PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is entered into and effective as of December_____, 2021 (the "Effective Date"), by and between CALIFORNIA REDWOOD COMPANY, a Washington corporation ("Seller"), and HUMBOLDT COUNTY, a political subdivision of the State of California ("Buyer").

RECITALS

- A. Seller is the owner of certain real property located in the County of Humboldt, State of California, commonly known as Brainard and identified as Assessor Parcel Numbers 017-081-001 and 404-141-004, legally described in **Exhibit A**, attached hereto (the "**Property**").
- B. Buyer desires to acquire an easement over an existing levee which is situated along the western boundary of the Property for the purpose of establishing a public trail (the "Public Trail and Public Trail Easement").
- C. Buyer desires to acquire a vehicle maintenance access easement over portions of the Property for construction, maintenance and repair of the Public Trail and levee (the "Access Easement").
- D. Buyer, for the purpose of constructing the Public Trail, desires to obtain a temporary construction easement for the temporary, exclusive use of a staging area of approximately 175,000 square feet on the Property for a period of thirty (30) months (the "Temporary Construction Easement" or "TCE").
- E. Seller is willing to sell to Buyer a Public Trail Easement, an Access Easement, and the TCE for their fair market value, substantially in the form of easement deed provided in **Exhibit C** hereto and in consideration for the terms and conditions provided for in this Agreement. The Public Trail Easement, Access Easement and TCE are hereinafter collectively referred to as the "**Easement**".

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, Buyer and Seller agree as follows:

1. AGREEMENT TO PURCHASE AND SELL. Seller hereby agrees to sell the Easement to Buyer and Buyer hereby agrees to purchase the Easement from Seller for the price and subject to the terms and conditions set forth in this Agreement.

2. PURCHASE PRICE AND DEPOSIT.

2.1 PURCHASE PRICE. The purchase price for the Easement (the "**Purchase Price**") shall be Seven Hundred Seventy Thousand UNITED STATES DOLLARS (U.S.\$770,000.00). The

Purchase Price shall be paid in cash or other immediately available funds at Closing (as such term is hereinafter defined).

3. CLOSING.

- 3.1 CLOSING AND CLOSING DATE. Unless Buyer or Seller exercises a right granted herein to terminate this Agreement, the purchase and sale of the Easement shall close on a date (the "Closing Date") mutually acceptable to Buyer and Seller that is not later than sixty (60) days after the date on which the state of title to the Property has been resolved under Section 5 below. As used herein, "close" and "Closing" shall mean and refer to the consummation of the purchase and sale of the Easement in accordance with the terms of this Agreement, which shall include receipt of the Purchase Price by Seller, delivery of all instruments of conveyance contemplated hereby to Buyer and issuance of the Title Policy (as such term is defined in Section 5.2 below). If Closing has not occurred by January 28, 2022, this Agreement shall terminate and, except for provisions that, by their terms survive the expiration or termination of this Agreement, be of no further force or effect; provided, however, that if Closing has not occurred by reason of a party's default, the other party shall retain the rights and remedies provided by Section 15 below.
- 3.2 CLOSING LOCATION. Closing shall be accomplished through escrow with the 515 J Street, Suite A, Eureka CA 95501 office of Fidelity National Title (Title Company) or at such other location and in such other manner as Buyer and Seller may agree.
- **3.3** CLOSING DELIVERIES. Buyer and Seller shall deliver to Title Company in escrow prior to Closing all instruments, documents, and monies necessary to close the transaction contemplated hereby in accordance with the terms of this Agreement, including escrow instructions and other documents required by Title Company, in each case consistent with the terms of this Agreement.
- **4. CONVEYANCE OF EASEMENT.** At Closing, Seller and Buyer shall execute and record the Easement subject to the Permitted Exceptions (as such term is defined in Section 5.1 below).

5. TITLE INSURANCE.

5.1 PERMITTED EXCEPTIONS.

5.1.1 Seller shall cause Title Company to deliver to Buyer, not later than five (5) business days after the Effective Date, a preliminary commitment with respect to the Easement in Buyer's favor for an owner's standard coverage policy of title insurance in the aggregate amount of the Purchase Price, together with complete and legible copies of all underlying documents relating to title defects, exceptions, encumbrances and the like that are referred to in the commitment (collectively, the "Preliminary Commitment"). If Seller has heretofore delivered the Preliminary Commitment to Buyer, it is identified on Exhibit B hereto. Unless Buyer gives written notice to Seller and Title Company within two (2) days after receipt of the Preliminary Commitment, specifically identifying any title defects, exceptions, encumbrances and the like that are referred to in the commitment for which Buyer has not received complete and legible copies, it shall be conclusively presumed for purposes of the time periods in this Section 5 that Buyer received complete and legible copies of all underlying documents with the Preliminary Commitment. If Seller has heretofore delivered the Preliminary Commitment to Buyer, Buyer's execution of this Agreement shall be deemed Buyer's confirmation for purposes of the time periods in this Section 5 that Buyer received complete and legible copies of all underlying documents with the Preliminary Commitment.

- 5.1.2 Within five (5) business days after Buyer's receipt of the Preliminary Commitment (or, if the Preliminary Commitment has heretofore been delivered to Buyer as indicated on **Exhibit B**, within five (5) business days after the Effective Date), Buyer shall give Seller written notice identifying which, if any, of the title defects, exceptions, or encumbrances identified as special exceptions to coverage in the Preliminary Commitment are disapproved by Buyer (the "**Disapproved Exceptions**"). Buyer hereby approves and shall not object to the general exceptions contained in a commitment for a standard policy of owner's title insurance.
- **5.1.3** Seller shall have five (5) calendar days after receipt of the Buyer's notice of Disapproved Exceptions to give Buyer written notice (a) that Seller will attempt to remove all of the Disapproved Exception(s) or (b) of which Disapproved Exceptions Seller elects not to remove. If Seller fails to give notice to Buyer within such five (5) day period, Seller shall be deemed to have elected not to attempt to remove any of the Disapproved Exceptions.
- 5.1.4 Unless Seller gives notice to Buyer within the time period set forth in Section 5.1.3 above that Seller will attempt to remove all Disapproved Exceptions, Buyer shall have five (5) days after receipt of Seller's notice under Section 5.1.3 above (or the end of the five (5) day period provided in Section 5.1.3, if Seller fails to give such notice) to notify Seller in writing of Buyer's election either to (a) withdraw its objection to those Disapproved Exceptions that Seller has not elected to attempt to remove and proceed with the purchase of the Property subject to such Disapproved Exceptions or (b) terminate this Agreement. If Buyer fails to give the notice required by this Section 5.1.4 within such five (5) day period, Buyer shall be deemed to have elected to withdraw its objection to those Disapproved Exceptions that Seller has not elected to attempt to remove and proceed with the purchase of the Easement subject to such Disapproved Exceptions. All title defects, exceptions or encumbrances affecting the Easement that are not identified as Disapproved Exceptions in Buyer's notice given under Section 5.1.2 above or that are identified as Disapproved Exceptions in such notice but as to which Buyer withdraws or is deemed to have withdrawn its objection under this Section 5.1.4 shall be "Permitted Exceptions."
- **5.1.5** If Seller gives Buyer notice that Seller will attempt to cause one or more of the Disapproved Exceptions to be removed but fails to remove such Disapproved Exceptions from title to the Property by the Closing Date, Buyer shall have the right either to (a) terminate this Agreement and receive a refund of the Deposit or (b) proceed with the purchase of the Easement subject to such Disapproved Exceptions, which shall then be deemed to be Permitted Exceptions.
- 5.2 OWNER'S TITLE INSURANCE. It shall be a condition to Buyer's obligation to close that Title Company be committed to issue to Buyer at Closing a standard form policy of owner's title insurance dated as of the Closing Date in the full amount of the Purchase Price and showing title to the Easement vested in the name of Buyer, subject to no special exceptions other than the Permitted Exceptions and the general printed exceptions contained in a standard form policy of owner's title insurance (the "Title Policy").
- **6.** CLOSING COSTS. Closing costs and expenses shall be allocated between Seller and Buyer as follows:
- 6.1 SELLER'S COSTS. Seller shall pay: (i) the cost of removing any title defects that Seller, under Section 5.1 above, has agreed to attempt to remove, including the cost of recording any instruments necessary to effectuate such removal; and (ii) if Seller elects to enter into an exchange transaction under Section 16.1 below, all costs and expenses related to such exchange transaction.

6.2 BUYER'S COSTS. Buyer shall pay: (i) all real estate excise taxes and other documentary, stamp or transfer taxes imposed on the transfer of the Easement; (ii) the premium for the Title Policy and the sales tax thereon; (iii) the premium for an extended form policy of owner's title insurance and any endorsements thereto, if requested by Buyer, in excess of the premium for a standard form policy of owner's title insurance (but issuance of such extended coverage and endorsements shall not be a condition to Buyer's obligation to close); (iv) recording charges imposed on the recordation of the Easement; (v) all of the escrow closing fee; and (vi) all fees and expenses for appraisals, investigations, and surveys of the Property and the Easement.

7. CONTINGENCIES.

- 7.1 CONDITIONS TO BUYER'S OBLIGATION TO CLOSE. Buyer's obligation to close shall be subject to the satisfaction or, in Buyer's sole and absolute discretion, waiver, of the following conditions:
- 7.1.1 The truth and accuracy in all material respects at Closing of Seller's representations and warranties contained in Section 9 of this Agreement.
- 7.1.2 Seller's having performed, in all material respects, all obligations of Seller to be performed under this Agreement at or prior to Closing.
- **7.1.3** Title Company shall have issued the Title Policy as required by Section 5.2 above.
- 7.2 CONDITIONS TO SELLER'S OBLIGATION TO CLOSE. Seller's obligation to close shall be subject to the satisfaction or, in Seller's sole and absolute discretion, waiver, of the following conditions:
- **7.2.1** The truth and accuracy in all material respects at Closing of Buyer's representations and warranties contained in Section 10 of this Agreement.
- **7.2.2** Buyer's having performed, in all material respects, all obligations of Buyer to be performed under this Agreement at or prior to Closing.
- 7.3 GENERAL PROVISIONS REGARDING CONTINGENCIES. If any of the foregoing conditions to a party's obligation to complete the transactions contemplated hereby are not satisfied or waived in writing by such party at the time of Closing, then this Agreement shall terminate; *provided*, however, that if a condition set forth above is not satisfied due to the fault of or any material misrepresentation by a party, then such party shall be in default under this Agreement and the other party shall have the rights set forth in Section 15 below.
- **8. POSSESSION.** Buyer shall be entitled to use of the Easement at Closing.
- **9. SELLER'S REPRESENTATIONS AND WARRANTIES.** Seller covenants, represents, and warrants as follows:
- **9.1** ORGANIZATION, EXISTENCE AND AUTHORIZATION. Seller is a corporation, organized, existing and in good standing under the laws of the State of Washington and the State of California. Seller has full power and authority to enter into and perform its obligations under this Agreement.

- 9.2 AUTHORITY AND ENFORCEABILITY. The execution and delivery of this Agreement by Seller and the performance of Seller's obligations hereunder have been duly authorized by all necessary actions. The person or persons executing this Agreement on behalf of Seller have been duly authorized to do so. This Agreement, when executed and delivered by Seller, will constitute the legal and binding obligation of Seller, enforceable against Seller in accordance with its terms, subject, however, to the effect of bankruptcy laws, laws effecting the rights of creditors generally and principles of equity.
- 9.3 NO CONFLICT. Neither the execution of this Agreement by Seller nor the sale of the Property to Buyer as contemplated herein constitutes or will constitute (a) a violation of Seller's organizational or governing documents; (b) results or will result in a breach of or constitutes or will constitute a material default under any indenture, bank loan or credit agreement or other agreement to which Seller is a party or by which it may be bound or (c) requires the consent or authorization of any other person having legal rights against Seller or the Property other than those consents and authorizations that have been or will be obtained by the Closing Date.
- **9.4** VIOLATIONS OF LAW. To Seller's knowledge, there are no pending claims or allegations by any person or governmental entity relating to violations of federal, state, or local laws, rules, regulations, or ordinances affecting the Property.

9.5 Non-Foreign Person Certification.

Seller is not a foreign person or entity, as described in the Foreign Investments in Real Property Tax Act, Internal Revenue Code § 1445, and upon Closing, Seller's sole shareholder, Kamilche Company, shall sign and deliver into closing a certificate certifying that Kamilche Company, the sole shareholder of Seller, is not a foreign person or entity.

- **9.6** ENCUMBRANCES. To Seller's knowledge, there are no liens against the Property except as shown as a special exception in the Preliminary Commitment.
- 9.7 SELLER'S KNOWLEDGE. As used in this Agreement, the term "Seller's knowledge" or any other phrase referring to the knowledge of Seller means the actual, current knowledge, without investigation or inquiry of Craig Compton. Such person is identified herein solely for the purposes of establishing the scope and content of Seller's knowledge and shall not be deemed to make any of the representations or warranties of Seller herein nor to have any liability to Buyer with respect thereto. Seller's knowledge shall not apply to, or be construed to include, information or material which may be in the possession of Seller generally or incidentally, but of which the person identified above is not actually aware.
- **10. BUYER'S REPRESENTATIONS AND WARRANTIES.** Buyer covenants, represents, and warrants as follows:
- 10.1 ORGANIZATION, EXISTENCE AND AUTHORIZATION. Buyer is a political subdivision of the State of California. Buyer has full power and authority to enter into and perform its obligations under this Agreement.
- 10.2 AUTHORITY AND ENFORCEABILITY. The execution and delivery of this Agreement by Buyer and the performance of Buyer's obligations hereunder have been duly authorized by all necessary actions under California law. The person or persons executing this Agreement on behalf of Buyer have been authorized to do so. This Agreement, when executed and delivered by Buyer, will

constitute the legal and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to the effect of bankruptcy laws, laws effecting the rights of creditors generally and principles of equity.

10.3 NO CONFLICT. Neither the execution of this Agreement by Buyer nor the purchase of the Easement from Seller as contemplated herein constitutes or will constitute (a) a violation of Buyer's organizational or governing documents; (b) results or will result in a breach of or constitutes or will constitute a material default under any indenture, bank loan or credit agreement or other agreement to which Buyer is a party or by which it may be bound or (c) requires the consent or authorization of any other person having legal rights against Buyer other than those consents and authorizations that have been or will be obtained by the Closing Date.

11. AS-IS, WHERE-IS TRANSACTION; RELEASE AND INDEMNITY.

AS-IS, WHERE-IS TRANSACTION. Except as otherwise expressly set forth in this Agreement, the Easement is sold by Seller, and Buyer agrees to accept the Easement and the portions of the Property burdened by the Easement "as is" in the condition existing on the Closing Date. Except as expressly set forth herein or as otherwise contained in the Easement, Seller makes no representations or warranties of any kind, express or implied, and will not in any way be liable for any representations and warranties, including, without limitation, representations and warranties with respect to: (a) the physical condition, nature or quality of the Property or any buildings, structures or improvements thereon; (b) the fitness or suitability of the Property for Buyer's intended use or for any use or purpose whatsoever; (c) the presence or suspected presence of any species of animal or plant petitioned or listed for protection under the federal or California Endangered Species Acts; (d) the presence or suspected presence of hazardous materials on, in, under or about the Property (including the soils and groundwater on and under the Property); (e) any applicable building, zoning, fire, or environmental laws or regulations or with respect to compliance therewith or with respect to the existence of or compliance with any required permits, if any, of any governmental agency; (f) the availability or existence of legal access to the Property or of the availability of any water, sewer or other utilities (public or private); (g) the condition of title to the Property, except as contained in the Title Policy issued at Closing; (h) the acreage, dimensions or boundaries of the Property; (i) the number, configuration, acreage, or boundaries of any legal parcels of real property included in the Property and/or whether any such parcels of real property comply with the requirements of the California Subdivision Map Act (California Government Code § 66410 et seq.); (j) soil stability, drainage or the presence of floodplains, channel migration zones, watercourses, wetlands or similar features on the Property; (k) any and all matters or items conveyed or assigned pursuant to this Agreement; or (1) any taxes or penalties payable due to the conveyance of the Easement. Buyer further agrees and acknowledges that, as of the expiration of the Due Diligence Period, Buyer shall have made such feasibility studies, investigations, environmental studies, engineering studies, inquiries of governmental officials, and all other inquiries and investigations, which Buyer shall deem necessary to satisfy itself as to the condition, nature and quality of the Property and as to the suitability of the Property for the Easement and Buyer's intended purposes. Buyer further agrees and acknowledges that, in purchasing the Easement, Buyer shall rely entirely on its own investigation. examination and inspection of the Property and its analysis and evaluation of any information furnished by Seller to Buyer and not upon any representation or warranty of Seller or any representative of Seller, which is not set forth in Section 9 of this Agreement or in the Easement. THEREFORE BUYER AGREES THAT, IN CONSUMMATING THE PURCHASE OF THE EASEMENT PURSUANT TO THIS AGREEMENT, BUYER SHALL ACQUIRE THE EASEMENT IN ITS THEN CONDITION, "AS IS, WHERE IS" AND WITH ALL FAULTS, AND. SUBJECT TO SELLER'S REPRESENTATIONS AND WARRANTIES SET FORTH IN

SECTION 9 AND IN THE EASEMENT, SOLELY IN RELIANCE ON BUYER'S OWN INVESTIGATION, EXAMINATION, INSPECTION, ANALYSIS AND EVALUATION OF THE PROPERTY.

11.2 NATURAL HAZARD DISCLOSURES. The term "Natural Hazard Area" shall mean those areas identified as natural hazard areas or natural hazards in the Natural Hazard Disclosure Act, California Government Code Sections 8589.3, 8589.4 and 51183.5 and California Public Resources Code Sections 2621.9, 2694 and 4136, and any successor statutes or laws (the "Act"). Seller shall cause the Title Company to deliver to Buyer a Natural Hazard Disclosure Statement pertaining to the Property (the "Disclosure Statement") in a form required by the Act. Buyer acknowledges that the Disclosure Statement will fully and completely discharge Seller from any disclosure obligations under the Act and under California Civil Code Sections 1102 through

1102.17. Nothing contained in the Disclosure Statement releases Buyer from its obligation to fully investigate and satisfy itself with the condition of the Property prior to Closing, including, without limitation, whether the Property is located in any Natural Hazard Area. Buyer further acknowledges and agrees that the matters set forth in the Disclosure Statement may change on or prior to Closing and that Seller has no obligation to update, modify or supplement the Disclosure Statement. Buyer shall sign and return the Disclosure Statement to the Title Company prior to Closing.

Seller in this Agreement or the Easement or Seller's breach of this Agreement, Buyer hereby releases Seller and its employees, officers, directors, representatives, contractors and agents, from all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, but not limited to, attorneys' fees and disbursements, whether suit is instituted or not) which Buyer has or may have arising from or related to any matter or thing in connection with the Easement, including, without limitation, any information provided by Seller, anything excluded from Seller's representations and warranties under Section 11.1 of this Agreement, and any environmental conditions affecting the Easement, and Buyer shall not look to Seller in connection with the foregoing for any redress or relief. Buyer further acknowledges and agrees that this release will be given full force and effect according to each of its expressed terms and provisions, including, but not limited to, those relating to unknown and suspected claims, damages and causes of action. In connection with any release set forth in this Agreement, the releasing party acknowledges that it is familiar with and expressly waives any protections or rights provided by §1542 of the California Civil Code, which provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

11.4 INDEMNITY. Except for breaches of the express representations and warranties made by Seller in this Agreement or the Easement or Seller's breach of this Agreement, Buyer shall indemnify, defend, and hold Seller harmless from all claims, suits and actions that arise out of or relate to: (a) any breach or inaccuracy of any of the representations and warranties made by Buyer in or pursuant to this Agreement; (b) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings or obligations in this Agreement or under any of the documents and related materials executed and delivered or to be executed and delivered by Buyer pursuant to this Agreement; (c) facts, conditions and circumstances relating to the Property and Easement, including without limitation, zoning laws, or any other laws and regulations governing the

use and conveyance of real property, the environmental condition of the Property and any hazardous materials or other contamination in, at or under the Property.

- **12. OPERATION OF THE PROPERTY PRIOR TO CLOSING.** Prior to the Closing Date, Seller shall operate and manage the Property in the ordinary course of Seller's business.
- 13. RISK OF LOSS. Seller shall remain liable for the risk of loss to the Property until the Closing Date. In the event of a material loss of or damage to the portions the Property burdened by the Easement due to erosion or flood or other sudden calamity (not caused by Buyer or its agents, representatives, contractors or subcontractors) prior to Closing, Buyer, at its option, may terminate this Agreement. If the Property or any material part of such property is or becomes the subject of a condemnation proceeding prior to Closing, Buyer, at its option, may terminate this Agreement by giving notice of such termination prior to Closing; *provided*, however, that Buyer may elect to purchase the Easement.
- 14. BROKER COMMISSIONS. Each of the parties hereby represents and warrants to the other that it has not discussed or had any communications concerning the Easement with any real estate agent or broker pertaining to this transaction, and that to the best of such party's knowledge no commissions or broker's fees are owed on this transaction. Should any claim for a commission or finder's fee be asserted by any third party as a result of the act or omission of either party, then the party alleged to have agreed to pay such commission or fee shall be solely responsible therefore, and shall indemnify, defend, and hold the other party harmless from any and all loss, damage, liability, cost, or expense, including, without limitation, attorneys' fees, suffered or incurred by it arising out of or relating to any claim for real estate commission or fee made by any such real estate agent or broker.

15. REMEDIES ON DEFAULT.

- 15.1 SELLER'S DEFAULT. If Seller fails, without legal excuse, to complete the sale of the Easement in accordance with the terms of this Agreement, Buyer shall be entitled as its sole and exclusive remedies: (a) to seek specific performance of Seller's obligations under this Agreement or (b) to terminate this Agreement by written notice to Seller and Title Company. If Buyer so terminates this Agreement, the escrow shall be terminated, the Deposit shall be returned to Buyer, all documents shall be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided in this Agreement. In such circumstances, Seller shall pay any costs of terminating the escrow and any cancellation fee for the Preliminary Commitment.
- 15.2 BUYER'S DEFAULT. In the event Buyer fails, without legal excuse, to complete the purchase of the Easement in accordance with the terms of this Agreement, the Deposit will be forfeited to Seller as the sole and exclusive remedy available to Seller for such failure. In such circumstances, Buyer shall pay any costs of terminating the escrow and any cancellation fee for the Preliminary Commitment.

16. IRC § 1031 EXCHANGE; ASSIGNMENT.

16.1 SELLER. Seller may substitute an intermediary ("Seller's Intermediary") to act in place of Seller as the seller of the Easement hereunder and thereby elect to consummate the transaction as a like kind exchange pursuant to Internal Revenue Code § 1031. Seller, however, shall not be released or relieved of any liability or obligation as a result of its assignment to Seller's Intermediary; provided, further, that notwithstanding Seller's assignment to Seller's Intermediary, all

warranties, representations, and obligations of Seller under this Agreement which are intended to survive Closing shall continue in full force and effect as Seller's warranties, representations, and obligations and shall survive Closing as herein provided. Upon designation of Seller's Intermediary and Seller's written assignment of this Agreement to Seller's Intermediary and Intermediary's assumption in writing of the Seller's obligations hereunder, Seller's Intermediary shall be substituted for Seller at Closing as the seller of the Easement, and Buyer agrees to accept performance required of Seller hereunder from Seller's Intermediary; provided, however, that Seller (not Seller's Intermediary) shall execute and deliver the Easement directly to Buyer at Closing, Seller agrees that if it assigns its rights hereunder to Seller's Intermediary, Buyer's tender of performance to Seller's Intermediary shall be treated as performance to Seller. Seller shall pay all additional costs (including, without limitation, attorneys' fees) incurred by Buyer as a result of substituting Seller's Intermediary. This transaction is not conditioned on Seller's completion of an exchange or substituting Seller's Intermediary, nor shall Closing be delayed by Seller's attempt to structure it as an exchange. Buyer makes no representation regarding and shall have no liability with respect to the tax treatment of Seller's attempted exchange transaction. Buyer shall not have to incur any liability or expense in connection with Seller's attempt to structure an exchange transaction, nor shall Buyer have to take title to any other exchange property, nor shall Buyer have to take title to another property or enter into any other agreements in connection therewith, and Seller shall indemnify and hold Buyer harmless from and against any such liability and expense.

16.2 BUYER. Buyer does not intend to consummate the transaction as a like kind exchange pursuant to Internal Revenue Code § 1031.

17. RESERVATION OF ACCESS RIGHTS.

Seller reserves its rights of ingress, egress and passage on, over and across the Property and the portions of the Property burdened by the Easement as provided in the form of Easement attached hereto as **Exhibit C**.

18. MISCELLANEOUS.

- **18.1** TIME. Time is of the essence of each and every provision of this Agreement.
- **18.2** SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.
- 18.3 ASSIGNMENT. Except as otherwise provided under Section 16 of this Agreement and this Section 18.3, no assignment of any right or interest or delegation of any duty, responsibility, or obligation under this Agreement shall be made, in whole or in part, by Buyer without the prior written consent of Seller, which consent may be withheld or conditioned in Seller's sole and absolute discretion. Any such assignment made without Seller's prior written consent shall be void and of no force or effect. If an assignment is made with Seller's prior written consent, such assignment shall not relieve the Buyer of any of its obligations hereunder.
- 18.4 SURVIVAL. All representations, warranties, covenants, agreements, and indemnities set forth in or otherwise made pursuant to this Agreement shall survive and remain in effect following Closing and the delivery and recording of the Easement and shall not be merged therein; provided, however, that all claims of Buyer that Seller breached any of Seller's representations, warranties and covenants herein shall be asserted, if at all, by written notice setting forth with specificity the nature

of such breach given not later than the date that is one hundred eighty (180) days after the Closing Date or such claims shall be irrevocably waived and released.

- 18.5 WAIVER. No delay or omission in the exercise of any right or remedy of either party to this Agreement on any default by the other party shall impair such a right to remedy, or be construed as a waiver. Either party's consent to or approval of any act by the other party requiring such consent or approval shall not be deemed to waive or render unnecessary the requirement of consent or approval of any subsequent act by either party.
- 18.6 GOVERNING LAW. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.
- 18.7 ATTORNEYS' FEES. Should any legal action or proceeding be commenced by either party in order to enforce this Agreement or any provision hereof, or in connection with any alleged dispute, breach, default, or misrepresentation in connection with any provision herein contained, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs incurred in connection with such action or proceeding, including costs of pursuing or defending any legal action, including, without limitation, any on appeal, discovery or negotiation and preparation of settlement arrangements, in addition to such other relief as may be granted.
- 18.8 JURISDICTION AND VENUE. Any action brought to enforce this Agreement or otherwise arising out of this Agreement shall be brought in the federal district court for Northern California or the California Superior Court of any county where it is appropriate under California law to bring an action adverse to Humboldt County, California. Buyer and Seller hereby consent to the jurisdiction of the courts of the State of California and of the United States sitting in Humboldt County, California, over all such actions.
- 18.9 INTEGRATED AGREEMENT; MODIFICATION. This Agreement constitutes the entire agreement and understanding of the parties with respect to the subject matter and supersedes all prior negotiations and representations. This Agreement may not be modified except in writing signed by the parties. The parties hereto agree to execute any additional documents reasonably necessary to effectuate the provisions and purposes of this Agreement.
- 18.10 INTERPRETATION. Each party acknowledges that it and its legal counsel have reviewed this Agreement. The parties agree that the terms and conditions of this Agreement shall not be construed against any party on the basis of such party's drafting, in whole or in part, of such terms and conditions.
- 18.11 NOTICES. Any notices required or desired shall be in writing and delivered personally or by messenger or sent by U.S. certified mail, return receipt requested, postage prepaid, by a national overnight courier service that retains evidence of delivery, and shall be sent to the respective addressee at the respective address set forth below or to such other address as the parties may specify in writing:

Seller:

Buyer:

Attn: Craig Compton
California Redwood Company
P.O. Box 68
Korbel, CA 95550

Humboldt County Department of Public Works 1106 Second Street Eureka, CA 95501-0579

Copy to:	Copy to:
Legal Department	
California Redwood Company	
1301 Fifth Ave., Suite 2700	
Seattle, WA 98101-2613	

Notices shall be deemed effective upon receipt or refusal of an otherwise proper delivery or, if sent via facsimile, upon confirmed facsimile transmission to the designated fax number of said addressee during normal business hours at the point of receipt (between 8:00 a.m. and 4:30 p.m. on business days).

- 18.12 NO AGENCY. The parties agree that no agency, partnership, or joint venture of any kind shall be or is intended to be created by or under this Agreement.
- 18.13 EXHIBITS. All exhibits referred to herein are deemed to be incorporated in this Agreement in their entirety.
- 18.14 HEADINGS. The headings in this Agreement are for convenience only and are not intended to, and will not be construed to, limit, enlarge, or affect the scope or intent of this Agreement nor the meaning of any provisions hereof.
- 18.15 COUNTERPARTS. 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. Execution of this Agreement at different times and places by the parties shall not affect the validity thereof so long as all the parties hereto execute a counterpart of this Agreement.
- 18.16 DIGITAL SIGNATURES. Each Party agrees that the electronic signatures, whether digital or encrypted, of the Parties included in this Agreement are intended to authenticate this writing and have the same force and effect as manual signatures. Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures.

EXECUTED as of the date first above written.

SELLER:	BUYER:
CALIFORNIA REDWOOD COMPANY	HUMBOLDT COUNTY
By:	Ву:
Douglas S. Reed	
Its: President	Its:

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

For APN/Parcel ID(s): 017-081-001 and 404-141-004

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF HUMBOLDT, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:
BRAINARD

PARCEL ONE

That portion of Section 18 and Section 19, in Township 5 North, Range 1 East of Humboldt Meridian, bounded and described as follows:

BEGIN near the Northwest corner of said Section 19 where the North Bank of Cutoff Slough intersects the shore line of Humboldt Bay; and

thence follow the Northerly Bank of said Cutoff Slough Southeasterly 900 feet, more or less, to the Northwesterly line of a strip of land 66 feet wide used as right of way of the Northwestern Pacific Railroad and particularly described in Decree of Condemnation made March 5, 1902, in Suit #3848 in the Superior Court of Humboldt County entitled California and Northern Railway Company vs State of California, et al;

thence North 55 degrees 48 minutes East following the Northwesterly boundary of said land condemned and continuing along the Northwesterly boundary of right of way strip described in Deed of Gross and Sinclair to California and Northern Railway Company dated July 20, 1900, recorded in Book 70 of Deeds, page 364, Humboldt County Records, a total distance on this course of 4030 feet, more or less, to a point on said Northwesterly boundary located North 34 degrees 12 minutes West from an iron pipe monument set in survey by Paul M. Schmook, in December 1943 (said monument being located 226.64 feet North and 2300.04 feet West of the Northeast corner of the Southwest Quarter of Section 17, Township 5 North of Range 1 East of Humboldt Meridian); and

thence running North 34 degrees 12 minutes West, 300 feet, more or less, to the shore line of Humboldt Bay; thence running Southwesterly following said shore line, 4600 feet, more or less, to the point of beginning.

PARCEL TWO

All that portion of the Southeast Quarter of Section 18, Township 5 North, Range 1 East, Humboldt Meridian, described as follows:

COMMENCING at a 1/2 inch iron pipe by L.S. 4829, as shown in Book 56 of Surveys, page 92, Humboldt County Records; said pipe being located on the Northwesterly boundary of the Northwest Pacific Railroad right-of-way and being the same point as described in Book 2 of Official Records, page 338, as being located North 34 degrees 12 minutes West from an iron pine by Paul M. Schmook, and true point of beginning:

minutes West from an iron pipe by Paul M. Schmook, and true point of beginning;
thence along the Northwesterly boundary of said railroad right-of-way, North 55 degrees 48 minutes East, 20 feet, more or less, to the ordinary high water mark of the shore of Humboldt Bay;

thence following said ordinary high water mark Northwesterly and Westerly to a point that bears North 34 degrees 12 minutes West from the point of beginning; said point being on the Easterly line of a tract of land conveyed to Howard A. Libby, as described in Book 2 of Official Records, page 338;

thence leaving said ordinary high water mark and along said Easterly line, South 34 degrees 12 minutes East, 255 feet, more or less, to the point of beginning.

PARCEL THREE

That certain strip or parcel of land situate, lying and being in the Northwest Quarter of Section 19 and the South Half of Section 18, Township 5 North, Range 1 East, Humboldt Meridian, State of California, described as follows:

A strip or parcel of land 18 feet wide lying southeasterly of and contiguous to the northwesterly line of the sixty-six foot wide strip of land described in deed dated July 20, 1900, from Reuben Gross, et al, to California and Northem Railway Company, recorded September 21, 1900 in Book 70 of Deeds, page 364, Records of Humboldt County, and extending from a line, prolonged northwesterly having a bearing of North 34°12' West from a monument on the southeasterly line of right of way of the State Highway, Eureka to Arcata, that is 226.64 feet North and 2300.04 feet West from the northeast corner of the southwest quarter of the southwest quarter of Section 17, said Township and Range, southwesterly a distance of 4027 feet, measured along said northwesterly line, to a line drawn at right angles from the original located centerline of the main track of the Northwestern Pacific Railroad Company at or near Engineer Station 8361+26.

Being the same property conveyed by the Northwestern Pacific Railroad Company to Arcata Redwood Company recorded October 3rd, 1955 in Book 359 of Official Records, page 618.

Excepting therefrom that portion, if any, that lies within Parcel One above.

EXHIBIT B

PRELIMINARY TITLE COMMITMENT

ORDER#	AS OF
--------	-------

EXHIBIT C

FORM OF EASEMENT

[Proposed form of easement provided with this draft of even date]

RECORDING REQUESTED BY:

Humboldt County

When Recorded Mail Document To:

Humboldt County Public Works Department 1106 Second Street Eureka, CA 95501

APN: 017-081-001, 404-141-004

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT OF PUBLIC TRAIL EASEMENT

This PUBLIC TRAIL EASEMENT AGREEMENT ("Agreement") is made by and between California Redwood Company, a Washington corporation, having a mailing address of 1301 Fifth Avenue, Suite 2700, Seattle, Washington 98101 ("Grantor") and Humboldt County, a political subdivision of the State of California, through its Public Works Department, having a mailing address of 1106 Second Street, Eureka, California 95501-0531 ("Grantee"). Grantor and Grantee collectively are the "Parties".

WITNESSETH

WHEREAS, Grantor is the owner of certain lands and premises situated in the County of Humboldt, State of California, and known as Assessor Parcel Numbers 017-081-001 and 404-141-4 and described in Exhibit A hereto (the "Property"); and

WHEREAS, Grantee is desirous of acquiring certain easement rights and privileges over, under, above and across specific portions of the Property, and

WHEREAS, Grantor is desirous of granting such rights and privileges in accordance with the terms and conditions herewith.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Grantor and Grantee hereby agree as follows:

1. GRANT AND AUTHORIZED USE.

Grantor conveys and grants to Grantee, subject to the terms and conditions herein, the following easement interests (collectively, the "Easement" and "Easement Area") in the Property:

(a) <u>Public Trail Easement</u>: A non-exclusive Public Trail Easement with variable width over approximately 348,480 square feet of an existing levee on the Property

and located as described and shown in **Exhibit B** to this Agreement (the "Public Trail Easement Area"). Grantee shall have a right to construct, use, and maintain an improved trail in the Public Trail Easement Area for pedestrian, bicycle, and other non-vehicular access open to the public and subject to the terms of this Agreement (the "Authorized Use" for the Public Trail Easement).

- (b) Construction and Maintenance Access Easement: A non-exclusive motor vehicle access easement with a width of thirty (30) feet over roads on the Property extending from U.S. Highway 101 or another public road to at least five (5) access ramps on the Public Trail Easement Area and located as shown on Exhibit C together with the non-exclusive right to use portions of the Property immediately adjacent to the Public Trail Easement Area as reasonably necessary for trail construction and periodic maintenance and repair of the public trail and underlying levee (the "Authorized Use" for the "Access Easement"). The Parties intend that this non-exclusive motor vehicle access easement over roads on the Property leading to the access ramps applies to both current and future roads.
- (c) <u>Temporary Construction Easement</u>: Temporary use of a portion of the Property of approximately 175,000 square feet as shown in **Exhibit C** for exclusive use as a staging area for construction of the trail and any trail-related improvements within Public Trail Easement Area (the "Temporary Authorized Use" and "TCE"). The TCE shall terminate 30 months after the execution and recording of this Agreement unless extended by mutual written agreement of the Grantor and Grantee.

2. TYPE OF EASEMENT AND TERM.

Except for the TCE, this grant of Easement is made in gross to Grantee for so long as the Public Trail Easement Area is used within the scope of the applicable Authorized Use. This Agreement and the rights herein granted may not be assigned without a written, executed, and recorded amendment consenting to such an assignment. The TCE is also granted in gross for a term of 30 months.

3. GENERAL COVENANTS, WARRANTIES, AND LIMITATIONS.

- (a) Each of Grantor and Grantee covenants and warrants to the other that it is duly organized, validly existing, and in good standing and has the right, power, and authority to enter into this Agreement and bind itself hereto through its respective signatory hereto.
- (b) The privileges granted herein to Grantee are given expressly subject to existing encumbrances, regulatory requirements, and other matters of record affecting the Property in any manner whatsoever. Grantor does not warrant that it has authority to permit the Authorized Use on behalf of any third party and Grantee shall secure all other third-party permits, privileges or rights required for the Authorized Use.
- (c) Grantor makes no representation as to the present or future conditions of the Property, the Easement Area, or the character of the traffic on Grantor's roads crossing the Property. Grantor makes no representation as to the present or future conditions of

- the levee on the Property and the Easement Area or their fitness for the Authorized Uses under this Agreement.
- (d) Grantee accepts this Agreement subject to all danger or injury to persons and damages or destruction to property while Grantee or Grantee's contractors, agents, and public invitees are using the Easement Area with Grantee's knowledge or consent.
- (e) Neither Grantor or Grantee make any representation or warranty, express or implied, that the levee on the Property in its current or future condition will protect the Property from flood or Tsunami.
- (f) Grantee agrees to comply with all applicable governmental laws, rules, statutes, regulations, and permits relating to its use of the Easement Area, and to do so at Grantee's cost. Grantee shall promptly report to Grantor any violations of any laws, regulations, or permits relating to the Authorized Use of which Grantee has knowledge. Grantee shall promptly notify Grantor of any litigation or agency enforcement action arising in connection with this Agreement, including environmental actions.
- (g) Grantee shall repair or provide compensation for any damage to Grantor's Property or the property of Grantee's tenants on the Property when such damage is caused by Grantee's use of the Property.

4. <u>RESERVATIONS AND NON-INTERFERENCE</u>.

- (a) Except for Grantee's exclusive, temporary use of the TCE, Grantor reserves for itself, its agents, employees, contractors, licensees, permittees, successors, and assigns, the right to use the Easement Area for the benefit of adjacent portions of the Property, including the right to maintain, repair, construct, and reconstruct the levee and stormwater systems surrounding the Property, the right to construct and use intersecting roads, and the right to install, maintain, and repair overhead and/or underground utilities.
- (b) By acceptance of this Agreement, Grantee acknowledges that the Property is zoned for and lawfully used as commercial and industrial use property, and lawful use of the Property shall not be considered a nuisance or subordinate to the aesthetic and recreational purposes and experiences of the public using the Public Trail Easement. Grantee shall exercise its Access Easement rights under this Agreement so as to avoid or reasonably minimize any interference with the commercial and industrial uses of the Property by Grantor or Grantor's tenants, permittees, invitees, successors, and assigns. Grantee further agrees that it will not object to any lawful use of the Property nor petition, support, or seek to change the lawful use of the Property in a manner that would restrict or prohibit or eliminate commercial and industrial use without the consent of Grantor.

5. <u>CONTRUCTION AND MAINTENANCE OF THE LEVEE, PUBLIC TRAIL, AND RELATED IMPROVEMENTS.</u>

- (a) Prior to constructing or improving a trail in the Public Trail Easement Area, Grantee shall provide Grantor with a trail design and construction plan prepared by engineers and showing any modifications or improvements to the levee, the location and alignment of the trail, the specifications for the trail improvements and signage, any structures such as bridges, retaining walls, or platforms to be constructed in the Easement Area, and the location of security and safety fencing necessary and adequate to protect the public from hazards when using the Public Trail Easement Area and to prevent the public from entering and using portions of the Property other than the Public Trail Easement Area. Grantee's public trail design and construction plan shall also show the location of the five (5) non-public access ramps for the Public Trail Easement Area, which shall be equipped with lockable fencing and gates. Grantee's trail design shall not interfere with the Grantor's system for collection and discharge of stormwater from the Property.
- (b) Within thirty (30) days of receiving Grantee's trail design and construction plan, Grantor shall review the plan to ensure compliance with the limitations in this Agreement and to ensure that it does not interfere with Grantor's use of the Property. If Grantor reasonably finds that the proposed trail location, alignment or other specifications and improvements are inconsistent with this Agreement and/or will interfere with Grantor's use of the Property, Grantor will provide Grantee with notice and an alternative trail location, alignment or specification within thirty (30) days of receiving Grantee's proposed trail design and construction plan. Grantee shall not proceed with any construction of trail improvements in the Easement Area until Grantor provides written approval for Grantee's plan, which shall not be unreasonably withheld. If Grantor does not provide a response approving or providing notice of objection to the public trail design and construction plan within thirty (30) days after receiving Grantee's trail design and construction plan, then Grantor shall be deemed to have approved the public trail design and construction plan.
- (c) Any permitting and labor, equipment, materials and supplies to necessary to complete any construction of the public trail and related improvements authorized pursuant to this Agreement shall be performed and paid for by Grantee.
- (d) Grantee shall construct, at Grantee's cost, any modifications or improvements to the levee surrounding the Property that are necessary for Grantee's construction of the Public Trail in the Public Trail Easement Area.
- (e) Grantor shall be responsible for stormwater drainage and management on the Property, provided that Grantee shall cooperate in the management of stormwater by allowing Grantor to enter and improve the Easement Area when necessary or advised for stormwater management, treatment and discharge.

- (f) Grantee shall, at Grantee's cost, provide routine maintenance of the levee, vegetation on the levee, the Public Trail, and other improvements related to the Public Trail including signage, fencing, gates, drainage, landscaping, lighting, and other safety measures. Grantor shall maintain the drainage ditch along the interior of the levee and any water or stormwater facilities in the vicinity of the levee.
- (g) Grantee shall provide routine public safety inspections and patrols of the Public Trail Easement Area to discourage criminal activity including trespass outside the scope of the Public Trail Easement Area and to identify any public safety hazards or needed maintenance and repairs of the Grantee's improvements on the Property.
- (h) After Grantee completes the modification of the levee in connection with the initial construction of the Public Trail, Grantor and Grantee shall cooperate and mutually agree on any discretionary, non-emergency repairs or upgrades and improvements to the levee. Unless otherwise agreed, each of Grantor and Grantee will pay for fifty percent (50%) of the costs of permitting and construction of levee repairs or improvements. In such event, Grantee shall be solely responsible for rebuilding the Public Trail and related improvements where necessary after repair or improvement, and Grantor shall be solely responsible for any repair or replacement of the stormwater system or other improvements on the Property outside the scope of the Public Trail Easement Area. Either Grantor or Grantee may implement discretionary improvements to the levee without the consent of the other party provided that the party electing to proceed without consent shall bear all costs of permitting and construction and the Public Trail and the levee are in a condition that is as good or better than the condition upon commencement of construction.
- (i) In the event that emergency levee repairs or other flood prevention measures are necessary on the Property, Grantor and Grantee shall cooperate to implement emergency repairs and/or flood control measures subject to the following conditions:
 - a. If the flood event or levee damage is due to an earthquake, tsunami, or any other declared disaster and state or federal disaster relief funding is provided for levee repairs, then any local or private cost-share required shall be paid seventy five percent (75%) by Grantee and twenty five percent (25%) by Grantor.
 - b. If no disaster relief funding is provided for emergency repairs, each of Grantor and Grantee will pay for fifty percent (50%) of the costs of permitting and construction of levee repairs provided that Grantor shall have a first of refusal to arrange for and supervise the repairs followed by Grantee's reimbursement for 50% of the costs.

- c. Grantee will be solely responsible for re-establishing the trail on the repaired levee.
- d. Grantor will be solely responsible for repairing any water or stormwater facilities or building structures in the vicinity of the levee.
- (j) Grantor shall have a right to temporarily close public access to the Public Trail with Grantee's cooperation for purposes of construction of Property improvements and/or public safety. Except in case of an emergency, Grantor shall provide Grantee with at least thirty (30) days written notice of the trail closure, the purpose of the trail closure, and the duration of the trail closure, which shall be the minimum time necessary for the purpose.
- (k) Grantor shall have a right to construct additional access ramps from the interior Property to the Public Trail Easement Area and to remove fencing separating the interior Property from the Public Trail Easement Area provided that any fencing that is necessary to protect Public Trail users from hazards shall not be removed.
- (1) Grantor may relocate or re-align the Public Trail and Public Trail Easement at Grantor's cost and provided that the condition of the Public Trail is maintained in a condition that is as good or better than the condition at the initiation of the project.

6. ACCESS AREA AND TEMPORARY CONSTRUCTION EASEMENT

- (a) Grantee covenants to use any applicable authority and property rights of Grantee to maintain access to the Property from a public highway or road.
- (b) Grantee and Grantee's employees, agents, and contractors shall obey all posted traffic and speed regulations on Grantor's roads in the Access Area.
- (c) Grantee shall ensure that all interior access points from the Property to the Trail Conservation Easement are equipped with a locked gate and Grantee shall provide Grantor with keys or combinations for the locked gates
- (d) If any portion of the Access Area requires access through a locked gate owned or maintained by Grantor, Grantor shall provide Grantee with copies of key(s) needed to open gates for the access provided herein. Grantee shall not copy the key(s) provided by Grantor unless permitted to do so in writing by Grantor. Grantee shall pay a five hundred dollar (\$500) fee per key for any key(s) that is lost and must be replaced at the request of Grantee. Grantee shall keep road gates closed and locked unless otherwise instructed by a Grantor representative.
- (e) Grantee shall repair any damage to Grantor's roads when such damage is caused by Grantee's use of the Access Area.

- (f) Grantee shall obtain prior written permission from Grantor's authorized representative before gating, obstructing, or storing equipment on the Access Area, and before making any improvements to the Access Area
- (g) After at least thirty (30) days written notice to Grantee, Grantor may, at Grantor's cost, relocate portions of the Access Area or Grantee's access points on the interior Property boundary of the Public Trail Easement Area.
- (h) Grantee shall install a temporary fence around the Temporary Construction Easement, which shall be removed prior to the expiration of the TCE.

7. INDEMNIFICATION.

- (a) Grantee shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless Grantor and its agents, contractors, successors, or assigns from and against any and all liability for injuries, damages, costs, losses, and expenses resulting from, arising out of or in any way connected with the occupation or use of the Easement Area by Grantee or anyone else entering the Property at Grantee's direction or invitation, or the failure on the part of Grantee to perform fully its promises contained herein. Grantee's indemnification of Grantor shall include the defense and satisfaction of any claims and liabilities arising from public use of the Public Trail Easement Area due to the inadequacy of the levee, warning signs, or the design, construction, and maintenance of the Public Trail and related improvements.
- (b) Grantor shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless Grantee from and against any and all liability for injuries, damages, costs, losses, and expenses incurred by Grantee that are the direct result of Grantor's active negligence or greater fault, or the failure on the part of Grantor to perform fully its promises contained herein.

8. <u>ENVIRONMENTAL</u>.

- (a) Grantee shall bear all costs of remedial investigation, soil disposal, or other remediation of Hazardous Materials arising from Grantee's modification of the levee for construction of the Public Trail. "Hazardous Materials" shall mean any pollutant, contaminant, chemical or hazardous, toxic, or dangerous waste, substance, chemical or material, or any other substance or material regulated or controlled pursuant to any environmental laws now or at any time hereafter in effect.
- (b) In the event of a spill or release of Hazardous Materials arising from Grantee's use of the Property, Grantee shall promptly comply with all federal, state and local spill notification and response requirements and shall notify Grantor of the spill event. Grantee shall be responsible for the response and restoration costs of any release of Hazardous Materials arising from Grantee's Authorized Uses under this Agreement, and shall indemnify, defend, and hold harmless Grantor from any liability arising

from claims or damages in connection with such a release of Hazardous Materials.

(c) Except for conditions described in 8(a) and 8(b), Grantor shall bear all costs of remedial investigation, soil disposal, or other remediation of Hazardous Materials found on the Property unless they are the responsibility of a third-party, and Grantor shall indemnify, defend, and hold harmless Grantee from any liability arising from claims or damages in connection with such a release of Hazardous Materials.

9. LIENS.

Grantee shall keep the Property and the Easement Area free from any liens or encumbrances arising out of any work performed by Grantee, materials furnished to Grantee, or obligations incurred by Grantee. Grantor shall have the right to pay and discharge any lien imposed against the Property due to Grantee's breach of the aforesaid covenant. Grantee shall reimburse Grantor for the amount so paid, including the reasonable expenses of Grantor in connection therewith, within thirty (30) days of receiving notice from Grantor of any such payment with interest thereon at the rate of seven (7) percent per annum from the date of payment thereof by Grantor until the repayment thereof by Grantee. If Grantor exercises the option to make such payments, it shall not be obligatory on Grantor to inquire into the validity of any such lien unless Grantee shall have given notice to Grantor that said lien was being challenged and shall have furnished to Grantor the bond of a surety company or other security satisfactory to Grantor, in an amount satisfactory to Grantor, securing Grantor against the payment of the lien so contested and against any loss, damage, or penalty arising from Grantee's failure to pay it.

10. INSURANCE.

Grantee shall procure insurance policies with scope of coverage and coverage limits as specified herein below. All liability policies will be purchased solely at Grantee's expense. Policies of insurance will be issued in a form and by an insurance company with Best's Key Rating Guide or A- or better with a financial size rating of at least VIII, or as deemed acceptable by Grantor and with minimum limits as indicated below:

- (a) Workers' Compensation (Statutory amount) and Employer's Liability of \$1,000,000, if applicable and required by law.
- (b) Commercial General Liability insurance with minimum limits of \$1,000,000 each occurrence; \$2,000,000 in the aggregate for Bodily Injury, Property Damage, Personal Injury and Advertising Injury, Contractual Liability, Products and Completed Operation. The policy shall provide Cross Liability/Separation of Insureds and Pollution arising out of heat, smoke or fumes from hostile fires. Additionally, the policy shall not exclude X, C or U (Explosion, Collapse or Underground). Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, Contractors' insurance shall apply as if each Named Insured were the only Named Insured; and separately to each insured against whom claim is made or suit is brought. The aggregate limit required under this Agreement shall be on a per project basis.

- (c) Business Automobile Liability insurance covering owned, non-owned, hired, leased and other vehicles ("any auto"), with a combined single limit of \$1,000,000 for Bodily Injury, Death, and Property Damage per occurrence.
- (d) The policies specified in (b) and (c) above shall include an endorsement that shall name CALIFORNIA REDWOOD COMPANY AND GREEN DIAMOND RESOURCE COMPANY as an additional insured on a primary basis for the duration of the Agreement term. The additional insured endorsement must be ISO CG 20 10 10 01 (as amended from time to time or other form with like wording). Additional insured status gives the additional insured rights of indemnity under the policies that are independent of the contractual requirement to indemnify.
- (e) Grantee shall provide Grantor with 30-days written notice prior to cancellation or other material modification in the policy affecting the requirements in this Agreement. No such cancellation or modification shall affect Grantee's obligation to maintain the insurance coverage required by this Agreement.
- (f) All liability coverage must be on an "occurrence" basis as opposed to "claims made."
- (g) Grantee hereby waives any subrogation claim against Grantor by its insurers under the policies specified in subsections (a), (b), and (c) above, for damages arising from any peril insured against under such policies. If necessary, the policies specified in a), (b), and (c) above shall include an endorsement allowing this waiver of subrogation claims.
- (h) Grantee shall have the right to self-insure with respect to the insurance requirements required under this Agreement.
- (h) All insurance shall be in a form sufficient to protect Grantor and Grantee's contractors to the extent they are involved in the Agreement and Grantor against the claims of third persons, and to cover claims by Grantor against Grantee for which the Grantee has assumed liability under this Agreement.
- (i) Prior to commencement of operations, Grantee shall furnish Grantor a certificate(s) of insurance, dated and signed by a stated, authorized agent for the insuring company or companies, in a form acceptable to Grantor and containing a representation that coverage of the types listed above is provided with the required limits. Grantor reserves the right to require a certified copy of the policy(ies) or to examine the actual policy(ies). Said certificates for Green Diamond Resource Company shall be sent to Green Diamond Resource Company via email only at: COI@greendiamond.com.
- (j) With respects to the requirements under Section 10. Insurance, Grantee shall be responsible for payment of any and all deductibles or self-insured retentions under its insurance policies.

11. TERMINATION OR ABANDONMENT.

All rights of Grantee hereunder shall terminate if Grantee ceases to use the Public Trail Easement for its Authorized Use or Grantee conveys, assigns, or transfers this Easement to a third party without a written and recorded assignment executed and acknowledged by Grantor. Upon such termination, the Easement shall revert to and merge with the interests of Grantor, its successors or assigns. Upon such termination, Grantee agrees to execute and deliver such documents as may be required to extinguish of record such easement.

12. <u>DEFAULT AND RIGHT TO CURE</u>.

- (a) The following will be deemed a default by Grantee and a breach of this Agreement: (1) Grantee does or permits to be done anything that creates a lien upon the Property and the lien is not removed or bonded around within thirty (30) days after written notice thereof from Grantor to Grantee; or (2) Grantee's failure to perform any other term or condition under this Agreement within thirty (30) days after receipt of written notice from Grantor specifying the failure; provided that no such failure will be deemed to exist if Grantee has commenced to cure such default within such period and provided that such efforts are prosecuted to completion with reasonable diligence, and delay in curing a default will be excused if due to causes beyond the reasonable control of Grantee. If Grantee remains in default beyond any applicable cure period, Grantor will have the right to exercise any and all rights and remedies available to it under law and equity.
- (b) The following will be deemed a default by Grantor and a breach of this Agreement: Grantor's failure to perform any term or condition under this Agreement within thirty (30) days after receipt of written notice from Grantee specifying the failure; provided that no such failure will be deemed to exist if Grantor has commenced to cure the default within such period and provided such efforts are prosecuted to completion with reasonable diligence, and delay in curing a default will be excused if due to causes beyond the reasonable control of Grantor. If Grantor remains in default beyond any applicable cure period, Grantee will have the right to exercise any and all rights available to it under law and equity.
- 13. <u>NOTICES</u>. All notices, requests, demands and communications hereunder will be given by first-class certified or registered mail, return receipt requested, or by a nationally recognized overnight courier, postage prepaid, to be effective when properly sent and received, refused or returned undelivered. Notice will be addressed as follows:

Grantor:

California Redwood Company Administrative Forester P.O. Box 68 Korbel, CA 95550

With a copy to: California Redwood Company Grantee: Humboldt County Public Works Department

1106 Second Street Eureka, CA 95501

With a copy to:

Attn: Legal Department 1301 Fifth Avenue, Suite 2700 Seattle WA 98101-2613

Either Party hereto may change the place for the giving of notice to it by thirty (30) days' prior written notice to the other as provided herein.

14. INTERPRETATION.

- (a) This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of law principles of such state.
- (b) A Party's waiver of any right hereunder or of the other Party's breach or failure to perform shall not be deemed a waiver of any other right hereunder or of any other breach or failure by the other Party, whether of a similar nature or otherwise.
- (c) This Agreement shall bind and inure to the benefit of the successors and permitted assignees of the respective Parties.

15. ENFORCEMENT.

- (a) If an action is instituted to enforce any of the terms, covenants, conditions or agreements contained in this Agreement or if an action is commenced because of any breach hereof, then the prevailing party in such action shall be entitled to all of its costs and reasonable attorneys' fees as fixed by the trial and appellate courts in said action.
- (b) Grantee and Grantor hereby expressly and irrevocably waive all right to a trial by jury in any action, proceeding, claim, counterclaim or other litigation arising out of or relating to the Agreement or any of the activities or events referenced in this Agreement.

16. EXECUTION.

- (a) Unless otherwise provided herein, this Agreement shall be effective on the last date of execution and acknowledgment by the undersigned parties. This Agreement shall not be binding upon either Party until signed and acknowledged by each Party.
- (b) Each of the undersigned represents that they have sufficient authority to execute this binding Agreement on behalf of the Party they represent.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed as below subscribed.

"Grantee"
Humboldt County, a political subdivision of the State of California
By:
Print Name:
Its:
Date:
"Grantor"
California Redwood Company, a Washington corporation
By:
Douglas S. Reed, President
Date:

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

STATE OF CALIFORNIA)
COUNTY OF)
STATE OF CALIFORNIA COUNTY OF
WITNESS my hand and official seal.
Signature(Seal)
STATE OF WASHINGTON) COUNTY OF KING)
On
I certify under PENALTY OF PERJURY under the laws of the State of Washington that the foregoing paragraph is true and correct.
WITNESS my hand and official seal.
Signature(Seal)

EXHIBIT A

THE PROPERTY

For APN/Parcel ID(s): 017-081-001 and 404-141-004

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF HUMBOLDT, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:
BRAINARD

PARCEL ONE

That portion of Section 18 and Section 19, in Township 5 North, Range 1 East of Humboldt Meridian, bounded and described as follows:

BEGIN near the Northwest corner of said Section 19 where the North Bank of Cutoff Slough intersects the shore line of Humboldt Bay: and

thence follow the Northerly Bank of said Cutoff Slough Southeasterly 900 feet, more or less, to the Northwesterly line of a strip of land 66 feet wide used as right of way of the Northwestern Pacific Railroad and particularly described in Decree of Condemnation made March 5, 1902, in Suit #3848 in the Superior Court of Humboldt County entitled California and Northern Railway Company vs State of California, et al;

thence North 55 degrees 48 minutes East following the Northwesterly boundary of said land condemned and continuing along the Northwesterly boundary of right of way strip described in Deed of Gross and Sinclair to California and Northern Railway Company dated July 20, 1900, recorded in Book 70 of Deeds, page 364, Humboldt County Records, a total distance on this course of 4030 feet, more or less, to a point on said Northwesterly boundary located North 34 degrees 12 minutes West from an iron pipe monument set in survey by Paul M. Schmook, in December 1943 (said monument being located 226.64 feet North and 2300.04 feet West of the Northeast corner of the Southwest Quarter of the Southwest Quarter of Section 17, Township 5 North of Range 1 East of Humboldt Meridian); and

thence running North 34 degrees 12 minutes West, 300 feet, more or less, to the shore line of Humboldt Bay; thence running Southwesterly following said shore line, 4600 feet, more or less, to the point of beginning.

PARCEL TWO

All that portion of the Southeast Quarter of Section 18, Township 5 North, Range 1 East, Humboldt Meridian, described as follows:

COMMENCING at a 1/2 inch iron pipe by L.S. 4829, as shown in Book 56 of Surveys, page 92, Humboldt County Records; said pipe being located on the Northwesterly boundary of the Northwest Pacific Railroad right-of-way and being the same point as described in Book 2 of Official Records, page 338, as being located North 34 degrees 12 minutes West from an iron pipe by Paul M. Schmook, and true point of beginning;

thence along the Northwesterly boundary of said railroad right-of-way, North 55 degrees 48 minutes East, 20 feet, more or less, to the ordinary high water mark of the shore of Humboldt Bay;

thence following said ordinary high water mark Northwesterly and Westerly to a point that bears North 34 degrees 12 minutes West from the point of beginning; said point being on the Easterly line of a tract of land conveyed to Howard A. Libby, as described in Book 2 of Official Records, page 338;

thence leaving said ordinary high water mark and along said Easterly line, South 34 degrees 12 minutes East, 255 feet, more or less, to the point of beginning.

PARCEL THREE

That certain strip or parcel of land situate, lying and being in the Northwest Quarter of Section 19 and the South Half of Section 18, Township 5 North, Range 1 East, Humboldt Meridian, State of California, described as follows:

A strip or parcel of land 18 feet wide lying southeasterly of and contiguous to the northwesterly line of the sixty-six foot wide strip of land described in deed dated July 20, 1900, from Reuben Gross, et al, to California and Northem Railway Company, recorded September 21, 1900 in Book 70 of Deeds, page 364, Records of Humboldt County, and extending from a line, prolonged northwesterly having a bearing of North 34°12' West from a monument on the southeasterly line of right of way of the State Highway, Eureka to Arcata, that is 226.64 feet North and 2300.04 feet West from the northeast corner of the southwest quarter of the southwest quarter of Section 17, said Township and Range, southwesterly a distance of 4027 feet, measured along said northwesterly line, to a line drawn at right angles from the original located centerline of the main track of the Northwestern Pacific Railroad Company at or near Engineer Station 8361+26.

Being the same property conveyed by the Northwestern Pacific Railroad Company to Arcata Redwood Company recorded October 3rd, 1955 in Book 359 of Official Records, page 618.

Excepting therefrom that portion, if any, that lies within Parcel One above.

EXHIBIT B

PUBLIC TRAIL EASEMENT AREA

All that certain real property situate in the City of Eureka, County of Humboldt, State of California, being that portion of Section 18 and Section 19, Township 5 North, Range 1 East, Humboldt Meridian, described as follows:

COMMENCING at most easterly corner of Parcel One of Tract B - Brainard as described in the Grant Deed to California Redwood Acquisition Company recorded January 2, 2007 as Document Number 2007-3-8, Humboldt County Records, said POINT OF COMMENCEMENT being North 32°44′16" West, 66.00 feet from a ½" IP with cap marked "O'Hern 4829" accepted as Corner Number 4 as shown on the Record of Survey for James N. Hoff & Thomas J. McMurray, Jr. filed in Book 56 of Surveys at Page 92, Humboldt County Records;

thence from said **POINT OF COMMENCEMENT** along the northeasterly line of said Parcel One of Tract B - Brainard North 32°44′16″ West, 127.32 feet;

thence leaving said northeasterly line North 57°15'44" East, 47.12 feet to the **TRUE POINT OF BEGINNING**:

thence from said TRUE POINT OF BEGINNING South 57°15'44" West, 25.10 feet;

thence North 24°51'25" West, 32.64 feet;

thence North 73°58'26" West, 47.98 feet;

thence North 89°40'38" West, 156.45 feet;

thence North 38°47'06" West, 94.61 feet;

thence North 76°50'17" West, 19.28 feet;

thence South 76°51'12" West, 52.50 feet;

thence South 63°21'15" West, 38.51 feet;

thence South 23°24'09" East, 10.00 feet;

thence South 66°35'51" West, 40.00 feet;

thence North 23°24'09" West, 10.00 feet;

thence South 56°36'51" West, 38.58 feet;

thence South 45°13'51" West, 66.22 feet; thence South 37°16'33" West, 235.08 feet; thence South 50°12'06" West, 64.03 feet; thence South 55°56'24" West, 47.53 feet; thence South 60°07'41" West, 109.88 feet; thence South 72°10'45" West, 82.45 feet; thence South 87°13'57" West, 108.54 feet; thence South 82°05'22" West, 25.50 feet; thence North 85°33'50" West, 40.00 feet; thence North 4°26'10" East, 5.00 feet; thence North 80°04'29" West, 76.10 feet; thence South 14°18'39" West, 67.60 feet; thence South 64°10'04" West, 30.24 feet; thence North 74°33'19" West, 123.53 feet; thence North 78°14'29" West, 119.15 feet; thence North 84°35'40" West, 122.13 feet; thence North 78°14'55" West, 31.99 feet; thence North 84°42'01" West, 87.83 feet; thence South 11°14'46" West, 11.71 feet; thence North 76°59'58" West, 55.00 feet; thence North 11°14'46" East, 10.03 feet; thence North 78°42'50" West, 298.23 feet; thence North 85°03'16" West, 69.02 feet;

thence South 87°53'41" West, 64.70 feet; thence South 74°33'52" West, 109.32 feet; thence South 57°37'25" West, 146.28 feet; thence South 25°48'16" West, 24.23 feet; thence South 37°34'33" East, 19.95 feet; thence South 52°46'01" West, 30.00 feet; thence North 37°34'33" West, 19.95 feet; thence South 48°30'46" West, 46.05 feet; thence South 38°28'13" West, 98.01 feet; thence South 31°00'52" West, 172.79 feet; thence South 54°23'47" East, 15.00 feet; thence South 35°36'13" West, 50.00 feet; thence North 54°23'47" West, 15.00 feet; thence South 39°22'58" West, 142.54 feet; thence South 43°49'23" West, 188.76 feet; thence South 47°37'52" West, 442.08 feet; thence South 45°03'00" East, 20.00 feet; thence South 44°57'00" West, 48.42 feet; thence North 45°02'47" West, 20.00 feet; thence South 44°57'13" West, 98.68 feet; thence South 42°46'51" West, 81.37 feet; thence South 33°16'35" West, 284.13 feet; thence South 39°41'40" West, 82.78 feet;

thence South 43°18'48" West, 92.36 feet;

thence South 54°44'55" West, 148.16 feet;

thence South 30°20'31" West, 63.94 feet;

thence South 1°37'56" West, 65.14 feet;

thence South 12°24'43" East, 59.89 feet;

thence South 31°45'49" East, 54.30 feet;

thence South 39°03'25" East, 132.99 feet;

thence South 52°45'31" East, 140.00 feet;

thence South 63°23'57" East, 158.41 feet to the northwesterly line of a strip of land 66 feet wide used as right of way of the Northwestern Pacific Railroad and particularly described in the Decree of Condemnation made March 5, 1902, in suit #3848 in the Superior Court of Humboldt County entitled California and Northern Railway Company vs State of California, et al;

thence along said northwesterly line South 57°15'44" West, 69.08 feet to the northerly bank of Cutoff Slough;

thence northwesterly, northeasterly, and easterly along said northerly bank and along the shore line of Humboldt Bay 5,567 feet, more or less to a point that bears South 59°50'25" East from the **TRUE POINT OF BEGINNING**;

thence North 59°50'25" West, 22.92 feet, more or less to the **TRUE POINT OF BEGINNING**.

Containing an area of 8.00 acres, more or less.

The Bearings shown hereon are based upon the North American Datum of 1983, NAD83 (2011). Rotate bearings hereon 1°27'44" to the left to match record bearings per 56 RS 92. Distances shown hereon are ground distances.

Brian R. Howard PLS 7250

RHR

10-13-21 Date

ATTACHMENT 1

EUREKA, HUMBOLDT COUNTY, CA EASEMENT CONTINUED BELOW CALIFORNIA REDIVOCO COMPANY DEED REF.: 2007-3-8 TRACT B, PARCEL ORE CUTOFF SLOUGH L57 California redindod company deed ref.: 2007-3-8 Tract B, Parcel one S33°16'35"W 284.13' BRIAN R. HOWARD PLS 7250 1 L56 L53 L52 S47°37°52°W 442.08° HUMBOLDT BAY CALIFORNIA, REDIGIODO DATE 10-26-21 \$43°49'23"W L50 L49 L47 OF CALL No. 7250 (RE) CONTINUED ABOVE Scale: 1"= 300" FO 1/2" IP YELLON POMERN 4829 O'MERN 4829 SHEET 1 OF 2

ATTACHMENT 1

Length

81.37

<u>1</u> 2	10/13/ 11110166PI			TY, C4	N	COL	EUREKA, HUMBOLDT COUNTY, CA	VB(ŒΚΑ,	H H
E 24	330 Hartro Redding, C T 1 S30 242									EASEMENT	EAS
4	SHEET		20.00'	N45°02'47"W	L54	298.23'	N78°42'50"W 2	L36	47.53'	S55°56'24"W	L18
			48.42'	S44°57'00"W	L53	10.03'	N11°14'46"E	L35	64.03'	S50°12'06"W	L17
			20.00'	S45°03'00"E	L52	55.00'	N76°59'58"W	L34	235.08'	S37°16'33"W	L16
			142.54	S39°22'58"W	L51	11.71'	S11°14'46"W	L33	66.22'	S45°13'51"W	L15
			15.00'	N54°23'47"W	L50	87.83'	N84°42'01"W	L32	38.58'	S56°36'51"W	L14
	N59°50'25"W	L67	50.00	S35°36'13"W	L49	31.99′	N78°14'55"W	L31	10.00'	N23°24'09"W	L13
	S57°15'44"W	L66	15.00'	S54°23'47"E	L48	122.13'	N84°35'40"W 1	L30	40.00'	S66°35'51"W	L12
	S63°23'57"E	L65	172.79'	S31°00'52"W	L47	119.15'	N78°14'29"W 1	L29	10.00'	S23°24'09"E	L11
	S52°45'31"E	L64	98.01'	S38°28'13"W	L46	123.53'	N74°33'19"W 1	L28	38.51'	S63°21'15"W	L10
	S39°03'25"E	L63	46.05	S48°30'46"W	L45	30.24'	S64°10'04"W	L27	52.50'	S76°51'12"W	Г9
	S31°45'49"E	L62	19.95	N37°34'33"W	L44	67.60'	S14°18'39"W	L26	19.28'	N76°50'17"W	Г8
	S12°24'43"E	L61	30.00'	S52°46'01"W	L43	76.10'	N80°04'29"W	L25	94.61	N38°47'06"W	L7
	S1°37'56"W	L60	19.95	S37°34'33"E	L42	5.00'	N4°26'10"E	L24	156.45'	N89°40'38"W	L6
	S30°20'31"W	L59	24.23'	S25°48'16"W	L41	40.00'	N85°33'50"W	L23	47.98'	N73°58'26"W	L5
	S43°18'48"W	L58	146.28'	S57°37'25"W	L40	25.50'	S82°05'22"W	122	32.64'	N24°51'25"W	L4
	S39°41'40"W	L57	109.32'	S74°33'52"W	L39	108.54	S87°13'57"W 1	73	25.10'	S57°15'44"W	L3
	S42°46'51"W	L56	64.70'	S87°53'41"W	L38	82.45'	S72°10'45"W	L20	47.12'	N57°15'44"E	23
	S44°57'13"W	L55	69.02'	N85°03'16"W	L37	109.88'	S60°07'41"W 1	L19	127.32'	N32°44'16"W	7
	Direction	Line #	Length	Direction	Line #	Length	Direction	Line#	Length	Direction	Line#
1	Line Table			Line Table			Line Table			Line Table	
ı											

140.00 132.99'

54.30' 59.89 65.14 63.94 92.36



EXHIBIT C

ACCESS & TEMPORARY CONSTRUCTION EASEMENT AREAS

