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Comment [EH1]: Comments on NF Moke CE Document From BOF 8/6 – 8/8, 2013 (Ventura)

**DRAFT  
DEED of CONSERVATION EASEMENT  
Mount Zion Demonstration State Forest  
Doaks Ridge and Panther Creek Tracts**

THIS DEED OF CONSERVATION EASEMENT (“**Conservation Easement**”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (“**Effective Date**”) by and between the Pacific Gas and Electric Corporation (PG&E) (“**Grantor**”) and the Mother Lode Land Trust, a California nonprofit public benefit corporation (“**Grantee**”), with reference to the following facts:

RECITALS

A. Grantor is the owner of approximately 1,072-acres of real property located in the County of Amador, State of California, as more particularly described in **Exhibit A** attached hereto and incorporated herein by reference, together with all improvements and appurtenances thereto (“**Property**”). A map of the Property identifying the improvements existing on the Property as of the date of this Conservation Easement and various other natural features of the Property is attached hereto as **Exhibit B** and incorporated herein by reference (“**Property Maps**”).

Comment [EH2]: Gilles: extra comma

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

C. Pacific Gas and Electric Company, a public utility corporation (“**PG&E**”), transferred to Grantor fee title in the Property in accordance with that certain Grant Deed, recorded in the Official Records of the County of Amador, on \_\_\_\_\_, 20\_\_, as Instrument Number \_\_\_\_\_ (“**Grant Deed**”), attached hereto as **Exhibit C** and incorporated herein by reference, subject to (i) PG&E’s reservation of certain rights in and to the Property, as set forth in the Grant Deed (“**PG&E Reserved Rights**”), and (ii) those formal written third-party rights

to use the Property in effect as of the Effective Date, as included on **Exhibit D** attached hereto and incorporated herein by reference (“**Existing Third-Party Uses**”).

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

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

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

F. The Property includes the following specific Conservation Values (collectively, the “**Conservation Values**”):

- (1) Fish, Plant, and Wildlife Habitat – The Mokelumne River, Tiger Creek, Panther Creek and other associated tributaries provide primary cold-water stream habitat for several species of Trout. The waterways also support highly valued Riparian habitat that is potentially suitable for several special status species. The property also provides wintering ground for the Salt Springs deer herd and migratory corridors for many wildlife species.
- (2) Outdoor Recreation – The property serves as a gateway to the nearby Mokelumne River which provides opportunities for both land and water based recreation, and is particularly popular for fishing, hiking and motorized vehicle use. In general the property is open to the public for recreational pursuits, however the property is “rustic” in that there are only a few Day Use areas near the river that contain picnic and/or restroom facilities.
- (3) Open Space – The property provides open space and viewshed values for many key areas along the Mokelumne River and nearby ridge tops.
- (4) Forest Resources - The property contains several actively managed Timber Management Units managed under a Multiple-Use prescription. The forested portions of the

property contain mostly second growth Douglas-fir, incense cedar, ponderosa pine, and sugar pine species.

(5) Historic Resources – The property is within the traditional territory of the Northern Sierra Miwuk, and is in some areas surrounded by the USDA Forest Service- designated Mokelumne Archeological District. Several archeological resource areas within the property have been identified and protected to prevent further resource damage, and other areas continue to be important to the local Miwuk tribe. Additionally, the Mokelumne Watershed has been used for water supply and hydropower since the late 1800's and historic infrastructure important to the area's history in water and power development are still in place.

F. The Governing Documents require that conservation easements 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 Federal Energy Regulatory Commission (“**FERC**”) license, FERC license renewal or other regulatory requirements (such requirement being referred to herein as the “**Reservation Requirement**”).

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

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

I. The Legislature of the State of California, as set forth in California Civil Code section 815 et seq., has found and declared it to be the public policy and in the public interest of this state to encourage the preservation of land predominantly in its natural, scenic, agricultural, historical, forested, or open-space condition. In furtherance of the Land Conservation Commitment and the above-described public policy purposes, Grantor desires to grant a conservation easement over the Property to Grantee. Grantee is a “qualified conservation organization” as defined by Section 170(h)(3) the Internal Revenue Code and is eligible to hold a conservation easement pursuant to California Civil Code section 815.3.

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

**AGREEMENT**

In consideration of the foregoing recitals, the respective agreements of the parties which are hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and pursuant to the laws of the State of California and in particular California Civil Code section 815 et seq., Grantor hereby voluntarily grants and conveys to Grantee, and to Grantee's successors and assigns, and Grantee hereby accepts from Grantor, a perpetual conservation easement as defined by Section 815.1 of the Conservation Easement Act of 1979 (California Civil Code section 815 et seq.) , in, on, over and across the Property, restricting in perpetuity the uses which may be made of the Property and granting to Grantee rights in the Property, all on the following terms and conditions:

**1. Conservation Purpose.** The purposes of this Conservation Easement are as follows (“**Conservation Purposes**”): (a) to ensure that the Property will be retained in perpetuity in its natural, scenic, forested, recreational, ~~or~~ open space condition; and (b) to prevent any use of the Property that will significantly impair the Conservation Values. Subject to the following terms and conditions, Grantor intends that this Conservation Easement will confine the uses of the Property to such activities that are consistent with the Conservation Purposes.

Comment [EH3]: Extra comma.

Grantor and Grantee acknowledge that the Governing Documents reflect the intention of the parties thereto 1) honor Existing Third-Party Uses and 2) to continue to permit beneficial uses of the Property that preserve and/or enhance the Conservation Values. While Existing Third-Party Uses do not supersede the Conservation Values, it is intended that this Conservation Easement shall allow uses on the Property that are consistent with the protection and preservation of each of the Conservation Values in harmony with each other. While permitted actions required or taken to protect and preserve one or more individual Conservation Values may impair, on an individual and stand-alone basis, one or more other Conservation Values, Grantor and Grantee understand that achieving the Conservation Purposes requires the preservation and protection, on balance, of all of the Conservation Values actually existing on the Property, to the extent possible. It is recognized that in protecting and/or enhancing one or more of the Conservation Values, another Conservation Value may be impaired, but this is not meant to be a permanent occurrence, nor a reason to re-prioritize one Conservation Value over another. All attempts should be made to balance on a collective basis, the whole Property whenever possible. This Conservation Easement prohibits use of the Property for any purpose that would impair, degrade or interfere with the Conservation Purposes on a collective, not individual basis, taking into account the relative condition and quality of each of the Conservation Values on the Property as of the Effective Date.

**2. PG&E Reserved Rights.** In accordance with the Reservation Requirement, all rights and obligations of Grantor and Grantee under this Conservation Easement are subject to the PG&E Reserved Rights specified in Exhibit C. In the event PG&E notifies Grantor of its intention to exercise any of its Reserved Rights, Grantor shall notify Grantee, in writing, of said intention within sixty (60) days.

Comment [EH4]: Rickert: distinguish between PG&E1 = reserved rights holder, and PG&E2 = temporary grantor.

**3. [Intentionally Omitted]**

**4. Baseline Conditions Report.** The parties hereto acknowledge that a baseline conditions report (“**Report**”) has been prepared a copy of which is on file with Grantor and Grantee at their respective addresses for notices set forth below. Grantor and Grantee each have reviewed and approved the Report and agree that the Report contains an accurate representation of the physical condition of the Property existing as of the Effective Date. The Report is intended to serve as an objective, though nonexclusive, information baseline for monitoring compliance with the terms of this Conservation Easement. Notwithstanding the foregoing, if a controversy arises with respect to the nature and extent of the physical or biological condition of the Property or the historical uses of the Property or the permitted uses of the Property under this Conservation Easement, the parties shall not be foreclosed from utilizing any and all other relevant documents, surveys or other evidence or information to assist in the resolution of the controversy.

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

(a) **Preserve and Protect.** Grantee may identify, preserve and protect in perpetuity the Conservation Values of the Property.

(b) **Entry and Access Rights.** Grantee and Grantee’s directors, officers, employees, contractors, subcontractors, consultants, representatives, and agents, including entities authorized by Grantee to conduct monitoring activities on Grantee’s behalf (“**Grantee’s Representatives**”) are hereby granted rights of access to enter upon the Property, using appurtenant easements and rights-of-way, if any, and may enter upon the Property, having given 14 days prior written notice, in order to monitor compliance with and otherwise enforce the terms of this Conservation Easement, to study and make scientific observations of the Conservation Values, to determine whether Grantor’s activities are in compliance with the terms of this Conservation Easement and to take all actions deemed necessary by Grantee to identify, preserve, protect, and monitor in perpetuity the Conservation Values, all in compliance with the provisions of **Section 15**. Except in cases where Grantee determines that immediate entry is required to prevent, terminate, or mitigate a violation of this Conservation Easement, Grantee shall give Grantor reasonable prior notice of such entry. Grantee’s Representatives may enter the Property immediately, where such entry is necessary or desirable to prevent, terminate, or mitigate damage to, or the destruction of any of the Conservation Values, or to prevent, terminate or mitigate a violation of the terms of this Conservation Easement. Grantor’s representatives shall have the right to accompany Grantee’s Representatives during monitoring visits or on any other visit permitted by this **Section 5(b)**. All access and entry allowed under this **Section 5(b)** shall be made in a manner that will not unreasonably interfere with the permitted use(s) or enjoyment of the Property by Grantor, its successors in interest, and any legally-recognized user(s) of the Property, including without limitation, PG&E with regards to the exercise of any PG&E Reserved Rights and third-parties with regards to the exercise of any Existing Third-Party Uses.

(c) **Enforcement.** Subject to and in accordance with the provisions of **Section 15**, Grantee has the right to enforce the terms of this Conservation Easement, to enjoin any activity on the Property or other use of the Property which is inconsistent with the terms of this Conservation Easement, and to enforce the restoration of such areas or features of the

Property as may hereafter be damaged as a result of any such inconsistent activity or use. Pursuant to **Section 8(e)(i)** below, Grantor shall make a reasonable effort to prevent damage from unauthorized use by the public.

(d) **Renewable Energy Sources.** Grantor conveys to Grantee its rights under California Civil Code section 714 except that Grantor reserves the right to construct solar energy structures for generation of power for use on the Property provided however that such construction shall require prior written permission from Grantee and be constructed within the 10 acre, floating building envelopes. Grantee's permission shall not be unreasonably withheld and shall take into consideration the effect of any new structures on the Conservation Values intended to be protected with this Conservation Easement.

Comment [EH5]: Singular.

**6. Demonstration State Forest Management Plan.** While the property is owned by an entity qualified to own and manage a State Demonstration Forest, the attached **Exhibit E** describes in detail the allowed and prohibited uses under this conservation easement. Until such time as a management plan is developed, and when the property is no longer owned by a qualified entity, the conservation easement shall be interpreted more restrictively through **Sections 7,9 and 10**. Also see Section 18(c) Subsequent Property Transfers – Release of Fee Title and Demonstration State Forest Status.

Comment [EH6]: Rickert: CAL FIRE is the only entity that fits the bill, so why not identify it as CAL FIRE?

## 7. Prohibited Uses, Change in Use, Unauthorized Use, Acts of God.

(a) **Prohibited Uses.** Any activity on or use of the Property which is inconsistent with the Conservation Purposes is prohibited. Without limiting the generality of the foregoing, Grantor will not engage in, or permit others to engage in, the following prohibited uses (collectively, "**Prohibited Uses**") which are inconsistent with the Conservation Purposes and the terms of this Conservation Easement and therefore prohibited on the Property, in each case (1) except as required or permitted pursuant to PG&E's Reserved Rights (as defined in **Section 2**); (2) except as permitted under, and performed in accordance with a Demonstration State Forest Management Plan (as defined in **Section 6 and Exhibit E**); (3) except as permitted under, and performed in accordance with, Existing Third-Party Uses; (4) except as expressly permitted under the Permitted Uses Section of the Conservation Easement in **Section 10**; (4) except as permitted in a resource specific land management plan, such as a Demonstration State Forest Management Plan, grazing plan, or a habitat restoration plan, produced in accordance with best management practices and approved by the Board of Forestry and Fire Protection; (5) except as required to be undertaken under any Applicable Law (as defined below), or (6) except as necessary for the suppression of wildland fires:

Comment [EH7]: Rickert: very broad and open to interpretation.

Comment [EH8]: PG&E1

(i) **Construction and Development.** Except with prior written permission of Grantee and pursuant to one of the exceptions listed in **Section 7(a)**, there shall be no construction or placement of any additional structures or improvements on the Property outside of the 10 acre, floating Building Envelopes (**Exhibit B**), unless such construction is deemed necessary to support the infrastructure within the Building Envelopes, and such development is not significantly inconsistent with the Conservation

Purposes. Any construction that occurs outside of the Building Envelopes shall be reported to, and approved by Grantee in accordance with **Section 13e**. Existing structures (detailed in Baseline Conditions Report) and utilities may be maintained and repaired/replaced as necessary.

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

(iii) Subdivision. The Property is already comprised of several legal parcels owned by the Grantor. There shall be no legal or *de facto* sale or gift of less than the whole of each of the parcels within the Property, nor any further division, subdivision or partitioning of the Property.

(iv) Motorized Vehicles. Unless pursuant to one of the exceptions listed in **Section 7(a)** or pursuant to the protection or preservation of the Beneficial Public Values, or for the management of the property, there shall be no use of any motorized vehicles outside authorized roadways on the Property.

(v) Dumping or Salvage. There shall be no dumping, storage or other disposal on the Property of soil, trash or garbage except for (a) refuse generated on the Property which may be stored on the Property on a temporary basis prior to its removal from the Property in areas where the Beneficial Public Values of the Property are not adversely impacted, or (b) compostable refuse generated on the Property which may be disposed of on the Property in a responsible manner which does not significantly impair the Beneficial Public Values of the Property. There shall be no dumping, storage or other disposal on the Property of ashes, sludge, Hazardous Substances (as defined below), or other unsightly or dangerous materials. There shall be no storage or disassembly on the Property of inoperable automobiles, trucks, or other vehicles or equipment for purposes of sale, or rental of space for that purpose. Pursuant to Section 8(e)(1) below, Grantor shall make a good faith effort at preventing unauthorized dumping by the public,.

**Comment [EH9]:** Dias: Allow for burn piles, broadcast burns, tec. as a part of normal forest management and research.

(vi) Vegetation. Except (a) in an emergency for purposes of disease or insect control or to prevent property damage, personal injury, or flooding, or (b) pursuant to one of the exceptions listed in **Section 7(a)**, or as part of a pre-approved Native American cultural resource gathering described in **Section 8**, below, or as part of a sustainable timber management plan, or as described in **Section 10(a)**, below, there shall be no removal, cutting or destruction on the Property of native vegetation. There shall be no deliberate introduction by Grantor on the Property of any non-native plant outside of the Building Envelopes. Non-native vegetation outside of the Building Envelopes may be removed, cut or destroyed at Grantors discretion. Lists of native, non-native and invasive plants can be found on the California Natural Diversity Database (CNDDDB) website or in the Jepson Manual.

**Comment [EH10]:** Need an exception for research.

(vii) Roads and Trails. Except with prior written permission of Grantee and pursuant to one of the exceptions listed in **Section 7(a)**, there shall be no paving or oiling of existing roads. Dust abatement treatments shall be acceptable. New roads if any, shall be limited to that needed to meet the needs of research, recreation and sustainable forestry.

(viii) Fences and Walls. Except with prior written permission of Grantee and pursuant to one of the exceptions listed in **Section 7(a) or for research or public safety purposes**, there shall be no construction of any new, permanent fences or walls outside of the Building Envelopes. Grantor may repair or replace existing and/or authorized fences or walls on the Property.

(ix) Alteration of Land or Excavation. Except with prior written permission of Grantee and pursuant to one of the exceptions listed in **Section 7(a)**, there shall be no filling, excavating, grading, draining or dredging on the Property, nor any change in the general topography of the Property, outside of the Building Envelopes described in **Exhibit B**. Exceptions may be approved by Grantee for specific research projects.

(x) Mining and Drilling. There shall be no mining, dredging, drilling, removing, or exploring for or extracting of minerals, oil, gas, coal, or other hydrocarbons, soils, sands, gravel, loam, rocks or any other material on, under, or at the Property; provided, however, in no event shall the foregoing restriction be deemed to prohibit testing, drilling or operating groundwater wells on the Property. Recreational gold panning that does not significantly impact the Conservation Values is allowed, and utilizing rock pits for use on roads located within the property are allowed.

Comment [EH11]: Dias: clarify that building new rock pits are allowed.

(xi) Historical and Cultural Resource Identification. Except with prior written permission of Grantee and pursuant to one of the exceptions listed in **Section 7(a)**, there shall be no activities, actions or uses that substantially disturb or impair any significant cultural resources on the Property. In addition to the existing and known historic and cultural resources as shown in Exhibit B, Grantor and Grantee will cooperate to identify such historic and cultural resources that require protection from harm in accordance with all applicable federal, state and local laws.

(xii) Water Resources. There shall be no development of any waters on the Property for fish farming or any other commercial or industrial purpose. Except with prior written permission of Grantee and pursuant to one of the exceptions listed in **Section 7(a)**, there shall be no activities, actions or uses substantially detrimental to water conservation, erosion control, soil conservation, or fish and wildlife habitat preservation, and no manipulation or alteration of natural water courses, wetland, stream bank, shorelines or bodies of water or activities or uses substantially detrimental to water quality. Ground water wells may be installed for local use on the property to support the management of the property as a DSF focused on research, recreation and sustainable forestry.

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

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

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

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

(d) **Acts of God**. Nothing in this Conservation Easement shall require Grantor to take any action to restore the condition of the Property after (i) any Act of God, which includes, without limitation, fire, climatic change, flood, storm, earth movement, or natural evolutionary changes in the condition of the Property from that described in the Baseline Report; (ii) any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Property, the Beneficial Public Values, or to any person resulting from such causes; or (iii) the unpermitted acts of unrelated third parties so long as Grantor has satisfied its obligations under **Section 7(c)**.

## **8. Public Access:**

(a) **Informal Uses and Public Access**. Grantor and Grantee recognize that the Property has been used by third parties for recreational, cultural, and other non-commercial or informal purposes without formal written agreements to conduct such activities, (the "Informal Uses"). Grantor and Grantee further recognize that access to the Property is inherent or may be inherent in the enjoyment of the Conservation Values and the Informal Uses. Consistent with the objectives articulated in the Governing Documents to provide continued reasonable access by the public to the Watershed Lands, Grantor shall allow public access to the Property and Informal Uses on the Property that are substantially consistent with the public access and Informal Uses existing on the Effective Date of the conservation easement. Grantor reserves the right to make reasonable rules and regulations to control, limit, or, as necessary,

exclude Informal Uses and public access. Grantor shall not allow Informal Uses that impair the Conservation Values.

(b) **New or Increased Public Access.** If Grantor desires to allow new public access or informal uses or expansion of public access or informal uses on the Property, Grantee's advance written approval is required, which approval shall not be unreasonably withheld.

(c) **Limitations and Conditions.** Sections 8(a) and 8(b) above are subject to the following:

(i) **Liability Limitation.** Grantor and Grantee claim all of the rights and immunities against liability for injury to the public to the fullest extent allowable by law.

(ii) **Periodic Review of Informal Uses.** As part of Grantee's annual compliance monitoring, (i) Grantor shall provide to Grantee information describing the known Informal Uses and public access on the Property conducted under Sections 8(a) and 8(b) above during the preceding monitoring period for the purpose of Grantee's assessment of Grantor's compliance with the requirements set forth in those sections; and (ii) with respect to Informal Uses allowed by the Grantor on the Property in accordance with Section 8(a) above, Grantor and Grantee will consult, and include recommendations, if any, regarding the necessity of controlling, limiting, or excluding Informal Uses to ensure the preservation of the Conservation Values.

(d) **Limitations.** Grantor has the right to make reasonable rules and regulations for public use to control or limit by posting and other means, any use that may interfere with or be harmful to other members of the public using the Property, the Conservation Values of the Property, or the quiet use and enjoyment of neighboring private property.

Grantor reserves the right to restrict access to areas of the Property under active cultivation, grazing, study, temporarily to prevent vandalism and dumping, seasonally to prevent erosional/sedimentation concerns, or for safety purposes during timber harvesting or other permitted management activities that may pose a hazard. Grantee and Grantor may agree in writing to restrict access for other reasons, but only to the extent and for the duration necessary to assure safety, to permit necessary maintenance, or to preserve other Conservation Values of the Property.

Grantor and Grantee claim all of the rights and immunities against liability for injury to the public to the fullest extent of the law under the California Tort Claims Act, Government Code section 810 et seq., as amended and any successor provisions thereof and under any other applicable provision of law and equity.

Any use permitted pursuant to this **Section 8** shall be carried out in a manner that shall not interfere unreasonably with the permitted use(s) by Grantor or any legally recognized user(s) of the Property, including without limitation, PG&E with regards to the exercise of any PG&E Reserved Rights and Existing Third Party Uses.

(e) **Permitted Uses by the General Public.** Grantor and Grantee agree that the following examples of types of public uses, while not an exclusive list, are permitted subject to **Section 8(a)**, above: hiking, horseback riding, cycling, fishing, nature study, and traditional

outdoor activities that do not require permanent structures or cause significant surface alteration; outdoor education and scientific research; activities to preserve and enhance cultural beliefs and traditions.

**9.** (i)Unauthorized Public Access. If Grantor or Grantee discovers any unauthorized public access use or activity that violates the terms of this Easement, Grantor shall use reasonable efforts, in consultation with Grantee, to stop or prevent any such unauthorized use of the property, at Grantor's sole expense; provided that in no event shall Grantor's obligations require Grantor to pursue legal action or incur other substantial costs. **Grantor's Reserved Rights:** Notwithstanding anything to the contrary in this Conservation Easement, Grantor expressly reserves all rights accruing from the ownership of the Property, including the right to engage in or permit or invite others to engage in all uses of the Property that are not expressly prohibited by this Conservation Easement and are not inconsistent with the Conservation Purposes ("Grantor's Reserved Rights") and Conservation Values. All interests in the Property not expressly transferred and conveyed to Grantee by this Conservation Easement shall remain with Grantor. In exercising Grantor's Reserved Rights, Grantor will use reasonable efforts to consult with Grantee and to employ methods and practices that will not significantly impair the Conservation Values.

Comment [EH12]: space

**10.**

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

(a) **Sustainable Forestry.** Unless as part of a Demonstration State Forest Management Plan, forestry practices and timber management shall be managed according to the following: Sustainable Forestry is the practice of managing dynamic forest ecosystems to provide ecological, economic, social and cultural benefits for present and future generations. Grantor may conduct forest management activities, including timber harvesting, gathering of minor forest products, site preparation, thinning, spacing, planting, and other activities, consistent with the terms and conditions of this Conservation Easement provided that such activities conform to laws applying to "Timberland" of the Z'Berg-Nejedly Forest Practice Act of 1973 (Division 4, Part 2, Chapter 8, California Public Resources Code), and as implemented in the California Forest Practice Rules. ~~Dead, dying, diseased and/or hazard trees may be removed at Grantor's discretion.~~

Comment [EH13]: Britting: redundant. This is already permitted under the forest practice rules.

(b) **Residential Use.** Any and all development on the property shall be restricted to the floating building envelopes, and shall meet all applicable laws for dwellings in Timber Production Zones. Additionally, development shall be constructed in a manner and with a design complementary to the surrounding environment.

Comment [EH14]: singular

(c) **Recreational Use.** Recreational use by the general public is permitted pursuant to Section 8 above and for so long as its impact does not negatively affect the Conservation Values of the property.

(d) **Roads.** Grantor reserves the right to maintain the existing network of roads on the property as shown in Exhibit B. Placing rock on the road network is permitted, however paving and oiling of roads not traditionally treated in this manner, is not allowed. New roads are permitted to the extent incorporated in the management plan or timber harvest plan, provided such roads are consistent with the conservation values under this easement. New roads or the resurfacing of existing roads are permitted within the Building Envelopes. In addition, Grantor may, after providing written notice to Grantee, improve roads outside the Building Envelopes in conjunction with research, timber management, recreation and the maintenance, repair, replacement and construction of improvements under this easement.

(e) **Motorized Vehicles.** Grantor reserves the right to use motorized vehicles on the Property, including off-road vehicles (such as motorcycles and all-terrain vehicles) for non-recreational purposes, specifically for ingress and egress purposes, for practices permitted under this Easement and the Management Plan, and for patrolling purposes, provided that such uses do not impair the Conservation Values. Off-road vehicle recreation by the public can be allowed under controlled conditions, provided that such uses not impair the Conservation Values.

(f) **Non-Native Plants.** Grantor reserves the right to remove and control non-native plants and noxious weeds (such as thistle), provided that the measures taken to remove and control the non-native plants and noxious weeds, including controlled burning, comply with applicable laws and regulations and do not impair the Conservation Values of the Property.

(g) **Water and Irrigation.** Grantor reserves the right to:

2. develop groundwater wells;
3. cease or reduce water use; and

(h) **Fences.** Any new fencing shall be sited and designed to maintain and preserve the Conservation Values of the Property, must allow for the free movement of wildlife to the extent practicable, and shall be constructed according to standards established by the current best management practices recommended by the California Department of Fish and Wildlife. Research projects are exempt from this requirement provided, however, that fencing for such projects shall be designed to accommodate the free movement of wildlife as much as possible consistent with the needs of the research projects.

(i) **Waste and Hazardous Substances.** The dumping, release, burning, permanent storage or disposal of waste, refuse, debris, motorized vehicles or hazardous materials is prohibited; provided, however, that vehicles, building materials, machinery or supplies, including, without limitation, petroleum products and pesticides, required for permitted and legal uses may be temporarily stored on roads, landings, and other clearings outside of riparian zones; and provided that organic debris from Forest Management may be piled, burned or otherwise treated in a manner that is consistent with applicable regulations.

(j) **Utilities.** Grantor reserves the right to grant utility easements on and over the Property to serve the allowed improvements and uses within the Building Envelopes, provided they are granted in a manner that maintains and preserves the Conservation Values. Right-of-way widths shall follow the requirements of the California Forest Practice Act and Rules. New technology such as photovoltaic cells, solar arrays and windmills may be added as long as they

fit within the 10 acre, floating Building Envelopes. All utility infrastructure on the Property shall serve only the improvements permitted on the Property, except that electricity generated from permitted infrastructure facilities in excess of requirements on the Property may be sold to public utilities. Notwithstanding the foregoing, commercial power generation, collection or transmission facilities are prohibited.

Comment [EH15]: singular

1. The construction, operation and maintenance of power lines and pipelines are permitted, provided that Grantor shall use reasonable efforts to bury transmission or power lines or pipelines related to such activity or to align such lines along roadways.

(l) Future Easements, Leases, Licenses, Permits, and Contracts. Pursuant to **Section 14**, Express ~~Third~~Third-Party Uses, Grantor reserves the right to grant subsequent easements, leases, licenses permits and contracts on the Property, provided that any such subsequent easement, lease, license, permit, or contract is for a permitted use and is subordinate, subject to, and consistent with the terms of this Easement and maintains and preserves the Conservation Values, all as provided for in a separate written agreement, subject to Grantee's approval in Grantee's sole and absolute discretion.

Comment [EH16]: spelling

(m) Trails. Grantor reserves the right to build multi-use recreation trails on the Property provided all new trails are approved by Grantee and are sited, constructed, and used in a manner that maintains and preserves the Conservation Values. New trails must be built with a natural base.

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

(o) Commercial Uses. Any commercial use that is consistent with the Conservation Purpose, terms and conditions of this Easement is permitted, provided that any associated structures or improvements are constructed or placed in the Building Envelopes and according to the terms of this Easement. These permitted uses include, but are not limited to, commercial recreation, forest management and commercial or noncommercial educational field trips and scientific research.

(p) Animal Grazing. Due to state and local open-range laws in effect on the Property as of the Effective Date, Grantor shall not be required herein to exclude livestock owned by third parties from the Property provided, however, that Grantor, in its sole and absolute discretion, may, but shall not be obligated to, construct, maintain, repair, and replace fences for the purpose of excluding livestock from all or any portion of the Property.

**11. Grantor's Title Warranty.** Grantor represents and warrants that Grantor has good fee simple title to the Property, free from any all liens or encumbrances, except those set forth in **Exhibit E** and **Exhibit C** to which this Conservation Easement is made subject, and hereby promises to defend the same against all claims that may be made against it.

**12. Subsequent Easements.** Grantor shall not grant any subsequent easement on the Property that might adversely affect the purpose of this Conservation Easement or the Beneficial Public Values. If Grantor wishes to grant a subsequent easement on the Property that Grantor believes would not adversely affect the purpose of this Conservation Easement or the Beneficial Public Values, Grantor shall so notify Grantee at least sixty (60) days in advance of any such proposed grant, shall provide to Grantee a copy of any proposed easement grant document together with any such additional information relating to the proposed grant as Grantee may reasonably request. Grantor shall request Grantee's approval of such grant. Grantee will review the proposal and may, in its sole discretion, (a) approve the proposal as being consistent with the purpose of the Conservation Easement and Beneficial Public Values or (b) approve the proposal on conditions intended to ensure its consistency with the purpose of the Conservation Easement and Beneficial Public Values or (c) disapprove the proposal as being actually or potentially inconsistent with the purpose of the Conservation Easement or the Beneficial Public Values. Failure of Grantee to respond in writing within sixty (60) days shall be deemed approval of the proposal as being consistent with the purpose of the Conservation Easement and Beneficial Public Values. Grantor and Grantee hereby expressly agree that any grant of a subsequent easement by Grantor without seeking Grantee's express written approval as provided by this **Section 12** shall be void and of no effect.

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

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

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

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

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

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

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

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

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

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

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

This **Section 13(d)**, however, shall not relieve Grantee from any obligations or liabilities for any of the foregoing to the extent that such obligations or liabilities arise as a result of or in connection with any activities of Grantee or Grantee’s Representatives on or about the Property. As used in this Conservation Easement the term “**Environmental Requirements**” means all applicable present and future laws, statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, judicial, administrative and regulatory decrees, directives and judgments of all governmental agencies, departments, commissions and boards, relating to the protection of human health or safety, or regulating or relating to industrial hygiene or environmental conditions, or the protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, including, without limitation, all requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of Hazardous Substances, whether solid, liquid or gaseous in nature, into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, whether solid, liquid or gaseous in nature. As used in this Conservation Easement, the term “**Hazardous Substances**” means any hazardous or toxic material or waste which is or becomes regulated by any local governmental authority, the State of California or the United

States Government under any Environmental Requirements, including, without limitation, any material or substance:

(A) now or hereafter defined as a “hazardous substance,” “hazardous waste,” “hazardous material,” “extremely hazardous waste,” “restricted hazardous waste” or “toxic substance” or words of similar import under any applicable local, state or federal law or under the regulations adopted or promulgated pursuant thereto, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.) (“CERCLA”); the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.); the Clean Air Act (42 U.S.C. § 7401 et seq.); the Clean Water Act (33 U.S.C. § 1251 et seq.); the Safe Drinking Water Act (42 U.S.C. § 300f et seq.); the River and Harbors Act of 1899 (33 U.S.C. § 401 et seq.); the National Emission Standard for Asbestos (40 C.F.R. § 61.140 et seq.), the OSHA Construction Standards (29 C.F.R. § 1926.1 et seq.); the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.); the Oil Pollution Act (33 U.S.C. § 2701 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.); the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.); the Atomic Energy Act of 1954, (42 U.S.C. § 2011 et seq.); the Nuclear Waste Policy Act of 1982 (42 U.S.C. § 10101 et seq.); the Medical Waste Management Act (Cal. Health & Safety Code § 117600 et seq.); the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13020 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 et seq.); the Carpenter-Presley-Tanner Hazardous Substance Account Act (Cal. Health & Safety Code § 25300 et seq.); the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 et seq.); and all rules and regulations of the United States or California Environmental Protection Agency or any successor agency, or any other state or federal department, board or agency, or any other agency or governmental board or entity having jurisdiction, as any of the foregoing have been, or are hereafter amended from time to time; or

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

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

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

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

(F) which contains radon gas.

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

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

(a) **Increases in Intensity or Expansion of Location or Size or Change in Use.** Without limiting Grantor's rights pursuant to Section 9, above, any (i) increase in the intensity or (ii) expand 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 Landowner determines in Landowner's reasonable discretion exercised in good faith are likely to significantly impair the Conservation Values, shall be subject to Grantee's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed by Grantee. If such increase or expansion is exercised in connection with any of PG&E's Reserved Rights, Grantee's consent shall not be required, but Grantor and PG&E shall use reasonable efforts to consult with Grantee and to employ methods and practices that will not significantly impair the Conservation Values.

(b) **Renewal or Replacement of Third Party Use Agreements.** All Third Party Use Agreements existing on the date hereof are identified on Exhibit D. Grantor and Grantee acknowledge that the Governing Documents reflect the intention of the parties thereto to honor existing agreements for economic uses and to continue to permit Conservation Values of the Property such as outdoor recreation by the general public, sustainable forestry and agricultural uses. As Third Party Use agreements are renewed or replaced ( either with the existing user or a new user), Grantor, in consultation with the Grantee, shall include contractual provisions to bring the continuation of the Express Third-Party Use and the preservation of the Conservation Values into alignment to the fullest extent reasonably practicable.

(c) **Enforcement of Third Party Use Agreements.** If Grantor or Grantee discovers any default under a Third Party Use Agreement that significantly impairs the Conservation Values (and if Grantee makes such discovery, Grantee gives Grantor written notice

thereof), Grantor shall use reasonable efforts to enforce or otherwise remedy such violation, at Grantor's sole expense.

**15. Enforcement and Remedies.**

(a) **Notice of Violation.** If a party hereto ("**Non-Breaching Party**") determines there is a violation of the terms of this Conservation Easement or that a violation is threatened ("**Violation**"), written notice of such Violation ("**Violation Notice**") and a demand for corrective action sufficient to cure the Violation shall be given by the Non-Breaching Party to the party allegedly violating this Conservation Easement ("**Breaching Party**"). Within fourteen (14) days after delivery of a Violation Notice, Grantor and Grantee shall meet at a location that Grantor and Grantee agree upon to discuss the circumstances of the alleged or threatened Violation and to attempt to agree on appropriate corrective action. If the parties determine that it is appropriate and desirable, a duly qualified expert in the subject matter of the alleged or threatened Violation ("**Consulting Expert**") shall attend the meeting. Grantor and Grantee shall each pay one-half of the costs of retaining the services of the Consulting Expert for such discussion; provided, however, that if Grantor and Grantee are unable to agree upon a Consulting Expert, each party may retain the services of an expert at its own expense. If Grantor and Grantee are unable to agree on appropriate corrective action (or if any such corrective action is required) within thirty (30) days after such meeting, then the Non-Breaching Party shall deliver a further written notice to the Breaching Party to demand reasonable, particular corrective action to cure the Violation ("**Second Notice**"). Upon the giving of a Second Notice, the Breaching Party shall promptly commence, and thereafter diligently pursue to completion, corrective action sufficient to cure the Violation and, where the Violation involves injury to the Property resulting from any use or activity inconsistent with the Beneficial Public Values or the Conservation Purposes, to restore the portion of the Property so injured. If a Violation is not cured within thirty (30) days after the delivery of the Second Notice ("**Final Cure Period**"), or if the cure reasonably requires more than thirty (30) days to complete and there is failure to begin the cure or failure to continue diligently to complete the cure within the thirty (30) day period, the parties shall submit the claims or disputes to mediation as provided in **Section 15(b)**.

(b) **Mediation.** Except as provided in **Section 15(d)**, Grantor and Grantee agree to first meet, confer and negotiate pursuant to **Section 15(a)** and then mediate pursuant to this **Section 15(b)** with respect to any claim or dispute arising out of or relating to this Conservation Easement, before resorting to court action. If the parties fail to settle such claim or dispute prior to the expiration of the Final Cure Period or within such additional time period as the parties may agree in writing, the parties agree to submit the matter to mediation. Any party may commence

mediation by providing to the other party a written request for mediation, setting forth the subject of the claim or dispute and the relief requested. Except as provided herein or by written agreement of the parties, the mediation shall be conducted in Amador County pursuant to reasonable and appropriate mediation rules and procedures mutually acceptable to the parties. Grantor and Grantee will select a mutually acceptable qualified mediator, and will cooperate in good faith in scheduling the mediation proceedings. The parties agree to participate in such mediation proceedings in good faith for at least ninety (90) days (“**Mediation Period**”), and to share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their employees, agents, experts and attorneys, and by the mediator (including mediator’s employees), are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, but evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. Except as provided in **Section 15(d)**, no party may commence an action arising out of or relating to this Conservation Easement until the parties have completed the consultation required in **Section 15(a)** and mediation required in accordance with this **Section 15(b)**.

(c) **Legal Remedies.** If the parties are not able to settle the claim or dispute through consultation and mediation pursuant to **Section 15a)** and/or **Section 15(b)** above, the Non-Breaching Party may bring an action at law or in equity in a court of competent jurisdiction to enforce compliance with the terms of this Conservation Easement, to recover any damages to which such Non-Breaching Party may be entitled for violation of the terms of this Conservation Easement or for any material injury to the Beneficial Public Values of the Property, or for other equitable relief, including, but not limited to, the restoration of the Property to the condition in which it existed prior to the Violation.

(d) **Injunctive Relief.** If the Non-Breaching Party, in its discretion, determines that circumstances require immediate action to prevent or mitigate significant damage to the Beneficial Public Values from a Violation, the Non-Breaching Party may pursue its remedies under this **Section 15(d)** without (i) giving the Violation Notice, or participating in consultation, or giving the Second Notice, all as required under **Section 15(a)**, and/or (ii) without participating in mediation required in **Section 15(b)**, *ex parte* as necessary, by temporary or permanent injunction without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies, and to require the restoration of the Property to the condition that existed prior to any such injury. The remedies described in this **Section 15(d)** shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity, including but not limited to, the remedies set forth in California Civil

Code section 815 et seq. The failure of Grantee or Grantor to discover a Violation or to take immediate legal action shall not bar taking such action at a later time.

(e) **Costs of Enforcement.** In any action, suit or other proceeding 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, and if such prevailing party shall recover judgment in any action or proceeding, such costs and expenses shall be included as part of the judgment.

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

## **16. Indemnification.**

(a) **Indemnification By Grantor.** Notwithstanding any other provision herein to the contrary, Grantor shall indemnify, defend and hold harmless Grantee and its members, trustees, directors, officers, employees, agents and contractors and their successors and assigns (collectively, "**Grantee Indemnified Parties**") from and against any costs, liabilities, penalties, damages, claims or expenses (including, without limitation, court costs and reasonable attorneys' and experts' fees and costs, whether incurred at the trial, appellate or administrative level, or in connection with any arbitration) (collectively, "**Losses**") which the Grantee Indemnified Parties may suffer or incur as a result of or arising out of any of the following: (i) the activities of Grantor on the Property; (ii) the inaccuracy of the warranty made by Grantor in **Section 11**; (iii) the breach of any provision of this Conservation Easement by Grantor; or (iv) any injury to or the death of any person or physical damage to any property resulting from any act, omission, condition or other matter related to or occurring on or about the Property, regardless of cause, except to the extent caused by the negligence or willful misconduct of any of the Grantee Indemnified Parties. Without limiting the foregoing, Grantor shall indemnify, defend and hold harmless the Grantee Indemnified Parties for any Losses relating to or arising out of any of the following:

(i) approvals requested by Grantor, whether given or withheld by Grantee hereunder, except to the extent such Losses are the result of the negligence or willful misconduct of any of the Grantee Indemnified Parties;

(ii) any real property taxes, insurance, utilities or assessments that are levied against the Property or on the interests created under this Conservation Easement, including without limitation, those for which exemption cannot be obtained;

(iii) the operation, upkeep and maintenance of the Property, including all costs thereof; and

(iv) any Hazardous Substances present, alleged to be present or otherwise connected in any way to the Property, whether before, on or after the Effective Date, except to the extent such Losses are the result of the negligence or willful misconduct of any of the Grantee Indemnified Parties.

(b) **Indemnification by Grantee.** Grantee shall indemnify, defend and hold harmless Grantor and its elected and appointed officials, officers, employees, agents, volunteers and contractors and their successors and assigns (collectively, “**Grantor Indemnified Parties**”) from and against any Losses which the Grantor Indemnified Parties may suffer or incur, or to which any of the Grantor Indemnified Parties may be subjected, for personal injury or wrongful death, to the extent caused by the actual exercise by Grantee or Grantee’s Representatives of Grantee’s rights under this Conservation Easement, except to the extent such Losses are the result of any negligence or willful misconduct of any such Grantor Indemnified Parties.

**17. Grantee Assignment of Conservation Easement.**

(b) **Assignment.** In the event that Grantee decides to assign its interest under this Conservation Easement, Grantee shall provide Grantor with written notice of such intention to transfer to an assignee that is: (1) qualified to hold a conservation easement under Section 815.3 of the California Civil Code; (2) experienced in holding and monitoring conservation easements on properties similar to the Property, 26 U.S.C. 170(h)(3); and (3) willing and financially able to assume all of the responsibilities imposed on Grantee under this Conservation Easement. Before assigning its interest under this Conservation Easement, ~~Easement Holder~~ Grantee shall provide ~~Landowner~~ Grantor and the Sierra Nevada Conservancy (“SNC”) with written notice of such intention to transfer (“Transfer Notice”). The Transfer Notice shall identify the proposed assignee and include a description of how the proposed assignee meets the assignee designation criteria set forth in this section. ~~Easement Holder~~ Grantee shall allow SNC a period of not less than sixty (60) days, ~~nor more than XX days~~, to approve the proposed assignee, which approval shall not be unreasonably withheld and shall be based on whether the proposed assignee meets the designation criteria specified in this section. If SNC does not approve the proposed assignee, SNC shall provide ~~Easement Holder~~ Grantee with the reasons behind such decision.

(c) **Conditions of Assignment.** As conditions to any assignment of this Conservation Easement, Grantee and/or the SNC shall: (1) require the assignee to expressly agree in writing to assume Grantee’s obligations hereunder; and (2) ensure that assignee has the resources to fulfill its obligations under the Conservation Easement.

(d) **Successor to SNC.** Upon any liquidation or dissolution of SNC, SNC or the State of California shall have the right to assign SNC’s rights and obligations

**Comment [EH17]:** Rickert: sections 17 and 18 are confusing. SNC suddenly pops up, with no explanation. Spell out SNC’s purpose, rights and obligations.

**Comment [EH18]:** Rickert: need very explicit preface: if the MLLT ceases to exist, then SNC shall step in.

**Comment [EH19]:** Be consistent; use Grantee/Grantor throughout.

**Comment [EH20]:** Rickert: need an upper limit as well as a lower limit.

under this Section 17 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.

**18. Subsequent Property Transfers.**

(a) Grantor shall disclose the existence of this Conservation Easement in any deed or other legal instrument by which Grantor divests itself of a real property interest in all or a portion of the Property, including, without limitation, a leasehold interest. Grantor shall notify Grantee in writing not more than thirty (30) days after any grant by Grantor to any third party of any interest in any portion of the Property, whether such interest is a fee, easement, lease, or other interest. The failure of Grantor to perform any act required by this **Section 18** shall not impair the validity of this Conservation Easement or limit its enforcement in any way or create any obligation on the part of Grantee.

(b) Grantor shall notify the Sierra Nevada Conservancy in writing of its intent to convey its entire fee interest to a successor fee grantee at least one hundred and twenty (120) days prior to any grant of fee interest. Sierra Nevada Conservancy will review the qualifications of the proposed successor fee grantee and determine whether the conveyance will be consistent with the terms of the Governing Documents. Such determination will be provided to Grantor in writing no more than sixty (60) days after notification by Grantor. The approval of the successor fee grantee by the Sierra Nevada Conservancy is not required.

(c) Release of Fee Title and Demonstration State Forest Status. In the event that Grantor transfers fee title to an unaffiliated third-party not qualified to own and manage a Demonstration State Forest Management Plan, Grantor shall release, relinquish and forever terminate, in a manner that shall be binding upon all successors in interest to the Property, all rights of Grantor described in Exhibit E.

**19. Extinguishment and Condemnation.**

(a) **Property Right.** Grantor and Grantee acknowledge and agree that this Conservation Easement constitutes a property right in favor of Grantee, immediately vested in Grantee, which, for purposes of this **Section 19(a)**, the parties stipulate to have a fair market value determined in accordance with **Section 19(e)**. Notwithstanding that the Conservation Easement is an obligation, and not a financial asset, should it be extinguished, which may be accomplished only by judicial proceedings in a court of competent jurisdiction, or should any interest in the Property be taken by the exercise of the power of eminent domain or acquired by purchase in lieu of condemnation subject to the prior written consent of Grantee, Grantee is entitled to a share of the proceeds of any sale, exchange or involuntary conversion of the Property formerly subject to the Conservation Easement equal to the stipulated fair market value of the Conservation Easement, or proportionate part thereof, as determined in accordance with **Section 19(e)**.

(b) **Judicial Extinguishment.** It is the intention of the parties that the Conservation Purposes of the Conservation Easement shall be carried out in perpetuity. Liberal construction is expressly required for purposes of effectuating the Conservation Easement in

perpetuity, notwithstanding economic hardship or changed conditions of any kind. However, if, for some unforeseen reason, there is a judicial extinguishment of the restrictions of the Conservation Easement, Grantee, on a subsequent sale, exchange, or taking of the Property, shall be entitled to a portion of the proceeds at least equal to the stipulated fair market value of the Conservation Easement, or proportionate part thereof, as determined in accordance with **Section 19(e)**.

(c) **Condemnation.** If all or part of the Property is taken in exercise of eminent domain by public, corporate or other authority so as to abrogate the restrictions imposed by this Conservation Easement, Grantor and Grantee shall join in appropriate actions at the time of such taking to recover the full value of the taking and all incidental or direct damages resulting from the taking. All expenses incurred by Grantor and Grantee in such action shall be paid out of the recovered proceeds. The remaining proceeds shall be divided consistent with the provisions of this **Section 19(e)** using the stipulated fair market value of the Conservation Easement, or proportionate part thereof, as determined in accordance with **Section 19(e)**, it being expressly agreed that the Conservation Easement constitutes a compensable property right.

(d) **No Merger.** Due to the Conservation Purposes of the Conservation Easement, it is the intent of Grantor and Grantee that, if and when Grantee or any successor easement holder to Grantee acquires fee title to all or any portion of the Property, such fee title shall not merge (whether by operation of law or otherwise) with any of the rights granted to Grantee under this Grant, and the Conservation Easement shall remain in full force and effect as to all portions of the Property, until and unless explicitly terminated by judicial proceedings (and then, only to the extent so terminated).

(e) **Stipulated Fair Market Value.** The parties stipulate that, for purposes of this **Section 19(e)**, the Conservation Easement shall have a fair market value determined by multiplying (i) the fair market value of the Property unencumbered by the Conservation Easement (minus any increase in value after the date of this Conservation Easement attributable to improvements on the Property), as determined by a qualified appraisal obtained by Grantee at the time of such termination, extinguishment or condemnation, by the ratio of the value of the Conservation Easement to the value of the Property unencumbered by the Conservation Easement (minus any increase in value after the date of this Conservation Easement attributable to improvements on the Property) as of the date of such termination, extinguishment or condemnation, as determined by a qualified appraisal obtained by Grantee at the time of such termination, extinguishment or condemnation.

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

If to 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

With a copy to:

Law Department  
Pacific Gas and Electric Company  
P.O.Box 7442  
San Francisco, CA 94120  
Attn: Senior Director & Lead Counsel, Corporate &  
Commercial Group (Real Estate)

If by personal delivery or overnight courier:

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

With a copy to:

Law Department  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B30A  
San Francisco, CA 94105  
Attn: Senior Director & Lead Counsel, Corporate &  
Commercial Group (Real Estate)

If to Grantee:

Mother Lode Land Trust  
PO Box 1435  
Jackson, CA 95642  
Attn: Executive Director

If to Sierra Nevada Conservancy:

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

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

overnight courier. Any party may change the address for notice by giving notice to the other party in accordance with this **Section 20**.

**21. Amendment.** This Conservation Easement may be amended by Grantor and Grantee or their respective successors and assigns, by mutual written agreement of Grantor and Grantee. Without limiting the scope of the aforementioned power to amend, the parties anticipate that future amendments may be necessary to reflect boundary adjustments, clarifications, and corrections to the Conservation Easement and agree to mutually cooperate in good faith to accomplish such future amendments, to the extent such amendments are solely to clarify the terms of this Conservation Easement and do not impair the Conservation Purposes. Any such amendment shall be consistent with the purposes of this Conservation Easement and shall not affect its perpetual duration, and Grantee shall promptly record the amendment in the official records of Amador County, and shall thereafter promptly provide a conformed copy of the recorded amendment to Grantor.

Notwithstanding the foregoing, Grantor and Grantee have no right or power to consent to any action or agree to any amendment of this Conservation Easement that would result in substantial alteration to or destruction of any of the Beneficial Public Values or limit the term or result in termination of the Conservation Easement, or adversely affect the qualification of the Conservation Easement as a conservation easement under California Civil Code section 815 et seq. or the status of Grantee as an entity authorized to acquire and hold conservation easements under California Civil Code section 815.3 or qualified to hold conservation easements pursuant to Section 170(h)(3) of the Code. Any amendment to this Conservation Easement shall comply with California Civil Code section 815 et seq.

**22. General Provisions.**

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

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

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

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

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

Easement and to this end the provisions of this Conservation Easement are intended to be and shall be severable.

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

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

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

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

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

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

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

<u>Exhibit A</u>	Legal Description of the Property
<u>Exhibit B</u>	Property Maps
<u>Exhibit C</u>	Grant Deed
<u>Exhibit D</u>	Schedule of Existing Third-Party Uses
<u>Exhibit E</u>	Demonstration State Forest Management Plan
<u>Exhibit F</u>	Title Report

(l) **Counterparts.** This Conservation Easement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

*//signatures follow on next page//*

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

GRANTOR:

PACIFIC GAS AND ELECTRIC COMPANY, a  
California corporation

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

Its: \_\_\_\_\_

ATTEST:

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

APPROVED AS TO LEGAL FORM:

By: \_\_\_\_\_  
PG&E Counsel

GRANTEE:

MOTHER LODE LAND TRUST,  
a California nonprofit public benefit corporation

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

Its: \_\_\_\_\_

[Need Notary Acknowledgement to record]

*DRAFT JULY 2013*

EXHIBIT A

Legal Description of the Property

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EXHIBIT B  
Property Maps

EXHIBIT C

Grant Deed  
&PG&E Reserved Rights

~~Grantor~~ PG&E1 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 operation and maintenance of Hydroelectric Facilities and associated Water Delivery Facilities. Grantor will use reasonable efforts to notify 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.

**Comment [EH21]:** Rickert: Distinguisih between PG&E the Grantor and PG&E the reserved rights holder. Use PG&E1 for the purposes of this section.

An exercise of Grantor's Reserved Rights shall be "required" (as used in the preceding paragraph) where Grantor determines in its sole discretion exercised in good faith that the exercise is necessary to fulfill requirements by 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 any local, state or federal governmental entity, (d) any third party agreements entered into by Grantor in good faith or by which Grantor is bound, or (e) professional practices, standards and/or policies governing the ownership, maintenance, and/or operation of the Hydroelectric Facilities and associated Water Delivery Facilities.

(a) Reserving to Grantor the right to operate and maintain existing and future Hydroelectric Facilities and associated Water Delivery Facilities, including project replacements and improvements required to meet existing and future water delivery and other requirements for power generation and consumptive water use by existing and future users, compliance with any applicable license issued by the FERC ("FERC License"), FERC License renewal, or other regulatory requirements. In furtherance of and without in any way limiting the generality of the foregoing, the following rights will be expressly reserved:

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

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

(3) The right to increase or otherwise modify water storage capacities of Water Delivery Facilities; and

(4) 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 to comply with any applicable FERC License or other regulatory requirements, including any amendments thereto and replacements thereof, and with applicable regulations and orders of the FERC or other regulatory agencies; and

(5) 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 to comply with the Federal Power Act (Title 16 United States Code, Chapter 12); and

(6) The right to decommission all or any portion of existing and future Hydroelectric Facilities and Water Delivery Facilities in accordance any FERC License.

(b) Further reserving to Grantor the easement and rights:

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

(2) The rights for Grantor's existing and future facilities for transformation, transmission and distribution of electric energy and for communication purposes within the strips of land described below and also the rights to reconstruct, replace, remove, maintain and use the same as Grantor shall at any time and from time to time deem necessary, together with the rights to excavate for, construct, install, repair, reconstruct, replace, remove, maintain and use, at any time and from time to time, additional facilities for the transformation, transmission and distribution of electric energy and for communication purposes, consisting of such devices and equipment with suitable concrete pads and adequate protection therefor necessary for transforming electric energy, one or more lines of towers, poles and/or other structures, wires and cables, including both underground and overhead ground wires, and all necessary and proper foundations, footings, cross arms and other appliances and fixtures for use in connection with said towers, poles and/or other structures, wires and cables; all to be on land described as follows:

Strips of land of the uniform width of 20 feet, lying 10 feet on each side of the alignment of the existing electric distribution and communications pole line facilities; and

Strips of land of the uniform width of 80 feet, lying 40 feet on each side of the alignment of the existing electric transmission wood pole line facilities.

(3) The right of ingress to and egress from said easement areas over and across the property by means of the existing roads and lanes thereon and/or any replacement or relocation thereof otherwise by such route or routes as shall occasion the least practicable damage and inconvenience to Grantee and to use said roads, lanes, or routes to provide access to any of Grantor's easements and facilities on lands adjacent to said real property, and

(4) The rights to install, maintain and use gates in all fences which now or shall hereafter cross the property, and in the event locked gates are placed in fences now or hereafter crossing said roads, Grantor shall provide locks in such a manner that the gates may be used without disturbing the locks of others.

(5) The rights to trim and cut down and clear away any and all trees and brush now or hereafter on or near Grantor's facilities and the further right to trim and to cut down and clear away any trees on the property adjacent to said facilities which in the opinion of Grantor may be a hazard to such facilities by reason of the danger of falling thereon or contacting transmission or distribution wires, or may interfere with the exercise of Grantor's reserved rights.

EXHIBIT D

Existing Third-Party Uses

There are no existing Third-Party Uses at the time of recordation of this Conservation Easement.

## EXHIBIT E

### Demonstration State Forest Management Plan

This property, while owned by the State of California, may be managed through a Demonstration State Forest Management Plan, or other State developed management plan, as approved by the State Board of Forestry and Fire Protection. Under said management plan, certain practices otherwise prohibited by this conservation easement may be allowed. If a management plan is approved, this **Exhibit E** as described below has precedence over the Prohibited Uses spelled out in **Section 7(a)**. The Permitted Uses (**Section 10**) of this conservation easement still apply. Should the property become privately owned (as spelled out in **Section 18(c)**), this **Exhibit E** becomes null and the property will be managed in accordance with the Prohibited Uses (**Section 7(a)**) and the Permitted Uses (**Section 10**) of this conservation easement.

Harvesting of timber on the Property will take place in compliance with an approved Demonstration State Forest Management Plan which shall: (1) permit activities that serve to protect and/or enhance the Conservation Values of the Property; (2) be in compliance with legislative mandates and Board of Forestry and Fire Protection policy for the Demonstration State Forests; (3) shall be approved by the State of California Board of Forestry and Fire Protection in an open public process with opportunity for public input and subject to the Board's periodic review as defined in Board policy ; (4) shall be publicly available, and (5) shall be subject to Grantee review and comment in conjunction with the Board's periodic review.

The purpose of the Demonstration State Forest Management Plan is to describe the activities that Grantor intends to undertake on the Property and to meet requirements of the California Forest Practice Rules. This includes a comprehensive summary of the Grantor's forest management objectives, forest stand descriptions and locations including site classes, stand volumes, growth rates, relevant inventory information and maps, locations of soils, estimates of slope and erosion potential, locations of known wildlife habitats, especially species listed as threatened or endangered at the federal or state level, known rare plants, wetlands, description of management history, silvicultural and harvest methods, projections of harvest yields, reforestation and management activities.

It is the intent of the Grantor that any timber harvesting activities maintain healthy and vigorous forest stands, protect important riparian resources , manage for sustainable stands of native tree species historically present on the landscape, encourage regeneration of oak trees where applicable, improve resistance to drought and pests, address any infestation of insects or disease which threatens the viability of the forest, address any build-up of fuel to reduce risks of catastrophic fire, enhance climate benefits through carbon sequestration and storage, maintain an appropriate species mix of overstory and understory trees and brush, provide adequate amounts of snag and cavity trees, provide adequate amounts of downed woody debris, manage for edge effects, and enhance wildlife habitat for native species historically present on the landscape.

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These goals shall be accomplished by following the Forest Practice Act and Rules, which shall be incorporated by reference into the goals of the Management Plan.

**The following are additional rights allowed under the Demonstration State Forest Management Plan:**

**Research.** Grantor will manage the property as a working research and demonstration forest, consistent with the conservation purpose and conservation values of this easement. Research and demonstration into sustainable forestry practices and best management practices, along with basic research will be an important part of the management of the property. The Grantor will also conduct research on the effects of potential new forest practice rules.

**Wells and Irrigation.** Grantor reserves the right to conduct the following...

1. develop wildlife enhancement ponds and/or guzzlers in a manner that maintains and preserves the Conservation Values of the Easement, subject to Grantee's consent;
2. develop water drafting sites that minimize impacts to water quality, riparian species, and the Conservation Values. Water drafting sites may be used for water collection for dust abatement or fire suppression purposes, and must be sited, constructed and maintained to minimize impairment of the Conservation Values.
3. develop groundwater wells.
4. cease or reduce water use.

**Vegetation Management and Prescribed Burning.** Grantor reserves the right to use prescribed burning for fuel treatment and/or habitat improvement and restoration purposes if it is allowed by the appropriate jurisdiction. Any prescribed burning plan or post-fire restoration of the Property must be done in accordance with the Management Plan and other pertinent California Department of Forestry and Fire Protection regulatory requirements and guidance documents for vegetation management and prescribed burning. Grantor reserves the right to manage understory species to improve forest health or wildlife habitat, using appropriate methods as approved in the Management Plan. Animal grazing may also be permitted as a vegetation management tool pursuant to a management and/or habitat enhancement plan.

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**RESTRICTIONS:**

**Construction and Development.** Except with prior written permission of Grantee and pursuant to one of the exceptions listed in **Section 7(a)**, there shall be no construction or placement of any additional structures or improvements on the Property outside of the 10 acre, floating Building Envelopes (**Exhibit B**), unless such construction is deemed necessary to support the infrastructure within the Building Envelopes, and such development is not significantly inconsistent with the Conservation Purposes. Any construction that occurs outside of the Building Envelopes shall be reported to, and approved by Grantee in accordance with **Section 13e**. Existing structures (detailed in Baseline Conditions Report) and utilities may be maintained and repaired/replaced as necessary.

**Roads and Trails.** Except with prior written permission of Grantee and pursuant to one of the exceptions listed in **Section 7(a)**, there shall be no paving or oiling of existing roads. Dust abatement treatments shall be acceptable. New roads if any, shall be limited to that needed to meet the needs of research, recreation and sustainable forestry.

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EXHIBIT F

Title Report

