AGREEMENT FOR DREDGING AND TRANSFER OF FISHERMAN’S CHANNEL

This Agreement For Dredging and Transfer of Fisherman’s Channel ("Agreement") is made and entered into effective as of the date (the “Effective Date”) countersigned by Pacific Gas and Electric Company, a California corporation (“PG&E”), and Humboldt Bay Harbor, Recreation and Conservation District, a California public entity (“District” and collectively with PG&E, the “Parties” and each a “Party”), in consideration of the covenants hereinafter set forth.

RECITALS:

A. PG&E owns certain real property surrounding its Humboldt Bay Power Plant located in Humboldt County, California. This Agreement pertains to a portion of such property commonly known as the Fisherman’s Channel, and lands southwesterly of King Salmon Avenue (collectively, the “Subject Property”) more particularly described in Exhibit A-1 and depicted for illustrative purposes only in Exhibit A-2, which are attached hereto and incorporated herein by this reference.

B. Fisherman’s Channel had been utilized by PG&E for many years as the once through cooling water source for the Humboldt Bay Power Plant, which is being decommissioned. PG&E no longer requires a cooling water source for its Humboldt Bay Power operations and desires to return the depth of Fisherman’s Channel to a depth adequate for reasonably anticipated use by dredging and disposal of the dredging materials. PG&E represents and warrants it has no on-going contractual commitment or regulatory permit condition requirement for the permanent maintenance of the channel depth of Fisherman’s Channel.

C. The District is committed to the operation and maintenance of navigable waters in the Humboldt Bay and desires to acquire dredging equipment that would allow it to perform dredging on its own behalf without the need to hire out of the area dredging contractors. The District, if it owned such equipment, would undertake the PG&E planned one-time dredging of Fisherman’s Channel and reuse of dredged material in lieu of disposal when possible.

D. The Parties wish to memorialize the mutual agreement under which PG&E would fund the District’s dredging and repair of the Fisherman’s Channel, and upon obtaining all necessary governmental approvals, for PG&E to convey the Subject Property to the District together with any and all improvements, fixtures, water and minerals located thereon and any and all rights appurtenant thereto, all on the terms and conditions set forth in this Agreement.

AGREEMENTS

NOW, THEREFORE, in consideration of the foregoing recitals which are specifically incorporated into the body of this Agreement, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Permitting.
   a. PG&E shall prepare all documents and engineering assessments that are needed for permit(s) from any regulatory agency with jurisdiction to be issued to the District for the
dredging of Fisherman’s Channel, together with separate permit(s) associated with the dredging of privately-owned canals (commonly referred to as the “Fingers”) bordering the Fisherman’s Channel on its northern and western sides. The PG&E-prepared permits will be reviewed and approved by the District and will be applied for by the District and issued in the District’s name. All expenses incurred in the permitting process shall be paid by PG&E.

b. PG&E will provide the District with the supporting permit documentation and prior research and background information relating to the dredging of Fisherman’s Channel and the adjoining Fingers, including the engineering, design and contact lists necessary for the District to assume implementation of the dredging work with the adjacent property owners that will be affected by the dredging activities in the Fisherman’s Channel and those owners that may wish to participate with the District in the dredging of the Fingers. PG&E represents and warrants it has no on-going contractual commitment or regulatory permit condition requirement for dredging of the Fingers and District assumes no responsibility for dredging of the Fingers pursuant to this Agreement.

2. Funding of Dredging and Repair Activities.

a. Within ten (10) days of full execution of this Agreement, PG&E shall pay the District a non-refundable payment of Two Million Dollars ($2,000,000.00) which funds shall be used by the District for the specific purpose of procuring dredging equipment, financing initial start-up and training of District personnel in dredging operations, reuse or disposal of dredged material, and to perhaps establish a funding source to contribute to potential future re-dredging of Fisherman’s Channel as the District in its sole discretion may deem necessary. The District shall perform the one time PG&E planned dredging of Fisherman’s Channel on a one-time basis to return the channel depth to a depth adequate for reasonably anticipated use, reuse/dispose of the dredging materials, and repair the existing barrier wall at the entrance of Fisherman’s Channel, in accordance with the terms and conditions of the permit(s) issued to the District.

b. As the District deems appropriate, the District will work with any interested private property owners with respect to the dredging of the Fingers, in accordance with the regulatory permit(s) issued to the District. The dredging of the Fingers is not within the scope of PG&E’s financial commitment under this Agreement, and the decision to proceed with such dredging activity is at the District’s sole discretion. Neither PG&E nor the District commits to, or assumes responsibility for, any dredging of the Fingers in conjunction with the one-time PG&E planned dredging of the Fisherman’s Channel, or at any time in the future, pursuant to this Agreement.

c. The District shall assume responsibility for the PG&E planned one-time dredging activities and repair work described herein. In the event the governmental approvals associated with the conveyance of the Subject Property described in Section 3(b) are not received in a timely manner, PG&E shall provide the District with access to the Fisherman’s Channel under the terms of a mutually acceptable right of entry agreement such that timely performance of the dredging and repair to the barrier wall may proceed while the required approvals are being obtained.
3. **Conveyance of the Subject Property.**

   a. PG&E shall convey, and the District shall accept, all PG&E’s right, title and interest to the Subject Property as generally depicted in Exhibit A-2 within ninety (90) days following the satisfaction of the conditions precedent set forth below associated with obtaining all applicable local land use entitlements and the approval of the California Public Utilities Commission for the transfer the Subject Property. The Subject Property shall be conveyed by deed through an escrow to be opened by PG&E through the escrow office of Fidelity National Title Insurance Company, 404 H. Street, Eureka, CA 95501. Escrow fees, documentary transfer tax and recording fees shall be paid by the District. The District agrees to cooperate in executing and performing such escrow instructions as may be required by Fidelity National Title Insurance Company. PG&E shall provide to District a preliminary title report issued by Fidelity National Title Insurance Company. Title to the Subject Property shall be free and clear of all liens and encumbrances, save and except for taxes and assessments not yet delinquent and such easements or other encumbrances disclosed on a preliminary title report issued by Fidelity National Title Insurance Company. The District may elect to purchase title insurance, with such endorsements as the District may choose, at the District’s sole cost.

   b. The conveyance of the Subject Project shall be conditioned upon the following conditions precedent:

      (i) The Subject Property must comply with the California Subdivision Map Act ("Map Act") (Government Code Section 66410, et seq.) ("Map Act Compliance"). The conveyance shall be conditioned upon confirmation of Map Act Compliance or determination that the conveyance of the Subject Property to the District as contemplated in this Agreement is exempt from the Map Act. PG&E shall be responsible for all applications and expenses incurred in obtaining Map Act Compliance. In no event shall PG&E be required to assume any condition, burden, dedication, requirement or restriction on any development or use of the Subject Property or the obligation to pay any exaction, fee, cost, expense or other monetary obligation not approved in writing by PG&E.

      (ii) PG&E has obtained approvals from the California Public Utilities Commission ("CPUC") that may be required by any laws, rules or regulations for the transactions contemplated by this Agreement upon terms and conditions acceptable to PG&E in PG&E’s sole discretion ("CPUC Approval"). PG&E agrees to use its commercially reasonable efforts to obtain CPUC Approval. The District acknowledges that PG&E makes no representation or warranty with respect to CPUC Approval, and waives all claims against PG&E which may arise out of losses, expenses or damages suffered or incurred by the District as a result of the failure of the CPUC to approve the transfer of the Subject Property to the District as contemplated by this Agreement.

   c. The Subject Property shall be conveyed with no warranties of title and subject to all matters affecting the Subject Property whether of record or not which would be disclosed by a current, accurate survey of the Subject Property. **THE DISTRICT ACCEPTS ITS INTEREST IN THE SUBJECT PROPERTY IN AN “AS-IS WITH ALL FAULTS” BASIS WITH ANY AND ALL PATENT AND LATENT DEFECTS, IS NOT RELYING ON AND HEREBY WAIVES ANY WARRANTY OF MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE AND ANY OTHER REPRESENTATION OR**
WARRANTIES, EXPRESS OR IMPLIED, OR ANY KIND WHATSOEVER FROM PG&E
WITH RESPECT TO THE MATTERS CONCERNING THE SUBJECT PROPERTY,
including, but not limited to the physical condition of the Subject Property; zoning status; the
presence of any hazardous substances, wetlands, cultural resources in, on or under the Subject Property.

d. PG&E has multiple legal parcels in the area, and the District as a public agency is exempt from some provisions of the Map Act, and the parties contemplate that compliance with the Map Act can be accomplished by the creation of a new parcel or by restructuring one of the existing PG&E parcels by way of lot line adjustment in order to convey the Subject Property. However, if the conveyance of the Subject Property in fee by a separate parcel is not possible or feasible, PG&E shall convey to District a navigation easement for public use for the Fisherman’s Channel.

e. PG&E and the District each warrant and represent to the other that it has not retained, nor is it obligated to, any person or entity for brokerage, finder’s or similar services in connection with the transactions contemplated by this Agreement, and that no commission, finder’s fee or other brokerage or agent’s compensation can be properly claimed by any person or entity based upon the acts of such party with regard to the transactions which are the subject matter of this Agreement.

4. Following the conveyance of the Subject Property, the District shall exempt PG&E from any special Improvement District that may be formed to support future maintenance of the Fisherman’s Channel or the Fingers. The property rights to any real property retained by PG&E shall not include a right to use the Fisherman’s Channel or the Fingers absent an agreement by PG&E to participate in any special Improvement District that may be formed to support future maintenance of the Fisherman’s Channel or the Fingers. The District shall provide PG&E with access to the Subject Property in connection with any soil and water sampling that may be necessary in connection with PG&E’s plant closure under the terms of a mutually acceptable right of entry agreement.

5. PG&E and the District agree to execute such additional documents and take such additional actions which are consistent with, and as may be reasonable and necessary to carry out the provisions of, this Agreement.

6. This Agreement is personal to the District, and the District shall not assign, or otherwise transfer this Agreement or any interest herein. Any assignment, or other transfer violating the requirements of this Section shall be voidable at PG&E’s election, and, at the option of PG&E, shall constitute a default hereunder.

7. Neither Party shall be held responsible for the failure or delay in performance herein where such failure or delay is due to any act of God or of the public enemy, war, compliance with laws, governmental acts or regulations, fire, flood, epidemic, strikes and labor interruption, accident, unusually severe weather or other causes similar to the foregoing beyond their reasonable control, including without limitation the failure to obtain permits, consents or similar approvals relating to the dredging and repair activity or the land use entitlements contemplated by this Agreement. Any Party whose performance is affected by such force majeure shall promptly give notice to the other Party of the occurrence of circumstance of force majeure upon which it intends to rely to excuse its performance. If the circumstances of force majeure affect the other Party’s performance herein or
delays performance for more than eighteen (18) months, then the other Party may terminate this Agreement upon fifteen (15) days advance written notice.

8. Any notices, requests or elections herein required or permitted shall be deemed given upon receipt and effective as to delivery if given in writing, and may be sent by registered United States Mail (return receipt requested) or by electronic mail or facsimile (with confirmed receipt) or by personal delivery or delivery by a nationally recognized courier service, addressed as follows or to such subsequent address as may be provided by Party to the other Party by proper notice:

If to the District:

    Jack Crider
    Chief Executive Officer
    Humboldt Bay Harbor, Recreation and Conservation District
    601 Startare Dr.
    Eureka, CA 95501

If to PG&E:

    Loren Sharp
    Senior Director/HBPP Plant Manager
    Humboldt Bay Nuclear Power Plant
    1000 King Salmon Ave.
    Eureka, CA 95503

9. This Agreement, its validity, construction and all rights under it shall be governed by the laws of the State of California and without reference to the choice of law principles of the State of California or any other state. Any action or legal proceeding arising out of this Agreement shall be brought and maintained in Humboldt County, California.

10. The District and PG&E agree that the terms and provisions of this Agreement embody their mutual intent and that such terms and provisions are not to be more liberally in favor of, or more strictly against, either Party.

11. This Agreement, together with its attached exhibits, contains the entire Agreement between the Parties with respect to the subject matter hereof, and any prior or contemporaneous agreements, discussions or understandings, written or oral, are superseded by this Agreement and shall be of no force or effect. No addition or modification of any term or provision of this Agreement shall be effective unless set forth in writing and signed by each of the Parties.

12. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGES, INCLUDING LOST PROFITS, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, AND WHETHER OR NOT SUCH DAMAGES WERE FORESEEN OR UNFORESEEN.
13. Neither this Agreement nor any agreements or transactions contemplated hereby shall be interpreted as creating any partnership, joint venture, association or other relationship between the Parties.

14. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument. Each Party shall be entitled to rely upon executed copies of this Agreement transmitted either by facsimile or a pdf version by email to the same and full extent as the originals.

IN WITNESS WHEREOF, the District and PG&E have caused this Agreement to be executed as of the Effective Date by their respective representatives thereunto duly authorized.

DISTRICT:

Humboldt Bay Harbor, Recreation and Conservation District

By: 

Title: CEO

Date: 3/6/14

PG&E:

Pacific Gas and Electric Company

By: 

Title: Senior Director, KBR Plant Manager

Date: 2/27/14
Exhibit A-1
(Legal Description)

All of the real property described in the deed from Eureka Shipbuilders, Inc. to Pacific Gas and Electric Company dated February 8, 1952, and recorded in Book 197 of Official records at page 379, Humboldt County Records; excepting therefrom the following three (3) parcels of land:

(1) All portions of land lying to the north and to the east of the southerly line of the parcel of land described in the deed from Pacific Gas and Electric Company to County of Humboldt dated July 20, 1954, and recorded in Book 302 of Official Records at page 481, Humboldt County Records.

(2) Any portion of lands lying within the Map of King Salmon Resort dated July 13, 1948, and recorded in Book 12 of Maps at page 58, Humboldt County Records.

(3) Any portion of lands lying within the parcel of land described in the deed from Pacific Gas and Electric Company to County of Humboldt dated December 16, 1988, and recorded in Book 1989 of Official Records at page 8410, Humboldt County Records.

(remainder of page intentionally blank)
Exhibit A-2

(Depiction of Subject Property to be transferred to the District).