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**HUMBOLDT BAY
HARBOR, RECREATION, AND CONSERVATION
DISTRICT**

(707) 443-0801

P.O. Box 1030

Eureka, California 95502-1030



PUBLIC NOTICE

The Board of Commissioners of the Humboldt Bay Harbor, Recreation and Conservation District announces a Special Meeting to be held on August 12, 2013 at 4:00 p.m. in the Woodley Island Marina Meeting Room. The purpose of the Special Meeting is for the Board to hold a Closed Executive Session to discuss Freshwater Tissue Company property purchase negotiations and then to hold a Regular Session for the consideration of purchase of Freshwater Tissue Company property, Samoa, California.

AGENDA
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

DATE: August 12, 2013
TIME: 4:00 p.m.
PLACE: Woodley Island Marina Meeting Room

The Meeting Room is wheelchair accessible. Accommodations and access to Harbor District meetings for people with other handicaps must be requested of the Director of Administrative Services at 443-0801 24 hours in advance of the meeting.

1. Call to Order at 4:00 p.m. and Roll Call
2. Pledge of Allegiance
3. Public Comment
4. Move to Executive Closed Session pursuant to the provisions of the California Government Code Sections 54956.8 (Conference with Real Property Negotiator)
 - A. Conference with Real Property Negotiator
Negotiating Parties: Paul Brisso, District Counsel; Mike Wilson, Board President; Richard Marks, Board Vice President; Jack Crider, Chief Executive Officer

Under Negotiation:
 - 1) Freshwater Tissue Company property purchase negotiations
5. Adjourn Executive Closed Session
6. Report on Executive Closed Session
7. Call to Order Regular Session
8. New Business
 - a. Consideration of purchase of Freshwater Tissue Company property, Samoa, California
9. Adjournment

REAL ESTATE PURCHASE AND SALE AGREEMENT

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REAL ESTATE PURCHASE AND SALE AGREEMENT

A Portion of the Former Louisiana-Pacific Corporation Pulp Mill Property

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (this “**Agreement**”) is dated as of August __, 2013 (the “**Effective Date**”), by and between **FRESHWATER TISSUE COMPANY LLC**, a California limited liability company (“**Seller**”), and **HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT**, a public corporation (“**Buyer**”). The Seller and Buyer are sometimes referred to herein as a “**Party**” or collectively as the “**Parties**.” Terms defined in this Agreement are capitalized. The following Recitals set forth, in summary fashion, some of the factual background and objectives of the Parties relating to the transactions contemplated in this Agreement, all of which are subject to the terms, conditions, qualifications and limitations set forth more fully in the Agreement which follows. Nothing in the Recitals shall be deemed to be a representation, warranty, admission or agreement.

RECITALS

A. Seller is the owner of four parcels of real property located on the Samoa Peninsula, in Humboldt County, California. The parcels owned by Seller include Parcel A, which is the real property to be transferred to the Buyer at the Closing, and three other parcels known as Parcels B, C and 4. Some of the real property owned by Seller (including Parcel A) was formerly operated as part of the Louisiana-Pacific Corporation Pulp Mill. Buyer states that it wishes to purchase Parcel A to perform a Brownfield Redevelopment and for other public purposes.

B. Parcel A is improved with existing and partially-demolished structures and equipment used in a former pulp mill, a power plant and boiler (“**Boiler**”), a water treatment plant, storage tanks, and various other equipment. Ownership of the Boiler shall be conveyed to Buyer at Closing.

C. Certain storage tanks on Parcel A are currently used to store chemicals, including but not limited to “**Pulping Liquors**” and other chemicals (collectively, “**Stored Chemicals**”) which will remain at Closing in the storage tanks and related equipment on Parcel A and will become the Buyer’s sole responsibility after the Closing without claim or recourse against Seller or the Released Parties (as hereinafter defined).

D. Included in the Improvements appurtenant to Parcel A is an ocean outfall line (“**Outfall Line**”) which projects from Parcel A into the Pacific Ocean for a distance of approximately one and one-half miles. Where the Outfall Line is not located on Parcel A, it is located on land leased to the Seller by the California State Lands Commission pursuant to Lease #PRC 3186.1 (the “**CSLC Lease**”). The Outfall Line was used to dispose of wastewater generated in the pulp manufacturing process and solids from the water treatment plant, and is currently used to dispose of process wastewater from the DG Fairhaven power plant located to the south of Parcel A. The Seller’s rights under the CSLC Lease and all other interests of the Seller in the Outfall Line will be transferred to the Buyer, to the extent assignable, as more particularly provided below.

E. Seller has entered into an agreement (the “**DGF Outfall Line Agreement**”) with a nearby property owner, DG Fairhaven, which permits DG Fairhaven to use the Outfall Line. The DGF Outfall Line Agreement will be assigned to and assumed by Buyer as an Assumed Contract, as more particularly provided below.

F. In addition to acquiring Parcel A, Buyer and Seller wish to enter into a reciprocal easement agreement (the “**Reciprocal Easement Agreement**”) pursuant to which the Buyer will obtain easements for ingress, egress and underground utilities (under such ingress and egress easements) over agreed portions of Parcel B, C and 4, for the benefit of Parcel A, and Seller will receive an easement from Buyer over Parcel A for ingress and egress for the benefit of Parcels B, C and 4. These easements shall be approximately 45' in width and generally follow the existing route of Vance Ave. In addition Seller will grant a temporary easement for ingress and egress across Parcel B to Buyer from Vance Ave. to the existing guard house entrance, on the existing road, for 2 years after Closing, without cost to Buyer. Seller has no obligation to provide easements on property it does not own; provided, however, that this sentence shall not limit Buyer's rights to use any recorded Appurtenances which benefit Parcel A. The Reciprocal Easement Agreement shall be substantially in the form attached hereto as Exhibit J, shall be negotiated in good faith by the Parties, will provide for the granting of the foregoing easements and shall provide that the current location of such uses, (that is, the location as of the Effective Date), shall be the locations included in the final Reciprocal Easement Agreement. If the parties are unable to agree to the specific terms of an easement agreement the terms shall be reached through binding arbitration pursuant to Section 13(c) hereof. The Reciprocal Easement Agreement shall also: (i) give any person or entity conducting business on Parcel B, the right to use indefinitely, at no charge, the right to discharge, as currently exists, storm water through the existing connecting storm water system on Parcels A and B, and (ii) provide for the shared use of and payment for utilities serving Parcel A and B, including, but not limited to water, electricity and sewer service to be provided from or through Parcel A by Buyer to Parcel B, for so long as Seller determines that such utilities shall not be separately furnished. During such period Buyer will provide Seller with water for domestic irrigation, fire protection, irrigation and industrial use at Buyer's actual cost, electricity at actual metered cost, and shall provide sewer services for Parcel B at Buyer's actual cost. Water (including irrigation), sewer and electricity for the office buildings on Parcel A, and storm water piping, are currently in place and their current location will be reflected in the final Reciprocal Easement Agreement. Industrial electricity service, previously terminated by Seller on Parcel A, may be reinstalled at Seller's option and at Seller's cost in order to restore industrial electricity service on Parcel B, using the routing as previously existed. Finalization of the terms of the Reciprocal Easement Agreement is not a condition of Closing.

G. In 2010, Seller received Emission Reduction Credits (“**Emission Reduction Credits**”) from the North Coast Unified Air Quality Management District (“**NCUAQMD**”). The Parties intend that the Emission Reduction Credits be transferred to the Buyer pursuant to the terms of an Emission Reduction Credits Transfer Agreement (the “**Emission Reduction Credits Transfer Agreement**”)-Buyer and Seller will work jointly to transfer Emission credits. Completion of the transfer is not a condition of Closing. The Emission Reduction Credits Transfer Agreement will include provisions allowing Seller to use a portion of the Emission Reduction Credits which have not yet been used by the Buyer to the extent that Seller may use such credits in connection with the development, operation or use of Parcel B, C or 4. However, if the credits are transferred to Buyer, the use of credits shall not exceed twenty percent of the total number of credits initially transferred to Buyer. Provided that Seller uses commercially reasonable efforts to effect the transfer of the Emission Reductions Credits to Buyer, then Seller shall not be liable to Buyer in contract, tort or otherwise in the event that the Emission Reduction Credits are not transferred. If the credits cannot be transferred, then Seller shall pay to Buyer the consideration received from any future sale of such credits, other than those used for the development, operation or use of Parcels B, C or 4.

H. The power plant which is located on Parcel A was formerly used in part to generate electricity which was transmitted to the California Independent System Operator (“**Cal ISO**”) pursuant to an Agreement dated __, 20__ (the “**Cal ISO Agreement**”). The Cal ISO Agreement shall, to the extent assignable, be assigned to the Buyer. Buyer and Seller will work jointly in the transfer effort. Provided that Seller uses commercially reasonable efforts to effect the transfer of the Cal ISO Agreement to Buyer,

then Seller shall not be liable to Buyer in contract, tort or otherwise in the event that the Cal ISO Agreement is not transferred. Completion of this assignment is not a condition of Closing.

I. Prior to the execution of this Agreement, the Parties have entered into an Access Agreement (the “**Access Agreement**”) providing access to the Buyer and certain other persons and entities described in the Access Agreement to Parcel A for the purpose of conducting due diligence inquiries. The Access Agreement shall continue to apply to all acts or omissions taken thereunder prior to the Effective Date of this Agreement, after which this Agreement shall govern.

IN CONSIDERATION of the respective agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. Property Included in Sale. Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase from Seller, subject to the terms and conditions set forth herein, all of Seller’s right, title and interest in and to the following:

(a) that certain real property consisting of Parcel A, located on the Samoa Peninsula, Humboldt County, California and more particularly described in Exhibit A attached hereto (the “**Parcel A**”).

(b) any recorded rights, privileges and easements appurtenant to the Real Property, to the extent owned by Seller (collectively, the “**Appurtenances**”) but excluding any easements or other rights benefitting Parcel A if such easements and other rights are not currently recorded in the Official Records of the County Recorder of Humboldt County including without limitation, any implied easements which may have arisen by the use of other property adjacent to or in the vicinity of the Parcel A which other property is now owned by Seller, all of which unrecorded easements and other unrecorded rights shall be terminated by the Quitclaim Deed more particularly described below.

(c) any improvements and fixtures, equipment (including the Ahlstrom boiler located on Parcel A), landfill, and Stored Chemicals-owned by Seller and located on Parcel A or on any recorded easements appurtenant to Parcel A or on the CSLC Lease, including, without limitation, the Outfall Line and Boiler (collectively, the “**Improvements**”).

(d) all tangible personal property, to the extent owned by Seller and located on Parcel A. except such items of tangible personal property that are identified in Exhibit hereto (the “**Retained Personal Property**”) , which items shall remain the property of Seller. The tangible personal property to be transferred to Buyer is referred to herein collectively as the “**Personal Property**, provided, however, that Seller may store Retained Personal Property on Parcel A (i) for six (6) months after Closing without charge to Seller, and (ii) during the period commencing six (6) months after Closing, at no charge to Seller, for so long as Buyer does not need the warehouse space for its ongoing operations. Buyer will give Seller two weeks’ notice to remove Retained Personal Property at such time as Buyer needs to utilize the storage area occupied by Seller, and shall provide Seller with reasonable access to Parcel A to conduct such removal activities. Buyer shall not be liable for the loss or damage of any personal property stored by Seller at Parcel A pursuant to this sub-paragraph.

(e) to the extent assignable, without cost to or default by Seller except as expressly provided in Section 4(d), all right, title and interest of Seller in and to the following: the Assumed Contracts, licenses, permits, approvals, certificates of occupancy, dedications, subdivision maps, entitlements, studies, reports, surveys, plans, marks, logos, names and telephone numbers used exclusively in the ownership, use, operation or maintenance of Parcel A, the Improvements or the

Personal Property including, without limitation, the Emission Reduction Credits (collectively, the “**Intangible Property**”).

(f) To the extent assignable without cost to or default by Seller (or if there is a cost, to the extent assignable upon payment of such costs provided that Buyer pays such cost when and as required to effectuate the assignment as part of the Closing), Seller’s rights and interest as landlord or tenant under the following leases or agreements to use certain of the Improvements (referred to herein as “**Leases**” regardless of whether or not such leases or agreements are technically leases or other rights to use Parcel A or the Improvements): (i) CSLC Lease; and, (ii) DGF Outfall Line Agreement.

(g) The easement described in Recital F, above;

All of the items referred to in subparagraphs (a), (b), (c), (d), (e), (f) and (g) above are collectively referred to as the “**Property**.” Buyer understands and agrees that some of the Improvements may encroach onto other properties or easements, that some improvements on neighboring properties may encroach onto Parcel A or the Appurtenances, that Hazardous Materials currently stored in, on or under Parcel A and/or the Improvements and equipment thereon, are part of the Property, will remain in, on or under the Property after the Closing and, as between Seller and Buyer, will become the responsibility of the Buyer without payment or recourse against the Seller, except as otherwise provided in this Agreement and that such encroachments and other attributes are a permissible attribute of the Property.

2. Consideration and Creation of Escrow.

(a) Consideration provided by Buyer to Seller shall not include any cash consideration, but shall be solely the substantial obligations, promises and liabilities undertaken and assumed by the Grantee pursuant to the terms of this Agreement.

(b) On or before close of business on the date which is two (2) business days after the Effective Date, Buyer shall cause an Escrow to be opened by Fidelity National Title Insurance Company (“**Title Company**”), 515 J Street, Eureka, CA 95501, tel: (707) 442-5785, fax (707) 442-2656.

(c) The Closing shall occur on or before close of business August 15, 2013, and such date shall be referred to herein as the “**Closing Date**.” The Closing shall be deemed to have occurred upon the delivery and recording of the Deed (as defined in Section 3(a) below) unless the Parties agree to an escrow Closing based upon the Title Company’s irrevocable and unconditional commitment to issue Buyer’s Title Policy in advance of recordation of the Deed.

(d) The Title Company joins herein below to evidence its agreement to hold all documents deposited with the Title Company in accordance with the terms and conditions of this Agreement. Further, the following provisions shall control with respect to the rights, duties and liabilities of the Title Company.

(i) The Title Company acts hereunder as a depository only and is not responsible or liable in any manner whatsoever for the (A) sufficiency, correctness, genuineness or validity of any written instrument, notice or evidence of a Party’s receipt of any instruction or notice which is received by the Title Company, or (B) identity or authority of any person executing such instruction notice or evidence.

(ii) The Title Company shall have no responsibility hereunder except for the performance by it in good faith of the acts to be performed by it hereunder, and the Title Company shall have no liability except for its own negligence or willful misconduct or breach of this Agreement.

(iii) The Title Company shall be reimbursed by whichever of Buyer or Seller is the losing Party for any reasonable expenses incurred by the Title Company arising from a dispute with respect to the documents held in escrow, including the cost of any legal expenses, should the Title Company deem it necessary to retain an attorney with respect to the disposition of the amount held in escrow.

3. Transfers and Assignments at Closing.

(a) Seller shall convey to Buyer title to Parcel A, the Appurtenances and the Improvements by duly executed and acknowledged grant deed in the form attached hereto as Exhibit B (the “**Deed**”). Evidence of delivery of title shall be the Title Company’s irrevocable commitment to issue to the Buyer, effective as of the date and time the Deed is recorded, a CLTA Owner’s Policy of Title Insurance (or, if Buyer obtains the Title Company’s commitment to insure ALTA coverage and delivers such commitment to Seller prior to the expiration of the Due Diligence Period, then an ALTA extended coverage Owner’s Policy of Title Insurance) with coverage in the amount of Seven Hundred Thousand and No/100 Dollars (\$700,000.00), insuring that fee simple title to Parcel A and title to the Improvements and to the Appurtenances is vested in Buyer subject only to the Permitted Exceptions (as defined below) (the “**Title Policy**”).

(b) Buyer shall quitclaim to Seller, by a duly executed and acknowledged quitclaim deed in the form attached hereto as Exhibit K (the “**Quitclaim Deed**”) any rights which Buyer may have in any of the Parcels B, C and 4 other than those which are recorded in the Official Records of the County Recorder of the County of Humboldt and other than the rights set forth in any of the Closing Documents.

(c) At the Closing, Seller shall transfer all of Seller’s right, title and interest, if any, in and to the Personal Property and Intangible Property (other than the Leases) by a Bill of Sale and Assignment of Personal and Intangible Property in the form attached hereto as Exhibit C (the “**Assignment of Intangible Property**”).

(d) At the Closing, to the extent assignable and conditioned on obtaining any required consent for such assignment, Seller shall assign to Buyer all of Seller’s right, title and interest in and to the Leases and Buyer shall assume all of Seller’s obligations under the Leases, by an Assignment and Assumption of Leases in the form attached hereto as Exhibit D (the “**Assignment and Assumption of Leases**”). The Leases in effect as of the Effective Date are more fully described on the schedule attached hereto as Exhibit E (the “**Schedule of Leases**”).

4. Due Diligence; As-Is Purchase.

(a) Due Diligence Completed. Buyer agrees that it has had the opportunity to conduct its due diligence review with respect to the Property, including, without limitation, conducting examinations, inspections, studies and investigations of the Property (collectively, the “**Due Diligence**”) and has completed its Due Diligence review to its satisfaction in the manner and subject to the limitations contained herein. References herein to the end of the Due Diligence Period shall be deemed to refer to the Effective Date of this Agreement.

(b) Due Diligence Deliveries. Buyer and Seller acknowledge and agree that Seller has provided Buyer with true, correct and complete copies of all unprivileged documents Buyer has requested including, without limitation, the existing survey, if any, listed thereon (the “**Survey**”), a preliminary title report for the Property issued by the Title Company and copies of all documents referenced as exceptions therein (“**PTR**”).

(c) Further Document Review. Seller has provided Buyer with adequate access, for inspection, of all of Seller's relevant unprivileged files with respect to the Property located at the Property and at Seller's offices not located at the Property.

(d) Contracts. All unrecorded contracts in Seller's possession relating to Seller's ownership or operation of the Property in effect on the Effective Date and that may be assignable to Buyer at Closing, not including the Cal ISO Agreement, are as specified on Exhibit F attached hereto ("**Contracts**"), excluding, however, all insurance policies, all sale or leasing brokerage listing agreements (collectively, "**Excluded Contracts**"), none of which will be assigned to Buyer at the Closing. The Leases are neither Contracts nor Excluded Contracts. Prior to the expiration of the Due Diligence Period, Buyer shall notify Seller in writing of any Contracts specified on Exhibit F attached hereto it disapproves and does not want to assume at Closing. Seller shall (i) terminate at Closing all Contracts disapproved by Buyer in writing prior to the end of the Due Diligence Period (and Buyer shall pay any damages, penalty or fee imposed by any third party to any such Contract in connection with such termination), and (ii) terminate all Excluded Contracts as of the Closing. Any Contract specified on Exhibit F attached hereto that Buyer does not disapprove in writing prior to the end of the Due Diligence Period shall be assigned to, and assumed by, Buyer at Closing (the "**Assumed Contracts**"), with Buyer being responsible for the payment of any fee or other charge imposed by any party to any such Assumed Contract in connection with such transfer. The list of Assumed Contracts will be attached to the Assignment of Intangible Property.

(e) Title Matters; Buyer's Objections; Seller's Right to Cure. Buyer shall be obligated to accept title to the Property, subject solely to the following matters: (i) as of the Closing Date, the lien of any real property taxes and assessments not yet due and payable including any supplementary taxes and assessments relating to the period after Closing which may be imposed as a result of Buyer's purchase of the Property from Seller; (ii) the rights of tenants and landlords under the Leases; (iii) zoning regulations and ordinances, building restrictions and regulations of governmental agencies having jurisdiction over the Property; and (iv) matters or record or matters created by, through or under Buyer or pursuant to this Agreement. All of the foregoing shall be, collectively, the "**Permitted Exceptions.**" Seller shall have no obligation to so eliminate or modify any unacceptable exceptions or matters affecting title to the Property or to incur any cost or expense in connection therewith other than with respect to the "Removed Liens" (as defined below). Notwithstanding the foregoing, if, prior to the Closing Date, any new title exceptions ("**New Exceptions**") are first disclosed to Buyer, then subject to the provisions of this Section 4(e) below, Seller shall have seven (7) days following the giving of notice by Buyer to Seller objecting to such New Exception(s) to notify Buyer in writing whether or not Seller elects to endeavor, at Seller's sole option, to cause such exceptions to be removed as exceptions or insured against to Buyer's reasonable satisfaction at no expense to Buyer, which, in either case, shall be deemed the cure of such title defect. If Seller elects to endeavor to cause such exceptions to be removed or insured against, then it shall be a condition precedent to Buyer's obligation to purchase the Property that such identified objections are eliminated or modified to Buyer's reasonable satisfaction. If such seven (7) day period extends beyond the then scheduled Closing Date, the Closing Date shall be extended until the first business day following the expiration of such seven-day period. If such exceptions are not so cured, Buyer may (i) waive in writing such objectionable title exceptions and proceed to Closing, or (ii) terminate this Agreement and obtain a return of the Deposit and, thereafter, the Parties shall have no further rights or obligations hereunder except for those obligations which expressly survive the termination of this Agreement. If Buyer fails to object to or waive in writing any objection to any New Exceptions within three (3) business days after Buyer first discovers or learns about such New Exceptions, then such New Exceptions shall be deemed to be additional Permitted Exceptions. Notwithstanding the foregoing, Seller agrees to pay and remove, or, at Seller's election to cause the Title Company to insure over to Buyer's reasonable satisfaction, any mechanic's lien or other monetary lien recorded against title to the Property (but excluding those caused by any third party having any rights

under the Leases), any new liens or encumbrances recorded against title to the Property after the Effective Date and voluntarily created by Seller, and any property taxes and assessments that become delinquent prior to Closing (collectively referred to as the “**Removed Liens**”).

(f) Site Visits.

(i) Access to Property. Buyer and its Licensee Parties (as defined below) have had access to the Property for purposes of conducting Due Diligence pursuant to an Access Agreement, which shall survive the Closing. Buyer may continue to have access to the Property at agreed upon times for purposes other than conduct of Due Diligence activities on at least two (2) business days prior written notice to Seller (unless any Lease affecting the property requires longer notice, in which case the notice period prior to access shall be the notice period set forth in the lease plus two (2) business days from the date Seller receives the notice requesting access from Buyer).

(ii) Contents of Notice; Seller Representative. The notice to be given to the Seller prior to any entry onto the Property shall describe the scope of any activities which Buyer intends to conduct during Buyer’s access to the Property. Seller shall have the right to have a representative present during any visits to or inspections of the Property by Buyer.

(iii) Physically Intrusive Due Diligence. Buyer agrees not to conduct any physically intrusive activities at Parcel A, including, without limitation, subsurface investigation of soil or groundwater of or under Parcel A, prior to the Closing.

(iv) Third Party Consents Required for Due Diligence Activity. If Buyer desires to undertake any activity at the Property prior to Closing which would require the approval of any governmental or quasi governmental body or agency having jurisdiction over Seller or the Property (each a “**Governmental Entity**”), or of the tenant, and provided that Seller has approved such activities, Seller, at no cost or expense to Seller, shall contact such entity, as applicable, and request consent with respect to such activities and shall diligently pursue obtaining such consent, at Buyer’s expense, with expenses reasonably paid or incurred by Seller to be reimbursed by Buyer within five (5) business days after request. In no event shall Seller be liable to Buyer as a result of the withholding of any such consent by any such entity.

(v) Compliance With Law, Leases and Available Documents in Conducting Due Diligence. Buyer shall, in performing any activities at the Property prior to Closing, (i) comply in all material respects with the agreed upon procedures, (ii) comply in all material respects with any and all laws, ordinances, rules, and regulations applicable to the Property, and (iii) will not engage in any activities which would violate any lease or any publicly available documents, including, but not limited to, recorded documents or any licenses, permits, approvals, certificates of occupancy, dedications, subdivision maps or entitlements. All activities conducted by Buyer at the Property before Closing shall be conducted to avoid any unreasonable disturbance of properties adjacent to or in the vicinity of the Property.

(vi) Insurance. Buyer shall maintain general liability insurance in an amount not less than One Million Dollars (\$1,000,000) per occurrence and not less than Two Million Dollars (\$2,000,000) on a general aggregate basis for bodily injury, death and property damage, and excess (umbrella) liability insurance with liability insurance with limits of not less than Five Million Dollars (\$5,000,000) per occurrence, insuring against any liability arising out of any entry onto or activities conducted on the Property by or for Buyer. All such insurance shall be issued by carriers or providers and on terms satisfactory to Seller. Prior to any entry onto the Property, Buyer shall deliver or cause to be delivered to Seller, for each of the coverages described above, a certificate of insurance or coverage

which names Seller, and any entities reasonably designated by Seller in a written notice to Buyer, as additional insured or covered thereunder to the extent permitted by the joint powers authority that provides liability coverage for the District.

(vii) Payment for Inspections and Examinations and Restoration. Buyer shall promptly pay when due the costs of all entry onto and activities conducted at the Property. Buyer shall promptly restore the Property to substantially the same condition in which the Property was found before any such entry or activities were undertaken.

(g) Discussions and Interviews. Any discussions or interviews with any officer, director, shareholder, member, manager, employee or agent of any of the following shall be conducted, at Seller's election, in the presence of Robert Simpson, or an agent, consultant, counsel or employee of Seller approved by Robert Simpson: Seller; Louisiana-Pacific; East-West Power; and DG Fairhaven Power. Seller shall make either Robert Simpson or another agent or employee approved by Robert Simpson available to Buyer for such discussions or interviews, provided that Buyer gives Seller written notice of Buyer's intent to conduct such interview or discussions at least two (2) business days prior to the date Buyer intends to conduct such interviews or discussions.

(h) As-Is Purchase. Buyer acknowledges-it has had the opportunity to inspect the Property, observe the physical characteristics and condition of the Property above ground surface. review the results and status of past and ongoing environmental investigations of the condition of soil, soil gas, groundwater and surface water, and review and/or inspect any and all other matters, as to, concerning or with respect to any matter whatsoever relating to the Property or this Agreement or of concern to Buyer ("**Property Conditions**"), including, but not limited to: title; the environmental condition of the Property (including the presence or absence of Hazardous Materials (as defined below) in, on, or about the Property); water, soil, pest and geological conditions of the Property; the Leases; the Contracts; the financial condition of the Property; the suitability of the Property for any and all activities and/or uses which may be conducted thereon; the compliance of or by the Property with any and all laws, rules, ordinances or regulations of any applicable governmental authority or body (including environmental, zoning, building codes, and the status of any development or use rights respecting the Property); the availability of permits, licenses and approvals respecting the Property; the economic or engineering feasibility of any alteration, renovation or future use of the Property that may be contemplated by Buyer; the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property; and the physical condition of the Improvements, including construction defects, deferred maintenance, and other adverse physical conditions or defects. Buyer further acknowledges and agrees that, except for any express representations, warranties or agreements made by Seller in this Agreement or in the Closing Documents ("**Seller's Express Obligations**"), neither Seller nor any of Seller's employees, agents or representatives have made any representations, warranties or agreements, express or implied, by or on behalf of Seller as to any matters concerning the Property Condition. Except for Seller's Express Obligations, Seller disclaims any and all such representations, warranties and agreements, and Buyer agrees that, except for Seller's Express Obligations, any inaccuracy or deficiency in information, advice or documents given to Buyer shall be solely the responsibility and risk of Buyer, and shall not be chargeable in any respect to Seller. Buyer acknowledges that, except for Seller's Express Obligations, it is not relying on any statement or representation, whether express or implied, oral or written, that has been made or that in the future may be made by Seller or any of Seller's employees, agents, attorneys or representatives concerning the Property Condition.

Buyer hereby acknowledges and agrees, except for Seller's Express Obligations, that the Property is to be purchased, conveyed and accepted by Buyer in its present condition, "**AS IS,**" "**WHERE IS**" and "**WITH ALL FAULTS**".

Buyer has examined, reviewed and inspected the Property Conditions and other matters which, in Buyer's judgment, bear upon the Property and its value and suitability for Buyer's purposes. Upon Closing, Buyer will acquire the Property solely on the basis of its own examinations, reviews and inspections and the title insurance protection afforded by the Title Policy and Seller's Express Obligations and shall not be relying on any documents provided by Seller or its representatives, on any statement made by Seller or its representatives, or on the absence of any disclosures which Seller would otherwise be required to make under applicable law if known to the Seller and not reasonably discoverable by the Buyer, it being agreed that Seller has agreed to the terms of this Agreement and to the Buyer in large part based on the Buyer's ability to conduct such investigation and to assume the certain risks that such investigations will reveal all material facts including, without limitation, facts which the Seller knows or may know. The consideration has been negotiated with the understanding that all of the waivers, releases, agreements, covenants, assumptions of risk, limitations of liability and indemnifications in this Agreement are fully enforceable. If Buyer were unwilling to agree to all of the same, as a fully-integrated risk and cost allocation mechanism, then Seller would either not enter into this Agreement or would require consideration significantly greater than the consideration Seller receives hereunder in exchange for its performance. Accordingly, Buyer agrees and represents to Seller that all of the waivers, releases, agreements, covenants, assumptions of risk, limitations of liability and indemnifications in this Agreement and in the Closing Documents are fully enforceable in accordance with their terms and Buyer agrees never to take a contrary position in any forum.

Upon Closing, Buyer shall assume the risk that Property Conditions may not have been revealed by Buyer's investigations. The release and waiver of claims set forth below shall be referred to as the "**Release.**" Upon the Closing, except with respect to Seller's Express Obligations, Buyer, on its own behalf and on behalf of each of its successors and assigns and each and all of its and their respective members, partners, officers, directors, employees, parents, affiliates and subsidiaries, and each of their respective successors and assigns (collectively, "**Waiver Parties**") releases Seller, Seller's predecessor entities Samoa Acquisition Corporation and Freshwater Pulp Company LLC, Robert Simpson, Jamie Simpson, Charles Benbow, Janet Benbow, Doris Nolan, and the Estate of Donald E. Nolan, Sr., and each of their respective members, managers, shareholders,—officers, beneficiaries, investment advisors, consultants, attorneys and representatives and their respective successors and assigns (collectively, "**Released Parties**") from, and waives any and all liability, claims, demands, damages and costs (including attorneys' fees and expenses) of any and every kind or character, known or unknown, for, arising from, or attributable to, any and all Property Conditions including, without limitation, any and all actual, threatened or potential claims, claims for contribution under Environmental Laws (as defined below), suits, proceedings, actions, causes of action, demands, liabilities, losses, obligations, orders, requirements or restrictions, liens, penalties, fines, charges, debts, damages, costs, and expenses of every kind and nature, whether now known or unknown, whether foreseeable or unforeseeable, whether under any foreign, federal, state or local law (both statutory and non-statutory), and, whether asserted or demanded by a third party against any of the Waiver Parties or incurred directly or indirectly by any of the Waiver Parties themselves (collectively, "**Claims**"), which any of the Waiver Parties has or may have arising from or related to the following (collectively, "**Released Claims**"): (i) the physical condition of the Property, the financial condition of the Property, or the financial condition of the tenants under the Leases, the value of the Property or its suitability for Buyer's use, the status of any of the Leases or of the tenants thereunder, the ownership, management or operation of the Property, including any claim or demand by any tenant for the refund or return of any security deposit or other deposit to the extent credited to Buyer at Closing, or the accuracy or completeness of any information reviewed by Buyer in connection with its investigations of the Property and which may have been relied upon by Buyer in deciding to purchase the Property, (ii) the presence at the Property of, and any Handling (as defined below) of, any Waste Materials (defined below) or Hazardous Materials (as defined below) at, beneath, to, from, or about the Property, (iii) any compliance or non-compliance with Environmental Laws regarding any Waste Materials, Hazardous Materials or any Handling related thereto at, beneath, to, from,

or about the Property, (iv) any acts, omissions, services or other conduct related to any of the foregoing items “(i)” through “(iii),” inclusive, and/or (v) any condition, activity, or other matter respecting the Property that is not addressed by any of the foregoing items “(i)” through “(iv),” inclusive, and that is related to pollution or protection of the environment, natural resources, or public health; provided, however, the Released Claims shall not include claims for breach of Seller’s Express Obligations. “Released Parties” shall not be construed in any manner to include Louisiana Pacific Corporation or any individual or entity acting on its behalf. Buyer acknowledges that any condition of the Property which Buyer discovers or desires to correct or improve prior to or after the Closing Date shall be at Buyer’s sole expense. This Release shall survive the Closing and the recording of the Deed conveying the Property from Seller to Buyer.

TO THE FULLEST EXTENT NOT PROHIBITED BY LAW, BUYER HEREBY EXPRESSLY AND SPECIFICALLY WAIVES THE BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE (“SECTION 1542”) AND ANY SUCCESSOR LAWS. SECTION 1542 PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

BUYER ACKNOWLEDGES THAT THIS WAIVER AND RELEASE IS VOLUNTARY AND WITHOUT ANY DURESS OR UNDUE INFLUENCE, AND IS GIVEN AS PART OF THE CONSIDERATION FOR THE AGREEMENTS SET FORTH HEREIN. BUYER EXPRESSLY ACKNOWLEDGES THAT IT MAY HEREAFTER DISCOVER FACTS DIFFERENT FROM OR IN ADDITION TO THOSE, WHICH IT NOW BELIEVES TO BE TRUE WITH RESPECT TO THE RELEASE OF CLAIMS. BUYER AGREES THAT THE FOREGOING RELEASE SHALL BE AND REMAIN EFFECTIVE IN ALL RESPECTS NOTWITHSTANDING SUCH DIFFERENT OR ADDITIONAL FACTS.

BUYER HAS BEEN ADVISED BY ITS LEGAL COUNSEL AND UNDERSTANDS THE SIGNIFICANCE OF THIS WAIVER OF SECTION 1542 RELATING TO UNKNOWN, UNSUSPECTED AND CONCEALED CLAIMS, AND BUYER HEREBY SPECIFICALLY ACKNOWLEDGES THAT BUYER HAS CAREFULLY REVIEWED THIS SUBSECTION AND DISCUSSED ITS IMPORT WITH LEGAL COUNSEL AND THAT THE PROVISIONS OF THIS SUBSECTION ARE A MATERIAL PART OF THIS AGREEMENT. BY ITS INITIALS BELOW, BUYER ACKNOWLEDGES THAT IT FULLY UNDERSTANDS, APPRECIATES AND ACCEPTS ALL OF THE TERMS OF THIS SUBSECTION AND RELEASE.

BUYER’S INITIALS

As used in this Agreement, the following terms have the following definitions:

(1) **“Environmental Laws”** means any applicable foreign, federal, state or local law, statute, regulation, rule, ordinance, permit, prohibition, restriction, license, requirement, agreement, consent, or approval, or any determination, directive, judgment, decree or order of any executive, administrative or judicial authority at any federal, state or local level (whether now existing or subsequently adopted or

promulgated) relating to pollution or the protection of the environment, natural resources or public health and safety.

(2) **“Handling”** means, at any time and to any extent and in any manner whatsoever, any presence of or any handling, storing, transferring, transporting, treating, using, recycling, separating, sorting, incinerating, transforming, reconstituting, containing, containerizing, packaging, manufacturing, generating, abandoning, covering, capping, dumping, closing, maintaining, disposing, placing, discarding, encapsulating, filling, landfilling, investigating, monitoring, remediating, removing, responding to, reporting on, testing, releasing, contamination resulting from, spilling, leaking, pouring, emitting, emptying, discharging, injecting, escaping, migrating, or leaching.

(3) **“Hazardous Materials”** means any material, waste, chemical, compound, substance, mixture, or byproduct that is identified, defined, designated, listed, restricted or otherwise regulated under Environmental Laws as a “hazardous constituent,” “hazardous substance,” “hazardous material,” “extremely hazardous material,” “hazardous waste,” “acutely hazardous waste,” “hazardous waste constituent,” “infectious waste,” “medical waste,” “biohazardous waste,” “extremely hazardous waste,” “pollutant,” “toxic pollutant,” or “contaminant,” or any other formulation intended to classify substances by reason of properties that are deleterious to the environment, natural resources or public health or safety including, without limitation, ignitability, corrosiveness, reactivity, carcinogenicity, toxicity, and reproductive toxicity. The term Hazardous Materials specifically includes the Stored Chemicals and shall also include, without limitation, the following:

i. a “Hazardous Substance,” “Hazardous Material,” “Hazardous Waste,” or “Toxic Substance” under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, et seq. or the Solid Waste Disposal Act, 42 U.S.C. Section 6901, et seq., including any regulations promulgated thereunder, as any of the foregoing may be amended;

ii. “Oil” or a “Hazardous Substance” under Section 311 of the Federal Water Pollution Control Act, 33 U.S.C. Section 1321, as may be amended, as well as any other hydrocarbonic substance, fraction, distillate or by-product;

iii. an “Acutely Hazardous Waste,” “Extremely Hazardous Waste,” “Hazardous Waste,” or “Restricted Hazardous Waste,” under Section 25110.02, 25115, 25117 or 25122.7 of the California Health and Safety Code, or listed pursuant to Section 25140 of the California Health and Safety Code, as any of the foregoing may be amended;

iv. a “Hazardous Material,” “Hazardous Substance” or “Hazardous Waste” under Section 25117, 25260, 25281, 25316, 25501, or 25501.1 of the California Health and Safety Code, as any of the foregoing may be amended;

v. any substance or material defined, identified or listed as an “Acutely Hazardous Waste,” “Extremely Hazardous Material,” “Extremely

Hazardous Waste,” “Hazardous Constituent,” “Hazardous Material,” “Hazardous Waste,” “Hazardous Waste Constituent,” or “Toxic Waste” pursuant to Division 4.5, Chapters 10 or 11 of Title 22 of the California Code of Regulations, as may be amended;

vi. any substance or material listed by the State of California as a chemical known by the State to cause cancer or reproductive toxicity pursuant to Section 25249.8 of the California Health and Safety Code, as may be amended;

vii. a “Biohazardous Waste” or “Medical Waste” under Sections 117635 or 117690 of the California Health and Safety Code, as may be amended;

viii. mold;

ix. asbestos and any asbestos containing material;

and

x. a substance that, due to its characteristics or interaction with one or more other materials, wastes, chemicals, compounds, substances, mixtures, or byproducts, damages or threatens to damage the environment, natural resources or public health or safety, or is required by any law or public entity to be remediated, including remediation which such law or public entity requires in order for property to be put to any lawful purpose.

(4) “**Waste Materials**” means any putrescible or nonputrescible solid, semisolid, liquid or gaseous waste of any type whatsoever, including, without limitation:

i. any garbage, trash, refuse, paper, rubbish, ash, industrial or commercial or residential waste, demolition or construction wastes, abandoned vehicles or parts thereof, discarded home and industrial appliances, sewage, sewage sludge, manure, vegetable or animal solid and semisolid waste, and any other item intended to be or actually dumped, abandoned, discarded, treated, transformed, incinerated, disposed of or recycled;

ii. any “solid waste” as defined in the Solid Waste Disposal Act, 42 U.S.C. Section 6901, et seq., including any regulations promulgated thereunder, as any of the foregoing may be amended;

iii. any “solid waste” as defined in the California Integrated Waste Management Act of 1989, California Public Resources Code Sections 40000, et seq., including any regulations promulgated thereunder, as any of the foregoing may be amended; and

iv. any “waste” as defined in the Porter Cologne Water Quality Control Act, California Water Code Sections 13000 et seq., including any regulations promulgated thereunder, as any of the foregoing may be amended.

(i) Covenant Not to Sue. Buyer, on its own behalf and on behalf of the Waiver Parties, covenants and agrees never to sue or otherwise commence or prosecute any action or other

proceeding against any of the Released Parties, for a Released Claim. The Parties hereto agree that this Section 4(i) (the “**Covenant Not to Sue**”) may be pleaded by a Released Party as a full and complete defense to any action or proceeding by a Waiver Party that is contrary to the terms of the Release, and may be asserted as a basis for abatement of, or injunction against, said action or proceeding and as a basis for a cross-complaint for damages therein. If a Waiver Party breaches the Covenant Not to Sue, any Released Party damaged thereby shall be entitled to recover from such Waiver Party not only the amount of any judgment which may be awarded in favor of such damaged Released Party, but also for such other actual damages, actual out-of-pocket third party costs and expenses as may be incurred by such damaged Released Party, including court costs, reasonable attorneys’ fees and all other actual out-of-pocket third party costs and expenses, taxable or otherwise, in preparing the defense of, defending against, or seeking and obtaining abatement of, or injunction against, such action or proceeding, and establishing and maintaining the applicability of the Release and this Covenant Not to Sue. This Covenant Not to Sue shall survive the Closing and the recording of the Deed conveying the Property from Seller to Buyer.

(j) Termination of Agreement. If this Agreement is terminated prior to Closing for any reason other than Seller’s default, then, Buyer shall return to Seller, within five (5) business days after termination, all original documents delivered to Buyer pursuant to Sections 4(b) and 4(c) and copies made by Buyer and its partners, attorneys, accountants, consultants, agents and prospective lenders, provided that Buyer (a) may retain one copy of such documents for compliance purposes, (b) will not be required to purge any electronic documents in its electronic archive system, and (c) may retain copies of any notes or summaries made from such documents so long as such notes or summaries are kept subject to the terms of this Agreement. Buyer shall not deliver to Seller any third party reports and studies relating to the Property procured or obtained by Buyer, or any other person for the benefit of Buyer. The provisions of this Section 4(j) shall survive any termination of this Agreement.

(k) Natural Hazard Disclosures. As used herein, the term “**Natural Hazard Area**” shall mean those areas identified as natural hazard areas or natural hazards in the Natural Hazard Disclosure Act, California Government Code Sections 8589.3, 8589.4 and 51183.5, and California Public Resources Code Sections 2621.9, 2694 and 4136, and any successor statutes or laws (the “**Act**”). Seller shall use reasonable efforts to have the Title Company prepare and provide to Buyer a Natural Hazard Disclosure Statement (the “**Disclosure Statement**”) in a form required by the Act no later than ten (10) business days prior to the expiration of the Due Diligence Period. Buyer acknowledges that Seller shall retain the services of the Title Company to examine the maps and other information made available to the public by government agencies for the purpose of enabling Seller to fulfill its disclosure obligations with respect to the Act and to prepare the written report of the result of its examination (the “**Report**”). Buyer acknowledges that the Report fully and completely discharges Seller from its disclosure obligations under the Act and under California Civil Code Sections 1102 through 1102.17. Buyer acknowledges and agrees that nothing contained in the Disclosure Statement limits Buyer from its opportunity to fully investigate and satisfy itself with the condition of the Property during the Due Diligence Period, including, without limitation, whether the Property is located in any Natural Hazard Area. Buyer further acknowledges and agrees that the matters set forth in the Disclosure Statement or Report may change on or prior to the Closing and that Seller has no obligation to update, modify or supplement the Disclosure Statement or Report. Buyer is solely responsible for preparing and delivering its own Disclosure Statement to subsequent prospective purchasers of the Property.

5. Conditions to Closing.

(a) Buyer’s Conditions. The following conditions are precedent to Buyer’s obligation to purchase the Property (the “**Conditions Precedent**”):

(i) Title Insurance. Title Company shall have issued or shall have irrevocably and unconditionally committed in writing to issue the Title Policy and any endorsements included in any title commitment or proforma or specimen policy issued by the Title Company prior to the expiration of the Due Diligence Period. Buyer may request additional title policy forms or endorsements, but such shall not constitute a Condition Precedent.

(ii) Deliveries Complete. Seller shall have delivered to Buyer or Title Company the documents listed in Sections 7(c) and 7(e) of this Agreement.

(iii) Representations, Warranties and Covenants. Seller shall have performed in all material respects each and every covenant, undertaking and agreement required to be performed by Seller under this Agreement and all of Seller's representations and warranties set forth in this Agreement shall be true and correct in all material respects as of the expiration of the Due Diligence Period and as of the Closing Date as if made on such date.

Buyer's Conditions are intended solely for the benefit of Buyer. If any of Buyer's Conditions are not timely satisfied, Buyer shall have the right in its sole and absolute discretion to either terminate this Agreement or waive in writing the Condition Precedent and proceed with the Closing.

(b) Seller's Conditions. The following conditions are conditions precedent to Seller's obligation to sell the Property (the "**Seller's Conditions**"):

(i) Deliveries Complete. Buyer shall have delivered to Seller or Title Company the documents listed in Section 7(d) of this Agreement.

(ii) Representations, Warranties and Covenants. Buyer shall have performed each and every covenant required to be performed by Buyer under this Agreement, and all of Buyer's representations and warranties set forth in this Agreement shall be materially true and correct as of the Closing.

Seller's Conditions are intended solely for the benefit of Seller. If any of Seller's Conditions are not timely satisfied, Seller shall have the right in its sole and absolute discretion to either terminate this Agreement or waive in writing the Seller's Condition and proceed with the Closing.

6. Remedies.

(a) Except as set forth in subsection (b) of this section, each Party retains all rights and remedies available to it at law or in equity in the event of breach by the other.

(b) **IF SELLER TERMINATES THIS AGREEMENT PURSUANT TO A RIGHT GIVEN TO IT HEREUNDER AND BUYER TAKES ANY ACTION WHICH INTERFERES WITH SELLER'S ABILITY TO SELL, EXCHANGE, TRANSFER, LEASE, DISPOSE OF OR FINANCE THE PROPERTY (INCLUDING, WITHOUT LIMITATION, THE FILING OF ANY LIS PENDENS OR OTHER FORM OF ATTACHMENT AGAINST THE PROPERTY), THEN SELLER'S REMEDIES SHALL INCLUDE, BUT SHALL NOT BE LIMITED TO, THOSE DESCRIBED IN SECTION 6(a) ABOVE, AND THE NAMED BUYER (AND ANY PERMITTED ASSIGNEE OF BUYER'S INTEREST HEREUNDER) SHALL BE LIABLE FOR ALL LOSS, COST, DAMAGE, LIABILITY OR EXPENSE (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES, COURT COSTS AND DISBURSEMENTS AND CONSEQUENTIAL DAMAGES) INCURRED BY SELLER BY REASON OF SUCH ACTION BY BUYER. NOTHING IN THIS SECTION SHALL BE**

CONSTRUED TO APPLY TO ANY ACTION OR DECISION TAKEN BY BUYER IN ITS CAPACITY AS A PUBLIC ENTITY RESPONSIBLE FOR PERMITTING AND REGULATING PROPERTY USE AND OTHER ACTIVITIES PURSUANT TO CALIFORNIA HARBOR AND NAVIGATIONS CODE APPENDIX 2.

SELLER'S INITIALS

BUYER'S INITIALS

7. Closing and Escrow.

(a) Upon mutual execution of this Agreement, the Parties shall deposit an executed counterpart of this Agreement with Title Company as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and Buyer each agrees to execute such additional escrow instructions as may be appropriate, or reasonably required by Title Company, to enable the escrow holder to comply with this Agreement; provided that in the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions, the terms of this Agreement shall control.

(b) The Closing hereunder shall be held and delivery of all items to be made at the Closing shall be made at the offices of Title Company on or before 5:00 p.m. (Pacific Time) on the Closing Date.

(c) At least one (1) business day prior to the Closing, Seller shall deliver to Buyer, or to Title Company as escrow holder, the following:

(i) a duly executed and acknowledged Deed;

(ii) executed counterparts of all transfer declarations applicable to the Property;

(iii) an affidavit pursuant to Section 1445(b)(2) of the United States Internal Revenue Code (the "**Code**") and on which Buyer is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Code, substantially in the form of Exhibit H attached hereto, and a California form 593-C, together with such affidavits and other documentation as may be required pursuant to any tax withholding laws or requirements of the State where the Property is located;

(iv) a gap indemnity in favor of Title Company in form and substance approved by Title Company and reasonably satisfactory to Seller, in the event of an escrow Closing prior to recordation of the Deed pursuant to Section 2(c);

(v) at Seller's option, a Seller Closing Certificate stating any change in Seller's representations and warranties set forth herein due to occurrences from and after the Effective Date through and including the Closing ("**Changes**");

(vi) a duly executed counterpart of the Closing Statement (as defined below);

(vii) the originals or certified copies of any documents representing any Intangible Property being conveyed to Buyer, each to the extent in Seller's possession, provided that such items may be delivered to Buyer outside of escrow on the Closing Date;

(viii) keys to all doors to the Improvements which are in Seller's or its agents' possession; and

(ix) such resolutions and authorizations relating to Seller's authority to undertake the transaction contemplated hereby as shall be reasonably required by Title Company.

Buyer may waive compliance on Seller's part under any of the foregoing items by an instrument in writing.

(d) At least one (1) business day prior to the Closing, Buyer shall deliver to Seller, or to Title Company as escrow holder, the following:

(i) A duly executed and acknowledged Quitclaim Deed;

(ii) two (2) duly executed counterparts of the Assignment of Intangible Property;

(iii) a Preliminary Change of Ownership Report;

(iv) executed counterparts of all applicable transfer declarations;

(v) a duly executed counterpart of the Closing Statement; and

(vi) such resolutions and authorizations relating to Buyer's power and authority to undertake the transaction contemplated hereby as shall be reasonably required by Seller or Title Company.

Seller may waive compliance on Buyer's part under any of the foregoing items by an instrument in writing.

(vii) Seller and Buyer shall each deposit such other instruments as are reasonably required Title Company or otherwise required to close the escrow and consummate the purchase and sale of the Property in accordance with the terms hereof. In the event the Title Company requires Seller to provide an owner's declaration, Seller shall execute and deliver the owner's declaration in the form of Exhibit L attached hereto. The documents and instruments to be delivered pursuant to Sections 7(c) and 7(d) and this Section 7(e) shall be referred to herein, collectively, as the "**Closing Documents**".

(e) The following are to be apportioned as of the Closing Date and the applicable adjustment(s) shall be made to the Purchase Price delivered to Seller:

(i) Rent pro-rations. Rent or lease payments shall be prorated as of the date of Closing.

(ii) Utility Charges. To the extent that Seller (rather than any other party) is responsible for utility charges, Seller will request that all utility meters for the Property be read as close to the Closing Date as feasible, and the utility charges will be prorated based on an approximation of utility usage up to Closing calculated on historical use patterns, as reasonably determined by Seller.

(iii) Other Apportionments and Closing Costs. Buyer shall pay: (A) all recording fees for the recording of the Deed; (B) the cost of extended title insurance coverage and any

endorsements (other than endorsements that Seller shall be required to pay pursuant to clause (Z) below) to the Title Policy; (C) Title Company's escrow fees as escrow holder (except as otherwise provided by this Section 7(f)(iii)); (D) all real estate transfer tax imposed by state or local authorities; and (E) all fees, costs and expenses incurred in connection with Buyer's due diligence activities. Seller shall pay: (Y) the commission/fee payable to Seller's Broker; and (Z) the title insurance premium for the CLTA portion of the Title Policy and any endorsements obtained to cure title objections in accordance with Section 4(e). If this Agreement is terminated due to a default of Seller hereunder, then Seller shall pay all escrow fees and charges incurred in connection with such termination, and if this Agreement is terminated for any other reason, then Buyer shall pay all such escrow fees and charges. Each Party will pay its own legal fees and expenses incurred in connection with the transactions contemplated by this Agreement. Payment of all other costs incurred in connection with the transaction contemplated by this Agreement shall be allocated between Buyer and Seller in accordance with the custom of the County where the Property is located, as reasonably determined by Title Company.

(iv) Real Estate Taxes and Special Assessments. General real estate taxes and assessments payable during the tax year in which Closing occurs will be prorated at the Closing on an accrual basis on the basis of the taxes and assessments that accrue and are due and payable during the tax year in which the Closing occurs as follows: Seller shall be responsible only for such taxes and assessments which are due and payable during the fiscal tax year in which the Closing occurs as assessed by the taxing entity. Notwithstanding anything to the contrary herein, Seller shall be entitled to any and all tax refunds relating to the period before the Closing Date and for any credit which is payable for taxes allocable to the period on and after the Closing Date, regardless of when the refunds are received, except if and to the extent that such refunds are payable to tenants of the Property at the time such refunds are received under the terms of their respective Leases, in which case the refundable portion of the amount received shall be paid to such tenants. Seller shall have the sole authority to prosecute any tax protest, challenge or appeal for a tax year ending prior to the Closing Date and to apply for any credit which may be due and Buyer shall reasonably cooperate (with Seller paying any out-of-pocket costs incurred by Buyer in doing so) in the prosecution of any such protest, challenge or appeal.

(v) Closing Statement. Title Company shall prepare a preliminary Closing settlement statement and shall deliver such statement to Buyer and Seller for approval no less than three (3) days prior to the Closing Date (the approved statement being referred to as the "**Closing Statement**").

(vi) Post-Closing Reconciliation. Seller and Buyer hereby agree that if any of the Section 7(f) pro-rations cannot be calculated accurately as of the Closing Date, then the same shall be estimated (based on current information then known, such as the most recent tax bills) for the purposes of Closing, and within thirty (30) days after the Closing Date, or as soon as sufficient information is available to permit the Parties to effectively calculate such pro-rations (but in no event later than the date which is one hundred eighty (180) days following the Closing Date), the Parties shall make such adjustments to the pro-rations as necessary to reflect the accurate information, and the Parties shall then make such payments to one another as necessary to correct any errors made in the pro-rations as of the Closing Date once such correct information is available. Either Party owing the other Party a sum of money based on such subsequent pro-rations shall pay such sum to the other Party within ten (10) days after such calculations.

8. Representations and Warranties of Seller. The phrase "to Seller's knowledge" means to the actual, present knowledge of Robert Simpson and Charles Benbow (the "**Designated Representatives**"), without any duty of inquiry, investigation or inspection, Seller hereby represents and warrants to Buyer as follows, which representations and warranties shall be true as of the Effective Date, as of the end of the Due Diligence Period and as of the Closing Date except for Changes identified in writing by Seller prior to the Closing, which written changes shall qualify the Seller's representations and

warranties hereunder and, if such qualification is material, shall permit Buyer to terminate this Agreement without Claim against Seller:

(a) Status. Seller is duly organized or formed, validly existing and qualified and empowered to conduct its business, and has full power and authority to enter into and perform the terms of this Agreement.

(b) Enforceability. This Agreement is duly authorized and executed by Seller, and this Agreement and all documents required to be executed by Seller in connection herewith, are and shall be, when executed, valid, legally binding obligations of Seller, enforceable in accordance with their terms.

(c) Litigation. To Seller's knowledge, there is no pending action or litigation against Seller which would have a material effect on the transaction contemplated hereby or involving any portion of the Property. No claim has been filed by Seller or any other Party under Seller's insurance in excess of \$250,000 with respect to the Property within the last three (3) years.

(d) Condemnation. To Seller's knowledge, Seller has not received any written notice of any pending or threatened condemnation or eminent domain action by any governmental authority with respect to all or any part of the Property.

(e) Leases. Attached hereto as Exhibit E is a schedule of the Leases as of the Effective Date. The information set forth in said Exhibit E is accurate in all material respects as of the Effective Date and all such Leases are in writing except as set forth on Exhibit E and if any such Lease is not in writing the material terms of the tenancy, to Seller's knowledge, are set forth in Exhibit E. If there are any inconsistencies between the information set forth in Exhibit E and the provisions of such Leases or copies thereof which have been exhibited or provided to Buyer or its representative(s), then the provisions of the Leases shall prevail and Exhibit E shall be deemed amended accordingly. To Seller's knowledge, there are no leasing commissions payable or which will become payable with respect to the Leases.

(f) Contracts. Seller has not entered into any service agreements, equipment leasing contracts or other contracts relating to the management of the Property which will be in force after the Closing, except for the Leases and the Contracts and, if applicable, any document recorded against any part of the Property, any document being assigned or transferred to the Buyer and or any document delivered to the Buyer as part of the Due Diligence Documents. To Seller's knowledge, there is no monetary default or material non-monetary default under the Contracts. No default under any Contract or Lease resulting from the consummation of the transactions herein within any approval or consent which may be required shall breach this or any other representation, warranty or agreement of Seller hereunder.

(g) Environmental Matters. To Seller's knowledge, (i) Seller has provided Buyer with all of the third party reports relating to Hazardous Materials at the Property and issued since at least February 8, 2009 that are within Seller's possession, custody or control, and (ii) except as set forth in the foregoing reports and in documents previously made available to Buyer, documents made available to Buyer before Close of Escrow, and in documents regarding Parcel A that are publicly available on the State Water Quality Control Board's Geotracker website, found at http://geotracker.waterboards.ca.gov/profile_report.asp?global_id=SL0602377769, Seller does not know, and has no reasonable cause to believe, that any release of hazardous substances has come to be located on or beneath the real property comprised of Parcel A. Seller provides the written notice set forth in subpart (ii) of this subsection in compliance with California Health & Safety Code Section 25359.7(a).

(h) Due Diligence Documents. As acknowledged and agreed to by Seller in Section 4(b), Seller has delivered to Buyer or made available to Buyer true and complete copies of unprivileged documents pertaining to the Property in Seller's possession without representation or warranty as to the content of any such documents.

(i) Non-foreign Person. Seller is not a "foreign person" as that term is defined in Section 1445(f) of the Code and any similar provisions of applicable state law, and the regulations issued thereunder.

(j) Non-foreign Assets. Seller is in compliance with the requirements of Executive Order No. 13224, 66 Fed Reg. 49079 (September 25, 2001) (the "**Order**") and other similar requirements contained in the rules and regulations of the Office of Foreign Asset Control, Department of the Treasury ("**OFAC**") and in any enabling legislation or other Executive Orders in respect thereof (the Order and such other rules, regulations, legislation, or orders are collectively called the "**Orders**"). Seller:

(i) is not listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "**Lists**");

(ii) has not been determined by competent authority to be subject to the prohibitions contained in the Orders; and

(iii) is not owned or controlled by, nor acts for or on behalf of, any person or entity on the Lists or any other person or entity that has been determined by competent authority to be subject to the prohibitions contained in the Orders.

(k) Additional Representations. To Seller's knowledge, neither the execution and delivery of this Agreement, nor its performance by Seller, will conflict with or result in the breach of any contract, agreement, law, rule or regulation to which Seller is a party or by which Seller is bound. There are no actions or proceedings pending or, to Seller's knowledge, threatened to liquidate, reorganize, place in bankruptcy or dissolve Seller, and Seller is contemplating no such action. No action, proceeding or investigation is pending or, to Seller's knowledge, threatened against Seller, before any governmental or other authority that would affect its ability to carry out its obligations under this Agreement.

9. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller as follows (such representations and warranties to survive the Closing):

(a) Status. Buyer is duly organized or formed, validly existing and qualified and empowered to conduct its business, and has full power and authority to enter into and perform the terms of this Agreement. To Buyer's knowledge, neither the execution and delivery of this Agreement, nor its performance by Buyer, will conflict with or result in the breach of any contract, agreement, law, rule or regulation to which Buyer is a party or by which Buyer is bound. There are no actions or proceedings pending or, to Buyer's knowledge, threatened to liquidate, reorganize, place in bankruptcy or dissolve Buyer, and Buyer is contemplating no such action.

(b) Enforceability. This Agreement is duly authorized and executed by Buyer, and this Agreement and all documents required to be executed by Buyer in connection herewith, are and shall be, when executed, valid, legally binding obligations of Buyer, enforceable in accordance with their terms.

(c) Proceedings. No action, proceeding or investigation is pending or, to Buyer's knowledge, threatened against Buyer, before any governmental or other authority that would affect its ability to carry out its obligations under this Agreement.

(d) Non-foreign Assets. Buyer is in compliance with the requirements of the Orders.
Buyer:

(i) is not listed on the Lists;

(ii) has not been determined by competent authority to be subject to the prohibitions contained in the Orders; and

(iii) is not directly owned or controlled by, nor acts for or on behalf of, any person or entity on the Lists or any other person or entity that has been determined by competent authority to be subject to the prohibitions contained in the Orders.

10. Indemnifications. Effective on the Closing Date, Buyer hereby waives and agrees to protect, indemnify, defend and hold the Released Parties free and harmless from and against any and all losses, damages, injuries, accidents, fires or other casualties, liabilities, claims, costs or expenses (including, but not limited to, any and all damage to any portion of the Property and reasonable attorneys' fees and expenses) of any kind or character whether asserted or demanded by a third party against any of the Released Parties or incurred directly or indirectly by any of the Released Parties themselves (each a "claim" and collectively "claims") (i) to any person or property relating to any personal injury, bodily injury, death or property damage resulting from Due Diligence activities on the Property by or for Buyer; (ii) for any violation of any law, ordinance or regulation resulting therefrom; (iii) for any breach or default by Buyer under this Agreement or any of the documents to be executed and delivered as part of the Closing; (iv) after the Closing occurs, for or relating to the investigation, removal, remediation or monitoring of environmental contamination (including without limitation contamination of soil, soil gas, surface water and groundwater) at or emanating from the Property, regardless of when such claim or claims arose, (v) after the Closing occurs, for or relating to the storage, management, removal, transport, disposal, sale or other disposition, and cleanup of Stored Chemicals or any other chemicals or Hazardous Materials present at the Property at close of escrow, regardless of when such claim or claims arose, and (vi) with respect to all other claims not addressed in the foregoing subsections (i) through (v), inclusive, for or relating to the Property to the extent such claims arise after the Closing occurs. Buyer's obligations hereunder shall not apply to claims or liabilities caused solely by the willful misconduct or gross negligence of Seller or any of the other the Released Parties seeking the benefit of this Section 10. Buyer is fully familiar with the Seller's past and current practices in Handling such Hazardous Materials and by Closing will be deemed to have agreed with and represented to the Seller that such practices have not constituted willful misconduct or gross negligence or the violation of any applicable law including, without limitation, any Environmental Law. Buyer's obligations hereunder shall apply even if the claim in question was caused in whole or in part by the active or passive negligence of the Seller or any other Released Party. Released Parties, and each of them, shall fully cooperate, without the obligation to expend money (other than for travel expenses and any personal time), in the defense of any claim made against Released Parties as reasonably necessary. Released Parties shall retain and maintain all records and documentation concerning their use and operation of the property and make such records available as needed in the defense of any third party claim. The indemnification provisions of this Section 10 and the covenants, representations and warranties provided in this Agreement shall survive the Closing or earlier termination of this Agreement.

11. Risk of Loss. In the event any of the Property is damaged or destroyed prior to the Closing Date and the value of the property so damaged or destroyed is more than Ten Thousand Dollars

(\$10,000), then this Agreement shall remain in full force and effect, and Buyer shall have the option to, but will not be required to, acquire the Property upon the terms and conditions set forth herein. If Buyer elects to proceed with the transfer in its sole discretion, Seller shall assign to Buyer all of Seller's right, title and interest in and to all proceeds of property insurance on account of such damage or destruction.

12. Seller's Covenants. Seller hereby covenants and agrees as follows:

(a) Maintenance Duties. Before the Closing, Seller shall maintain the Property ("**Maintenance Duties**") in a manner consistent with past practices. Notwithstanding the above, Seller's Maintenance Duties shall specifically exclude the obligation: (A) to repair or correct normal wear and tear or deferred maintenance, (B) to expend more than Ten Thousand and No/100 Dollars (\$10,000.00) with respect to Maintenance Duties in the aggregate, excluding amounts clearly reimbursable in full by tenants under the Leases; or (C) to take any action pertaining to the Hazardous Materials on, in or under the Property.

(b) New Leases and Contracts. Before the Closing, Seller shall not enter into any new lease or new contract, or any amendment of any existing Lease or Contract, or grant any approval, consent (including, without limitation, any consent to assign or sublease) or waiver under any Lease or Contract, to the extent such action would bind Buyer after the Closing, without (i) in the case of any leases, contracts, amendments, approvals, consents or waivers entered into after mutual execution hereof but before the Closing, obtaining Buyer's prior consent thereto, which consent shall not be unreasonably withheld, conditioned or delayed, or (ii) in the case of leases, contracts, amendments, approvals, consents or waivers entered into after mutual execution hereof but before Closing obtaining Buyer's prior consent thereto, which consent may be withheld, conditioned or delayed in Buyer's sole and absolute discretion for any reason or no reason. If Buyer does not reasonably disapprove Seller's request within three (3) business days following receipt of such written request, such lease, contract, amendment, approval, consent or waiver shall be unconditionally and irrevocably deemed to have been approved by Buyer.

(c) Operation of Property. Before the Closing, Seller shall operate the Property in a manner consistent with past practices and perform all of its material obligations under the terms of the Leases and maintain its current insurance. Seller shall not, without Buyer's prior written consent, which consent may be withheld, conditioned or delayed in Buyer's sole and absolute discretion for any reason or no reason after mutual execution hereof but before the Closing, (i) modify any entitlements affecting the Property, or (ii) make or permit any alterations to the Property.

(d) Post Closing. (a) For a period of one hundred twenty (120) days following the Closing, and on five (5) business days advance written notice from Buyer to Seller, Seller shall, to the extent such materials are in Seller's possession or under Seller's control, provide access to all of books and records relating exclusively to the Property (but excluding any confidential or privileged information, information prepared for internal purposes, including budgets, correspondence or documents relating to Buyer's acquisition of the Property, or information relating to prior prospective sales of the Property, work product, marketing studies, appraisals of the Property, and information relating to seller itself) for Buyer's inspection and copying; (b) Seller shall make good faith efforts, in conjunction with Buyer, to effect the assignment to Buyer of the CSLC Lease, the Emission Reductions Credits, and the Cal ISO Agreement, within 180 days after the Closing. The failure of the parties to effect the assignment of any of the foregoing instruments shall not be a breach of the contract by Seller unless Seller fails to make good faith efforts to complete such assignments; (c) Seller shall make good faith and commercially reasonable efforts to finalize the terms of and enter into the Reciprocal Easement Agreement and record the Reciprocal Easement Agreement when it is finalized; and (d) comply with the terms of the Reciprocal Easement Agreement.

13. Buyer's Covenants.

(a) Buyer Due Diligence Documents. Buyer shall, if Seller so requests, assign to Seller, at no cost to the Seller, all of the materials produced by or for the Buyer as part of its due diligence activity concerning the Property. Buyer shall pay all costs and fees for the materials and the cost of any such assignment to the Seller. The assignment shall give Buyer the right to rely on such materials and to further assign them with additional cost.

(b) Post Closing. (a) For a period of one hundred eighty (180) days following the Closing, and on five (5) business days advance written notice from Seller to Buyer, Buyer shall, to the extent such materials are in Buyer's possession or under Buyer's control, provide Seller with custody of all of books and records regarding the Property that were provided by Seller to Buyer before Closing; (b) Buyer shall make good faith efforts, in conjunction with Seller, to effect the assignment to Buyer of the CSLC Lease, the Emission Reductions Credits, and the Cal ISO Agreement, within one hundred eighty (180) days after the Closing. The failure of the parties to effect the assignment of any of the foregoing instruments shall not be a breach of the contract by Buyer unless Buyer fails to make good faith efforts to complete such assignments; (c) Buyer shall make good faith and commercially reasonable efforts to finalize the terms of and enter into the Reciprocal Easement Agreement in accordance with the terms of Recital F hereof, and record the Reciprocal Easement Agreement when it is finalized; and (d) comply with the terms of the Reciprocal Easement Agreement.

14. Miscellaneous.

(a) Notices. Except as otherwise specifically provided in this Agreement, any notice, consent, request or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, (ii) one business day after being deposited with Federal Express or another reliable overnight courier service, (iii) transmission by facsimile telecopy during regular business hours at the receiver's location, with facsimile transmittal confirmation and with a confirming copy sent the same business day by United States mail or deposited the same business day with Federal Express or another reliable overnight courier service, or (iv) three (3) business days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required and addressed as follows:

If to Seller:

Freshwater Tissue Company LLC
One TCF Drive
P.O. Box 248
Samoa, California 95564
Attention: Robert Simpson
Telephone: (707) 621-2020
Facsimile: _____
Email: _____

And a copy to:

Allen Matkins Leck Gamble Mallory & Natsis LLP
Three Embarcadero Center, 12th Floor
San Francisco, California 94111
Attention: David Cooke and Lee F. Gotshall-Maxon
Telephone: 415-837-1515
Facsimile: 415-837-1516
Email: dcooke@allenmatkins.com
lgotshallmaxon@allenmatkins.com

If to Buyer: Humboldt Bay Harbor, Recreation and Conservation District
601 Startare Drive
Eureka, California 95502
Attn: Jack Crider
Facsimile No.: () _____
Telephone No.: () _____
Email: _____

If to the Title Company: Fidelity National Title Insurance Company
515 J Street

Eureka, CA 95501
Attn: _____, Escrow Officer
Facsimile No.: (707) 442-2656
Telephone No.: (707) 442-5785
Email: _____

or such other address as any Party may from time to time specify in writing to the other.

(b) Brokers/Intermediaries. Buyer and Seller each represent that it has not had any conversations or dealings with any broker, finder or other intermediary in connection with the Property. Buyer agrees to defend, indemnify and hold harmless Seller, and Seller agrees to indemnify and hold harmless Buyer, from and against any and all liabilities, claims, demands, damages and costs of any kind (including attorneys' fees, costs and expenses) arising from or connected with any broker's or finder's fee or commission or charge claimed to be due by any person arising from or by reason of Buyer's or Seller's, as applicable, conduct with respect to this transaction (other than the commission to be paid to Seller's broker, if any, by Seller). The provisions of this Section shall survive the Closing hereunder or earlier termination of this Agreement

(c) Arbitration of Disputes. If there is a dispute between Buyer and Seller concerning whether or not Buyer or Seller is entitled to the Deposit following a termination of this Agreement or concerning the terms of the Reciprocal Easement Agreement then either Party may have such dispute, claim or controversy determined by arbitration to be conducted at a mutually agreed location in Humboldt County (the "**Arbitration**") before a single arbitrator (the "**Arbitrator**"), to be conducted pursuant the procedures set forth in Part 3, Title 9 of the California Code of Civil Procedure, except that, for purposes of this Agreement, the first sentence of the second paragraph of Section 1281.6 of such code shall not apply and the following shall be substituted in place of that sentence: "When a petition is made to the court to appoint a neutral arbitrator, the court shall nominate five persons from lists of up to five persons supplied by each of the parties to the arbitration, which lists shall be combined by the parties into a single joint alphabetized list of up to ten persons that does not indicate which party proposed the candidates."

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THESE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO

SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

SELLER'S INITIALS BUYER'S INITIALS

WE HAVE READ AND UNDERSTOOD THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

(d) Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors, heirs, administrators and assigns. Buyer shall not assign this Agreement or its rights hereunder to any individual or entity without the prior written consent of Seller. Subject to the foregoing, this Agreement shall inure to the benefit of and shall be binding upon Seller and Buyer and their respective successors and assigns.

(e) Amendments. Except as otherwise provided herein, this Agreement may be amended or modified only by an instrument executed by the Party to be bound.

(f) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(g) Integration of Prior Agreements. This Agreement and the exhibits hereto constitute the entire agreement between the Parties and supersede all prior negotiations, correspondence, agreements and understandings between the Parties relating to the subject matter hereof except that the Access Agreement shall continue to apply to all acts or omissions taken thereunder prior to the Effective Date of this Agreement.

(h) Enforcement. In the event a dispute arises concerning the performance, meaning or interpretation of any provision of this Agreement, the defaulting Party or the Party not prevailing in such dispute (as the arbitrator or court shall determine) shall pay any and all reasonable costs and expenses incurred by the other Party in enforcing or establishing its rights hereunder, including, without limitation, Arbitration and court costs and attorneys' and experts' fees. Any such attorneys' fees and other expenses incurred by either Party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Agreement and to survive the Closing or earlier termination of this Agreement and not be merged into any such judgment.

(i) Confidentiality.

(i) Confidential Information; General Agreement Not to Disclose; Permitted Disclosures. Buyer agrees that the information provided to or made available to Buyer by Seller or its agents is proprietary and confidential in nature and will be delivered to or made available to Buyer solely to assist Buyer in determining the feasibility of purchasing the Property. Buyer further agrees that all studies, reports, test results or other information obtained by Buyer from Seller or its agent in connection with its observations or inspection of the Property shall remain confidential. Buyer agrees not to disclose any of the foregoing information, or any of the provisions, terms or conditions thereof, to any person or entity, and Buyer and Seller each agree not to disclose the terms of this Agreement or of any letter of intent or other agreement or letter pertaining to the Property, to any person or entity; provided that Buyer

and Seller shall be permitted to disclose material information with respect to the Property, the terms of this Agreement to employees, consultants, attorneys or accountants employed by Buyer to review such information in connection with Buyer's Due Diligence, and to potential lenders and/or joint venture partners, provided that, prior to any such disclosure, Buyer notifies the persons and entities to whom such disclosures are made of the confidential nature of the information disclosed or discovered and the provisions of this Section with respect to such information. None of the foregoing confidentiality provisions herein apply with respect to Buyer's negotiation of a Prospective Purchaser Agreement ("PPA") with the State of California. This provision is not applicable to the extent that the information or documents must be disclosed and/or produced for inspection and copying pursuant to the California Public Records Act and other legal provisions that govern transparency in public affairs and business.

(ii) Procedure Upon Receipt of Request or Demand for Disclosure. If Buyer receives a request, pursuant to the terms of a subpoena, order, civil investigation, demand or similar process to disclose anything required under this Agreement to be held confidential, Buyer agrees to promptly notify Seller, in writing, of the existence, terms and circumstances surrounding such request, to consult with Seller on the advisability of taking legally available steps to resist or narrow such request, and if disclosure of such information is required, Buyer shall furnish only that portion of the confidential information which, on the advice of its counsel, Buyer is legally compelled to disclose; provided, however, that Seller may, at its sole cost and expense, exercise efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to any such portion of the confidential information so required to be disclosed.

(iii) Exception to General Rule Prohibiting Disclosure. Seller agrees that portions of the confidential information need not be treated confidentially by Buyer if such portions of the confidential information (i) are or become generally known or available publicly through no act or failure to act of Buyer, or (ii) were already known by Buyer prior to disclosure to Buyer, or (iii) are or become available to Buyer from a source other than Seller.

(j) Time of the Essence; Dates; "business days". Time is of the essence in this Agreement. If any of the dates specified in this Agreement shall fall on a Saturday, a Sunday, or a holiday, such date shall be deemed to have expired at 5:00 p.m. (Pacific Time) on the next business day, notwithstanding anything to the contrary herein. Any action which is to be taken a specified number of days or business days before an identified date shall be timely if taken before 5:00 p.m. (Pacific Time) on the date which is the specified number of days before the identified date, including, in counting the specified number of days, the identified date. For example, if an action is to be taken at least two (2) business days before a date which falls on a Wednesday during a week when Monday through Wednesday, inclusive, are all business days, then the action shall be timely if taken before 5:00 p.m. (Pacific Time) on the Monday in such week. A "business day" is a day when the County Recorder of Humboldt County is open.

(k) Severability. If any provision of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances shall remain in full force and effect.

(l) Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other Parties to this Agreement attached thereto.

(m) Survival and Limitations.

(n) The Parties agree that Seller's representations and warranties contained in Section 8 of this Agreement and in any document executed by Seller pursuant to this Agreement shall be of no further force or effect two (2) years following the Closing Date (the "**Limitation Period**"). Exculpation. Buyer and Seller each agree that it does not have and will not have any claims or causes of action against any disclosed or undisclosed officer, director, trustee, member, manager, consultant, shareholder, partner, principal, parent, subsidiary or other affiliate of the other, or any officer, director, employee, trustee, member, manager, consultant, shareholder, partner, or principal of any such parent, subsidiary or other affiliate (collectively, "**Affiliates**"), arising out of or in connection with this Agreement or the transactions contemplated hereby (including, without limitation, under any documents executed pursuant hereto). Subject to the limitations set forth in Section 13(m), Buyer and Seller agree to look solely to the other and its assets for the satisfaction of any liability or obligation arising under this Agreement, the transactions contemplated hereby or the documents executed pursuant hereto, or for the performance of any of the covenants, warranties or other agreements contained herein or therein, and further agrees not to sue or otherwise seek to enforce any personal obligation against any Affiliates with respect to any matters arising out of or in connection with this Agreement, the transactions contemplated hereby or the documents executed pursuant hereto. Without limiting the generality of the foregoing provisions of this Section 13(n), Buyer and Seller each hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against **Affiliates**, and hereby unconditionally and irrevocably releases and discharges **Affiliates** from any and all liability whatsoever which may now or hereafter accrue in favor of Buyer or Seller, as applicable, against **Affiliates**, in connection with or arising out of this Agreement, the transactions contemplated hereby or the documents executed pursuant hereto. The provisions of this Section 13(n) shall survive the termination of this Agreement and the Closing-

(o) Designation of Reporting Person. In order to assure compliance with the requirements of Section 6045 of the Internal Revenue Code of 1986, as amended (for purposes of this Section 13(o), the "**Code**"), and any related reporting requirements of the Code, the Parties hereto agree as follows:

(i) Provided Title Company shall execute a statement in writing (in form and substance reasonably acceptable to the Parties hereunder) pursuant to which it agrees to assume all responsibilities for information reporting required under Section 6045(e) of the Code, Seller and Buyer shall designate Title Company as the person to be responsible for all information reporting under Section 6045(e) of the Code (the "**Reporting Person**"). If Title Company refuses to execute a statement pursuant to which it agrees to be the Reporting Person, Seller and Buyer shall agree to appoint another third party as the Reporting Person.

(ii) Seller and Buyer hereby agree:

(A) to provide to the Reporting Person all information and certifications regarding such party, as reasonably requested by the Reporting Person or otherwise required to be provided by a party to the transaction described herein under Section 6045 of the Code; and

(B) to provide to the Reporting Person such party's taxpayer identification number and a statement (on Internal Revenue Service Form W-9 or an acceptable substitute form, or on any other form the applicable current or future Code sections and regulations might require and/or any form requested by the Reporting Person), signed under penalties of perjury, stating that the taxpayer identification number supplied by such party to the Reporting Person is correct.

Each party hereto agrees to retain this Agreement for not less than four (4) years from the end of the calendar year in which the Closing occurs, and to produce it to the Internal Revenue Service upon a valid request therefor.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Seller: FRESHWATER TISSUE COMPANY LLC,
a California limited liability company

By: _____
Name: _____
Title: _____

Buyer: HUMBOLDT BAY HARBOR, RECREATION AND
CONSERVATION DISTRICT, a public corporation

By: _____
Name: _____
Title: _____

TITLE COMPANY JOINDER

Title Company joins herein in order to evidence its agreement to hold the Deposit and to perform the duties and obligations of Title Company set forth in this Agreement.

Dated: _____, 2013.

FIDELITY NATIONAL TITLE INSURANCE
COMPANY

By: _____
Name: _____
Title: _____

LIST OF EXHIBITS

Exhibit A	Description of Parcel A
Exhibit B	Form of Deed
Exhibit C	Form of Assignment of Personal Property and Intangible Property
Exhibit D	Form of Assignment and Assumption of Leases
Exhibit E	Schedule of Leases
Exhibit F	Schedule of Contracts
Exhibit G	Retained Personal Property
Exhibit H	Form of Certificate of Transferor Other Than an Individual (FIRPTA Affidavit)
Exhibit I	[Intentionally Omitted]
Exhibit J	Current Form of Reciprocal Easement Agreement
Exhibit K	Form of Quitclaim Deed
Exhibit L	Form of Owner's Declaration

EXHIBIT A

LEGAL DESCRIPTION

The real property located in the County of Humboldt, State of California and more particularly described as follows:

Lot 112 in Book 401, Page 11 of the Official Records of the County of Humboldt, California.

EXHIBIT B

FORM OF GRANT DEED

DO NOT RECORD

DOCUMENT NO. _____

STATEMENT OF DOCUMENTARY TRANSFER TAX DUE AND
REQUEST THAT AMOUNT OF TAX NOT BE MADE A PART
OF THE PERMANENT RECORD IN THE OFFICE OF THE COUNTY RECORDER

To: Registrar – Recorder
County of Humboldt

Request is hereby made in accordance with Section 11932 of the Revenue & Taxation Code that the amount of tax shall be shown on this statement, which shall be affixed to the document by the recorder after the record is made and before the original is returned as specified in Section 27321 of the Government Code.

The attached Grant Deed names:

_____,
as grantor
and
[_____],
as grantee

The property described in the accompanying document is located in Humboldt County, California.

The amount of tax due to the County of Humboldt on the accompanying document is _____ and No/100 Dollars (\$ _____) and is computed on full value of the property conveyed [INSERT IF CITY TRANSFER TAX IS CHARGED: _____], and the amount of tax due to the City of _____ on the accompanying document is _____ and No/100 Dollars (\$ _____) and is computed on full value of the property conveyed].

Please see attached signature page

STATEMENT OF DOCUMENTARY TRANSFER TAX DUE SIGNATURE PAGE

FRESHWATER TISSUE COMPANY LLC,
a California limited liability company

By: _____
Name: _____
Title: _____

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

MAIL TAX STATEMENTS TO:

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

GRANT DEED

Documentary Transfer Tax not shown pursuant to
Section 11932 of the Revenue and Taxation Code, as amended

FOR GOOD AND VALUABLE CONSIDERATION, receipt and sufficiency of which are hereby acknowledged, **Freshwater Tissue Company LLC**, a California limited liability company ("**Grantor**"), hereby does grant, bargain, and sell and convey unto [_____] a _____ ("**Grantee**"), the real property located in the County of Humboldt, State of California, described on Exhibit A attached hereto and made a part hereof, together with, all and singular, the tenements, hereditaments, easements, rights-of-way and appurtenances belonging or in anywise appertaining to the same, and the improvements thereon (the "**Property**").

This conveyance is subject to the matters set forth on Exhibit B and to all matters of record and any matters which could be ascertained by a proper inspection or survey of such Property.

[Signature page follows]

IN WITNESS WHEREOF, Grantor has caused these presents to be executed as of this ____ day of _____, 20__.

Grantor:

FRESHWATER TISSUE COMPANY LLC
a California limited liability company

By: _____

Name: _____

Title: _____

EXHIBIT A

LEGAL DESCRIPTION

The real property located in the County of Humboldt, State of California and more particularly described as follows:

Lot 112 in Book 401, Page 11 of the Official Records of the County of Humboldt, California.

EXHIBIT B
PERMITTED ENCUMBRANCES

EXHIBIT C

FORM OF ASSIGNMENT OF PERSONAL PROPERTY AND INTANGIBLE PROPERTY

THIS ASSIGNMENT OF PERSONAL PROPERTY AND INTANGIBLE PROPERTY (this “**Assignment**”) is made and entered into as of this ____ day of _____, 20__ (the “**Effective Date**”) by Freshwater Tissue Company LLC, a California limited liability company (“**Assignor**”), and [_____] a Delaware limited liability company (“**Assignee**”).

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged by Assignor and Assignee, effective as of the Effective Date, Assignor hereby assigns and transfers unto Assignee all of its right, title, claim and interest, if any, in and under:

- (A) The “Personal Property” (as defined in that certain Real Estate Purchase and Sale Agreement dated as of _____, 20__ between Assignor and [Assignee] (the “**Purchase Agreement**”));
- (B) the “Assumed Contracts” (as defined in the Agreement) listed in Schedule 1 attached hereto; and
- (C) any other “Intangible Property” (as defined in the Agreement).

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AS FOLLOWS:

1. As of the Effective Date, Assignee hereby assumes and agrees to perform all of Assignor’s obligations under the Assumed Contracts, to the extent the same arise and accrue on or after the date hereof. Assignor shall continue to be responsible for all obligations under the Assumed Contracts and other Intangible Property arising or accruing prior to the date hereof.
2. Notwithstanding anything to the contrary in this Assignment, the Purchase Agreement or any of the other documents executed and delivered by Assignor and Assignee in connection herewith and therewith, Assignor reserves and retains any benefits, on a non-exclusive basis, reasonably necessary under the Assumed Contracts and other Intangible Property to the extent that the same relate to any matter with respect to the afore-said real property for which Assignor may continue to have liability from and after the Effective Date; provided, however, said benefits reserved and retained by Assignor pursuant to this paragraph shall exist jointly with Assignee’s benefits under the Assumed Contracts and other Intangible Property, and such benefits may be enforceable by each of Assignor and Assignee to the extent of their respective liability or damages for any matters relating thereto. Assignee hereby agrees to reasonably cooperate (at Assignor’s sole cost and expense) with the reasonable requests of Assignor in enforcing its benefits under the Assumed Contracts and other Intangible Property to the extent such benefits are reserved by Assignor pursuant to the terms of this paragraph.
3. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.
4. This Assignment shall be governed by and construed in accordance with the laws of the State of California.
5. Assignee hereby expressly acknowledges and affirms the provisions of Sections 4(h) and 13(n) of the Purchase Agreement, the terms of which are incorporated herein by reference and shall apply

to and as between Assignor and Assignee and this Assignment as they apply to and as between Seller, Buyer and the Purchase Agreement, respectively. Inclusion of Section 4(h) of the Purchase Agreement shall include all of the paragraphs and subparagraphs of such Section 4(h).

6. This Assignment may be executed in any number of counterparts, each of which will be deemed an original, but all of which taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon, provided such signature page is attached to any other counterpart identical thereto (except for additional signature pages executed by other parties).

7. To the extent allowed by law, Assignee shall indemnify, hold harmless and defend the Assignor and its respective members, partners, affiliates, parent business organizations, subsidiary business organizations, shareholders, officers, directors, beneficiaries, agents, employees, attorneys and representatives and their respective successors and assigns from and against all claims, as defined in the Purchase Agreement, resulting from any breach by Assignee of any of the obligations assumed by Assignee hereunder. Assignee's obligations hereunder shall not apply to claims caused solely by the willful misconduct or gross negligence of the party seeking the benefit of this paragraph 7.

[Signature page follows]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment the day and year first above written.

ASSIGNOR:

FRESHWATER TISSUE COMPANY LLC
a California limited liability company

By: _____
[]

ASSIGNEE:

[], LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

**Exhibit A to
Assignment of
Personal Property and Intangible Property**

The real property located in the County of Humboldt, State of California and more particularly described as follows:

Lot 112 in Book 401, Page 11 of the Official Records of the County of Humboldt, California.

**Schedule 1 to
Assignment of
Personal Property and Intangible Property**

Schedule of Assumed Contracts

[Insert]

EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION OF LEASES

THIS ASSIGNMENT AND ASSUMPTION OF LEASES (this “**Assignment**”) is made this _____ day of _____, 20__ (the “**Effective Date**”), between Freshwater Tissue Company LLC, a California limited liability company (“**Assignor**”), and [_____], a Delaware limited liability company (“**Assignee**”), who agree as follows:

1. Assignment and Assumption. For good and valuable consideration including, without limitation, the terms and conditions of that certain Purchase and Sale Agreement, dated _____, 20__, between Assignor and [Assignee] (the “**Purchase Agreement**”), the receipt and sufficiency of which are hereby acknowledged by Assignor and Assignee, effective as of the Effective Date, (a) Assignor assigns to Assignee all of its right, title and interest in, to and under the Leases described on the attached Schedule 1 (the “**Leases**”), and (b) Assignee accepts the assignment and hereby assumes and agrees to perform, as a direct obligation to the parties to the Leases described on Schedule 1 all the obligations and liabilities of Assignor under the Leases. Notwithstanding the foregoing, Assignor reserves and retains any benefits, on a non-exclusive basis, reasonably necessary under the Leases to the extent that the same relate to any matter for which Assignor may continue to have liability from and after the Effective Date (provided, however, said benefits reserved and retained by Assignor shall exist jointly with Assignee’s benefits under the Leases, and such benefits may be enforceable by each of Assignor and Assignee to the extent of their respective liability or damages for any matters relating thereto). Assignee hereby agrees to reasonably cooperate (at Assignor’s sole cost and expense) with the reasonable requests of Assignor in enforcing its benefits under the Leases to the extent such benefits are reserved by Assignor pursuant to the terms of clause (y) above.

2. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

3. Severability. If any provision of this Assignment shall be held invalid or unenforceable for any reason and to any extent, the remainder of this Assignment shall not be affected, but shall be enforced to the greatest extent permitted by law.

4. Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

5. Incorporation. Assignee hereby expressly acknowledges and affirms the provisions of Sections 4(h) and 13(n) of the Purchase Agreement, the terms of which are incorporated herein by reference and shall apply to and as between Assignor and Assignee and this Assignment as they apply to and as between Seller, Buyer and the Purchase Agreement, respectively. Inclusion of Section 4(h) of the Purchase Agreement shall include all of the paragraphs and subparagraphs of such Section 4(h).

6. Counterparts. This Assignment may be executed in any number of counterparts, each of which will be deemed an original, but all of which taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon, provided such signature page is attached to any other counterpart identical thereto (except for additional signature pages executed by other parties).

7. Indemnity. To the extent allowed by law, Assignee shall indemnify, hold harmless and defend the Assignor and its respective members, partners, affiliates, parent business organizations,

subsidiary business organizations, shareholders, officers, directors, beneficiaries, agents, employees, attorneys and representatives and their respective successors and assigns from and against all claims, as defined in the Purchase Agreement, resulting from any breach by Assignee of any of the obligations assumed by Assignee hereunder. Assignee's obligations hereunder shall not apply to claims caused solely by the willful misconduct or gross negligence of the party seeking the benefit of this paragraph 7.

[Signature page follows]

IN WITNESS WHEREOF, this Assignment has been executed as of the date first above written.

ASSIGNOR:

FRESHWATER TISSUE COMPANY LLC
a California limited liability company

ASSIGNEE:

[_____], LLC,
a Delaware limited liability company

By:

Name: _____
Title: _____

SCHEDULE 1 TO ASSIGNMENT AND ASSUMPTION OF LEASES

SCHEDULE OF LEASES

EXHIBIT E

SCHEDULE OF LEASES

EXHIBIT F

SCHEDULE OF CONTRACTS

EXHIBIT G

RETAINED PERSONAL PROPERTY

EXHIBIT H

**FORM OF CERTIFICATE OF TRANSFEROR
OTHER THAN AN INDIVIDUAL
(FIRPTA Affidavit)**

Section 1445 of the Internal Revenue Code of 1986 (the “Code”) provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Section 1445 of the Code), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. **[INSERT IF SELLER IS A SINGLE-MEMBER DISREGARDED LLC: [INSERT NAME OF SELLER ENTITY]**, a _____ is a disregarded entity whose sole owner is [_____] , [a Delaware limited liability company] (“Transferor”). To inform _____, a _____, the transferee of certain real property located in Humboldt County, California that withholding of tax is not required upon the disposition of such U.S. real property interest by **[INSERT IF SELLER IS NOT A SINGLE-MEMBER DISREGARDED LLC: the undersigned (“Transferor”)] [INSERT IF SELLER IS A SINGLE-MEMBER DISREGARDED LLC: [INSERT NAME OF SELLER ENTITY]**, a _____, whose sole owner is Transferor,] the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and the regulations promulgated thereunder);
2. Transferor’s U.S. employer identification number is _____;
3. Transferor’s office address is: Freshwater Tissue Company, Inc., One TCF Drive, Samoa, California 95564; and
4. Transferor is not a disregarded entity as defined in §1.1445-2(b)(2)(iii).

Transferor understands that this certification may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

Date: _____, 20 ____

Freshwater Tissue Company LLC,
a California limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT K

FORM OF QUITCLAIM DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Attention: _____

(Space Above For Recorder's Use)

QUITCLAIM DEED

The undersigned declares:

Documentary Transfer Tax \$ _____

Computed on the consideration or value of property conveyed; OR

Computed on the consideration or value less liens and encumbrances remaining at time of sale

For valuable consideration, receipt of which is hereby acknowledged, _____, a _____ ("Transferor"), does hereby remise, release, and forever quitclaim to _____, a _____, all of the Transferor's interest of any nature or description in that certain real property located in the City of _____, County of _____, State of California, described on Exhibit A attached hereto and incorporated herein by this reference.

Dated: _____

_____,
a _____

By: Name:
Its:
By: Name:
Its:

State of _____)
County of _____)

On _____, 2013, before me, _____,
(insert name and title of the officer)
personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of _____)
County of _____)

On _____, 2013, before me, _____,
(insert name and title of the officer)
personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT L

FORM OF OWNER'S DECLARATION

To: Fidelity National Title Insurance Company
515 J Street, Eureka, CA 95501

Attn: _____

Re: Title No. _____
Property: _____

1. HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, a public corporation ("**Buyer**"), has requested Fidelity National Title Insurance Company to issue its policy of title insurance insuring an interest in or title to real property described in Exhibit A (the "**Property**") pursuant to that certain Commitment for Title Insurance prepared by Fidelity National Title Insurance Company effective as of _____ (the "**Commitment**") without exception to or providing certain affirmative insurance against unrecorded matters.

2. Freshwater Tissue Company LLC, a California limited liability company, is the declarant hereunder ("**Declarant**").

3. Declarant knows of no liens, encumbrances, adverse claims or other matters affecting title to the Property other than as shown on the Commitment.

4. Declarant hereby affirms that to its knowledge there are no parties in possession of the Property or entitled to possession of the Property under unrecorded leases other than those shown on Exhibit B and any sublessees or other parties whose rights derive from the leases on the attached Exhibit B.

5. Other than as set forth on Exhibit C, Declarant hereby affirms that it has not caused, nor is it aware of, any construction on the Property within the last three (3) months, nor any liens or rights to liens upon the Property for labor, services, materials, appliances, equipment, teams or power furnished or to be furnished to the work of improvement which are imposed by law and not shown by the public records.

This Declaration is made to induce Fidelity National Title Insurance Company to issue its policy of title insurance to Buyer with respect to the above-referenced order number.

Executed under penalty of perjury on this _____ day of _____, 20__.

[Signature page follows]

DECLARANT:

Freshwater Tissue Company LLC
a California limited liability company

By: _____
Name: _____
Title: _____

Exhibit A to Owner's Declaration

Legal Description

The real property located in the County of Humboldt, State of California and more particularly described as follows:

Lot 112 in Book 401, Page 11 of the Official Records of the County of Humboldt, California.

Exhibit B to Owner's Declaration

Tenant Roll

[insert]

Exhibit C to Owner's Declaration

Labor and Material Furnished

[insert]