

COVENANT OF DEED RESTRICTION

DOC # 2001-040827

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Recorded in Official Records

County of San Mateo

Warren Simeon

Assessor-County Clerk-Recorder

Recorded by FIRST AMERICAN TITLE COMPANY

Recording Requested by:
Pacific Gas and Electric Company

When Recorded, Mail to:

California Regional Water Quality Control Board
San Francisco Bay Region
2101 Webster Street, Suite 500
Oakland, California 94612



COVENANT AND ENVIRONMENTAL
RESTRICTION ON PROPERTY

Pacific Gas and Electric Company
East Palo Alto, California

157P

This Covenant and Agreement ("Covenant") is made as of the 15th day of

November, 2000, by Pacific Gas and Electric Company ("Covenantor"), which is the Owner of record of certain real property situated in the City of East Palo Alto, County of San Mateo, State of California, which is more particularly described on Exhibit A (the "Pole Yard") and Exhibit A-1 (the "Non-Tidal Marsh") each attached hereto and incorporated herein by this reference (the Pole Yard and Non-Tidal Marsh shall sometimes hereinafter be collectively referred to as "the Property"), and by the California Regional Water Quality Control Board for the San Francisco Bay Region (the "Board") with reference to the following facts:

- A. The Property contains hazardous substances.
- B. Description of Facts.

B.1. Contamination of the Property. Soil and groundwater at the Property were contaminated by herbicide formulation operations conducted by prior owners of the adjacent property located at 1990 Bay Road, East Palo Alto. These operations resulted in contamination of soil and groundwater with inorganic chemicals including arsenic, lead, cadmium, mercury, and selenium which are believed to have migrated onto the Property.

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Contaminated soil containing concentrations of arsenic in excess of 500 parts per million ("ppm") was excavated and removed from the Property in 1991. The Pole Yard was capped with an impermeable asphalt cap in 1992, and the Non-Tidal Marsh was capped with a soil cap in 1999.

B.2. Exposure Pathways. The contaminants addressed in this Covenant are present in soil and groundwater on the Property. Without the mitigation measures which have been performed on the Property, exposure to these contaminants could take place via in-place contact, surface-water runoff, and wind dispersal, resulting in dermal contact, inhalation, or ingestion by humans. The risk of public exposure to the contaminants has been substantially lessened by removal of contaminated soil and placement of an impermeable asphalt cap on the Pole Yard and an impermeable soil cap on the Non-Tidal Marsh. The purpose of the restrictions on the use of the Property contained in this Covenant is to eliminate any significant risks to human health posed by high exposure levels. If exposure pathways are not mitigated, potential human health effects resulting from exposure to arsenic, lead, cadmium, mercury and selenium include birth defects and phytotoxicity; Central Nervous System (CNS) damage including convulsions and permanent brain damage; kidney damage; hepatic injury; blood dysplasia and anemia; and gastrointestinal disorders.

B.3. Adjacent Land Uses and Population Potentially Affected. The Property covered by this Covenant is a portion of the property located at 2000 Bay Road, East Palo Alto, California, and is more specifically described on Exhibits A and A-1 attached hereto. The Pole Yard is used as a utility poleyard, and the Non-Tidal Marsh is unused property. The Property is adjacent to other industrial land uses, including electric substation, manufacturing and salvaging operations.

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C. Full and voluntary disclosure to the Board of the presence of hazardous substances on the Property has been made and extensive sampling of the Property has been conducted by a third-party.

D. Covenantor desires and intends that in order to protect the present and future public health and safety, the Property shall be used in such a manner as to avoid potential harm to persons or property which may result from hazardous substances which may have been deposited on portions of the Property.

ARTICLE I

GENERAL PROVISIONS

1.1 Provisions to Run with the Land. This Covenant sets forth protective provisions, covenants, conditions and restrictions (collectively referred to as "Restrictions") upon and subject to which the Property and every portion thereof shall be improved, held, used, occupied, leased, sold, hypothecated, encumbered, and/or conveyed. Each and all of the Restrictions shall run with the land, and pass with each and every portion of the Property, and shall apply to, inure to the benefit of, and bind the respective successors in interest thereof. Each and all of the Restrictions are imposed upon the entire Property unless expressly stated as applicable to a specific portion of the Property. Each and all of the Restrictions are imposed pursuant to Health and Safety Code Section 25356.1 and the Water Code and run with the land pursuant to Health and Safety Code Section 25356.1. All terms, time periods, and provisions not otherwise defined herein shall take the meaning ascribed to them in Health & Safety Code Sections 25233 and 25234 as of the date of this Covenant. Each and all of the Restrictions run with the land pursuant to Section 1471 of the Civil Code. Each and all of the Restrictions are enforceable by the Board.

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1.2 Concurrence of Owners Presumed. All purchasers, lessees, or possessors of any portion of the Property shall be deemed by their purchase, leasing, or possession of such Property, to be in accord with the foregoing and to agree for and among themselves, their heirs, successors, and assignees, and the agents, employees, and lessees of such owners, heirs, successors, and assignees, that the Restrictions as herein established must be adhered to for the benefit of future Owners and Occupants and that their interest in the Property shall be subject to the Restrictions contained herein.

1.3 Incorporation into Deeds and Leases. Covenantor desires and covenants that the Restrictions set out herein shall be incorporated in and attached to each and all deeds and leases of any portion of the Property. Recordation of this Covenant and Agreement shall be deemed binding on all successors, assigns, and lessees, regardless of whether a copy of this Covenant and Agreement has been attached to any given deed or lease.

ARTICLE II

DEFINITIONS

2.1 Board. "Board" shall mean the California Regional Water Quality Control Board for the San Francisco Bay Region and shall include its successor agencies, if any.

2.2 Improvements. "Improvements" shall mean all buildings, roads, driveways, regradings, and paved parking areas, constructed or placed upon any portion of the Property.

2.3 Occupants. "Occupants" shall mean Owners and those persons entitled by ownership, leasehold, or other legal relationship to the exclusive right to occupy any portion of the Property.

2.4 Owner or Owners. "Owner" or "Owners" shall mean the Covenantor and/or its successors in interest, who hold title to all or any portion of the Property.

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ARTICLE III

DEVELOPMENT, USE AND CONVEYANCE OF THE PROPERTY

3.1 Restrictions on Development and Use. Covenantor promises to restrict the use of the Property as described on Exhibits A and A-1 as follows:

- a. Development of the Property shall be restricted to industrial, utility, commercial or office space;
- b. No residence for human habitation shall be permitted on the Property;
- c. No hospitals shall be permitted on the Property;
- d. No schools for persons under twenty-one (21) years of age shall be permitted on the Property;
- e. No day care centers for children or day care centers for Senior Citizens shall be permitted on the Property;
- f. The Property shall be posted with a bilingual sign in English and Spanish stating that no grading, excavation, or building activities can occur on the Property which would require excavation of the Property without written permission of the Owner and the Board;
- g. Any contaminated soils brought to the surface by grading, excavation, trenching, or backfilling shall be managed by Covenantor or its agent in accordance with all applicable provisions of state and federal law;
- h. All uses and development of the Property shall preserve the integrity of any cap, any remedial measures taken or remedial equipment installed, and any ground-water monitoring system installed on the Property pursuant to the requirements of the Board, unless otherwise expressly permitted in writing by the Board.
- i. The Owner shall notify the Board in writing of each of the following:
 - (1) the type, cause, location and date of any disturbance to any cap, any remedial measures taken

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or remedial equipment installed, and any modifications of any groundwater monitoring system which may be installed on the Property pursuant to the requirements of the Board, which could affect the ability of such cap or remedial measures, remedial equipment, or monitoring system to perform their respective functions, and (2) the type and date of repair of such disturbance. Notification to the Board shall be made by registered mail within ten (10) working days of both the discovery of such disturbance and the completion of repairs;

j. The Covenantor agrees that the Board shall have access to the Property for the purposes of inspection, surveillance, or monitoring, as provided for in Chapter 4 of Division 7 of the Water Code.

k. No Owners or Occupants of the Property or any portion thereof shall drill, bore, excavate or otherwise construct any well, boring or excavation on or into the Property for any purpose, except that it shall be permissible to construct wells, borings, or excavations which are (1) required by or reasonably necessary to implement a plan for remediation of groundwater contamination approved by the Board, (2) specifically approved in a written decision by the Board or the San Mateo County Department of Health Services, or (3) for access to or maintenance of utility facilities. All borings and excavations shall be performed and all wells constructed in conformance with the standards of the San Mateo County Department of Health Services, and shall incorporate practicable efforts to minimize: (i) any significant threat to humans and animals, and (ii) any significant transfer of contaminants from the lithosphere to the atmosphere or between water-bearing, or potentially water-bearing, soil or rock zones.

3.2 Conveyance of Property. The Owner or Owners shall provide thirty (30) days advance written notice to the Board of any sale, lease, or other conveyance of the Property or an interest in the Property to a third person. The Board shall not, by reason of the Covenant,

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have authority to approve, disapprove, or otherwise affect any sale, lease, or other conveyance of the Property except as otherwise provided by law or by reason of this Covenant.

3.3 Enforcement. Failure of the Owner to comply with any of the restrictions, as set forth in Paragraph 3.1 above, shall be grounds for the Board, by reason of this Covenant, to have the authority to require that the Owner modify or remove any Improvements constructed in violation of that Paragraph. Violation of the Covenant shall be grounds for the Board to file civil actions against the Owner as provided by law.

3.4 Notice in Agreements. All Owners and Occupants shall execute a written instrument which shall accompany all purchase, lease, sublease, or rental agreements relating to the Property. The instrument shall contain the following statement: "The land described herein contains hazardous substances. Such condition renders the land and the owner, lessee, or other possessor of the land subject to requirements, restrictions; provisions and liabilities of Division 7 of the California Water Code and Chapters 6.5 and 6.8 of Division 20 of the California Health and Safety Code, and their successor provisions. This statement is not a declaration that a hazard exists."

ARTICLE IV

VARIANCE AND TERMINATION

4.1 Variance. Any Owner or, with the Owner's consent, any Occupant of the Property or any portion thereof may apply to the Board for a written variance from the provisions of this Covenant.

4.2 Termination. Any Owner or, with the Owner's consent, any Occupant of the Property or a portion thereof may apply to the Board for a termination of the Restrictions as they apply to all or any portion of the Property.

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4.3 Term. Unless terminated in accordance with Paragraph 4.2 above, by law or otherwise, this Covenant shall continue in effect in perpetuity.

ARTICLE V

MISCELLANEOUS

5.1 No Dedication Intended. Nothing set forth herein shall be construed to be a gift or dedication, or offer of a gift or dedication, of the Property or any portion thereof to the general public.

5.2 Notices. Whenever any persons gives or serves any notice, demand, or other communication with respect to this Covenant, each such notice, demand, or other communication shall be in writing and shall be deemed effective (a) when delivered, if personally delivered to the person being served or official of a government agency being served, or (b) three (3) business days after deposit in the mail if mailed by United States mail, postage paid certified, return receipt requested:

If To: "Covenantor"
Pacific Gas and Electric Company
Attention: Site Remediation Supervisor
Environmental Services Department
77 Beale Street
San Francisco, CA 94120

and Attention:

Manager, Building and Land Services
123 Mission Street
San Francisco, CA 94105

If To: "Board"
Regional Water Quality Control Board
San Francisco Bay Region
Attention: East Palo Alto Protection Officer
2101 Webster Street
Oakland, California 94612

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If notice is not initiated by the Covenantor or by the Board, copies of such notice shall be sent, in accordance with instructions of this Paragraph, to both the Covenantor and the Board. Copies of all notices, regardless of the identity of the party initiating such notice, shall also be sent to:

General Counsel
Aventis CropScience USA, L. P.
P.O. Box 12014
2 T. W. Alexander Drive
Research Triangle Park, NC 27709
Attention: George Goodridge, Esq.

Aventis CropScience USA, L. P.
c/o Orrick, Herrington & Sutcliffe LLP
1020 Marsh Road
Menlo Park, CA 94025

5.3 Partial Invalidation. If any portion of the Restrictions or terms set forth herein is determined to be invalid for any reason, the remaining portion shall remain in full force and effect as if such portion had not been included herein.

5.4 Article Headings. Headings at the beginning of each numbered article of this Covenant are solely for the convenience of the parties and are not a part of the Covenant.

5.5 Recordation. This instrument shall be executed by the Covenantor and by the Executive Officer of the Board. This instrument shall be recorded by the Covenantor in the County of San Mateo within ten (10) days after the date of execution.

5.6 References. All references to Code sections include successor provisions.

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IN WITNESS WHEREOF, the parties execute this Covenant as of the date set

forth above.

Owner: PACIFIC GAS AND ELECTRIC COMPANY

By: Linda E. Chao
Title: VICE PRESIDENT, GENERAL SERVICES
Date: 12/6/00
Linda E. Chao

Agency: STATE OF CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY REGIONAL WATER QUALITY BOARD, SAN FRANCISCO BAY REGION

By: Loretta K. Bonamici
Title: Executive Officer
Date: March 2, 2001

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

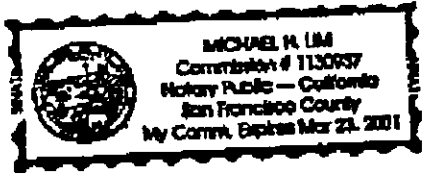
County of San Francisco

On December 6, 2000 before me, Michael H. Lim, Notary Public
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Linda E. Chinn
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Michael H. Lim
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Covenant of Deed Restriction

Document Date: December 6, 2000 Number of Pages: 10

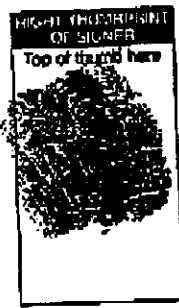
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Linda E. Chinn

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

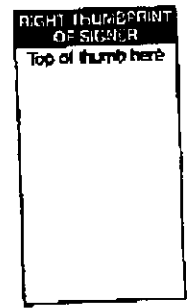
Signer is Representing: _____



Signer's Name: _____

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer is Representing: _____



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EXHIBIT A

LEGAL DESCRIPTION OF POLE YARD

Being a portion of a parcel of land conveyed to Pacific Gas and Electric Company by Final Order of Condemnation filed February 2, 1953 in Volume 2363 of Official Records at Page 175 in the Office of the Recorder, County of San Mateo, situated in the City of East Palo Alto, County of San Mateo, State of California, being more particularly described as follows:

COMMENCING at the Northwest corner of said Pacific Gas and Electric Company Parcel being in the centerline of Bay Road, said point also being distant North 65 deg. 11 min. 00 sec. East 861.20 feet along the centerline of Bay Road from the intersection of Pulgas Avenue; thence leaving the centerline of Bay Road South 24 deg. 49 min. 00 sec. East, 30.00 feet to the TRUE POINT OF BEGINNING; thence leaving said TRUE POINT OF BEGINNING North 65 deg. 11 min. 00 sec. East, 105.23 feet to a fence corner; thence running along the Northeasterly fence line South 24 deg. 49 min. 00 sec. East, 334.75 feet to a fence corner; thence leaving said Easterly corner and running along a Southeasterly fence line, South 64 deg. 41 min. 16 sec. West, 105.24 feet to a Southerly fence corner; thence leaving the Southerly fence corner and running along the Southwesterly fence line of said Pacific Gas and Electric Company Parcel North 24 deg. 49 min. 00 sec. West, 335.66 to the TRUE POINT OF BEGINNING:

Containing 0.81 acres of land, more or less.

The above described parcel is for restricted and conditional use only, and is not intended to create any new property lines.

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EXHIBIT A-1

LEGAL DESCRIPTION OF NON-TIDAL MARSH

This land is situated in the State of California, County of San Mateo, and is described as follows:

BEGINNING at a point on the Westerly line of a portion of a parcel of land conveyed to Pacific Gas and Electric Company by Final Order of Condemnation filed February 2, 1953 in Volume 2363 of Official Records at Page 175 in the Office of the Recorder, County of San Mateo, situated in the City of East Palo Alto, County of San Mateo, State of California, also being the Easterly line of that certain Parcel of land conveyed to Rhone-Poulenc, Inc. by grant deed filed December 1, 1993, at Series No. 93207948 in the Office of the Recorder, County of San Mateo situated in the City of East Palo Alto, County of San Mateo, State of California, and from which the Northeasterly corner of said Rhone-Poulenc Parcel bears North 24°49'00" West, 365.90 feet; thence through said Pacific Gas and Electric Company Parcel the following three (3) courses: North 64°41'16" East, 428.15 feet; North 13°40'27" East, 188.06 feet; and North 24°57'20" West, 185.01 feet to the Southerly right-of-way line of Bay Road; thence along said right-of-way North 65°11'00" East, 310.59 feet to the Northeasterly corner of said Pacific Gas and Electric Company Parcel; thence South 23°43'53" West, 1,075.82 feet to the Southerly corner of said Pacific Gas and Electric Company Parcel; thence along the Westerly line of said Pacific Gas and Electric Company Parcel, North 37°31'30" West, 222.64 feet to the Southeasterly corner of said Rhone-Poulenc Parcel; thence along the common line of said Pacific Gas and Electric Company Parcel and said Rhone-Poulenc Parcel North 24°49'00" West, 159.10 feet to the POINT OF BEGINNING.

Containing 3.293 acres of land, more or less.

The above described parcel is for restricted and conditional use only, and is not intended to create any new property lines.

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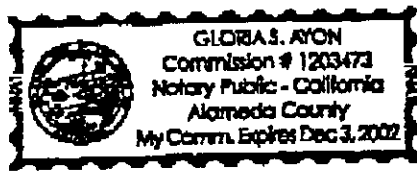


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STATE OF CALIFORNIA)
)
) ss
COUNTY OF Alameda)

On March 2, 2000, before me, Gloria S. Ayon, a notary public for the State of California, personally appeared Loretta K. Babarian, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity on behalf of which the person acted, executed the instrument.

Witness my hand and official seal.



[SEAL]

Gloria S. Ayon
Signature

STATE OF CALIFORNIA)
)
) ss
COUNTY OF _____)

On _____, 2000, before me, _____, a notary public for the State of California, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity on behalf of which the person acted, executed the instrument.

Witness my hand and official seal.

Signature

[SEAL]

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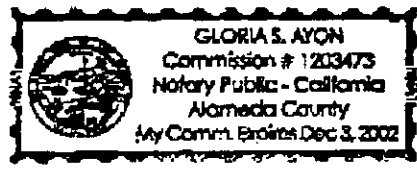
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STATE OF CALIFORNIA)
)
COUNTY OF Alameda) ss

On March 2, 2000, before me, Gloria S. Ayon, a notary public for the State of California, personally appeared Loretta K. Barsamian, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity on behalf of which the person acted, executed the instrument.

Witness my hand and official seal.

[SEAL]



Gloria S. Ayon
Signature

STATE OF CALIFORNIA)
)
COUNTY OF _____) ss

On _____, 2000, before me, _____, a notary public for the State of California, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity on behalf of which the person acted, executed the instrument.

Witness my hand and official seal.

[SEAL]

Signature

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