

Scott S. Slater
Attorney at Law
805.882.1420 direct
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April 15, 2022

VIA U.S. MAIL AND E-MAIL

Holly Geneva Stout, Esq.
California Water Commission
P.O. Box 942836
Sacramento, California 94236-0001

RE: Agenda Item 9J – Consideration of Action on Resolutions of Necessity for the Yolo Bypass Salmonid Habitat Restoration and Fish Passage Project (Big Notch Project)

Dear California Water Commission:

This letter is submitted on behalf of Sierra Northern Railway (“Sierra”), the fee title owner of a 1.57 mile, approximately 43-acre portion of Assessor’s Parcel Number 057-170-099 in Yolo County, California (“Property”).

Sierra submits this letter to reiterate its concerns with respect to a potential eminent domain action and restate Sierra’s willingness to negotiate a reasonably feasible approach. Sierra’s March 11, 2022 comment letter provides greater detail and is attached hereto as **Attachment A** and incorporated herein by reference. Sierra requests the Commission urge the Department of Water Resources to engage in meaningful negotiations to obtain a reasonable resolution in lieu of condemnation.

If you have questions, please contact me by email at sslater@bhfs.com or by phone at (805) 895-3200.

Sincerely,



Scott S. Slater

Attachment A

Sierra Northern Railway Comment Letter re

Agenda Item No. 9J—Consideration of Action on Resolutions of Necessity for the Yolo Bypass Salmonid Habitat Restoration and Fish Passage Project (Big Notch Project)

March 11, 2022

TRANSMITTED VIA ONLINE SUBMISSION AT: CWC@WATER.CA.GOV

Holly Geneva Stout, Esq.
California Water Commission
P.O. Box 942836
Sacramento, California 94236-0001

RE: Agenda Item No. 8J—Consideration of Evidence in Support of Resolutions of Necessity for the Yolo Bypass Salmonoid Habitat Restoration and Fish Passage Project (Big Notch Project)

Dear California Water Commission:

This letter is submitted on behalf of Sierra Northern Railway (“Sierra”), the fee title owner of a 1.57 mile, approximately 43-acre portion of Assessor’s Parcel Number 057-170-099 in Yolo County, California (“Property”). (See **Attachment 1**, location of the Property.) The Property is improved with the Fremont Trestle, a portion of the Woodland Branch Railroad that runs the Sacramento River Train. Sierra submits this letter to contextualize and respectfully oppose the Department of Water Resources’ (“DWR”) requested Resolution of Necessity to condemn a flowage easement across the Property for the Yolo Bypass Salmonoid Habitat Restoration and Fish Passage Project (“Salmonoid Project”).

In short, we write to you because DWR’s proposed course of action ignores the fact that it presently diverts a significant amount of excess flood water across the Property, at great risk and expense to Sierra and its operation of the Woodland Branch Railroad. However, DWR has acknowledged that it has no “flood easements that affect the” Property, but still refuses to redress the issue. We find it particularly disheartening that after acknowledging this fact, it now proposes to further increase the amount of flood waters that are diverted onto the Property through the Salmonoid Project.

Sierra vehemently opposes this course of action and is prepared to take all necessary actions to protect its interests. As previously communicated to DWR, Sierra remains willing to achieve an amicable resolution of this dispute via an acquisition of the entirety of the Property. (See **Attachment**

2, November 22, 2021 Letter to DWR.) We urge that you encourage DWR to address this issue prior to moving forward with a Resolution of Necessity.

Background of the Fremont Trestle and DWR's Unlawful Flooding of the Property

The Woodland Branch Railroad was constructed over a century ago—with construction commencing in 1911 and completing in 1912 prior to the construction of the Yolo Bypass. Railroad operations have been continuous since the construction of the Railroad and, at present, include the Sacramento River Train, a passenger train that runs across the Fremont Trestle.

DWR's actions, however, have seriously jeopardized these operations. In particular, DWR maintains and operates flood control systems in the Sacramento area, including the Yolo Bypass, the Fremont Weir, and the Cache Creek Settling Basin, which intentionally and directly divert excess flood flows across the Property. DWR has no legal right to cause such flooding and trespass of the Property, but refuses to refrain from doing so. These excess flood waters have: (1) degraded the Fremont Trestle's support structures, forcing Sierra to continually monitor the condition of the Trestle during rain events and clear any blockages that occur at the Trestle; (2) caused detritus to wash up against the Trestle, which adds further pressure on the Trestle's support structures, creates more flooding and fire risks, and forces Sierra to incur additional costs to remove such detritus, check the integrity of the Trestle at the end of each rainy season, and reduce risks of damage to third parties downstream of the Trestle; and, (3) forced Sierra to cease its operations on the Trestle for safety reasons due to high flood flows. These excess flood waters have threatened to overtake and compromise the entirety of Sierra's commercial enterprise and the physical integrity of the Trestle. (See **Attachment 3**, photographs evidencing this flooding.) If continued, the cumulative flood flows will destroy the Property and this stretch of the Railroad.

DWR does not have any right to operate their flood control facilities in a manner that causes excess flood water to trespass across the Property. Our independent research has not disclosed and DWR has confirmed that there is no easement, conveyance, or real property interest of any kind that permits such actions that impact the Property. In fact, in correspondence regarding the Salmonoid Project in September 2021, DWR staff acknowledged the lack of any real property interest permitting the conveyance of excess flood waters across the Property, stating: "I could not find any flood easements that affect the parcel in question" (See **Attachment 4**, email correspondence.)

The Salmonoid Project Will Increase Flooding of the Property and DWR Refuses to Address the Issue

Now, DWR seeks not only to continue, but to increase its interference in Sierra's operations on the Property by implementation and operation of the Salmonoid Project. The Salmonoid Project will further increase the amount of flood waters that enter the Yolo Bypass from the Sacramento River, causing additional flood waters to trespass across the Property. According to DWR, the increased

quantity of water will extend seasonal wet days by 10 to 15 days per year and increase water depth in the bypass by 6 inches in the Yolo Bypass.

Sierra opposes condemnation of flowage easements across the Property to accommodate the Salmonoid Project because these flows are not insignificant and are a part of a larger practice of DWR unlawfully burdening the Property to the detriment of Sierra's ongoing enterprise. Essentially DWR seeks to understate the consequences of the current action by omitting the historical context and accumulation of flows that preceded it.

Despite Sierra's efforts to amicably resolve the issue, DWR has failed to meaningfully engage, negotiate, or offer solutions in good faith. Accordingly, Sierra respectfully requests that the Commission refuse DWR's request for a resolution of necessity and instruct DWR to engage with Sierra about a global resolution of the impacts that follow from the cumulative flow, historic and planned. Sierra remains open to any reasonably feasible approach, including the payment of just compensation. What is it not willing to accept is DWR shifting the physical and economic burden of a public project for alleged community benefit to Sierra. If required, Sierra will take all legal action necessary to protect its interests.

Thank you for the opportunity to provide comments. If you would like to discuss these comments, please contact me by email at sslater@bhfs.com or by phone at (805) 895-3200.

Sincerely,

A handwritten signature in blue ink that reads "Scott S. Slater". The signature is written in a cursive style with a large initial "S".

Scott S. Slater

23831660.3

Attachment 1

Sierra Northern Railway Comment Letter re

Agenda Item No. 8J—Consideration of Evidence in Support of
Resolutions of Necessity for the Yolo Bypass Salmonoid Habitat
Restoration and Fish Passage Project (Big Notch Project)

EXHIBIT "4A"
LEGAL DESCRIPTION

All that real property situate in the County of Yolo, State of California, being a portion of the lands of the Sierra Northern Railroad, as said lands are described as 'Parcel No. 2' in that certain Grant Deed recorded in Book 83 of Deeds at Page 143, Yolo County Records, said real property being further described as follows:

BEGINNING at the southwest corner of Section 29, Township 10 North, Range 3 East, Mt. Diablo Base and Meridian; thence from said point of beginning North 00°26'29" West 346.59 feet; thence North 89°51'31" East 615.95 feet; thence South 00°08'29" East 100.00 feet; thence North 89°51'31" East 7504.75 feet; thence South 00°08'29" East 204.07 feet to the South Line of Section 28, Township 10 North, Range 3 East, Mt. Diablo Base and Meridian; thence along the south line of said Sections 28 and 29, South 89°33'31" West 8119.00 feet to the Point of Beginning.

Containing 43.42 acres, more or less.

The above-described real property is shown on Exhibit '4' attached hereto and made a part hereof.

The basis of bearings for this description is based upon the California Coordinate System of 1983, CCS83, Zone 2, (2017.50 epoch) in accordance with the California Public Resources Code Sections 8801-8819, and is based locally upon field-observed ties to the California Spatial Reference Network Stations P268, P271, P275, P276.

End of Description


Daniel J. Forgey, CA. LS No. 8303

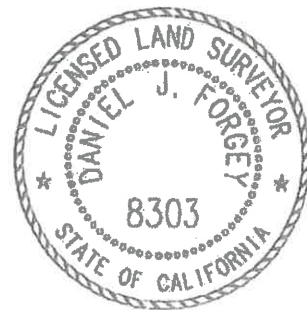
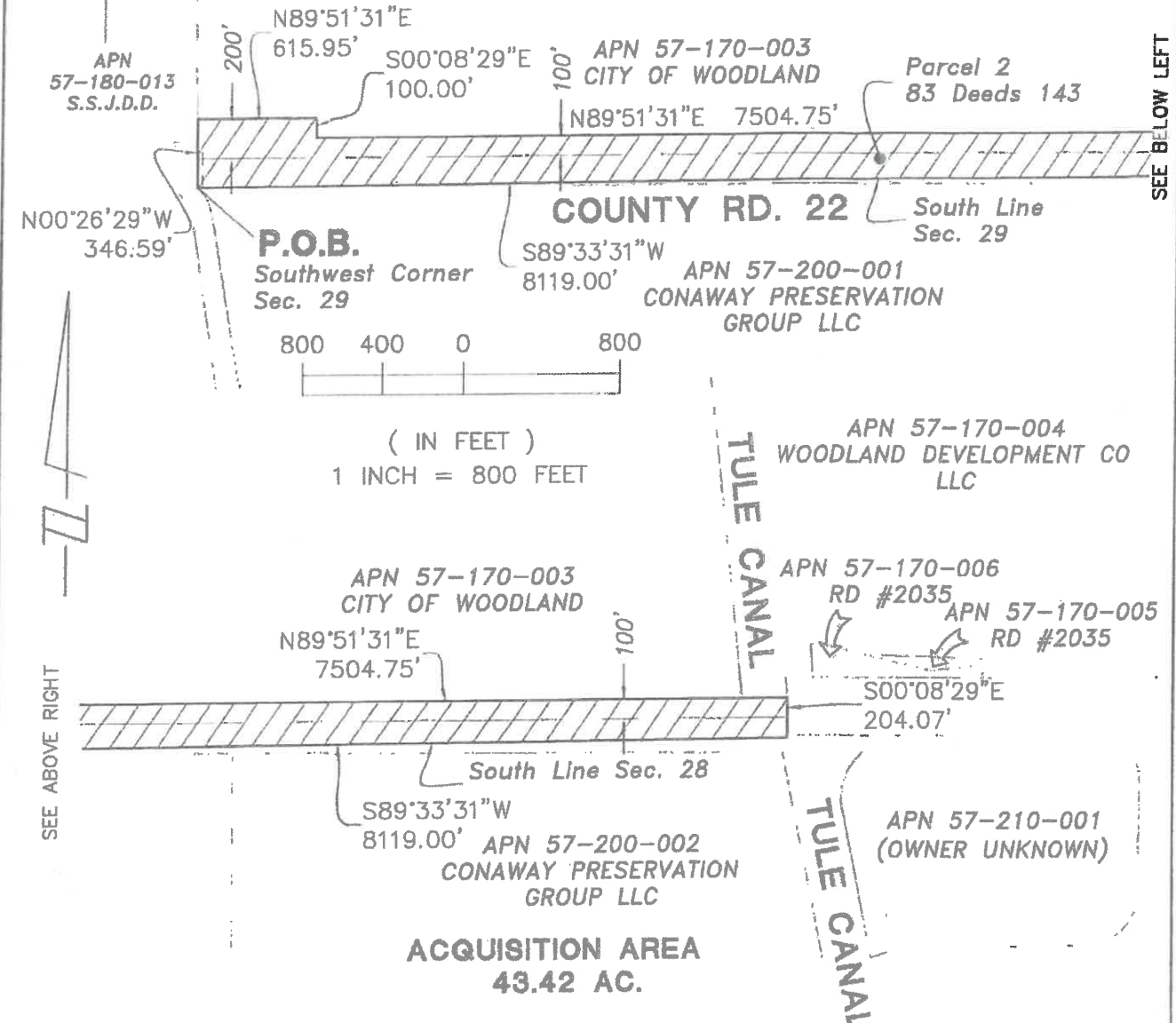


EXHIBIT '4'



ACQUISITION AREA
43.42 AC.



LEGEND

- o Dimension Point
- AC. Acres
- O.R. Official Records
- NGS National Geodetic Survey
- P.O.B. Point of Beginning
- P.O.C. Point of Commencement
- P.O.T. Point of Termination
- S.L.S. Swamp Land Survey

NOTES:

- 1) THE HORIZONTAL DATUM FOR THIS PLAT IS THE CALIFORNIA COORDINATE SYSTEM OF 1983, CCS83, ZONE 2, (2017.50 EPOCH) IN ACCORDANCE WITH THE CALIFORNIA PUBLIC RESOURCES CODE SECTIONS 8801-8819, AND IS BASED LOCALLY UPON FIELD-OBSERVED TIES TO THE CALIFORNIA SPATIAL REFERENCE NETWORK STATIONS P268, P271, P275, P276.
- 2) ALL RECORD REFERENCES ARE YOLO COUNTY RECORDS.

SIERRA NORTHERN RAILWAY
FREMONT TRESTLE

COUNTY OF YOLO		STATE OF CALIFORNIA	
DATE: 07/19/2019	SCALE: 1" = 800'	PSOMAS 1075 Creekside Ridge Drive, Suite 200 Roseville, CA 95678 (916) 788-8122 (916) 788-0800 (FAX)	
DRWN. BY: ADF	CHK. BY: DJF		
<small>Plotted: Jul/19/2019 8:30 AM By: Aforster DWG: P:\SAFCA\6SAF021500\SURVEY\DWG\Task X-17 Sac-Bypass\EX-SPRR-FREMONT.dwg</small>			

Attachment 2

Sierra Northern Railway Comment Letter re

Agenda Item No. 8J—Consideration of Evidence in Support of
Resolutions of Necessity for the Yolo Bypass Salmonoid Habitat
Restoration and Fish Passage Project (Big Notch Project)

November 22, 2021

Scott S. Slater
Attorney at Law
805.882.1420 direct
sslater@bhfs.com

VIA ELECTRONIC MAIL

Linus Paulus, SR/WA
Chief, Acquisition and Appraisal Section
Department of Water Resources
1416 Ninth Street, Room 425
Sacramento, CA 95814
Linus.Paulus@water.ca.gov

RE: Notice of Intent to Appraise for Yolo Bypass Salmonid Habitat Restoration and Fish Passage Project (Offer of Compromise: California Evidence Code § 1152)

Dear Mr. Paulus:

This firm represents Sierra Northern Railway (“Sierra”) with respect to its ownership interest in the Fremont Trestle (See Exhibit A, Exhibit 4 [description of Fremont Trestle property]) (the “Trestle”), a 1.57 mile segment of the Woodland Branch railroad that spans the Yolo Bypass. This letter responds to the October 27, 2021 “Notice of Decision to Appraise” (“Notice”) sent to Sierra by Bender Rosenthal (“Bender”) on behalf of the Department of Water Resources (“DWR”).

The Notice states that Bender intends to appraise the Fremont Trestle to “determine the fair market value of the flowage easement” across the Trestle. The flowage easement would permit DWR to operate the Yolo Bypass Salmonid Habitat Restoration and Fish Passage Project (“Project”) and increase the flood waters that pass through the Yolo Bypass and under the Fremont Trestle. Unfortunately the Notice operates from the erroneous assumption that this planned incremental increase in flow does not threaten the entirety of the Trestle or, thereby, the dependent commercial use of Sierra’s commercial property. Simply stated, this approach for the appraisal is insufficient; any appraisal must value a purchase of the entire Trestle.

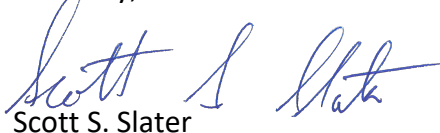
As we expressed in our conference call on July 28, 2021, the operation of flood control projects in the Yolo Bypass by DWR and other public agencies has repeatedly threatened the physical integrity of the Trestle and resulted in damages to Sierra over the course of the past 30 years. (See Exhibit B.) This damage has been caused by, among other things: (1) flood waters degrading the Trestle’s support structures, forcing Sierra to continually monitor the condition of the Trestle during rain events and clear any blockages that occur at the Trestle; (2) detritus washing up against the Trestle, which adds pressure on the Trestle’s support structures, creates further flooding and fire risks, and forces Sierra to incur additional costs to remove such detritus, and to check the integrity of the Trestle, at the end of each

rainy season; and, (3) Sierra being forced to cease its operations on the Trestle for safety reasons due to high flood flows. In spite of Sierra's consistent warnings, these flood waters are being diverted through the Trestle despite—as DWR admitted—the lack of any flowage easement of any kind permitting such diversion across the property. Accordingly, any increase in flood flows across the Trestle, as proposed in this Project, is unacceptable to Sierra as the flow threatens the integrity of the Trestle and the entire Woodland Branch.

To that end, Sierra commissioned an appraisal of the Trestle in 2018 which valued the Trestle at \$29,239,453.00. (See Exhibit C.) Prior public agency acknowledgements that there are no flowage easements over the Trestle property led to an arms' length negotiation of an Easement Purchase and Sale Agreement and Option Agreement in favor of Sacramento Area Flood Control Agency ("SAFCA"), which included an option to purchase the Trestle. (See Exhibit A.) While SAFCA did not exercise its option, Sierra is willing to engage in negotiations with DWR to once again achieve an amicable resolution of the important flood control issues at issue via an acquisition of the entirety of the Trestle.

Sierra is willing to permit a supervised appraisal inspection of the Trestle for purposes of updating the 2018 appraisal on the condition that DWR is willing to contemporaneously engage in good faith negotiations for an acquisition of the Trestle. DWR is free to engage and enlist interested third-parties in making a joint-proposal for the Trestle. In the interim, Sierra will take all appropriate actions to prevent the unlawful flooding and damage of the Trestle.

Sincerely,



Scott S. Slater

With Copy To:

Torgny Nilsson, tnilsson@sierraenergy.com

Nathan Myhre, Nathan.Myhre@water.ca.gov

Maninder Bahia, Maninder.Bahia@water.ca.gov

23368187.4

Exhibit A

**EASEMENT PURCHASE AND SALE AGREEMENT
AND OPTION AGREEMENT**

by and between

**SIERRA NORTHERN RAILWAY
as Seller**

and

**SACRAMENTO AREA FLOOD CONTROL AGENCY,
as Buyer**

**For the purchase and sale of
Flood Control Easement**

**on Railroad Corridor Property located in
Yolo County, California**

EASEMENT PURCHASE AND SALE AGREEMENT

AND OPTION AGREEMENT

(Railroad Corridor Property located in Yolo County, California)

THIS EASEMENT PURCHASE AND SALE AGREEMENT AND OPTION AGREEMENT (this "**Agreement**"), is dated as of April 18, 2019, is by and between SIERRA RAILWAY COMPANY (collectively "**Seller**" or "**SIERRA**"), a California corporation, and the SACRAMENTO AREA FLOOD CONTROL AGENCY, a joint powers authority established pursuant to the laws of the State of California ("**Buyer**" or "**SAFCA**").

RECITALS

WHEREAS, the U.S. Government by the passage of the Water Infrastructure Improvements of the Nation Act of 2016 – Public Law 114-322 authorized the expansion of the Sacramento Weir and Sacramento Bypass which project includes the construction of a railroad bridge over the expanded Bypass;

WHEREAS, SAFCA desires, among other things, to widen the Sacramento Weir ("Weir") and Sacramento Bypass ("Bypass");

WHEREAS, SAFCA desires for flood control purposes and construction of the railroad bridge structure to obtain, purchase and acquire from SIERRA, and SIERRA is willing to transfer, sell and convey to SAFCA, a permanent flood control easement (the "FCE") with respect to the property shown on **Exhibit 1** in order to allow SAFCA and its federal and state partners to widen the Weir and Bypass;

WHEREAS, SAFCA also desires for flood control purposes to obtain, purchase and acquire options to purchase the following properties (collectively, the "**Properties**") in lieu of constructing the railroad bridge structure:

1. SIERRA's fee interest in its railroad right-of-way/railroad corridor property from the south end of the existing Sacramento Weir, across the Weir, and running 2,000 feet north (the "**Railroad Corridor Property**") as shown on **Exhibit 2**;
2. SIERRA's fee interest in its railroad right-of-way/railroad corridor property from the northerly end of the newly enlarged Sacramento Weir to the south side of the Interstate 5 bridge (the "**Supplemental Railroad Property**") as shown on **Exhibit 3**; and
3. SIERRA's fee interest in its railroad right-of-way/railroad corridor property from the west side of the Fremont Trestle up to the east side of the Tule Creek Canal (the "**Fremont Trestle Property**") as shown on **Exhibit 4**.

WHEREAS, on April 18, 2019 the SAFCA Board of Directors approved the FCE purchase price and the Railroad Corridor Property option and purchase price of \$32,950,000 which SIERRA marks as the sales date for this Agreement given SIERRA's need to begin work; and

WHEREAS Sierra is willing to transfer, sell, and convey the FCE and the Railroad Corridor Property to SAFCA and to grant SAFCA options to purchase the Fremont Trestle Property and the Supplemental Railroad Property based on the representation and understanding that (i) the FCE and Railroad Corridor Property are necessary for a public flood control project and (ii) SAFCA's federal or state partners have the power of eminent domain and would consider exercising such power to acquire the FCE and Railroad Corridor Property if this Agreement was not entered into between SIERRA and SAFCA.

NOW, THEREFORE, the parties agree as follows:

1. PURCHASE AND SALE OF FCE; LIMITATION AND SUBORDINATION OF RIGHTS GRANTED

1.1 Purchase and Sale of FCE

[a] Under the terms and conditions of this Agreement, Seller shall convey to Buyer and Buyer shall acquire from Seller the FCE consisting of the (right to construct, reconstruct, maintain, operate, repair and replace flood control improvements, including without limitation all incidents and appurtenances thereto, together with the right of ingress and egress, as set forth in the form of Flood Control Easement Deed attached as **Exhibit 5** (the "FCE Deed") on a portion of the property located in Yolo County California, being a 100' wide strip of approximately 2,800' in length, located between APNs 42-280-017 and 42-280-009 (as shown in **Exhibit 1** (the "FCE Property").

[b] As the parties fully anticipate that the purchase and sale of the FCE shall be consummated as set forth in this Agreement, and given SAFCA's need for timely possession and use of the same, it is the intention of the parties that SAFCA shall have the right to full possession, use, and ownership of the FCE Property, with the right to improve the same, as set forth in this Agreement, subject only to the closing of the transaction as contemplated by this Agreement.

[c] Full possession, use, and ownership of the FCE Property shall remain with SIERRA if the closing of the FCE transaction does not occur as contemplated by this Agreement. In that event, SAFCA shall restore the FCE Property to substantially the same condition that existed prior to the performance of any work on such properties by SAFCA or its Agents pursuant to the ROE; provided, however, that SAFCA shall not be responsible for restoring any changes to the condition of the FCE Property caused by SIERRA or third-parties other than SAFCA and its Agents.

1.2 Limitation and Subordination of Rights Granted

[a] SAFCA acknowledges and agrees that it may not use or permit the use of the FCE Property for any purpose other than set forth in the FCE Deed and this Agreement. The parties agree that the FCE is not located in a public right-of-way and that neither this Agreement, nor the existence or use of the FCE, will either alone or in conjunction with any other right create a public right-of-way as to the FCE Property or as to any other property. SAFCA acknowledges and agrees that the terms and agreements contained in this Section 1.2 constitute a material inducement to SIERRA to enter into this Agreement and the transactions contemplated hereby and that SIERRA would not have entered into this Agreement without the inclusion of this Section 1.2.

[b] Except as otherwise provided in the FCE Deed and this Agreement, this grant of rights is subject and subordinate to the prior and continuing rights and obligation of SIERRA, and its successors and assigns to use all of SIERRA's property (including, as applicable, the FCE Property and the Properties), to use and maintain its railroad right-of-way, and to use SIERRA's property for any purpose which does not unreasonably interfere with or diminish the rights granted to SAFCA under this Agreement.

[c] SIERRA makes no covenant or warranty of fitness for any particular use. Except as otherwise permitted under this Agreement, SAFCA shall not damage, destroy, or interfere with SIERRA's Property or the rights of any other person or entity in, upon, or relating to SIERRA's Property.

[d] The foregoing grant is also subject to all outstanding superior rights (including those in favor of other tenants on or licensees of SIERRA's Property, and others).

[e] SAFCA acknowledges and agrees that the FCE is located on property that is subject to regulation by the Surface Transportation Board ("STB"), and that any use of the FCE must be consistent with requirements of the STB. Unless and until the option to purchase set out below is exercised and has been completed, SAFCA will not take any actions that impede SIERRA's ability to comply with its common carrier obligations.

[f] Notwithstanding any other provision of this Agreement, until and unless any abandonment applicable to the FCE Property and/or the Railroad Corridor Property is approved by the STB, SAFCA's possession and use of the FCE, the FCE Property, and/or the Railroad Corridor Property will be subject to SIERRA's continued ability to satisfy its common carrier obligations.

1.3 Construction, Maintenance, and Operation

[a] SIERRA agrees to make a reasonable effort to maintain the FCE Property and the Properties in at least the same general condition they are in; provided, however, that SIERRA shall not be required to maintain the condition of any Existing Improvements (defined below) on the FCE Property or the Properties, any of all of which SIERRA may remove at any time, and provided that SIERRA shall not be responsible for any changes to the FCE Property or the Properties on the part of SAFCA or its Agents.

[b] SIERRA shall until the closing of the acquisition of any of the relevant Properties have the right to occupy, use, operate, and change such Properties in the normal course of business and operations; provided that intentional changes to the physical condition of or title to the Properties by SIERRA that will materially and adversely impact construction on, or the development or use of the Properties by SAFCA, including without limitation of, for or with flood control or related uses, improvements, facilities, and appurtenances contemplated by SAFCA, or otherwise, that are not required by law or regulation, shall be subject to SAFCA's prior written approval, which approval shall not be unreasonably withheld.

[c] SAFCA have the right to improve the FCE Property provided that SAFCA's improvements do not interfere with SIERRA's rights as a common carrier set forth in this Agreement.

[d] All work on the FCE Property and the Properties shall be constructed, operated, maintained, repaired, renewed, modified, and reconstructed in conformity with this Agreement, the requirements of the Federal Railroad Administration, the STB, the general orders of the California Public Utilities Commission, Union Pacific Railroad Company's standards, and all other applicable laws, codes, and regulations. In the event of conflicting standards or requirements, the more stringent standard or requirement will apply.

[e] All work shall be prosecuted diligently to completion and all tools, equipment and other property of any kind whatsoever will be removed from the FCE Property or the Properties promptly upon completion of all work hereunder; and the FCE Property or the Properties will be promptly be restored.

[f] If any of the parties or their agents injures, damages, or destroys any property of any party or of any other person or entity lawfully occupying or using the FCE Property or the Properties, such property shall be promptly replaced or repaired at such party's/agent's sole cost and expense.

[g] SAFCA shall, at SAFCA's sole cost and expense, promptly remove any material or debris however deposited on the FCE Property as a result of the use of the FCE and shall promptly repair any damage caused by such deposit or by the enter onto the FCE Property of any material or debris. If public law or regulation requires control or removal of weeds or vegetation on the FCE Property, SAFCA will perform such control or removal work without expense to SIERRA.

[h] The parties acknowledges that fiber optic cable systems may be buried on the FCE Property or the Properties. Protection of the fiber optic cable systems is of extreme importance since any break could disrupt service to users resulting in business interruption and loss of revenue and profits. Any party doing any work on the FCE Property or the Properties shall prior to conducting any work contact USA (800-227-2600/www.usanorth.org) or such alternate number as SIERRA may designate, to determine if fiber optic cable is buried anywhere on the FCE Property or the Properties and, if it is, shall telephone all telecommunications companies involved, arrange for a cable locator, and make arrangements for relocation or other protection of any such fiber optic cables.

2. GOOD FAITH DEPOSIT

As a good faith deposit for the purchase of the FCE, Buyer shall pay to Seller in cash by wire transfer or otherwise, the amount of THREE MILLION DOLLARS (\$3,000,000.00) (the "Deposit") within 30 calendar days following July 18, 2019. The Deposit, as well as any portion of the FCE's ' Purchase Price (defined below) paid prior to the Closing, shall be refundable in the event of breach, default or failure of performance by SIERRA or in the event of a failure of a condition to Closing in favor of SAFCA and such failure is not the fault of SAFCA . The Deposit shall, unless refunded, be applicable to the FCE's Purchase Price.

3. CONSIDERATION

3.1 As consideration for the FCE, Buyer shall pay to Seller, in cash by wire transfer of otherwise, the fixed price of EIGHT MILLION DOLLARS (\$8,000,000.00) (the "FCE's Purchase Price") which amount includes the Deposit.

3.2 Buyer shall also provide Seller with the exclusive right, but not the obligation, to remove, at SAFCA's sole reasonable cost and expense, all railroad improvements located on, under, above, or across the FCE Property acquired by SAFCA pursuant to this Agreement, including railroad tracks, equipment, structures, facilities, and related appurtenances (collectively "Existing Improvements") and to retain any part of such removed Existing Improvements. For purposes of clarification, "Existing Improvements" do not include any weir structures, utility, cable, or fiber optic lines or other equipment, structures, facilities, or related appurtenances, or trails.

3.3 To the extent not required for SIERRA to make use of its rights under Section 18.2, SIERRA shall diligently remove any Existing Improvements as set forth in Section 3.2 within a reasonable time as mutually agreed between the parties.

3.4 SAFCA is solely responsible for any CEQA/NEPA compliance issued related to all of the transactions contemplated by this Agreement and all SAFCA projects.

4. TITLE TO FCE WITHIN THE PROPERTY

4.1 Conveyance of FCE

[a]. At Closing (as defined in Section 8.2 [Closing Date]) Seller shall execute, acknowledge, and deliver the FCE Deed and convey to SAFCA, or its nominee, the FCE, subject to the Accepted Conditions of Title (as defined in Section 3.2 [Title Insurance]).

4.2 Title Insurance

Delivery of the FCE Deed in accordance with Section 4.1 [Conveyance of FCE] shall be evidenced by the irrevocable commitment of Fidelity National Title Company (the "Title Company") to issue to SAFCA, or its nominee, a CLTA owner's policy of title insurance (or an ALTA extended coverage policy if the Survey (defined below) is obtained) (the "Title Policy") in an amount equal to the FCE's Purchase Price, insuring title to the FCE in SAFCA, or its nominee, free of the liens of any and all deeds of trust, mortgages, assignments of rents, financing statements, creditors' claims, rights of tenants or other occupants and all other exceptions, liens and encumbrances except for the following exceptions approved by SAFCA are collectively the "Accepted Conditions of Title": (i) the lien of real property taxes, not yet due or payable, provided SAFCA shall be shown as exempt from such taxes in the Title Policy; (ii) matters specifically identified in a survey of the FCE Property (the "Survey"), if any, and approved by SAFCA; and (iii) exception numbers 1-13; and providing that taxes and assessments are paid current as provided in this Agreement, as listed in pages 7 through 10 of the preliminary title report from Fidelity National Title Company dated July 29, 2019, for Title No. FSSE-0101900073-KD.

5. BUYER'S ACCESS TO FCE PROPERTY; DUE DILIGENCE; TIME FOR SATISFACTON OF CONDITIONS

SAFCA has been given or will be given, before the end of the Due Diligence Period (as defined below), a full access to the FCE Property including the right to investigate the FCE Property, either independently or through its Agents, and including, without limitation, the opportunity to conduct such appraisals, reasonable inspections and tests (including the reasonable taking of soil samples), audits, verifications, inventories, investigations and other due diligence regarding the economic, physical, environmental, title and legal conditions of the FCE Property as SAFCA deems fit, as well as the suitability of the FCE Property for SAFCA's intended uses. SAFCA and its Agents shall within 30 calendar days of July 18, 2019 complete all due diligence concerning the FCE Property (the "**Due Diligence Period**"). Seller agrees to deliver to SAFCA all of the Documents (as defined in Section 7.1[c]) and other items to be delivered by Seller under Section 7.1 [SAFCA's Conditions to Closing] within 15 days following July 18, 2019, provided that if Seller fails to do so, then the expiration of the Due Diligence Period shall be extended by the number of days Seller fails to deliver all such items to SAFCA.

6. ENTRY

6.1 During the Due Diligence Period and at all times prior to the Closing Date, SAFCA and its Agents shall have reasonable access to the FCE Property for the purposes of satisfying SAFCA with respect to the physical and environmental condition of the FCE Property and the satisfaction of SAFCA's Conditions Precedent (as defined in Section 6.1) including, without limitation, the taking of soil samples. However, due to the dangerous nature of railroad operations occurring on such properties, SAFCA and its Agents who need to enter property containing SIERRA's railroad tracks shall become familiar with and strictly observe SIERRA's standard safety rules and other reasonable rules, regulations, or directions of SIERRA's Superintendent or his representatives while on such property. SAFCA and its Agents shall not cross SIERRA's railroad tracks with any vehicles except at existing, open and public crossings.

6.2 SAFCA or its Agents shall contact SIERRA's superintendent's office at least 24-hours before exercising any privilege under this Agreement or under the FCE that creates the risk that any person or equipment will be within 20 feet of any railroad tracks or will be near enough to any railroad tracks that any equipment extension (including a crane boom) will reach to within 20 feet of any railroad track. SIERRA will determine and inform SAFCA whether any flagging or other protective or safety measures need to be implemented. If flagmen or other special protective or safety measures are performed by SIERRA, such services will be provided at SAFCA's sole expense. Services provided by SIERRA shall not relieve SAFCA of its responsibilities or liabilities set forth herein.

6.3 SAFCA shall take all reasonable precautions to ensure that its activities undertaken pursuant to this Section 6 [Entry] shall not disturb or damage Seller's facilities or utilities on the FCE Property and SAFCA shall be solely responsible, at its cost, to repair any damage to the FCE Property or any of such facilities or utilities, caused by SAFCA or its Agents as a result of their activities under this Agreement.

6.4 SAFCA acknowledges that SIERRA's tracks at and in the vicinity of the FCE Property will be in constant or frequent use and that movement or stoppage of trains, engines, cars, or maintenance of way vehicles and equipment may delay SAFCA's work relating to the FCE Property. SAFCA hereby assumes the risk of any such delays and agrees that no claims for damage on account of any delay shall be made against SIERRA.

7. CONDITIONS TO CLOSING OF FCE PURCHASE

7.1 SAFCA's Conditions to Closing

The following are conditions precedent to SAFCA's obligation to purchase the FCE (collectively, "SAFCA's Conditions Precedent"):

[a] SAFCA's review and approval, within the Due Diligence Period, of the condition of title to the FCE Property.

[b] SAFCA's review and approval, within the Due Diligence Period, of the compliance of the FCE Property with all applicable laws, rules, regulations, permits and approvals.

[c] SAFCA's review and approval, within the Due Diligence Period, of (i) the following documents, to the extent such documents exist and are in the actual possession or control of Seller: utility agreements or easements, including those with fiber optic companies; environmental reports, studies, surveys, tests and assessments; soils and geotechnical reports on the FCE Property (collectively, the "**Documents**"); and (ii) such other information relating to the FCE Property that is specifically requested by Buyer of Seller in writing during the Due Diligence Period (collectively, the "**Other Information**"). Buyer acknowledges that all Documents and Other Information are being provided to Buyer solely as an accommodation and Seller makes no guarantee or warranty as to the accuracy, adequacy or completeness of the Documents or Other Information.

[d] Title Company shall be irrevocably committed at the Closing to issue to SAFCA, or its nominee, the Title Policy (or Title Policies) as provided in Section 4.2 [Title Insurance].

[e] Seller shall have delivered the items described in Section 8.3 below [Seller's Delivery of Documents] on or before the Closing.

[f] Approval of this Agreement and the purchase of the FCE by SAFCA's Board of Directors.

If any of SAFCA's Conditions Precedent are not satisfied, then SAFCA shall have the right in its sole discretion either to waive in writing the SAFCA's Condition Precedent in question and proceed with the purchase or, in the alternative, to terminate this Agreement; and, upon such termination, neither party shall have any continuing obligations, liabilities or duties under or pursuant to this Agreement other than those that are expressly stated to survive termination.

7.2 Seller's Conditions to Closing

The following is a condition precedent to Seller's obligation to sell the FCE ("Seller's Condition Precedent"): SAFCA shall have delivered the items described in Section 8.4 [SAFCA's Delivery of Documents and Funds] on or before the Closing. If Seller's Condition Precedent is not satisfied, then Seller shall have the right in its sole discretion either to waive in writing the Seller's Condition Precedent and proceed with the sale or, in the alternative, terminate this Agreement; and, upon such termination, neither party shall have any continuing obligations, liabilities, or duties under or pursuant to this Agreement other than those that are expressly stated to survive termination.

7.3 Cooperation with SAFCA

Seller shall cooperate with SAFCA and do all commercially reasonable acts as may be reasonably requested by SAFCA with regard to the fulfillment of any Seller's Conditions Precedent, at no cost to Seller. Seller hereby irrevocably authorizes SAFCA and its Agents to make all inquiries with or to any person or entity, including, without limitation, any regulatory authority with jurisdiction as SAFCA may reasonably require to complete its due diligence investigations; provided, however, that SAFCA shall not make any inquiries with or to any of SIERRA's customers without SIERRA's prior written approval or presence (as determined in SIERRA's sole and absolute discretion). SAFCA may make application to any regulatory authority with Seller's prior written approval.

7.4 Waiver

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

8. ESCROW AND CLOSING

8.1 Opening of Escrow

On or before, or as soon as reasonably possible after July 18, 2019, the parties shall open escrow by each party depositing an executed counterpart of this Agreement with Title Company, and this Agreement shall serve as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and SAFCA agree to execute such additional or supplementary instructions as may be appropriate to enable the escrow holder to comply with the terms of this Agreement and close the transaction; provided, however, that, in the event of any conflict between the provisions of this Agreement and any additional supplementary instructions not executed by both parties, the terms of this Agreement shall control.

8.2 Closing Date

The consummation of the purchase and sale of the FCE contemplated hereby (the "Closing") shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of Title Company located at 1375 Exposition Blvd., Suite 240, Sacramento, California 95815, on or before the 30th calendar day following the later of the expiration of the Due Diligence Period or on such earlier date as SAFCA and Seller may mutually agree (the "Closing Date"), subject to the provisions of Section 7.1 [SAFCA's Conditions to Closing] and Section 7.2 [Seller's Condition to Closing]. The Closing Date may not be extended without the prior written approval of both Seller and SAFCA, except as otherwise expressly provided in this Agreement. Neither party shall unreasonably withhold, condition or delay its approval of a request for extension by the other party; provided, however, that in no event shall either party request an extension beyond May 31, 2020.

8.3 Seller's Delivery of Documents

At or before the Closing, Seller shall deliver into escrow, the following:

- [a] duly executed and acknowledged FCE Deed;
- [b] properly executed affidavit pursuant to section 1445(b)(2) of the Federal Tax Code in the form of **Exhibit 6**, and on which SAFCA is entitled to rely, that Seller is not a "foreign person" within the meaning of section 1445(f)(3) of the Federal Tax Code;
- [c] properly executed California Franchise Tax Board Form 590 certifying that Seller has a permanent place of business in California or is qualified to do business in California, or other evidence reasonably satisfactory to SAFCA that Seller is exempt from the withholding requirements of sections 18662 and 26131 of the State Tax Code;
- [d] such resolutions, authorizations, or other documents or agreements relating to Seller as the Title Company may reasonably require to demonstrate the Seller's authority to enter into this Agreement and to consummate the transactions contemplated hereby, and such proof of the power and authority of the individuals executing any documents or other instruments on behalf of Seller to act for and bind Seller;
- [e] such agreements, instruments, documents or other information as is reasonably requested or required by the Title Company in order to issue the Title Policy, including a customary or usual owner's affidavit and/or seller's statement;
- [f] a memorandum or memoranda of the options granted herein in the form of **Exhibit 7**; and
- [g] closing statement in form and content reasonably satisfactory to SAFCA and Seller.

8.4 SAFCA's Delivery of Documents and Funds

At or before Closing, SAFCA shall deliver into escrow the following:

[a] acceptance of the FCE Deed executed by SAFCA's Executive Director, or his designee;

[b] closing statement in form and content reasonably satisfactory to SAFCA and Seller;
and

[c] a cashier's check, government warrant or confirmed wire transfer of certified funds in the amount of the FCE's Purchase Price, as provided in Section 3 [Consideration], less the amount of the Deposit, plus such additional amounts as are required from Buyer for the Closing, as provided in Section 9 [Expenses and Taxes; Post-Closing Obligations].

9. EXPENSES AND TAXES; POST-CLOSING OBLIGATIONS

9.1 Closing Costs

SAFCA shall pay the cost of the Survey, if any, the premium for the Title Policy and the cost of the endorsements thereto, any escrow and recording fees, and any transfer taxes. Seller shall be responsible for all costs incurred in connection with the prepayment or satisfaction of any loan, bond or other indebtedness secured by the FCE Property. Any other costs and charges of the escrow for the sale not otherwise provided for in this Section 9.1 [Closing Costs] or elsewhere in this Agreement shall be paid by SAFCA.

9.2 Real Estate Taxes and Special Assessments

General real estate taxes payable for the tax year prior to the year of the Closing and all prior years shall be paid by Seller at or before the Closing. As applicable, general real estate taxes and any special assessments and charges, payable as to the FCE Property for the tax year of the Closing shall be prorated through escrow between Seller and SAFCA as of the Closing Date.

9.3 Preliminary Closing Adjustment

The Title Company shall prepare a preliminary Closing adjustment on the basis of any apportionments or adjustments to be made based on payments or expenses, and shall deliver such computation to Seller and Buyer prior to the Closing.

9.4 Post-Closing Reconciliation

If any of the foregoing prorations cannot be calculated accurately on the Closing Date, then they shall be calculated as soon after the Closing Date as feasible. Either party owing the other party a sum of money based on such subsequent prorations shall promptly pay such sum to the other party within 10 business days of receipt of invoice and proper documentation for such proration.

9.5 Post-Closing Obligation

After the Closing Date, Seller will be responsible to pay any additional costs of transportation service to customers during any period when the line of railroad on the FCE Property is out of service.

9.6 Survival

The provisions of this Section 9 [Expenses and Taxes; Post-Closing Obligations] shall survive the Closing.

10. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to and covenants with SAFCA, as of July 18, 2019, and as of the Closing Date, as follows:

10.1 Seller has received no formal written notice of any, and to Seller's Knowledge there are no, currently outstanding violations of any federal, state, county, or municipal law, ordinance, order, regulation, or requirement affecting the FCE Property.

10.2 Seller has received no formal written notice of any condemnation, either instituted or planned to be instituted by any governmental or quasi-governmental agency.

10.3 Seller has received no formal written notice of any pending litigation against Seller or that affects the use or operation of the FCE Property.

10.4 Other than existing easements, Seller has not granted any option or right of first refusal or first opportunity to any third party to acquire any interest in any of the FCE property or if such option or right has been granted, has recorded a document signed by the parties thereto which terminates such option or right. However, SAFCA acknowledges that SIERRA has certain obligations to shippers as a common carrier with respect to transportation involving the FCE Property; and SIERRA acknowledges and agrees that it can comply with this Agreement and that, therefore, the foregoing acknowledgment by SAFCA shall not waive, release, limit, or otherwise denigrate of any obligation, liability, or duty of SIERRA (i) under or pursuant to this Agreement and/or (ii) to or for the benefit of SAFCA.

10.5 Seller is duly organized and validly existing under the laws of the State of California and is in good standing under the laws of the State of California. This Agreement and all documents executed by Seller which are to be delivered to or for the benefit of SAFCA at Closing are, or at Closing will be, duly authorized, executed and delivered by Seller, and are, or at Closing will be, legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, and to the best of Seller's Knowledge, do not, and at Closing will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the FCE Property is subject.

10.6 To SIERRA's actual knowledge, with no duty of inquiry, there has been no storage, treatment, generation, transportation, or release of any hazardous materials by SIERRA in violation of, or which could cause or be the basis of, an obligation or liability under applicable environmental or other laws at, to, from, in, on, around, or about the property at issue; other than per occurrence and/or in the aggregate de minimis amounts of hazardous materials customarily present or stored or released in the operation of railway companies and in connection with the operation of railway trains, maintenance efforts, and railroad infrastructure in the ordinary course of railway operations.

10.7 At the time of Closing, there will be no leases or other occupancy agreements affecting any of the FCE Property that survive Closing except for easements which have been disclosed and provided to SAFCA. At the time of Closing, there will be no outstanding written or oral contracts made by Seller for any of work or improvements that have not been fully paid for as to the FCE Property and Seller shall cause to be discharged all mechanics' or materialmen's liens arising from any labor or materials furnished to the FCE Property prior to Closing.

10.8 Seller is not a "foreign person" within the meaning of section 1445(f)(3) of the Federal Tax Code.

As used in this Section 10 [Representations and Warranties of Seller], the term "Seller's Knowledge" means the actual present knowledge of Sierra Northern Railway including without limitation its officers, directors, agents, representatives and employees, without any duty of inquiry or investigation either express or implied.

11. GRANT OF OPTIONS

11.1 SIERRA hereby grants to SAFCA the exclusive right and option to purchase (i) the Railroad Corridor Property; (ii) the Fremont Trestle Property; or (iii) the Supplemental Railroad Property. in any case, free of all liens and encumbrances (and/or as otherwise expressly provided in the relevant purchase agreement(s) as described and/or referenced in and/or pursuant Section 13.1, Section 16.1, and Section 19.1 below) for (i) the Railroad Corridor Property Purchase Price (defined below) or (ii) the Fremont Trestle Property Purchase Price (defined below) or (iii) the Supplemental Railroad Property Purchase Price (defined below) and, in any case, under the specific terms and conditions set forth in this Agreement .

11.2 SAFCA must exercise the (i) the option to purchase the Railroad Corridor Property option within one year following the Effective Date of this Agreement ("Option Term") and close the transaction within the Option Term. Notwithstanding the foregoing or anything contained elsewhere is this Agreement, so long as SAFCA has exercised the option to purchase the Railroad Corridor Property, SAFCA may exercise the option and, provided that SAFCA has closed the Railroad Corridor Property, close the transaction to purchase the Fremont Trestle Property, for one year following the date of the exercise of the Railroad Corridor Property option. Notwithstanding the foregoing or anything contained elsewhere is this Agreement, so long as SAFCA has exercised the option to purchase the Railroad Corridor Property, and exercised the option to purchase the Fremont Trestle Property, SAFCA may exercise the option and, provided that SAFCA has closed the Fremont Trestle Property, close the transaction to purchase the Supplemental Railroad Property for one year following the date of the exercise of the Railroad Corridor Property option. For purposes of clarification: SAFCA may not close its purchase of the Fremont Trestle Property unless SAFCA has closed its purchase of the Railroad Corridor Property and may not close its purchase of the Supplemental Railroad Property unless SAFCA has closed its purchase of the Fremont Trestle Property.

11.3 SAFCA may not exercise and close its option to purchase the Fremont Trestle Property unless SAFCA has first timely exercised its option to purchase the Railroad Corridor Property. SAFCA may not exercise and close its option to purchase the Supplemental Railroad Property unless SAFCA has first timely exercised and closed its option to purchase the Fremont Trestle Property.

12. CONSIDERATION FOR OPTIONS

12.1 The consideration payable to SIERRA for SAFCA's option to purchase the Properties shall be THREE MILLION DOLLARS (\$3,000,000.00) paid by SAFCA to SIERRA within 15 business days following July 18, 2019 in the form of immediately available funds.

12.2 The option consideration, as well as any portion of the Railroad Corridor Property Purchase Price, the Supplemental Railroad Property Purchase Price, and/or the Fremont Trestle Property Purchase Price paid prior to the relevant closing, shall be refundable in the event of breach, default or failure of performance by SIERRA or in the event of a failure of a condition to closing in favor of SAFCA and such failure is not the fault of SAFCA. The option consideration, unless refunded, shall be applicable to the Railroad Corridor Property Purchase Price.

13. EXERCISE OF RAILROAD CORRIDOR OPTION

13.1 SAFCA may exercise the option to purchase the Railroad Corridor Property by providing written notice thereof ("Exercise of Option Notice") to SIERRA at any time during the Option Term, or at any time during any mutually agreed upon and signed written extension thereof. In the event that the Exercise of Option Notice is timely given, SIERRA shall execute a purchase agreement concerning the Railroad Corridor Property in the form substantially similar to that, and containing those provisions, set forth in **Exhibit 8** and all documents reasonably necessary or convenient to convey the property to SAFCA.

13.2 Among other things, SAFCA's acquisition of the Railroad Corridor Property is subject to California Environmental Quality Act ("CEQA") environmental review.

13.3 Prior to the closing on the Railroad Corridor Property as both (i) covenants, agreements and obligations of SIERRA and (ii) conditions in favor of SAFCA, SIERRA shall: (a) obtain Surface Transportation Board ("STB") approval to abandon the Railroad Corridor Property, and consummate such abandonment authority, including any and all necessary environmental approvals associated with such abandonment and meeting any and all STB conditions to authorize and consummate such abandonment; and (b) waive and release any and claims, demands, losses, liabilities, damages, costs and expenses, including attorneys' fees, costs and expenses (collectively, "Claims") arising out of, resulting from, related to or otherwise associated with the acquisition, including severance damages, loss of business goodwill, relocation, furniture, fixtures and equipment (FF&E), and improvements pertaining to realty. Additionally, SIERRA shall be responsible and liable for Claims of transportation customers related to the abandonment, and shall indemnify, defend and hold harmless SAFCA of, from and against Claims associated with the abandonment of the Railroad Corridor Property. SAFCA agrees to cooperate with and not to directly or indirectly oppose, SIERRA's abandonment efforts.

13.4 SAFCA shall also provide SIERRA with the exclusive right, but not the obligation, to remove all Existing Improvements located on, under, above, or across the Railroad Corridor Property acquired by SAFCA pursuant to this Agreement, and to retain any part of such removed Existing Improvements. For purposes of clarification, "Existing Improvements" do not

include any weir structures, utility, cable, or fiber optic lines or other equipment, structures, facilities, or related appurtenances, or trails.

14. SAFCA'S RIGHT TO ENTER AND INSPECT

If SAFCA has exercised its option to purchase the Railroad Corridor Property, the Fremont Trestle Property and/or the Supplemental Railroad Property, SAFCA may prior to the closing date related to SAFCA's purchase of any or all, enter the relevant properties for the purpose of performing reasonable tests, engineering studies, surveys, soil and environmental tests, and such other reasonable inspections and studies as SAFCA may deem necessary, at SAFCA's sole cost and expense.

15. RAILROAD CORRIDOR PROPERTY PURCHASE PRICE

The purchase price for the Railroad Corridor Property ("Railroad Corridor Property Purchase Price") shall be TWENTY-FOUR MILLION NINE HUNDRED FIFTY THOUSAND DOLLARS (\$24,950,000.00). The Railroad Corridor Property Purchase Price shall be paid as follows:

15.1 THREE MILLION DOLLARS (\$3,000,000.00; that is, the option consideration) in accordance with Section 12 [Consideration for Options] above;

15.2 FOUR MILLION DOLLARS (\$4,000,000.00) promptly upon execution and delivery of the Exercise of Option Notice for the Railroad Corridor Property including without limitation SIERRA's acknowledgement of receipt of the same as evidenced by SIERRA's execution and delivery to SAFCA of the option purchase agreement in form and substance as required by the terms of this Agreement;

15.3 SIX MILLION DOLLARS (\$6,000,000.00) within 30 calendar days following SAFCA's receipt of a copy of SIERRA's petition for exemption under 49 U.S.C. § 10502 from the otherwise-applicable requirements of 49 U.S.C. § 10903 with respect to the Properties and any related notices, filings or reports, including but not limited to (i) the notices required under 49 C.F.R. §§ 1152.50(d)(1), 1105.11 and 1105.12 and (ii) the environmental and historic report required under 49 C.F.R. §§ 1102.7(e) and 1105.8, delivered in accordance with 49 C.F.R. § 1105.11 (the "Petition"). The Petition shall state that SIERRA is not willing to negotiate an interim trail use and rail banking agreement. Under and pursuant to the foregoing, SIERRA shall be responsible for the environmental clearance on the abandonment. In advance of the abandonment, SIERRA shall prepare an environmental report ("ER") and serve the ER on certain listed agencies (49 C.F.R. 1105.7). SIERRA shall file the ER before or with the Petition. STB will (or is expected to) issue an Environmental Assessment ("EA") in conjunction with its decision on the Petition (49 C.F.R. 1105.6);

15.4 FIVE MILLION DOLLARS (\$5,000,000.00) upon SIERRA obtaining STB authority to abandon the Properties; and

15.5 SIX MILLION NINE HUNDRED FIFTY THOUSAND DOLLARS

(\$6,950,000.00) upon closing of the transfer of the relevant subject property from SIERRA to SAFCA.

16. EXERCISE OF FREMONT TRESTLE PROPERTY OPTION

16.1 Subject to the requirements of Section 11 [Grant of Options], SAFCA may exercise the option to purchase the Fremont Trestle Property by providing written notice thereof (also an "Exercise of Option Notice") to SIERRA at any time during the Option Term, or any mutually agreed upon and signed written extension thereof, provided SAFCA has exercised the option to purchase the Railroad Corridor Property. In the event that the Exercise of Option Notice is timely and properly given, SIERRA shall execute a purchase agreement concerning the Fremont Trestle Property in the form substantially similar to and containing those provisions set forth in **Exhibit 8**, and all documents reasonably necessary or convenient to convey the Fremont Trestle Property to SAFCA.

16.2 Among other things, SAFCA's acquisition of Fremont Trestle Property is subject to CEQA environmental review.

16.3 Prior to the closing on the Fremont Trestle Property as both (i) covenants, agreements and obligations of SIERRA and (ii) conditions in favor of SAFCA, SIERRA shall: (a) obtain Surface Transportation Board ("STB") approval to abandon the Fremont Trestle Property, and consummate such abandonment authority, including any and all necessary environmental approvals associated with such abandonment and meeting any and all STB conditions to authorize and consummate such abandonment; (b) have comply or have complied with Section 13.3 [Exercise of Railroad Corridor Option]; and (c) waive and release any and claims, demands, losses, liabilities, damages, costs and expenses, including attorneys' fees, costs and expenses (collectively, "Claims") arising out of, resulting from, related to or otherwise associated with the acquisition, including severance damages, loss of business goodwill, relocation, furniture, fixtures and equipment (FF&E), and improvements pertaining to realty. Additionally, SIERRA shall be responsible and liable for Claims of transportation customers related to the abandonment, and shall indemnify, defend and hold harmless SAFCA of, from and against Claims associated with the abandonment of the Fremont Trestle Property. SAFCA agrees to cooperate with and not to directly or indirectly oppose, SIERRA's abandonment efforts.

16.4 SAFCA may not close on the Fremont Trestle Property unless SAFCA has first closed on the Railroad Corridor Property.

16.5 SAFCA shall also provide SIERRA with the exclusive right, but not the obligation, to remove all Existing Improvements located on, under, above, or across the Fremont Trestle Property acquired by SAFCA pursuant to this Agreement, at SAFCA's sole reasonable cost (currently estimated as approximately \$3,500,000.00) subject to a mutually acceptable agreement between the Parties and to retain any part of such removed Existing Improvements. For purposes of clarification, "Existing Improvements" do not include any weir structures, utility, cable, or fiber optic lines or other equipment, structures, facilities, or related appurtenances, or trails.

17. FREMONT TRESTLE PROPERTY PURCHASE PRICE

The purchase price for the Fremont Trestle Property ("Fremont Trestle Purchase Price") shall be THIRTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$13,500,000.00). The Fremont Trestle Property Purchase Price shall be paid upon closing of the transfer of the Supplemental Railroad Property and the Fremont Trestle Property from SIERRA to SAFCA. The parties acknowledge that the Fremont Trestle Property has a higher value and that the Fremont Trestle Property Purchase Price constitutes a discount being offered to SAFCA for a period not to exceed one year from the close of SAFCA's purchase of the Railroad Corridor Property.

18. EXERCISE OF SUPPLEMENTAL RAILROAD PROPERTY OPTION

18.1 Subject to the requirements of Section 11 [Grant of Options], SAFCA may exercise the option to purchase the Supplemental Railroad Property by providing written notice thereof ("Exercise of Option Notice") to SIERRA at any during the Option Term (but only substantially after providing the Exercise of Option Notice with respect to the Railroad Property and Fremont Trestle Property), or any mutually agreed upon and signed written extension thereof. In the event that the Exercise of Option Notice is timely and properly given, SIERRA shall execute a purchase agreement concerning the Supplemental Railroad Property in the form substantially similar to and containing those provisions set forth in **Exhibit 8**, and all documents reasonably necessary or convenient to convey the Supplemental Railroad Property to SAFCA. The parties agree that such purchase agreement shall stipulate that all rail improvements on the Supplemental Railroad Property shall continue to be owned by SIERRA and its successors and assigns.

18.2 Among other things, SAFCA's acquisition of Supplemental Railroad Property is subject to CEQA environmental review and the recordation of a mutually agreeable perpetual easement for SIERRA, and its successors and assigns, to conduct passenger railroad, railbike, and general tourist operations over the Supplemental Railroad Property (including any reasonably necessary Existing Improvements thereon as the same may exist or be modified over time by SIERRA) without interference, including all rights of ingress and egress therefrom and the right to construct and operate a trail (the "**Operations and Maintenance Agreement**").

18.3 Prior to the closing on the Supplemental Railroad Property (but subject to the terms of the FCE Easement and/or the Operations and Maintenance Agreement(s), for example, as to timing of the removal of improvements), as both (i) covenants, agreements and obligations of SIERRA and (ii) conditions in favor of SAFCA, SIERRA shall comply or have complied with Section 13.3 [Exercise of Railroad Corridor Option] and Section 16.3 [Exercise of Fremont Trestle Property Option].

18.4 SAFCA may not close on the Supplemental Railroad Property unless SAFCA has first closed on the Railroad Corridor Property and the Fremont Trestle Property.

18.5 SAFCA shall also provide SIERRA with the exclusive right, but not the obligation, to remove all Existing Improvements located on, under, above, or across the Supplemental Railroad Property acquired by SAFCA pursuant to this Agreement, and to retain any part of such removed Existing Improvements. For purposes of clarification, "Existing Improvements" do not include any weir structures, utility, cable, or fiber optic lines or other equipment, structures,

facilities, or related appurtenances, or trails.

19. SUPPLEMENTAL RAILROAD PROPERTY PURCHASE PRICE

The purchase price for the Supplemental Railroad Property ("Supplemental Railroad Property Purchase Price") shall be FIFTY THOUSAND DOLLARS (\$50,000.00). The Supplemental Railroad Property Purchase Price shall be paid upon closing of the transfer of the Supplemental Railroad Property from SIERRA to SAFCA.

20. UTILITY EASEMENTS AND RELOCATIONS

Provided SAFCA receives a copy of any and all current easements and/or utility agreements, including any and all agreements with fiber optic companies, that SIERRA has executed in favor of any utility companies and is in agreement with the terms thereof which agreement shall not be unreasonably withheld, SAFCA agrees:

20.1 to provide a utility easement over only the FCE Property and the Properties (that is, the Railroad Corridor Property, the Fremont Trestle Property, and the Supplemental Railroad Property), as applicable, for the continued operation, access, and repair of any existing or future utility placements, including pipelines, cable lines, such as fiber optic lines and conduits (and including utility placements other than those executed by SIERRA) provided the utility easement is within existing conduits.

20.2 Should the existing steel railroad superstructure over the Weir be removed in the future for the benefit of SAFCA or any other person or entity, such removal, including all work necessary to relocate and protect the fiber optic lines into underground conduits, will be at the cost of SAFCA or such person or entity. If such relocation is required, SIERRA will have the opportunity to review the planned relocation design details prior to implementation.

20.3 SAFCA agrees to pay for any relocation of any utilities (including pipelines, cable lines, and fiber optic lines, and conduits) required as a result of SAFCA's acquisition of the FCE or any of the Properties or any of SAFCA's actions relating thereto, including SIERRA's removal of any trestle or Existing Improvements to the benefit of SAFCA.

21. WAIVER OF AND LIABILITY FOR CLAIMS; INDEMNITY

21.1 SAFCA EXPRESSLY ACKNOWLEDGES AND AGREES THAT THE RIGHTS GRANTED TO SAFCA TO THE FCE PROPERTY, AND THE SALE TO SAFCA OF ANY OR ALL OF THE PROPERTIES, ARE, EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, ON AN "AS IS", "WHERE IS", AND "WITH ALL FAULTS" BASIS, SUBJECT TO ALL UTILITY EASEMENTS, AND THAT SIERRA HAS NO OBLIGATION TO REPAIR ANY DAMAGE TO OR DEFECT IN THE FCE PROPERTY OR ANY OF THE PROPERTIES, REPLACE ANY OF THE FCE PROPERTY OR THE PROPERTIES, OR OTHERWISE REMEDY ANY MATTER AFFECTING THE CONDITION OF THE FCE PROPERTY OR THE PROPERTIES.

21.2 Each party agrees to defend, indemnify, and hold harmless the other party, and the other party's affiliates, consultants, and vendors, from and against any and all claims, losses, liabilities, suits, judgments, damages, costs, charges, penalties, fines, fees, and expenses (including reasonable legal fees and costs) of whatever kind and nature ("Losses") arising out of third-party injury, death, or property damage caused by the party's (i) breach of this Agreement, or (ii) negligence, recklessness, or willful misconduct, including claims based on strict liability in tort, provided that the foregoing indemnities will not apply to the extent such Losses have resulted from (a) the willful misconduct, recklessness, or negligence of an indemnified party, or any of the indemnified party's affiliates, consultants, or vendors, or (b) any breach of any obligation or representation or warranty of such indemnified party under this Agreement. In no event shall either party, or either party's affiliates, contractors, or vendors, be liable for any special, incidental, indirect, or consequential damages, or lost revenue, lost profits, lost business opportunities, or lost or damaged date or other property, whether arising in contract, tort (including negligence), or otherwise, even if such party has been informed of the possibility thereof.

21.3 Following the close of each of the transactions contemplated by this Agreement, SIERRA agrees to waive and release any and all claims associated with SAFCA's acquisition of the Properties subject to such closing, including severance damages, loss of business goodwill, relocation, FF&E (furniture, fixtures, and equipment), and improvements pertaining to realty.

21.4 SIERRA shall be responsible and liable for any and all claims of SIERRA's transportation customers related to the STB Petition and otherwise, and shall indemnify, defend, and hold harmless SAFCA of, from, and against all such claims (except as to the FCE Property).

21.5 The obligations of the parties under this Section 21 shall survive the termination or expiration of this Agreement.

22. SUBDIVISIONS, MERGERS, OR LOT LINE ADJUSTMENTS; PERSONAL PROPERTY; CEQA/NEPA

22.1 The parties shall cooperate as needed to subdivide, merge, or provide for any lot line adjustments with respect to the Properties at issue. However, except to the extent required by law, the transactions contemplated by this Agreement, including any option purchase agreements, are not contingent upon the creation of any new, or the adjustment of any existing, legal or tax lots/assessor's parcels. SAFCA shall be responsible, at its sole cost and expense, for obtaining any approvals for any subdivisions of land, mergers, lot line adjustments, or any other modifications that may be necessary to create the legal parcels to be conveyed to SAFCA as contemplated by this Agreement, including any option purchase agreement.

22.2 Except as may be expressly agreed by the parties herein, SIERRA shall not have any obligation, liability, or duty to provide, deliver, or maintain any personal property, whether tangible or intangible, in connection with the transactions contemplated by this Agreement.

22.3 SAFCA is solely responsible for any CEQA/NEPA compliance issued related to this transaction and any SAFCA projects.

23. NO BROKERS

Each of the parties represents and warrants to the other that it has not engaged or dealt with any broker, agent, salesperson, or any other intermediary in connection with the proposed transactions. Each party will indemnify, defend, and hold harmless the other of, from, and against any claims based on alleged facts that are inconsistent with such representations and warranties.

24. GENERAL PROVISIONS

24.1 Notices

Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be addressed as follows:

SAFCA:

SAFCA
1007 7th Street, 7th Floor
Sacramento, CA 95814
Attn: Executive Director
Fax: (916) 874-8289

Seller:

SIERRA NORTHERN RAILWAY
1222 Research Park Drive
Davis, CA 95618
Attn: Michael Hart

Or to such other address as either party may from time to time specify in writing to the other upon not less than 5 calendar days' prior written notice in the manner provided above. Any notice given by personal delivery or delivery service will be deemed effective on the date of receipted delivery, upon refusal to accept delivery or when delivery is first attempted but cannot be made due to a change of address for which no notice was given. Any notice sent by facsimile shall be deemed given by the date reflected by the facsimile confirmation receipt. Any notice that may be given by any party in connection with this Agreement may be given by such party's attorney(s).

24.2 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.

24.3 Amendments

Except as otherwise provided herein, this Agreement may be amended or modified only by a written instrument executed by SAFCA and SIERRA.

24.4 Continuation and Survival of Representations and Warranties

All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement are intended to be, and shall remain, true and correct as of the Closing, shall be deemed to be material, and, together with all conditions, covenants and indemnities made by the respective parties contained herein or made in writing pursuant to this Agreement (except as otherwise expressly limited or expanded by the terms of this Agreement), shall survive the execution and delivery of this Agreement and the Closing, or, to the extent the context requires, beyond any termination of this Agreement, provided all representations and warranties set forth in Section 10.1 shall survive for a period of 18 months following the Closing Date or until this Agreement is terminated, whichever occurs earlier. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in conjunction with the transaction contemplated hereby shall constitute representations and warranties hereunder.

24.5 Governing Law

This Agreement, and all claims or causes of action (whether in contract, tort, or statute) that may be based upon, arise out of, or relate to this Agreement, or the negotiation, execution, or performance of this Agreement (including any claim or cause of action based upon, arising out of, or related to any representation or warranty made in or in connection with this either or as an inducement to enter into either), shall be governed by, and enforced in accordance with, the internal laws of the State of California, including its statutes of limitations, as if performed wholly within the state and without giving effect to the principles of conflicts of law. Exclusive jurisdiction shall be vested in the state and federal courts of Yolo County and the Eastern District of California and the parties hereby consent to such jurisdiction and to service of process by any means authorized under California law.

If any provision of this Agreement is held to be invalid or unenforceable by a court or other tribunal of competent jurisdiction, that provision will be amended to achieve as nearly as possible the intent of the parties as set forth in the original provision and the remainder of this Agreement shall remain in full force and effect.

In the event of a judicial or administrative proceeding or action by one party against the other with respect to the interpretation or enforcement of this Agreement, the prevailing party shall, in addition to damages, be entitled to recover reasonable costs and expenses, including reasonable attorneys' fees and other expenses whether at the investigative, pretrial, trial, or appellate level.

24.6 Entire Agreement

This Agreement constitutes the entire understanding between the parties concerning the subject matter of this Agreement and cancels and supersedes any prior understandings, whether written or oral, with respect thereto.

24.7 Non-Liability of Officials, Employees and Agents

Notwithstanding anything to the contrary in this Agreement, no Board member, officer, employee or individual agent of either party shall be personally liable to the other party or to the other party's successors and assigns, in the event of any default or breach by such party or for any amount which may become due to the other party or the other party's successors and assigns, or for any obligation of either party under this Agreement.

24.8 Approvals, Consents, etc.

[a] SIERRA acknowledges and agrees that any inspections, investigations, reviews, confirmations, consents or approvals referenced in this Agreement are for the sole and exclusive benefit of SAFCA. SIERRA shall not, and shall have no right to, rely upon or benefit from the same (other than in connection with confirming that such inspections, investigations, reviews, confirmations, consents or approvals occurred or were obtained or given), and such inspections, investigations, reviews, confirmations, consents or approvals will not release or relieve any obligation, liability or duty of SIERRA under or pursuant to this Agreement, including under, pursuant to or in accordance with the other agreements, instruments or documents referred to herein or executed, acknowledged, made, delivered, entered into and/or recorded under, pursuant to or in accordance with this Agreement, including any term hereof.

[b] Each party acknowledges that the officer executing this agreement has the authority to enter into this Agreement on behalf of the party and in so doing is authorized to bind the party on whose behalf he or she is signing, to the terms and conditions of this Agreement.

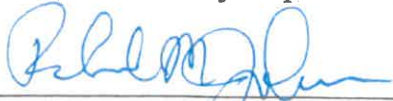
24.9 Counterparts

Each party agrees that this Agreement may be executed by electronic or facsimile signature, which shall be as effective as an original signature and which may be used in lieu of the original for any purpose, and in one or more counterparts, all of which together shall constitute one agreement binding on all the parties.

The parties have duly executed this Agreement as of the respective dates written below.

SAFCA:

SACRAMENTO AREA FLOOD CONTROL AGENCY, a California joint powers authority

By: 
Richard M. Johnson, Executive Director

Date: Aug 13, 2019

APPROVED AS TO FORM:

By: M. Holly Gilchrist
M. Holly Gilchrist, Agency Counsel

SELLER:

SIERRA NORTHERN RAILWAY

By: Kennan H. Beard, III
Kennan H. Beard, III, President

Date: Aug 15, 2019

APPROVED AS TO FORM:

By: Torgny Nilsson
Torgny Nilsson, General Counsel

SAFCA/SharedFolders/AgencyCounsel/SierraNorthernRW/2019.08.13 SAFCA SNR PSA Final

Title Company agrees to act as escrow holder in accordance with the terms of this Agreement and act as the Reporting Person under section 6045(e) of the United States Internal Revenue Code of 1986 and the regulations promulgated thereunder, which require an information return to be made to the United States Internal Revenue Service, and a statement to be furnished to Seller, in connection with this transaction. Title Company's failure to execute below shall not invalidate this Agreement between SAFCA and Seller.

TITLE COMPANY:

FIDELITY NATIONAL TITLE INSURANCE
COMPANY

By: Audra Meyer

Its: Escrow Officer

Date: 8/15/19

EXHIBIT LIST

- Exhibit 1 – FCE Property
- Exhibit 2 – Railroad Corridor Property
- Exhibit 3 – Supplemental Railroad Property
- Exhibit 4 – Fremont Trestle Property
- Exhibit 5 – FCE Deed
- Exhibit 6 – FIRPTA Affidavit
- Exhibit 7 – Memorandum of Option
- Exhibit 8 – Purchase and Sale Agreement

EXHIBIT "1A"
LEGAL DESCRIPTION

All that real property situate in the County of Yolo, State of California, being a portion of the lands of the Sierra Northern Railroad, as said lands are described in that certain Grant Deed recorded in Book 91 of Deeds at Page 136, Yolo County Records, said real property being further described as follows:

A strip of land being 100 feet in width, being 30 feet northeasterly and 70 feet southwesterly of the following described line:

COMMENCING at the southerly point of the centerline described in said Grant Deed; thence northwesterly along said centerline North 38°14'43" West 664.62 feet to the **POINT OF BEGINNING**, said Point of Beginning lying South 42°00'29" West 87.94 feet from NGS control station "F9 01" as shown on that certain Record of Survey recorded in Book 2015 of Maps at Page 35, Yolo County Records; thence, from said Point of Beginning, continuing northwesterly along said centerline, North 38°14'43" West 2135.38 feet to the **POINT OF TERMINATION**.

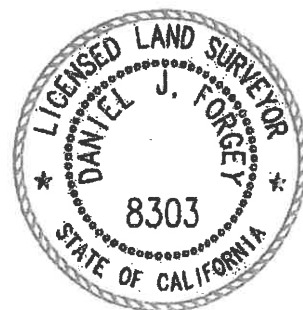
Containing 4.90 acres, more or less.

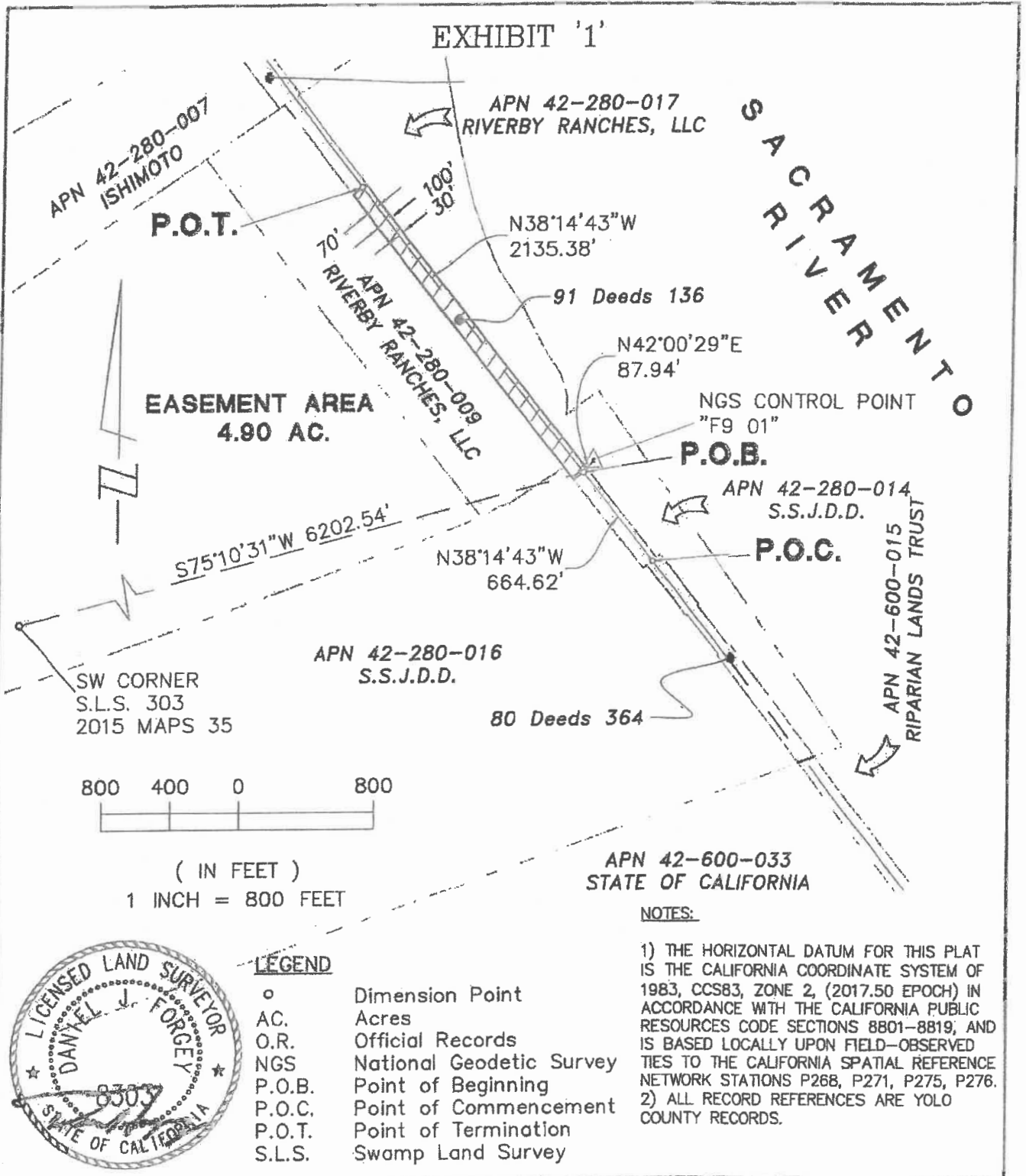
The above-described real property is shown on Exhibit '1' attached hereto and made a part hereof.

The basis of bearings for this description is based upon the California Coordinate System of 1983, CCS83, Zone 2, (2017.50 epoch) in accordance with the California Public Resources Code Sections 8801-8819, and is based locally upon field-observed ties to the California Spatial Reference Network Stations P268, P271, P275, P276.

End of Description


Daniel J. Forgey, CA. LS No. 8303





**SIERRA NORTHERN RAILWAY
FLOOD CONTROL EASEMENT**

COUNTY OF YOLO STATE OF CALIFORNIA

DATE: 07/19/2019	SCALE: 1" = 800'	<p>PSOMAS 1075 Creekside Ridge Drive, Suite 200 Roseville, CA 95678 (916) 788-8122 (916) 788-0800 (FAX)</p>
DRWN. BY: ADF	CHK. BY: DJF	
SHEET 1 OF 1		

Plotted: Jul/19/2019 9:50 AM | By: Afoster
 DWG: P:\SAFCA\6SAF021500\SURVEY\DWG\Task X-17 Soc-Bypass\W-EX-SPRR-FCEV2.dwg

EXHIBIT "2A"
LEGAL DESCRIPTION

All that real property situate in the County of Yolo, State of California, being a portion of the lands of the Sierra Northern Railroad, as said lands are described in those certain Grant Deeds recorded in Book 80 of Deeds at Page 364, and Book 91 of Deeds at Page 136, Yolo County Records, said real property being further described as follows:

BEGINNING at the point of intersection of the described centerline of said Railroad with the easterly prolongation of the southerly line of the lands of the Sacramento and San Joaquin Drainage District as described in that certain Grant Deed recorded in Book 95 of Deeds at Page 151, Yolo County Records, said point lying South 35°57'24" West 2170.59 feet from NGS control station "F9 01" as shown on that certain Record of Survey recorded in Book 2015 of Maps at Page 35, Yolo County Records; thence from said Point of Beginning, along the described centerline of said railroad, the following four (4) courses:

- 1) A strip of land being 100 feet in width, being 60 feet northeasterly and 40 feet southwesterly of the following described line: North 38°14'43" West 814.36 feet.
- 2) A strip of land being 80 feet in width, being 50 feet northeasterly and 30 feet southwesterly of the following described line: North 38°14'43" West 300.00 feet.
- 3) A strip of land being 100 feet in width, being 60 feet northeasterly and 40 feet southwesterly of the following described line: North 38°14'43" West 375.00 feet.
- 4) A strip of land being 100 feet in width, being 30 feet northeasterly and 70 feet southwesterly of the following described line: North 38°14'43" West 2800.00 feet.

to the **POINT OF TERMINATION**.

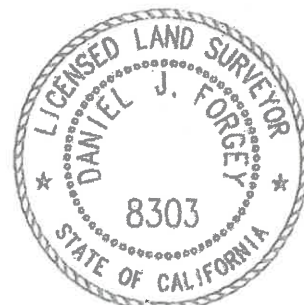
Containing 9.72 acres, more or less.

The above-described real property is shown on Exhibit '2' attached hereto and made a part hereof.

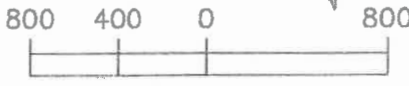
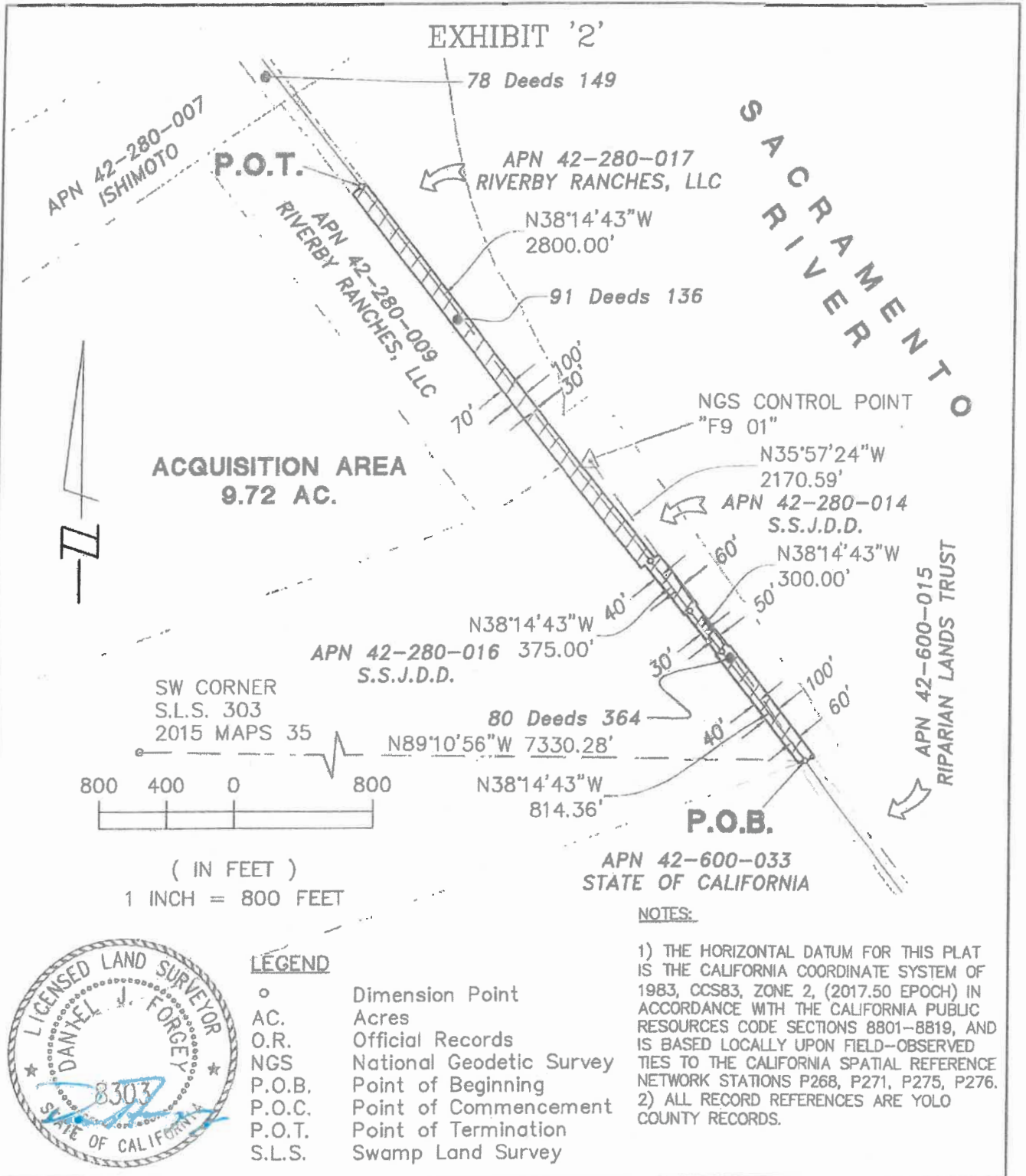
The basis of bearings for this description is based upon the California Coordinate System of 1983, CCS83, Zone 2, (2017.50 epoch) in accordance with the California Public Resources Code Sections 8801-8819, and is based locally upon field-observed ties to the California Spatial Reference Network Stations P268, P271, P275, P276..

End of Description


Daniel J. Forgey, CA. LS No. 8303



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(IN FEET)
1 INCH = 800 FEET



LEGEND

- o Dimension Point
- AC. Acres
- O.R. Official Records
- NGS National Geodetic Survey
- P.O.B. Point of Beginning
- P.O.C. Point of Commencement
- P.O.T. Point of Termination
- S.L.S. Swamp Land Survey

NOTES:

- 1) THE HORIZONTAL DATUM FOR THIS PLAT IS THE CALIFORNIA COORDINATE SYSTEM OF 1983, CCS83, ZONE 2, (2017.50 EPOCH) IN ACCORDANCE WITH THE CALIFORNIA PUBLIC RESOURCES CODE SECTIONS 8801-8819, AND IS BASED LOCALLY UPON FIELD-OBSERVED TIES TO THE CALIFORNIA SPATIAL REFERENCE NETWORK STATIONS P268, P271, P275, P276.
- 2) ALL RECORD REFERENCES ARE YOLO COUNTY RECORDS.

**SIERRA NORTHERN RAILWAY
RAILROAD CORRIDOR PROPERTY**

COUNTY OF YOLO STATE OF CALIFORNIA

DATE: 07/19/2019	SCALE: 1" = 800'
DRWN. BY: ADF CHK. BY: DJF	SHEET 1 OF 1

PSOMAS

1075 Creekside Ridge Drive, Suite 200
Roseville, CA 95678
(916) 788-8122 (916) 788-0600 (FAX)

Plotted: Jul/19/2019 9:38 AM | By: Afoster
DWG: P:\SAFCA\6SAF021500\SURVEY\DWG\Task X-17 Set- Bypass\V-EX-SPRR-ACQ.dwg

EXHIBIT "3A"
LEGAL DESCRIPTION

All that real property situate in the County of Yolo, State of California, being a portion of the lands of the Sierra Northern Railroad, as said lands are described in those certain Grant Deeds recorded in Book 78 of Deeds at Page 149, 78 of Deeds at Page 154, 78 of Deeds at Page 141, 78 of Deeds at Page 157, 78 of Deeds at Page 152, 78 of Deeds at Page 132, 78 of Deeds at Page 508, 78 of Deeds at Page 139, 81 of Deeds at Page 123, 78 of Deeds at Page 160, and Book 81 of Deeds at Page 2, Yolo County Records, said real property being further described as follows:

BEGINNING at the point of intersection of the described centerline of said Railroad with the southerly line of the lands described in that certain Grant Deed recorded in Book 78 of Deeds at Page 149, Yolo County Records; thence from said Point of Beginning, along the described centerline of said railroad, the following seventeen (17) courses:

- 1) A strip of land being 150 feet in width, being 40 feet northeasterly and 110 feet southwesterly of the following described line: Along said centerline, North 38°14'43" West 638.90 feet.
- 2) A strip of land being 150 feet in width, being 40 feet northeasterly and 110 feet southwesterly of the following described line: Continuing along said centerline North 38°14'43" West 1324.00 feet.
- 3) A strip of land being 150 feet in width, being 40 feet northeasterly and 110 feet southwesterly of the following described line: Continuing along said centerline North 38°14'43" West 1575.00 feet.
- 4) A strip of land being 150 feet in width, being 40 feet northeasterly and 110 feet southwesterly of the following described line: Continuing along said centerline North 38°14'43" West 746.00 feet.
- 5) A strip of land being 150 feet in width, being 40 feet northeasterly and 110 feet southwesterly of the following described line: Continuing along said centerline North 38°14'43" West 754.00 feet.
- 6) A strip of land being 150 feet in width, being 40 feet northeasterly and 110 feet southwesterly of the following described line: Continuing along said centerline North 38°14'43" West 2234.00 feet.
- 7) A strip of land being 150 feet in width, being 40 feet northeasterly and 110 feet southwesterly of the following described line: Continuing along said centerline North 38°14'43" West 807.00 feet.

- 8) A strip of land being 150 feet in width, being 40 feet northeasterly and 110 feet southwesterly of the following described line: Continuing along said centerline North $38^{\circ}14'43''$ West 2277.00 feet.
- 9) A strip of land being 150 feet in width, being 40 feet northeasterly and 110 feet southwesterly of the following described line: Continuing along said centerline North $38^{\circ}14'43''$ West 2916.00 feet.
- 10) A strip of land being 150 feet in width, being 40 feet northeasterly and 110 feet southwesterly of the following described line: Continuing along said centerline North $38^{\circ}14'43''$ West 691.00 feet.
- 11) A strip of land being 50 feet in width, being 25 feet northeasterly and 25 feet southwesterly of the following described line: Continuing along said centerline North $38^{\circ}14'43''$ West 2072.00 feet.
- 12) A strip of land being 150 feet in width, being 110 feet northeasterly and 40 feet southwesterly of the following described line: Continuing along said centerline North $38^{\circ}14'43''$ West 2216.00 feet.
- 13) A strip of land being 150 feet in width, being 110 feet northeasterly and 40 feet southwesterly of the following described line: Continuing along said centerline North $38^{\circ}14'43''$ West 1355.00 feet.
- 14) A strip of land being 150 feet in width, being 40 feet northeasterly and 110 feet southwesterly of the following described line: Continuing along said centerline North $38^{\circ}14'43''$ West 2416.40 feet.
- 15) A strip of land being 100 feet in width, being 60 feet northeasterly and 40 feet southwesterly of the following described line: Continuing along said centerline North $38^{\circ}14'43''$ West 1140.80 feet.
- 16) A strip of land being 100 feet in width, being 60 feet northeasterly and 40 feet southwesterly of the following described line: Continuing along said centerline along a curve having a radius of 11459.00 feet, concave southwesterly and tangent to the previous course, through a central angle of $6^{\circ}49'00''$, an arc distance of 1363.33 feet.
- 17) A strip of land being 100 feet in width, being 60 feet northeasterly and 40 feet southwesterly of the following described line: Continuing along said centerline North $45^{\circ}03'43''$ West 3478.18 feet more or less to the southerly right of way line of Interstate 5, being the **POINT OF TERMINATION**.

TOGETHER WITH all that real property situate in the County of Yolo, State of California, being a portion of the lands of the Sierra Northern Railroad, as said lands are described in that certain Grant Deed recorded in Book 78 of Deeds at Page 152 lying southwesterly of a line parallel and 110 feet southwesterly of the above described railroad centerline.

Containing 85.94 acres, more or less.

The above-described real property is shown on Exhibit '3' attached hereto and made a part hereof.

The basis of bearings for this description is based upon the California Coordinate System of 1983, CCS83, Zone 2, (2017.50 epoch) in accordance with the California Public Resources Code Sections 8801-8819, and is based locally upon field-observed ties to the California Spatial Reference Network Stations P268, P271, P275, P276.

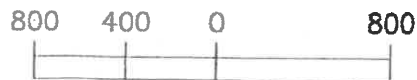
End of Description


Daniel J. Forgey, CA. LS No. 8303



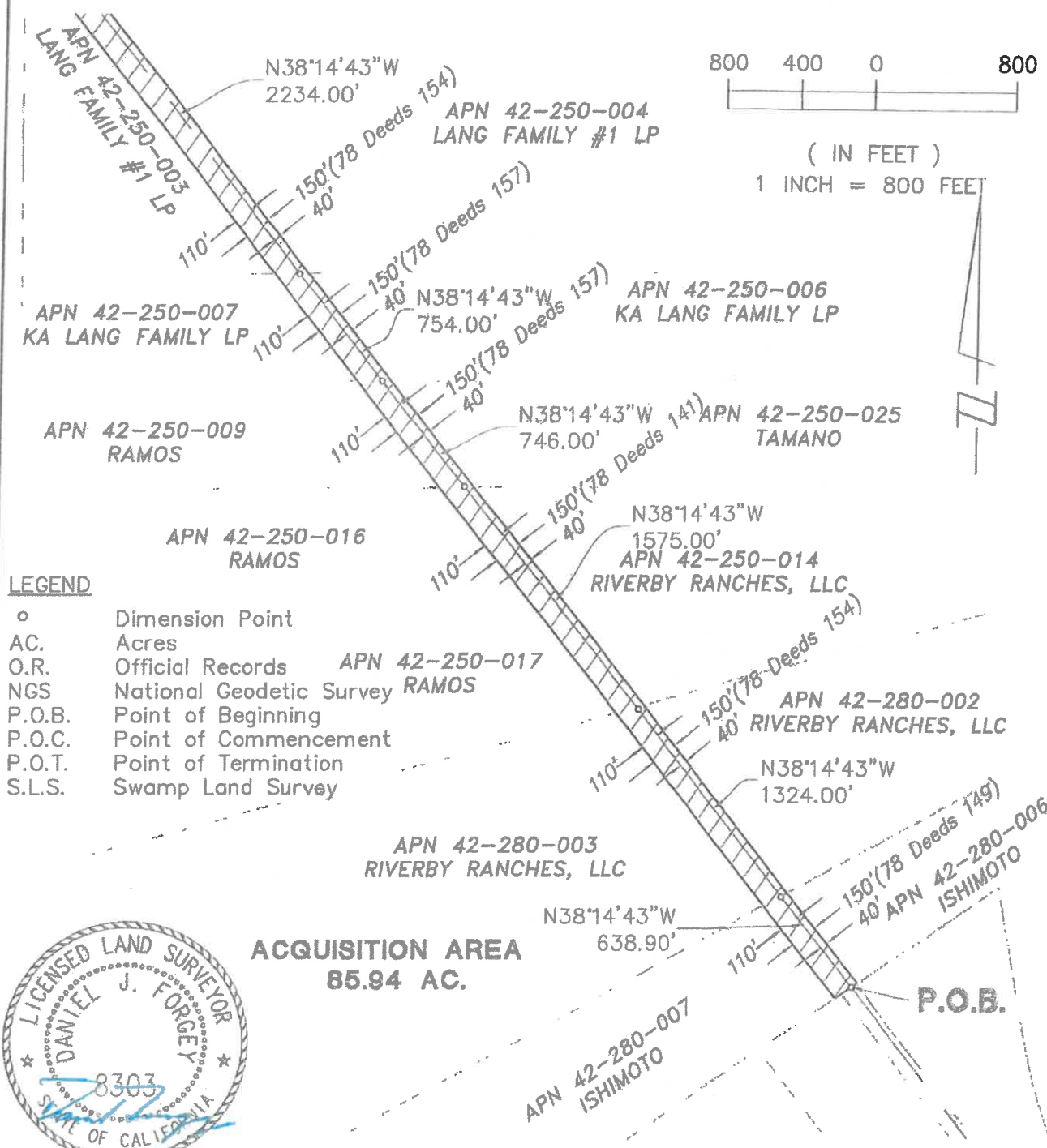
EXHIBIT '3'

SEE SHEET 2



(IN FEET)

1 INCH = 800 FEET



LEGEND

- o Dimension Point
- AC. Acres
- O.R. Official Records
- NGS National Geodetic Survey
- P.O.B. Point of Beginning
- P.O.C. Point of Commencement
- P.O.T. Point of Termination
- S.L.S. Swamp Land Survey



**ACQUISITION AREA
85.94 AC.**

SIERRA NORTHERN RAILWAY SUPPLEMENTAL PROPERTY

COUNTY OF YOLO

STATE OF CALIFORNIA

DATE: 07/19/2019	SCALE: 1" = 800'
DRWN. BY: ADF	CHK. BY: DJF
SHEET 1 OF 5	

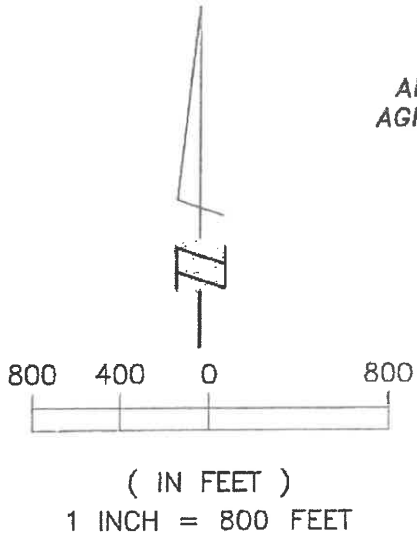
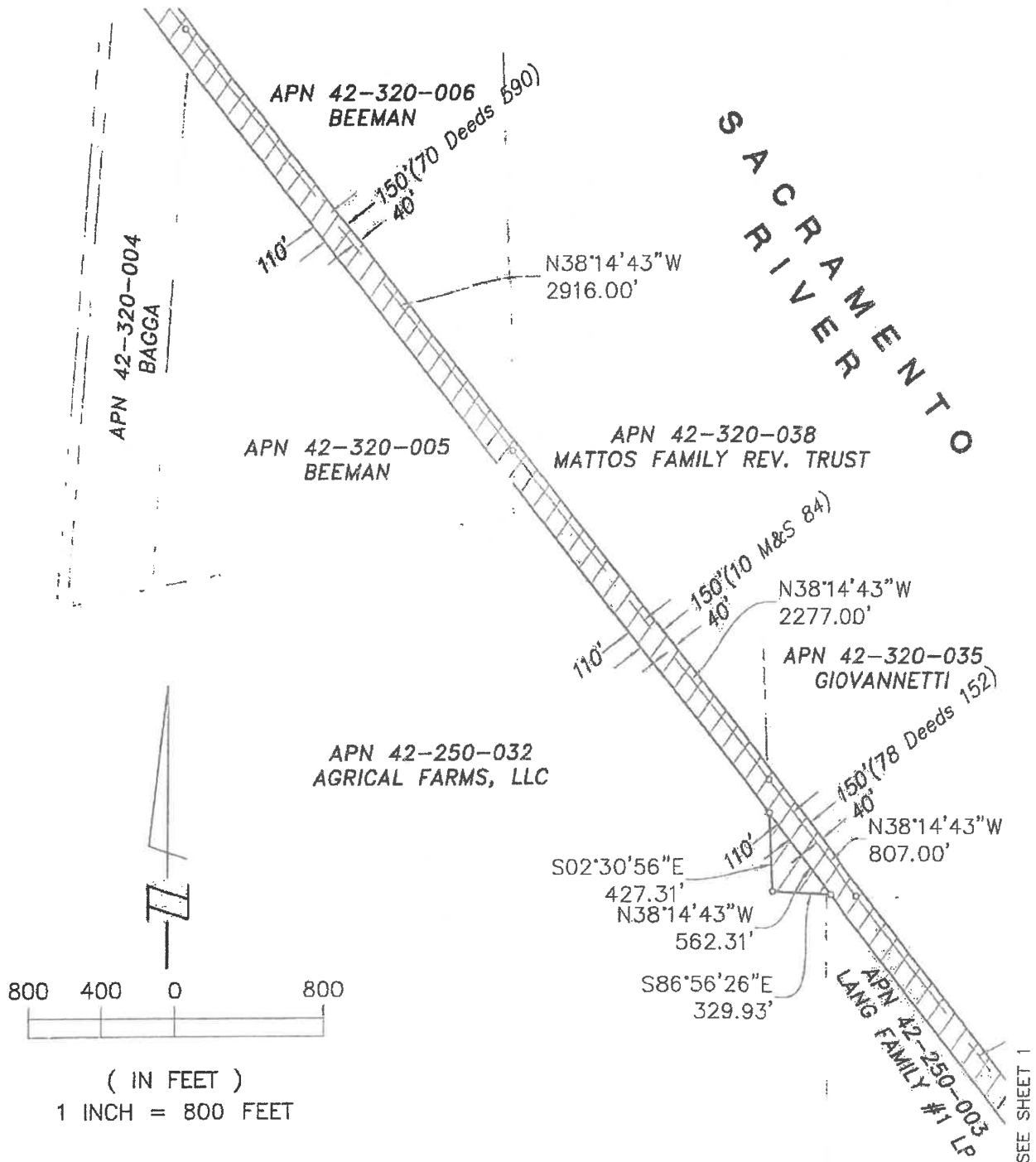
PSOMAS

1075 Creekside Ridge Drive, Suite 200
Roseville, CA 95678
(916) 788-8122 (916) 788-0800 (FAX)

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EXHIBIT '3'

SEE SHEET 3



SIERRA NORTHERN RAILWAY SUPPLEMENTAL PROPERTY

COUNTY OF YOLO

STATE OF CALIFORNIA

DATE: 07/19/2019

SCALE: 1" = 800'

DRWN. BY: ADF CHK. BY: DJF

SHEET 2 OF 5

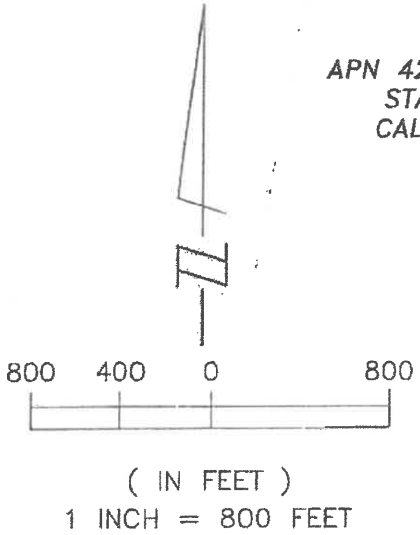
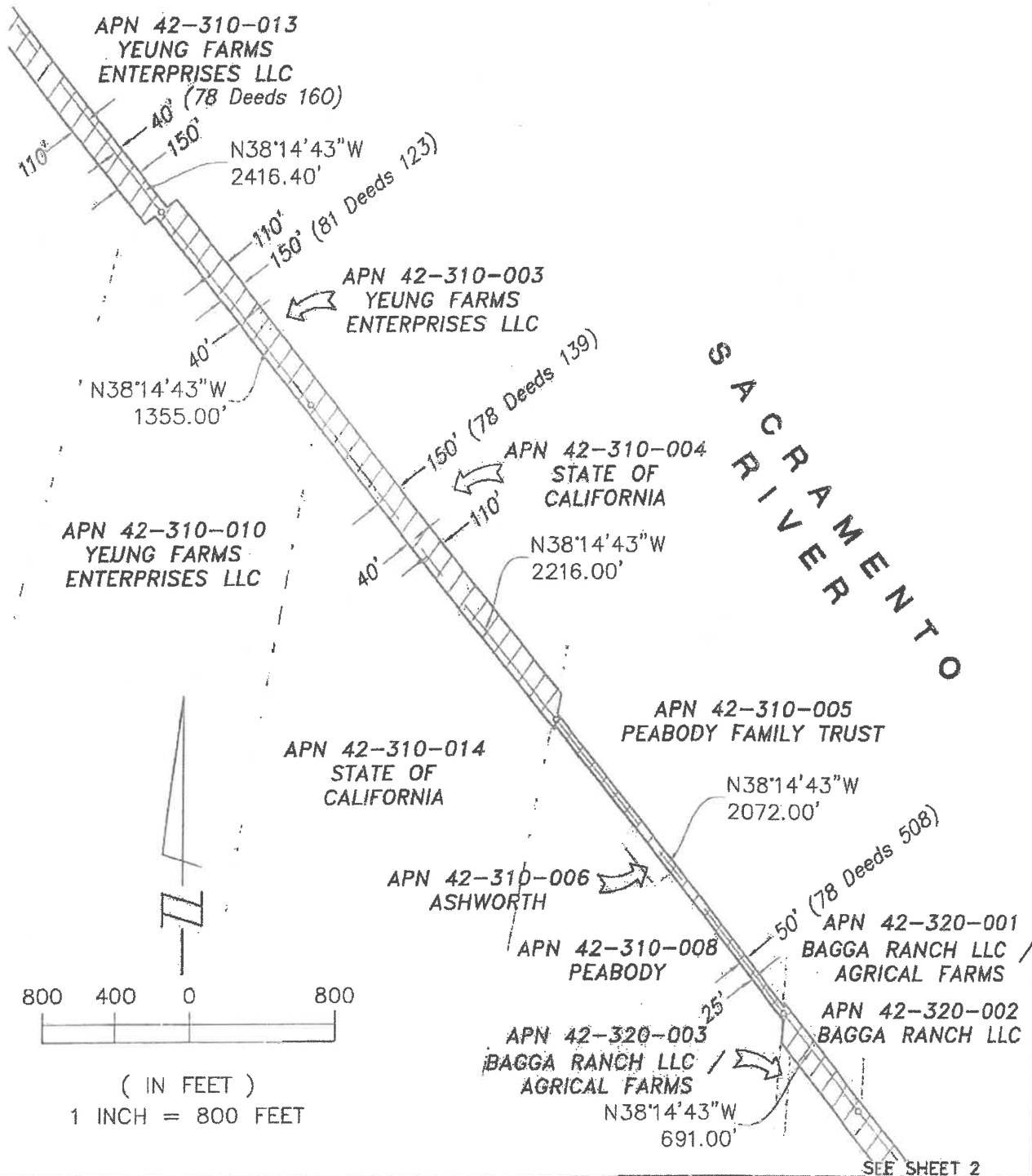
PSOMAS

1075 Creekside Ridge Drive, Suite 200
Roseville, CA 95678
(916) 786-8122 (916) 788-0600 (FAX)

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EXHIBIT '3'

SEE SHEET 4



SEE SHEET 2

SIERRA NORTHERN RAILWAY SUPPLEMENTAL PROPERTY

COUNTY OF YOLO

STATE OF CALIFORNIA

DATE: 07/19/2019	SCALE: 1" = 800'
DRWN. BY: ADF CHK. BY: DJF	SHEET 3 OF 5

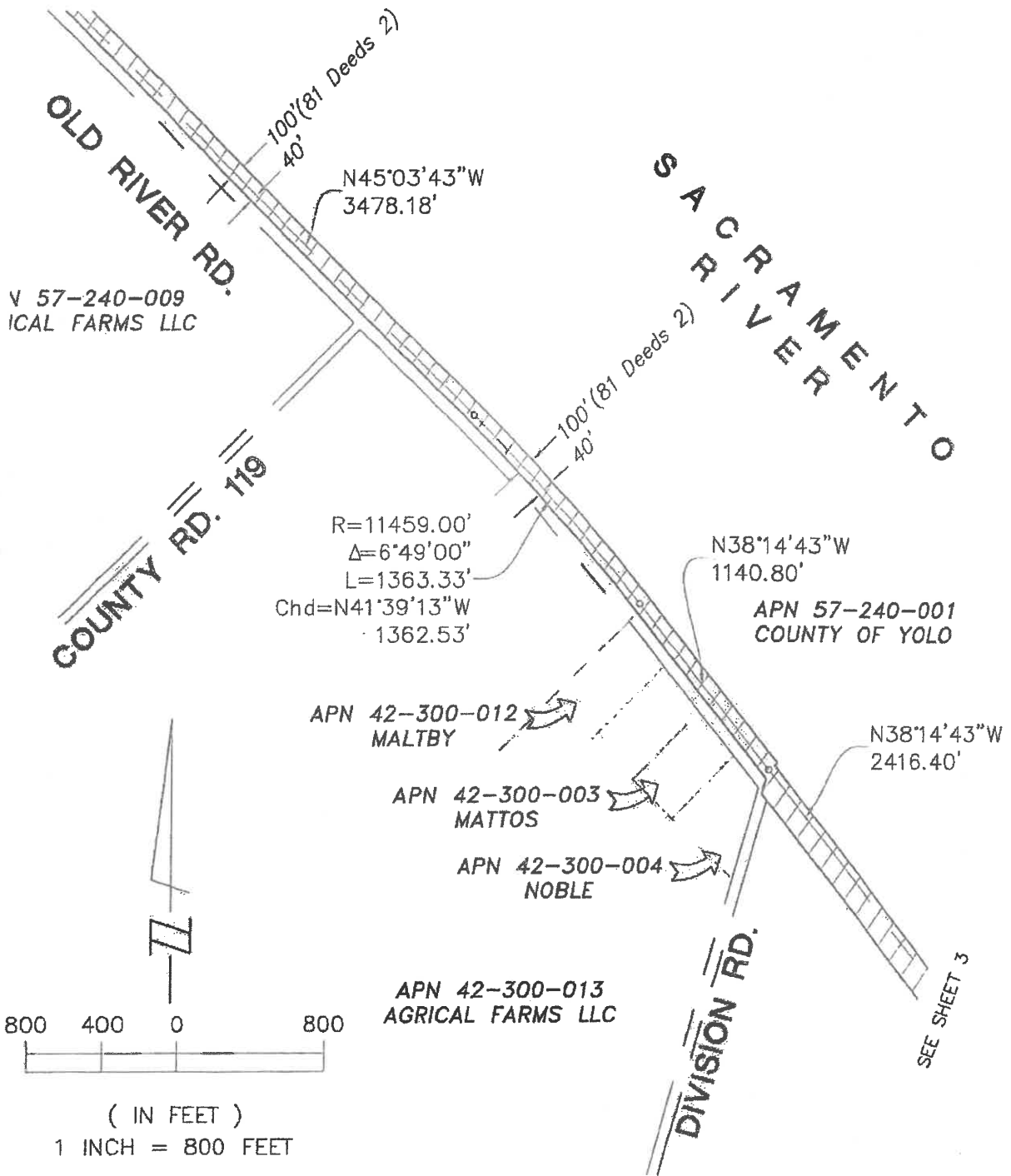
PSOMAS

1075 Creekside Ridge Drive, Suite 200
Roseville, CA 95678
(916) 788-8122 (916) 788-0600 (FAX)

Plotted: Jul/19/2019 8:29 AM | By: Afoster
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EXHIBIT '3'

SEE SHEET 5



SIERRA NORTHERN RAILWAY
SUPPLEMENTAL PROPERTY

COUNTY OF YOLO

STATE OF CALIFORNIA

DATE: 07/19/2019

SCALE: 1" = 800'

DRWN. BY: ADF CHK. BY: DJF

SHEET 4 OF 5

PSOMAS

1075 Creekside Ridge Drive, Suite 200
Roseville, CA 95678
(916) 788-8122 (916) 788-0600 (FAX)

Printed: Jul/19/2019 8:30 AM | By: Afoster
DWG: P:\SNTGA\628\F021590\SURVEY\DWG\Task_X-17_Sac-Bypacc\V-EX-SPRR-RRPROPS.dwg

EXHIBIT '3'

APN 57-170-005
RD #2035

APN
57-210-002
BUZZ OATES
LLC

SACRAMENTO
RIVER

I-5

P.O.T.

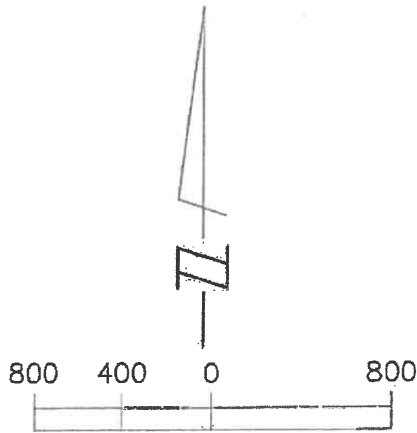
COUNTY RD. 118

OLD RIVER RD.

APN 57-240-009
AGRICAL FARMS LLC

100' (81 Deeds 2)
40'

N45°03'43"W
3478.18'



(IN FEET)
1 INCH = 800 FEET

COUNTY RD. 119

R=11459.00'
Δ=6°49'00"
L=1363.33'
Chd=N41°39'13"W
1362.53'

SEE SHEET 4

SIERRA NORTHERN RAILWAY
SUPPLEMENTAL PROPERTY

COUNTY OF YOLO

STATE OF CALIFORNIA

DATE: 07/19/2019

SCALE: 1" = 800'

DRWN. BY: ADF CHK. BY: DJF

SHEET 5 OF 5

PSOMAS

1075 Creekside Ridge Drive, Suite 200
Roseville, CA 95678
(916) 788-8122 (916) 788-0600 (FAX)

Plotted: Jul/19/2019 8:30 AM | By: Afoster
DWG: P:\SARCA\65A\021300\SURVEY\DWG\Task X-17 Sec-B\pcas\V-EX-SPRR-RRPRCPS.dwg

EXHIBIT "4A"
LEGAL DESCRIPTION

All that real property situate in the County of Yolo, State of California, being a portion of the lands of the Sierra Northern Railroad, as said lands are described as 'Parcel No. 2' in that certain Grant Deed recorded in Book 83 of Deeds at Page 143, Yolo County Records, said real property being further described as follows:

BEGINNING at the southwest corner of Section 29, Township 10 North, Range 3 East, Mt. Diablo Base and Meridian; thence from said point of beginning North 00°26'29" West 346.59 feet; thence North 89°51'31" East 615.95 feet; thence South 00°08'29" East 100.00 feet; thence North 89°51'31" East 7504.75 feet; thence South 00°08'29" East 204.07 feet to the South Line of Section 28, Township 10 North, Range 3 East, Mt. Diablo Base and Meridian; thence along the south line of said Sections 28 and 29, South 89°33'31" West 8119.00 feet to the Point of Beginning.

Containing 43.42 acres, more or less.

The above-described real property is shown on Exhibit '4' attached hereto and made a part hereof.

The basis of bearings for this description is based upon the California Coordinate System of 1983, CCS83, Zone 2, (2017.50 epoch) in accordance with the California Public Resources Code Sections 8801-8819, and is based locally upon field-observed ties to the California Spatial Reference Network Stations P268, P271, P275, P276.

End of Description


Daniel J. Forgey, CA. LS No. 8303

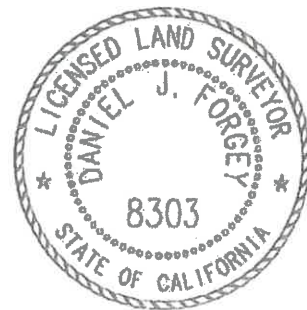
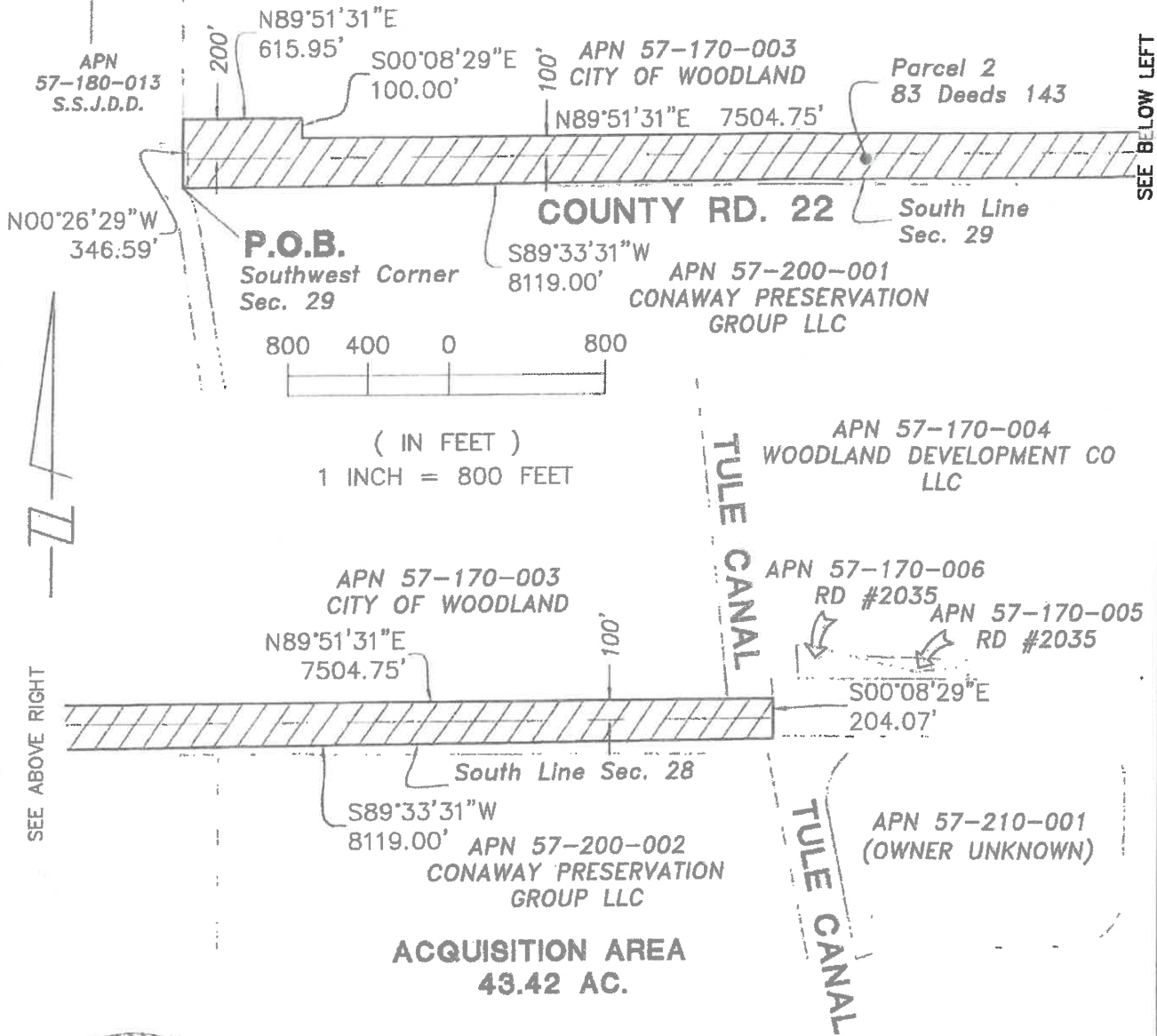


EXHIBIT '4'



LEGEND

- o Dimension Point
- AC. Acres
- O.R. Official Records
- NGS National Geodetic Survey
- P.O.B. Point of Beginning
- P.O.C. Point of Commencement
- P.O.T. Point of Termination
- S.L.S. Swamp Land Survey

NOTES:

- 1) THE HORIZONTAL DATUM FOR THIS PLAT IS THE CALIFORNIA COORDINATE SYSTEM OF 1983, CCS83, ZONE 2, (2017.50 EPOCH) IN ACCORDANCE WITH THE CALIFORNIA PUBLIC RESOURCES CODE SECTIONS 8801-8819, AND IS BASED LOCALLY UPON FIELD-OBSERVED TIES TO THE CALIFORNIA SPATIAL REFERENCE NETWORK STATIONS P268, P271, P275, P276.
- 2) ALL RECORD REFERENCES ARE YOLO COUNTY RECORDS.

SIERRA NORTHERN RAILWAY
FREMONT TRESTLE

COUNTY OF YOLO

STATE OF CALIFORNIA

DATE: 07/19/2019

SCALE: 1" = 800'

DRWN. BY: ADF CHK. BY: DJF

SHEET 1 OF 1

PSOMAS

1075 Creekside Ridge Drive, Suite 200
Roseville, CA 95678
(916) 768-8122 (916) 788-0600 (FAX)

Plotted: Jul/19/2019 8:30 AM | By: Afoster
DWG: P:\SAFCA\6SAF021500\SURVEY\DWG\Task X-17 Sac-Bypass\V-EX-SPRR-FREMONT.dwg

EXHIBIT 5

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

SACRAMENTO AREA FLOOD
CONTROL AGENCY
1007 7TH STREET, 5TH FLOOR
SACRAMENTO, CA 95814

NO FEE DOCUMENT
PER GOV. CODE 6103

Project: ARCF 2016 Sac Weir & Bypass

THIS SPACE FOR RECORDER'S USE ONLY

GRANT OF EASEMENT FOR FLOOD CONTROL WORKS

The SIERRA NORTHERN RAILWAY, hereinafter referred to as Grantor, grants to SACRAMENTO AREA FLOOD CONTROL AGENCY, a joint powers authority established pursuant to the laws of the State of California, hereinafter referred to as Grantee, its successors and assigns, an exclusive perpetual right of way and easement in gross in that certain real property situated in the County of Yolo, State of California, described as set forth in Exhibit "1A" and shown on Exhibit "1", both attached hereto, (the "Property") for use in connection with any existing or future flood control project:

1. This easement shall entitle Grantee to:
 - a. Construct, reconstruct, alter, repair, or augment flood control works, including without limitation, levees, embankments, canals, weirs, bypasses, and other drainage or water delivery facilities, and appurtenant structures, fences and gates, and operate, inspect and maintain the flood control works in conformity with the Code of Federal Regulations and the U.S. Army Corps of Engineers and State of California operation and maintenance manuals, regulations and standards.
 - b. Clear, modify and remove any or all natural or artificial obstructions, improvements, trees and vegetation.
 - c. Place or deposit earth, sediment or other material.

- d. Excavate and remove earth, sediment, or other material including that placed or deposited as above.
 - e. Restrict any use by others, including Grantor, which may interfere with any of the uses listed herein or any use necessary or incidental thereto.
 - f. Locate or relocate public utility facilities by Grantee or others.
 - g. Plant trees, shrubs and other vegetation on the Property and preserve and maintain such vegetation growth as may be desirable for project purposes.
 - h. Ingress to and egress from the Property for the purpose of exercising and performing all rights and privileges granted herein.
 - i. Flow over, upon and across, without recourse by the Grantor for compensation for past, present or future damage therefrom, any and all waters which may, as the result of any present or future flood control project, from time to time inundate the said real property.
 - j. Construct, reconstruct, repair and maintain access, maintenance and levee patrol roads, as may be found necessary or convenient by the Grantee, its successors or assigns.
 - k. Construct and maintain wetlands and other natural habitat features.
 - l. Conduct geotechnical, survey, cultural and environmental investigations.
2. Grantor shall not erect, construct or maintain any building or other structure on the Property.
 3. This right of way and easement and interests herein are specifically understood to be assignable, in whole or in part, by Grantee to utility owners for relocation purposes and to the Sacramento and San Joaquin Drainage District.
 4. Nothing excepted and reserved herein shall be considered a waiver of Sections 8700-8723 of the Water Code or of the California Code of Regulation, Title 23 - Waters or of the police power of the State of California and Grantee herein, and the exercise of the rights excepted and reserved above shall be subject to applicable Federal and State flood control regulations for the encroachment upon, and operation and maintenance of, the flood control project.
 5. The consideration received by Grantor is in full payment for the above conveyed rights in the parcel of real property described above, as well as for all damage past, present or future, which the Grantor's remaining parcel of real property and the improvements thereon may

suffer by reason of the severance of the above described parcel and also from the use of the above described parcel for flood control and associated purposes.

6. Grantor does hereby waive all claim or claims for any and all compensation for and on account of the location, establishment, construction, operation and maintenance of flood control works and appurtenant structures upon the right of way area hereinabove described in accordance with the provisions hereof.

Executed on this _____ day of _____, 2019.

SIERRA NORTHERN RAILWAY

Kenneth H. Beard, III, President

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the within document, the provisions of which are incorporated by this reference as though fully set forth in this Certification, to the Sacramento Area Flood Control Agency, a joint exercise of powers agency of the State of California, is hereby accepted by the undersigned officer pursuant to authority conferred by Resolution No. 2009-128 of the Board of Directors of said Agency adopted on August 20, 2009, and the Grantee consents to recordation thereof by its duly authorized officer.

Richard M. Johnson
SAFCA Executive Director

Date

SAFCA/SharedFolders/AgencyCounsel/SierraNorthernRW/2019.08.13 FCE

EXHIBIT 6

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

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the SACRAMENTO AREA FLOOD CONTROL AGENCY, a joint powers authority established pursuant to the laws of the State of California, the transferee of certain real property located in the County of Sacramento, California, that withholding of tax is not required upon the disposition of such U.S. real property interest by _____

_____, a _____
("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 Internal Revenue Code and Income Tax Regulations);
2. Transferor's U.S. employer identification number is _____; and
3. Transferor's office address is _____

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the 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.

Dated: _____, 201 ____.

On behalf of:

_____,
[NAME]

a _____

By: _____
[NAME]

Its: _____

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

SACRAMENTO AREA FLOOD
CONTROL AGENCY
1007 7TH STREET, 5TH FLOOR
SACRAMENTO, CA 95814

NO FEE DOCUMENT
PER GOV. CODE 6103

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

MEMORANDUM OF OPTION AGREEMENT

This Memorandum of Option Agreement ("Memorandum") is made as of the ___ day of _____ 2019, by and between SIERRA NORTHERN RAILWAY, a California Corporation ("**Optionor**"), and SACRAMENTO AREA FLOOD CONTROL AGENCY, a joint powers authority established pursuant to the law of California ("**Optionee**"), pursuant to that certain Easement Purchase and Sale Agreement and Option Agreement, dated April 18, 2019 herewith between the parties which is incorporated herein by this reference (the "**Option Agreement**") with respect to that certain real property in the County of Yolo, State of California, more fully described in Exhibit A attached hereto and by this reference incorporated herein (the "**Property**").

1. Grant of Option. Optionor grants to Optionee an option (the "**Option**") to purchase the Property, subject to all of the terms and conditions stated in the Option Agreement, which Option has a term continuing for a period of one year from and after July 18, 2019.

2. Exercise of Option. The Option shall be exercisable by Optionee in the manner and on the terms and conditions set forth in the Option Agreement.

3. Interpretation. The purpose of this Memorandum is to give notice of the existence of the Option Agreement, and the rights of Optionee under the Option Agreement, with respect to the Option. If there is any inconsistency between the provisions of this Memorandum and the provisions of the Option Agreement with respect to the Option, the provisions of the Option Agreement shall control.

[Signature page(s) follows]

This Memorandum is made as of the date first above written.

OPTIONOR:

SIERRA NORTHERN RAILWAY,
a California Corporation

By: _____
Name: Kennan H. Beard, III
Title: President _____

OPTIONEE:

SACRAMENTO AREA FLOOD CONTROL
AGENCY, a joint powers authority established pursuant to
the law of California

By: _____
Name: Richard M. Johnson
Title: Executive Director _____

SAFCA/SharedFolders/AgencyCounsel/SierraNorthernRW/Memo of Option

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, 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)

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, 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 TO MEMORANDUM OF OPTION AGREEMENT

LEGAL DESCRIPTION OF PROPERTY

Exhibit A

57063054.v1

EXHIBIT 8

AGREEMENT FOR PURCHASE AND SALE OF REAL ESTATE

by and between

as Seller

and

SACRAMENTO AREA FLOOD CONTROL AGENCY,
as Buyer

For the purchase and sale of

APNs _____
_____ County, California

AGREEMENT FOR PURCHASE AND SALE OF REAL ESTATE

(APNs _____, _____ County, California)

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL ESTATE (this "Agreement"), dated for reference purposes only as _____, 2017, is by and between _____ (collectively "Seller"), and the SACRAMENTO AREA FLOOD CONTROL AGENCY, a joint powers authority established pursuant to the laws of the State of California ("Buyer" or "SAFCA"). Seller and SAFCA agree as follows:

1. PURCHASE AND SALE

1.1 Property Included in Sale

Seller agrees to sell and convey to SAFCA, and SAFCA agrees to purchase from Seller, subject to the following terms, covenants and conditions:

[a] the real property consisting of approximately _____ +/- acres of land, located in the County of _____, California, and more particularly described in Exhibit A and shown as APN _____ on Exhibit B, both attached hereto (the "Land");

[b] all improvements and fixtures located on the Land (the "Improvements");
and

[c] any and all rights, privileges, and easements incidental or appurtenant to the Land or Improvements, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances (but with no surface extraction rights for oil, gas and hydrocarbons), on and under the Land under ownership and control of Seller as of the Effective Date of this Agreement, as well as any and all water rights and development rights, air rights relating to the Land, and, any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land or Improvements, and any and all of Seller's right, title and interest in and to all roads and alleys adjoining or servicing the Land or Improvements (collectively, the "Appurtenances");

All of the items referred to in Subsections [a], [b], and [c] above are collectively referred to as the "Property."

SAFCA shall be responsible, at its sole cost, for obtaining any approvals for any subdivision of land or lot line adjustments or modifications that may be necessary to create the legal parcels to be conveyed to SAFCA pursuant to this Agreement.

2. CONSIDERATION

As consideration for the Property, Buyer shall pay to Seller, in cash, the amount _____ DOLLARS (\$ _____) (the "Purchase Price").

3. TITLE TO THE PROPERTY

3.1 Conveyance of Title to the Property

At the Closing (as defined in Section 0[a]) Seller shall convey to SAFCA, or its nominee, fee simple title to the Land, the Improvements and the Appurtenances, by duly executed and acknowledged grant deed in the form attached hereto as Exhibit C (the "**Deed**"), subject to the Accepted Conditions of Title (as defined in Section 0 [Title Insurance]).

3.2 Title Insurance

Delivery of title in accordance with Section 3.1 shall be evidenced by the commitment of Fidelity National Title Company (the "**Title Company**") to issue to SAFCA, or its nominee, a CLTA owner's policy of title insurance (or an ALTA extended coverage policy if the Survey (defined below) is obtained) (the "**Title Policy**") in an amount equal to the Purchase Price, insuring fee simple title to the Land, the Appurtenances and the Improvements in SAFCA, or its nominee, free of the liens of any and all deeds of trust, mortgages, assignments of rents, financing statements, creditors' claims, rights of tenants or other occupants and all other exceptions, liens and encumbrances except solely for the following (such exceptions approved by SAFCA are collectively referred to herein as the "**Accepted Conditions of Title**"): (i) the lien of real property taxes, not yet due or payable, provided SAFCA shall be shown as exempt from such taxes in the Title Policy; (ii) matters specifically identified in a survey of the Property (the "**Survey**"), if any; and (iii) exception numbers _____ providing taxes and assessments are paid current as provided in (i) herein above, 4 _____ as listed in pages ____ through ____ of the preliminary title report from Fidelity National Title Company dated _____, for Title No _____.

4. BUYER'S DUE DILIGENCE INVESTIGATIONS AND REC REMOVAL

4.1 Due Diligence and Time for Satisfaction of Conditions

SAFCA has been given or will be given before the end of the Due Diligence Period (as defined below), a full opportunity to investigate the Property, either independently or through its contractors and agents of SAFCA's own choosing (collectively, "**Agents**"), including, without limitation, the opportunity to conduct such appraisals, inspections, tests, audits, verifications, inventories, investigations and other due diligence regarding the economic, physical, environmental, title and legal conditions of the Property as SAFCA deems fit, as well as the suitability of the Property for SAFCA's intended uses. SAFCA and its Agents may commence due diligence investigations on the Property on or after the Effective Date (as defined in Section 11.11). The period for completion of all such investigations shall expire fourteen (14) calendar days following the Effective Date (the "**Due Diligence Period**"), subject to the terms and conditions provided hereinbelow. Seller agrees to deliver to SAFCA all of the Documents (as defined in Section 6.1[d]) and other items to be delivered by Seller under Section 6.1 upon the Effective Date, provided that if Seller fails to do so, then the expiration of the Due Diligence Period shall be extended by the number of days Seller fails to deliver all such items to SAFCA.

5. ENTRY

During the Due Diligence Period and at all times prior to the Closing Date, SAFCA and its Agents shall have reasonable access to the Property for the purposes of conducting the REC removal activities and for satisfying SAFCA with respect to the physical and environmental condition of the Property and the satisfaction of SAFCA's Conditions Precedent (as defined in Section 6.1) including, without limitation, the taking of soil samples. Prior to any such entry, SAFCA shall provide Seller a letter of self-insurance indicating a minimum general liability coverage of \$1,000,000. SAFCA shall take all reasonable precautions to ensure that its activities undertaken pursuant to this Section 5 shall not disturb or damage any irrigation or other water conveyance facilities or waste water septic lines or other utilities located on the Property, and SAFCA shall be solely responsible, at its cost, to repair any damage to the Property or any of such facilities or water lines caused by SAFCA or its Agents as a result of its activities under Section 4.2 and this Section 5. SAFCA will indemnify, defend with counsel reasonably acceptable to Seller, and hold Seller harmless from all claims (including claims of lien for work or labor performed or materials or supplies furnished), demands, liabilities, losses, damages, costs, fees, and expenses, including Seller's reasonable attorney fees, costs, and expenses, arising from the acts or activities of SAFCA or SAFCA's Agents or representatives in, on, or about the Property during or arising in connection with SAFCA's removal activities and inspections of the Property. In the event this Agreement is terminated for any reason, SAFCA shall restore the Property to substantially the condition it was found. This indemnity shall survive the termination of this Agreement or the Closing, as applicable, provided that Seller must give SAFCA notice of any claim it may have against SAFCA under such indemnity within eighteen (18) months after such termination or the Closing Date, as applicable.

6. CONDITIONS TO CLOSING

6.1 SAFCA's Conditions to Closing

The following are conditions precedent to SAFCA's obligation to purchase the Property (collectively, "SAFCA's Conditions Precedent"):

[a] SAFCA's review and approval, within the Due Diligence Period, of the condition of title to the Property.

[b] SAFCA's review and approval, within the Due Diligence Period, of the compliance of the Property with all applicable laws, regulations, permits and approvals.

[c] SAFCA's review and approval, within the Due Diligence Period, of (i) the following documents, to the extent such documents exist and are in the possession or control of Seller: certificates of occupancy; environmental reports, studies, surveys, tests and assessments; soils and geotechnical reports on the Property (collectively, the "**Documents**"); and (ii) such other information relating to the Property that is specifically requested by Buyer of Seller in writing during the Due Diligence Period (collectively, the "**Other Information**"). Buyer acknowledges that all Documents and Other Information are being provided to Buyer solely as an accommodation and Seller makes no guarantee or warranty as to the adequacy or completeness of the Documents or Other Information for Buyer's intended use of the Property.

[d] Title Company shall be committed at the Closing to issue to SAFCA, or its nominee, the Title Policy (or Title Policies) as provided in Section 3.2 [Title Insurance].

[e] Seller shall have delivered the items described in Section 7.3 below [Seller's Delivery of Documents] on or before the Closing.

[f] Approval of this Agreement and the purchase of the Property by SAFCA's Board of Directors.

[g] The Recognized Environmental Condition at the irrigation wellhead on the Property that was identified during SAFCA's Phase I Environmental Site Assessment shall have been removed to SAFCA's satisfaction on or before the Closing.

If any of SAFCA's Conditions Precedent are not satisfied within the time periods set forth above, then SAFCA shall have the right in its sole discretion either to waive in writing the SAFCA's Condition Precedent in question and proceed with the purchase or, in the alternative, terminate this Agreement.

6.2 Seller's Conditions to Closing

The following are conditions precedent to Seller's obligation to sell the (collectively, "**Seller's Conditions Precedent**"):

[a] SAFCA shall have delivered the items described in Section 7.4 below [SAFCA's Delivery of Documents and Funds] on or before the Closing.

If any of Seller's Conditions Precedent are not satisfied, Seller shall have the right in its sole discretion either to waive in writing the Seller's Condition Precedent in question and proceed with the sale or, in the alternative, terminate this Agreement.

6.3 Cooperation with SAFCA

Seller shall cooperate with SAFCA and do all commercially reasonable acts as may be reasonably requested by SAFCA with regard to the fulfillment of any SAFCA's Conditions Precedent, at no cost to Seller. Seller hereby irrevocably authorizes SAFCA and its Agents to make all inquiries with or to any person or entity, including, without limitation, any regulatory authority with jurisdiction as SAFCA may reasonably require to complete its due diligence investigations. SAFCA may make application to any regulatory authority with Seller's prior written approval.

6.4 Waiver

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

7. ESCROW AND CLOSING

7.1 Opening of Escrow

On or before the Effective Date (as defined in Section 11.11), the parties shall open escrow by depositing an executed counterpart of this Agreement with Title Company, and this Agreement shall serve as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and SAFCA agree to execute such additional or supplementary instructions as may be appropriate to enable the escrow holder to comply with the terms of this Agreement and close the transaction; provided, however, that in the event of any conflict between the provisions of this Agreement and any additional supplementary instructions not executed by both parties, the terms of this Agreement shall control.

7.2 Closing Date

The consummation of the purchase and sale of the Property contemplated hereby (the "Closing") shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of Title Company located at 1375 Exposition Blvd., Suite 240, Sacramento, California 95815, on or before the thirtieth (30th) calendar day following the later of the close of the Due Diligence Period or the close of the REC Removal Period, or on such earlier date as SAFCA and Seller may mutually agree (the "Closing Date"), subject to the provisions of Section 6.1 [SAFCA's Conditions to Closing] and Section 6.2 [Seller's Conditions to Closing]. The Closing Date may not be extended without the prior written approval of both Seller and SAFCA, except as otherwise expressly provided in this Agreement.

7.3 Seller's Delivery of Documents

At or before the Closing, Seller shall deliver into escrow, the following:

[a] duly executed and acknowledged Deed;

[b] properly executed affidavit pursuant to section 1445(b)(2) of the Federal Tax Code in the form attached hereto as Exhibit D, and on which SAFCA is entitled to rely, that Seller is not a "foreign person" within the meaning of section 1445(f)(3) of the Federal Tax Code;

[c] properly executed California Franchise Tax Board Form 590 certifying that Seller is a California resident if Seller is an individual, or Seller has a permanent place of business in California or is qualified to do business in California if Seller is a corporation, or other evidence satisfactory to SAFCA that Seller is exempt from the withholding requirements of sections 18662 and 26131 of the State Tax Code;

[d] such resolutions, authorizations, or other documents or agreements relating to Seller as the Title Company may reasonably require to demonstrate the authority of Seller to enter into this Agreement and consummate the transactions contemplated hereby, and such proof

of the power and authority of the individuals executing any documents or other instruments on behalf of Seller to act for and bind Seller; and

[e] closing statement in form and content satisfactory to SAFCA and Seller.

7.4 SAFCA's Delivery of Documents and Funds

At or before the Closing, SAFCA shall deliver into escrow the following:

[a] acceptance of the Deed executed by SAFCA's Executive Director, or his designee;

[b] closing statement in form and content satisfactory to SAFCA and Seller; and

[c] a cashier's check, government warrant or confirmed wire transfer of certified funds in the amount of the Purchase Price, as provided in Section 2, plus such additional amounts as are required from Buyer for the Closing, as provided in Section 8.

8. EXPENSES AND TAXES

8.1 Apportionments

Amounts payable under any contracts assumed pursuant hereto, annual or periodic permit or inspection fees (calculated on the basis of the period covered), and liability for other normal property operation and maintenance expenses and other recurring costs shall be apportioned as of the Closing Date. All utilities shall be prorated as of the Closing Date.

8.2 Closing Costs

SAFCA shall pay the cost of the Survey, the premium for the Title Policy and the cost of the endorsements thereto, any escrow and recording fees, and any transfer taxes. Seller shall be responsible for all costs incurred in connection with the prepayment or satisfaction of any loan, bond or other indebtedness secured by the Property. Any other costs and charges of the escrow for the sale not otherwise provided for in this Section or elsewhere in this Agreement shall be paid by SAFCA.

8.3 Real Estate Taxes and Special Assessments

General real estate taxes payable for the tax year prior to the year of the Closing and all prior years shall be paid by Seller at or before the Closing. General real estate taxes payable for the tax year of the Closing shall be prorated through escrow between Seller and SAFCA as of the Closing Date. At or before the Closing, any special assessments against the Property shall be prorated through escrow.

8.4 Preliminary Closing Adjustment

The Title Company shall prepare a preliminary Closing adjustment on the basis of any apportionments or adjustments to be made based on payments or expenses, and shall deliver such computation to Seller and Buyer prior to the Closing.

8.5 Post-Closing Reconciliation

If any of the foregoing prorations cannot be calculated accurately on the Closing Date, then they shall be calculated as soon after the Closing Date as feasible. Either party owing the other party a sum of money based on such subsequent prorations shall promptly pay such sum to the other party within 10 days of receipt of invoice and proper documentation for such proration.

8.6 Survival

The provisions of this Section shall survive the Closing.

9. REPRESENTATIONS AND WARRANTIES

9.1 Representations and Warranties of Seller

Seller represents and warrants to and covenants with SAFCA as follows:

[a] To the best of Seller's Knowledge, as of the Effective Date, and as of the Closing Date, Seller has received no formal written notice of any currently outstanding violations of any federal, state, county, or municipal law, ordinance, order, regulation, or requirement affecting the Property.

[b] Seller has received no formal written notice of any condemnation, either instituted or planned to be instituted by any governmental or quasi-governmental agency other than SAFCA.

[c] Seller has received no formal written notice of any litigation pending against Seller or that affect the use or operation of the Property.

[d] Seller has not granted any option or right of first refusal or first opportunity to any third party to acquire any interest in any of the Property or if such option or right has been granted, has recorded a document signed by the parties thereto which terminates such option or right.

[e] Seller is duly organized and validly existing under the laws of the State of California and is in good standing under the laws of the State of California; this Agreement and all documents executed by Seller which are to be delivered to SAFCA at the Closing are, or at the Closing will be, duly authorized, executed and delivered by Seller, are, or at the Closing will be, legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, and to the best of Seller's Knowledge, do not, and at the Closing will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

[f] Except as otherwise disclosed in writing by Seller to Buyer prior to the end of the Due Diligence Period, and except as expressly set forth in any Documents or Other Information delivered to Buyer under Section 6.1[d], Seller has received no written notice, and to the best of Seller Knowledge, that the Property is in violation of any federal, state and local laws, ordinances and regulations applicable to the Property with respect to hazardous or toxic substances or industrial hygiene (collectively, "**Environmental Laws**").

[g] At the time of Closing, to the best of Seller's Knowledge, there will be no leases or other occupancy agreements affecting any of the Property that survive the Closing. At the time of Closing, to the best of Seller's Knowledge, there will be no outstanding written or oral contracts made by Seller for any of the Improvements that have not been fully paid for and Seller shall cause to be discharged all mechanics' or materialmen's liens arising from any labor or materials furnished to the Property prior to the time of Closing.

[h] Seller is not a "foreign person" within the meaning of section 1445(f)(3) of the Federal Tax Code.

As used in this Section 9, the term "Seller's Knowledge" means the actual present knowledge of _____, without any duty of inquiry or investigation either express or implied. Except for the representations and warranties provided herein, the Property shall be sold "as is" with all faults, whether known or unknown.

10. POSSESSION

Possession of the Property shall be delivered to SAFCA at the Closing.

11. GENERAL PROVISIONS

11.1 Notices

Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be addressed as follows:

SAFCA:

SAFCA
1007 7th Street, 7th Floor
Sacramento, CA 95814
Attn: Executive Director
Fax: (916) 874-8289

Seller:

or to such other address as either party may from time to time specify in writing to the other upon five (5) days' prior written notice in the manner provided above. Any notice given by personal delivery or delivery service will be deemed effective on the date of receipted delivery, upon refusal to accept delivery or when delivery is first attempted but cannot be made due to a change of address for which no notice was given. Any notice sent by facsimile shall be deemed

given by the date reflected by the facsimile confirmation receipt. Any notice that may be given by any party in connection with this Agreement may be given by such party's attorney.

11.2 Brokers and Finders

Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the purchase and sale contemplated herein.

11.3 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.

11.4 Amendments

Except as otherwise provided herein, this Agreement may be amended or modified only by a written instrument executed by SAFCA and Seller.

11.5 Continuation and Survival of Representations and Warranties

All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement are intended to be, and shall remain, true and correct as of the Closing, shall be deemed to be material, and, together with all conditions, covenants and indemnities made by the respective parties contained herein or made in writing pursuant to this Agreement (except as otherwise expressly limited or expanded by the terms of this Agreement), shall survive the execution and delivery of this Agreement and the Closing, or, to the extent the context requires, beyond any termination of this Agreement, provided all representations and warranties set forth in Section 9.1 shall survive for a period of eighteen (18) months following the Closing Date. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in conjunction with the transaction contemplated hereby shall constitute representations and warranties hereunder.

11.6 Governing Law

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

11.7 Merger of Prior Agreements

The parties intend that this Agreement (including all of the attached exhibits and schedules, which are incorporated into this Agreement by reference) shall be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous oral or written agreements or understandings. The parties further intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including, without limitation, prior drafts

or changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Agreement.

11.8 Non-Liability of SAFCA Officials, Employees and Agents

Notwithstanding anything to the contrary in this Agreement, no Board member, officer, employee or agent of SAFCA shall be personally liable to Seller, its successors and assigns, in the event of any default or breach by SAFCA or for any amount which may become due to Seller, its successors and assigns, or for any obligation of SAFCA under this Agreement.

11.9 Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

11.10 Effective Date

As used herein, the term "Effective Date" shall mean the date this Agreement is executed by all parties hereto.

The parties have duly executed this Agreement as of the respective dates written below.

SAFCA:

SACRAMENTO AREA FLOOD CONTROL
AGENCY, a California joint powers authority

By: _____
Richard M. Johnson, Executive Director

Date: _____

APPROVED AS TO FORM:

By: _____
M. Holly Gilchrist, Agency Counsel

SELLER:

Title Company agrees to act as escrow holder in accordance with the terms of this Agreement and act as the Reporting Person under section 6045(e) of the United States Internal Revenue Code of 1986 and the regulations promulgated thereunder, which require an information return to be made to the United States Internal Revenue Service, and a statement to be furnished to Seller, in connection with this transaction. Title Company's failure to execute below shall not invalidate this Agreement between SAFCA and Seller.

TITLE COMPANY:

FIDELITY NATIONAL TITLE INSURANCE
COMPANY

By: _____

Its: _____

Date: _____

EXHIBIT A

DESCRIPTION OF REAL PROPERTY

:

EXHIBIT B

PLAT OF REAL PROPERTY

EXHIBIT C

GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Sacramento Area Flood
Control Agency
1007 7th Street, 7th Floor
Sacramento, CA 95814

**No Recording Fee Per
Government Code 6103**

**No Document Transfer Tax
Per R & T Code 11922**

(Space above this line reserved for Recorder's use only)

_____ County, California

APNs _____

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, _____ ("Grantor"), hereby grant to the SACRAMENTO AREA FLOOD CONTROL AGENCY, a joint powers authority established pursuant to the laws of the State of California ("Grantee"), the real property located in the County of _____, State of California, described in Exhibit A and shown as APN _____ on Exhibit B, both attached hereto and made a part hereof (the "Property").

TOGETHER WITH any and all rights, privileges and easements incidental or appurtenant to the Property, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Property, but with no right of surface extraction of oil, gas and other hydrocarbon substances on the Property, as well as any and all development rights, air rights relating to the Property, any water, water rights, riparian rights and water stock relating to the Property and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Property and all of Grantor's right, title and interest in and to any and all roads and alleys adjoining or servicing the Property.

Grantor:

Exhibit A and Exhibit B
to Exhibit C- Grant Deed

[Insert property description and plat]

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

State of California
County of _____

On _____, before me, _____,

Notary Public, personally appeared (insert name and title of the officer) _____, 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.

Notary Public

(seal)

)

CERTIFICATE OF ACCEPTANCE

_____, California
APNs _____

This is to certify that the interest in real property conveyed by this deed dated _____ from the first party to the Sacramento Area Flood Control Agency ("SAFCA"), a joint powers agency, is hereby accepted pursuant to authority conferred by SAFCA Board of Directors' Resolution No. 2009-0128 adopted on August 20, 2009, and the Grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

By: _____

Richard M. Johnson
Executive Director

EXHIBIT D

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

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the SACRAMENTO AREA FLOOD CONTROL AGENCY, a joint powers authority established pursuant to the laws of the State of California, the transferee of certain real property located in the County of Sacramento, California, that withholding of tax is not required upon the disposition of such U.S. real property interest by _____

_____, a _____
("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 Internal Revenue Code and Income Tax Regulations);
2. Transferor's U.S. employer identification number is _____; and
3. Transferor's office address is _____

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the 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.

Dated: _____, 201__.

On behalf of:

[NAME]

a _____

By: _____
[NAME]

Its: _____

Exhibit B





Exhibit C

**Sierra Northern – Woodland Branch
Railroad Evaluation
Replacement Cost New Less Depreciation
Segment C – Fremont Trestle**

Prepared For:

Sierra Railroad Company



October 3, 2018

Prepared By:

Railroad Industries Incorporated
Full Service Transportation Consulting

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Appendix – Inspection Photos (attached separately)

Executive Summary

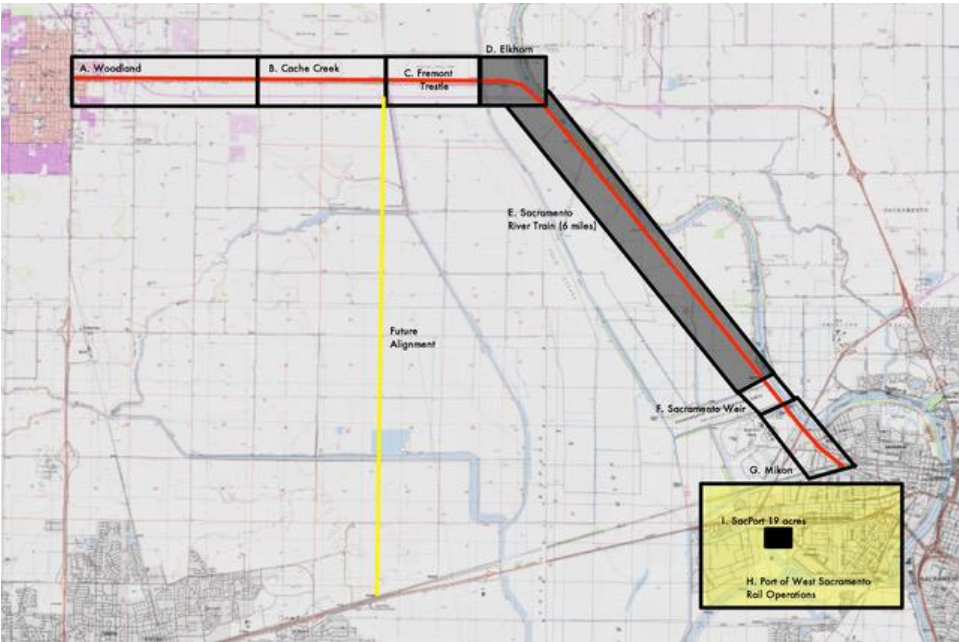
Background

Sierra Northern Railroad (SERA) is a rail holding company owning and operating several rail operations in the State of California. One of its holdings is the Woodland Branch, consisting of 14.85 miles of track from West Sacramento to Woodland, including both freight and recreational passenger services. A coalition of local public entities is interested in realigning part of the Woodland Branch. Therefore, an independent evaluation is necessary in order to determine the value of the property for fair compensation to SERA.

Railroad Industries Incorporated (RII) is a full service transportation consulting firm specializing in rail evaluations and operations. RII has performed hundreds of rail evaluations of all types, including but not limited to net liquidation values, market values, going concern values, net present values, replacement cost values, EBITDA, etc. Purposes of appraisals have included, but not been limited to, justification for financing collateral for financial institutions, estate planning and tax liability, sales and acquisitions, donations and sales of property to public entities, receiverships and liquidation of assets, etc. RII was selected to perform this evaluation due to its unique understanding of railroad assets and evaluation standards. RII follows all standards of the Uniform Standards of Professional Appraisal Practice and has no association with SERA or any of its affiliates other than arms-length appraiser. Full qualifications of RII and the principal appraiser are available upon request.

This report evaluates a specific segment of the Woodland Branch only. The segment under analysis for this report is Segment C as identified on the map as the Fremont Trestle.

Segment C includes approximately 1.57 miles of railroad track and including 100 feet on each end of the trestle, and 43.41 acres of right of way.



Purpose and Methodology

Based on the standards of fair compensation for the railroad and property, the most appropriate method of evaluation has been determined to be the Replacement Cost New Less Depreciation (RCNLD) for the railroad, with structures and track depreciated based on their remaining life. That is, the costs are developed to construct this line from the bottom up as if it did not exist today. Construction costs and materials are developed based on what they would cost new today, minus any depreciation. Land values are based on the current fair market value of the land today, plus any additional acquisition costs that would be associated with acquiring a new land corridor.

It is important to note that all data has been developed from documents provided by the railroad and public information sources. All measurements regarding inventory of acreage and track details are based on VAL maps, aerials and original acquisition documents. An inspection was performed by RII in July 2018 to verify general condition and inventory of the assets, but detailed measurements and track geometry were not included. Such actions could vary the results of this evaluation.



Summary of Values

The specific segment of track evaluated in this report included approximately 1.57 miles of railroad track, all related structures and 43.41 acres of right of way.

Based on all research, the total replacement cost value of this portion of the Woodland Branch as of the date of this report is: \$29,239,453.

The following list summarizes each component and its associated Replacement Cost New Less Depreciation:

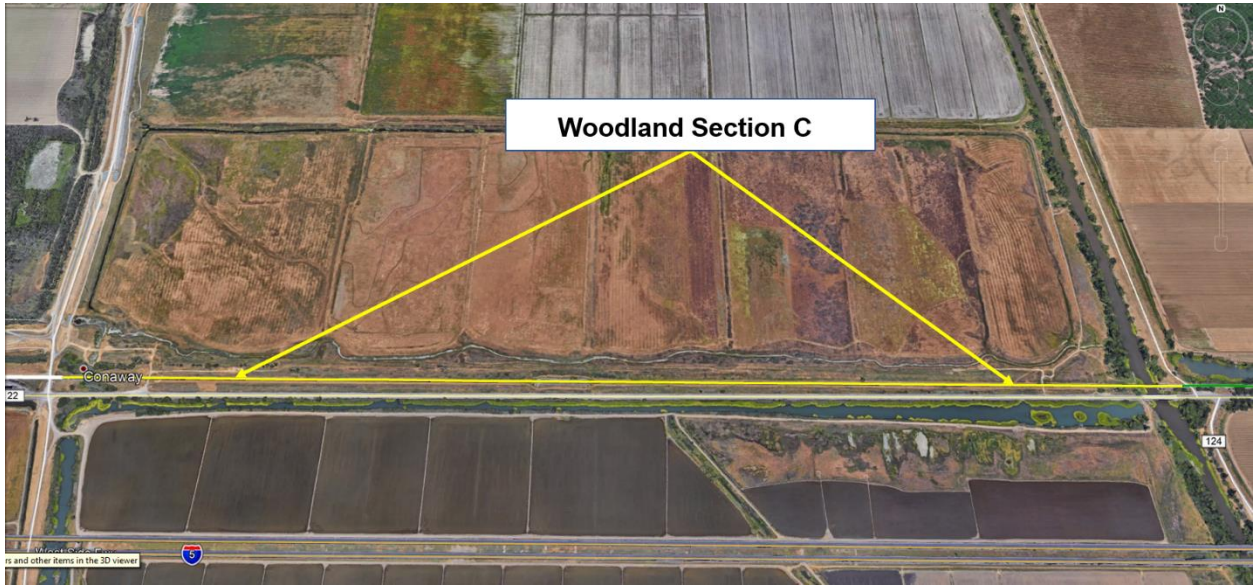
Cost Component	Replacement Cost
Site Preparation	\$ 70,650.00
Steel Rail	\$ 174,774.00
OTM	\$ 96,011.00
Wood Crossties	\$ 121,576.00
Ballast	\$ 89,490.00
Trestle Bridge Structure	\$ 15,912,000.00
Engineering/Environmental	\$ 8,171,245.00
Construction Labor & Management	\$ 835,500.00
Right of Way Land	\$ 3,364,471.00
Corridor Acquisition Costs	\$ 403,736.00
Total Value:	\$ 29,239,453.00

Description of Property

Segment C of the Woodland Branch starts 100 feet west of the Fremont Trestle heading east for 1.57 miles, ending 100 feet east of the trestle, just west of Fremont, CA. The trestle itself is a wood structure raising the track above the wetland area, built in XXXX. The right of way widens here to 200 feet in most areas, but the wetland topography and trestle make it difficult to access by any way other than the train.

There are no crossings or siding/yard tracks on this segment.

The Fremont Trestle is the dominant feature on this segment accounting for 7,800 of the 8,290 total feet on this part of the line. The rest of the line is to be industry standard 115# rail with standard ties and OTM with no curves or grades.



Railroad Replacement Costs

The Replacement Cost for railroad track includes all track component materials, site preparation and construction, special structure construction such as bridges and crossings, and professional engineering designs and assessments. Each component is itemized as if the track were to be constructed new today. Market data is gathered differently based on the types of components. Each component section explains the methods used to gather market data to determine current market values for components and replacement costs. As a desktop evaluation, there could be unknown components of this line that cannot be included without an inspection to verify them (such as culverts, drainage piping, extra crossing mitigations, etc. Following is a list of the components to be costed for this Replacement Cost valuation:

- Site Preparation
- Steel Rail
- OTM (Other steel Track Materials)
- Wood Crossties
- Ballast Rock
- Switches
- Crossings
- Bridges
- Engineering and Environmental
- Construction Labor and Management

Site Preparation

Site preparation typically includes land excavation, clearing, leveling, packing, grading for the roadbed, topsoil removal and replacement, ditching, installing any utilities, etc. Based on surveys of active railroad construction companies, the average cost per mile for railroad pre-construction site preparation is \$75,000 - \$300,000 per mile depending on accessibility, topography and resources. RII has applied the 75th percentile of these two numbers as the estimated cost for this component. However, an inspection could reveal demolition requirements to clear the right of way beyond those assumed in this valuation.

At \$225,000 per mile for 1.57 miles, the site preparation costs would be \$353,250. The depreciation factor for this type of improvement is 80%, for a RCNLD of \$70,650.

Steel Rail

In order to construct line today, it would be built under current industry standards using 115 lb. rail for the entire line. There are 1.57 miles of rail, which amounts to 317.77 tons. Surveys of active rail supply companies were conducted in order to develop an average market price of \$1,150 per ton for new 115 lb. rail. Therefore, the total cost to replace the existing rail is \$349,547. Applying a depreciation factor of 50 % yields a RCNLD of \$174,774.

OTM

Other Track Materials (OTM) refers specifically to the other steel components in the rail such as tie plates, spikes, joint bars, bolts, anchors, etc.

Surveys of active OTM supply companies were conducted in order to develop an average market price per unit for each new track component.

Calculating OTM requires knowing how much rail and how many ties are needed. Based on the amount of rail and ties necessary for this line, RII used 2 tie plates per tie, 4 spikes per plate and 2 joint bars with bolts, per 39 foot rail length. Anchors would be placed every other tie.

The total cost for OTM for the 1.57 miles of rail track is \$192,022. Applying a depreciation factor of 50 % amounts to a RCNLD of \$96,011 for OTM.

Cross Ties

These are the wood crossties within the rail that provide primary lateral support for the rails, anchoring the track and creating a solid base for trains to pass over.

Surveys of active cross tie supply companies were conducted in order to develop an average market price of \$52 for new cross ties.

RII used accepted industry standard of 22 cross ties per 39 foot rail section to determine that 2,978 ties per mile are required for this line. To install 1.57 miles of track, 4,676 ties are needed. This amounts to \$243,152 or a RCNLD of \$121,576, after applying a depreciation factor of 50 %.

Ballast

Ballast is the rock used in the rail bed to hold the wood crossties in place.

Surveys of active ballast supply companies were conducted in order to develop an average market price of \$38 per ton of ballast.

Ballast is estimated as tons per mile based on the width and depth of the ballast bed, which would be newly constructed as 15 inches deep and 8 feet wide. Therefore, RII has determined 4,710 tons of ballast would be required for 1.57 miles of track.

The total cost for new ballast is \$178,980. RII applied a depreciation factor of 50%, which amounts to a RCNLD of \$89,490.

Bridges

The 7,800 ft Fremont Trestle is the only bridge on this segment, and new design standards will require steel deck girder bridge to replace the timber trestle.

Surveys of active bridge construction companies were conducted in order to develop an average market price of \$10,200 per foot to build this bridge.

The total estimated cost to install a new steel deck girder bridge is \$79,560,000. After applying a depreciation factor of 80 %, the RCNLD amounts to \$15,912,000.

Engineering & Environmental

The design engineering and environmental assessment are usually estimated as a percentage of the expected total construction costs. New rail construction requires a complete environmental assessment with mitigation of any impacts at the federal level. A standard average percentage to use for this professional work is 5% of overall costs based on railroad construction across the country. However, the State of California has more stringent regulations and since this line is located along a major river with protected wetland areas, RII is applying a 10% cost for these services. In reality, these costs can vary greatly. \$8,171,245 is the estimated cost for this category.

Construction Labor & Management

This is the construction labor involved in building the line, including construction administration. RII contacted active railroad contractors to develop an average construction labor costs per mile for building railroads in California, including wages, benefits and taxes. This is the cost component that varies the most, and in reality, could change significantly due to contingencies during the construction process. However, for this evaluation, based on all research, RII has applied a conservative estimated of \$835,500. This is based on an estimated 12 month schedule to complete construction of all work.

The total RCNLD for track in Segment AB is \$25,471,246. A summary of each component is represented in the chart below:

Summary of all Track Replacement Costs

Woodland C Fremont Trestle Track Replacement						
Item	Unit	Amount	Cost/Unit	Cost	Dep %	Depreciated Value
Rail	Net Tons	317.77	\$1,100.0	\$349,547	50%	\$174,774
Ties	Each	4,676	\$52.0	\$243,152	50%	\$121,576
Ballast	Net Tons	4,710	\$38.0	\$178,980	50%	\$89,490
Joint Bars (OTM)	Pair	424	\$100.0	\$42,390	50%	\$21,195
Anchors (OTM)	Each	4,676	\$4.4	\$20,574	50%	\$10,287
Plates (OTM)	Each	9,352	\$10.0	\$93,520	50%	\$46,760
Spikes (OTM)	Each	37,408	\$1.0	\$35,538	50%	\$17,769
Fremont Trestle	Feet	7,800	\$10,200	\$79,560,000	80%	\$15,912,000
Site Prep	Per Mile	1.57	\$225,000	\$353,250	80%	\$70,650
Engineering & Environmental	% of Total		10.0%	\$8,171,245		\$8,171,245
Construction Labor & Management	Per Mile + per bridge		\$150,000	\$835,500		\$835,500
Totals				\$89,883,696		\$25,471,246

It is important to understand that these are very average estimates based on a desktop evaluation. No surveys, detailed inspections, civil engineering reviews, etc. have been performed to address potential contingencies of the line. Such contingencies could involve the amount of street demolition and replacement needed to construct the line; mitigation of impacts to underground infrastructure like water, gas, electric and communication lines; mitigation of any environmental impacts discovered in the environmental assessment, especially related to new bridge construction over waterways; any construction delays at all; any fluctuations in materials markets, such as steel, which can be quite volatile. RII has been conservative in developing these costs. Any of these contingencies could considerably increase the construction costs of a new railroad in this area, and therefore, the replacement cost estimated in this report.

Real Estate and Right of Way

The land under the track has its own value. The standard in the railroad industry is to value railroad right of way at the same price per acre as adjacent land. This is also standard in the land appraisal industry as the Market Data Approach to valuation. RII first develops the inventory of acreage. Then a price per acre is developed based on current market data in the area. Since this evaluation is a Replacement Cost scenario, the land acquisition costs must also be developed as if the right of way corridor were being acquired for the first time under current conditions.

Acreage Inventory

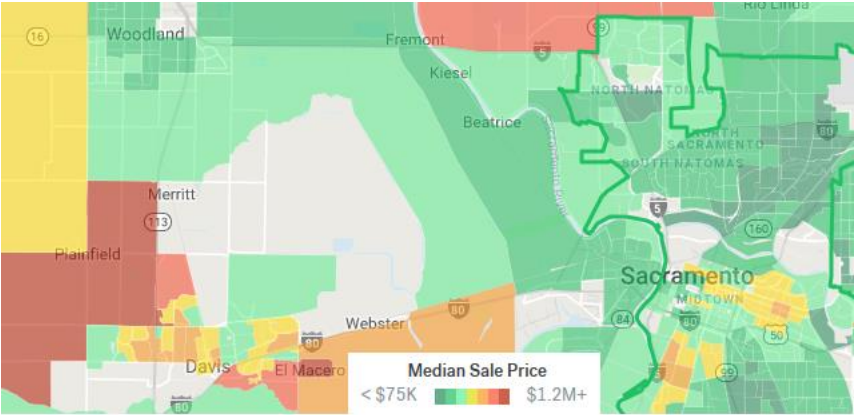
RII used previous evaluations for the railroad to develop the acreage in Segment C. These evaluations used track charts, VAL Maps, land ownership deeds, original acquisition documents and aerial maps to estimate right of way widths and lengths. The right of way width varies greatly from section to section as the line winds through the heavily developed areas. RII used current aerial and industry maps to identify any specific reference areas along the right of way to account for different zoning, land use and property value areas. Segment C has only one land value area as follows:

Fremont Trestle = 1.57 miles = 43.41 acres

Note, no detailed inspections nor surveys were performed. All data and measurements were developed using documents and maps provided by the railroad. Actual surveys of the right of way could produce variations in the measurements.

Price Per Acre

Property values in California’s Sacramento Valley have been increasing slowly but steadily for the last 5 years, up approximately 20% since 2013 in the Woodland-Fremont area. Property in Fremont just on the other side of the Sacramento River has increased even more, but the agricultural property on the west side of the river where the trestle is located has increased more slowly.



RII has used the Market Data Approach to develop the average price per acre. RII has collected a significant sample of comparative listings and sales for similar properties in the same area as the existing right of way property. Only vacant land properties were compared and all property in this area is assumed to be operation ready with complete infrastructure improvements regarding power, water, sewer and drainage. No buildings are included on this right of way.

RII used current aerial and industry maps to identify any specific reference areas along the right of way to account for different zoning, land use and property value areas. Sample land listings were collected with acreage and price from the following sources: Trulia, Zillow, Loopnet and Redfin.

Two methods for determining the price per acre (PPA) were analyzed:

Aggregate Price Per Acre: This method prevents skewing from individual property listings with extreme pricing. Out of all listings in the sample, all acres and prices are totaled from all listings; then total acres are divided by total price for a per acre price.

$$\text{SUM (all property prices) / SUM (all acres) = PPA1}$$

Average Price Per Acre: This method prevents skewing from bulk property discounts. Calculate the price per acre for each property listing, total all prices per acre and divide by the number of properties.

$$\text{SUM (PPA for each property) / \# of listings = PPA2}$$

Then the mean of the two PPA values was used for calculating the current market value for acreage in the right of way.

There are very few properties in this area listed or sold, but a total of 5 listings and sales were found within 1 mile of Segment C, ranging in value from \$191,000 - \$553,000 per acre. The highest and lowest value per acre listings were removed to prevent skewing. The following chart summarized the land value research (gray lines are not included in totals):

Location	Price	# Acres	PPA
East of Trestle, near line	\$ 230,000.00	1.2	\$ 191,666.67
North of Trestle, west of Fremont	\$ 450,000.00	2.16	\$ 208,333.33
East of Trestle, west of Fremont	\$ 6,346,950.00	24.89	\$ 255,000.00
East of Trestle, near line	\$ 200,000.00	0.61	\$ 327,868.85
North of Trestle, west of Fremont	\$ 260,000.00	0.47	\$ 553,191.49
Total # of Listings: 5	\$ 6,996,950.00	27.66	\$ 791,202.19

PPA1 = \$6,996,950 total price/27.66 total acres = \$252,962.76/acre.

PPA2 = \$791,202.19/3 listings = \$263,734.06/acre.

The mean value of the two PPA methods is \$258,348.41/acre.

All of these properties were located within a mile of the rail line. The PPA results in an unadjusted land value for 43.41 acres in Segment C of \$11,214,904.48.

Because the right of way strip of land is so narrow, it usually incurs a heavy discount to reach its actual fair market value. A right of way strip of land is typically discounted based on its width, with the discount increasing the narrower the strip of land is. The right of way at the trestle is fairly wide, so little discount is needed for size, but discounts may also be applied where the land is hard to access or has topographical challenges, which is certainly the case with the trestle right of way. The following chart shows the discounts applied to sections of the line based on these features:

Land Value Area	Approx. miles	Acres	PPA	ATF Land Value	RoW Width Discount	Access Discount	Topography Discount	Market Value for section
Fremont Trestle	1.57	43.41	\$ 258,348.41	\$ 11,214,904.48	5%	30%	35%	\$ 3,364,471.34
Totals:	1.57	43.41		\$ 11,214,904.48	Total Land Market Value:			\$ 3,364,471.34

The total current fair market value for the land of Segment C is \$3.364 million.

Land Acquisition Costs

In addition to the fair market value of the land, there are other land acquisition costs involved. These include, but are not limited to, fees and expenses for formal appraisals, insurance, escrow fees, state and county transfer fees/taxes, title fees, attorney fees, discounts/commissions, document preparation, survey and inspections, etc. An average cost of 8% will be added to the overall market value as the national average to account for these costs.

In addition, there would likely be mandatory displacement and/or relocation costs for at least some of the industries currently located on the property where the right of way cuts through if the line were truly being constructed from scratch today. The current industries have likely utilized their property fully, and would need to move at least some infrastructure, equipment and operations to accommodate the new right of way. A nominal allowance for the contingency of displacement costs and lost opportunity costs is estimated at 4% of the market value since the land strip is predominantly so narrow.

All land is assumed to be acquired without contest or by eminent domain; therefore, only basic average displacement and relocation costs have been assumed. No costs have been assumed for excessive litigation costs in case of contested land acquisitions.

The total costs associated with land acquisition costs if the line were to be constructed and land acquired newly today are estimated to be as follows:

Acquisition/Mandatory Fees: \$3,364,471.34 market value x 8% = \$269,157.71.

Displacement/Relocation Costs: \$3,364,471.34 market value x 4% = \$134,578.85.

Total Land Acquisition Costs = \$403,736.16.

Total Replacement Cost for land, as if the existing right of way were to be newly acquired today, is: **\$3,768,207.50.**

It is important to note that no property surveys or title searches were performed for this evaluation. The right of way was estimated based on previous evaluations using VAL maps. A detailed account of acreage by parcel was not within the scope of this evaluation. RII was conservative with its measurements and assumptions for this evaluation. A survey could reveal additional acreage missed in this analysis. Even a few feet has a significant impact where property values are so high. A title search to determine parcel by parcel ownership could also reveal additional acreage, land under easement or contingencies that would affect the acreage inventory. Lastly, land market values fluctuate volatily, and any changes from the date of this report will affect the values presented in this evaluation.

Attachment 3

Sierra Northern Railway Comment Letter re

Agenda Item No. 8J—Consideration of Evidence in Support of
Resolutions of Necessity for the Yolo Bypass Salmonoid Habitat
Restoration and Fish Passage Project (Big Notch Project)





Attachment 4

Sierra Northern Railway Comment Letter re

Agenda Item No. 8J—Consideration of Evidence in Support of
Resolutions of Necessity for the Yolo Bypass Salmonoid Habitat
Restoration and Fish Passage Project (Big Notch Project)

Guillen, Christopher R.

From: Myhre, Nathan@DWR <Nathan.Myhre@water.ca.gov>
Sent: Wednesday, September 15, 2021 5:56 PM
To: Torgny Nilsson; Paulus, Linus@DWR
Cc: kbeard@sierrarailroad.com; Slater, Scott; Guillen, Christopher R.; Bahia, Maninder@DWR
Subject: RE: Yolo Bypass Salmonid Habitat Restoration & Fish Passage Project
Attachments: 057-170-099_PTR_20210212.PDF; ModelingReport_057-170-099.pdf

Hi Torgny,

Pursuant to review of the Title report, I could not find any flood easements that affect the parcel in question (see attached).

I've included a PDF of the Modeling Report, but I believe Manny is still working on the calculating peak flows, and should get that to you when he has it finished.

Thank you,

Nathan Myhre

Associate Right of Way Agent
Acquisitions and Appraisals Unit



California Department of Water Resources
Division of Engineering,
Real Estate Branch

1416 Ninth Street, Room 425

Sacramento, CA 95814

office (916) 653-2980

nathan.myhre@water.ca.gov

From: Torgny Nilsson <tnilsson@sierraenergy.com>

Sent: Friday, August 27, 2021 9:04 AM

To: Myhre, Nathan@DWR <Nathan.Myhre@water.ca.gov>; Paulus, Linus@DWR <Linus.Paulus@water.ca.gov>

Cc: kbeard@sierrarailroad.com; Slater, Scott <SSlater@bhfs.com>; Guillen, Christopher R. <cguillen@bhfs.com>

Subject: Yolo Bypass Salmonid Habitat Restoration & Fish Passage Project

Nathan and Linus,

Thank you again for the presentation on the Yolo Bypass Salmonid Habitat Restoration & Fish Passage Project last month. During the presentation, you mentioned that there are currently flowage easements over the Fremont Trestle. Have you had a chance to dig up that paperwork? If so, can you please send it our way?

You also mentioned that your models include a calculation of peak flows, not just average flows, and offered to provide us with that information. That would be appreciated.

We are looking forward to hearing more about the Project and its potential to impact the Fremont Trestle.

Best,

Torgny



Torgny Nilsson

Vice President & General Counsel

(530) 759-9827 x501 | cell (530) 304-0144

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