

Final LCCP

December 9, 2020

Updated October 14, 2021



Stewardship
Council

Land Conservation and Conveyance Plan

Lands for Donation to Pit River Tribe at the
Fall River Mills Planning Unit

Executive Summary

Subject

LCCP Fall River Mills Planning Unit (Lands for Donation to the Pit River Tribe)
Land Conservation Plan Identification Numbers (Parcels) 107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211 as shown on the map attached as Exhibit 1.

Type of Property Interest Disposition

- The Pit River Tribe to hold fee simple title to approximately 1,826 acres within Parcels 107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211 of the Fall River Mills planning unit.
- Shasta Land Trust (SLT) to hold the conservation easement on the 1,826 acres within Parcels 107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211 donated to the Pit River Tribe.

Summary

1,826 acres within 12 parcels (Parcels 107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211) will be donated to the Pit River Tribe and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by the Pit River Tribe to SLT. The remaining 3,011 acres within the planning unit are addressed in other Land Conservation and Conveyance Plans (LCCPs).

Pending California Public Utilities Commission (CPUC) approval, and immediately following PG&E's conveyance of the 1,826 acres within Parcels 107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211 to the Pit River Tribe, the Pit River Tribe and SLT will enter into the conservation easement.

The 1,826 acres in Parcels 107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211 to be donated to the Pit River Tribe are outside the Pit 1 Federal Energy Regulatory Commission (FERC) Project boundary (FERC Project #2687) 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 1,826 acres in Shasta County near the town of Fall River Mills.

Economic Uses and Agreements

There are recorded encumbrances for a public highway, roads, use of land for power, communications, transmission and distribution of electric energy and ingress and egress on the acreage for donation to the Pit River Tribe in the Fall River Mills planning unit.

There are no existing agreements for economic uses or unrecorded encumbrances on the lands that are the subject of this LCCP.

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 the Pit River Tribe includes a recital that the Pit River Tribe and PG&E acknowledge that the conveyance, together with the conservation easement transaction being entered into by the Pit River Tribe 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

In accordance with the terms and conditions specified in D.03-12-035, Appendix A, the conservation easement on the Fall River Mills Property will ensure the permanent protection and preservation of the following BPVs:

- Natural Habitat for Fish, Wildlife, and Plants - The natural attributes of the Protected Property include grassland, wildlife habitat, and natural open space. The open grasslands offer many natural resources to the flora and fauna native to the local area. In addition, the Protected Property contains an extensive terrestrial habitat, with a strong population of bats and bald eagles.
- Sustainable Forestry - The Protected Property includes second-growth ponderosa pine stands with no plantations or late seral stage stands. Forest resources on the Protected Property provide opportunities for the Tribe to manage the dynamic forest ecosystem to provide ecological, economic, social, and cultural benefits for present and future generations.
- Open Space - The open and natural character of the Protected Property provides scenic views enjoyed by the general public from Highway 299, a primary local thoroughfare. With a lack of development and steepness of the Pit River Canyon, open space values are found throughout the Protected Property.
- Historic Values - The historical and cultural character of the Protected Property within the Pit River Tribe's ancestral territory, including tribal cultural and sacred sites, resources and practices, provides opportunities for preserving, protecting, enhancing of, and education related to, those historic and cultural values.

- Outdoor Recreation - The Protected Property provides opportunities for recreation and education including hunting, hiking, and wildlife watching.

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 \$361,783, 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 Fall River Mills Environmental Site Assessment Refresh prepared by Amec Foster Wheeler Environment and Infrastructure, Inc., dated December 2015, to the Pit River Tribe and SLT, fulfilling the disclosure requirements of the Land Conservation Commitment.

Consideration of Parcel Split

Within Parcels 107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211, approximately 1,826 acres are proposed for transfer to the Pit River Tribe. At closing, the 1,826 acre Property, as well as the remainder of the parcels, must comply with the California Subdivision Map Act (Government Code Section 66410, et seq.) as separate legal parcels. Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to this conveyance.

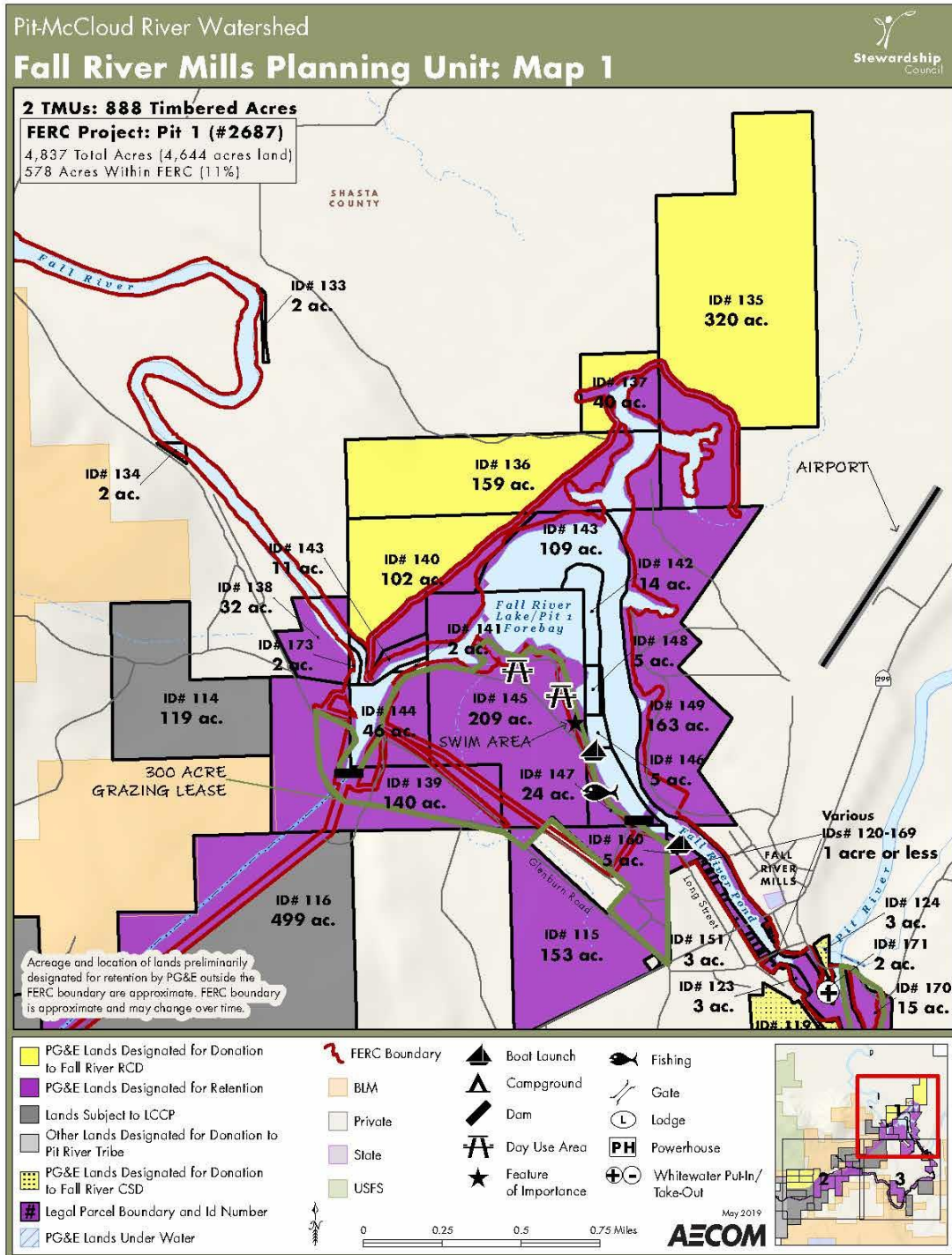
Applicable CEQA Exemption(s) or Reason Why Transaction is not a "Project Under CEQA"

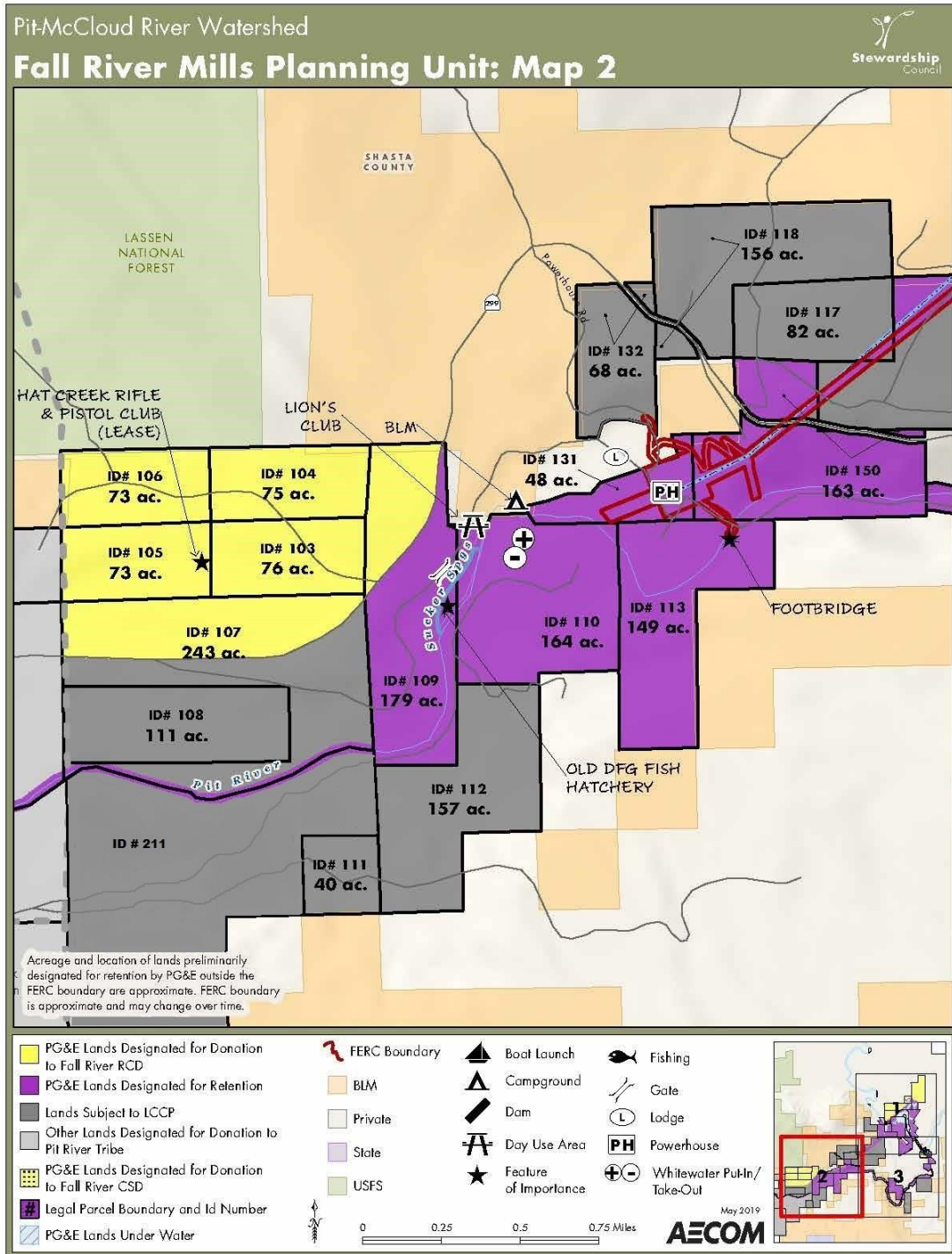
This Fall River Mills transaction will not result in a direct physical change or a reasonably foreseeable indirect physical change in the environment; therefore, the Stewardship Council does not believe that the transaction is a project under CEQA. In addition, the transfer of land to preserve open space, 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.

While the principal effect of the conservation easement will be to significantly restrict development on the site in perpetuity, the conservation easement reserves to the Pit River Tribe the right to create features including a cultural center, an arbor, a caretakers residence, maintenance facility, signage and kiosks, and picnic areas, subject to the limitations in the conservation easement. However, the Pit River Tribe is not proposing to carry out any permitted development or change in use at this time. Instead, at least for the time being, the Pit River Tribe intends to manage the Property as PG&E does presently. If, in the future, the Pit River Tribe 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 environmental review occurs before those changes occur.

Exhibit 1. Map of the Property





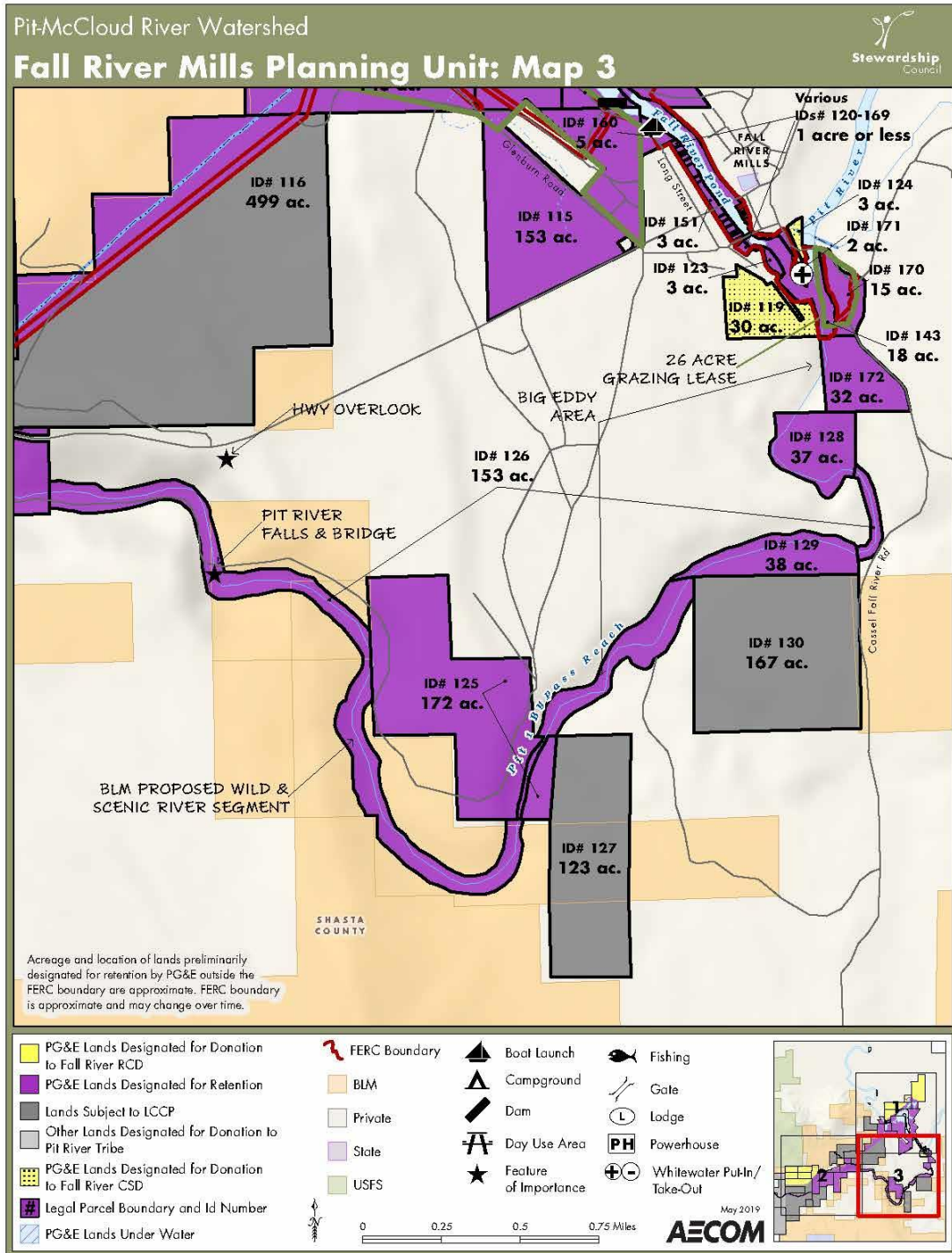


Table of Contents

Executive Summary	1
Introduction	9
1. Acreage, Existing Economic Uses and Agreements	13
2. Objectives to Preserve and/or Enhance the BPVs	15
3. Recommendations for Conservation Easement and Fee Simple Donation	17
4. Finding of Donee Funding and Other Capacity to Maintain Lands to Preserve and/or Enhance the BPVs	20
5. Analysis of Tax and Other Economic and Physical Impacts	22
6. Hazardous Waste Disclosure	25
7. Consideration of Parcel Split	26
8. Strategy for Physical Measures to Enhance the BPVs	27
9. Monitoring Plan for the Economic and Physical Impacts of Disposition And Implementation of Enhancement Measures	28
10. Implementation Schedule for Transactions and Measures	29

Appendices

Appendix 1. Summary of Public Outreach	30
Appendix 2. Grant Deed	36
Appendix 3. Conservation Easement	57
Appendix 4. Conservation Easement Funding Agreement	97
Appendix 5. Property Tax Neutrality Methodology	108
Appendix 6. Settlement Agreement, Appendix E	112

Introduction

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

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

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

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

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

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

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

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

Public input that the Stewardship Council received as a result of the public outreach process, including comments on Volume II of the LCP, comments from public information meetings on the selection of donees and other issues, and correspondence received by the Stewardship Council were considered by the Stewardship Council in its evaluation of the potential donees and their land stewardship proposals. In addition to public meetings, the public was given the opportunity to participate in all of the Stewardship Council's public board meetings where decisions were made on fee title and conservation easement donees. Prior to making a decision regarding the disposition of this parcel, the Stewardship Council will provide notice to the Board of Supervisors of the affected county, each affected city, town, and water supply entity, each affected Tribe and/or co-licensee, and each landowner located within one mile of the exterior boundary of the parcel, by mail or other effective manner. A summary of the public outreach process for this subject LCCP, the Fall River Mills planning unit, is provided in

Appendix 1. Furthermore, the proposed LCCP will be made available for public review and comment before it is forwarded by the Watershed Planning Committee to the board for its review and approval.

The Stewardship Council Board of Directors recommends that the Pit River Tribe receive approximately 1,826 acres within 12 parcels (107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211) of the Fall River Mills planning unit in fee and that the Shasta Land Trust (SLT) hold a conservation easement over the lands recommended for donation to the Pit River Tribe in these parcels (107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211) of the Fall River Mills planning unit.

Table 1-1 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>

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

"A plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures on the applicable management objectives;"

(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

Approximately 1,826 acres in Parcels 107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211 will be donated to the Pit River Tribe and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by the Pit River Tribe to SLT. The remaining acreage within the Fall River Mills planning unit will be retained by PG&E or donated to the Fall River Resource Conservation District and the Fall River Valley Community Services District and will be subject to a conservation easement.

The Fall River Mills planning unit is located adjacent to the town of Fall River Mills and offers both recreation and open space opportunities. The planning unit contains the Pit 1 Forebay, Fall River Pond, and several miles of the Fall and Pit River corridors and surrounding lands.

The planning unit provides extensive terrestrial habitat, which supports bald eagle nests. Due to the large number of avian species that use the greater Fall River Area and its importance in maintaining bird populations, the Audubon Society has designated this area as an Important Bird Area. One special status plant species has also been identified in the planning unit.

The majority of the planning unit's recreation facilities are located on land that will be retained by PG&E at the Pit 1 Forebay and Fall River Pond, adjacent to the town of Fall River Mills. The lands to be donated to the Pit River Tribe have access for passive recreational uses and there is a small footpath that accesses Parcel 130.

The lands recommended for donation to the Pit River Tribe are within two PG&E Timber Management Units (TMUs) that total 868 timbered acres. Parcels 107, 108 and 111 are located within a TMU that 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. Parcels 112, 114, 116-118, 127, 130 and 132 are within a TMU that is currently managed by PG&E under a salvage prescription, meaning that management activities are restricted to mitigating for watershed and forest health issues, including emergency salvage harvesting following insect attack or a catastrophic event.

Though there are two grazing leases in the Fall River Mills planning unit, they are not located on lands recommended for donation to the Pit River Tribe.

There are a number of cultural resources within this planning unit, which is within the ancestral territory of the Pit River Tribe, specifically the Ajumawi and Illmawi bands of the tribe. At least two major settlement areas, the villages of Wennehahle and Dawchtahpit, are known to be present in the Pit River canyon along with an ethnobotanical resource location and several potential Traditional Cultural Properties that are important spiritually.

Adjacent and Nearby Landowners

The parcels subject to donation to the Pit River Tribe are surrounded by private property, other PG&E lands, and BLM lands. The parcels are accessible via State Highway 299, Glenburn Road, Cassel Fall River Road, and the Pit 1 Powerhouse Road. Parcels 107, 108 and 127 are not accessible by vehicle and Parcels 111 and 112 have limited vehicular accessibility.

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 for a public highway, roads, use of land for power, communications, transmission and distribution of electric energy and ingress and egress on the acreage for donation to the Pit River Tribe in the Fall River Mills planning unit. There are no existing agreements for economic uses or unrecorded encumbrances on the lands that are the subject of this LCCP.

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 Fall River Mills 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. The conservation easement will permanently protect habitat by restricting development except as allowed within Approved Building Zones shown in Exhibit F of the conservation easement, and limiting the landowner’s uses to those that are consistent with the protection of the BPVs on the Property.

2. Objective: Preserve open space in order to protect natural and cultural resources, viewsheds, agricultural land uses, 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 allows the Pit River Tribe to build a cultural center, an arbor, a caretaker's residence, maintenance facility, signage and kiosks, and picnic areas within designated zones; provided that the construction or placement of such structures or improvements is consistent with the Conservation Purpose and do not significantly impair the Conservation Values.

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

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

Although no recreational facilities are specifically proposed at this time, the conservation easement permits the Pit River Tribe to construct a cultural center, an arbor, signage and kiosks, and picnic areas.

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.

The Pit River Tribe reserves the right to manage the forest and harvest timber in accordance with all state laws and all applicable federal laws, practices, guidelines, and regulations, provided that the forest management activities are conducted in a manner that is consistent with the Conservation Purposes and other terms and conditions of the conservation easement and do not significantly impair the Conservation Values. The forest management activities must be consistent with the requirements of a Forest Management Plan approved by SLT.

5. Objective: Preserve and enhance grazing in order to support associated economic benefits, as well as to protect open space and habitat resources.

While other areas of the Fall River Mills planning unit are suitable for grazing, this donation area does not have grazing leases and is not likely to be a candidate for grazing in the future. Agriculture is not an existing BPV protected by the conservation easement, but the conservation easement permits the cultivation and harvesting of native plants.

6. Objective: Identify and manage cultural resources in order to ensure their protection.

One of the BPVs to be protected by the conservation easement is historical and cultural values, to the extent they are protected by state and federal laws. The conservation easement provides for the development of cultural structures that will be utilized for traditional demonstration and to educate the public about Native American traditional practices used in the area.

3. Recommendations for Conservation Easement and Fee Simple Donation

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

Conservation Easement

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

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

Conservation easements must be donated to nonprofit organizations, Native American tribes, or public agencies that meet the requirements of California Civil Code section 815.3 and possess the experience and capacity to fully and strictly implement the terms of the conservation easement. The Shasta Land Trust (SLT) will hold the conservation easement over the lands in the Fall River Mills planning unit that are the subject of this LCCP. The qualifications of the SLT are described in Chapter 4.

Accordingly, immediately following PG&E's conveyance of the lands to be donated to the Pit River Tribe in the Fall River Mills planning unit, the Pit River Tribe will convey the conservation easement to SLT.

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 Fall River Mills 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. After an initial round of LSPs was submitted for the planning unit prior to 2015, recommendations were made for a portion of the acres to be donated in fee to the Fall River Resource Conservation District (RCD) and Fall River Valley Community Services District, while the remaining acres were anticipated to be retained by PG&E. In 2018, the Stewardship Council and PG&E land staff conducted a desk and field review of the additional lands that were anticipated to be retained by PG&E. PG&E staff assessed the remaining acres that did not fall within FERC project boundaries, and were not required for current or future utility operations. The Board then agreed to solicit additional LSPs for available lands in the planning unit from two key regional stakeholders, the Fall River RCD and the Pit River Tribe. The Pit River Tribe was the only applicant interested in this Property, and after the Stewardship Council evaluated this additional round of LSPs, the board recommended the Pit River Tribe as the fee title donee for this Property at the January 23, 2019 meeting.
- Organizations demonstrating sufficient capacity and determined by the Stewardship Council to be best-suited to receive a donation of property interest (fee or conservation easement) in particular Watershed Lands within a planning unit are being recommended to PG&E to receive fee title and/or conservation easements.

Retention or Donation of Fee Title

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

The 1,826 acres proposed for donation to the Pit River Tribe in Parcels 107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211 were identified as available for donation, subject to PG&E’s reserved rights.

Lands to be Donated by PG&E

Approximately 1,826 acres within 12 legal parcels (107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211) will be donated to the Pit River Tribe pending CPUC approval of the Section 851 filing for the transaction. The legal description of the parcels will be included in the grant deed, the form of which is provided in Appendix 2. The qualifications and capacity of the Pit River Tribe to manage the Fall River Mills Property recommended for donation are described in Chapter 4.

The map provided in Exhibit 1 shows all of the land within Parcels 107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211 in the Fall River Mills planning unit that will be donated. The map also shows key features in the planning unit and surrounding area, and the ownership of adjacent land.

Lands to be Retained by PG&E

A portion of the remaining 3,011 acres in the Fall River Mills planning unit will be retained by PG&E and is the subject of a separate LCCP.

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

Selected Organizations

At the conclusion of the selection process referenced above, the following organizations were endorsed by the Stewardship Council board on January 23, 2019 and January 22, 2015 respectively:

- Pit River Tribe to hold fee simple title to approximately 1,826 acres within Parcels 107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211.
- Shasta Land Trust (SLT) to hold a conservation easement over the 1,826 acres to be donated to the Pit River Tribe in Parcels 107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211.

Capacity of Selected Organizations

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

A. Pit River Tribe:

- The Pit River Tribe currently owns and manages several properties, including the XL Ranch, approximately 9,700 acres of land, for the preservation of natural and cultural resources and agricultural uses.
- The Pit River Tribe has established partnerships with state and federal land agencies, and other local entities on fire management activities, noxious weed management, habitat restoration, trail work, and archaeological restoration.
- The Pit River Tribe is a federally-recognized Native American tribe consisting of the original eleven autonomous bands that comprise the “100-mile square” ancestral boundary of the Pit River Nation. The Fall River Mills planning unit is located entirely within this boundary. The Pit River Tribal Council, a sovereign government entity, consists of one member each of the eleven original bands that populated the tribal ancestral homelands.
- Through its environmental departments, the Pit River Tribe is actively involved in resource management and educational activities such as noxious weed abatement, road maintenance, forestry management, prescribed range and meadow grazing, and tribal youth educational programs.
- The Pit River Tribe’s environmental departments handle all tribal cultural resource matters pertaining to archeology, cultural site monitoring, and identification and preservation of cultural resources. The Pit River Tribe is

² Stipulation, Section 12(a)(4)

responsible for the planning, execution, ordinance enforcement, and on-the-ground environmental resource and road management for the XL Ranch. Operations on the XL Ranch include grazing, agriculture, irrigation, hunting, noxious weed management, and prescribed burning programs.

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 chemist, current and retired educators, financial planner, director of a local economic development organization, retired project manager from the Nature Conservancy, and retired planner.
- SLT is an accredited land trust.

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, the county in which 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. Based on the tax tables, which are current as of the date of this LCCP, the transfer of lands to the Pit River Tribe is anticipated to result in the reduction of approximately \$14,470 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.

Parcel ID	SBE #	Sum of Taxes on Donated Acres
107, 108	135-45-83A-15	\$ 96.59
111, 112	135-45-83A-17	\$ 368.36
114	135-45-35A-1	\$ 1,658.79
116	135-45-81A-5	\$ 3,569.94
116	135-45-81A-1	\$ 276.18
116	135-45-81A-4	\$ 15.08
117	135-45-81A-1	\$ 796.67
118	135-45-81A-1	\$ 1,710.18
127	135-45-74-3	\$ 2,975.28
127	135-45-74-4	\$ 373.45
130	135-45-33C-5	\$ 1,649.05
132	135-45-81A-1	\$ 26.56
132	135-45-81A-2	\$ 717.00
211	135-45-28D-1	\$ 236.40

Table 2: Property Tax Detail

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

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 1,826 acres within the Fall River Mills planning unit have not mandated any changes to the physical or economic uses of the lands. If the Tribe proposes to undertake or permit new activities on the Property in the future, consistent with the terms of the conservation easement, and if such activities could have adverse environmental impacts, the Tribe will obtain all necessary permits and conduct any required CEQA review at that time.

6. Hazardous Waste Disclosure

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

Lands to be Donated by PG&E

PG&E has provided the Fall River Mills Environmental Site Assessment Refresh prepared by Amec Foster Wheeler Environment and Infrastructure, Inc., dated December 2015, to the Pit River Tribe 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 the Pit River Tribe and SLT, satisfying the requirements of Section 12(f) of the Stipulation.

7. Consideration of Parcel Split

To effectuate transfer of approximately 1,826 acres identified for donation to the Pit River Tribe within Parcels 107, 108, 111, 112, 114, 116-118, 127, 130, 132 and 211, parcel splits are required to comply with the California Subdivision Map Act (Government Code Section 66410, et seq.). Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to this conveyance.

8. Strategy for Physical Measures to Enhance the BPVs

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

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

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

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

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

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

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

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

When the Stewardship Council has completed its work, it will be dissolved. Prior to its dissolution, the Stewardship Council expects to prepare a report providing an assessment of any economic and physical impacts resulting from the Land Conservation Commitment as of that time. The 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 Transaction and Measures

Schedule for Transaction

- CPUC review and approval (2021)
- Close of escrow (2022)
- Stewardship Council release of funds to SLT per conservation easement funding agreement (2022)

Compliance with Local Land Use Planning Requirements

Future management of the donated Property at the Fall River Mills planning unit is anticipated to comply with all applicable county ordinances and/or General Plan policies.

Appendix 1: Summary of Public Outreach

SUMMARY OF PUBLIC OUTREACH PROGRAM

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

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

Appendix 1: Summary of Public Outreach

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

FALL RIVER MILLS 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 Fall River Mills planning unit and the land conservation and conveyance process.

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

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

Ten public comments were submitted concerning the Fall River Mills 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:

- Consideration of the Pit River Park's historical and recreational value to the local community.
- Support for the land available for donation to transfer to the BLM in order to enhance public access along segments recommended for National Wild and Scenic River status.
- Coordinate studies involving the Hat Creek Rifle and Gun Club with the club and any other potentially affected parties.
- Support for the preservation and enhancement of the recreation facilities to support the local economy.
- Concern for equal consideration for and preservation of all historical resource values.

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 Fall River Mills 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

Appendix 1: Summary of Public Outreach

the Watershed Planning Committee considers forwarding the proposed subject LCCP to the board for final approval.

III. PUBLIC INFORMATION MEETING

A Public Information Meeting workshop for several planning units in the 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 Fall River Mills 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 Fall River Mills planning unit that were recorded on the easels and provided on comment cards.

Fall River Mills Planning Unit

- Develop trails along the east side of Fall River Lake
- Develop a hiking trail along the Pit River to the Pit River Falls
- Develop a trail all the way from Fall River Mills to the Pit 1 Powerhouse
- Noxious weed control is critical
- Enhancing habitat for wildlife and birds is important
- Maintain existing Lion's Club day use on the Pit River
- Maintain Hat Creek Rifle & Pistol Club in present location
- Future donees should have local interest and local knowledge
- Experience with noxious weed management
- Interest in acting as "sound board" for local community (i.e. access, tribal, weeds, ranchers, economic)

IV. PUBLIC REVIEW OF LAND STEWARDSHIP PROPOSALS

In August 2010, the Stewardship Council received four Land Stewardship Proposals from organizations interested in being considered for a donation of fee title to certain lands located within the Fall River Mills planning unit. The Bureau of Land Management, Fall River Resource Conservation District, Pit River Tribe, and the Fall River Valley Community Services District. 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. In February 2012, the Stewardship Council received a revised proposal from the Fall River Valley Community Services District seeking a donation of fee title to certain lands within the Fall River Mills planning unit. In 2018, the Stewardship Council and PG&E land staff conducted a desk review and field review of the additional lands that were anticipated to be retained by PG&E. PG&E staff assessed

Appendix 1: Summary of Public Outreach

the remaining acres that did not fall within FERC project boundaries, and were not required for current or future utility operations. The Stewardship Council solicited additional LSPs for available lands in the planning unit from two key regional stakeholders, the Fall River RCD and the Pit River Tribe, and posted the LSPs on the website for public review.

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

Appendix 1: Summary of Public Outreach

were received on the revised capitalization rate. The revised methodology was adopted by the board at its June 27, 2012 meeting.

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

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

All public comments received by staff concerning the fee and conservation easement recommendations at the Fall River Mills 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

Appendix 1: Summary of Public Outreach

board action taken is noted in the meeting minutes that are posted on the Stewardship Council's website following each meeting.

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

Appendix 2: Grant Deed

*Exhibit Version
8/19/21*

RECORDING REQUESTED BY AND RETURN TO:

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

Location: Shasta County
No Recording Fee Pursuant to Government Code 27383

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

Transfer Tax Exempt due to Revenue & Taxation Code 11922

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

LD#:

(SPACE ABOVE FOR RECORDER'S USE ONLY)

Assessor's Parcel Numbers:

Fee Grant: 018-690-001 (portion), 018-700-009 (portion), 023-210-016 (portion), 023-210-020 (portion), 023-210-034 (portion), 023-210-057, 023-210-058, 023-510-061, 023-350-015 (portion), 023-350-017, 023-360-003 (portion) 023-210-061 (portion), 023-350-016 (portion)

Access Easement: 018-700-009 (portion), 018-690-001 (portion) 023-210-034 (portion)

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

I. CONVEYANCE OF FEE

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called "**Grantor**", hereby grants to the **PIT RIVER TRIBE**, a federally recognized American Indian Tribe, hereinafter called "**Grantee**," the real property ("**Property**"), situated in the unincorporated area of the County of Shasta, State of California, described in Exhibit A and shown on Exhibit A-1 hereto and incorporated herein by reference. Grantor and Grantee are sometimes collectively referred to as the "**Parties**" and individually as a "**Party**."

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

II. RECITALS

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

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

C. The Settlement Agreement and the Stipulation (collectively, “**Governing Documents**”) require Grantor to ensure that approximately 140,000 acres of watershed lands, all owned by Grantor (collectively, “**Watershed Lands**”), including the Property, are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values. The obligations of Grantor to convey fee interests and/or conservation easements and 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 portions of the Property described in Exhibit B and shown on Exhibit B-1 hereto and incorporated herein by reference for the purposes of generating and transmitting hydroelectric energy, managing and monitoring the flow of water over the existing waterways for consumptive and non-consumptive uses, and 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 portions of the Property described in Exhibit B and shown on Exhibit B-1 hereto 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 facilities, structures and improvements now located on, above, or under portions of the Property, and, if Required (as defined in Section III.2 below), future facilities, structures and improvements located on, above, or under portions of the Property, that are, in

either case, associated with the Hydro Project Activities and/or the Electric Activities, as appropriate, as described more fully in Section III below.

F. Consistent with the terms of the Governing Documents, Grantor and Grantee acknowledge this conveyance, together with the Conservation Easement (“**Conservation Easement**”) being entered into by Grantee and Shasta Land Trust (“**SLT**”) concurrently herewith, is being made in the public interest with the intent to ensure the permanent protection of the beneficial public values on the Property as identified in the LCP and elsewhere while allowing the ongoing use of the Property by Grantor for Hydro Project Activities and Electric Activities, and acknowledging and honoring any existing third party uses expressly included in said conservation easement.

III. GRANT OF ACCESS EASEMENT TO GRANTEE; GRANTOR RESERVATION OF RIGHTS AND EASEMENTS,

1. Non-Exclusive Access Easement.

(a) Grantor hereby further grants to Grantee, its invitees and assigns, a non-exclusive easement for surface access, ingress and egress to and from the Property (the “**Access Easement**”) over and across the Adjacent Lands, by means of roads and lanes thereon, if such there be, otherwise by such route or routes as shall occasion the least practicable damage and inconvenience to Grantor’s Adjacent Lands (“**Grantee’s Access Rights**”). “**Adjacent Lands**” means lands owned by Grantor that are contiguous to the Property and that are described in Exhibit X, attached hereto and made a part hereof. Grantee may allow SLT and any successor to SLT under the Conservation Easement to utilize the Grantee’s Access Rights. Grantee'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.

(b) Grantor, its invitees and assigns, hereby reserves a non-exclusive right of surface access, ingress and egress over and across the Property to and from the Adjacent Lands and other lands in the vicinity of the Adjacent Lands, by means of roads and lanes thereon, if such there be, otherwise by such route or routes as shall occasion the least practicable damage and inconvenience to the Property (“**Grantor’s Access Rights**”). Grantor may allow SLT and any successor to SLT under the Conservation Easement to utilize the Grantor’s Access Rights.

(c) Grantee acknowledges that the Adjacent Lands are a part of the FERC Project No. 2661. Grantor reserves the right to use the Adjacent Lands, including Grantee’s Access Rights, in all ways and for all purposes necessary or appropriate to fulfill its obligations as licensee under FERC Project No. 2661. Grantee shall not make use of Grantee’s Access Rights in any way which would be incompatible with overall project requirements. In furtherance of the foregoing, any violation of Section V.4. of this Grant Deed and Reservation of Rights and Easements and Grant of Access Easement (this “**Grant Deed**”) shall result in an automatic termination of the Access Easement and Grantee’s Access Rights.

2. Assignment and Assumption of Access Easement, Reservation of Access and Joint Use Agreement. The Parties acknowledge that immediately prior to the execution, delivery and

Appendix 2: Grant Deed

*Exhibit Version
8/19/21*

recording of this Grant Deed, Grantor and Grantee have executed, delivered and recorded the Assignment and Assumption of Access Easement, Reservation of Access and Joint Use Agreement, pursuant to which each of Grantor and Grantee have a right of surface access, ingress and egress to and from the Property pursuant to the Easement dated December 17, 1976 (“**Third Party Access Easement**”) from Pauline L. Royce to PG&E, recorded December 21, 1976 in Volume 1386 at page 406 of the Official Records of Shasta County, California, relating to real property more particularly described in the Third Party Access Easement.

3. Grantor Reserved Rights and Reserved Easements. Grantor expressly reserves the right to engage in or invite or permit others to engage in the activities and uses set forth below (collectively, the “**Reserved Rights**”) as Grantor may determine, in Grantor's sole discretion exercised in good faith, is Required for Grantor’s continued Hydro Project Activities and Electric Activities, including the continued operation and maintenance of Hydroelectric Facilities and associated Water Delivery Facilities and Electric Facilities, together with a right of way, within the easement area described in Exhibit B attached hereto, and shown on Exhibit B-1 attached hereto (“**Easement Area**”), as reasonably necessary for the exercise of the Reserved Rights for the continued operation and maintenance of Electric Facilities (collectively, the “**Reserved Easements**”). Any such invitee or permittee shall be subject to the terms of this Grant Deed to the same extent as Grantor hereunder. The current location of the Hydroelectric Facilities and associated Water Delivery Facilities and Electric Facilities and Reserved Easement areas are depicted on Exhibit B-1 attached hereto; provided, however, that Grantor shall have the right to change the Easement Area as Grantor may determine, in Grantor's sole discretion exercised in good faith, is Required for Grantor’s continued Hydro Project Activities and Electric Activities. Whenever reasonably practical, Grantor will give written notice to, and consult with, Grantee 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. The Reserved Rights and Reserved Easements are as follows:

(a) Grantor reserves, for its beneficial uses, all riparian water rights inherent in and part and parcel of the Property; all appropriative surface water rights (including, but not limited to, any appropriative surface water rights having a point of diversion, place of storage, or place of use on the Property); all prescriptive surface water rights; and all other right, title and interest of any nature whatsoever in and to the surface waters (including subsurface flow) which are now or hereafter located or flowing upon, under or abutting the Property, including but not limited to all rights to take, divert and appropriate all such waters, as Grantor may determine, in Grantor's sole discretion exercised in good faith, is Required (collectively, the “**Reserved Water Rights**”). Notwithstanding the previous sentence, Grantee may use reasonable amounts of water on the Property for activities solely intended to preserve and enhance the beneficial public values, including but not limited to streamcourse habitat improvement, provided such activities are conducted in accordance with applicable law. Such use by Grantee may be conducted without notice to Grantor.

(b) Grantor reserves the permanent right to make such uses of the Easement Area, and to operate, maintain, repair, alter, replace and expand within the Easement Area such existing and future facilities related to the Hydroelectric Facilities and associated Water Delivery Facilities, including project replacements and improvements within the Easement Area, as may be Required (i) for power generation, (ii) for existing and future water diversion, storage,

Appendix 2: Grant Deed

*Exhibit Version
8/19/21*

delivery and other requirements for power generation and for consumptive and non-consumptive water use by existing and future users, and (iii) for compliance with any FERC license, FERC license renewal or other regulatory or legal requirements. In furtherance of and without in any way limiting the generality of the foregoing, the following rights are expressly reserved within the Easement Area unless otherwise Required:

(1) The right to conduct any and all uses and activities now or at any time in the future deemed necessary or appropriate by Grantor in Grantor's sole discretion exercised in good faith in connection with the use, operation, maintenance, repair, alteration, replacement and expansion of existing Hydroelectric Facilities and associated Water Delivery Facilities, and the construction, use, operation, maintenance, repair, alteration, replacement and expansion of new Hydroelectric Facilities and associated Water Delivery Facilities; and

(2) The right to use, maintain, establish, construct, alter, expand and improve water sources, courses, and bodies, and to exercise the Reserved Water Rights; and

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

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

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

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

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

(d) Subject to the prior notice and other requirements set forth in Section III.1 above,

Appendix 2: Grant Deed

Exhibit Version
8/19/21

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

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

(2) The right, from time to time, to trim or to cut down any and all trees and brush now or at any time in the future, and the further right, from time to time, to apply pesticides for the control of vegetation and/or insects, and/or to trim and cut down trees and brush which now or hereafter in the good faith opinion of Grantor may interfere with or be a hazard to Grantor's Hydroelectric Facilities and associated Water Delivery Facilities and/or Electric Facilities, or as Grantor in good faith deems necessary to comply with applicable state or federal regulations;

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

(4) The right to install, maintain and use gates in all fences which now or shall hereafter cross the Property reasonably necessary for the exercise of Grantor's Reserved Rights and Reserved Easements; and

(5) The right to mark the location of all Grantor's Hydroelectric Facilities and associated Water Delivery Facilities and its Reserved Easement areas on the Property by suitable markers set in the ground; provided that said markers shall be placed in fences or other locations which will not interfere with any reasonable use Grantee shall make of said areas.

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

IV. TERMS OF GRANT

1. The conveyance by Grantor to Grantee 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 and/or the Adjacent Lands or that are actually known

Appendix 2: Grant Deed

*Exhibit Version
8/19/21*

to Grantee; and (c) all contracts, leases, licenses, covenants, conditions, easements, restrictions, liens, encumbrances and other exceptions of record or unrecorded.

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

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

- (a) Grantee shall not erect or construct any building or other structure, or drill or operate any well, or construct any reservoir or other obstruction or diminish or substantially add to the ground level in the Easement Area; and
- (b) Grantee shall not deposit, or permit or allow to be deposited, earth, rubbish, debris, or any other substance or material, whether combustible or noncombustible, on the Easement Area, or so near thereto as to constitute, in the opinion of Grantor, a hazard to any of the Hydro Electric Facilities and associated Water Delivery Facilities and/or the Electric Facilities.

V. SPECIAL COVENANTS RELATED TO GRANTEE

1. Limited Waiver of Sovereign Immunity.

(a) The Parties acknowledge that Grantee is a federally recognized Indian tribe and that Grantee and its officers, agents and assigns possess sovereign immunity from unconsented suit and other legal proceedings. Nothing in this Grant Deed shall be deemed to be a waiver of Grantee's sovereign immunity, except as expressly provided in this Section V.1. The Parties agree that this Grant Deed is fully enforceable between them. Therefore Grantee provides this limited waiver of its sovereign immunity, for the limited purpose of enforcing this Grant Deed (including each and all of the terms and conditions of this Grant Deed), and in accordance with, and as limited by, the express terms of this Grant Deed.

(b) With respect to all actions, suits, claims, proceedings or counterclaims brought solely by Grantor to enforce the express terms of this Grant Deed (each, a "**Claim**"), Grantee hereby expressly, unequivocally, unconditionally and irrevocably waives its sovereign immunity, and all defenses based thereon, from any suit, action, arbitration, or other legal proceeding or from any legal process, brought by either of the Parties but not involving any third parties (other than one that Grantee affirmatively joins in any such suit, action, arbitration or process), in each case of any nature, whether such Claim is brought in or arises under law, equity, contract, tort or statute (inclusive of Claims for equitable or provisional relief and to compel arbitration, and whether through service of notice, attachment prior to judgment, exercise of contempt powers, or

Appendix 2: Grant Deed

*Exhibit Version
8/19/21*

otherwise) (an “**Action**”), for the limited purpose of resolving Claims between the Parties and the judicial enforcement thereof, as provided herein, and to resolve any controversy between the Parties arising from this Grant Deed to enforce or interpret the express terms and conditions of this Grant Deed, as provided for in this Grant Deed.

(c) Grantee expressly, unequivocally, unconditionally and irrevocably waives any and all governmental immunities, including sovereign immunity, solely in connection with any Claim brought by Grantor arising from this Grant Deed and all defenses based thereon as provided for herein for the enforcement of any arbitration award, or judgment to enforce such an award, any form of relief, or order related thereto, or enforcement of any easement created as a result of this Grant Deed, subject to the terms of this Section V. Grantee further consents to the jurisdiction of an arbitrator and/or specified court under this Grant Deed including the consent to be sued and bound by a lawful order or judgment directly arising from a Claim by Grantor under the express terms of this Grant Deed for the sole purpose of its enforcement, to the extent provided for herein.

(d) With respect to any Action arising out of this Grant Deed between the Parties, the Grantor and Grantee expressly and irrevocably consent to the jurisdiction of the United States District Court for the Northern District of California and to the Shasta County Superior Court and all related appellate courts, and any arbitrator selected pursuant to this Grant Deed, and Grantee specifically expressly, unconditionally, unequivocally, and irrevocably waives sovereign immunity for that limited jurisdictional purpose. Grantee and Grantor specifically agree that the United States District Court for the Northern District of California and, the Shasta County Superior Court and all related appellate courts shall have jurisdiction to enter judgments enforcing rights and remedies provided for in this Grant Deed that shall include, but not be limited to injunctive relief, declaratory judgment, specific performance, and/or the awarding of monetary damages which shall be binding and enforceable on Grantee, subject to the limitations set forth in this Grant Deed, provided, however, that no punitive damages may be awarded against Grantee under any circumstances. No Party shall contest jurisdiction or venue of the United States District Court for the Northern District of California and the Shasta County Superior Court and all related appellate courts, but only for Claims between the Parties arising out of this Grant Deed. Grantee agrees to prohibit any tribal forum from voiding the limited waiver of sovereign immunity in this Grant Deed, that it shall not plead or invoke the doctrine of exhaustion of tribal or other administrative or tribal judicial remedies, defenses of tribal immunity or that Grantee is an indispensable party to Claims brought by Grantor solely against Grantee under the terms of this Grant Deed, and Grantee hereby irrevocably waives any and all such requirements.

(e) This Grant Deed’s limited sovereign immunity waiver applies to Grantee and only for the benefit of Grantor and not any third party, provided, however, in the event Grantee affirmatively joins a third party to any action or arbitration authorized hereunder, such joinder shall not abrogate Grantee’s immunity waiver hereunder as to Grantor. Except as provided in Section V.1(g) below, nothing herein waives or may be construed as waiving the sovereign immunity of any of Grantee’s agencies, entities, officers, officials, employees, agents, consultants, or subcontractors. This Grant Deed is not intended to, and shall not be construed to, create any rights on behalf of any third party. No third party shall have any right to bring or join in any action or arbitration hereunder.

(f) Grantee agrees that to the extent any provisions of this Grant Deed are rendered

ineffective by any later changes in tribal law, any such change shall constitute a breach of the terms of this Grant Deed and be actionable by Grantor under terms of this Grant Deed. The rights, privileges and interests protected by this Grant Deed are unique and any violation of this Grant Deed by either Party would result in irreparable harm and injury to the other Party. Grantee irrevocably waives any benefits, rights, immunities, privileges or limitations in applicable tribal law that would otherwise foreclose specific performance, injunctive relief, money damages, or any other remedies or relief pursuant to this Grant Deed, subject to the limitations herein. Nothing in this Section precludes either Party from seeking injunctive relief in order to protect its rights during the dispute resolution process set forth herein. Grantee consents to injunctive relief, where the standards for such relief are proven, in the forums enumerated in this Section V.1 should Grantee ever attempt to revoke, limit or restrict the limited waiver of sovereign immunity, where the legal standards for such relief are satisfied. The Parties consent to injunctive relief in the forums enumerated in this Section V.1 should any Party not comply with its obligations under this Grant Deed.

(g) Without limiting any other provision contained herein, to the extent Grantee forms a company, corporation, limited liability company, board, enterprise, authority, division, branch, agency, instrumentality, political subdivision, governmental component, or other organization with intent to hold the Property, Grantee hereby agrees that any such resulting company, corporation, limited liability company, board, enterprise, authority, division, branch, agency, instrumentality, political subdivision, governmental component, or other organization shall have provided, and shall hereby be deemed to have provided, all of the same limited waivers of sovereign immunity as those set forth herein and shall be subject to all of the requirements and obligations applicable to Grantee as provided in this Grant Deed.

(h) In any Action as to which Grantee has waived its sovereign immunity as provided herein, Grantee consents and agrees that process against Grantee shall be effective if served by sending two copies of the process by registered or certified mail to the Tribal Chairperson of Grantee at the address set forth in Section VII.6 below, and to the Grantee's legal counsel at the address set forth in Section VII.6 below.

2. Arbitration.

(a) Invocation of Arbitration. At the election of either Party, any Claim between the Parties, whether arising in contract, tort or statute, arising out of or related to this Grant Deed shall be resolved by binding arbitration in Sacramento, California and subject to the express terms of the limited waiver of sovereign immunity in Section V.1. The arbitration shall be conducted in accordance with the procedural rules of the Federal Arbitration Act (Title 9, U.S. Code) and the regulations promulgated thereunder, notwithstanding any choice of law provision in this Grant Deed, and under the rules and procedures for the arbitration of commercial disputes of the American Arbitration Association or any successor thereof (“AAA”); provided, however, that the arbitration shall be heard and determined by a panel of three arbitrators. Either Party claiming the neglect or refusal of the other Party to proceed with arbitration hereunder may make application to the United States District Court for the Northern District of California, or if jurisdiction over the action cannot be obtained in such court, in Shasta Superior Court, as set forth in Section V.1 for an order directing the Parties to proceed with the arbitration in compliance with this Section V.2.

(b) Confirmation and Enforcement of Arbitration Award. The arbitrator(s) shall give

effect to statutes of limitation in determining any claim. At any time within one year after an arbitration award has been rendered and the Parties thereto notified thereof, either Party to the arbitration may make application to the United States District Court for the Northern District of California, or if jurisdiction over the action cannot be obtained in such court, in Shasta Superior Court, as set forth in Section V.1 for an order confirming the award. An arbitration award shall not be subject to review or modification by a court for any reason other than those provided for generally under California law, including Cal. Code of Civ. Proc. Section 1286.2. The judgment confirming an award shall have the same force and effect in all respects as, and be subject to all the provisions of law relating to, a judgment in a civil action, and it may be enforced as if it has been rendered in a civil action in the United States District Court for the Northern District of California, or if jurisdiction over the action cannot be obtained in such court, in Shasta Superior Court, as set forth in Section V.1. When the award requires the performance of any other act than the payment of money, the court shall direct the enforcement thereof in the manner provided by law, subject to the express terms of the limited waiver of sovereign immunity in Section V.1.

(c) Provisional Remedies. No provision of this Section V.2 shall limit the right of either Party to act in the United States District Court for the Northern District of California, or if jurisdiction over the action cannot be obtained in such court, in Shasta Superior Court, as set forth in Section V.1 to obtain an interim remedy, such as but not limited to, injunctive relief or additional or supplemental remedies, in each case before, after, or during the pendency of any arbitration or other proceeding. The exercise of a remedy does not waive the right of Grantor or Grantee to resort to arbitration.

3. Negative Covenants of Grantee. Grantee shall not, and shall not permit any of Grantee's representatives, agencies, instrumentalities, or political subunits, including, without limitation, any company, corporation, limited liability company, board, enterprise, authority, division, branch, agency, instrumentality, political subdivision, governmental component, or other organization, directly or indirectly, to take any action without Grantor's prior written consent in Grantor's sole good faith discretion, including without limitation, any action by referendum or initiative, purporting to: (a) repeal, rescind, nullify or abrogate the limited waivers of sovereign immunity of Grantee, as they are provided in this Grant Deed; (b) repeal, rescind, nullify or abrogate the consents to jurisdiction and waiver of the exhaustion of tribal remedies as they are provided in this Grant Deed; (c) take any action under tribal law, including as may be amended, that would otherwise foreclose specific performance, injunctive relief, money damages, or any other remedies or relief from Grantee pursuant to this Grant Deed, subject to the limitations expressed herein; (d) take any actions (including adopting laws or ordinances or petitioning any governmental agency to take any action) that conflicts with Grantor's rights under this Grant Deed; or (e) impair, annul, repudiate or contradict any material obligation of Grantee, under this Grant Deed; and in each case, Grantee agrees to give such further assurances as may be reasonably requested by Grantor to confirm and verify Grantee's compliance with this covenant, and Grantee further agrees not to assert that such provisions are not valid, binding and legally enforceable, absent a change in applicable federal or state law rendering one or more of such provisions invalid or unenforceable.

4. No Land into Trust or Conveyance to Certain Parties. In accordance with Section 12 b (4) of the Stipulation, Grantee agrees that it shall not seek to have its interests in the Property, the Access Easement or Grantee's Access Rights taken into trust by the United States nor shall the Property, the Access Easement or Grantee's Access Rights be taken into trust by the United States

or otherwise transferred, sold or conveyed to the Federal Government or another American Indian Tribe other than pursuant to a condemnation undertaken by the Federal Government.

5. Equitable Relief. Should either Party violate the continuing rights or obligations of this Grant Deed, the Parties agree they may cause irreparable injury and that the other Party shall be entitled to an immediate injunction of the violative conduct, specific performance (as necessary), and reasonable attorney's fees, where the legal requirements for such relief are met.

VI. GRANTOR RESPONSIBILITY FOR HAZARDOUS SUBSTANCES

1. Indemnity. Grantor agrees and covenants, at its sole cost and expense, to indemnify, protect, defend and hold Grantee harmless, from and against any and all actions, suits, claims, proceedings or counterclaims (including, without limitation, the payment of damages, the payment of the actual fees and expenses of experts, attorneys and others and the payment of "response costs" under CERCLA or any other Environmental Requirements) arising from or relating, in whole or in part, to: (a) Grantor's use, handling, generation, storage, release, transport, threatened release or disposal of Hazardous Substances on the Property on or after the Closing Date in connection with Grantor's exercise of its Reserved Rights; and (b) any Necessary Remediation of Hazardous Substances which occurs as a result of Grantor's use, generation, storage, release, transport threatened release or disposal of Hazardous Substances on the Property on or after the Closing Date in connection with Grantor's exercise of its Reserved Rights. Grantor's indemnity obligations under this Section VI. shall not extend to that portion of such loss or damage that shall have been caused by Grantee's comparative negligence or willful misconduct. This Grant Deed addresses Grantor's responsibilities for Hazardous Substances in connection with Grantor's exercise of its Reserved Rights on or after the Closing Date. Grantor's responsibilities related to Hazardous Substances prior to the Closing Date are addressed by the Environmental Agreement.

2. Definitions. The following terms have the meanings ascribed to them below for purposes of this Section VI.:

(a) "Closing Date" means the date of recordation of this Grant Deed in the Official Records of Shasta County, California.

(b) "Environmental Agreement" means that certain Environmental Agreement (Fee Grantee) between Grantor and Grantee being recorded concurrently with this Grant Deed.

(c) "Environmental Requirements" means all applicable present and future municipal, county, state or federal laws, statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, judicial, administrative and regulatory decrees, directives and judgments of all municipal, county, state or federal 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

Appendix 2: Grant Deed

*Exhibit Version
8/19/21*

relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, whether solid, liquid or gaseous in nature.

(d) "Hazardous Substances" means any hazardous or toxic material or waste that is or becomes regulated by any municipal or county governmental authority, the State of California or the United States Government under any Environmental Requirements. For purposes of this Grant Deed, Hazardous Substances include, without limitation, any material or substance:

(i) 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 municipal, county, 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

(ii) 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; or which cause, or is listed by the State of California as being known to the State of California to cause, cancer or reproductive toxicity; or

(iii) 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

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

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

(vi) that contains radon gas.

(e) “Necessary Remediation” means Remediation required by any governmental agency which has jurisdiction over the Remediation pursuant to the Environmental Requirements, to address Hazardous Substances, to enable the current use of the Property as of the Closing Date.

(f) "Remediation" refers to the process of, and all work and planning performed in connection with, the investigation, testing for, monitoring, remediation, containment, transportation, removal and disposal or recycling of Hazardous Substances from the Property and any other property to which Hazardous Substances originating on the Property have migrated or may migrate in the future, and the repair and restoration of the Property, and restoration and mitigation of affected natural resources, regardless of whether such actions are required by Environmental Requirements.

VII. MISCELLANEOUS

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

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

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

4. This Grant Deed may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5. The Recitals in Section II above are hereby incorporated into this Grant Deed.

6. Any notice or other communication required or permitted under this Grant Deed 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, UPS or Airborne Express, addressed to the Parties as follows (or at such other address as may be specified in written notice to the other Parties):

If to Grantor: If by registered or certified mail, return receipt requested:
Director, Land Management
Pacific Gas and Electric Company
P.O. Box 770000, Mail Code N10A
San Francisco, CA 94177
Re: Land Conservation Commitment

With a copy to:

Appendix 2: Grant Deed

*Exhibit Version
8/19/21*

Law Department
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120
Attn: Managing Counsel, Commercial and Transactions (Real Estate)
Re: Land Conservation Commitment

If by personal delivery or overnight courier:

Director, Land Management
Pacific Gas and Electric Company
245 Market Street, Room 1051
San Francisco, CA 94105
Re: Land Conservation Commitment

With a copy to:

Law Department
Pacific Gas and Electric Company
77 Beale Street, Mail Code B30A
San Francisco, CA 94105
Attn: Managing Counsel, Commercial and Transactions (Real Estate)
Re: Land Conservation Commitment

If to Grantee: Pit River Tribal Chairperson
36970 Park Ave.
Burney, CA 96013-4079

With a copy to:

Law Office of Frank Lawrence
578 Sutton Way, No. 246
Grass Valley, CA 95945

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. Either Party may change the address for notice by giving notice to the other Party in accordance with this Section VII.6.

[SIGNATURES FOLLOW ON NEXT PAGE]

Appendix 2: Grant Deed

*Exhibit Version
8/19/21*

IN WITNESS WHEREOF, Grantor has duly executed and delivered this Grant Deed and Reservation of Rights and Easements and Grant of Access Easement as of

_____.

GRANTOR:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

Print Name: _____

Its: _____

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

GRANTEE:

PIT RIVER TRIBE,
a federally recognized American Indian Tribe

By: _____

Chairperson

Appendix 2: Grant Deed

*Exhibit Version
8/19/21*

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

[Follows this page]

EXHIBIT B

LEGAL DESCRIPTION OF ELECTRIC LINE EASEMENTS

[Follows this page]

EXHIBIT B-1

DEPICTION OF ELECTRIC LINE EASEMENTS

[Follows this page]

EXHIBIT X

ADJACENT LANDS PROPERTY DESCRIPTION

[Follows this page]

Appendix 2: Grant Deed

*Exhibit Version
8/19/21*

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 _____

Appendix 2: Grant Deed

*Exhibit Version
8/19/21*

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 _____

Appendix 3: Conservation Easement

Exhibit Draft 3-8-21

RECORDING REQUESTED BY

[ADD ESCROW HOLDER HERE]

WHEN RECORDED, MAIL TO

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

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER’S USE)

Documentary Transfer Tax: \$0.00
(not applicable)

DEED OF CONSERVATION EASEMENT LIMITING OWNERS’ USES

THIS DEED OF CONSERVATION EASEMENT LIMITING OWNERS’ USES (“Easement”), is made and entered into this _____ (the “Effective Date”), by and between Pit River Tribe, a federally recognized Indian tribal government (“Owner” or “Tribe”), and Shasta Land Trust, a California nonprofit public benefit corporation (“Land Trust”). Hereafter, Owner and Land Trust are collectively referred to as the “Parties”, and individually “Party.”

RECITALS

- A. OWNER. Owner is the owner of approximately 1,826 acres of real property located in the County of Shasta, State of California. That real property is more fully described below and in Exhibit A as the “Protected Property.” The Protected Property comprises a portion of the Tribe’s aboriginal land. Owner is a federally recognized Indian Tribe possessing attributes of sovereignty, including regulatory authority, over both its members and its territory.
- B. LAND TRUST. Shasta Land Trust is a California nonprofit public benefit corporation organized and operated exclusively for charitable purposes including preservation of land for scientific, historic, educational, ecological, agricultural, scenic or open space opportunities. Land Trust is a public charity as defined in section 501(c)(3) of the Internal Revenue Code and an organization qualified to hold conservation easements under California law,

Appendix 3: Conservation Easement

possessing the commitment and primary purpose to protect the Conservation Purposes (defined below) of this Easement and the resources to enforce the restrictions.

- C. PACIFIC GAS AND ELECTRIC COMPANY. Immediately prior to recordation of this Easement, Pacific Gas and Electric Company, a California corporation (hereinafter “PG&E”), transferred to Owner fee title in the Protected Property in accordance with that certain Grant Deed, recorded in the Official Records of the County of Shasta, immediately prior to recordation of this Easement (the “Grant Deed”). The form of that Grant Deed is attached hereto as Exhibit C and incorporated herein by reference. Conveyance of the Protected Property to Owner in accordance with the Grant Deed was made subject to (1) PG&E’s reservation of certain rights in and to the Protected Property, as set forth in the Grant Deed (hereinafter “PG&E Reserved Rights”), and (2) those legally-enforceable third-party rights to use the Protected Property in effect as of the Effective Date, as listed on Exhibit D attached hereto and incorporated herein by reference (hereinafter “Express Third-Party Uses”).
1. PG&E transferred fee title to the Protected Property to Owner 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”).
 2. The Settlement Agreement and the Stipulation (collectively, “Governing Documents”) require PG&E to ensure that approximately 140,000 acres of watershed lands, all located in California and owned by PG&E as of the date the Governing Documents were entered into (collectively, “Watershed Lands”), are conserved for a broad range of beneficial public values, including protection of natural habitat of fish, wildlife and plants; preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values (collectively, “Beneficial Public Values”). The Protected Property is included in these Watershed Lands. The Stipulation provides that conservation easements will preserve or enhance reasonable public access. The “Land Conservation Commitment” constitutes the obligations of PG&E to convey fee title and conservation easements to Watershed Lands, and to protect the Beneficial Public Values of the Watershed Lands, as well as certain other obligations related thereto, as set forth in detail in the Governing Documents.
 3. In accordance with the Governing Documents, the PG&E Reserved Rights constitute an express reservation in favor of PG&E of certain rights to continue operation and maintenance of the existing McCloud-Pit Hydroelectric Project facilities and

Appendix 3: Conservation Easement

associated water delivery facilities, including, McCloud-Pit Project replacements and improvements, within the boundaries of PG&E's Reserved Rights (*see* Exhibit B), 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.

4. The Governing Documents also include a requirement that conservation easements encumbering Watershed Lands honor existing agreements for economic uses, including consumptive water deliveries.
 5. Pursuant to the Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California nonprofit public benefit corporation ("Stewardship Council"), was created to oversee and carry out the Land Conservation Commitment. Pursuant to the Governing Documents, the Stewardship Council developed a plan for protection of the Watershed Lands for the benefit of the citizens of California ("Land Conservation Plan" or "LCP"). The LCP includes, among other things, objectives to preserve and/or enhance the Beneficial Public Values identified on each parcel of Watershed Lands, including the Protected Property.
 6. The Legislature of the State of California, as set forth in California Civil Code §815 *et seq.*, has found and declared it to be the public policy and in the public interest of this State to encourage preservation of land predominantly in its natural, scenic, agricultural, historical, forested, or open-space condition. In furtherance of the Land Conservation Commitment and the above-described public policy purposes, Owner desires to grant a conservation easement over the Protected Property to Land Trust.
 7. Owner and Land Trust each desires through this Easement to ensure permanent protection of the Conservation Values (defined below), subject to PG&E's Reserved Rights and the Express Third-Party Uses defined in sections 4 and 5. Specifically, Owner and Land Trust desire to assure that the Conservation Values will be protected in perpetuity as provided herein, and that uses of the Protected Property that are inconsistent with these Conservation Values will be prevented or corrected.
- D. PROTECTED PROPERTY. The Protected Property is that real property legally described in Exhibit A and generally depicted on the "Property Map" in Exhibit B. Both exhibits are attached to this Easement and incorporated by this reference. The Protected Property is also identified as assessor's parcel numbers 023-350-015, 023-350-016, 023-350-017, 023-360-003 (portion), 023-210-061, 023-210-016 (portion), 023-210-057 (portion), 023-210-034 (portion), 018-690-001 (portion), 018-700-009 (portion).
- E. CONSERVATION VALUES. The Protected Property includes the following specific Beneficial Public Values (collectively, the "Conservation Values"):
1. Natural Habitat for Fish, Wildlife, and Plants - The natural attributes of the Protected Property include grassland, wildlife habitat, and natural open space. The open grasslands offer many natural resources to the flora and fauna native to the local area.

Appendix 3: Conservation Easement

In addition, the Protected Property contains an extensive terrestrial habitat, with a strong population of bats and bald eagles.

2. Sustainable Forestry - The Protected Property includes second-growth ponderosa pine stands with no plantations or late seral stage stands. Forest resources on the Protected Property provide opportunities for the Tribe to manage the dynamic forest ecosystem to provide ecological, economic, social, and cultural benefits for present and future generations.
3. Open Space - The open and natural character of the Protected Property provides scenic views enjoyed by the general public from Highway 299, a primary local thoroughfare. With a lack of development and steepness of the Pit River Canyon, open space values are found throughout the Protected Property.
4. Historic Values - The historical and cultural character of the Protected Property within the Pit River Tribe's ancestral territory, including tribal cultural and sacred sites, resources and practices, provides opportunities for preserving, protecting, enhancing of, and education related to, those historic and cultural values.
5. Outdoor Recreation - The Protected Property provides opportunities for recreation and education including hunting, hiking, and wildlife watching.

Preservation and protection of these Conservation Values is of great importance to Owner, the people of Shasta County, and the people of the State of California and will provide significant benefit to the public, the Tribe and tribal members.

- F. CONSERVATION POLICY. Preservation and protection of the Conservation Values are consistent with, and will further, delineated governmental policies including those established by the following:
- Section 815.2 of the California Civil Code which defines perpetual conservation easements, and sections 815 and 815.1 of the California Civil Code which articulate the California Legislature's declaration that land predominantly in its natural, scenic, agricultural, historical, forested or open-space condition is among the most important environmental assets of the State of California and should be preserved.

CONVEYANCE OF CONSERVATION EASEMENT

Pursuant to the laws of the State of California, and in particular sections 815 *et seq.* of the California Civil Code, and in consideration of the facts recited above and the mutual covenants contained herein, Owner hereby conveys to Land Trust a perpetual conservation easement over the Protected Property. This Easement creates a property right immediately vested in Land Trust and consists of the rights, terms, and restrictions set out below. Land Trust agrees by accepting this grant to preserve and protect in perpetuity the Conservation Values of the Protected Property for the benefit of this generation and the generations to come.

Appendix 3: Conservation Easement

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

Owner and Land Trust acknowledge that the Governing Documents reflect the intention of the parties thereto (a) to honor Express Third-Party Uses as defined in section 5 and (b) to continue to permit beneficial uses of the Protected Property that preserve and/or enhance the Conservation Values. This Easement shall allow uses on the Protected Property that are consistent with protection and preservation 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, Owner and Land Trust understand that achieving the Conservation Purposes requires preservation and protection, on balance, of all Conservation Values existing on the Protected Property, to the extent reasonably possible. Protecting and/or enhancing one or more Conservation Values may impair another Conservation Value, but this is not meant to be a permanent occurrence, nor a reason to re-prioritize one Conservation Value over another. Reasonable attempts should be made to balance, on a collective basis, the Conservation Values on the whole Protected Property whenever possible. This Easement prohibits use of the Protected 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 on the Protected Property as of the Effective Date.

2. RESTRICTIONS. Except as specifically permitted in section 3, any activity or improvement on or use of the Protected Property in a manner that significantly impairs the Conservation Values or that is inconsistent with this Easement or the Conservation Purposes of this Easement is prohibited, including, without limitation, the following:

- 2.1 Industrial Activity. No industrial use of the Protected Property is allowed.
- 2.2 Commercial Activity. Commercial use of the Protected Property is prohibited except for those *de minimis* uses made or expressly permitted by Owner that (1) are consistent with Owner’s exercise of rights expressly permitted in section 3, and (2) do not significantly impair the Conservation Values. Commercial uses specifically prohibited include livestock feedlots; gravel mining; commercial hotels; casinos and gaming facilities; mobile home parks; commercial wind farms; commercial fish hatcheries; billboards; cannabis cultivation, and commercial cultivation of native plants.

Appendix 3: Conservation Easement

- 2.3 Farming. Farming, plowing, discing, chiseling, inter-seeding, or any type of cultivation is prohibited, except as expressly permitted under section 3 below.
- 2.4 Residential Use and Development. No residential use or development of the Protected Property is allowed, except as expressly permitted under section 3.
- 2.5 Division of the Protected Property. The Protected Property may not be divided, subdivided, or partitioned. The Protected Property may be conveyed only in its entirety under single ownership (joint or undivided) regardless that it now consists of separate parcels, was acquired as separate parcels, or is treated as separate parcels for property tax or other purposes.
- 2.6 Subdivision. The Protected Property is currently comprised of multiple legal parcels, all owned by Owner. Owner shall maintain all the parcels comprising the Protected Property, and all interests therein, under common ownership, as though a single legal parcel. The division, subdivision, de facto subdivision, or partition of the Protected Property, including transfer of development rights or certificates of compliance, whether by physical, legal, or any other process, and including the lease of any portion less than one hundred percent (100%) of the Protected Property for a term in excess of twenty (20) years are all prohibited.

The general prohibitions set out in sections 2.5 and 2.6 above do not prohibit legal division of the Protected Property into separate parcels if legally necessary to accommodate uses and activities specifically permitted by this Easement. Any division of the Protected Property under this section requires that the Protected Property remains in single ownership and requires prior approval of Land Trust in accordance with section 9.5. The existence of any separate legal parcels shall not be interpreted to permit any use or activity on an individual legal parcel that would not have been permitted on said parcel under the terms and conditions of this Easement as applied to the Protected Property as a whole.

- 2.7 Development Rights. No portion of the Protected Property may be used to satisfy land area requirements for other property not subject to this Easement to calculate building density, lot coverage, open space, or natural resource use or extraction under otherwise applicable laws, regulations, or ordinances controlling land use. Development rights that have been encumbered or extinguished by this Easement may not be transferred to any other property or used to obtain any regulatory mitigation credits. All development rights not expressly preserved in this Easement are wholly transferred to Land Trust and entirely extinguished. This Easement shall not create any development rights.
- 2.8 Structures and Improvements. No temporary or permanent buildings, structures, utilities, roads or other improvements of any kind may be placed or constructed on the Protected Property except as specifically permitted in section 2 or section 3.

Appendix 3: Conservation Easement

- 2.9 Signs. No commercial signs, billboards, awnings, or advertisements shall be displayed or placed on the Protected Property, except for signage required by PG&E, Commission, Stewardship Council, Owner or Land Trust to acknowledge organizations involved in creation of the Easement or protection of the Protected Property, signs specifically permitted in section 3, temporary signs promoting special events on the Protected Property, signs on exterior fence lines deterring trespassing or clarifying allowed or prohibited uses, interpretive and educational signs, directional and informational signs, and signs as needed for Americans with Disabilities Act compliance or for public health and safety. Additional signs require prior approval of Land Trust in accordance with section 9.5. No signs shall significantly impair the Conservation Values.
- 2.10 Roads. Existing roads, driveways and parking areas may be maintained or improved but may not be substantially improved, expanded or relocated without prior approval of Land Trust in accordance with section 9.5. No new road shall be constructed for access within the Protected Property or for access to adjacent properties without prior approval of Land Trust in accordance with section 9.5. Any road permitted by this paragraph shall be constructed and maintained in a manner that does not significantly impair the Conservation Values.
- 2.11 Trails. Owner may establish and maintain unpaved paths or foot trails for non-motorized (except for wheelchairs) recreational uses. Trails may be established, maintained and used only in a manner that does not significantly impair Conservation Values. Trails may not be paved, or otherwise be covered with concrete, asphalt, or any other paving material unless required by applicable law.
- 2.12 Fences. Existing lawful fences may be repaired and replaced. New fencing and gates may be constructed, maintained, improved, replaced, or removed. Fences may not be located or constructed in a manner that significantly impairs Conservation Values.
- 2.13 Dumping. No trash, non-compostable garbage, debris, unserviceable vehicles or equipment, junk, other unsightly materials or hazardous or toxic substances may be dumped or accumulated on the Protected Property. Temporary placement of building materials, debris or refuse containers is permitted if incidental to activities and construction permitted by this Easement.
- 2.14 Mining and Extraction. No mining, drilling, exploration for, or extraction of minerals, hydrocarbons, petroleum, oil, gas, steam, rocks, sand, gravel, soils or other materials on or below the surface of the Protected Property is permitted. No sale of surface or subsurface minerals or mineral rights, including gravel, sand, rock or soils from the Protected Property is permitted.
- 2.15 Topography and Surface Alteration. No alteration or change in the topography or the surface of the Protected Property is allowed. This includes no ditching, draining or filling and no excavation or removal of soil or other material.

Appendix 3: Conservation Easement

The foregoing prohibition does not prohibit surface alterations incidental to construction or other activities or uses otherwise specifically permitted by this Easement or needed for fire trails and emergency needs. Any alteration resulting from a permitted activity or use shall be undertaken with minimal disturbance to soils, topography and vegetation and with proper erosion control practices. After the activity, the surface shall be restored in a timely manner to a condition consistent with the condition of the surface 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 Owner, in consultation with the Land Trust.

This provision does not include or prohibit creation, maintenance, restoration, or enhancement of wildlife habitat or native biological communities otherwise permitted under section 3.3.

- 2.16 Water. Subject to the PG&E Reserved Rights, the Protected Property includes all water and water rights, ditches and ditch rights, springs and spring rights, reservoir and storage rights, wells and groundwater rights, creeks and riparian rights and other rights in and to the use of water historically used on or otherwise appurtenant to the Protected Property.

Activities or uses detrimental to water quality, including but not limited to degradation or pollution of any surface or sub-surface waters, are prohibited.

Alteration of any existing watercourses, creeks, wetlands and drainages located on the Protected Property is prohibited, except as authorized herein.

Owner shall not separately transfer, encumber, sell, lease or otherwise separate any water rights associated with the Protected Property held by Owner, nor any permits, licenses or contracts related to water rights on the Protected Property held by Owner, or change authorized or historic use of water rights without approval of Land Trust in accordance with section 9.5. Owner shall not knowingly abandon or allow the abandonment of, by action or inaction, any water rights on the Protected Property held by Owner or such permits, licenses or contracts without approval of Land Trust in accordance with section 9.5.

- 2.17 Vegetation Management. No removal, cutting, pruning, trimming or mowing of any trees or other vegetation, living or dead, and no introduction of non-native species is allowed except as permitted in section 3 or as may be necessary to create or maintain fire trails or breaks, and other public safety and emergency response concerns or as may otherwise be required by applicable law.
- 2.18 Vehicles. Limited off-road use of motorized vehicles is allowed only in conjunction with activities specifically permitted in section 3. However, motorized vehicles may be used only in a manner that does not significantly impair the Conservation Values. This provision is not intended to otherwise limit the use of motorized vehicles on

Appendix 3: Conservation Easement

roads or driveways permitted under this Easement or in conjunction with construction and maintenance of permitted buildings, structures, roads, trails and other improvements.

3. PERMITTED USES. Owner retains all rights associated with ownership and use of the Protected Property that are not expressly restricted or prohibited by this Easement. Permitted uses are deemed to be consistent with the Conservation Purposes and do not require approval by the Land Trust, unless otherwise indicated. Owner agrees that all permitted uses shall be carried out in conformance with applicable local, state, tribal, and federal laws, including the California Environmental Quality Act, and the terms of this Conservation Easement.

Without limiting the foregoing, the following rights are expressly reserved, and Owner may use and allow others to use the Protected Property consistent with section 2, as follows:

- 3.1 Right to Convey. Owner may sell, give, lease, bequeath, devise, mortgage or otherwise encumber or convey the Protected Property. This right to convey the Protected Property shall be subject to the following provisions.
- a. Covered Transactions. Any lease, deed or other conveyance or any encumbrance of the Protected Property shall be subject to this Easement. Owner agrees that this Easement shall be incorporated by reference in any deed or other legal instrument by which Owner transfers any interest in all or a portion of the Protected Property or by which Owner grants to a third party a right or privilege to use the Protected Property, including, without limitation, any easement, leasehold interest, or license agreement.
 - b. Notice to New Owner. Owner shall disclose this Easement to any buyer of the Protected Property. Owner will specifically reference or insert a copy of this Easement in any deed or other document by which Owner conveys title to or any interest in the Protected Property.
 - c. Notice to Land Trust. Owner will notify Land Trust of any proposed conveyance of title, or the grant of any right or privilege, to the Protected Property at least fifteen (15) days before closing. Owner will also provide Land Trust with the name and address of the new owner of the Protected Property and a copy of the deed, leasehold or license transferring title within fifteen (15) days after closing.
 - d. Designated Representative. If the Protected Property is owned by a trust, business entity or any common or jointly held ownership, Owner shall designate a representative authorized to receive notice on behalf of Owner and provide Land Trust with the name and address of the designated representative. Owner shall notify Land Trust of any change in the designated representative and provide Land Trust with the new name, address and other contact information within fifteen (15) days after the change.

Appendix 3: Conservation Easement

- e. Notice of Action Affecting Easement. Owner will notify Land Trust of any proposed condemnation or any claim, legal proceeding, foreclosure or other legal action that might affect title to the Protected Property or the validity or enforceability of this Easement.

The enforceability or validity of this Easement will not be impaired or limited by any failure of Owner to comply with this section 3.1.

- 3.2 Water and Irrigation. Subject to the PG&E Reserved Rights and with prior written approval of Land Trust in accordance with section 9.5, Owner may conduct the following activities:

- a. Develop groundwater wells for use in connection with the activities permitted in the Easement, provided that such wells do not significantly impair the Conservation Values.
- b. Owner reserves and shall retain all right, title, and interest in and to all tributary and non-tributary water, all appropriative, prescriptive, contractual or other water rights, and related interests in, on, under, or appurtenant to the Protected Property for use on or for the benefit of the Protected Property in a manner consistent with this Easement and in accordance with applicable federal, state, and local laws, regulations and requirements.

- 3.3 Habitat/Vegetation Management. The Protected Property may be used to create, maintain, restore, or enhance habitat for wildlife and native biological communities.

- a. Prescribed Burning. Owner may, but is not required to, 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, and cannot occur without prior written approval of Land Trust in accordance with section 9.5. Any post-fire restoration of the Protected Property must be approved in advance by Land Trust in accordance with section 9.5.
- b. Down and Dead Wood. Owner may, but is not required to, 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. Owner and Land Trust intend that some down and dead wood remains on the Protected Property to encourage habitat nesting and foraging.
- c. Fire. In the event of a fire, Owner may, but is not required to, 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

Appendix 3: Conservation Easement

institutions, and in a manner not wasteful of soil resources or detrimental to water quality or conservation.

- d. Cultivation and Harvesting of Native Plants. Owner may, but is not required to, cultivate and harvest native plants (e.g., grasses, reeds, mushrooms, berries, nuts, herbs, prairie seed, etc.) in a manner that maintains a sustainable growth and reproduction cycle for harvested plant populations and surrounding vegetation.
- e. Vegetation Restoration. Owner may, but is not required to, remove vegetation as reasonably required to construct and maintain buildings, structures, roads, trails and other improvements specifically permitted under this Easement and provided that, following any construction, 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 Owner, in consultation with the Land Trust.
- f. Forest Management.
 - i. Owner may, but is not required to, undertake commercial and/or non-commercial forest management activities on the Protected Property for any of the following purposes: (1) to promote the health and sustainability of the Protected Property's natural resources; (2) to protect and enhance the Protected 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 Protected Property; (5) to protect cultural resources on the Protected 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 (a) 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. Land Trust shall approve any existing or future forest management plan before Owner begins forest management activities outlined in paragraph 3.3(f) above. Owner and Land Trust shall review and discuss such plan (along with any proposals Land Trust may have regarding this Permitted Use by Owner pursuant to section 9.5(e) of this Easement) periodically, as appropriate.

Appendix 3: Conservation Easement

- g. Invasive Species Management. Owner may, but is not required to, engage in invasive species management reasonably intended to prevent or control troublesome insects, noxious weeds, invasive vegetation, disease, fire, personal injury, or property damage, with prior approval of Land Trust in accordance with section 9.5. Such management may be achieved by methods including, but not limited to, brush removal, tree pruning, prescribed burning or mowing of the Protected Property. Mowing may be accomplished with use of a tractor or similar vehicle.
- h. Nuisance Animals. In accordance with applicable laws, Owner reserves the right to control animals on the Protected Property that (a) pose or threaten to pose a hazard to persons or property or (b) threaten to significantly impair one or more of the Conservation Values, or an Express Third-Party Use.

Nothing in this section allows intentional introduction of vegetation generally recognized as invasive locally or regionally on the Protected Property.

- 3.4 Recreational and Educational Uses. In addition to the uses protected in section 7, the Protected Property may be used for hiking, horseback riding, hunting, fishing, nature observation or study, and other non-intensive recreational and educational programs or activities that do not significantly impair Conservation Values.
- 3.5 Historic Values. Owner may maintain, restore, and protect historic and cultural values on Protected Property consistent with Conservation Values.
- 3.6 Minor Structures. Owner may place minor structures such as trail barriers, benches, minor shade structures, and informational kiosks that do not significantly impair Conservation Values on the Protected Property. Such structures may not be used for continuous residential use, and no utilities may be installed to service such structures without prior approval of Land Trust in accordance with section 9.5.
- 3.7 Permanent Structures. Notwithstanding any provision herein to the contrary, the Tribe shall have the right, though not the obligation, to construct the following types of permanent structures on the Protected Property in the “Approved Building Zone” identified on the map of the Protected Property, attached as Exhibit E, for the identified purposes, and in conformance with the size, location and type restrictions herein specified (“Permanent Structures”). Such Permanent Structures, and associated parking, provided in this section 3.7 shall not exceed 10 acres of developed area within the Approved Building Zone. The Parties acknowledge that the Tribe does not yet have substantially complete information regarding the Protected Property and that potential planning for construction of any such Permanent Structures has not yet begun. The Parties further agree to use their best good faith efforts to implement the spirit of this section 3.7, to accomplish its purposes, if and when any structure is actually to be constructed. For each such Permanent Structure, utilities, and related amenities listed in section 3.7(i) below, the Tribe shall consult with and provide construction plans to Land Trust before beginning construction, and shall obtain Land

Appendix 3: Conservation Easement

Trust approval pursuant to section 9.5. Before constructing any improvement, the Tribe and Land Trust shall determine the exact location of the Permanent Structure within the Approved Building Zone and Tribe shall memorialize the location of such Permanent Structure (also called “building envelope” below) in a supplement to the baseline documentation report for this Easement maintained by Land Trust. Prior to construction and with prior approval pursuant to Section 9.5, the Approved Building Zone may be relocated if unforeseen circumstances prevent and/or unreasonably limit construction within previously selected Approved Building Zone. Uses of all structures permitted shall be consistent with the Conservation Purposes and shall not significantly impair the Conservation Values.

- a. One (1) Cultural Resource Center, to be used to assist the Tribe and Ajumawi Band in educating the public about the Tribe and Ajumawi Band, their history, aboriginal territory, and its historical and cultural relationship to the land, by providing informational displays, amenities, and educational opportunities, programs and activities consist with and in furtherance of the Conservation Values of the Protected Property. The Cultural Resource Center shall not be used for private or for commercial purposes.
- a. One (1) Historical Native Arbor consisting of a round shade structure, open on the sides, not larger than 90 feet in diameter and 30’ tall, for Tribal cultural and ceremonial uses, preservation of historical values, and educational purposes.
- b. Reasonable picnic areas.
- c. Two (2) buildings to house bathrooms and showers that will support the permitted uses (“Bathroom Facilities”). The Bathroom Facilities will not exceed 750 square feet each in size.
- d. A reasonable number of information kiosks to provide educational, interpretive and safety information to the public to be installed in appropriate locations. Interpretative signage may be installed at appropriate additional locations, such as additional entry points, roads, and trails in order to provide additional educational, interpretative and safety information to the public.
- e. Solar energy structures, including photovoltaic panels, mounting hardware, storage batteries, controllers, inverters, grounding equipment and wiring; and other renewable energy structures as may be desirable to provide energy for the uses of and improvements on the Protected Property permitted in this Conservation Easement. Any utility infrastructure on the Protected Property shall be designed and constructed for the purpose of serving only the permitted uses of and improvements on the Protected Property; however, any power generated from permitted utility infrastructure facilities in excess of requirements of the permitted improvements and uses on the Protected

Appendix 3: Conservation Easement

Property may be sold to a public utility.

- f. One (1) security or caretaker's cabin, not to exceed 1,500 square feet, to provide security and oversight for the Protected Property, including Minor Structures and Permanent Structures, and to assist the Tribe in carrying out its responsibilities under this Easement, including maintaining trails and permitted improvements and enforcing Easement terms and conditions.
 - g. One (1) maintenance utility structure, not to exceed 7,500 square feet, to assist the Tribe in carrying out its responsibilities under this Easement, including maintaining trails and permitted improvements by housing vehicles, equipment, tools, supplies, materials, firefighting equipment, habitat study and restoration materials, work space, maintenance activities, and/or offices.
 - h. Trails constructed to connect the structures with the picnic areas and for viewsheds, consistent with section 2.11.
 - i. For each structure permitted under this section 3.7, Tribe retains rights to maintain, repair, remodel, improve, enlarge and replace such permitted structures, provided no structure may extend beyond the permitted building areas or exceed maximum areas recorded in an amendment to this Easement. Related amenities reasonably necessary or desirable to serve the structure's functions may also be constructed, maintained, repaired, remodeled, improved, enlarged and replaced such as septic system or sewer connection, water supply (well or piped), electrical power, propane, natural gas, restrooms, communications, security lighting, paved or unpaved parking areas, and fire safety clearing. Utilities may extend beyond identified building envelopes where reasonably necessary or desirable to serve permitted structures or the Conservation Purposes.
- 3.8 No Other Structures. No additional buildings, structures, utilities, roads, parking lots or other improvements not otherwise permitted under this Easement may be constructed or placed on the Protected Property without Land Trust's prior consent in accordance with section 9.5.
- 3.9 Preexisting Improvements. Owner may conduct maintenance and repairs of improvements to Protected Property that preexist the creation of this Easement.
- 3.10 Tribal Cultural Activities. Owner may conduct private and/or public traditional recreational, spiritual, cultural, and educational activities on the Protected Property, including but not limited to, ceremonies, dances, games, and workshops. Owner shall conduct its cultural activities in a manner that does not significantly impair the Conservation Values.
4. **PG&E RESERVED RIGHTS.** All rights and obligations of Owner and Land Trust under this Easement are subject to PG&E's Reserved Rights as shown in the Grant Deed. In the event

Appendix 3: Conservation Easement

of a conflict between the PG&E Reserved Rights and the Conservation Purposes, this Conservation Easement shall be construed to unconditionally permit the exercise of PG&E's Reserved Rights. If PG&E notifies Owner of its intention to exercise any PG&E Reserved Rights, Owner shall give written notice to Land Trust of said intention within sixty (60) days.

5. EXPRESS THIRD-PARTY USES. Exhibit D hereto describes the Express Third-Party Uses. Owner retains the right to administer, 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 Owner’s obligations with respect to the Express Third-Party Uses, subject to the following conditions:
 - 5.1 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 Owner determines in Owner’s reasonable discretion exercised in good faith are likely to significantly impair Conservation Values shall be subject to prior approval of Land Trust under section 9.5.
 - 5.2 Renewal or Replacement of Third-Party Use Agreements. All Third-Party Use Agreements existing on the date hereof are identified on Exhibit D. As Third-Party Use Agreements are renewed or replaced (either with the existing user or a new user), Owner, in consultation with Land Trust, shall include contractual provisions intended 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.
 - 5.3 Enforcement of Third-Party Use Agreements. If Owner or Land Trust discovers any default under a Third-Party Use Agreement that significantly impairs the Conservation Values (and whichever party makes such discovery shall give the other party written notice thereof), Owner shall use reasonable efforts to enforce or otherwise cause the Third-Party to remedy such violation.
6. LAND TRUST’S RIGHTS AND REMEDIES. To preserve and protect the Conservation Values and to accomplish the Conservation Purposes of this Easement, Land Trust has the following rights and remedies under California law and conveyed by Owner:
 - 6.1 Right to Enter. Land Trust has the right to enter the Protected Property at reasonable times and in a reasonable manner following seven (7) days written notice to Owner, to undertake the following:
 - a. To inspect the Protected Property and to monitor and document compliance with this Easement, including taking photographs, GPS readings, and other nondestructive measurements and tests.
 - b. To obtain evidence for use in seeking enforcement of this Easement.

Appendix 3: Conservation Easement

- c. To survey or otherwise mark the boundaries of all or part of the Protected Property if necessary to determine whether there has been a violation of this Easement.
 - d. To interpret this Easement, apply this Easement to factual conditions on or about the Protected Property, respond to requests for information from persons having an interest in this Easement or the Protected Property, and apply this Easement to changes occurring or proposed within the Protected Property.
 - e. To exercise such additional rights as may be reasonably necessary to effectuate the Conservation Purposes of this Easement.
 - f. Notwithstanding any other provision of this Easement, nothing herein shall give Land Trust any right to photograph, record video or audio, attend, observe, or inspect, any private Tribal cultural ceremony without Owner's prior written permission. Owner represents and warrants that such private Tribal cultural ceremonies will be undertaken in good faith in a manner that will not significantly impair the Conservation Values and are otherwise consistent with this Easement.
- 6.2 Access. Land Trust is entitled to use any easement, entry or approach to the Protected Property that Owner is entitled to use now or in the future to exercise the rights granted to Land Trust in this section 6. Owner shall execute any additional documents as may be reasonably necessary to evidence this assignment.
- 6.3 Right of Enforcement. Land Trust has the right in perpetuity to enforce this Easement against Owner (including Owner's agents, guests, and licensees). The following provisions shall be applicable to enforcement of the Easement.
- a. Notice. Land Trust may not initiate judicial action until Land Trust has given Owner or other responsible party written notice of the alleged violation, or threatened violation, of this Easement and sixty (60) days or longer as reasonably needed to correct the situation or longer as needed provided Owner shall promptly commence, and thereafter diligently pursue to completion said corrective action. The Parties shall meet and confer in good faith to use their best efforts to resolve any alleged or threatened violation of this Easement prior to pursuing further remedies. This section 6.3(a) shall not apply if in Land Trust's reasonable sole discretion and exclusive judgment immediate judicial action is necessary to prevent or mitigate the significant, imminent and irreparable impairment of the Conservation Values or if reasonable, good faith efforts to notify Owner or other responsible party are unsuccessful.
 - b. Remedies. In enforcing this Easement, Land Trust shall have the right to seek any and all legal and equitable remedies, subject to the limitations in section 10 below, including (but not limited to) the right to:

Appendix 3: Conservation Easement

- i. Seek temporary or permanent injunctive relief with respect to any activity causing an imminent, irreparable violation or threatened violation of this Easement.
- ii. Seek restoration of the Protected Property to its condition similar or equivalent to the condition that existed prior to the violation, by restoring soils, replanting suitable native vegetation, or taking such other action reasonably necessary to achieve such restoration or as otherwise necessitated by a violation of this Easement.
- iii. Seek specific performance or declaratory relief.
- iv. Seek to recover damages arising from the violation of this Easement or harm to the Conservation Values in the event that specific performance, injunctive relief and/or declaratory relief are insufficient remedies to enforce Land Trust's rights under this Easement, provided however that no consequential, punitive or exemplary damages may be awarded against the Tribe under any circumstances.
- v. Seek to recover other and additional relief in equity or at law as the court orders consistent with this Easement's express terms.

These remedies are cumulative. Land Trust may exercise any other right or remedy that may at any time be available to Land Trust under this Easement or applicable law. If Land Trust exercises one remedy, Land Trust may nevertheless exercise any one or more other rights or remedies available to Land Trust at the same time or at any other time. Owner agrees that no statute of limitations shall start to run and no estoppel or similar defense shall arise against any action brought by Land Trust to enforce or interpret this Conservation Easement, unless and until Land Trust is actually or reasonably should be aware of a violation or is aware of a dispute regarding the interpretation of the provisions of the Easement, and Owner hereby waives any right to assert any defense contrary to the express provisions of this paragraph.

Land Trust and Owner recognize that restoration may be the only adequate remedy for certain violations.

Land Trust may be entitled to seek expedited relief, ex parte if necessary.

- c. Costs of Enforcement. In any action, suit or proceeding (including arbitration or mediation) undertaken to enforce the provisions of this Conservation Easement, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable costs and expenses, including without limitation, attorneys' and experts' fees and costs incurred by the prevailing party (whether incurred at the trial, appellate, or administrative level), in such amount as the court or administrative body may judge reasonable, and if such prevailing party shall

Appendix 3: Conservation Easement

recover judgment in any action or proceeding, such costs and expenses shall be included as part of the judgment.

- d. Emergency Enforcement. The foregoing provisions notwithstanding, if Land Trust, in its sole reasonable discretion, determines that circumstances require immediate action to prevent, terminate or mitigate significant, imminent, irreparable damage to or destruction of the Conservation Values or to prevent, terminate, or mitigate an imminent, irreparable violation of the terms of this Conservation Easement, Land Trust may pursue its remedies under this section 6, without waiting for the 60-day notice to Owner provided in section 6.3(a) above, and under such exigent circumstances Land Trust shall not be required to wait for the period provided for cure to expire. In the event Land Trust takes action pursuant to this section, Land Trust shall as soon as reasonably practicable give notice to Owner of the situation giving rise to the need for immediate action and the action taken and to be taken.
- e. Land Trust's Enforcement Decisions. Land Trust's enforcement of its rights under this Easement is solely at the reasonable discretion of Land Trust. Forbearance or delay by Land Trust to exercise its rights in the event of any breach of this Easement by Owner or other responsible person shall not be deemed or construed to be a waiver of rights by Land Trust of such term or of any subsequent breach of the same or any other term of this Easement. Land Trust does not waive or forfeit the right to take any action necessary to assure compliance with this Easement by any delay or prior failure of Land Trust to discover a violation or to initiate enforcement proceedings. If Land Trust has actual knowledge of an alleged violation of this Easement but delays or fails to act, and such delay increases the amount of any expenditure by Owner over the amount Owner would have incurred had Land Trust acted in a timely manner, Owner shall not be responsible for such increased costs.
- f. Acts Beyond Owner's Control (Force Majeure Event). Land Trust may not bring an action against Owner for any change to the Protected Property resulting from any of the following:
 - i. Causes beyond Owner's control such as changes caused by acts of nature or unauthorized third parties, including without limitation act of Nature (including without limitation fire, flood, storm, drought, earthquake, natural deterioration, explosion, earthquake); war, hostilities (whether war be declared or not), invasion, act of foreign or domestic enemies, mobilization, requisition, or embargo; rebellion, revolution, insurrection, military or usurped power, or civil war; unauthorized contamination by radio-activity, chemicals or other hazardous materials or properties from any source; riot, commotion, strikes, lock outs or disorder; acts or threats of terrorism, or other unauthorized or negligent acts of third parties; provided, that Owner shall take reasonable actions consistent with those undertaken by a prudent landowning Tribe of comparable resources with respect to comparable real property to Protected Property to prevent unauthorized acts by third parties that could

Appendix 3: Conservation Easement

significantly impair the Conservation Values upon actual notice of threat or occurrence of such acts.

- ii. Reasonable actions taken in good faith under emergency conditions to prevent or mitigate damage resulting from the foregoing causes.

However, Owner agrees, within sixty (60) days following a Force Majeure Event, to consult with Land Trust to identify measures, if any, that are reasonably feasible and desirable to be undertaken under the circumstances then existing to remediate or prevent further damage to the Conservation Values resulting from such Force Majeure Event. Whether such measures will be taken shall be determined by the mutual agreement of the Land Trust and Owner, each acting reasonably and in good faith. In the event that Owner chooses not to pursue such measures, Land Trust shall have the right, but not the obligation, to undertake the measures at its sole expense.

Actions by Owner's lessees, agents, employees or contractors, acting in such capacity on Owner's behalf, are not considered unauthorized acts of third parties.

This section does not preclude Owner or Land Trust from recovering damages or bringing an action against any third party for trespass or other violation of their respective rights.

- g. Enforcement Rights of Others. Nothing in this Easement is intended to create any right to enforce this Easement in any third party.
- h. Limitation on Rights. Nothing in this Easement gives Land Trust the right or responsibility to exercise physical control over operations on the Protected Property or to become involved in management decisions involving use or disposal of hazardous substances or to otherwise become an operator of the Protected Property within the meaning of the Comprehensive Environmental Response, Compensation and Liability Act, or other similar or successor federal, state, or local laws regarding responsibility for environmental conditions associated with contamination ("Environmental Compliance Laws"). Owner and Land Trust do not intend this Easement to be, and this Easement shall not be, construed such that it creates in or gives to Land Trust any of the following:
 - 1. The obligations or liabilities of an "owner" or "operator," as those terms are defined and used in Environmental Compliance Laws;
 - 2. The obligations or liabilities of a person described in 42 U.S.C. § 9607(a)(3) or (4);
 - 3. The obligations of a responsible person under any Environmental Compliance Laws;

Appendix 3: Conservation Easement

4. Any right to investigate, control, monitor or remediate any hazardous materials associated with the Protected Property;
 5. Any authority to specify the chemicals or hazardous substances that may be used on the Protected Property, or
 6. Any control over Owner's ability to investigate, remove, remediate or otherwise clean up any hazardous materials associated with the Protected Property.
 7. Any authority to enforce any violation of an Environmental Compliance Law against the Tribe.
7. PUBLIC ACCESS. The Protected Property is generally open to public use consistent with preservation and protection of the Conservation Values and this easement.
- 7.1 Informal Uses and Public Access. Owner and Land Trust recognize that the Protected Property has been used by third parties for recreational, cultural, and other non-commercial or informal purposes without formal written agreements to conduct such activities, ("Informal Uses"). Owner and Land Trust further recognize that access to the Protected Property is inherent or may be inherent in enjoyment of the Conservation Values and Informal Uses. Consistent with the objectives articulated in the Governing Documents to provide continued reasonable access by the public to the Watershed Lands, Owner shall allow public access to the Protected Property that is substantially consistent with public access existing on the Effective Date of the Easement. Owner reserves the right to make reasonable rules and regulations to control, limit, or, as necessary, exclude Informal Uses and public access. Owner shall not allow Informal Uses that significantly impair the Conservation Values.
- 7.2 New or Increased Public Access. If Owner desires to allow new public access or Informal Uses or expansion of public access or Informal Uses on the Protected Property in addition to those permitted under section 3.4, prior approval of Land Trust under section 9.5 is required, which approval shall not be unreasonably withheld.
- 7.3 Limitations and Conditions. Sections 7.1 and 7.2 are subject to the following:
- a. Liability Limitation. Owner and Land Trust reserve and claim all of the rights, immunities and defenses against liability for injury to the public to the fullest extent allowable by law, and nothing in this Easement is intended to any such rights, immunities or defenses.
 - b. Periodic Review of Informal Uses. As part of Land Trust's annual compliance monitoring, Owner and Land Trust shall (i) consult on known Informal Uses and public access on the Protected Property for the purpose of Land Trust's assessment of Owner's compliance with sections 7.1 and 7.2 above; and (ii)

Appendix 3: Conservation Easement

develop recommendations, if any, regarding the necessity of controlling, limiting, or excluding Informal Uses or public access to ensure preservation of the Conservation Values.

8. **DOCUMENTATION.** The current uses of the Protected Property, the state of any existing improvements, and the specific Conservation Values that are briefly described in this Easement are more fully described in a baseline documentation report dated _____ and on file at the office of Land Trust and incorporated herein by this reference (“Baseline Documentation Report”). Owner and Land Trust acknowledge that this baseline report prepared by Land Trust with assistance from Owner and signed by both accurately represents the condition of the Protected Property as of the Effective Date and may be used by Land Trust in monitoring present and future uses of the Protected Property, in documenting compliance with this Easement, and in any enforcement proceeding. This baseline report, however, is not intended to preclude the use of other information and evidence to document the then or present condition of the Protected Property in the event of a future controversy.

9. GENERAL PROVISIONS.

9.1 Assignment. This Easement may only be assigned or transferred to an entity or organization that, at the time of transfer, is (1) qualified to hold conservation easements pursuant to section 815.3 of the California Civil Code, (2) experienced in holding and monitoring conservation easements on properties similar to the Protected Property, and (3) willing and financially able to assume all the responsibilities imposed on Land Trust under this Easement. All transfers shall be duly recorded.

a. Voluntary Assignment. Not less than 180 days before assigning its interest under this Easement, Land Trust shall provide Owner and the Sierra Nevada Conservancy or its successor (“SNC”) with written notice of such intention to transfer (“Transfer Notice”). The Transfer Notice shall identify the proposed assignee, provide reasonably available background information regarding the proposed assignee (including contact information for the organization or entity and its key personnel), and describe how the proposed assignee meets the assignee designation criteria in this section 9.1 and the policies and purposes of this Easement. SNC and Owner shall have not less than ninety (90) days to review the Transfer Notice, conduct due diligence regarding the proposed assignee, and provide written comments to the Land Trust regarding the suitability of the proposed assignee. Land Trust shall give any SNC and/or Owner comments good faith consideration, and shall meet and confer with SNC and/or Owner in good faith to address any concerns raised about the potential assignee, prior to proceeding with any assignment. Land Trust shall not proceed with any assignment of its interest under this Easement to any entity or organization that does not meet the designation criteria in this section 9.1, or which poses a conflict of any type (including without limitation financial, cultural, political, jurisdictional or legal) with Owner. If, after providing written comments and good faith meeting and consultation, SNC and/or Owner object to the proposed assignee, SNC and Owner shall work cooperatively with Land Trust

Appendix 3: Conservation Easement

using their best good faith efforts to identify an alternative, acceptable proposed assignee.

- b. Involuntary Assignment. If Land Trust ever ceases to exist or no longer qualifies under applicable state law to hold a conservation easement interest, then SNC shall select an assignee that meets all the designation criteria and procedure specified in this section 9.1(a)-(d). If SNC is unable to identify an assignee that meets all the designation criteria specified in this section 9.1(a)-(d) that is willing to accept such assignment, then SNC may elect to have SNC serve as such assignee. Notwithstanding the foregoing, SNC may elect to have SNC exercise the rights of Land Trust hereunder during any period that a successor assignee for such Land Trust is not yet in place.
 - c. Conditions of Assignment. As conditions to any assignment of this Easement, Land Trust and/or the SNC shall (1) require the assignee to expressly agree in writing to assume Land Trust's obligations hereunder in perpetuity; (2) ensure that assignee has the resources to fulfill its obligations under the Easement; and (3) ensure that the assignee understands and respects Owner's sovereignty and rights under federal law as a federally recognized Indian tribal government.
 - d. Successor to SNC. Upon any liquidation or dissolution of SNC, the State of California shall have the right to assign SNC's rights and obligations under this section 9.1 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, that qualifies to hold conservation easements under applicable law, and that satisfies the requirements of this section 9.1(a)-(d).
- 9.2 Amendment. Under appropriate limited circumstances, this Easement may be amended by Land Trust and Owner; provided that no amendment shall be allowed that (a) is inconsistent with the Conservation Purposes; (b) would significantly impair the Conservation Values; (c) affects the perpetual duration of the Easement; (d) affects the validity of this Easement under California law or the status of Land Trust under section 501(c)(3) of the Internal Revenue Code or successor or related law; or (e) creates or results in impermissible private benefit or private inurement as prohibited by section 501(c)(3) of the Internal Revenue Code. Any amendment or modification must be in writing, signed by Land Trust and Owner, and recorded in the same manner as this Easement.
- 9.3 Termination. This Easement shall be of perpetual duration, it being the express intent of Owner and Land Trust that this Easement not be extinguished by, or merged into, any other interest or estate in the Protected Property now or hereafter held by Land Trust or any other party. This Easement may be terminated or extinguished in whole or in part only as set out in this section. Owner and Land Trust are committed to protecting and preserving the Conservation Values in perpetuity. Accordingly, this Easement is binding upon the current Owner and all future Owners of the Protected Property and conveys to Land Trust the right, duty and obligation to protect and

Appendix 3: Conservation Easement

preserve the Conservation Values to benefit this generation and generations to come. If one or more Conservation Values of this Easement may no longer be protected, that inability shall not be sufficient cause to terminate the entire Easement as long as any of the Conservation Values can be protected.

- a. Change of Circumstances. This Easement may be terminated or extinguished if circumstances arise that make continued use of the Protected Property in a manner consistent with all Conservation Purposes wholly impossible or impractical. In this event, this Easement may be extinguished only through judicial proceedings.
- b. Condemnation. This Easement may be terminated or extinguished pursuant to the proper exercise of the power of eminent domain. If this Easement is taken, in whole or in part, by exercise of the power of eminent domain, Land Trust and Owner shall be entitled to compensation for their respective interests in the Property in accordance with applicable law. Owner and Land Trust shall act jointly to recover the full value of their interests in the Protected Property subject to the taking or in-lieu purchase and all direct and incidental damages resulting therefrom. All expenses reasonably incurred by Owner and Land Trust in connection with the taking or in-lieu purchase shall be paid out of the amount recovered. Land Trust's share of the balance of the amount recovered shall be determined in accordance with the section 9.3(c).
- c. Proceeds upon Termination. This Easement constitutes a real property interest immediately vested in Land Trust. Following any termination or extinguishment of this Easement in whole or in part, Land Trust shall be entitled to a portion of the proceeds from any sale, exchange or involuntary conversion of the Protected Property.

Land Trust's share of the proceeds shall be an amount equal to the fair market value of this Easement at the time of the extinguishment (excluding the value of any permitted improvements made after the conveyance of this Easement). The parties stipulate that the value of this Easement at the time of extinguishment or termination shall be calculated by the difference in the value of the whole Protected Property (excluding the value of any permitted improvements made after conveyance of this Easement) without the Easement and the value of the Protected Property with the Easement in place.

Land Trust shall use all proceeds received under the circumstances described in this paragraph to pay the costs to monitor, enforce and preserve any portions of the Protected Property that remain subject to this Easement, or, if no portion of the Protected Property is subject to this Easement, to monitor and enforce other conservation easements held by Land Trust that are comparable to this Easement and to conserve properties subject to such other easements in a manner consistent with the Conservation Purposes of this Easement.

Appendix 3: Conservation Easement

9.4 Ownership Responsibilities, Costs and Liabilities. This Easement shall not diminish Owner's responsibility for all costs and liabilities of any kind related to the use, ownership, and maintenance of the Protected Property. Land Trust shall have no obligation for the upkeep or maintenance of the Protected Property.

- a. Taxes. Owner shall pay all real estate taxes and assessments levied against the Protected Property, including any levied against the interest of Land Trust created by this Easement.
- b. Regulatory Compliance. All activities or construction permitted by this Easement shall be undertaken in accordance with applicable federal, tribal, state and local laws, regulations and ordinances, and nothing in this Easement shall be construed to exempt the Protected Property or Owner from otherwise applicable law.

Owner is solely responsible for obtaining any required governmental permits.

- c. Owner Indemnity. In view of Land Trust's negative rights, limited access to the land, and lack of active involvement in the day-to-day activities on the Protected Property, Owner shall defend, indemnify, and hold Land Trust harmless from any and all costs or liability for any loss, damage, or personal injury occurring on or related to the Protected Property or the existence of this Easement, except where such loss arises from the negligence or willful misconduct or omission of Land Trust. Land Trust shall have no responsibility for operation of the Protected Property, monitoring of hazardous conditions on it, or protection of Owner, the public or any third parties from risks relating to conditions on the Protected Property. Without limiting the foregoing, Land Trust shall not be liable to Owner or any other person or entity in connection with consents given or withheld, or in connection with any entry upon the Protected Property occurring or existing pursuant to this Easement, or on account of any claim, liability, damage or expense suffered or incurred by or threatened against Owner or any other person or entity, except as the claim, liability, damage, or expense is the result of negligence or willful misconduct or omission of Land Trust or its officers, directors, members, employees, or agents.
- d. Land Trust Indemnity. Land Trust shall defend, indemnify, and hold Owner harmless from any and all costs or liability for any loss, damage, or personal injury occurring on or related to the Protected Property or the existence of this Easement to the extent such loss arises from the negligence or willful misconduct or omission of Land Trust or its officers, directors, members, employees, or agents.
- e. Future Environmental Condition. Owner is solely responsible for Owner's use or release on the Protected Property of any hazardous or toxic substances, as defined by the Comprehensive Environmental Response, Compensation and Liability Act, or other similar or successor federal, state or local law or regulation regarding responsibility for environmental conditions associated with contamination,

Appendix 3: Conservation Easement

occurring after the date of recording of this Easement, except as otherwise provided by the Environmental Agreement, Grant Deed, other related agreements, or applicable law. Except as otherwise provided in such agreements or law, Owner shall take reasonable steps necessary to assure any needed containment or remediation resulting from any release of such substance.

- 9.5 Notice and Approval. Any notice or request for approval required by or provided under this Easement must be in writing and is subject to the following.
- a. Approval Requirements. No activity requiring prior approval of either Party may proceed without the Party to be bound's written approval as set out in this section, which approval shall not be unreasonably withheld. Approval of either Party must be in writing to be effective. Failure of one Party to receive written approval from the other Party constitutes denial of the request. Failure of a Party to grant or deny any approval requested by the Owner under this Easement within ninety (90) days constitutes grant of such approval.
 - b. Delivery. Any required notice or request for approval under this Easement must be delivered personally or sent by first class mail or other nationally recognized delivery service to the appropriate party at the following addresses (or other address specified in writing):

To Owner:

Chairperson
Pit River Tribe
36970 Park Ave.
Burney, CA 96013-4079

To Land Trust:

Executive Director
Shasta Land Trust
PO Box 992026
Redding, CA 96099-2026

To Sierra Nevada Conservancy (as relates to section 9.1):

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

When personally delivered, notice is effective upon delivery. When mailed, certified mail, postage prepaid, return receipt requested, notice is effective on receipt, if

Appendix 3: Conservation Easement

delivery is confirmed by a return receipt. When delivered by an overnight delivery service, notice is effective on delivery, if delivery is confirmed by the delivery service. A recipient cannot defeat delivery by refusing to accept the notice, and notice is deemed delivered if refused.

- c. Timing. Any required notice or request for approval must be delivered at least 90 days prior to the date proposed for initiating the activity in question.
- d. Content. The notice or request for approval must include sufficient information to allow Land Trust to make an informed decision on whether any proposed activity is consistent with this Easement. At a minimum, this should include:
 - The location, nature, and scope of the proposed activity.
 - The proposed use, design, and location of any building, structure or improvement.
 - The plan for any needed restoration of the Protected Property following the approved activity.
 - Any potential impact on the Conservation Values.
- e. Approval Decisions. Land Trust may withhold its approval if it determines in its sole reasonable discretion that (1) the proposed activity may significantly impair the Conservation Values or is inconsistent with the material terms of this Easement, or (2) the notice lacks sufficient information to allow Land Trust to reach an informed decision. Land Trust may condition its approval on Owner's acceptance of reasonable modifications, which would, in Land Trust's judgment, make the proposed activity consistent with the Easement's material terms. Land Trust shall respond to all written requests for approvals under this Easement in a timely manner as described in 9.5.a.
- f. Discretionary Approval. In limited circumstances, Land Trust may give written approval to Owner to engage in activities that have impacts on the Conservation Values that do not arise to the level of significant impairment and do not conflict with the Conservation Purposes. Land Trust may give its approval only if it determines, in its sole reasonable discretion, that such activities (1) do not violate or are not in conflict with the Conservation Purposes of this Easement and (2) either enhance or do not significantly impair the Conservation Values protected by this Easement. Any discretionary approval given by Land Trust under this section must be delivered by Land Trust to Owner in writing before Owner may engage in the proposed activity, and such approval shall be: (a) revocable at Land Trust's reasonable discretion for good cause; (b) limited in duration; and (c) specific to the individuals or entities who have requested approval to engage in the activity. Notwithstanding the foregoing, Land Trust will not approve any activities that would result in the amendment or termination of this Easement under state or federal law except as provided for in sections 9.2 or 9.3 above. Nothing in this section shall require Land Trust to approve any activity otherwise prohibited in this Easement.

Appendix 3: Conservation Easement

- 9.6 Binding Effect. This Easement creates a property right immediately vested in Land Trust that cannot be terminated or extinguished except as set out herein.

This Easement shall run with and burden the Protected Property in perpetuity. The terms of this Easement are binding and enforceable against the current Owner of the Protected Property, all successors in title to the Protected Property and all other persons entitled to possess or use the Protected Property.

If at any time Land Trust or other holder of this Easement becomes the owner of all or a portion of the fee interest in the Protected Property, this Easement shall not be deemed to merge with the underlying fee interest but shall remain in force and effect unless otherwise terminated or extinguished as set out herein.

- 9.7 Termination of Rights and Obligations. A party's rights and obligations under this Easement terminate upon transfer or termination of that party's interest in this Easement or the Protected Property, provided, however, that any liability for acts or omissions occurring prior to the transfer or termination will survive that transfer or termination.

- a. Successors. The covenants, terms, conditions, and restrictions of this Easement, including but not limited to Land Trust's Rights of Enforcement set forth in Section 6.3 and its right to invoke the Limited Waiver of Sovereign Immunity set forth in Section 10, shall be binding upon, and inure to the benefit of, Owner and Land Trust and their respective personal representatives, heirs, lessees, successors, and assigns and shall continue as a restrictive covenant and equitable servitude running in perpetuity with the Protected Property.

- 9.8 Recording. Land Trust will record this Easement in a timely manner in the official records for the county in which the Protected Property is located. Land Trust may re-record this Easement or other documents necessary to protect its rights under this Easement or to assure the perpetual enforceability of this Easement.

- 9.9 Interpretation. This Easement shall be interpreted as follows:

- a. Controlling Law and Construction. This Easement shall be governed by the laws of the State of California and construed to resolve any ambiguities or questions of validity of specific provisions in favor of giving maximum effect to its Conservation Purposes and to the policies and purposes of California Civil Code sections 815 *et seq.* and other California and federal law. If any provision in this instrument is found to be ambiguous, an interpretation consistent with this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.
- b. Severability. A determination that any provision or specific application of this Easement is invalid shall not affect the validity of the remaining provisions or any future application.
- c. Captions. Captions have been inserted in this document solely for convenience of

Appendix 3: Conservation Easement

reference and shall have no effect upon interpretation or construction.

- d. Future Economic Condition. A change in the potential economic value of any use that is prohibited by or inconsistent with the material terms of this Easement, or a change in any current or future uses of neighboring properties, shall not constitute a change in conditions that necessarily makes it impossible or impractical to continue use of the Protected Property for its Conservation Purposes and shall not constitute grounds for terminating the Easement. Impossibility or impracticality must be determined according to the unknown, and unknowable, future facts and circumstances. Both Owner and Land Trust intend that any such changes shall not necessarily be deemed to be circumstances justifying termination or extinguishment of this Easement. In addition, inability to carry on any or all of the permitted uses, or the unprofitability of doing so, shall not necessarily impair the validity of this Easement or be considered grounds for its termination or extinguishment.
- 9.10 Additional Documents. Each Party agrees to execute or provide any additional documents reasonably needed by the other Party to carry out in perpetuity the provisions and intent of this Easement, including any documents needed to correct any error or mutual mistake, legal description or title matter or to comply with any law or regulation, except that any document which effects an amendment to this Easement shall be subject to section 9.2.
 - 9.11 Entire Agreement. This document sets forth the entire agreement of the Owner and Land Trust with respect to this Easement and supersedes all prior discussions or understandings.
 - 9.12 Signatures. This Easement may be completed with the signatures of the Owner and Land Trust to this Easement executed and notarized on separate pages which when attached to this document shall constitute one complete document.
 - 9.13 Significance of Recitals and Terms. The Recitals to this Easement are integral and operative provisions of this Easement. In all matters of interpretation, whenever necessary to give effect to any clause of this Easement, the neuter or gender-specific pronouns include the masculine and feminine, the singular includes the plural, and the plural includes the singular.
 - 9.14 Representation by Counsel. Owner and Land Trust each have been represented by legal counsel of their choosing in the negotiation and preparation of this Easement.
 - 9.15 Authority to Sign. Each individual executing this Easement on behalf of Owner or Land Trust represents and warrants to the other Party that the execution and delivery of this Easement and all related documents have been duly authorized by the Party for which the individual is signing and that the individual has the legal capacity to execute and deliver this Easement and thereby to bind the Party for which the individual is signing.

Appendix 3: Conservation Easement

- 9.16 Reasonableness Standard. Owner and Land Trust shall follow a reasonableness standard, shall use their best efforts to make any determinations that are necessary or are contemplated to be made by them (either separately or jointly) under this Easement in a timely manner, shall cooperate with one another in good faith, and shall take all other reasonable action suitable to these ends.
- 9.17 No Oral Approval. Each Party understands that any oral approval or oral representation made by any officer, employee or agent of the other Party does not constitute written approval where required by this Easement, does not otherwise bind or commit either Party, and may not be relied on by either Party as consent hereunder. Each Party agrees that no oral approval or oral representation made by any officer, employee or agent, or understood by a Party to have been made by any officer, employee or agent of the other Party, shall be used by a Party to assert that the other Party is, in any way, estopped or has made an election under, has waived any provision of, or taken any action or position with respect to this Easement.

10. LIMITED WAIVER OF SOVEREIGN IMMUNITY.

The Parties acknowledge that Owner is a federally recognized Indian tribe and that Owner and its officers, agents and assigns possess sovereign immunity from unconsented suit and other legal proceedings. Nothing in this Easement shall be deemed to be a waiver of Owner's sovereign immunity, except as expressly provided in this section 10. The Parties agree that this Easement is fully enforceable between them. Therefore Owner provides this limited waiver of its sovereign immunity, for the limited purpose of enforcing this Easement (including each and all of the terms and conditions of this Easement), and in accordance with, and as limited by, the express terms of this Easement.

With respect to all actions, suits, claims, proceedings or counterclaims brought by solely Land Trust (including Land Trust's successors in interest as to this Easement) to enforce the express terms of this Easement (each, a "**Claim**"), Owner hereby expressly, unequivocally, unconditionally and irrevocably waives its sovereign immunity, and all defenses based thereon, from any suit, action, arbitration, or other legal proceeding or from any legal process, brought by either of the Parties but not involving any third parties (other than one that Owner affirmatively joins in any such suit, action, arbitration or process), in each case of any nature, whether such Claim is brought in or arises under law, equity, contract, tort or statute (inclusive of Claims for equitable or provisional relief and to compel arbitration, and whether through service of notice, attachment prior to judgment, exercise of contempt powers, or otherwise) (an "**Action**"), for the limited purpose of resolving Claims between the Parties and the judicial enforcement thereof, as provided herein, and to resolve any controversy between the Parties arising from this Easement to enforce or interpret the express terms and conditions of this Easement, as provided for in this Easement.

Owner expressly, unequivocally, unconditionally and irrevocably waives any and all governmental immunities, including sovereign immunity, solely in connection with any Claim brought by Land Trust arising from this Easement and all defenses based thereon as provided for herein for the enforcement of any arbitration award, or judgment to enforce such an award, any form of relief, or order related thereto, or enforcement of any

Appendix 3: Conservation Easement

easement created as a result of this Easement, subject to the terms of this section 10. Owner further consents to the jurisdiction of an arbitrator and/or specified court under this Easement including the consent to be sued and bound by a lawful order or judgment directly arising from a Claim by Land Trust under the express terms of this Easement for the sole purpose of its enforcement, to the extent provided for herein.

With respect to any Action arising out of this Easement between the Parties, the Land Trust and Owner expressly consent to the jurisdiction of the United States District Court for the Northern District of California and to the Shasta County Superior Court and all related appellate courts, and any arbitrator selected pursuant to this Easement, and Owner specifically expressly, unequivocally, and irrevocably waives sovereign immunity for that limited jurisdictional purpose. Owner and Land Trust specifically agree that the United States District Court for the Northern District of California and, the Shasta County Superior Court and all related appellate courts shall have jurisdiction to enter judgments enforcing rights and remedies provided for in this Easement that shall include, but not be limited to injunctive relief, declaratory judgment, specific performance, and/or the awarding of monetary damages which shall be binding and enforceable on Owner, subject to the limitations set forth in this Easement, provided, however, that no punitive damages may be awarded against Owner under any circumstances. No Party shall contest jurisdiction or venue of the United States District Court for the Northern District of California and the Shasta County Superior Court and all related appellate courts, but only for Claims between the Parties arising out of this Easement. Owner agrees to prohibit any tribal forum from voiding the limited waiver of sovereign immunity in this Easement, that it shall not plead or invoke the doctrine of exhaustion of tribal or other administrative or tribal judicial remedies, defenses of tribal immunity or that Owner is an indispensable party to Claims brought by Land Trust solely against Owner under the terms of this Easement, and Owner hereby waives any and all such requirements.

This Easement's limited sovereign immunity waiver applies only to Owner and only for the benefit of Land Trust and not any third party, provided, however, in the event Owner affirmatively joins a third party to any action or arbitration authorized hereunder, such joinder shall not abrogate Owner's immunity waiver hereunder as to Land Trust. Nothing herein waives or may be construed as waiving the sovereign immunity of any of Owner's agencies, entities, officers, officials, employees, agents, consultants, or subcontractors. This Easement is not intended to, and shall not be construed to, create any rights on behalf of any third party. No third party shall have any right to bring or join in any action or arbitration hereunder.

Owner agrees that to the extent any provisions of this Easement are rendered ineffective by any later changes in tribal law, any such change shall constitute a breach of the terms of this Easement and be actionable by Land Trust under terms of this Easement. The rights, privileges and interests protected by this Easement are unique and any violation of this Easement by either Party would result in irreparable harm and injury to the other Party. Owner waives any benefits, rights, immunities, privileges or limitations in applicable tribal law that would otherwise foreclose specific performance, injunctive

Appendix 3: Conservation Easement

relief, money damages, or any other remedies or relief pursuant to this Easement, subject to the limitations herein. Nothing in this section precludes either Party from seeking injunctive relief in order to protect its rights during the dispute resolution process set forth herein. Owner consents to injunctive relief, where the standards for such relief are proven, in the forums enumerated in this section 10 should Owner ever attempt to revoke, limit or restrict the limited waiver of sovereign immunity, where the legal standards for such relief are satisfied. The Parties consent to injunctive relief in the forums enumerated in this section 10 should any Party not comply with its obligations under this Easement.

Without limiting any other provision contained herein, to the extent Owner forms a company, corporation, limited liability company, board, enterprise, authority, division, branch, agency, instrumentality, political subdivision, governmental component, or other organization with intent to hold the Property, any resulting company, corporation, limited liability company, board, enterprise, authority, division, branch, agency, instrumentality, political subdivision, governmental component, or other organization will, by tribal resolution acceptable to Land Trust, not to be unreasonably withheld, provide substantially all of the same limited waivers of sovereign immunity as those set forth herein and be subject to all of the requirements and obligations applicable to Owner as provided in this Easement.

In any Action as to which Owner has waived its sovereign immunity as provided herein, Owner consents and agrees that process against Owner shall be effective if served by sending two copies of the process by registered or certified mail (1) to the Tribal Chairperson of Owner at the following address (or such other address as Owner shall provide from time to time):

Pit River Tribal Chairperson
36970 Park Ave.
Burney, CA 96013-4079

and (2) to Owner's legal counsel at the following address (or such other address as Owner shall provide from time to time):

Law Office of Frank Lawrence
578 Sutton Way, No. 246
Grass Valley, CA 95945

SIGNATURES APPEAR ON THE NEXT PAGE

Appendix 3: Conservation Easement

IN WITNESS WHEREOF, Owner and Land Trust, intending to be legally bound, have set their hands to this Deed Of Conservation Easement Limiting Owners' Uses on the date first above written. To Have and To Hold, this Easement unto Land Trust, its successors and assigns in perpetuity.

OWNER:
THE PIT RIVER TRIBE, a federally
recognized Indian tribal government

LAND TRUST:
SHASTA LAND TRUST, a California
nonprofit public benefit corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

The remainder of this page has been intentionally left blank.

Appendix 3: Conservation Easement

ACKNOWLEDGMENT

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

STATE OF CALIFORNIA)
) §§
COUNTY OF _____)

On _____, _____, before me, _____, 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.

Notary Public (Seal)

Appendix 3: Conservation Easement

ACKNOWLEDGMENT

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

STATE OF CALIFORNIA)
) §§
COUNTY OF _____)

On _____, _____, before me, _____, 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.

Notary Public (Seal)

Appendix 3: Conservation Easement

**EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY**

[attached behind this page]

Appendix 3: Conservation Easement

EXHIBIT B PROPERTY MAP

[attached behind this page]

Appendix 3: Conservation Easement

**EXHIBIT C
GRANT DEED**

[attached behind this page]

Appendix 3: Conservation Easement

EXHIBIT D EXISTING THIRD-PARTY USES

1) AN EASEMENT OVER SAID LAND FOR THE RIGHT TO USE FOR POWER AND ALL OTHER PURPOSES EXCEPT IRRIGATION AND INCIDENTAL PURPOSES, AS RESERVED BY THE RED RIVER LUMBER COMPANY, A CORPORATION, IN DEED RECORDED MARCH 03, 1923, IN BOOK 153 OF DEEDS AT PAGE 499 SHASTA COUNTY RECORDS.

2) RIGHTS INCIDENTAL TO THE OWNERSHIP FOR THE USE AND DEVELOPMENT OF THE MINERAL INTERESTS RESERVED IN DEED EXECUTED BY THE STATE OF CALIFORNIA, RECORDED NOVEMBER 26, 1923, AS BOOK 14 OF PATENTS, PAGE 478.

3) AN EASEMENT OVER SAID LAND FOR THE ABSOLUTE RIGHT TO FISH THEREUPON, AS PROVIDED BY SECTION 25 OF ARTICLE I OF THE CONSTITUTION OF THE STATE OF CALIFORNIA AND INCIDENTAL PURPOSES, AS RESERVED BY THE STATE OF CALIFORNIA, IN INSTRUMENT RECORDED NOVEMBER 26, 1923, IN BOOK 14 OF PATENTS, PAGE 478.

4) A RIGHT OF WAY RELATING TO IRRIGATION AND RECLAMATION AND INCIDENTAL PURPOSES, AS GRANTED TO THE UNITED STATES BY AN ACT OF THE LEGISLATURE, APPROVED MAY 18, 1921, (CHAPTER 175, STATUTES OF CALIFORNIA, 1921) FOR THE USE PRESCRIBED IN THE ACT OF CONGRESS, APPROVED JUNE 17, 1902, AS DISCLOSED BY INSTRUMENT RECORDED NOVEMBER 26, 1923, IN BOOK 14 OF PATENTS, PAGE 478.
NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

5) AN EASEMENT OVER SAID LAND FOR HIGHWAY AND INCIDENTAL PURPOSES, AS GRANTED TO STATE OF CALIFORNIA, IN INSTRUMENT RECORDED JULY 25, 1934, IN BOOK 64, PAGE 175, OFFICIAL RECORDS.
AFFECTS: PARCELS 1, 6, 7, & 8 WITH OTHER PROPERTY
NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

6) ANY CLAIM, RIGHT OR INTEREST OF THE STATE OF CALIFORNIA OR THEIR SUCCESSORS IN INTEREST BY REASON OF THE INSTRUMENT RECORDED JULY 25, 1934 IN BOOK 64, PAGE 175, SHASTA COUNTY RECORDS, BEING INTERPRETED AS A CONVEYANCE OF FEE INTEREST RATHER THAN AN EASEMENT.
AFFECTS PARCEL 1, 6, 7, & 8 WITH OTHER PROPERTY

7) AN EASEMENT OVER SAID LAND FOR THE RIGHT TO ERECT, CONSTRUCT, RECONSTRUCT, REPLACE, REMOVE, MAINTAIN AND USE A LINE OF POLES WITH SUCH WIRES AS FROM TIME TO TIME SUSPEND THEREFROM FOR THE TRANSMISSION AND DISTRIBUTION OF ELECTRIC ENERGY, AND FOR COMMUNICATION PURPOSES, AND ALL NECESSARY AND PROPER CROSSARMS, GUYS, ANCHORS AND OTHER APPLIANCES AND FIXTURES AND ALL RIGHTS INCIDENTAL THERETO, AS GRANTED TO THE CALIFORNIA OREGON POWER COMPANY, A CALIFORNIA CORPORATION, IN INSTRUMENT RECORDED FEBRUARY 16, 1953, IN BOOK 394, PAGE 23, OFFICIAL RECORDS.

8) AN EASEMENT OVER SAID LAND FOR PUBLIC HIGHWAY AND INCIDENTAL PURPOSES, AS GRANTED TO STATE OF CALIFORNIA, IN DEED RECORDED APRIL 20, 1971, IN BOOK 1064 PAGE 455 SHASTA COUNTY OFFICIAL RECORDS.
PGE# 2137-04-0241

AN EASEMENT OVER SAID LAND FOR PUBLIC HIGHWAY AND INCIDENTAL PURPOSES, AS GRANTED TO STATE OF CALIFORNIA, IN DEED RECORDED NOVEMBER 08, 1976,

Appendix 3: Conservation Easement

IN BOOK 1376 PAGE 524 SHASTA COUNTY OFFICIAL RECORDS.

9) AN EASEMENT OVER SAID LAND TO LOCATE, CONSTRUCT, USE, MAINTAIN, IMPROVE, RELOCATE AND REPAIR A ROAD AND INCIDENTAL PURPOSES, AS GRANTED TO UNITED STATES OF AMERICA, IN DEED RECORDED DECEMBER 09, 1985, IN BOOK 2197 PAGE 170 SHASTA COUNTY OFFICIAL RECORDS.

10) AN "IRREVOCABLE OFFER TO DEDICATE" AFFECTING A PORTION OF SAID LAND FOR PUBLIC PURPOSES AND INCIDENTAL PURPOSES, IN FAVOR OF COUNTY OF SHASTA, IN A DOCUMENT RECORDED AUGUST 12, 1998, IN BOOK 3736 PAGE 82, OFFICIAL RECORDS.

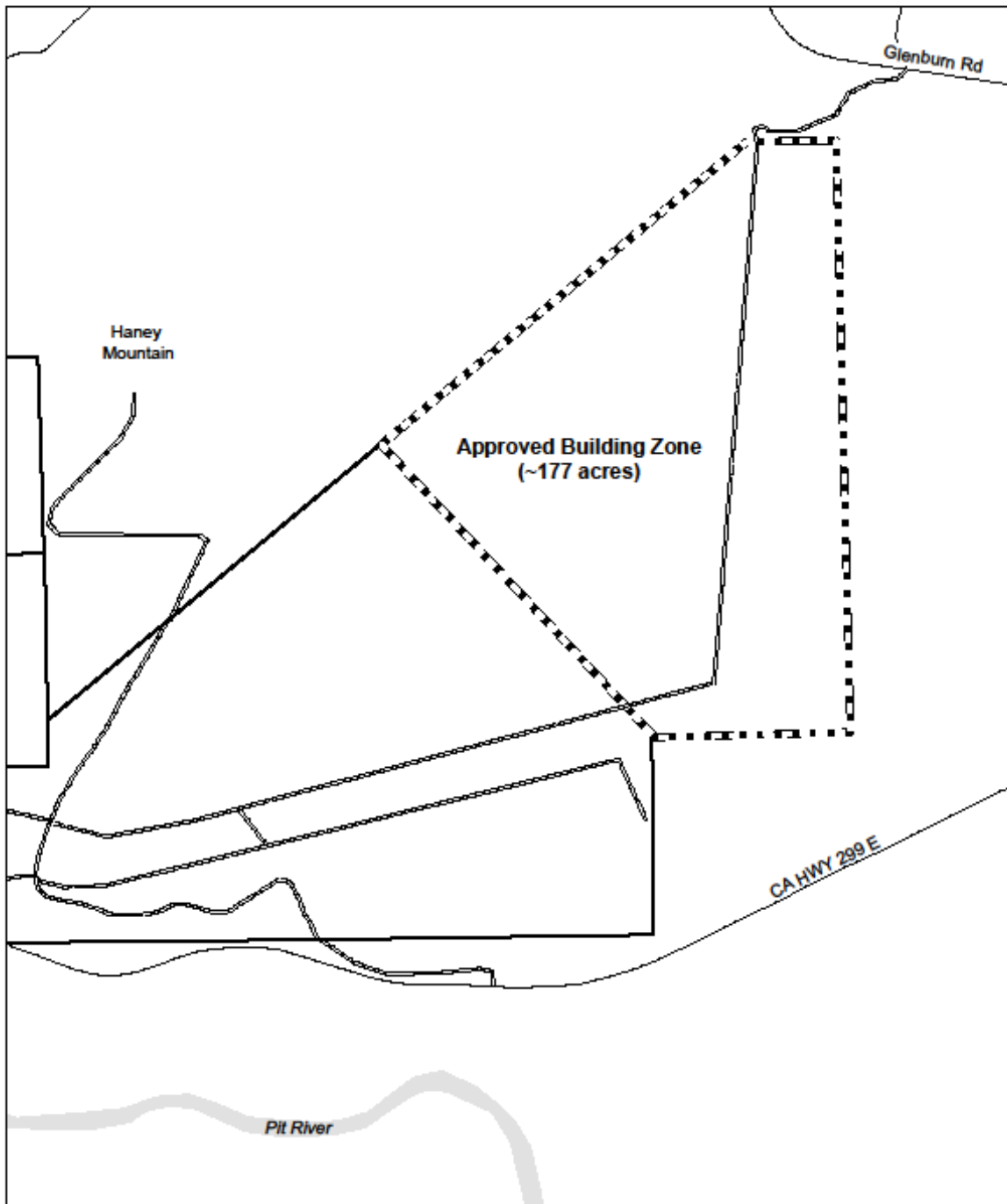
11) TERMS, CONDITIONS AND PROVISIONS OF THE NOTICE OF APPROVAL OF A WAIVER OF PARCEL MAP #19-95 RECORDED JUNE 8, 1998, IN BOOK 3704 PAGE 782, SHASTA COUNTY RECORDS ALSO RECORDED AUGUST 27, 1998, IN BOOK 3742 AT PAGE 778 SHASTA COUNTY RECORDS, ALSO RECORDED JANUARY 28, 1999, IN BOOK 3816 AT PAGE 462 SHASTA COUNTY RECORDS, SAID DOCUMENT WAS RECORDED TO AMEND THE APPROVAL DATE OF THE HEREINABOVE DESCRIBED DOCUMENT.

12) AN EASEMENT OVER SAID LAND FOR EXISTING FACILITIES FOR THE TRANSMISSION AND DISTRIBUTION OF ELECTRIC ENERGY AND COMMUNICATION ETC AND ROAD EASEMENTS AND INCIDENTAL PURPOSES, AS GRANTED TO PIT RIVER LODGE, LLC AND RESERVED BY PACIFIC GAS AND ELECTRIC COMPANY , A CALIFORNIA CORPORATION, IN DEED RECORDED FEBRUARY 05, 1999, INSTRUMENT NO. 1999-0004972 SHASTA COUNTY RECORDS.

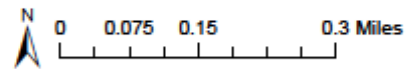
13) TERMS AND PROVISIONS OF THE HEREINABOVE DESCRIBED EASEMENT NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT. ANY LOSS OR CLAIM, INCLUDING BUT NOT LIMITED TO LOSS OF MARKETABILITY, LOSS OF DEVELOPMENT RIGHTS OR FAILURE OF CITY OR COUNTY AGENCIES TO RECOGNIZE THE TRANSFER OF SAID LAND BY REASON OF A VIOLATION OF THE SUBDIVISION MAP ACT (COMMENCING WITH GOVERNMENT CODE SECTION 66410).

Appendix 3: Conservation Easement

EXHIBIT E Map of Approved Building Zone



Fall River Mills Donated - Pit River Tribe
Date Created: 02/15/2021



Appendix 4: Conservation Easement Funding Agreement



Conservation Easement Funding Agreement Fall River Mills Planning Unit Pit River Tribe 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 Pit River Tribe by PG&E consisting of approximately 1,826 acres within 12 parcels 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 Burney Gardens, 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 **One Hundred Fifty-Six Thousand Dollars (\$156,000)** (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 Seventy-Three Thousand Dollars (\$73,000) 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 "**Endowment Monitoring and Stewardship Funds**"). The types of allowable expenditures of these funds is described in Section 5 below.

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

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

4. Grant Deposit Requirements.

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

Appendix 4: Conservation Easement Funding Agreement



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.

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

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

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

Appendix 4: Conservation Easement Funding Agreement



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

7. Grant Report. Grantee agrees to submit to the Stewardship Council and/or its designee the following grant Status Reports pursuant to this Agreement. The initial Status Report shall be submitted to the Stewardship Council by the second quarter of the 2023 calendar year and include data up to the date of the initial Status Report. The final Status Report shall be submitted to the Stewardship Council or its designee on or before December 31, 2023. The due dates of the initial and final Status Reports can be changed by the Stewardship Council or its designee with at least 60 days written notice to Grantee. The Stewardship Council or its designee shall notify Grantee in a timely manner of the form and content of each Status Report, which shall include, at a minimum:

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

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

Appendix 4: Conservation Easement Funding Agreement



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

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

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

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

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

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

15. Assignment. This Agreement may not be assigned by the Grantee in whole or in part except as provided in Section 10 above. The Stewardship Council may assign its rights

Appendix 4: Conservation Easement Funding Agreement



and delegate its obligations under this Agreement to a third party at the Stewardship Council's sole discretion. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit and burden of the Parties and their respective heirs, successors and assigns.

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

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

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

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

By: _____

Title: _____

Date: _____

Shasta Land Trust,
a California Nonprofit Public Benefit Corporation

By: _____

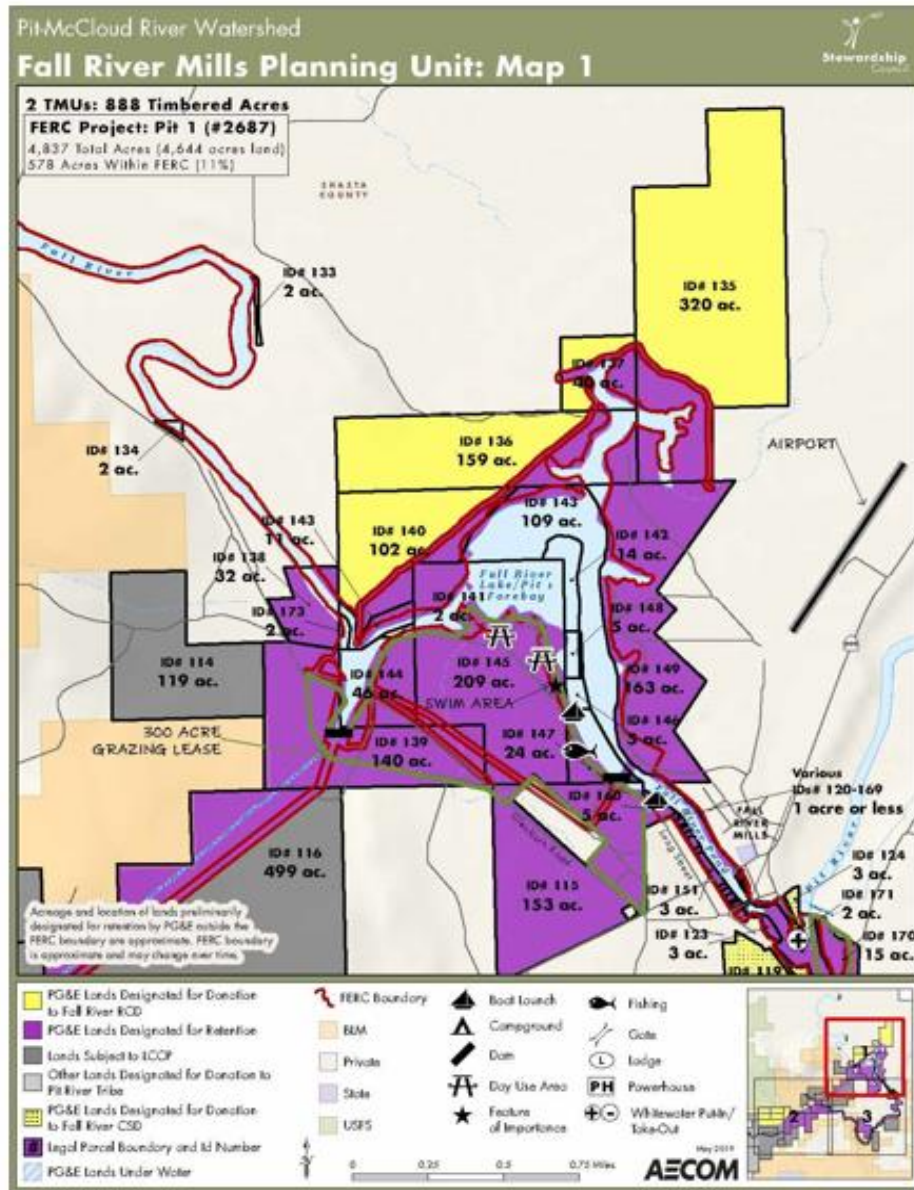
Title: _____

Date: _____

Appendix 4: Conservation Easement Funding Agreement



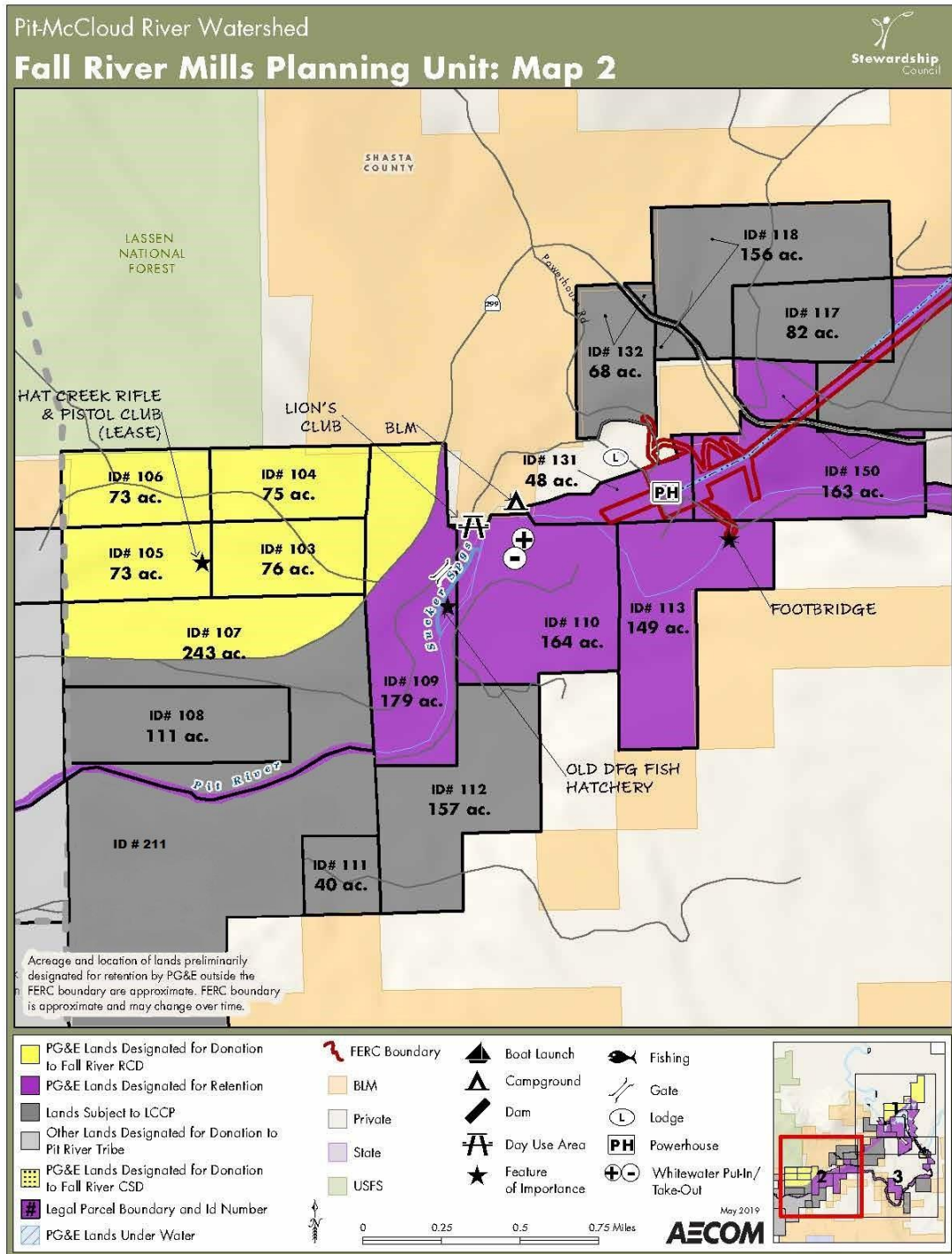
Exhibit A Map 1 of 3 Fall River Mills Planning Unit Donated Lands, Pit River Tribe



Appendix 4: Conservation Easement Funding Agreement



Exhibit A Map 2 of 3 Fall River Mills Planning Unit Donated Lands, Pit River Tribe



Appendix 4: Conservation Easement Funding Agreement



EXHIBIT B TO CONSERVATION EASEMENT FUNDING AGREEMENT

Evidence of Grant Fund Deposit and Restriction of Use Certification

Date:	Planning Unit/Property Title: Fall River Mills Planning Unit (PRT Donated)
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 5 of the Grant Agreement.			
Name:		Title:	
Signature:		Date:	

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

For third section, see page 2

Appendix 4: Conservation Easement Funding Agreement



EXHIBIT B TO CONSERVATION EASEMENT FUNDING AGREEMENT – Page 2

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

Return to:

Stewardship Council
 3300 Douglas 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

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.

-

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.