AGREEMENT FOR THE SETTLEMENT OF A TITLE AND BOUNDARY DISPUTE RELATING TO CERTAIN LAND WITHIN THE CITY OF EUREKA, HUMBOLDT COUNTY, BY AND BETWEEN THE CITY OF EUREKA, CALIFORNIA STATE LANDS COMMISSION, HLRC INVESTMENT GROUP, A PARTNERSHIP

Instructions to the County Recorder of the County of Humboldt

This document includes Quitclaim Deeds of Parties to this Agreement to Other Parties hereto. Therefore, please index this document as follows:

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DOCUMENT RECORDED AT THE REQUEST OF AND WHEN RECORDED MAIL TO:

THE CITY OF EUREKA
JOHN L. COOK, ESQ.
CITY ATTORNEY
P.O. Box 1018
Eureka, CA 95501

(City of Eureka Official Business)
(Document entitled to free recordation pursuant to Government Code Section 6103)
TITLE AND BOUNDARY SETTLEMENT AGREEMENT REGARDING CERTAIN REAL PROPERTY IN THE COUNTY OF HUMBOLDT, CALIFORNIA (Including Quitclaiims of Parties to Effectuate Agreement)

THIS AGREEMENT made and entered into as of the __/___

day of MARCH, 1983, by and between the CITY OF EUREKA (hereinafter referred to as "the City"), the STATE OF CALIFORNIA, acting by and through the STATE LANDS COMMISSION (hereinafter referred to as "the State"), and HLRC INVESTMENT GROUP, a partnership (hereinafter referred to as "Owner").

W I T N E S S E T H:

WHEREAS, the real property (hereinafter referred to as "Settlement Area") described in Exhibit A attached hereto and designated "Settlement Area" on the map attached hereto as Exhibit B, which exhibits are made a part hereof, is comprised of lands depicted on various maps and charts as swamp and overflowed lands, tidelands or submerged lands; and

WHEREAS, the State of California, upon being admitted to the Union on September 9, 1850, received title, by virtue of the State's sovereignty, to any tide and submerged lands in the Settlement Area; and

WHEREAS, the State in early years of Statehood enacted various statutes authorizing the sale of tidelands and swamp and overflowed lands to private applicants; and

WHEREAS, the Settlement Area was included within the perimeter description of the Patent for Tideland Survey No. 25,
dated July 10, 1882, issued by the State of California in Book 6, page 447, of Patents in the Office of the County Recorder of the County of Humboldt; and

WHEREAS, it appears that the Settlement Area described in said tideland patents was segregated, listed and patented by the federal government to the State as swamp and overflowed lands pursuant to the Act of Congress of September 28, 1850; and

WHEREAS, the Owners claim present ownership in the Settlement Area as successors in interest to all rights, titles and interests in and to said portions of the Settlement Area which were granted by the Patent for Tideland Survey No. 25 based on a record chain of title, which chain of title covers a period more than 30 years immediately preceding 1970 and said Owners have, during said period, paid taxes to the City of Eureka and the County of Humboldt; and

WHEREAS, Owner is a successor in interest to all of the rights, title and interests in and to such portions of the Settlement Area which passed by virtue of the Patent for Tideland Survey No. 25; and

WHEREAS, a dispute has existed between the City, State and the Owner as to the nature and extent of the rights, titles, and interests conveyed by the Patent for Tideland Survey No. 25, to Wit:

A. Although the Patent for Tideland Survey No. 25 purports to be a conveyance of tidelands, the bayward boundary of Tideland Survey No. 25 is described not by reference to the
line of mean low water but rather by reference to the "margin of the Bay"; and

B. Owners contend that said patent conveyed all of the State's right, title and interest in and to all of the lands within the Settlement Area which were located within the perimeter description of said tideland patent, free of the tideland easement and any other public right, title or interest; and

C. Owners contend that certain of the lands within the Settlement Area are swamp and overflowed lands which were segregated, listed and patented by the federal government to the State as swamp and overflowed lands pursuant to the Act of Congress of September 28, 1850, and that said lands are included within Swamp and Overflowed List No. 105, Eureka Land District, dated June 6, 1902, and within Swamp and Overflowed Patent No. 102, Eureka Land District, dated January 12, 1903, and are free of the tideland easement; and

D. The State and City contend that all of those lands located within the Settlement Area which are located within the perimeter descriptions of said tideland patent are subject to the tidelands easement; and

E. The State and City contend that all of those lands located within the Settlement Area which were bayward of the line of mean low tide as said line existed in its last natural condition are owned in fee by the City, subject to the supervisory and reversionary interests of the State; and
WHEREAS, a further dispute exists between the State and City and the Owner due to substantial doubt and uncertainty to the true location in the Settlement Area of the line of mean high water and mean low water as said lines existed in their last natural condition. Such doubt and uncertainty are due to numerous factors, including but not limited to the following:

A. The limited number of maps available showing the Settlement Area in its last natural condition; and

B. Such contemporaneous maps that are available appear to show the location of the line of edge of marsh rather than the line of mean high water in the vicinity of Tideland Survey No. 25 and insufficient data exists on said maps for the determination of the true line of mean high water; and

C. The reclamation and development of portions of the Settlement Area during the latter half of the nineteenth century; and

D. The extensive deposit of debris, ballast and other artificially induced matter in the channels of Humboldt Bay in proximity to the Settlement Area during the later half of the nineteenth century; and

E. The filling and reclamation of portions of the channels of Humboldt Bay in proximity to the Settlement Area during the latter half of the nineteenth century; and

F. The construction, commencing in 1888, of jetties on the south and north sides of the entrance into Humboldt Bay which stabilized the entrance and affected the tidal prism and
hydrography of Humboldt Bay.

WHEREAS, the State of California, by grants contained in Chapter 225 of the Statutes of 1945, as amended and modified, conveyed Eureka tidelands, as defined in Chapter 1085 of the Statutes of 1970, within Humboldt Bay including any and all title interests of the State in the Settlement Area to the City to be held by it in trust subject to the provisions of said statutes, common law public trust for commerce, navigation and fisheries, and the supervisory and reversionary powers of the State; and

WHEREAS, while the parties hereto are in agreement that the Settlement Area is within the area described as Eureka tidelands in Chapter 1085, Statutes of 1970, a further dispute exists between the City, State and the Owner as to the extent, location and amount of such lands and the Owners' ownership thereof; and

WHEREAS, the result of artificial processes has been to obliterate evidence of the natural position of any Eureka tidelands as well as evidence indicating the extent to which changes in the Settlement Area may be attributed to natural as opposed to artificial processes thereby making resolution of the disputes above stated substantially more difficult; and

WHEREAS, the consequent uncertainties as to the true location, character and boundaries of Eureka tidelands within the Settlement Area or the existence of the tideland easement have impeded development for either private or public use of

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property within the Settlement Area; and

WHEREAS, the public interest requires that said outstanding title problems be resolved and forever laid at rest either through lengthy, complex, and burdensome litigation or through agreement between the affected parties; and

WHEREAS, the legislature of the State of California, to facilitate and to aid in the compromise, settlement and adjustment of said disputes, enacted Chapter 1085 of the Statutes of 1970, which among other things, authorizes the sale, exchange, quitclaim and conveyance of lands within the Settlement Area, and the settlement by the City, with approval of the State Lands Commission, of boundary and title disputes within the Settlement Area by agreement, exchange, or quitclaim; and the disclaimer of public rights, titles and interests in and to portions of the Settlement Area which have been filled and reclaimed, are no longer submerged or below the present line of mean high tide, and are no longer necessary or useful for commerce, navigation and fisheries, nor for such uses or trusts as are or have been imposed by the statutory grants of tide and submerged lands from the State to the City; and

WHEREAS, Section 4 of Chapter 1085 of the Statutes of 1970 provides in pertinent part that:

"Any consideration to be paid in exchange for any conveyance, release, quitclaim or settlement under this act shall be determined by the City with the approval of the Commission. In determining the adequacy of any such consideration, the city and the commission shall give effect in their
evaluation to all factors bearing upon the value, if any, of the public's interest being conveyed, released, quit-claimed or settled, and the rights, claims and equities of the person in whose favor the conveyance, release, quitclaim or settlement is being made and their predecessors in interest. In those cases where the land has been filled or reclaimed or improved, or both, without the expenditure of either state funds or any public moneys held in trust under the terms of the statutes, such lands may be valued by excluding the value of the fill or improvements, or both. Consideration under this act may consist of lands, property, or interests in property including leasehold interests, easements, moneys or other things of value given by the transferee or any other person."

WHEREAS, the Settlement Area has been filled and reclaimed and is no longer submerged or below the present line of mean high tide; and

WHEREAS, in order to avoid lengthy, complex and expensive litigation of uncertain result, the parties have, after negotiation, decided that it is in the best interests of all concerned to resolve this dispute by the City and State conveying to the Owner all of the City's and State's right, title and interest in and to those certain lands within the Settlement Area described in Exhibit A and shown on Exhibit B, free of the tidelands easement, and that the City receive in trust from the Owner, in consideration, for such conveyance the sum of One Thousand ($1,000.00) Dollars, said sum to be used solely for the purchase of lands or interests in lands within the City of Eureka, which are presently, or were historically, tide or
submerged lands or which lands are presently susceptible for public trust purposes and which lands will become a part of and subject to the provisions of Chapter 225 of the Statutes of 1945 and Chapter 1086 of the Statutes of 1970; and

WHEREAS, the consideration to be paid by Owner to the City has been determined by the City to be equal to or to exceed the value of the interests of the State and City to be conveyed pursuant to this Agreement; and

WHEREAS, the settlement of the title disputes as described above and the effecting of the exchange of lands, rights, interest or monies in connection therewith will, among other things, result in the beneficial consolidation of the City's claims of rights, titles and interests in and to lands adjacent to Humboldt Bay which will permit the more effective and efficient utilization of said lands for purposes of the tideland easement in that, among other things, it will result in additional public access to the waters of Humboldt Bay; and

WHEREAS, the settlement herein provided for will enable the City and the Owner to respectively develop, for respective public and private purposes, the lands to be confirmed to Owner and the lands to be purchased by City with monies to be paid to City pursuant hereto.

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and agreements herein contained or provided for, the parties hereto agree as follows:

1. **City's Quitclaim to Owner.** The City hereby quit-
claims to Owner all of its rights, titles and interests as trustee by virtue of Chapter 225 of the Statutes of 1945 and Chapter 1086 of the Statutes of 1970 in and to the Settlement Area as described in Exhibit A, and, as herein approved by the State Lands Commission, all the right, title and interest of the State of California in such lands by virtue of the statutory and common law public trusts.

2. Owner's Payment to City. Owner hereby agrees to pay to the City and the State the sum of One Thousand ($1,000.00) Dollars, said funds to be deposited in escrow upon the procedures and for the purposes set forth in paragraphs 6 and 7 contained herein.

3. State Lands Commission Approvals. The State Lands Commission by indicating its approval of and execution of this Settlement Agreement, hereby:

   (a) Determines and declares pursuant to and in accordance with Section 2(b) of Chapter 1085, that the Settlement Area to the extent said parcel was sovereign tidelands and submerged lands and not uplands, has heretofore been improved in connection with the development of the Humboldt Bay area, and in the process of such development has been filled and reclaimed, is no longer submerged or below the present line of mean high tide, and is no longer necessary or useful for commerce, navigation or fisheries, or for such uses or trusts as are or have been imposed by the statutory grants of tide and submerged lands from the State to the City, and is hereby freed from such
statutory and common law trusts.

(b) In accordance with Section 6 of Chapter 1085 of the Statutes of 1970, approve this Settlement Agreement and the conveyances provided for herein and approves the City, as trustee of the statutory and common law tideland trust, conveying to Owner all of the right, title and interest of the State of California and all of the right, title and interest of the City of Eureka held by virtue of Chapter 225 of the Statutes of 1945 and Chapter 1086 of the Statutes of 1970, in and to all of that real property described as the Settlement Area in Exhibit A herein.

(c) Further finds and declares that the consideration being paid to the City pursuant to this agreement has a value equivalent to or exceeding the value of the interest of the State and City being conveyed to Owner hereunder, and approves of the adequacy of the consideration as determined by the City with respect to the settlement provided for herein, in accordance with Section 4 of Chapter 1085.

4. Use of Funds by City. The City and state hereby agree that any funds deposited in the escrow established pursuant to this Agreement shall be held in trust subject to all provisions of Chapter 225 of the Statutes of 1945 and Chapter 1086 of the Statutes of 1970 as well as the common law public trust for commerce, navigation and fisheries and shall be used only for the purchase of lands or any interest therein which have the lawful character of historic tidelands or submerged
lands, or which are in their present condition susceptible to public trust purposes and which are within the Eureka tidelands area.

5. Purchase of Parcels by City. The City and the State further agree that any lands purchased with the funds deposited in escrow pursuant to this Agreement shall be Eureka tidelands and held in trust subject to the provisions of Chapter 225 of the Statutes of 1945 and Chapter 1086 of the Statutes of 1970 as well as the common law trust for commerce, navigation and fisheries.

6. Creation of Escrow. The parties hereby designate Eureka Title Insurance Company to act as Escrow Agent pursuant to the provisions of this Agreement. The parties hereby authorize, respectively, the City Attorney, the staff of the State Lands Commission, the Attorney General, or their counsel to enter into any additional escrow instructions to effectuate the provisions of this Agreement including, but not limited to, the following:

A. Escrow Costs. The costs of the escrow shall be borne entirely by Owner.

B. Acceptance by Escrow Agent. By executing this Agreement as provided below, Escrow Agent accepts the rights, duties and responsibilities set forth herein.

C. Release of Funds in Trust. Any funds deposited by Owner with Escrow Agent, as provided in paragraph 2 herein, shall be held in trust by said Escrow Agent until such time as written notice is received from both City and State that lands
meeting the requirements set forth in paragraph 4 and 5 herein have been found and that the purchase of such land or an interest in such land is mutually agreeable to the City and State.

Upon receipt of such notice, Escrow Agent shall release the funds specified above to any account as specified in both the notices received from the City and the State.

D. Conflicting Demands. In the event conflicting demands are made or notices served upon Escrow Agent with respect to this escrow, the parties hereto expressly agree that it shall have the absolute right at its election to do either or both of the following:

(a) Withhold and stop all further proceedings in and performance of this escrow; and

(b) File a suit in interpleader and obtain an order from the court requiring the parties to interplead and litigate in such court their several claims and rights among themselves. In the event such interpleader suit is brought, the Escrow Agent shall ipso facto be fully released and discharged from all obligations imposed upon it by this Agreement. The remedies expressly granted to Escrow Agent herein shall be in addition to any other remedies granted by law to Escrow Agent.

E. Withdrawal of Instruments. Prior to the close of escrow or termination thereof in accordance with the terms of this Agreement, no party shall have the right to withdraw instruments or funds deposited by it with Escrow Agent.
F. **Further Instructions.** The Escrow Agent is hereby authorized to accept such further instructions and provisions relating to its duties and responsibilities which are consistent with the terms and conditions of this Agreement as particular parties to this Agreement may desire to provide the Escrow Agent. This Agreement may be modified or amended only by a written instrument executed by all parties to be charged therewith and deposited with Escrow Agent. Nothing herein, however, shall affect or diminish the rights of any party to this paragraph at law or in equity, or both.

7. **Termination of Escrow.**

A. In the event the escrow is terminated for any reason as provided herein prior to recording of this Agreement, the Escrow Agent shall forthwith return all documents and monies then held in escrow to the party depositing the same and this Agreement shall be of no further force or effect. This Agreement shall become irrevocable, either by or against Owner from and after the time of its recording.

B. If the escrow is terminated, and if either party has failed to perform his respective duties hereunder, each party shall have such rights and remedies, as provided by law and in equity, for the failure of such other party to perform.

8. **Compromise Agreement.** It is expressly understood that the agreement of the parties set forth herein is in compromise and settlement of their dispute with regard to various title and boundary disputes described in the recitals.
herein. Nothing contained herein shall be an admission of any party hereto with respect to such disputes and shall not be used by any person in any proceeding, whether judicial or otherwise, to evidence the location, character, condition, ownership or legal status of any right, title or interest in or to the Settlement Area or any similar property or interest therein or the belief, statement, knowledge or intent of any party hereto with respect to the Settlement Area or any similar property or interest therein.

9. Notarization. All signatures on this agreement by the City or the Owner shall be duly acknowledged before a Notary Public and a certificate of acknowledgment with respect to such acknowledgments shall be attached to the respective document to which it pertains so as to allow the recordation thereof in the Official Records of the County of Humboldt, California.

10. Prohibition on Sale or Encumbrance. The Owner and the City shall not sell, transfer, assign, mortgage, pledge or hypothecate, whether by operation of law or otherwise, any of their respective rights, titles or interests in or to said parcels prior to the recording of this Agreement.

11. Effective Date. This Settlement Agreement shall become effective upon the occurrence of all of the following acts:

a. Approval of this Settlement Agreement by the State Lands Commission.
b. Approval of this Agreement by the City.
c. Execution of this Settlement Agreement by City, State and Owners.
d. Deposit of one copy of this Settlement Agreement executed and approved as provided above with the Escrow Agent.
e. Deposit by Owner of the sum of One Thousand ($1,000.00) Dollars with the Escrow Agent.
f. Recording of this Settlement Agreement in the Office of the County Recorder of Humboldt County by the Escrow Agent when all conditions specified in subparagraphs (a) through (e) inclusive above have been complied with and this Agreement shall not be effective unless they are complied with prior to recording.

12. Termination of Agreement. If this Agreement shall not be recorded on or before May 1, 1983, it shall terminate and be of no force and effect whatsoever.

13. Agreement Binding on Heirs, Assigns, Etc. All the terms, provisions and conditions hereon shall be binding upon and inure to the benefit of the respective heirs, administrators, executors, successors and assigns of the parties hereto.

14. Severability. Should any party fail to comply with any such provisions after the effective date of this Agreement, such failure shall in no way affect the consideration
supporting the other provisions of this Agreement or the validity or binding nature thereof. Nothing herein, however, shall affect or diminish the rights of any party hereto at law or in equity or both, to enforce each and every provision of this Agreement against any other party hereto.

15. Modification. No modification, amendment or alteration of this Agreement shall be valid unless in writing and signed by the parties hereto.

16. Notices. (a) All notices required or permitted to be given to a party hereto by the provisions of this Agreement shall be deemed to have been given Forty-eight (48) hours after such notice is deposited in the United States Mail as registered or certified mail, with postage thereon fully prepaid, addressed to such party at the following respective addresses, or when such notice is filed as a telegram with Western Union Telegraph Company, or any successor in interest of said telegraph company, addressed as above provided, with all charges fully prepaid.

OWNERS: HLRC Investment Group
P.O. Drawer 1008
Eureka, CA 95501

CITY:

CITY ATTORNEY
CITY OF EUREKA
531 K Street
Eureka, California 95501
STATE:
STATE LANDS COMMISSION
1807 - 13th Street
Sacramento, California 95814

(b) Any notice given in any other fashion shall be deemed to have been given when actually received by the addressee.

Any party hereto may change its address by giving written notice to all other parties hereto and to the Escrow Agent. A copy of all notices given by a party to another party hereto also shall be given to the Escrow Agent and said notice shall not be effective until deemed given to both the party to receive it and the Escrow Agent pursuant to the provisions of this paragraph.

17. Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all of the parties to the aggregate counterparts had signed the same instrument.

18. Gender. As used herein, whenever the context so requires, the neuter gender includes the masculine and the feminine, and the singular includes the plural and vice versa. Defined terms are to have their defined meanings regardless of the grammatical form, number or tense of such terms.

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IN WITNESS WHEREOF, each party hereto has caused this Agreement to be executed by its officers thereunto duly authorized as of the date set forth opposite their signatures.

HLRC Investment Group, a partnership

Dated: October 29, 1982

OWNERS: Dale Reinholtsen
William H. Carson, Jr.
Robert D. Herrick
Donald A. Leonard

Dated: October 29, 1982

Dated: December 2, 1982

Dated: December 2, 1982

Dated: Feb. 4, 1983

CITY OF EUREKA

By: Mayor

ATTEST:

By: City Clerk

Dated: Feb. 4, 1983

Dated: February 18, 1983

STATE OF CALIFORNIA
STATE LANDS COMMISSION

By: Executive Officer

Dated: __________, 1983

APPROVED BY:

John K. Van De Kamp
ATTORNEY GENERAL

By: Joseph C. Rusconi
Deputy Attorney General

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STATE OF CALIFORNIA  
COUNTY OF HUMBOLDT

On this 29 day of October, 1982, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Dale Reinholtsen and William H. Carson, Jr., personally known to me (or proved to me on the basis of satisfactory evidence) to be two of the partners of the partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

Signature

SUSAN R. STUMP
Name (Typed or Printed)
Notary Public in and for said County and State

STATE OF CALIFORNIA  
COUNTY OF HUMBOLDT

On this 2 day of December, 1982, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Robert D. Herrick and Donald A. Leonard, personally known to me (or proved to me on the basis of satisfactory evidence) to be two of the partners of the partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

Signature

SUSAN R. STUMP
Name (Typed or Printed)
Notary Public in and for said County and State
I, Metta McClelland, as a duly authorized representative of Eureka Title Insurance Company, accept on behalf of Eureka Title Insurance Company, as Escrow Agent, the duties and responsibilities set forth in this Agreement.

Dated: 3-11-83

EUREKA TITLE INSURANCE COMPANY

By Metta McClelland

STATE OF CALIFORNIA
COUNTY OF Humboldt } SS.
In this 11th day of March, in the year 1983, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Metta McClelland

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same.

Signature Frances Owen

Frances Owen Name (Typed or Printed)
Notary Public in and for said County and State

FRANCES OWEN
NOTARY PUBLIC
HUMBOLDT COUNTY, CALIFORNIA
My commission expires Aug. 26, 1983

FOR NOTARY SEAL OR STAMP
STATE OF CALIFORNIA
COUNTY OF SACRAMENTO

IN APPROVAL WHEREOF, I, GEORGE DEUKMEJIAN, Governor of the State of California, have set my hand and caused the Seal of the State of California to be hereunto affixed pursuant to Section 6107 of the Public Resources Code of the State of California. Given under my hand at the City of Sacramento, this 31 day of March in the year of our Lord one thousand nine hundred and eighty-three.

[Signature]
GOVERNOR
STATE OF CALIFORNIA

Attest:

[Signature]
SECRETARY OF STATE
STATE OF CALIFORNIA

By [Signature]
Deputy Secretary

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EXHIBIT A

SETTLEMENT AREA

All that real property situated in the City of Eureka, County of Humboldt, State of California, described as follows:

BEGINNING at the Southeast corner of First and S Streets, as established according to the official surveys and monuments of the City of Eureka;

thence South along S Street, 110 feet

to the alley in Block 8 of the Eddy Tract Addition to the City of Eureka;

thence East along the alley, 120 feet
to a point midway between S and T Streets;

thence at right angles North, 110 feet
to First Street;

thence West along First Street, 120 feet, more or less, to the point of beginning.

A.P. #2-053-01