

LICENSE AGREEMENT

THIS LICENSE AGREEMENT, hereinafter referred to as AGREEMENT, made and entered into this ___ day of _____, 2019, by and between HUMBOLDT REDWOOD COMPANY, LLC., a Delaware limited liability company, hereinafter referred to as OWNER, and the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter referred to as COUNTY.

This AGREEMENT supersedes any previous Borrow Agreement between COUNTY and the OWNER regarding SITE.

WITNESSETH:

WHEREAS, OWNER represents and warrants that it is the OWNER in fee of a parcel of land in Section 13, T. 1N., R.1W., H.B. & M., also identified at this point in time by Assessor's Parcel Nos. 205-031-049 and 205-031-051, hereinafter referred to as SITE, and as such has the exclusive right to enter into this AGREEMENT; and

WHEREAS, COUNTY desires to enter upon and use a portion of OWNER'S real property for the purposes of a surface mining operation, stockpile site, and equipment storage, hereinafter referred to as SITE, as shown on aerial photograph attached hereto as Exhibit A and incorporated herein by reference; and

WHEREAS, COUNTY shall perform a surface mining operation consisting of extracting, crushing, and stockpiling of rock on said portion of OWNER'S real property for the purpose of maintenance and repairs on County roads;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained below, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each of the parties hereto, COUNTY and OWNER agree as follows:

1. LICENSE

OWNER grants permission, subject to all terms and conditions of this AGREEMENT, for COUNTY and COUNTY'S officers, agents, employees, contractors, and volunteers to enter and use a portion of OWNER'S property identified by Assessor's Parcel Numbers 205-031-049 and 205-031-051 for purposes described above. The approximate SITE location is shown on the Assessor's Parcel Map attached hereto as Exhibit B, which is incorporated herein by reference.

2. LICENSE NOT A LEASE

This AGREEMENT does not constitute a lease, but constitutes a mere license agreement and COUNTY is limited to the use of the premises expressly and specifically described in Sections 1 and 4 herein.

3. TERM

The AGREEMENT shall commence upon Board approval, with the first term extending from the date of Board approval through June 30, 2022.

COUNTY shall have six (6) months beyond this AGREEMENT'S termination date to remove equipment and stockpiled aggregate material from SITE.

4. USE OF PREMISES

OWNER grants to COUNTY the right to use SITE for COUNTY'S surface mining operation, hereinafter referred to as ACTIVITIES.

OWNER grants to COUNTY the right of ingress and egress over a portion of OWNER'S real property described in Section 1 for access to COUNTY'S surface mining operation.

OWNER grants to COUNTY the right to use a portion of OWNER'S real property described in Section 1 for COUNTY'S surface mining operation.

COUNTY shall have the right of stockpiling/storage of extracted and crushed aggregate produced from COUNTY'S surface mining operation.

COUNTY shall have the right of temporary storage for all equipment necessary for the extraction, crushing, and stockpiling activities associated with the surface mining operation.

COUNTY shall have the right of access to and use of stockpiled material as deemed necessary by COUNTY.

Use of said SITE by COUNTY shall be in compliance with all applicable laws including laws governing the use of hazardous materials. COUNTY shall not store hazardous materials on SITE. For purposes of this Section, hazardous materials are defined as any noxious or hazardous substance the use of which is regulated by Federal or State Laws.

Upon the completion or abandonment of the surface mining operation, COUNTY shall reclaim the SITE in accordance with the Reclamation Plan filed with the County of Humboldt, Department of Community Development Services pursuant to the Surface Mining and Reclamation Act of 1975, Public Resources Code §2710 et. seq.

Special Compliance Provisions: COUNTY shall, at all times, observe and comply with the terms and provisions of:

(a) that certain Final Environmental Impact Statement/Environmental Impact Report and Habitat Conservation Plan/Sustained Yield Plan for the Headwaters Forest Project, dated January 1999;

(b) any Implementation Agreement with regard to Habitat Conservation Plan(s) for the properties of OWNER by and among the United States Fish and Wildlife Service, the National Marine Fisheries Service, the California Department of Fish and Game ("CDFG"), the California Department of Forestry and Fire Protection ("CAL FIRE") and OWNER including those agreements assumed by OWNER in the reorganization of the Pacific Lumber Company, Scotia Pacific Lumber Company and Salmon Creek Corporation dated February 1999;

(c) any Habitat Conservation Plan for the properties of OWNER, including that certain Habitat Conservation plan of February 1999 that was assumed by OWNER in the reorganization of Pacific Lumber Company, Scotia Pacific Lumber Company and Salmon Creek Corporation;

(d) any Streambed Alteration Agreement with regard to OWNER including that certain Streambed Alteration Agreement with Regard to the Pacific Lumber Company, Habitat Conservation Plan, by and among CDFG and Pacific Lumber and Salmon Creek dated February 1999 that was assumed by OWNER in the reorganization of Pacific Lumber Company and Salmon Creek Corporation, to the extent any of the above documents bind the Premises and other lands of OWNER and are applicable to COUNTY'S activities on the Premises or other lands of OWNER, and copies of which OWNER agrees to provide COUNTY upon request. OWNER acknowledges and agrees that to best of OWNER'S knowledge, as of the Execution Date, the OWNER has not been notified that the COUNTY is in violation of any aforementioned Special Compliance Provision and if during the term of the Agreement the OWNER is notified of any violation of such provisions, as it relates to the COUNTY'S occupancy or use of the Premises, the OWNER shall promptly notify the COUNTY of such violation.

5. COMPENSATION

A. Rental

COUNTY shall pay OWNER the sum of Fifty Dollars (\$50.00) per month as rent for use of the SITE referred to in Section 1 herein for an annual rate of Six Hundred Dollars (\$600.00), payable in advance prior to July 1 of each calendar year.

B. Royalty

In addition to the rent set forth in the previous paragraph COUNTY shall pay to OWNER a royalty rate of one dollar and twenty-five cents (\$1.25) per cubic yard for mined material. OWNER agrees that all crushed material currently stockpiled on SITE is the property of COUNTY.

C. Payment

Payments herein required shall be made to:

Humboldt Redwood Company, LLC.
PO Box 712
Scotia, CA 95565

COUNTY'S mined material and crushed aggregate on SITE shall become property of COUNTY upon OWNER receiving royalty payment.

6. OWNER'S ACCESS TO PREMISES

OWNER shall retain the right of access and use of SITE, including surface mining operations, at all times and COUNTY shall not restrict OWNER'S use thereof. OWNER shall operate under authority separate from COUNTY'S Mining Permit at all times.

7. COMPLIANCE WITH LAWS

COUNTY shall conduct all its operations in accordance with all federal/state/county safety, health, fire, sanitary codes and ordinances, and shall comply with all permits required for said use of SITE.

8. REPRESENTATIONS

OWNER makes no representations as to the present or future conditions, natural or man-made, of SITE, the character of the traffic on any of its roads, the condition of access roads, or risks associated with or arising from other persons on SITE. COUNTY has entered into this AGREEMENT at its own risk and assumes all risk of personal injury and property damage to itself, its agents, servants, employees, contractors, successors, and assigns in connection with ACTIVITIES under this AGREEMENT. Nothing in this AGREEMENT shall be construed as a guarantee of the type of work or quantity or quality of any products located in or on SITE.

COUNTY represents that it, or its contractor(s), is experienced and competent in performing the ACTIVITIES herein described and further represents it is familiar with and will comply with all the applicable statutes, rules and regulations promulgated by federal, state, county, local, and other governmental agencies having control over, or an interest in, the ACTIVITIES hereunder. COUNTY agrees to conduct its ACTIVITIES in a diligent and workmanlike manner in accordance with the highest standards and practices recognized in the industry. COUNTY shall not unnecessarily damage trees while conducting its ACTIVITIES.

9. RESPONSIBILITIES OF COUNTY

COUNTY shall promptly report to OWNER any violations of any laws, regulations, or permits of which COUNTY has knowledge and promptly send to OWNER a copy of any notice of violation received by COUNTY. A copy of all citations or other written documents COUNTY receives from any agency shall accompany the notice of violation.

SITE access shall be limited to normal business hours unless otherwise approved by OWNER, with the exception of natural disasters, in which case SITE shall be available to COUNTY 24-7 without prior approval by OWNER.

COUNTY shall maintain SITE used by COUNTY in an orderly, clean, and sanitary manner as required by OWNER.

In the event of any violation of this AGREEMENT, or of dangerous fire weather, or of possible damage to roads by their use in wet weather, or of interference with OWNER'S operations, OWNER shall notify COUNTY'S Public Works Deputy Director of Roads, and COUNTY shall immediately suspend the ACTIVITIES or take steps to address the situation as OWNER may direct.

COUNTY shall limit ACTIVITIES to those described above, and shall not construct or erect any buildings, structures, equipment, or improvements on the SITE without prior written consent of OWNERS.

COUNTY shall acquaint itself with and confine the ACTIVITIES within the property boundaries, and shall be responsible and liable for any trespass outside such boundaries as a result of the ACTIVITIES.

COUNTY shall return any and all keys that have been issued by OWNER for access to SITE at the expiration or termination of this AGREEMENT.

COUNTY shall not cut merchantable trees without prior written consent of OWNER.

COUNTY shall promptly pay and discharge all liabilities to vendors and contractors for all labor and material employed in the ACTIVITIES. COUNTY shall indemnify, defend, and hold harmless OWNER from any losses, costs, and expenses, including attorneys' fees, incurred to remove any construction, mechanics, or materialman's liens filed against OWNER'S real property by any vendors or contractors supplying goods or services.

10. FIRE AND FIRE PREVENTION

COUNTY shall not undertake any burning of debris.

COUNTY assumes full responsibility for personal injury or property damage resulting from the ACTIVITIES by fire or otherwise, including without limitation damage to any timber, logs, logging works, or equipment, and agrees to conform to all laws of the State of California pertaining to forest fires and their prevention and to all rules and regulations of the various departments and subdivisions thereof, as well as those of OWNER, the U.S. Forest Service, and any other public authority.

11. PERMITS

OWNER grants to COUNTY the right to use the portion of said land described in Section 1 for the extraction of up to 20,000 cubic yards of aggregate every three to five years, in accordance with the terms of the mining permit for California Mine ID 91-12-0025. COUNTY shall acquire all permits necessary to extract up to approximately 20,000 cubic yards of aggregate material every three to five years. COUNTY is limited to mining up to 20,000 cubic yards every three to five years.

12. HOLD HARMLESS/INDEMNIFICATION

A. OWNER shall indemnify, defend and hold harmless COUNTY and its officers, officials, employees, and volunteers, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorneys' fees, which are caused by any negligent or willful acts of misconduct or omissions (either directly or through or by its officers, agents or employees) in connection with OWNER'S duties and obligations under this AGREEMENT and any amendments hereto.

B. COUNTY shall indemnify, defend and hold harmless OWNER and its officers, officials, employees, and volunteers, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorneys' fees, which are caused by any negligent or willful acts of misconduct or omissions (either directly or through or by its officers, agents or employees) in connection with COUNTY'S duties and obligations under this AGREEMENT and any amendments hereto.

C. Notwithstanding Sections (A) and (B), in the event that OWNER and COUNTY are both held to be negligently or willfully responsible, OWNER and COUNTY will bear their proportionate share of liability as determined in any such proceeding. Each side will bear their own costs and attorneys' fees.

D. Acceptance of insurance, if required by this AGREEMENT, does not relieve OWNER from liability under this indemnification clause. This indemnification clause shall apply to all damages or claims for damages suffered by OWNER'S operations regardless if any insurance is applicable or not.

13. NOTICE

Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail to the respective addresses set forth below. Notice shall be deemed communicated five (5) COUNTY working days from time of mailing if mailed as provided herein.

OWNER:
Humboldt Redwood Company, LLC.
PO Box 712
Scotia, CA 95565

COUNTY:
County of Humboldt
Department of Public Works
1106 Second Street
Eureka, CA 95501-0531

Each party may at any time change its address for notice by giving written notice of such change to the other party in the manner provided in this Section.

14. COUNTY'S INSURANCE

Without limiting COUNTY'S indemnification provided herein, COUNTY shall take out and maintain, throughout the period of this AGREEMENT, the following policies of insurance placed with insurers with a current A.M. Bests rating of no less than A:VII or its equivalent against injury/death to persons or damage to property which may arise from or in connection with the activities hereunder of COUNTY, its agents, employees, or sub-licensees:

A. Comprehensive/Liability Insurance

Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001), in an amount of \$2,000,000 per occurrence. If a general aggregate limit is used, either the general aggregate limit shall apply separately to this project or the general aggregate shall be twice the required occurrence limit. Said policy shall contain, or be endorsed with, the following provisions:

(1) The OWNER, its officers, employees and agents, are covered as additional insured for liability arising out of the operations performed by or on behalf of COUNTY. The coverage shall contain no special limitations on the scope of protection afforded to OWNER, its officers, agents, and employees.

(2) The policy shall not be canceled or materially reduced in coverage without thirty (30) days prior written notice (10 days for non-payment of the premium) to OWNER by certified mail.

(3) The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the insurer's liability.

(4) For claims related to this project, the COUNTY'S insurance is primary coverage to the OWNER, and any insurance or self-insurance programs maintained by OWNER are excess to COUNTY'S insurance and will not be called upon to contribute with it.

(5) Any failure to comply with reporting or other provisions of the parties, including breach of warranties, shall not affect coverage provided to OWNER, its officers, employees, and agents.

B. By its signature hereunder, COUNTY certifies that COUNTY is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and COUNTY will comply with such provisions in connection with any work performed on the premises. Any persons providing services with or on behalf of COUNTY shall be covered by workers' compensation (or qualified self-insurance).

15. LICENSE IS PERSONAL

The license herein granted to COUNTY is personal and no right hereunder may be assigned, sublet, or otherwise transferred in whole or in part without prior written consent of OWNER and any attempt to assign, sublet, or transfer shall be of no force or effect whatsoever unless and until OWNER shall have given its written consent.

16. JURISDICTION AND APPLICABLE LAWS

This AGREEMENT shall be construed under the laws of the State of California. Any dispute arising hereunder or relating to this AGREEMENT shall be litigated in the State of California and venue shall lie in the County of Humboldt.

17. TERMINATION

COUNTY and OWNER reserve the right to terminate this AGREEMENT on seven (7) days notice for any cause or reason provided by the AGREEMENT itself, or by law, or upon the happening of one or more of the following:

A. The making by COUNTY or OWNER of any general assignment for the benefit of creditors.

B. The failure of COUNTY or OWNER to remedy any default, breach, or violation of federal/state/county laws or regulations by COUNTY or OWNER or its employees.

C. The violation of any of the provisions of this AGREEMENT.

D. Said SITE becomes damaged due to fire, flood, earthquake, or any other natural disaster.

E. Intentionally supplying COUNTY or OWNER with false or misleading information or misrepresenting any material fact on its application or documents or in its statement to or before COUNTY or OWNER, or intentional failure to make full disclosure on its financial statement or other documents.

18. LICENSE MODIFICATION

This Agreement may be modified only by subsequent written agreement signed by COUNTY and OWNER.

19. OWNER NOT OFFICER, EMPLOYEE, OR AGENT OF COUNTY

While engaged in carrying out and complying with the terms and conditions of this AGREEMENT, OWNER is an independent contractor and not an officer, employee, or agent of COUNTY.

20. COUNTY'S EMPLOYEES

COUNTY'S employees shall be deemed employees of COUNTY and will not for any purpose be considered employees or agents of OWNER. OWNER shall exercise no control or supervision over the employees of COUNTY hereunder. It is understood and agreed that no relationship of employer and employee is or shall be deemed to exist either between OWNER and COUNTY or between OWNER and any other person(s) performing labor or services on behalf of COUNTY. COUNTY shall furnish and be responsible for its own employees, agents and equipment. It is expressly understood that OWNER has no authority over COUNTY'S agents or employees, and any complaint by OWNER about COUNTY'S agents or employees will be brought by OWNER to COUNTY'S attention in the manner prescribed in Section 13, or through direct communication with COUNTY'S Public Works Deputy Director of Roads.

21. SAFETY

COUNTY shall comply with all federal, state, and local safety and health laws, regulations, and standards, including California Labor Code Sections 6400 et seq., related provisions of the California Code of Regulations and standards of the California Occupational Safety and Health Board, all as amended from time to time, and if applicable shall operate under a current Injury and Illness Prevention Plan that complies with Section 3203 of Title 8 of the California Code of Regulations. Failure of COUNTY to comply with all federal, state, and local health and safety laws, rules and regulations is grounds for immediate termination of this AGREEMENT.

22. HAZARDOUS MATERIALS

COUNTY shall indemnify OWNER and hold OWNER harmless from and against any and all loss, cost, damage, expense, or claim of any kind and nature (including without limitation, court costs, expenses, and attorneys' fees) paid, incurred, or suffered by, or asserted against OWNER, as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, or release from SITE, of any Hazardous Materials arising out of, in connection with, or in any manner related to ACTIVITIES or of any actions or omissions of COUNTY. The provisions of this paragraph shall survive the expiration or termination of this AGREEMENT.

OWNER shall indemnify COUNTY and hold COUNTY harmless from and against any and all loss, cost, damage, expense, or claim of any kind and nature (including without limitation, court costs, expenses, and attorneys' fees) paid, incurred, or suffered by, or asserted against COUNTY, as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, or release from SITE, of any Hazardous Materials arising out of, in connection with, or in any manner related to any actions or omissions

of OWNER. The provisions of this paragraph shall survive the expiration or termination of this AGREEMENT.

23. HAZARDOUS MATERIALS SPILL NOTIFICATION AND RESPONSE

In the event of a spill or release of Hazardous Materials, COUNTY or OWNER shall promptly comply with all federal, state, and local spill notification and response requirements.

COUNTY shall, at a minimum:

- A. Prevent further spilling or release;
- B. Take appropriate corrective actions to mitigate the spill; and
- C. Specifically comply with federal, state, and local spill notification and reporting requirements, and notify the other party of any spill event.

COUNTY shall be responsible for the response and restoration costs associated with any release of hazardous materials in connection with COUNTY's activities.

OWNER shall be responsible for the response and restoration costs associated with any release of hazardous materials in connection with OWNER'S activities.

24. NUCLEAR FREE CLAUSE

OWNER certifies by its signature below that OWNER is not a nuclear weapons contractor, in that OWNER is not knowingly or intentionally engaged in the research, development, production, or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components as defined by the Nuclear Free Humboldt County Ordinance. OWNER agrees to notify COUNTY immediately if they become a nuclear weapons contractor, as defined above. COUNTY may immediately terminate this AGREEMENT if it determines that the foregoing certification is false or if OWNER becomes a nuclear weapons contractor.

25. ATTORNEYS' FEES

If either party shall commence any legal action or proceeding, including an action for declaratory relief, against the other by reason of the alleged failure of the other to perform or keep any provision of this AGREEMENT to be performed or kept, the party prevailing in said action or proceeding shall be entitled to recover court costs and reasonable attorneys' fees (including reasonable value of services rendered by County Counsel) to be fixed by the court, and such recovery shall include court costs and attorneys' fees (including reasonable value of services rendered by County Counsel) on appeal, if any. As used herein, "the party prevailing" means the party who dismisses an action or proceeding in exchange for payment of substantially all sums allegedly due, performance of provisions allegedly breached or other considerations substantially equal to the relief sought by said party, as well as the party in whose favor final judgment is rendered.

26. REAL PROPERTY TAXES

OWNER shall pay all real property taxes and general and special assessments levied and assessed against the property. Any improvements created by COUNTY, by action of this AGREEMENT that may create any assessments, shall be the responsibility of OWNER.

27. WAIVER OF BREACH

The waiver by COUNTY or OWNER of any breach of any provision of this AGREEMENT shall not constitute a continuing waiver of any subsequent breach of the same or a different provision of this AGREEMENT.

28. BREACH, REMEDY FOR

In the event of breach of this AGREEMENT by COUNTY or OWNER, COUNTY and/or OWNER shall have all rights and remedies provided by law.

29. SURRENDER OF PREMISES

Upon termination of this AGREEMENT, COUNTY shall surrender the premises to OWNER in good condition and repair, except for normal wear and tear. COUNTY shall be under no obligation to repair or restore the whole or any portion of the SITE, which may be damaged by reason of fire, earthquake, the elements, or other casualty.

30. BINDING EFFECT

All provisions of this AGREEMENT shall be fully binding upon, and inure to the benefit of, the parties and to each of their heirs, executors, successors, and assigns.

31. MISCELLANEOUS PROVISIONS

A. The ACTIVITIES under this AGREEMENT shall in no way interfere with the land management and logging activities conducted by OWNER, its contractors, or assigns, or use by other counties. COUNTY shall supervise all persons connected with COUNTY under this AGREEMENT to assure that its ACTIVITIES are within the boundaries specified in this AGREEMENT.

B. Sections and sub-headings in this AGREEMENT are for convenience only and shall not be considered part of this AGREEMENT or used in its interpretation.

C. This AGREEMENT may be executed in one or more counterparts, each of which shall be deemed an original and all of which counterparts together shall constitute the same instrument, which may be sufficiently evidenced by one counterpart.

D. If any provision contained herein is declared by a court of competent jurisdiction to be void or unenforceable as written, the parties intend and desire that such provision be enforced and enforceable to the fullest extent permitted by law and that the invalidity or unenforceability of such provision shall not affect the validity or enforceability of the balance of this AGREEMENT.

E. Each of the parties hereto has been or has had the opportunity to be represented, to the extent desired, by legal counsel of its choice in respect to this transaction.

F. Portions of this AGREEMENT are intended to survive any expiration or termination of this AGREEMENT. Accordingly, all provisions hereof which contemplated performance after any such event shall so survive, as shall all indemnity and restoration obligations of COUNTY, and the right to exercise remedies for default.

This AGREEMENT terminates and supersedes COUNTY's JANUARY 6, 2015 license

agreement regarding APN 205-031-049 and 205-031-051 and use of SITE.

IN WITNESS WHEREOF, this AGREEMENT has been executed in duplicate by the parties hereto upon the date first above written.

AGENT FOR:
HUMBOLDT REDWOOD COMPANY, LLC
A DELAWARE LIMITED LIABILITY COMPANY

BY Chuck Jeffries

PRINT: CHUCK JEFFRIES

TITLE: AGENT

COUNTY:

BY _____
CHAIRPERSON,
BOARD OF SUPERVISORS,
COUNTY OF HUMBOLDT,
STATE OF CALIFORNIA

Exhibit A
SITE - Aerial Photograph

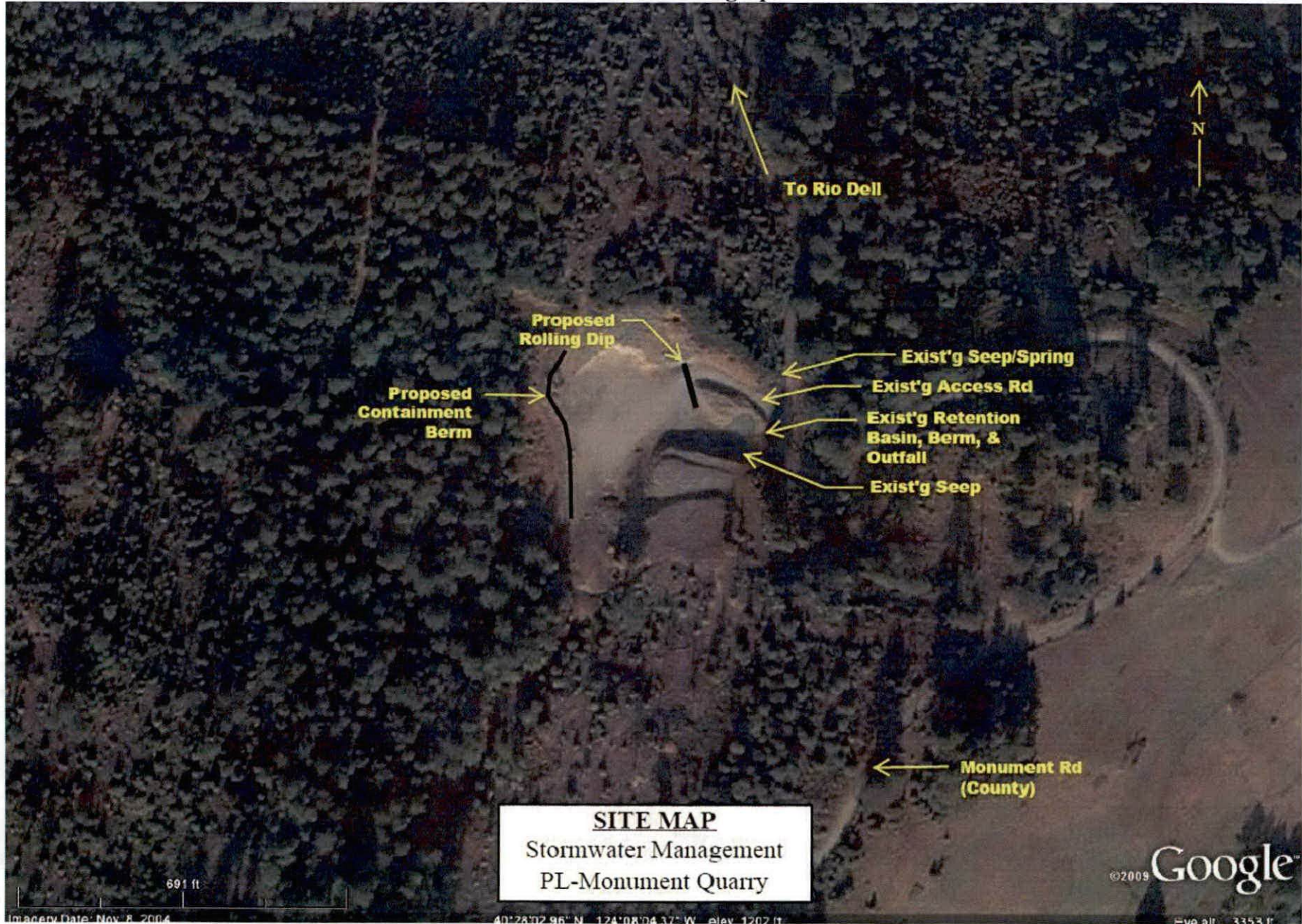


Exhibit B Approximate Site Location – Assessor Parcel Map

