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November 25, 2025

Via Personal Delivery
Erin McClure
Trustee

Re: Negotiations for an Easement; Final Offer

Dear Ms. McClure:

For more than a decade, the City of Blue Lake has worked in good faith to formalize an easement for the City's water tank, access road, and waterline that serve the entire community. Negotiations began with your predecessor in 2013, and an agreement was nearly finalized at that time; for reasons unknown, it was not completed. After the matter was assigned to me in April 2023 by the former City Manager, I restarted negotiations with you and your representative, Mr. Jim Able, a Registered Professional Forester, with the goal of addressing your concerns and completing a mutually acceptable agreement.

Throughout this process, the City has attempted to address each new request you raised—many of which surfaced after prior issues had been resolved. Despite the shifting nature of your positions, the City continued negotiating in good faith and commissioned a formal third-party appraisal, at your request and at City expense, to establish an objective valuation for the easement. You rejected that valuation in the spring of 2024 without offering an alternative.

Your recent actions over the past month demonstrate to the City that you no longer appear interested in pursuing a voluntary agreement. After the City provided you with a fully revised easement agreement in August 2025—following months of drafts and redrafts to incorporate your additional requests—your consultant then sent the City a new set of demands on October 31, 2025, including increased compensation, revised gate and fencing obligations, tax-reimbursement clauses, and a request that the City pay your attorney. When I called you to confirm whether these new terms reflected your final position and that no further additions would be requested, you expressly stated that you had not read your consultant's email, could not say whether those revisions were acceptable or final, and that you would get back to me after reviewing them. You gave the City Manager the same response at a meeting held on your property, and again in a phone conversation the following week. As of the date of this letter, you have not confirmed those terms and have instead posted inaccurate statements on social media regarding the lack of negotiation.

At this point—after two years of revisions, meetings, and repeated concessions—the City is concerned that productive negotiations may not be possible unless and until you provide a clear final position. Based on your public statements criticizing the City for "bad faith" negotiations while simultaneously declining to return phone calls or text messages, the City Council has directed me to present the City's final offer.

This letter summarizes the major milestones in the negotiations and explains the basis for the City's final position, including the independent appraisal establishing the fair market value of the easement.

Summary of Key Milestones (2013–2025)

- **2013 – Negotiations with prior owner nearly complete.**

Your predecessor negotiated a comprehensive easement with the City that came very close to execution. The draft included a defined easement area, water allocation, access and maintenance responsibilities, and a legal description. The agreement was never executed for unknown reasons.

- **April 2023 – Matter assigned to City Attorney.**

In April of 2023, the City Manager assigned the matter to my office. Our discussions began with your stating that you had not seen the 2013 easement draft, so I provided you with a full copy and we began our discussions with that document as our starting point for negotiations.

- **Mid 2023 – City submits offer for an easement without counter.**

On June 27, 2023, the City made an offer to you consistent with the 2013 easement document that was circulated between the parties, i.e., the Trust would convey an easement to the City and, in return, the Trust (and its successors) would receive no-cost water up to an aggregate volume of 380,283 cubic feet per year, with any overage charged at the City's then-existing rates.

On October 2, 2023, after not hearing from you regarding a promised counter proposal, I sent your legal counsel[1] a letter seeking clarification on your position. By way of that letter, I set out two approaches to move the negotiations forward, as follows:

> Option 1: you provide a counter proposal to the City offer; or
>
> Option 2: the City obtains an appraiser to value the easement interest and, if the parties approve of the value, the City will pay the appraised value up front to purchase the easement. I noted the following in my letter to your attorney:
>
>> It appears from Ms. McClure's comments that she prefers this approach. Ms. McClure has told me she does not value free water from the City because she has her own water source on the property (even though she consumes City water). Ms. McClure also does not believe the City's offer represents the fair market value for the easement interest. This appraisal approach will provide that assurance.
>>
>> The City will cover the cost of the appraisal, but we will designate the Trust as the intended user of the report and she can be involved in all conversation with the appraiser.

- **December 2023 – You request an independent appraisal**

At a meeting in my office in December 2023, you stated repeatedly that you could not evaluate the City's offer because you had no basis to determine the market value of the easement. I suggested that we move forward with an appraisal (Option 2) and we agreed that I would retain a mutually selected appraiser.

- **January–April 2024 – Appraisal completed and delivered**

Childs Appraisal Service determined the fair market value of the entire easement area—tank site, access road, and waterline corridor—to be: $32,379 (as of January 29, 2024).

[1] At your insistence and direction, I sought and obtained approval from your attorney to negotiate with you directly.

This included a 100% impairment for the tank and road sites and 50% impairment for waterline segments. The valuation used comparable sales across Humboldt County.

- **June 2024 – Meeting with you and Kent Sawatzky**

At your request, I met with you and Mr. Sawatzky at my office to review the appraisal and discuss next steps. During this meeting, Mr. Sawatzky asserted that the appraisal was "undervalued" and advanced several theories that were inconsistent with market appraisal standards. During this meeting, you did not reject the appraisal on any factual basis, nor did you offer any alternative valuation. You instead stated you "needed time to digest the report" and would provide a counteroffer.

Despite multiple follow-up contacts from the City, no counteroffer was provided.

- **June–July 2024 – Conflicting statements from Kent Sawatzky**

Shortly after the meeting, Mr. Sawatzky began sending emails accusing the City of non-communication, even though the City was actively waiting for the counterproposal following receipt and review of the appraisal.

- **July 2024 – Kent Sawatzky claims "market value" exceeds $320,000**

Mr. Sawatzky sent an email asserting that the site's "best use" was residential and speculated—without any supporting analysis—that its value "likely exceeds $320,000." As discussed, this contradicts: (i) the 2024 independent appraisal of $32,379; (ii) the historical and current zoning constraints, including that the property is managed under an NTMP; (iii) the presence of the existing tank; and (iv) common valuation methodologies for utility encumbrances.

- **July 2024 – you begin consulting with Jim Able**

In July of 2024, you began consulting with Jim Able regarding the easement negotiations.

- **November 2024 – Additional questions raised; City provides all supporting data**

At a meeting with you and Mr. Able, more questions were raised about technical issues, boring logs, and waterline locations. The City provided all requested materials in a timely manner.

- 2025: Continuing Pattern of New Demands

Despite the appraisal and the City's repeated efforts to ground negotiations in objective market value:

  - You continued raising new issues—security cameras, fencing, water accounts, gates, setback exemptions, road grading, property tax implications, relocation clauses, timber valuation, vegetation management, and more.

  - The City incorporated nearly all the new demands. The drafts issued in January, February, May, and July 2025 expanded materially each time, reflecting your requests.

  - August 21, 2025 – City issues comprehensive revised draft. This version included: (i) $55,000 lump-sum payment (already 170% above appraised value); (ii) $6,000 annual payments w/ 3.2% escalator over the 40-year term; (iii) up to 300,000 cu. ft. no-cost water/year; (iv) City-funded gate upgrades and barrier reimbursement; (v) timber compensation; (vi) expanded maintenance obligations; and (vii) numerous other requested terms.

  - October 31, 2025 – Consultant sends more new terms. Mr. Able submitted additional revisions—including: (i) a demand to increase payment to $60,000; (ii) new costs for fencing, including inflation and a "10% time" fee; (iii) a request that the City pay for your attorney to review the agreement.

    When I contacted you to confirm whether these were your terms, you expressly that you hadn't read his email and could not say whether those are your final terms or not. You also told the City Manager that you hadn't read Mr. Abel's email nor the draft easement agreement.

At this point—after two years of revisions and re-opened issues, and after finally receiving a new set of demands from Mr. Able that you personally refused to confirm—the City concluded that continued negotiations are no longer seem productive or feasible.

Accordingly, for all of the reasons above, the City needs to bring about a close to these negotiations. While I do not typically favor presenting a last, best final offer, I feel that such an offer is necessary. Below is the City's final offer to voluntarily conclude these negotiations.

Final Offer

The City's final offer is the agreement exactly as stated in the August 21, 2025, draft, a copy of which is enclosed with this letter, including:

- $55,000 lump-sum payment as a "purchase price"
- $6,000 annual payment for 40 years, with 3.2% annual escalator
- 300,000 cu ft/year no-charge water
- City-funded access improvements
- Full road, vegetation, and maintenance terms
- 40-year term

All other terms as listed in the attached draft.

Next Steps

If the City's offer is agreeable, I request that you let me know no later than December 1, 2025, so that I may bring to the Council on December 2, 2025. I would further ask that documents be executed no later than December 15, 2025, so that I may open an escrow and obtain title reports.

If we do not receive your acceptance of this offer by December 1, 2025, our assumption will be that you reject this offer.

Conclusion

It remains the City's desire to complete a voluntary agreement with you. Over the last two years, the City has been responsive to your concerns and met your demands. We have done so in a confidential and respectful manner, upholding the integrity of the negotiation process. Based on the lack of response to the City's final offer and the absence of any clear position from you, the City does not believe further discussions will lead to an agreement. Nevertheless, the Council desires to try one last time to reach a deal.

Due to your public statements about the status of the negotiations, the City intends to release this letter publicly, as it is a public record. While I do not typically prefer negotiating in public, I feel your comments on social media leave the City no choice but to provide the community with the status of the discussions.

Please contact me at your earliest convenience to discuss. If you do not accept the previously offered terms, the City will have little choice but to declare an impasse. Regardless, the protection of this critical infrastructure will be maintained for the sake of the community.

Very truly yours,

THE MITCHELL LAW FIRM, LLP

Ryan T. Plotz
City Attorney

Enclosure

CC: City Council
City Manager

AGREEMENT TO CONVEY AN EASEMENT
AND
JOINT ESCROW INSTRUCTIONS

This **AGREEMENT TO CONVEY AN EASEMENT AND JOINT ESCROW INSTRUCTIONS** (this "**Purchase Agreement**") is made as of the _____day of____________, 2025 (the "**Effective Date**"), by and between **ERIN MCCLURE**, in her capacity as Trustee of the Patricia Charley Trust ("**Seller**"), and the **CITY OF BLUE LAKE**, a California municipal corporation ("Buyer"). Buyer and Seller are also referred to herein, individually, as a "**Party**" and, collectively, as the "**Parties**".

RECITALS

WHEREAS, Seller owns real property located near the City of Blue Lake in Humboldt County, California identified by Assessor Parcel Numbers 312-131-037-000, 312-131-045-000, 312-131-046-000, and 312-190-010-000 (each, referred to herein as a "**Parcel**," collectively referred to herein as the "**Property**").

WHEREAS, beginning in 1912, the City has owned a leasehold interest in the Property recorded at Book 5, Page 302 of the Official Records of Humboldt County allowing the City to dig wells, and maintain reservoirs, tanks, and pipelines in and on a portion of the Property (the "**Lease**").

WHEREAS, in recognition that the term of the Lease has expired, Grantor has agreed to grant to the City certain easements (the "**Easement**") over, under, across, and on certain portions of the Property (the "**Easement Area**") to own, operate, replace, and maintain the water facilities consisting of a water tank, water line, related appurtenances, and access thereto, on the terms as set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, which are material to the terms of this Agreement and the covenants and agreements of the parties contained herein, the parties hereto agree as follows:

AGREEMENT

1. PURCHASE AND SALE. Seller agrees to sell and convey the Easement to Buyer, and Buyer agrees to purchase the Easement from Seller, on the terms and conditions hereinafter set forth in this Purchase Agreement.

2. PURCHASE PRICE. The total purchase price for the Easement shall be Fifty Five Thousand Dollars ($55,000) (the "**Purchase Price**"), payable as follows:

(a) Within five (5) business days after the Effective Date, Buyer shall deliver to Escrow Holder (as defined in Paragraph 12.1 below), the amount of Five Thousand Dollars ($5,000) (the "**Deposit**") by good check or wire transfer of immediately available funds. The Deposit shall be deemed to constitute adequate consideration for Buyer's right to terminate this

Purchase Agreement at any time during the term of any Contingency (as defined in Paragraph 4.1 of this Agreement, below). The Seller expressly deems the Deposit to constitute adequate consideration in support of the enforceability of this Purchase Agreement, in its entirety. Upon Buyer's failure to terminate this Agreement within the time period permitted for Buyer to so terminate with respect to each contingency set forth in said Paragraph 4.1, or upon Buyer's express waiver of Buyer's right to terminate this Agreement with respect to any such contingency, the Deposit shall be deemed vested and shall be released to Seller upon Buyer's failure to Close Escrow for any reason other than Seller's default.

(b) The balance of the Purchase Price (i.e., the Purchase Price less the Deposit) shall be deposited in Escrow by Buyer prior to Close of Escrow for delivery to Seller by way of check of immediately available funds at the Close of Escrow.

3. TITLE / SURVEY.

3.1 Title. Title to the Easement shall be conveyed to Buyer upon the Close of Escrow by an Easement Deed, in substantially the form set forth in **Exhibit A** hereto, with title to the Easement evidenced by the commitment of the Escrow Holder to issue a standard CLTA policy of title insurance with liability in the amount of the Purchase Price showing title to the Easement vested in Buyer ("**Title Commitment**").Within twenty (20) days of the Effective Date, Seller shall provide to Buyer a preliminary title report ("**Preliminary Report**") from a national title insurance company of Buyer's choice ("**Title Company**"), together with copies of all exceptions and the documents supporting exceptions shown in such Preliminary Report. Within ten (10) days of receipt of the Preliminary Report, Buyer shall review the Preliminary Report and notify Seller in writing (the "**Title Objection Notice**") of any title exceptions to which Buyer objects ("**Title Objections**"). Within ten (10) business days of receipt of the Title Objection Notice ("**Seller's Title Response Date**"), Seller shall notify Buyer as to which Title Objections, if any, Seller will cure prior to Close of Escrow (as defined in Paragraph 12.2 below). If Seller does not respond to the Title Objection Notice within ten (10) business days, then Seller shall be deemed to have elected to cure no Title Objections. If Seller does not elect to cure all Title Objections prior to Close of Escrow, then, at the option of Buyer, Buyer may (i) terminate this Purchase Agreement by providing written notice of such termination to Seller prior to 5:00 p.m. Pacific Time on the date that is ten (10) business days following Seller's Title Response Date, or (ii) proceed to close and take title subject to such Title Objections. In the event of termination as provided here in, the Deposit shall be returned to Buyer, the option consideration shall be returned to Seller, Buyer shall be responsible for the escrow costs, and the parties shall have no further rights, duties, liabilities or obligations hereunder, except for those matters that specifically survive termination of this Purchase Agreement. Any and all exceptions to title to which Buyer does not object or which upon such objection, Seller does not agree to cure and Buyer does not elect to terminate this Purchase Agreement shall be deemed "**Permitted Exceptions**".

4. CONTINGENCIES.

4.1 Buyer's obligation to purchase the Easement is subject to the following contingencies described in subparagraph (a) below in this Paragraph 4.1 ("**Contingencies**"). The following Contingency is for the sole benefit of Buyer and may be waived or deemed satisfied by Buyer in Buyer's sole and absolute discretion.

(a) Inspection/Due Diligence Contingency. Buyer's inspection and examination of the Condition of the Easement Area (as defined in Paragraph 9.1 below). Buyer shall have access to the Easement Area at reasonable times and shall have the right to conduct, at Buyer's expense, environmental investigations and such other studies with respect to the Condition of the Easement Area as Buyer may desire. Buyer shall have until 5:00 p.m. Pacific Time on the date which is **one hundred and twenty (120) days** following the Effective Date (the "**Inspection Period**"), to conduct such tests and studies, and to give written notice to Seller of any conditions unacceptable to Buyer. Buyer shall hold and save Seller harmless from and against any and all loss, cost, damage, liability, injury or expense, arising out of or in any way related to damage to property, injury to or death of persons, or the assertion of lien claims caused by such entry, inspection and implementation of environmental investigations and other studies with respect to the Condition of the Easement Area. If Buyer elects to terminate this Purchase Agreement by reason of failure of the Contingency set forth in this subparagraph (a), Buyer shall promptly upon such election deliver to Seller all written reports, studies and information prepared by third parties for Buyer which pertain to the Condition of the Easement Area.

4.2 If Buyer disapproves of the satisfaction of any Contingency within the applicable time periods provided above, Buyer's sole remedy shall be to terminate this Purchase Agreement and Seller shall have no obligation to remedy any Contingency which Buyer disapproves. If this Purchase Agreement terminates as a result of the failure of the satisfaction of any of the Contingencies, all sums and documents deposited in Escrow shall be returned to the parties who respectively deposited the same, and Buyer shall pay the Escrow costs, and the parties shall have no further rights, duties, liabilities or obligations hereunder, except for those matters that specifically survive termination of this Agreement. If the Deposit has become vested with respect to such Contingencies the Liquidated Damages provisions of Section 10, below, shall survive such termination and shall be applicable to the disposition of the Deposit.

4.3 If Buyer fails to give written notice to Seller of its disapproval of any Contingency within the respective applicable time limit set forth above in Paragraph 4.1, it shall conclusively be deemed that Buyer has waived such Contingency and such Contingency shall conclusively be deemed satisfied.

5. [Intentionally Omitted.]

6. REPRESENTATIONS AND WARRANTIES BY SELLER.

6.1 Seller makes the representations and warranties in this Paragraph 6, each and all of which shall survive any and all inquiries and investigations made by Buyer and shall survive the Close of Escrow and recordation of the Grant Deed.

6.1.1 The individual(s) signing this Purchase Agreement on behalf of Seller has the power and authority to enter into this Purchase Agreement and to consummate the transactions contemplated hereby.

6.1.2 To the best of Seller's knowledge, neither the entering into this Purchase Agreement nor the performance of any of Seller's obligations under this Agreement will violate the terms of any contract, agreement or instrument to which Seller is a party.

6.1.3 To Seller's actual knowledge (which shall mean the actual knowledge of Erin McClure, without necessity of an investigation of these matters) Seller has not been served (by means of formal, legal service of process as required by law) or formally notified in writing by any governmental or quasi-governmental authority (i) that the Easement Area or any adjoining property, contains or may contain any "**Hazardous Materials**" in violation of any "**Environmental Regulations**" (as those terms are defined in this Paragraph 6.1.3, below); or (ii) that the Seller has stored, used or maintained Hazardous Materials or suffered, permitted, allowed or acquiesced in any storage, use or maintenance of Hazardous Materials on, in or under the Easement Area in violation of any Environmental Regulations. As used in this Purchase Agreement, the terms "Environmental Regulations" and "Hazardous Materials" shall have the following meanings:

(a) "Environmental Regulations" shall mean all applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, and similar items, of all governmental agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial and administrative and regulatory decrees, judgments and orders relating to the protection of human health or the environment, including, without limitation: (i) all requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Materials, whether solid, liquid or gaseous in nature, into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, whether solid, liquid or gaseous in nature; and (ii) all requirements pertaining to the protection of the health and safety of employees or the public.

(b) "Hazardous Materials" shall mean (i) any flammables, explosive or radioactive materials, hazardous wastes, toxic substances or related materials including, without limitation, substances defined as "hazardous substances," "hazardous materials", "toxic substances" or "solid waste" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Toxic Substances Control Act, 15 U.S.C., Section 2601 et seq.; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq.; and in the regulations adopted and publications promulgated pursuant to said laws; (ii) those substances listed in the United States Department of Transportation Table (49 C.F.R. 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 C.F.R. Part 302 and amendments thereto); (iii) those substances defined as "hazardous wastes," "hazardous substances" or "toxic substances" in any similar federal, state or local laws or in the regulations adopted and publications promulgated pursuant to any of the foregoing laws or which otherwise are regulated by any governmental authority, agency, department, commission, board or instrumentality of the United States of America, the State of California or any political subdivision thereof, (iv) any pollutant or contaminant or hazardous, dangerous or toxic chemicals, materials, or substances within the meaning of any other applicable federal, state, or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended; (v) petroleum or any by-products thereof; (vi) any radioactive material, including any source, special nuclear or by-product material as defined at 42 U.S.C. Sections 2011 et seq., as amended, and in the regulations adopted and publications promulgated pursuant to said law; (vii) asbestos in any form or condition; and (viii) polychlorinated biphenyls.

6.1.4 Seller has not leased to any person or entity (other than its existing lease with Buyer) all or any portion of the Easement Area that will extend beyond the Close of Escrow, and Seller shall ensure that any leases or other consents to any third party for the occupancy or use of the Easement Area will be terminated prior to the Close of Escrow and that the Easement Deed will convey to Buyer free and clear of any such leases or other use agreements.

6.2 If, prior to the Close of Escrow, new events have occurred which were beyond the control of Seller and which render any previously true representation or warranty untrue, Seller shall, within ten (10) days thereafter (but in no event after the Close of Escrow), disclose those matters by written notice to Buyer. Buyer shall have ten (10) days after the earlier of (i) such disclosure; or (ii) Buyer's independent discovery that such representation or warranty has become untrue, to elect, in its sole and absolute discretion, and as its sole remedy, by written notice to Seller within said ten (10) day period, whether (1) to purchase the Easement or (2) terminate this Purchase Agreement. If Buyer elects to terminate this Purchase Agreement pursuant to this Paragraph 6.2, Escrow shall immediately terminate upon Seller's receipt of Buyer's notice of election to terminate this Purchase Agreement and all sums and documents deposited in Escrow shall be returned to the parties who deposited the same and Buyer shall pay all of Escrow costs. If Buyer fails to notify Seller and Escrow Holder of its election to terminate this Purchase Agreement within said ten (10) business day time period provided above, Buyer shall be deemed to have accepted the modified representations and warranties and elected to purchase the Easement.

6.3 Other than those express representations and warranties contained in Paragraphs 6.1 through 6.2 of this Purchase Agreement, above, Seller makes **no** warranty or representation, express or implied, including but not limited to, implied warranties of merchantability and fitness for a particular purpose, and all such other warranties are expressly disclaimed.

6.4 Except to the extent Seller has made a specific representation and warranty with respect thereto, no document or information provided by Seller to Buyer shall constitute a representation as to the completeness or accuracy of such documents or information.

7. REPRESENTATIONS AND WARRANTIES BY BUYER.

7.1 Buyer makes the following representations and warranties in this Paragraph 7, each and all of which shall survive any and all inquiries and investigations made by Seller and shall survive the Close of Escrow and recordation of the Grant Deed.

7.1.1 Buyer has neither engaged nor dealt with any broker or finder in connection with the sale contemplated by this Purchase Agreement. Buyer shall pay any commission or finder's fee payable to any other party who represents or claims to represent Buyer.

7.1.2 Buyer is a California municipal corporation, duly organized, validly existing and in good standing under the laws of the State of California, and has the power and authority to enter into this Purchase Agreement and to consummate the transactions contemplated hereby. The Buyer, and the specific, individual parties signing this Purchase Agreement on behalf of Buyer represent and warrant that the parties signing this Purchase Agreement on behalf of the Buyer have the full legal power, authority and right to execute and deliver this Purchase Agreement.

7.1.3 Buyer has made or will make its own investigation concerning the Condition of the Easement Area (as said term is defined in Paragraph 9.1 of this Purchase Agreement, below), the condition of title or any other matter pertaining to the Easement, and, other than the specific representations and warranties made by Seller pursuant to Paragraphs 6.1 through 6.2 of this Purchase Agreement, above, Buyer is not relying on any representations, warranties or inducements of Seller with respect to the Condition of the Easement Area.

8. [Intentionally Omitted]

9. "AS-IS" SALE; ASSUMPTION OF RESPONSIBILITIES.

9.1 <u>"As Is" Sale.</u> Buyer and its representatives, prior to the Close of Escrow, will have been afforded the opportunity to make such inspections of the Easement Area and matters related thereto as Buyer and its representatives desire, including, without limitation, governmental laws and regulations and actions to which the Easement is subject, and Buyer shall accept the Easement upon the basis of its review and determination of the applicability and effect of such laws and regulations (the "**Condition of the Easement Area**"). Buyer acknowledges and agrees that the Easement is to be sold and conveyed to and accepted by Buyer in an "AS IS" condition with all faults. Except for those limited representations and warranties stated in Paragraphs 6.1 through 6.4 of this Purchase Agreement, above, Seller does not make any representations or warranties, oral or written, past, present or future, of any kind whatsoever, either express or implied with respect to either the Easement or the condition, value, or quality of the Easement Area.

9.2 Effective as of the Close of Escrow and except for the limited representations and warranties and obligations of Seller contained in this Purchase Agreement, Buyer shall be deemed to have assumed any and all risks, obligations and liabilities relating to the Easement, expressly including, without limitation any and all risks, obligations and liabilities relating to the Condition of the Easement Area.

10. [Intentionally Omitted]

11. BUYER'S RIGHT TO COMPEL SPECIFIC PERFORMANCE. In the event of any breach or violation of this Agreement by Seller, Buyer expressly reserves the right to seek specific performance of the sale and conveyance of the Easement to Buyer, without limitation on any and all other rights and remedies available to Buyer at law or in equity.

12. ESCROW AND CLOSING.

12.1 As soon as possible after the Effective Date, Buyer and Seller shall open an escrow for the purpose of consummating the purchase and sale contemplated by this Purchase Agreement ("**Escrow**") by depositing an executed copy of this Purchase Agreement with Fidelity National Title Company, 515 J St, Eureka, CA 95501 ("**Escrow Holder**"). This Purchase Agreement shall constitute escrow instructions to Escrow Holder. Seller and Buyer shall, promptly upon request by Escrow Holder, execute such additional escrow instructions as may be reasonably required by Escrow Holder, including Escrow Holder's standard printed conditions and stipulations with respect to escrows concerning the purchase and sale of real property; provided, however, that if there is any conflict between the provisions of this Purchase Agreement and the provisions of any such additional instructions, the provisions of this Purchase Agreement shall prevail. Upon delivery to Escrow of a fully executed copy of this Purchase Agreement by both parties, Escrow shall be deemed opened on the terms and conditions set forth in this Purchase Agreement.

12.2 Escrow shall close, and the Grant Deed shall be recorded in the Office of the County Recorder of Humboldt County, California on or before the date which is **ten (10) days** following the expiration of the Inspection Period ("**Close of Escrow**").

12.3 Within the time set forth below, or if none is specified, prior to the Close of Escrow, Seller shall deliver to Escrow Holder, or if so indicated, to Buyer, the following documents and items:

(a) At least one (1) day prior to the Close of Escrow, the duly executed and acknowledged Easement Deed.

12.4 Buyer shall deliver to Escrow Holder prior to the Close of Escrow the following documents and items:

(a) The balance of the cash portion of the Purchase Price set forth in Paragraph 2, together with an additional sum sufficient to cover Buyer's closing costs as set forth in Paragraph 12.7.1, below.

(b) At least one (1) day prior to the Close of Escrow, the duly executed and acknowledged Easement Deed.

12.5 On the Close of Escrow, the Escrow Holder shall record the Easement Deed and shall deliver the monies and instruments to which each party is entitled pursuant to this Purchase Agreement, only when the Title Company is in a position to issue its CLTA policy of title insurance subject only (i) to the Permitted Exceptions; and (ii) Title Company's standard pre-printed exceptions, with liability in the amount of the Purchase Price, showing title to the Easement vested in Buyer ("**Title Policy**").

12.6 Upon Close of Escrow, the Easement shall be delivered to Buyer subject only to the Permitted Exceptions and the following items, documents and monies shall be delivered to the parties by Escrow Holder as set forth below:

(a) To Seller: the Purchase Price as set forth in Paragraph 2.

(b) To Buyer: the Title Policy.

12.7 Upon Close of Escrow, Escrow and title charges shall be paid in the manner provided below.

12.7.1 Seller shall pay:

(a) None, except as set forth in Paragraph 12.8, below.

12.7.2 Buyer shall pay:

(a) All recording fees; and

(b) The cost of any and all documentary transfer tax or stamps or other sales tax; and

(c) Escrow fees; and

(d) The cost of the Title Policy.

12.8 If Escrow fails to close as a result of the default of this Purchase Agreement by a party, the defaulting party shall pay all title and escrow charges; provided, however, that nothing in this Paragraph 12.8 shall be deemed to limit, and the provisions of this Paragraph 12.8 shall be in addition to, all other rights and remedies of the non-defaulting party pursuant to this Purchase Agreement.

13. SURVIVAL OF CLOSE OF ESCROW. All representations and warranties of the parties contained in or relating to this Agreement shall, except as expressly stated in this Agreement, survive the Close of Escrow and the recordation of the Easement Deed and shall not merge therein unless specifically stated otherwise in this Agreement for a period of five (5) years from the Close of Escrow after which they shall be of no further force and effect.

14. NOTICES. Any notices required by this Agreement or correspondence between the parties shall be addressed as follows, unless the parties shall provide written notice of a change:

Grantor: _______________
____
____

City: City of Blue Lake
C/O City Manager
PO Box 458
Blue Lake, CA 95525-0458

With copy to: Ryan T. Plotz
The Mitchell Law Firm, LLP
426 First Street
Eureka, CA 95501
E-mail:rplotz@mitchelllawfirm.com

15. ENTIRE AGREEMENT. This Purchase Agreement, and the Exhibits attached hereto, represent the entire Agreement between the parties in connection with the transactions contemplated hereby and the subject matter hereof and this Purchase Agreement supersedes and replaces any and all prior and contemporaneous agreements, understandings and communications between the parties, whether oral or written, with regard to the subject matter hereof. There are no oral or written agreements, representations or inducements of any kind existing between the parties relating to this transaction which are not expressly set forth herein. This Purchase Agreement may not be modified except by a written agreement signed by both Buyer and Seller. Without limiting the foregoing, Buyer and Seller expressly acknowledge and agree that they have not relied on any written or oral statements made by the other party's real estate broker in entering into this Purchase Agreement.

16. BINDING EFFECT. This Purchase Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, administrators, successors in interest and assigns.

17. WAIVER. No waiver by any party at any time of any breach of any provision of this Purchase Agreement shall be deemed a waiver or a breach of any other provision herein or a consent to any subsequent breach of the same or another provision. If any action by any party shall require the consent or approval of another party, such consent or approval of such action on any one occasion shall not be deemed a consent to or approval of such action on any subsequent occasion or a consent to or approval of any other action.

18. CAPTIONS AND HEADINGS. The captions and paragraphs numbers appearing in this Purchase Agreement are inserted only as a matter of convenience and do not define, limit, construe, or describe the scope or intent of this Purchase Agreement.

19. COUNTERPARTS AND ELECTRONIC SIGNATURES. This Purchase Agreement may be executed in counterparts, each of which shall be considered an original and all of which taken together shall constitute one and the same instrument. Electronic scan signatures and/or facsimile signatures shall be deemed to constitute originals.

20. GOVERNING LAW. This Agreement has been prepared, negotiated and executed in, and shall be construed in accordance with, the laws of the State of California. Any action or proceeding relating to or arising out of this Agreement shall be filed, if a State action, in the Superior Court of the State of California for the County of Humboldt, or if a Federal action, in the District of the United States District Court in which the Easement is located.

21. ATTORNEYS' FEES. If either party named herein brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action (or proceeding), on trial or appeal, shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the Court.

22. TIME OF ESSENCE. Time is of the essence with respect to all matters contained in this Purchase Agreement.

23. DATE OF AGREEMENT. All references in this Purchase Agreement to the "Effective Date", "the date of this Purchase Agreement" or "the date hereof" shall be deemed to refer to the date set forth in the first paragraph of this Purchase Agreement.

24. INVALIDITY OF ANY PROVISION. If any provision (or any portion of any provision) of this Purchase Agreement is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction under present or future laws effective during the term of this Purchase Agreement, the legality, validity, and enforceability of the remaining provisions (or the balance of such provision) shall not be affected thereby.

25. NO RECORDATION. Buyer shall not record this Purchase Agreement, any memorandum of this Purchase Agreement, any assignment of this Purchase Agreement, or any other document which would cause a cloud on the title to the Property.

26. DRAFTING OF AGREEMENT. Buyer and Seller acknowledge that this Purchase Agreement has been negotiated at arm's length, that each party has been represented by independent counsel and that this Purchase Agreement has been drafted by both parties and no one party shall be construed as the draftsperson.

27. NO THIRD PARTY BENEFICIARY RIGHTS. This Purchase Agreement is entered into for the sole benefit of Buyer and Seller and no other parties are intended to be direct or incidental beneficiaries of this Purchase Agreement and no third party shall have any right in, under or to this Purchase Agreement.

28. INCORPORATION OF EXHIBITS. Each and all of the exhibits attached to this Purchase Agreement are incorporated herein as if set forth in full in this Purchase Agreement.

SIGNATURE PAGE FOLLOWS THIS PAGE

IN WITNESS WHEREOF, the parties hereto have caused this Easement Deed to be duly executed as of the date first written above.

GRANTOR: ERIN MCCLURE, in her capacity as Trustee of the Patricia Charley Trust

By: ________________________

Name: Erin McClure

Title: Trustee

GRANTEE: THE CITY OF BLUE LAKE

By: _______________________

Name: _____________________

Title: ______________________

SCHEDULE OF EXHIBITS

Exhibit A – Form of Easement Deed

RECORDED BY:
City of Blue Lake

AFTER RECORDING RETURN TO:
City of Blue Lake
C/O City Manager
PO Box 458
111 Greenwood Rd
Blue Lake, CA 95525-0458

This document is exempt from recording fees
pursuant to Calif. Government Code§ 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APNs: 312-190-010-000, 312-131-037-000, 312-131-046-000, 312-190-010-000
Location: Unincorporated Area of Humboldt County

EASEMENT DEED AND AGREEMENT

This EASEMENT DEED AND AGREEMENT ("**Easement Deed**") is made as of ________________, 2025 by and between:

THE CITY OF BLUE LAKE.
a municipal corporation of the State of California,
hereinafter referred to as "**City**" or "**Grantee**"

and

ERIN MCCLURE,
in her capacity as Trustee of the Patricia Charley Trust
hereinafter referred to as "**Grantor**"

City and Grantor may sometimes hereinafter be individually referred to as "**Party**" or jointly as "**Parties**."

RECITALS

WHEREAS, Grantor owns real property located near the City of Blue Lake in Humboldt County, California identified by Assessor Parcel Numbers 312-131-037-000, 312-131-045-000, 312-131-046-000, and 312-190-010-000 (each, referred to herein as a "**Parcel**," collectively referred to herein as the "**Property**"), which Property is more particularly described on **Exhibit A** hereto.

WHEREAS, beginning in 1912, the City has owned a leasehold interest in the Property recorded at Book 5, Page 302 of the Official Records of Humboldt County allowing the City to dig wells, and maintain reservoirs, tanks, and pipelines in and on a portion of the Property (the "**Lease**").

WHEREAS, in recognition that the term of the Lease has expired, Grantor has agreed to grant to the City certain easements over, across and on the Property to own, operate, and maintain the water facilities consisting of a water tank, water line, related appurtenances, and access thereto, on the terms as set forth herein.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which are acknowledged, Grantor and Grantee agree as follows:

1. Grant of Easement. Grantor hereby grants and conveys to the City, and the City hereby accepts, for the uses and on the conditions hereinafter described, a water line easement ("**Water Line Easement**"), tank site easement ("**Tank Site Easement**"), and access easement ("**Access Easement**") on portions of the Property more particularly described in **Exhibit B**, attached hereto and incorporated herein, and more particularly depicted in **Exhibit C**, attached hereto and incorporated herein. The Water Line Easement, the Tank Site Easement, and the Access Easement are collectively referred to as the "**Easements**" and the portions of the Property affected by the Easements are collectively referred to as the "**Easement Area**".

2. Easement Purpose. The City, the City's invitees, employees, agents, and contractors shall have a right to use the Water Line Easement and Tank Easement to own, install, construct, operate, replace, and maintain a water tank and water pipelines as part of the City's water delivery system. The City shall have the further right to access all portions of the Easement Area at all reasonable times, including but not limited to, for construction, maintenance, operation, repair, and replacement of the water tank and associated facilities.

3. Notification of Entry. Except in the event of an emergency or urgent need to access the Easement Area, in which case prior notice to Grantor shall not be required, the City shall provide at least 48-hours' prior notice to Grantor of the planned need to enter the Easement Area by contacting Grantor (or Grantor's designated designee) by phone at a phone number to be provided by Grantor to City.

4. Access Road Maintenance. The City agrees to maintain the Access Easement in a manner suitable for all year vehicle accessibility. Asphalt paving shall not be required.

5. Term. The term of this Easements shall commence on the date ("**Commencement Date**") this Easement Deed is recorded in the Official Records of Humboldt County and shall expire on the 40th annual anniversary of the Commencement Date (the "**Initial Term**"), unless sooner terminated in accordance with the terms and conditions of this Easement Deed.

6. Purchase Price. Reference is made hereto to that unrecorded Agreement to Convey Easement and Joint Escrow Instructions ("**PSA**") duly executed and delivered by and between the Parties hereto, through which City paid to Grantor the Purchase Price as defined in the PSA.

7. Annual Easement Payment. In addition to the Purchase Price, during each year during the Term, City shall pay to Grantor, the amount of Six Thousand Dollars ($6,000.00) (the "**Annual Payment**"), subject to the inflationary adjustments herein after described. The Annual Payment shall be made each year within fifteen (15) days of each annual anniversary of the Commencement Date. Furthermore, commencing with the second Annual Payment, the Annual Payment shall increase from the amount payable in the preceding year by 3.2%.

8. Water Delivery Services to Property. The City currently delivers water to three Parcels of the Property, said Parcels identified by APNs 312-131-045-000, 312-131-046-000, and 312-190-010-000, and said water deliveries referenced by City of Blue Lake water service account numbers 50591000, 50592000, ____________, and 50593000. The City shall provide said three water services without charge to Grantor for combined water usage up to and including 300,000 cubic feet per calendar year. Water usage in excess of this amount in any calendar year shall be billed in equal thirds to each of the three water service accounts using the applicable water service rate then charged by the City of Blue Lake. Grantor may request the City to allocate excess water charges in amounts other than equal thirds to each of the three water service accounts at any time by written notice signed by all of the then property owners of the three Parcels. Water delivered to additional service connections installed on the Property or water consumed off the Property shall not be included within the non-charged annual 300,000 cubic feet water service allocation.

9. Relocation of Water Line Easement. In the event the Grantor or any successor in interest obtains a building permit for the construction of a permanent residential dwelling on the Property that would conflict with the location of the existing water line within the Water Line Easement, Grantee shall, at Grantee's sole cost and expense, relocate the water line to the nearest location that avoids the dwelling structure within the Property. Prior to applying for any building permit, Grantor agrees to use best efforts to design and locate any proposed residential dwelling or principal structure in a manner that avoids conflict with the existing water line location. Grantor shall provide Grantee with written notice of any proposed construction project at least one hundred and eighty (180) days prior to applying for a building permit, during which period the Parties shall cooperate in good faith to (a) identify alternative locations for the residential structure to avoid the need to relocate the water line; and (b) if relocation of the water line is

necessary, identify an alternative location for the water line that: (i) maintains adequate utility service, (ii) complies with applicable codes and regulations, (iii) minimizes disruption to both parties' use of their respective properties, and (iv) provides reasonable access for maintenance and repairs. Any relocation shall be completed prior to commencement of construction of the permitted structure. Upon completion of the relocation, the parties shall execute and record an amendment to this Easement Deed describing the new location and legal description of the relocated easement area, which amendment shall be recorded in the official records of Humboldt County at Grantee's expense. This relocation obligation shall run with the land and bind all successors and assigns of both parties.

10. Timber Clearance for Fire Protection. If City desires or is required to clear standing timber (trees) for any reason adjacent to water tank or any other portion of the easement the following are the conditions of sale/operation. City will notify Seller. If required, City will obtain any and all necessary permits. City will designate the trees they wish to remove. Trees will be cruised/measured. Prior to being removed the City will pay the most current State Board of Equalization Harvest Value per thousand per species measured or cruised to Seller. City will be responsible for any mitigations required by any agency's permit requirements. City shall have the right to market and sale the removed timber and keep all proceeds therefrom.

11. Damage to and Repair of Grantor Property. City shall bear all costs to repair any damage to any improvements on the Property now existing or hereafter installed by Grantor, its successor owners, or any other parties having rights over the Grantor Property, to the extent such damage is caused by or attributable to (i) any construction, maintenance, repair or replacement and any other work in connection with this Easement Deed, (ii) any other acts or omissions of City or any of its contractors, agents, consultants, representatives, officers, employees, invitees, guests, or licensees (collectively, the "**City Parties**") or (iii) any exercise of the rights granted herein. City shall promptly repair and restore, at its sole cost and expense, to its previously existing or better condition, any of Grantor's property, including, but not limited to, roads, utilities, and fences, that may be altered, damaged or destroyed in connection with City's or any City Parties' exercise of the Easement or use of the Easement Area.

12. No Liens, Stop Payment Notices, or Other Encumbrances. City shall not directly or indirectly create, or permit to be created or remain, and will discharge promptly (not to exceed 30 days from demand by Grantor), any lien (including, without limitation, mechanic's liens), encumbrance, stop notice, or charge upon the Property, arising out of or in connection with City's or any City Parties' activities relating to the Easement, including any activities performed by a contractor or

service provider authorized by City to perform work pursuant to City's rights under the Easement.

13. Reservation of Rights. Grantor hereby reserves for itself and its successors and assigns, such surface, subsurface and aerial rights in the Easement Area as will not unreasonably interfere with or prohibit the use by City of the rights and easement herein granted.

14. Not a Public Dedication. Nothing herein shall be deemed a dedication of the Easement Area or any portion of the Property to or for the benefit of the general public whatsoever, it being the intention of the parties hereto that the Easement shall be strictly limited to and for the purposes herein expressed. The City shall issue public service announcements to the general public that the existence of this Easement does not create any rights in the general public to access Grantor's Property. The City shall further post appropriate signage at the Access Easement entry point that informs the public the use of the Access Easement by persons other than authorized City personnel is prohibited.

15. Protection against Trespass. In an effort to discourage trespass onto the Property, the City agrees to do each of the following:

a. Vehicle Gates. Grantee shall, at Grantee's sole cost and expense, install and maintain a vehicular gate at the point where the Access Easement intersects with Buckley Road. The gate shall be of commercial quality construction, appropriate for the intended use, and shall include a locking mechanism. Grantee shall provide Grantor with a key, combination, or other means of access to the gate. The gate shall remain closed at all times when not in active use by Grantee or its authorized agents, contractors, or employees. Grantee shall be responsible for all costs associated with the installation, maintenance, repair, and replacement of the gate throughout the term of this Easement. The gate installation shall not unreasonably interfere with Grantor's use and enjoyment of the Property. In the event the gate becomes damaged or inoperable, Grantee shall repair or replace the gate within thirty (30) days of receiving written notice from Grantor or within thirty (30) days of Grantee's actual knowledge of the damage or malfunction, whichever occurs first. Upon termination or abandonment of this easement, Grantee shall remove the gate and restore the area to its original condition, unless Grantor requests in writing that the gate remain in place.

b. Pedestrian Gate. Grantee shall reimburse to Grantor in an amount not to exceed $8,000 in the event Grantor installs a gate along that established pedestrian trail off Buckley Road to that location commonly referred to as the waterfall. To be eligible for reimbursement, Grantor must provide Grantee with written notice of the intended installation. Grantor shall provide Grantee with receipts and documentation of all costs incurred.

c. Posting of No Trespass Signs. Grantee shall, at Grantee's sole cost and expense, install and maintain "No Trespassing" signs along Buckley Road. Signs shall be posted at intervals of no more than 100 feet and at all points of potential public access to the Property along Buckley Road. Signs shall be weather-resistant, clearly visible, and comply with local ordinances regarding size, placement, and content. The signs shall indicate that the area is private property and that unauthorized access is prohibited. Grantee shall replace any damaged, missing, or illegible signs within thirty (30) days of receiving written notice from Grantor or within thirty (30) days of Grantee's actual knowledge of the need for replacement, whichever occurs first. Grantee shall ensure that sign placement does not violate any applicable municipal, county, or state regulations regarding roadway signage.

d. Surveillance Cameras. Grantee shall, at Grantee's sole cost and expense, cause a security camera system to be installed at the location where the Access Easement intersects with Buckley Road to monitor for unauthorized access to the Easement area. The security camera system shall include: (i) weather-resistant camera capable of recording high-definition video during both daylight and nighttime hours; (ii) motion detection capabilities; (iii) appropriate mounting hardware and security enclosures; and (iv) necessary power supply and data transmission connections. The camera system shall be positioned to provide visibility of vehicular and pedestrian access to the Access Easement while minimizing intrusion upon neighboring properties and public rights-of-way. Grantee shall obtain all necessary permits and approvals for the installation and shall ensure compliance with all applicable local, state, and federal regulations regarding surveillance equipment. Grantee shall be responsible for ongoing maintenance, repair, monitoring, and replacement of the security camera system throughout the term of this easement. Video recordings shall be made available to Grantor upon reasonable request in connection with any security incident, property damage claim, or trespass matter. The security camera system shall remain the property of Grantee, and upon termination of this easement, Grantee may remove the system and restore the area to its original condition.

16. Compliance with Regulatory Authorities. City shall, at its own cost and expense, promptly and at all times observe, comply with, and carry out all present and future orders, regulations, directions, rules, laws, ordinances, permits, and requirements of all governmental authorities, including but not limited to environmental regulatory authorities, with jurisdiction in, on, over and about the Easement Area, which arise from City's use of or performance of any activities permitted to be conducted in, on, over, or across the Easement Area. In addition, City shall ensure that all construction performed by City in the Easement Area is

performed in accordance with any NPDES (National Pollutant Discharge Elimination System) permit requirements or other water quality statutes, regulations, ordinances, or permits applicable to the construction, including but not limited to use of appropriate best management practices, so as to ensure that pollutants are not discharged into the waters of the state.

17. <u>Indemnity</u>. City hereby agrees to indemnify, defend, and hold harmless, Grantor, its agents, employees, and contractors (the "**Indemnified Parties**") against any and all claims, losses, demands, damages, cost, expenses or liability for injury to any persons or property, arising out of City's use of, or operations or activities conducted in, on or over the Easement Area, and/or the exercise of the rights under this Easement Deed by City, its agents, officers, employees, invitees or licensees, except for liability arising out of the concurrent active or sole negligence of Grantor, its officers, agents, invitees, employees or contractors including the cost of defense of any lawsuit arising therefrom. If Grantor is named as co-defendant in a lawsuit in connection with this Easement Deed, City shall notify Grantor of such fact and shall represent Grantor in such legal action unless Grantor undertakes to represent itself as co-defendant in such legal action, in which event, City shall pay to Grantor reasonable litigation costs, expenses, and attorneys' fees. If judgment is entered against Grantor and City by a court of competent jurisdiction because of the concurrent active negligence of Grantor and City, Grantor and City agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

18. <u>Assumption of Risks; Waiver of Liability</u>. City agrees to assume all risk of loss by fire, flood, earthquake, theft, accident, or casualty of any kind, which may affect the Easement Area, any improvements constructed or installed thereon by City, City's use of the Easement, or exercise of the rights granted herein. City waives all claims against Grantor and each of the Indemnified Parties for loss or damage caused by, arising out of, or in any way connected with City's use of the Easement or the exercise of the rights granted herein.

19. <u>Insurance</u>. City shall procure and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the City, its agents, representatives, employees, or subcontractors. Coverage shall be at least as broad as:

    a. Commercial General Liability (CGL): Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than $1,000,000 per occurrence.

b. Automobile Liability: Insurance Services Office Form CA 0001 covering Code 1 (any auto), with limits no less than $1,000,000 per accident for bodily injury and property damage.

c. Workers' Compensation insurance as required by the State of California, with Statutory Limits, and Employers' Liability insurance with a limit of no less than $1,000,000 per accident for bodily injury or disease.

20. Hazardous or Toxic Materials. City shall not cause or permit any "Hazardous Material," as hereinafter defined, to be brought upon, kept, or used in or about the Easement Area, except only the types and/or quantities which are normally used in connection with City's exercise of its rights under this Easement Deed. If City breaches the obligations stated herein, or if contamination of the Easement Area by Hazardous Material otherwise occurs for which City is legally liable to Grantor for damage resulting therefrom, then City shall indemnify, defend, and hold harmless, Grantor, and its elected or appointed officials, officers, agents, and employees from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Easement Area, sums paid in settlement of claims, attorney fees, consultant fees, and expert witness fees) which arise during or after City's use of the Easement Area as a result of such contamination. This indemnification includes, without limitation, costs incurred by Grantor in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or local governmental entity or agency because of Hazardous Material being present in the soil or ground water under the Easement Area that occur as a result of City's use of the Easement Area. City shall promptly take all action, at its sole cost and expense, as is necessary to clean, remove, and restore the Easement Area to its condition prior to the introduction of such Hazardous Material by City, provided City shall first have obtained the approval of any necessary governmental entities or agencies for any such remedial action. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material, or waste which is or shall become regulated by any governmental entity or agency acting in its governmental capacity, the State of California, or the United States government.

21. Default and Termination.

(a) Default. In the event that City fails to comply with any term, condition, or obligation set forth in this Easement Deed, such failure shall constitute a default (the "**Default**").

(b) Notice of Default. In the event of a Default, Grantor shall provide written notice of the Default to the City, specifying the nature of the Default and the actions required to remedy it.

(c) Right to Cure. Upon receipt of the notice of Default, the City shall have a period of sixty (60) days to cure the Default (the "**Cure Period**"). If the Default is of a nature that cannot be reasonably cured within the Cure Period, the City shall commence such cure within the Cure Period and diligently pursue the cure to completion.

(d) Failure to Cure. If the City fails to cure the Default within the specified time frame, Grantor shall have the right to exercise any and all remedies available at law or in equity, including, but not limited to, seeking injunctive relief, damages, or termination of this Easement Deed.

(e) Waiver of Default. No delay or failure by Grantor to exercise any right or remedy upon a Default shall constitute a waiver of such Default or any subsequent Default.

22. Property Tax Liability and Reimbursement. If the placement, construction, installation, maintenance, or existence of any improvements by City within the Easement Area results in an increase in the assessed value of, or real property taxes or assessments levied against, Grantor's property (the "Increased Taxes"), City shall be responsible for such Increased Taxes.

Grantor shall promptly notify City in writing of the Increased Taxes and shall provide City with a copy of the relevant tax bill or assessment notice. City shall, within thirty (30) days after written demand from Grantor, reimburse Grantor for the amount of the Increased Taxes, together with any interest or penalties actually incurred by Grantor as a result of such increase.

Grantor shall have the right, but not the obligation, to contest any reassessment or increase in taxes or assessments that Grantor believes is attributable to Grantee's improvements. At City's request, Grantor shall reasonably cooperate with City in any such contest, provided that all costs, expenses, and fees (including attorneys' fees) incurred in connection therewith shall be borne by City. Any reduction or refund of taxes or assessments obtained as a result of such contest shall be credited to City to the extent City has reimbursed Grantor for such Increased Taxes.

23. Quitclaim of a Portion of The Lease. City shall provide a signed and notarized quitclaim deed releasing its claim to the rights contained in the Lease to Grantor to be recorded concurrently with this Easement Deed.

24. <u>No Assignment by City</u>. City shall not voluntarily or by operation of law assign, transfer, license, or otherwise transfer all or any part of its rights, duties, or interests in this Easement Deed without Grantor's prior written consent, which may be granted or withheld in Grantor's sole discretion. Any attempt to make an assignment in violation of this provision shall be null and void.

25. <u>Binding Effect</u>. This Agreement shall be, and hereby is, made a part of each conveyance of all or any part of the burdened property and the benefited property and shall run with the land as to all property burdened and benefited by this Agreement, and no act of subdivision of the burdened property shall limit the applicability of this Agreement. The rights, covenants and obligations contained in this Agreement shall bind, burden and benefit each of the parties, respective successors and assigns. This Agreement shall inure to the benefit of and be binding upon the heirs, devisees, successors and assigns of the parties hereto.

26. <u>Amendment, Modification, Amendment and Termination</u>. Except as provided herein, this Easement Deed may be amended, modified, terminated or cancelled, in whole or in part, only by agreement of City and Grantor. No such amendment, modification, termination or cancellation shall be effective unless a written instrument setting forth its terms has been executed, acknowledged and recorded by the parties in the official records of Humboldt County. Notwithstanding the foregoing, Grantor shall be entitled to terminate this Easement Agreement without City's consent if (a) City is in default under this Easement Agreement following the notice and cure period specific above, or (b) City fails to use or ceases using the Easement Area for the purposes allowed hereunder for a continuous period of twenty-four (24) months. Upon any termination of this Easement Deed, upon Grantor's request, City shall, at City's sole cost and expense, promptly execute a quitclaim deed and such other instruments as Grantor shall require evidencing such termination. On demand by Grantor, upon any termination of this Easement Deed, City shall promptly remove any and all improvements it installed in, on, under or above the Easement Area and restore the premises as nearly as possible to the same condition they were in prior to the execution of this Easement Deed. At the option of Grantor, if any such improvements are not removed and the premises are not restored, Grantor may either remove the improvements and restore the premises and charge City for the reasonable costs of such removal and restoration, or all such improvements shall become the property of Grantor at no cost to Grantor.

27. <u>Severability</u>. If any term, covenant, condition, or provision of this Easement Deed is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

28. Survival of Certain Provisions. The provisions of Sections 15, 16, 18, 19, and 23 shall survive the expiration or sooner termination of this Easement Deed.

29. Notices. Any notices required by this Agreement or correspondence between the parties shall be addressed as follows, unless the parties shall provide written notice of a change:

Grantor: ______________
____
____

City: City of Blue Lake
C/O City Manager
PO Box 458
Blue Lake, CA 95525-0458

IN WITNESS WHEREOF, the parties hereto have caused this Easement Deed to be duly executed as of the date first written above.

GRANTOR: ERIN MCCLURE, in her capacity as Trustee of the Patricia Charley Trust

By: ______________________

Name: Erin McClure

Title: Trustee

GRANTEE: THE CITY OF BLUE LAKE

By: _____________________

Name: ___________________

Title: ____________________

SCHEDULE OF EXHIBITS

Exhibit A – Legal Description of Property
Exhibit B – Legal Description of Easement Area
Exhibit C – Depiction of Easement Area

EXHIBIT "A"

All that real property located in the Southwest 1/4 of Section 20, Township 6 North, Range 2 East, Humboldt Baseline and Meridian, in the unincorporated area of the County of Humboldt, State of California, as shown on Exhibit B attached hereto and made a part hereof, described as follows:

WATER LINE EASEMENT

An easement for water line purposes, being portions of Parcel 1 and the Remainder parcel, as said parcels are shown on the map filed in Book 23 of Parcel Maps, Page 37, Humboldt County Records, and portions of those parcels described in Section (2) on page 11 of the Notice of Final Distribution recorded as Document 1994-24382 and Parcel "B" in the Notice of Lot Line Adjustment recorded as Document 2007-06039, Official Records of Humboldt County, and being a strip of land 25 feet in width, the centerline of which is described as follows:

Commencing at a 1 ½" brass cap monument marking the corner common to Sections 19, 20, 29, and 30, said Township, Range, and Meridian, as shown on said Parcel Map;

Thence North 79°44'16" East 467.82 feet to the Point of Beginning of the herein described centerline, being the point of connection of an existing 10 inch underground water line;

From said Point of Beginning, along the existing water line the following 11 courses:

1) North 37°16'59" East 150.00 feet;
2) North 41°46'59" East 289.00 feet;
3) North 53°16'59" East 182.00 feet;
4) North 44°16'59" East 90.00 feet;
5) North 44°46'59" East 345.00 feet;
6) North 61°16'59" East 36.00 feet;
7) North 47°16'59" East 160.00 feet;
8) North 45°16'59" East 128.00 feet;
9) North 33°16'59" East 167.00 feet;
10) North 40°16'59" East 78.00 feet;
11) North 45°16'59" East 265.87 feet to the point hereinafter referred to as Point "A" and the terminus of the herein described centerline;

End of description.

TANK SITE EASEMENT

An easement for water storage purposes, being a portion of that parcel described in Section (2) on page 11 of the Notice of Final Distribution recorded as Document 1994-24382, Official Records of Humboldt County, more particularly described as follows:

Beginning at the point designated as Point "A" above;

From said Point of Beginning, the following 12 courses:

1) South 65°40'22" East 8.76 feet;
2) North 85°38'30" East 39.31 feet;
3) North 47°33'44" East 24.73 feet;
4) Along a curve to the left, having a radius of 42.50 feet, an interior angle of 114°18'45", and a length of 84.79 feet;

5) North 66°45'01" West 93.21 feet to a point hereinafter referred to as Poing "B";
6) North 39°34'06" West 15.00 feet;
7) South 36°42'21" West 30.01 feet;
8) South 45°19'36" West 28.99 feet;
9) South 04°26'21" West 19.77 feet;
10) South 29°33'06" East 31.49 feet;
11) South 47°55'05" East 38.97 feet;
12) South 65°40'22" East 41.06 feet to the Point of Beginning;

End of Description.

ACCESS EASEMENT

An easement for ingress, egress, and maintenance purposes, being portions of the Remainder Parcel, as shown on the map filed in Book 23 of Parcel Maps, Page 37, and that parcel described in Section (2) on page 11 of the Notice of Final Distribution recorded as Document 1994-24382, Official Records of Humboldt County, and being a strip of land 30 feet in width, the centerline of which is described as follows:

Beginning at the point designated above as Point "B", being a point in the centerline of an existing gravel access road;

From said Point of Beginning, along the centerline of said road, the following 12 courses:
1) North 50°25'54" East 67.55 feet;
2) North 61°29'57" East 68.53 feet;
3) North 79°41'36" East 106.46 feet;
4) Along a curve to the right, having a radius of 35.00 feet, an interior angle of 65°02'10", and a length of 39.73 feet;
5) South 35°16'13" East 58.60 feet;
6) Along a curve to the left, having a radius of 100.00 feet, an interior angle of 48°18'54", and a length of 84.33 feet;
7) South 83°35'07" East 20.68 feet;
8) Along a curve to the right, having a radius of 65.00 feet, an interior angle of 78°13'39", and a length of 88.75 feet;
9) South 05°21'28" East 33.83 feet;
10) Along a curve to the left, having a radius of 80.00 feet, an interior angle of 47°06'20", and a length of 65.77 feet;
11) South 52°27'48" East 88.91 feet;
12) Along a curve to the left, having a radius of 112.09 feet, an interior angle of 18°36'54", and a length of 36.42 feet, more or less, to the westerly line of Buckley Road, and the terminus of the herein described centerline;

End of description.

LICENSED LAND SURVEYOR
CURT D. TRAINA
No. 8683
STATE OF CALIFORNIA

11/29/12

Curt D. Traina LS 8683
SHN Consulting Engineers and Geologists, Inc.

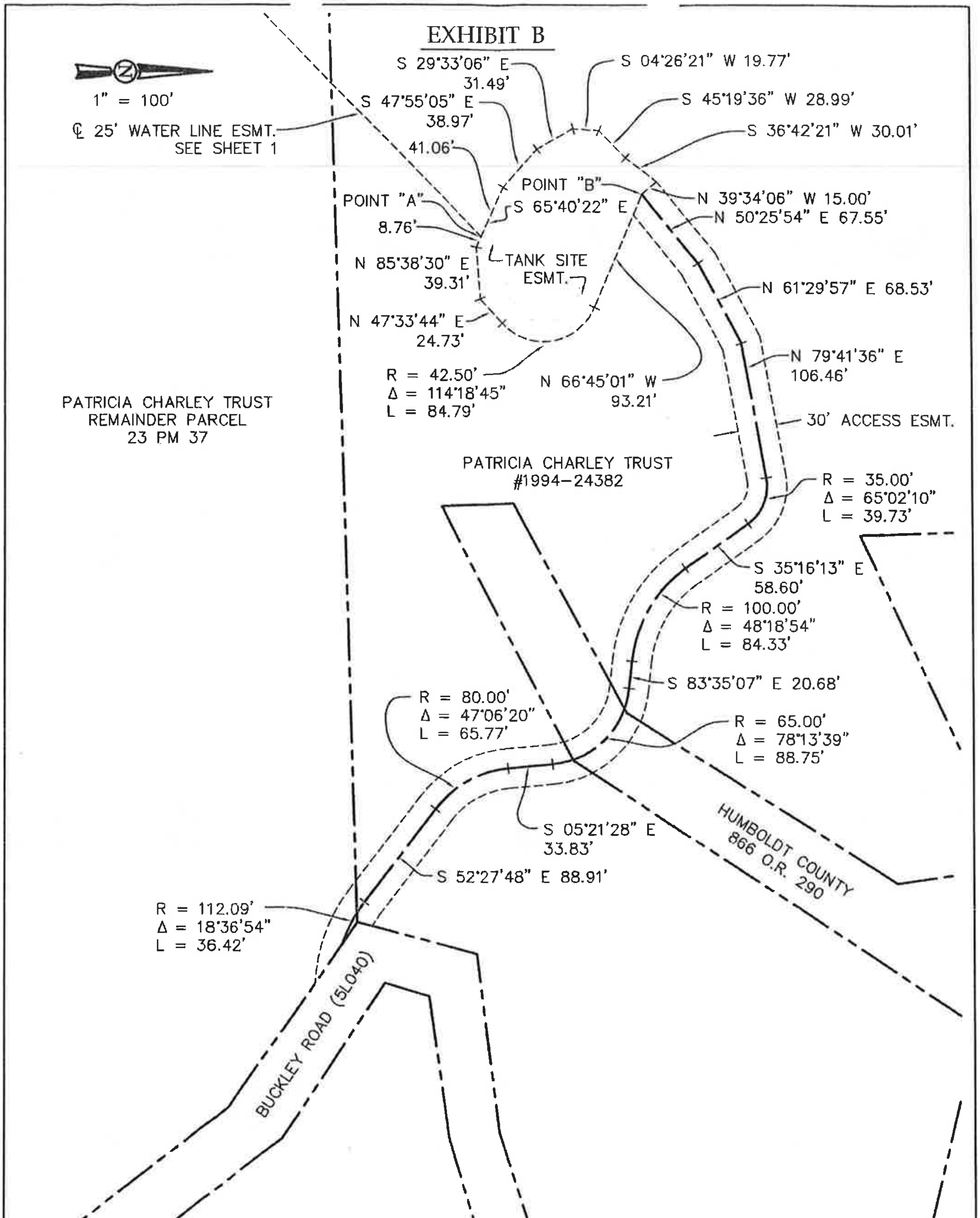
Date

DRAFT – February, 2013

EXHIBIT "B"

MAPS DECPICTING EASEMENTS

[*attach exhibit*]



SHN Consulting Engineers & Geologists, Inc.	City of Blue Lake Buckley Road Tank Site Tank & Access Easements	Exhibit B SHN 012003-802
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