
document is exempt from the Department of
General Services approval*

By: _____
Kathleen J. Amann
Assistant Deputy Director
Facilities and Development Program

EXHIBITS “A”, “B” and “C”, attached

Attach to LD: 2137-03-10008
Area 6 – North Valley
Land Service Office: Redding
Line of Business: Hydro (24)
Business Doc Type: Conveyances Out
USGS location: 21.37.03.19.21, **21.37.03.20.22**, 21.37.03.20.23, **21.37.03.20.24**, 21.37.03.20.31, **21.37.03.20.32**, 21.37.03.20.33, **21.37.03.20.34**, 21.37.03.21.33, **21.37.03.28.13**, 21.37.03.28.23, **21.37.03.28.24**, 21.37.03.28.31, **21.37.03.28.32**, 21.37.03.28.34, **21.37.03.28.42**, 21.37.03.28.43, **21.37.03.28.44**
FERC License Number(s): 233
PG&E Drawing Number(s): N/A
PLAT NO.: N/A
LD of any affected documents: N/A
LD of any Cross-referenced documents: 2137-03-0109, -0110, -0160, -0190, -0200, -0223, -0228, -0232, -10002
TYPE OF INTEREST: 11, 68
SBE Parcel Number: 135-45-012B-2, 135-45-019-4, 135-45-085A-16
(For Quitclaims, % being quitclaimed): N/A
Order # 2047422
JCN: N/A
County: Shasta
Utility Notice Numbers (if applicable): N/A
851 Approval Advice Letter No. N/A
Prepared By: RGRR/HXGZ
Checked By: S2P0/R9M1
Approved by: S2P0/SMTK (6/10/20)
Revised By: HXGZ (7/31/20)

Exhibit "A" License Area



-  Approximate License Area
-  Approximate FERC Boundary;
Project No. 233



EXHIBIT "B" - Licensee's Facilities

125-A-1-04-0-001	GENERATOR BUILDING-LAKE PICNIC AREA
125-A-1-13-2-002	LAKE - BLDG STRG
125-A-1-17-0-001	UTILITY SHED, LAKE BRITTON
125-A-5-05-3-004	LAKE BRITTON RESTROOM
125-B-4-07-0-002	FAMILY PICNIC, DEVELOPED - LAKE DAY USE
125-C-5-02-1-001	00000000000 - ROAD 125-1
125-C-7-01-0-001	LAKE - BOAT RAMP
125-D-1-05-4-012	FENCE - LPG TANK - LAKE BRITTON LIFT STATION
125-D-1-07-1-001	GATES - METAL - PARKWIDE
125-D-1-14-0-001	LAKE BRITTON LIFT STATION - VAULT
125-D-2-01-0-001	LAKE - DOCK BOATFLOATING
125-D-2-01-0-002	LAKE - DOCK BOAT FLOATNG
125-D-2-14-0-001	LAKE BRITTON - SWIMMING BEACH
125-D-3-06-0-001	DRINKING FOUNTAIN (BUBBLER) - PARKWIDE
125-D-3-07-3-001	PARKWIDE - FIRE RINGS
125-D-3-07-4-001	VARIOUS - BASES GAR CAN
125-D-3-07-6-001	PARKWIDE - TABLES PORT
125-D-3-08-3-002	LAKE PARKING - EXHIBIT WATER SAF
125-D-3-12-0-002	LAKE BRITTON - PLATFORM (FISHING)
125-D-3-14-0-001	LAKE PICNIC AREA - RAMADA (2)
125-D-3-22-0-001	FISH CLEANING STATION - LAKE BRITTON
125-E-4-00-0-09A	LIFT STATION- LAKE BRITTON COMFORT STATION
125-E-4-00-0-09B	LEACH FIELD, LAKE BRITTON
125-F-2-03-0-001	VARIOUS - TRAIL
125-E-5-00-0-01A	SYSTEM WATER
125-C-6-02-3-001	PARKWIDE - PARKING 125-4
125-D-1-05-9-001	FENCE - PIONEER CEMETARY
125-C-5-05-3-001	OLD SER RD - ROAD

EXHIBIT "B" - Cont'd

PORTIONS OF SECTIONS 20, 21, 28 & 29, T. 37 N., R. 3 E. & PORTIONS OF SECTIONS 4 & 5, T. 36 N., R. 3 E., M.D.M. SHASTA COUNTY

SEE FACILITY
SITE PLAN

LANDS FOR USE AS A PUBLIC PARK ONLY/DEED REVERSION CLAUSE

PCL NO.	RES. NO.	GRANTOR	TYPE OF DOCUMENT	RECORDING DATE	BOOK & PAGE	PARCEL ACREAGE	TOTAL ACREAGE
1		FRANK MCARTHUR, et al	DEED	8-19-20	138 D. 447	132.88	
2		J. R. KNOWLAND, et al	F.O.C.	3-21-39	137 D.R. 90		
3		MT. SHASTA POWER CORP.	DEED	12-17-23	I. D. 58	174.48	
4	3957	FRUIT SHOWERS SUPPLY CO., et al	F.O.C.	5-18-61	587 O.R. 133	90.00	
5	3947	BROOKS WALKER, et al	2/DEED	12-28-77	1484 O.R. 554	92.90	
		MALCOLM A. MCCANNELL, et al	"	2-27-78	1499 O.R. 102	8.37	
		"	"	"	1499 O.R. 98		
6	3948	KIMBERLY-CLARK CORPORATION	"	2-6-79	1595 O.R. 108	102.927	611.11

COURSE TABULATION

A - S. 81°04'30" W. 98.05'	I - N. 62°07'30" W. 155.74'	Q - N. 44°24'00" W. 119.54'	Y - S. 51°17'14" E. 82.48'
B - S. 81°58'30" W. 194.54'	J - N. 64°17'30" W. 96.25'	R - N. 61°16'00" W. 74.31'	Z - S. 33°54'12" E. 59.71'
C - S. 80°54'30" W. 77.82'	K - N. 69°13'30" W. 119.31'	S - N. 44°29'00" W. 95.35'	AA - S. 40°09'34" E. 162.60'
D - N. 72°48'30" W. 114.35'	L - N. 60°23'30" W. 178.00'	T - S. 18°43'00" E. 103.54'	BB - S. 54°43'45" E. 70.91'
E - N. 60°44'30" W. 98.87'	M - N. 58°00'00" W. 67.80'	U - S. 20°53'17" E. 113.15'	CC - S. 57°50'23" E. 104.86'
F - N. 55°57'30" W. 102.80'	N - N. 50°00'00" W. 58.60'	V - S. 24°31'26" E. 125.24'	DD - S. 00°18'26" E. 395.25'
G - N. 55°23'00" W. 129.43'	O - N. 54°22'00" W. 158.74'	W - S. 45°30'28" E. 106.81'	
H - N. 55°25'00" W. 32.98'	P - N. 60°07'30" W. 111.47'	X - S. 47°58'40" E. 111.03'	

LEGEND

- STATE PARK BOUNDARY
- LEASE BOUNDARY
- ② ACQUISITION PARCEL NUMBER
- ② ENCUMBRANCE NUMBER
- ② APPURTENANCE NUMBER
- ① POINT OF BEGINNING OF DESCRIPTION
- SURVEY MONUMENTS FOUND OR SET BY DEPARTMENT BOUNDARY SURVEYS OR RECORD OF SURVEY BOOK 39 L.S. PAGE 120. CURRENT STATUS OR CONDITION NOT VERIFIED.

SCHEDULE OF ENCUMBRANCES, AGMTS, PERMITS, ETC.

ENCUMBRANCE	GRANTEE	TYPE OF DOCUMENT	TERMINATION DATE	DOCUMENT DATE	RECORDING DATE	BOOK & PAGE
E1	FRANK B. ETHEL MCARTHUR	LIFE ESTATE		3-11-20	8-19-20	138 D. 447
E2	MOUNT SHASTA POWER CORP.	PERPETUAL		12-17-23	12-17-23	I. D. 58
E3	"	"	"	"	"	"
E4	"	"	"	"	"	"
E5	UNITED STATES OF AMERICA	PATENT		7-31-1893	7-18-1900	8 PATENTS 38
E6	"	"		8-4-1893	8-24-1902	8 PATENTS 84
E7	STATE OF CALIF. - DIV. OF HIGHWAYS	R/W		4-20-37	9-25-37	84 O.R. 409
E8	M. A. MCCANNELL, TRUSTEE, et al	2/DEED		4-12-78	8-29-78	355 O.R. 486, 488
E9	FRUIT SHOWERS SUPPLY CO.	F.O.C.		5-12-61	5-18-61	587 O.R. 133
E10	P.G. & E.	EASEMENT		8-28-31	Not Recorded See P&R File 428 B	
E11	P.G. & E.	"		8-21-50	"	"
E12	P.G. & E.	"		11-13-73	"	"
E13	DEPT. OF CONSERVATION	PERMIT		8-7-50	"	"
E14	PACIFIC GAS & ELECTRIC CO.	"		5-13-68	"	"
E15	CITIZENS UTILITIES CO. OF CALIF.	"		1-18-70	"	"
E16	U. S. FOREST SERVICE	EASE DEED		3-12-70	"	"
E17	"	"		"	"	"
E18	UNITED STATES OF AMERICA	PATENT		8-24-1902	8 PATENTS 84	
E19	U. S. FOREST SERVICE	AGREEMENT		8-4-80	Not Recorded See P&R File 428 B	

SCHEDULE OF APPURTENANCE

PARCEL NO.	GRANTOR	TYPE OF DOCUMENT	TERMINATION DATE	DOCUMENT DATE	RECORDING DATE	BOOK & PAGE	ACREAGE
A1	P. G. & E. (AMENDMENT NO. 4)	AGREEMENT		10-31-13	4-1-85	864 P & R. File 418.4	225.2
A2	U. S. FOREST SERVICE (AMENDED)	USE PERMIT		12-31-13	2-4-84	864 P & R. File 418.4	74.01

1. SUBJECT TO RIGHTS OF P.G. & E. EMPLOYEES TO USE PSEA CAMPGROUND & BUILDINGS.



DESIGNED BY: M. C. BURROUGHS
DATE: JULY 1990
CHECKED BY: J. H. COOPER
DATE: 11-28-90
REVISIONS:
REVISED TO: 1. REMOVE DISTANCE INFORMATION;
2. ADD CORNER INFORMATION, LOTS 8 & 14B;
REVISED TO: 1. INCREASE "A" AREA;
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RESOURCES AGENCY OF CALIFORNIA
DEPARTMENT OF PARKS AND RECREATION
APPROVED: _____ DATE: _____

MCARTHUR - BURNEY FALLS STATE PARK
LAND OWNERSHIP RECORD

DRAWING NO. 17346
SHEET NO. 1 OF 1

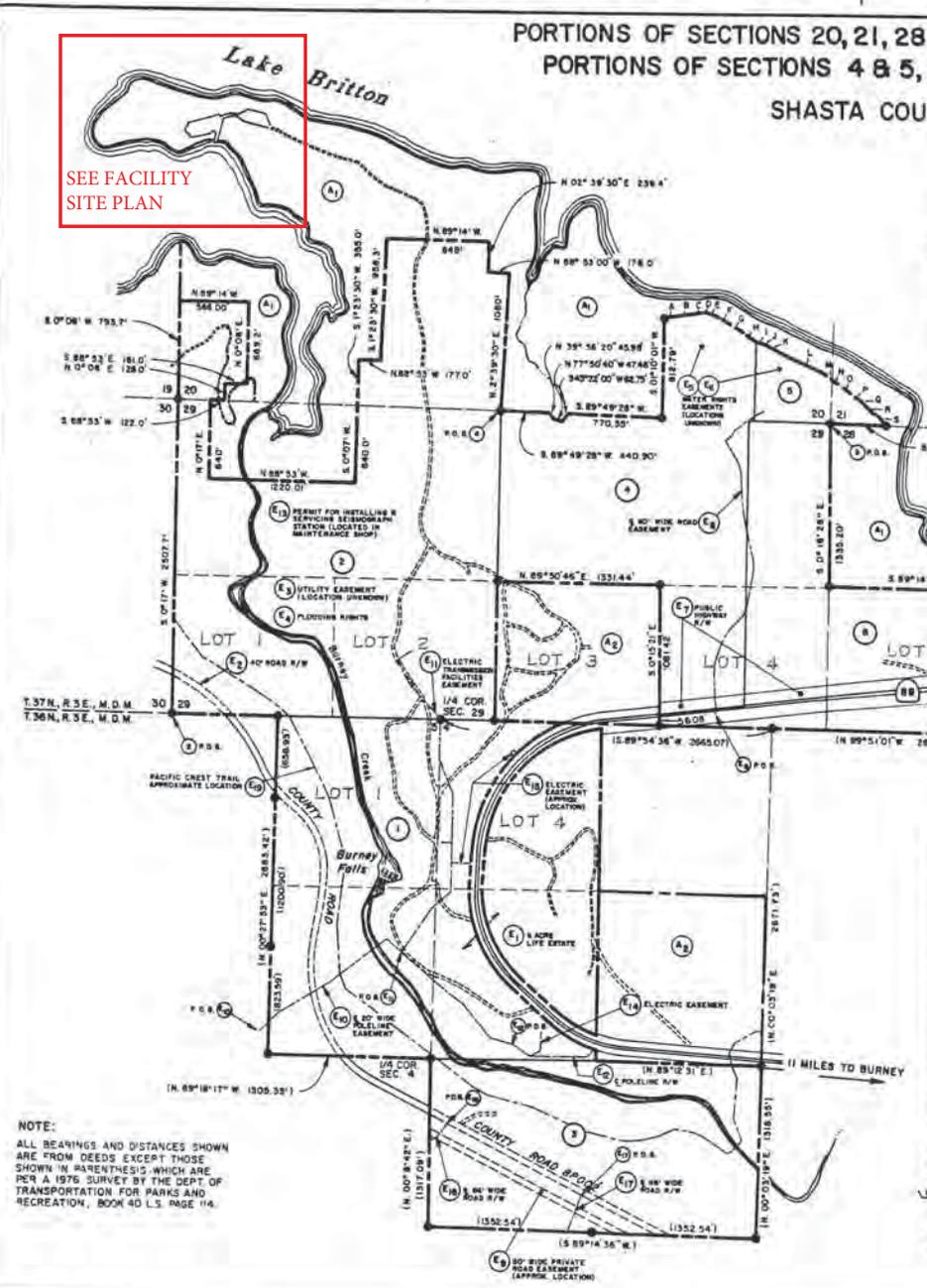
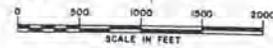
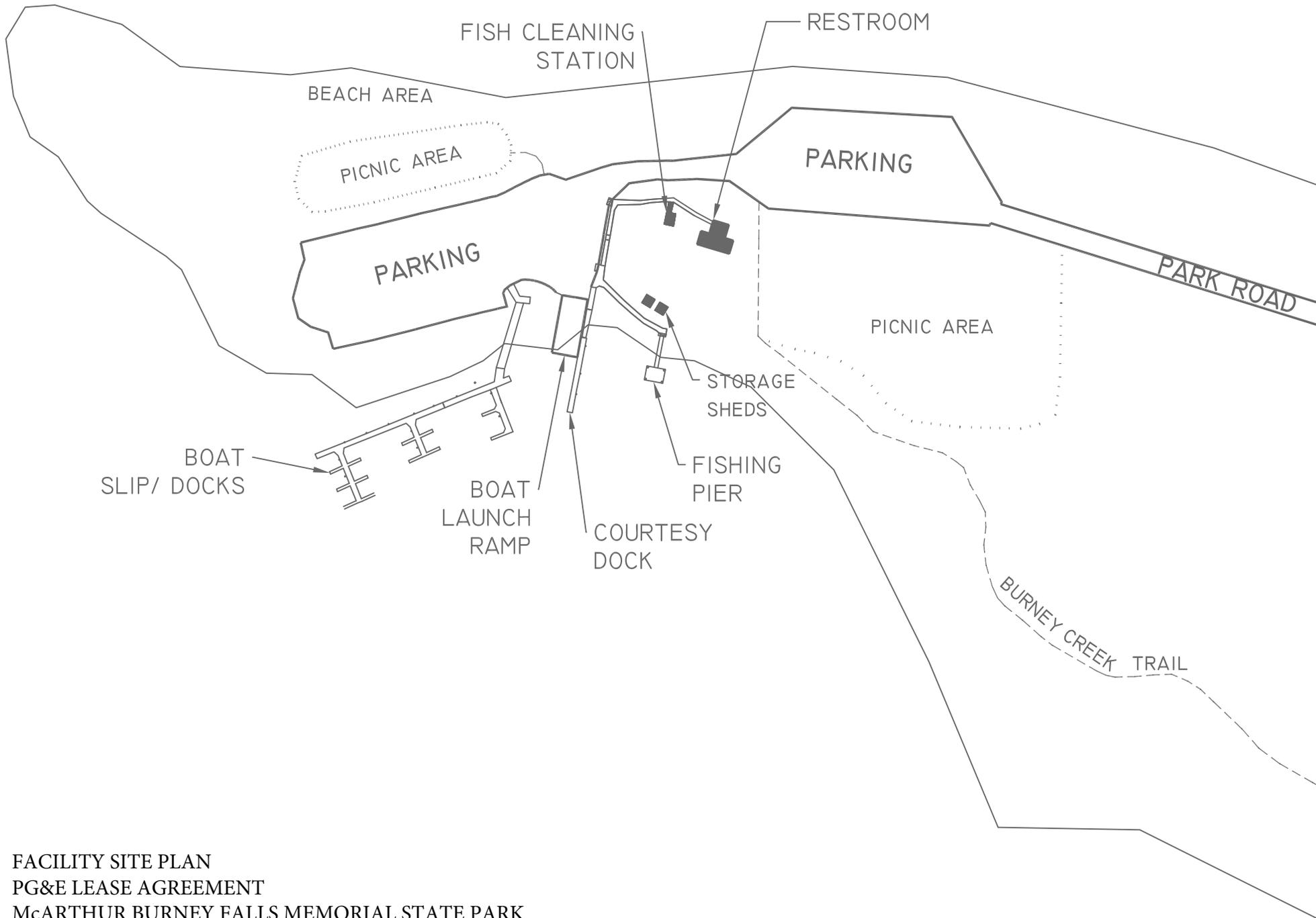


EXHIBIT "B" - Cont'd



FACILITY SITE PLAN
PG&E LEASE AGREEMENT
McARTHUR BURNEY FALLS MEMORIAL STATE PARK

SEE LAND OWNERSHIP RECORD (DPR) FOR LOCATION

EXHIBIT "C"

INSURANCE REQUIREMENTS

Licensee shall procure, carry and maintain the following insurance coverage, and Licensee is also responsible for the compliance of Licensee'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 Licensee of its indemnity and other contractual obligations under the License 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 work performed by or for the Licensee or any other obligation or liability under the License Agreement, and (b) be endorsed to specify that the Licensee'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. Pollution Liability

1. Coverage for bodily injury, property damage, clean-up costs and defense costs resulting from sudden and gradual pollution conditions including, but not limited to, the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, hydrocarbons, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water.

2. The limit shall not be less than Five Million Dollars (\$5,000,000) each occurrence.
3. PG&E shall be named as additional insured.

E. Additional Insurance Provisions

1. Upon execution of the License Agreement, Licensee shall furnish PG&E with certificates of insurance and endorsements of all required insurance for Licensee.
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 License Agreement.
4. PG&E may inspect the original policies or require complete certified copies, at any time.
5. Licensee shall furnish PG&E the same evidence of insurance for Licensee's agents, consultants, contractors or subcontractors as PG&E requires of Licensee, prior to entry onto the Property by such parties.
6. Should Licensee have the right under this License Agreement to self-insure for any required insurance, Licensee 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 Licensee from a third party insurer, in full compliance with the provisions of this EXHIBIT "C", 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, Licensee shall act with the same promptness and subject to the same standards of good faith as would apply to a third-party insurance company.

Attachment F

Utility Facility Access, Operation and Maintenance Easement Agreement

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

PACIFIC GAS AND ELECTRIC COMPANY
Land Department
Attention: Paul Coviello
1850 Gateway Blvd, Room 7043C
Concord, CA 94520

WITH A COPY TO:

STATE OF CALIFORNIA
Department of General Services
707 3rd Street, MS-501
West Sacramento, CA 95605
Attention: Mike Butler

(Space Above this Line for Recorder's Use)

A.P.N. 023-060-022, 023-080-001, 023-080-
007, 023-080-013
LD: _____

Agency: Department of Parks and Recreation
Project: Lake Britton
Project #: _____

Date: _____

UTILITY FACILITY ACCESS, OPERATION AND MAINTENANCE EASEMENT

Between

State of California, acting by and through the Department of General Services, on behalf of the California
Department of Parks and Recreation,

as Grantor

and

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation,

as Grantee

UTILITY FACILITY ACCESS, OPERATION AND MAINTENANCE EASEMENT

This UTILITY FACILITY ACCESS, OPERATION AND MAINTENANCE EASEMENT (the “**Agreement**”) is made and entered into by and between the STATE OF CALIFORNIA (hereinafter referred to as “**STATE**”), acting by and through the DEPARTMENT OF GENERAL SERVICES (“**DGS**”), on behalf of the CALIFORNIA DEPARTMENT OF PARKS AND RECREATION (“**CDPR**”), and PACIFIC GAS AND ELECTRIC COMPANY, a California corporation (“**GRANTEE**”). The STATE, DGS, CDPR and GRANTEE are collectively referred to as the “**PARTIES**”. Capitalized terms used in this Agreement shall have the meanings ascribed to them by the section in which such term is first defined. This Agreement includes all exhibits attached hereto.

RECITALS

- A. STATE is the owner of approximately ±135.35 acres of land in the unincorporated area of Shasta County (the “**County**”), State of California, Assessor's Parcel No.: 023-060-022, 023-080-001, 023-080-007, and 023-080-013, and is more particularly described in **Exhibit A** and shown on **Exhibit A-1**, each attached hereto and incorporated by this reference into this Agreement (the “**Property**”). STATE acquired fee title to the Property from GRANTEE immediately before the recordation of this Agreement.
- B. GRANTEE 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).
- C. 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**”).
- D. The Settlement Agreement and the Stipulation (collectively, “**Governing Documents**”) require GRANTEE to ensure that approximately 140,000 acres of watershed lands, all owned by GRANTEE (collectively, “**Watershed Lands**”), which included 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 GRANTEE to convey fee interests and/or conservation easements and protect such beneficial public values on the Watershed Lands, as well as certain other obligations related thereto, are set forth in detail in Appendix E of the Settlement Agreement (as further explicated in Section 12 of the Stipulation), and are defined therein as the “**Land Conservation Commitment**”.
- E. 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. In addition, the Stewardship Council Board of Directors adopted that certain Lake Britton Planning Unit Land Conservation and Conveyance Plan on or about May 1, 2019 (the “**LCCP**”).

- F. In furtherance of the LCP and the LCCP, and with CPUC approval, GRANTEE conveyed the Property in fee to STATE pursuant to that certain Grant Deed and Reservation of Rights recorded in the Official Records of the County immediately prior to the recordation of this Agreement (the "**Grant Deed**").
- G. Consistent with the conditions in the Governing Documents, immediately following the recordation of the Grant Deed and this Agreement, the Property shall be subject to a perpetual conservation easement (the "**Conservation Easement**") granted by STATE to the Shasta Land Trust, a California nonprofit public benefit corporation ("SLT"). The Conservation Easement shall be subject to the rights of GRANTEE reserved in the Grant Deed and the rights and interests of GRANTEE conveyed pursuant to this Agreement (such rights and interests being collectively referred to as the "**PG&E Reserved Rights**").
- H. Pursuant to the LCCP, the Property is not associated with a Federal Energy Regulatory Commission ("**FERC**") project and GRANTEE determined the Property did not need to be retained for existing or future utility operations.
- I. GRANTEE 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 FERC, and for other purposes as described more fully below (collectively, "**Hydro Project Activities**"). Additionally, Grantee has used and desires to continue 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 the Electric Activities, as described more fully below.
- J. THE PARTIES enter into this Agreement for the purpose of GRANTEE receiving an easement for the purposes described below in this Agreement over the area of the Property more particularly described in Exhibit C and shown on Exhibit D, each attached hereto and incorporated by this reference into this Agreement (referred to in this Agreement as the "**Easement Area**").

AGREEMENT

NOW THEREFORE, in consideration of the above recitals, all of which are expressly incorporated into this Agreement, and the mutual promises and covenants contained in this Agreement, the PARTIES agree as follows:

1. Grant of Easement. STATE, pursuant to the provisions of Section 14666 of the Government Code of the State of California, hereby grants to GRANTEE a non-exclusive, perpetual easement to engage in or invite or permit others to engage in the activities and uses set forth below (collectively, the "**Easement**"), as GRANTEE may determine in GRANTEE's sole discretion exercised in good faith is required for GRANTEE'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 (collectively the "**Permitted Uses**");

- a. The right of GRANTEE and/or GRANTEE's agents, employees, contractors, subcontractors of any tier, and invitees (collectively "**GRANTEE's Representatives**") to operate and maintain existing and future Hydroelectric Facilities and associated Water Delivery Facilities within the Easement Area, 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 applicable license issued by the FERC ("**FERC License**"), FERC License renewal, or other regulatory requirements.
- b. The right of GRANTEE and GRANTEE's Representatives to conduct any and all uses and activities within the Easement Area now or at any time in the future deemed necessary or appropriate by GRANTEE in GRANTEE's sole discretion exercised in good faith in connection with the generation of hydroelectric energy, including, but not limited to the operation, repair, alteration, replacement and expansion of existing Hydroelectric Facilities and Water Delivery Facilities, and the construction, operation, repair, alteration, replacement and expansion of new Hydroelectric Facilities and Water Delivery Facilities.
- c. The right of GRANTEE and GRANTEE's Representatives to use, maintain, establish, construct, alter, expand and improve water sources, courses, and bodies upon and within the Property, and to take, divert and appropriate water.
- d. The right of GRANTEE and GRANTEE's Representatives to increase or otherwise modify water storage capacities of Water Delivery Facilities within the Easement Area.
- e. The right of GRANTEE and GRANTEE's Representatives to conduct any and all uses and activities within the Easement Area currently or in the future deemed necessary or appropriate by GRANTEE in GRANTEE's sole discretion exercised in good faith to comply with any applicable FERC License or other regulatory requirements, including any amendments thereto and replacements thereof, and with applicable regulations and orders of the FERC or other regulatory agencies.
- f. The right of GRANTEE and GRANTEE's Representatives to conduct any and all uses and activities now or at any time hereafter deemed necessary or appropriate by GRANTEE in GRANTEE's sole discretion exercised in good faith to comply with the Federal Power Act (Title 16 United States Code, Chapter 12).
- g. The right of GRANTEE and GRANTEE's Representatives to decommission all or any portion of existing and future Hydroelectric Facilities and associated Water Delivery Facilities in accordance with any applicable FERC License.
- h. The right of GRANTEE and GRANTEE's Representatives to access the Easement Area to operate and maintain GRANTEE's existing and future facilities for the transformation, transmission and distribution of electric energy, and for communication purposes within the strips of land described below and also the right to construct, install, repair, enlarge, improve, reconstruct, replace, remove, maintain and use the same as GRANTEE shall at any time and from time to time deem necessary, together with the rights to excavate for, construct, install, repair, enlarge, improve, reconstruct, replace, remove, maintain and use, at any time and from time to time, additional facilities for the transformation, transmission and distribution of electric energy, and for communication purposes, consisting of such devices and equipment with suitable concrete pads and adequate protection therefor necessary for transforming electric energy, one or more lines of towers, poles and/or other structures, wires and cables, including both underground and

overhead ground wires, and all necessary and proper foundations, footings, cross arms and other appliances and fixtures for use in connection with said towers, poles and/or other structures, wires and cables; all to be on land described as follows:

- (a). The strips of land described in **Exhibit E** and shown on **Exhibit F**, attached hereto and made a part hereof ("**Electrical Strips**").
 - i. The right of ingress to and egress over and across the Property by means of the existing roads and lanes thereon and/or any replacement or relocation thereof (collectively, "**Access Roads**") or by such route or routes as shall occasion the least practicable damage and inconvenience to STATE and to use said Access Roads or routes to provide access to any of GRANTEE's easements and facilities on lands adjacent to said real property.
 - j. The right of GRANTEE and GRANTEE's Representatives to install, maintain and use gates in all fences which now or in the future cross the Property, and in the event locked gates are placed in fences now or hereafter crossing Access Roads or routes, GRANTEE shall provide locks in such a manner that the gates may be used without disturbing the locks of others.
 - k. The right, from time to time, to trim or to cut down any and all trees and brush now or hereafter within the Easement Area, Access Roads, and/or routes and shall have the further right, from time to time, to trim and cut down trees and brush within the Property which now or hereafter in the opinion of Grantee may interfere with or be a hazard to the facilities installed hereunder, or as Grantee deems necessary to comply with applicable state or federal regulations.
 - l. The right to mark the location of the Electrical Strips 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 STATE shall make of said easement area.
2. "**Required**" Exercise. An exercise of the Easement shall be "required" (as used in the preceding Section 1) where GRANTEE 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 GRANTEE in good faith or by which GRANTEE 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].
3. **Notification and Consultation**. GRANTEE will use reasonable efforts to notify and consult with STATE in advance of the exercise of the Reserved Rights and use reasonable efforts to employ methods and practices that will not significantly impair the beneficial public values of the Property except in the event of emergency response or for routine maintenance with no excavation.
4. **Nature of Easement**. This Agreement creates a non-exclusive easement and runs with the land in accordance with California Civil code sections 1460 – 1461. Each covenant of either party to this Agreement to do or refrain from doing some act stated in this Agreement is expressly for the benefit of the land of the other party to this Agreement which is described in this Agreement. Each covenant runs with the land owned by or granted to the STATE and will benefit or be

binding on each successive owner, during his, her, or its ownership, of any portion of the land affected by this Agreement and on each person having any interest in it derived through any owner thereof. This Agreement shall be recorded in the Official Records of the County of Shasta.

5. Opportunity to Cure. If STATE, in its reasonable discretion, determines that a violation of the terms, covenants or conditions of the Agreement, including, but not limited to, use of the Easement Area beyond the Permitted Uses, has occurred, STATE shall give written notice to GRANTEE of such violation and specify the corrective action to cure the violation (the “**Corrective Notice**”). If GRANTEE fails to cure the violation to the reasonable satisfaction of STATE within one hundred and twenty (120) calendar days after receipt of the Corrective Notice, or under circumstances where the violation cannot be cured within a one hundred and twenty (120) day period, fails to begin curing such violation within such one hundred and twenty (120) day period, or fails to continue diligently to cure and finally cure such violation to the reasonable satisfaction of STATE, such continued violation shall be deemed a breach of this Agreement and STATE shall have the right to pursue any right or remedy as provided herein or at law or in equity; provided, however, that STATE shall not have the right to terminate the Easement. Any delay by STATE in providing notice to GRANTEE of a violation or after default of any of the terms, conditions or covenants to be performed, kept or observed by GRANTEE or GRANTEE’s successors and assigns shall not be deemed a waiver on the part of STATE of (i) any right or remedy as provided herein or at law or in equity, or (ii) be construed to be or act as a waiver of any of the terms, covenants or conditions herein contained to be performed, kept and observed by GRANTEE or GRANTEE’s successors and assigns. Nothing contained herein shall be deemed to limit GRANTEE’s right to challenge a breach or material breach declared by STATE under this Paragraph.

6. Restrictions. STATE agrees that it shall not plant any trees, crops, vines or other vegetation that naturally exceeds a height of ten feet (10’) at maturity within the Electrical Strips. STATE shall not:
 - (a). erect or construct any building or other structure, or drill or operate any well, or construct any reservoir or other obstruction, or add to the ground level within the immediate area of the then-existing Hydroelectric Facilities and associated Water Delivery Facilities without first submitting a work plan for GRANTEE’s review and approval which approval will not be unreasonably withheld, conditioned or delayed. The work plan shall include an engineered design (if applicable), a scope of work, and an approximate schedule for commencement and completion;

 - (b). erect or construct any building or other structure, or drill or operate any well, or construct any reservoir or other obstruction, or add to the ground level within the Electrical Strips, which in the good faith sole discretion opinion of GRANTEE, constitute a hazard to persons or property, including the Hydroelectric Facilities and associated Water Delivery Facilities located within the Electrical Strips;

 - (c). deposit, or permit or allow to be deposited, earth, rubbish, debris or any other substance or material, whether combustible or noncombustible, within the Electrical Strips, which in the good faith sole discretion opinion of GRANTEE, constitute a hazard to persons or property, including the Hydroelectric Facilities and associated Water Delivery Facilities located within the Electrical Strips; and

 - (d). STATE and Grantee acknowledge and agree that paragraphs 6 (b) and 6(c) are not intended to restrict STATE’s forest management activities that are performed outside of

the Electrical Strips.

7. STATE Reservation. STATE and STATE's agents, employees, licensees, lessees, invitees, contractors, and subcontractors of any tier, reserves the right to access and use the Easement Area and the Access Roads (the "**STATE Reservation**"), as long as STATES' use does not unreasonably interfere with GRANTEE's Permitted Uses of the Easement Area and Access Roads. Additionally STATE may install fences and underground pipelines with the written consent of GRANTEE which consent shall not be unreasonably withheld.
8. Further Grants. STATE agrees to grant future easements at no cost to GRANTEE, with substantially the same provisions described herein, that are necessary for the future installation of Electric Facilities outside of the Electrical Strips ("**Future Easements**"), as long as said Future Easements do not unreasonably interfere with STATE's use of the Property.
9. Exhibits. The following Exhibits are attached to this Agreement and incorporated by reference herein.
 - a. Exhibit A Legal Description of Property
 - b. Exhibit A-1 Property Maps
 - c. Exhibit B [Intentionally Deleted]
 - d. Exhibit C Description of Easement Area
 - e. Exhibit D Map Description of Easement Area
 - f. Exhibit E Description of Electrical Strips
 - g. Exhibit F Map Description of Electrical Strips
 - h. Exhibit G Additional Terms and Conditions

[SIGNATURES BEGIN ON NEXT PAGE]

STATE:

**AUTHORIZED PER GOVERNMENT CODE
§14666**

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES

BY: _____
MICHAEL P. BUTLER, CHIEF
REAL PROPERTY SERVICES SECTION

DATED: _____

**APPROVED PER GOVERNMENT CODE
§14666:**

STATE OF CALIFORNIA
CALIFORNIA DEPARTMENT OF PARKS AND
RECREATION

BY: _____
BRIAN DEWEY, ASSISTANT DEPUTY DIRECTOR
ACQUISITION AND DEVELOPMENT DIVISION

DATED: _____

GRANTEE:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

BY: _____
ANDREW K. WILLIAMS
VICE PRESIDENT
SHARED SERVICES

DATED: _____

EXHIBIT A

Legal Description of Property
(Attached behind this Page)

EXHIBIT A-1

Property Maps
(Attached behind this Page)

EXHIBIT B

[Intentionally Deleted]

EXHIBIT C

Description of Easement Area

Parcel 4 as described in Exhibit A, attached hereto and made a part hereof.

EXHIBIT D

Map Description of Easement Area

Parcel 4 as shown on Exhibit A-1, attached hereto and made a part hereof.

EXHIBIT E

Description of Electrical Strips
(Attached behind this Page)

EXHIBIT F

Map Description of Electrical Strips
(Attached behind this Page)

EXHIBIT G

ADDITIONAL TERMS AND CONDITIONS

This Agreement and the Easement herein granted to GRANTEE is subject to the following additional terms and conditions:

1. All rights and obligations of STATE and SLT under the Conservation Easement are subject to the GRANTEE's rights conveyed pursuant to this Agreement.
2. This Easement is subject to existing contracts, leases, licenses, easements, encumbrances, and claims of record which may affect the Property and the use of the words "grant" and "reservation" herein shall not be construed as a covenant against the existence of any thereof.
3. GRANTEE acknowledges and covenants that their use of the Easement shall comply with the Land Conservation Commitment and Governing Documents.
4. GRANTEE agrees, at its sole cost and expense, to indemnify, protect, defend with counsel acceptable to STATE, and hold harmless STATE and its agencies, departments, boards, offices, commissions, officers, employees, agents, and representatives (collectively "Indemnitees"), from and against any and all claims, demands, damages, losses, liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits, proceedings, costs and expenses (including, without limitation, reasonable attorneys' fees, court costs, administrative procedural costs and experts' fees) of any kind or nature whatsoever which may at any time be imposed upon, incurred or suffered by, or asserted or awarded against, Indemnitees relating to or arising directly or indirectly from: (i) GRANTEE's or GRANTEE's Representatives' occupation and use of the Easement Area and/or Access Roads pursuant to this Agreement; (ii) GRANTEE's or GRANTEE's Representatives' use, handling, generation, storage, release, transport, threatened release or disposal of Hazardous Substances on or around the Easement Area and/or Access Roads on or after the date of this Agreement; and (iii) any required or necessary remediation, repair, cleanup or detoxification and the preparation of required plans which occurs as a result of GRANTEE's or GRANTEE's Representatives' use, generation, storage, release, transport threatened release or disposal of Hazardous Substances on or around the Easement Area and/or Access Roads on or after the date of this Agreement. For the purposes of this Paragraph, "Hazardous Substances" means any hazardous or toxic material or waste that is or becomes regulated by the laws of any local governmental authority, the State of California or the United States Government under any Environmental Requirements applicable to the PARTIES in the management of property owned by them. Hazardous Substances may be defined differently based on the laws, regulations and policies applicable to each of the PARTIES to this Agreement. For purposes of this Agreement, Hazardous Substances may 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. § 1801 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. § 1251 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 Safe Drinking Water Act (33 U.S.C. § 300f et seq.); the River and Harbors Act of 1899 (33 U.S.C. §§ 401 et seq.); the National Emission Standard for Hazardous Air Pollutants for Asbestos (40 C.F.R. §§ 61.140 et seq.), the OSHA Construction Standard (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. § 300f 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. §§2014 et seq.); the Nuclear Waste Policy Act of 1982 (42 U.S.C. §§10101 et seq.); the Medical Waste Management Act (Cal. Health and Safety Code §§25015 et seq.); the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13020 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 Control 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, any State of the United States or any political subdivision thereof having jurisdiction over the PARTIES to this Agreement; or, as applicable to GRANTOR, which cause, or are listed by the State of California as being known to the State of California to cause, cancer or reproductive toxicity; or
- 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 ("PCBs") or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or
- f. that contains radon gas.

GRANTEE's duty to defend Indemnitees, is separate from, independent of and free-standing of GRANTEE's duty to indemnify Indemnitees under this Agreement, and applies whether the issue of the PARTIES negligence, breach of contract or other fault or obligations has in any way been determined. GRANTEE's indemnity obligations under this Agreement shall not extend to that portion of such loss or damage that shall have been caused by any of the Indemnitees' comparative negligence or willful misconduct.

GRANTEE shall have no cleanup liability, nor any obligation to defend, hold harmless or indemnify under this Agreement from and against any claims resulting from any pre-existing Hazardous Substances conditions. This indemnity shall survive the termination of this Agreement.

5. Prior to any entry onto the Easement Area or the Access Roads under the terms of this Agreement, GRANTEE and GRANTEE's Representatives shall each, at their own expense, provide STATE evidence of insurance as follows:
 - a. Commercial General Liability – GRANTEE and GRANTEE's Representatives shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy must include coverage for liabilities arising out of premises operations, independent contractors, products/completed operations, personal & advertising injury and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the GRANTEE's and/or GRANTEE's Representatives limit of liability. The policy must include: **Department of Parks and Recreation, State of California, its agencies, departments, boards, offices, commissions, officers, employees, agents and representatives as additional insureds.** This endorsement must be supplied under form acceptable to DGS' Office of Risk and Insurance Management.
 - b. Automobile Liability – GRANTEE and GRANTEE's Representatives shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles. The same additional insured designation and endorsement required for general liability is to be provided for this coverage.
 - c. Workers' Compensation and Employers' Liability – GRANTEE and GRANTEE's Representatives shall maintain statutory workers' compensation and employers' liability for all employees who will be engaged in the performance of any work and/or maintenance related to the Easement Area and/or the Access Roads. Employers' liability limits of \$1,000,000 are required. Workers' compensation policy shall contain a waiver of subrogation endorsement in favor of the STATE.
 - d. GRANTEE shall have the right to self-insure with respect to any insurance requirements under this Agreement. In the event GRANTEE elects to self-insure with respect to any insurance requirements under this Agreement, GRANTEE shall submit a letter of self-insurance signed by a duly authorized representative to STATE, evidencing that the self-insurance program is in full force and effect and in compliance with and subject to all the terms, agreements, covenants, conditions and provisions of this Agreement.
6. GRANTEE understands that this Easement will be located within a State forest, and GRANTEE agrees to abide by certain regulations and restrictions set forth in sub-

paragraphs a. through d. of this Paragraph, concerning GRANTEE'S access and use of the Easement Area and/or the Access Roads:

- a. Use of any part of the Property outside of the Easement Area, Access Roads, and/or routes for any reason by GRANTEE or GRANTEE's Representatives shall be restricted to that use reasonably necessary in connection with the construction, operation, maintenance and repair of the Hydroelectric Facilities and associated Water Delivery Facilities, and Electric Facilities.
 - b. GRANTEE shall be solely responsible for the maintenance and repair of any damage caused by its use of the Easement Area at no cost to STATE. GRANTEE further agrees that any erosion or drainage problems caused by the use of the Easement Area by GRANTEE and GRANTEE's Representatives shall be corrected by GRANTEE without cost to STATE and to the reasonable satisfaction of the STATE.
 - c. GRANTEE shall be solely responsible for the repair of any damage caused by its use of the Access Roads and/or routes, excluding fair wear and tear from normal usage. For so long as the Access Roads and routes shall exist in private ownership, STATE and GRANTEE and their respective successors and assigns, shall bear the expenses of the reasonable maintenance of the Access Roads and/or routes in proportion to their respective use. Reasonable maintenance shall include such work as is necessary to maintain said Access Roads and/or routes in their existing condition as unpaved roads in good, usable condition, but shall not include the enlargement of or betterment of the Access Roads and/or routes.
 - d. GRANTEE shall not consent to the use of the Easement Area, Access Roads, and/or routes by any member of the general public not associated with any of the Permitted Uses without first obtaining written approval from STATE.
7. In making any excavation in the Easement Area and/or the Access Roads, GRANTEE shall make all excavation activities available to the STATE archaeologist for observation and monitoring. During excavation, the STATE archaeological monitor may observe and report to the STATE on all excavation. STATE archaeological monitor shall be empowered to stop construction activities in the event the monitor determines that significant cultural resource values are being disturbed. In the event that significant cultural resource values are being disturbed, all work within thirty feet (30') of the find shall be immediately halted.

Should GRANTEE or GRANTEE's Representatives find any cultural or historical resources in the absence of a STATE archaeologist, GRANTEE covenants to halt all work within thirty feet (30') of the find and immediately notify the STATE archaeological monitor. GRANTEE further covenants that work shall not resume within thirty feet (30') of the find until authorized by the STATE archaeological monitor. Should human bone or bones of questionable appearance be disturbed during excavation, GRANTEE agrees to halt all excavation within thirty feet (30') until the County Coroner and a representative of the local Native American community have examined the remains and determined redispotion. The archaeological conditions shall comply with STATE

directives, policies, regulations and laws, including, but not limited to, Public Resources Code §5024 and §5097 which outline procedures in the event Native American remains are discovered. Work shall not resume in the area of the find until authorized by the STATE archaeological monitor.

GRANTEE and/or GRANTEE's Representatives shall provide a work schedule to STATE so that the STATE archaeological monitor can arrange to be on site on the necessary days; GRANTEE agrees to notify the STATE archaeologist of any preconstruction meetings with GRANTEE's Representatives. Except in the case of emergencies the archaeologist should be provided at least two (2) weeks advanced notice of the construction start date. In the event of emergency work, GRANTEE will provide notice to the archaeologist within one (1) week of when the emergency work is discovered.

8. This Agreement shall be governed and construed by the laws of the State of California. The successive owners of the Property are bound by this Easement for the benefit of the GRANTEE. This Easement will be permanent and perpetual except as specifically provided herein.
9. GRANTEE shall have sole responsibility for obtaining all applicable city and county authorizations necessary to enjoy this Easement. STATE agrees to provide such reasonable cooperation, subject to reimbursement by GRANTEE of STATE's administrative expenses, as may be deemed appropriate by STATE to enable GRANTEE to implement and exercise the rights granted herein, including but not limited to the completion and/or execution of any applications, rights of access, and other supporting or required documentation necessary to GRANTEE'S processing and obtaining local, state and federal approvals of the Permitted Uses on the Easement Area and/or the Access Roads.
10. Any notice, tender, delivery, or other communication pursuant to this Agreement shall be in writing and shall be deemed to be properly given if delivered, mailed or sent by wire or other telegraphic communication in accordance with the time frames and any other requirements provided in this Agreement, to the following persons:

STATE: State of California
California Department of Parks and Recreation
1416 9th Street
Sacramento, CA 95814
Attn: Brian Dewey

With copies to: Department of General Services
707 Third Street, 5th Floor (MS 505)
West Sacramento, CA 95605
Attn: RESD/RPSS--Acquisitions Unit

GRANTEE: Manager, Hydro Support
Pacific Gas and Electric Company
2730 Gateways Oaks, Suite 220

Sacramento, CA 95833

With copies to: Law Department
Pacific Gas and Electric Company
P.O. Box 770000, Mail Code N10A
San Francisco, CA 94177
Re: Land Conservation Commitment

The PARTIES may change the person to be provided notice or the address for notices to be sent by giving notice pursuant to this section.

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, Mail Code N10A
San Francisco, CA 94177

WITH A COPY TO:

State of California – Official Business
Department of General Services
707 3rd Street, MS-501
West Sacramento, CA 95605
Attention: Mike Butler

**ENVIRONMENTAL AGREEMENT
(Fee Grantee)**

THIS ENVIRONMENTAL AGREEMENT ("Agreement"), dated _____, _____, executed by and between the STATE OF CALIFORNIA, acting by and through the CALIFORNIA DEPARTMENT OF PARKS AND RECREATION ("STATE") and PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("GRANTOR"), is entered into with reference to that certain Property Acquisition Agreement dated _____, _____, by and between STATE and GRANTOR ("Transaction Agreement"), pursuant to which GRANTOR is conveying to STATE fee title to that certain real property legally described in Exhibit A hereto and made a part hereof, and shown on Exhibit A-1 hereto and made a part hereof (the "Property"). GRANTOR and STATE are collectively referred to herein as the "PARTIES" and each is sometimes referred to as a "PARTY."

In consideration of, and as a material inducement to, GRANTOR's conveyance of the Property to STATE and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, GRANTOR and STATE hereby agree as follows:

1. Definitions. The following terms have the meanings ascribed to them below for purposes of this Agreement:

1.1. "Applicable Laws" means all 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 agencies, departments, commissions and boards that regulate the conduct of either GRANTOR or STATE in the management of their respective real property or Hazardous Substances (defined below in Paragraph 1.5); provided, however, that nothing in this Agreement is intended to express or imply consent of the STATE to the regulation of its conduct under any law, regulation, order, policy or other provision of any unit of local government the application of which the California State Legislature has not previously expressly waived the sovereign immunity of the STATE.

1.2. "Closing Date" means the date on which the Grant Deed is recorded in the Official Records of the County of Amador conveying fee title to the Property to STATE pursuant to the terms of the Transaction Agreement.

1.3. "Environmental Requirements" means Applicable Laws regulating the actions of GRANTOR or STATE 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. The Environmental Requirements applicable to each PARTY may differ based on the laws, regulations and policies regulating the actions of each PARTY.

1.4. "Grant Deed" means the Grant Deed and Reservation of Rights conveying title to the Property from GRANTOR to STATE.

1.5. "Hazardous Substances" means any hazardous or toxic material or waste that is or becomes regulated by the laws of any local governmental authority, the State of California or the United States Government under any Environmental Requirements. applicable to either GRANTOR or STATE in the management of property owned by either. Hazardous Substances may be defined differently based on the laws, regulations and policies applicable to each PARTY to this Agreement. For purposes of this Agreement, Hazardous Substances may 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 having jurisdiction over either PARTY to this Agreement; or which causes, 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.

1.6. "Necessary Remediation" means Remediation required by any governmental agency having jurisdiction over the Remediation pursuant to the applicable Environmental Requirements, to address a Hazardous Substances release or disposal, or to enable the current use of the Property as of the Closing Date.

1.7. "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 applicable Environmental Requirements.

2. History of Use and Current Uses of the Property.

2.1. GRANTOR has prepared certain Environmental Reports concerning the Property. Copies of these Environmental Reports as described on Exhibit B (the "Environmental Reports") have been provided to STATE.

2.2. STATE has prepared an Environmental Site Assessment dated June 25, 2018. STATE has also issued a Condition of Property Statement dated June 7, 2018.

3. Environmental Agreement. GRANTOR and STATE agree that each will comply with Applicable Laws regulating the conduct of each with respect to any storage, disposal or release of a Hazardous Substance in, on or to the Property based on Environmental Requirements applicable to each PARTY.

3.1. GRANTOR's obligations under this Paragraph 3 are supplemented by the "Stipulation Resolving Issues Regarding Land Conservation Commitment dated April 22, 2002, and filed with the Public Utilities Commission of the State of California" filed in the Commission's Investigation I02-04-026 under the Commission's "Order Instituting Investigation into the

Ratemaking Implications for Pacific Gas and Electric Company (PG&E) Pursuant to the Commission's Alternative Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for PG&E in the United States Bankruptcy Court, Northern District of California, San Francisco Division, In re Pacific Gas and Electric Company, Case No. 01-30923DM (U 39M)" (hereafter "Stipulation"). In the Stipulation, GRANTOR agreed, among other provisions, to convey some of the lands it owns under the terms in the Stipulation to suitable donees, and further agreed as follows:

"In disposition of fee title, PG&E will hold the donee harmless for hazardous waste or substance liability, provided that PG&E may decline to agree to such disposition unless the Commission first authorizes PG&E to recover the costs of such liability and any associated mitigation or remediation in rates. In the absence of such authorization related to fee title, PG&E will convey a conservation easement that holds the donee harmless for such liability; provided that no such easement will permit any use that increases human exposure to hazardous waste or substance, unless the Commission first authorizes PG&E to recover the costs of any necessary mitigation or remediation in rates."

The terms of the Stipulation were formally adopted and approved by the California Public Utilities Commission by Decision 03-12-035, issued December 18, 2003, in Investigation I.02-04-026 and apply to this donation.

3.2. STATE warrants that it has no actual knowledge of any release or threatened release of Hazardous Substances in, on, to, beneath or from the Property except as disclosed in Paragraph 2, above. As used herein, the "actual knowledge" of the STATE means the current actual, not imputed, knowledge of STATE's Representative, without any duty of investigation or inquiry. As used herein, "STATE's Representative" means Pat Kelly, who is the employee of STATE familiar with the Property.

3.3. GRANTOR's obligation under this Agreement with regard to Hazardous Substances is limited to the Necessary Remediation of Hazardous Substances which were released onto the Property prior to the Closing Date. None of the forgoing limits GRANTOR's obligations under any Applicable Laws.

3.4. GRANTOR's retention of responsibility in this Paragraph 3 shall exclude:

(a) Remediation of naturally-occurring Hazardous Substances;

(b) Remediation of Hazardous Substances present at background or ambient concentrations;

(c) Remediation of Hazardous Substances in excess of Necessary Remediation, if any, that otherwise would have been the responsibility of GRANTOR in accordance with this Agreement, where such excess Remediation is caused by STATE or as a result of STATE's negligence, including Remediation necessitated by STATE's exacerbation of a Hazardous Substance release present as of the Closing Date. The preceding sentence is not intended to allocate GRANTOR's responsibility to undertake Necessary Remediation to STATE as otherwise would have been required by GRANTOR in accordance with this Agreement; and

(d) Liability to parties other than STATE (i.e. successors and assigns of STATE).

None of the forgoing in this Section 3.4 limits GRANTOR's obligations under any Applicable Laws.

4. 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 Remedial Action Required Letter," "Certificate of Completion," or similar governmental certification indicating that additional Remediation is not required for the current land use from the governmental agency with jurisdiction over the performance of the Necessary Remediation. STATE shall allow GRANTOR necessary and reasonable access to the property to perform any Necessary Remediation that GRANTOR is required to perform under the terms of this Agreement on such terms and conditions as are mutually agreed by the PARTIES.

5. Dispute Resolution. In the event of a disagreement or dispute related to this Agreement, the PARTIES hereto agree first to seek an administrative resolution of the dispute by meeting prior to resorting to legal action for enforcement of this Agreement. The meeting will involve representatives for each of the PARTIES with an appropriate level of authority to consider and attempt to resolve the disputed matter. Each PARTY shall bear its own costs for participation in the administrative dispute resolution ("ADR") process and shall be entitled to be accompanied by in-house or outside counsel. Either PARTY may give the other PARTY written notice of any disagreement or dispute and its election to initiate the ADR process. Within thirty (30) days after delivery of said notice, the representatives will meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary to exchange information and to attempt to resolve the disagreement or dispute. If the matter has not been resolved within sixty (60) days of the first meeting, then either PARTY may seek relief in a court of competent jurisdiction. Notwithstanding the foregoing, either PARTY may seek equitable, legal or administrative relief pursuant to or necessary to comply with the California Tort Claims Act (generally, California Government Code §§ 810-996.6, and its progeny) or similar applicable statutes (if any) to preserve the status quo prior to participating in the ADR process or at any time during the ADR process.

6. Other Provisions.

6.1. This Agreement shall be binding upon and inure to the benefit of the heirs, assignees and other successors in interest of STATE and GRANTOR. No transfer of an interest in the Property or this Agreement by STATE or its assignees shall operate to relieve GRANTOR or STATE of their obligations hereunder. This Agreement shall not create or bestow any right in any third party. STATE and GRANTOR 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.

6.2. The failure of GRANTOR or STATE to insist upon strict compliance with any of the terms hereof shall not be considered to be a waiver of any of the other terms of this Agreement, nor shall it militate against the right of GRANTOR or STATE to insist upon strict compliance with any term of this Agreement at any later time.

6.3. This Agreement shall not constitute or be construed as an admission of liability or fact by GRANTOR or STATE for any purpose whatsoever.

6.4. STATE and GRANTOR shall execute, acknowledge and deliver to each other all documents, and shall take all actions reasonably required by each of them from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of this Agreement.

6.5. The representations, warranties, covenants, and agreements of GRANTOR and STATE contained in this Agreement shall survive the recordation of the Grant Deed.

6.6. Time is of the essence of this Agreement.

6.7. This Agreement shall be governed by the laws of the State of California.

6.8. If any portion, word, clause, phrase, sentence or paragraph of this Agreement is declared void or unenforceable, such portion shall be considered independent and severable from the remainder, and the validity of the remainder of the terms of this Agreement shall remain unaffected.

6.9. This Agreement sets forth the entire understanding of STATE and GRANTOR in connection with the subject matter hereof, and each acknowledges that the other has made no statement, representation or warranty relating to the Property upon which either has relied or that acted as an inducement for either to enter into this Agreement. GRANTOR's and STATE's obligations under this Agreement may not be altered or amended in any respect except by a writing executed by both STATE and GRANTOR and recorded in the same Official Records where this Agreement is recorded.

6.10. The covenants contained in this Agreement shall survive the conveyance of title to the Property from GRANTOR to the STATE, shall be construed as running with the title to the Property conveyed by GRANTOR to STATE, and may be enforced by either PARTY, subject to the Dispute Resolution provisions in Paragraph 5, above.

6.11. 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.

[Signature page follows]

IN WITNESS WHEREOF, GRANTOR and STATE have executed this Agreement as of the date first written above.

GRANTOR:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____
Andrew K. Williams
Vice President
Shared Services

STATE:

STATE OF CALIFORNIA,
California Department of Parks and Recreation

By: _____
Brian Dewey, Assistant Deputy Director
Acquisition and Development Division

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY
(Attached behind this Page)

EXHIBIT A-1

PROPERTY MAPS
(Attached behind this Page)

EXHIBIT B

LIST OF ENVIRONMENTAL REPORTS
(Attached behind 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 _____)

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 _____

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

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency
Financing

California Alternative Energy and
Advanced Transportation Financing
Authority
California Public Utilities Commission
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Cenergy Power
Center for Biological Diversity

Chevron Pipeline and Power
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell

East Bay Community Energy Ellison
Schneider & Harris LLP Energy
Management Service
Engineers and Scientists of California

GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz &
Ritchie

Green Power Institute
Hanna & Morton
ICF

IGS Energy
International Power Technology
Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated
Waste Management Task Force
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.
SCD Energy Solutions
San Diego Gas & Electric Company

SPURR
San Francisco Water Power and Sewer
Sempra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Utility Cost Management
Utility Power Solutions
Water and Energy Consulting Wellhead
Electric Company
Western Manufactured Housing
Communities Association (WMA)
Yep Energy