

**CITY OF HOQUIAM**

**TIMBER SALE AND CUTTING RIGHTS CONTRACT**

**TIMBER SALE NO. TS 2014-1  
(EXPORT RESTRICTED)**

THIS AGREEMENT is made and entered into on the date below, by and between the CITY OF HOQUIAM, a Municipal Corporation (CITY) and WT Timber LLC (PURCHASER).

WHEREAS, the City of Hoquiam has determined that it would be in the best interests of the to sell the timber located on a certain unit in the City of Hoquiam Watershed, Grays Harbor County, Washington; and

WHEREAS, PURCHASER is desirous of purchasing s the timber and cutting rights set forth in the Timber Sale Prospectus provided by CITY; and

WHEREAS, PURCHASER submitted a sealed bid amount for the purchase of the timber which has been determined by CITY to be the highest and best bid, and has been accepted by CITY;

NOW, THEREFORE, in consideration of the mutual promises made herein, the receipt and the adequacy of which is hereby acknowledged, the City and Grantee do hereby agree as follows:

**SECTION 1 — GENERAL**

1.1 CITY hereby agrees to sell and PURCHASER agrees to purchase all timber located in the unit which has been designated "Timber Sale TS 2014-1," the location of which is depicted in the Timber Sale Map contained in "Exhibit A," of the above-mentioned Timber Sale Prospectus, which is incorporated herein by reference. The estimated species and volumes of timber in the timber sale unit are set forth in the Timber Sale Prospectus. The parties agree that the descriptions of the unit in question, the timber thereon, and the volume of timber are intended to be merely estimates, and should not and cannot be relied upon by bidders/purchasers. The parties further agree that the PURCHASER has conducted its own investigations, cruises and estimates.

1.2. Opportunity to Review: Purchaser agrees that it has had full opportunity to review the site, the roadways and access to the site, and the timber located therein, has made itself fully aware of the boundaries of the unit, and recognizes its responsibility to remain within those boundaries in relation to its logging activities.

1.3 Merchantability. The City does not warrant the merchantability of the forest products. The use of the term "merchantable" elsewhere in this contract is not intended to vary the foregoing. The forest products are conveyed "as is."

1.4 Fitness for Particular Use: The City has and does not make any warranty as to fitness for a particular use of any product sold under this contract.

1.5 The cutting limits will be marked by the CITY with "Timber Harvest Boundary" ribbon and with "Riparian Management Zone" ribbon.

1.6 All rights, title, interest in or to any timber included in this Contract shall remain with CITY until it has been paid for. All rights, title, interest in or to any timber which has been paid for, but not removed from the timber sale unit area by PURCHASER within the period of this Contract, or any extension, shall revert to CITY.

1.7 The party holding title to timber that is non-merchantable, because it is destroyed or damaged, resulting from fire, wind, flood, insects, disease, or similar cause shall bear the loss resulting from such destruction or damage, and the CITY shall not be obligated to supply nor the PURCHASER to accept other timber in lieu of that destroyed or damaged. This section, however, shall not be construed to relieve either party of liability for negligence.

1.8 The rights, obligations and duties of the CITY under this Contract shall be exercised or discharged solely by the Mayor and City Council of the City of Hoquiam. The City of Hoquiam Finance Director shall be the Contract Administrator. The Mayor and City Council have sole authority to waive, modify or amend the terms of this Contract. No agent, employee or representative of the CITY has the authority to bind the CITY by any affirmation, representation or warranty concerning timber harvesting beyond the terms of this Contract. Any waivers, modifications or amendments to the terms of this Contract must be in writing, signed by the PURCHASER and the CITY. The PURCHASER is required to have a person on site during all logging operations that is authorized to receive instructions and notices from CITY.

1.9 The timber harvested under this Contract is export restricted, and shall be marked accordingly, as set forth below.

Prior to removing the sawlogs from the sale area, both ends of the sawlogs must be marked with a spot of red paint that is at least 2 inches in diameter. All log ends with a diameter of ten inches or more must be hammer branded with a legible log brand which is assigned and registered. If logs are subdivided into smaller pieces for any purpose other than immediate processing, each piece must be marked in the same manner as the original logs. Log brandings and markings must be maintained until the logs are processed.

Pulp logs do not need to have full markings. Instead, the requirements are: - At least ten logs on one end of the load must be painted, and - At least 3 legible log brands must be applied to each load.

## SECTION 2 — PURCHASE PRICE — PAYMENT SCHEDULE — PERFORMANCE BOND

2.1 The PURCHASER agrees to pay for the timber and cutting rights on this Timber Sale in the amount of \$ 951,146.00, TOTAL LUMP SUM

Payment of this amount shall be made to the CITY as follows:

a. Ten percent (10%) of the Bid Price shall be paid upon submission of the bid as a bid deposit. This shall be calculated based upon the bid price per MBF times the estimated sale volume as per this prospectus.

b. An additional Twenty percent (20%) is payable when the contract is signed. A performance bond of 25% of the total bid price is also due at this time. Road construction may be done upon this payment.

c. An additional Twenty percent (20%) shall be due when the Purchaser proceeds with falling on the sale.

d. The final fifty percent (50 %) is due when 30% of the timber has been felled. The city will judge when this is reached.

e. The PURCHASER shall also be responsible for paying the applicable Washington State Timber Excise Tax. and preparing the necessary returns, as provided below

2.2 DEPOSIT. Purchaser having deposited \$ 95,114.60 hereinafter called the initial deposit, is required to maintain this amount as an initial deposit with the City until all contract obligations are satisfied, including the removal of forest products. The City may at its discretion apply all or a portion of said initial deposit as a final payment for removal of forest products.

2.3 PERFORMANCE BOND. As a performance bond assuring the City of Purchaser's faithful performance of its duties and obligations, Purchaser shall post with the City a bond in the amount of \$237,786.50 Dollars, by and as a performance bond. The monies or bond shall be held by the City by and as a performance bond and for the purposes established by the applicable State laws and City ordinances in relation to such bonds. The money or bond shall be provided to and approved by the City prior to the commencement of work on the contract area by Purchaser.

All monies represented by the bond shall be subject to the laws and ordinances relating to contracts, including, but not limited to, those relating to retainage. It is further recognized that this Contract may be subject to the lien laws of the State of Washington and thus the retainage will be held for no less than sixty (60) days after date of completion.

2.4 PAYMENTS FOR TIMBER NOT REMOVED. Any forest products, merchantable under the terms of this contract, remaining on the sale area after logging and hauling, shall become the property of the City if not removed before the issuance of a logging release or the termination of this contract.

### SECTION 3 - INSURANCE AND INDEMNIFICATION

3.1 The PURCHASER shall defend, indemnify and hold the CITY, its officers, officials, employees, agents and volunteers harmless from any and all claims, injuries, damages, losses or suits, including attorney's fees, arising out of or in connection with the performance of this Contract,

except for injuries and damages caused by the sole negligence of the CITY. Should a court of competent jurisdiction determine that this Contract is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damage to property caused by or resulting from the concurrent negligence of the PURCHASER and the CITY, the PURCHASER'S liability hereunder shall be only to the extent of the PURCHASER'S negligence.

3.2 It is further specifically and expressly understood that the indemnification provided herein constitutes PURCHASER'S waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. The parties have mutually negotiated this waiver. The provisions of this section shall survive the expiration or termination of this Contract. The PURCHASER shall procure and maintain for the duration of the Contract, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the PURCHASER, its agents, representatives, employees or subcontractors. The PURCHASER shall provide a Certificate of Insurance evidencing policy limits of not less than \$5,000,000.00 for combined single limit per accident for bodily injury and property damage. Coverage for fire damage shall not be less than \$1,000,000.00, coverage for medical expense shall be not less than \$750,000 for any one person. Any payment of deductible or self-insured retention shall be the sole responsibility of the PURCHASER. The City of Hoquiam shall be named as an additional insured on the insurance policy, as respects work performed by or on behalf of the PURCHASER, and a copy of the endorsement naming the City of Hoquiam as additional insured shall be attached to the Certificate of Insurance. The PURCHASER'S- insurance shall contain a clause stating that coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. The PURCHASER'S insurance shall be primary insurance with respect to the CITY and the CITY shall be given thirty (30) days prior written notice of any cancellation, suspension or material change in coverage.

3.3 The parties agree that the PURCHASER engages in logging operations as an independent PURCHASER. Nothing in this agreement shall be construed as making the PURCHASER an agent of the CITY for any purpose or as authorizing or empowering the PURCHASER to obligate or bind the CITY in any manner whatsoever.

#### **SECTION 4 - WASHINGTON STATE TIMBER EXCISE TAX**

4.1 The PURCHASER shall pay all Washington State Excise Tax due pursuant to this timber sale. A copy of each quarterly timber excise tax report, together with satisfactory evidence of payment in full, shall be delivered to the CITY'S Finance Director within thirty (30) days of the end of the quarter in which the quarterly report is due.

#### **SECTION 5 - SLASH DISPOSAL**

5.1 All brush and non-merchantable vegetation over 8 feet tall must be slashed and roots grubbed (particularly the large vine maple). Landing slash must be piled. The slash in the unit must be left in a manner that does not impede tree planting on a 10 x 10 grid (piled,

windrowed or lopped and scattered), and must be pulled back a minimum of 100 feet from the edge of the State Highway 101 right-of-way, per WAC 332-24-650.

## SECTION 6 — LOGGING REQUIREMENTS AND SPECIAL CONDITIONS

6.1. Load tickets shall be attached to each load leaving the sale area and a daily load ticket shall be filled out and a copy delivered to the City representative on a daily basis.

6.2 All logging and operating procedures shall comply with state and federal laws, rules and regulations imposed or implied, including the Washington State Forest Practices permit #2612933 obtained by the CITY.

6.3 The method of logging in this timber sale unit shall be cable for slopes in excess of 40% and shovel logging for other areas.

6.4 The PURCHASER shall be allowed temporary ingress and egress to and from the timber sale unit. Only the PURCHASER'S employees and/or subcontractor's employees will be permitted access to the timber, sale unit pursuant to this Contract. The PURCHASER will limit the ingress and egress of its personnel or the personnel of its subcontractors to normal or scheduled working days. Exploring or sightseeing and the use of roads within the Hoquiam Watershed which are not necessary for logging operations in the timber sale unit will be prohibited. The cutting of firewood will be prohibited. Hunting, or the possession or shooting of firearms or other weapons is prohibited in the City of Hoquiam Watershed.

6.5 The parties agree that the PURCHASER does not have the exclusive use of the roadways to haul equipment and harvested timber from the timber sale unit. The CITY will retain the continued right to use the roadways. The parties agree that loaded vehicles or equipment shall have the right-of-way and that common courtesy will prevail,

6.6 The parties agree that all vehicles will travel at a safe rate of speed that will ensure the protection of the graveled surfaces and integrity of the roadways and the safety of other persons. The maximum, unsigned, speed limit on the roadways within the City of Hoquiam Watershed is 20 miles per hour.

6.7 The PURCHASER shall not be permitted to park vehicles or equipment on the roadways. The depositing within the Watershed of deleterious materials such as paper products, metal, glass, plastic, petroleum products, tobacco products, fruit or vegetable produce, or any trash/rubbish/garbage, or any materials which would contribute to pollution or cause a fire hazard shall not be permitted.

6.8 The PURCHASER shall discontinue all operations in the event that the State of Washington Department of Natural Resources should declare a closure of all operations or in the event that the CITY should declare that the City of Hoquiam Watershed is closed due to high fire danger.

6.9 Self-contained sanitation facilities shall not be required for this sale.

6.10 The PURCHASER will carry out of the City of Hoquiam Watershed whatever it carries in --- No exceptions.

6.11 The PURCHASER will assume the responsibility for all costs associated with firefighting and fire protection in the timber sale unit during the period of time that logging operations are being conducted by the PURCHASER within the timber sale unit.

## SECTION 7— LOGGING PROCEDURES AND PRACTICES

7.1 When requested by the CITY, and before the commencement of logging operations within the timber sale unit, the PURCHASER shall join the CITY in preparing a written plan of operations, which shall be followed except as modified in writing.

7.2 The CITY'S Forester shall have the right to require that the PURCHASER'S operations be directed to complete a particular section of the timber sale unit before another section is commenced.

7.3 The PURCHASER agrees to conduct its logging operations in a workmanlike manner. Should damage occur to trees outside of unit boundaries, the PURCHASER shall pay liquidated damages to the CITY in an amount equal to the amount of any fines levied by the Washington State Department of Natural Resources (DNR), plus fifteen percent (15%). In addition, the PURCHASER shall pay three (3) times the value of any timber cut that is intended to remain and is so marked by the CITY'S forester.

7.4 All operations of the PURCHASER under this Contract, including the construction or maintenance of roadways and other facilities and the cutting and removal of timber, shall be conducted in a manner that minimizes, so far as practicable and required by law, damage to stream courses and riparian zones within the City of Hoquiam Watershed.. All logs and windfalls existing in a stream course prior to logging operations shall remain in place.

No motorized equipment may operate within the Riparian Management Zone of any stream, Wetland Management Zone of any forested wetland, or within the 30-foot Equipment Limitation Zone of any Type N stream, unless authority is granted in writing by the Contract Administrator.

All necessary care shall be taken by the Purchaser to prevent fuel, oil, grease, or other harmful materials from entering the waters of any reservoir, lake, stream course, or pond, or being deposited upon the ground as a result of any operation of Purchaser. Refuse resulting from Purchaser's use, servicing, repair, or betterment of its equipment shall be removed, or otherwise disposed of in a legal and proper manner: PROVIDED, that in no event shall it be buried or disposed of upon the City's property. Purchaser shall avoid servicing of equipment such as loaders, tractors, and trucks on the City's lands at or adjacent to the reservoir, lake, stream, or recreational facility without the written consent of the City. The PURCHASER shall maintain a spill kit and absorbent pads on the job site at all times.

7.5 During all operations pursuant to this Contract, the PURCHASER shall take all practicable precautions to minimize soil erosion and surface damage including, but not limited to the following:

- a. Prevent gullyng of roadways and skid trails; if harvesting during wet periods, placing slash into skid trails may be necessary to avoid soil rutting and damage.
- b. Protect the cover, and water conditions in natural meadows; and
- c. Refrain from operating equipment when ground conditions are such that excessive damage results.
- d. Prevent mud or silt from running or being tracked out onto paved roadways.

To minimize and avoid such damage, the CITY'S Forester has the right to suspend operations in whole or in part for indefinite periods when necessary.

7.6 The PURCHASER shall repair damage attributable to PURCHASER'S operations that the CITY determines is excessive or was avoidable as soon as practicable to prevent accelerated erosion.

7.7 Upon completion of logging operations under this Contract, the PURCHASER shall repair unavoidable damage attributable to its operations that may cause accelerated soil erosion or reduce the timber production capacity with the timber sale unit. Any areas that are identified by the CITY'S Forester as needing to be repaired shall be completed by the PURCHASER prior to the release of the PURCHASER'S performance bond.

7.8 During all operations under this Contract, logs must be suspended across the waterways where deemed necessary in the Contract area by the CITY'S Forester. The PURCHASER will take care to avoid interference with the natural flow of the waterways and streams. Upon completion of the major yarding, the PURCHASER shall clean out the debris attributed to the logging operations.

7.9 The PURCHASER shall fully comply with the Washington State Forest Practices Permit issued to the CITY for this timber sale unit and with all provisions of the Washington Forest Practices Act and any other applicable law, rule, or regulation, and shall be responsible for curing the effects of any violations thereof, hold the City harmless from penalties, damages, or fines resulting from any violations, and report all such violations to the City and to appropriate governmental agencies.

#### 7.10 Hazardous Materials and Waste - Regulatory Compliance

Purchaser is responsible for understanding and complying with all applicable local, state, and federal hazardous material/waste laws and regulations for operations conducted under this contract. Such regulations pertain to, but may not be limited to, hazardous material storage, handling and transport, personnel protection, release notification and emergency response, cleanup, and waste disposal. Purchaser shall be responsible for restoring the site in the event of a spill.

a. Hazardous Materials Spill Prevention: All operations shall be conducted in a manner that avoids the release of hazardous materials, including petroleum products, into the environment (water, air or land).

b. Hazardous Materials Spill Containment, Control and Cleanup: If safe to do so, Purchaser shall take immediate action to contain and control all hazardous material spills. Purchaser shall ensure that a spill kit is on site.

c. Onsite Supplies: At a minimum, a quick response kit capable of absorbing 4 to 6 gallons of oil, coolant, solvent or contaminated water shall be available on site. If large quantities of bulk fuel/other hazardous materials are stored on site, Purchaser must be able to effectively control a container leak and contain and recover a hazmat spill equal to the largest single on site storage container volume. (HAZWOPER reg. 29CFR 1910.120 (j) (I) (vii)).

d. Hazardous Material Release Reporting: Releases of oil or hazardous materials to the environment must be reported according to the State Department of Ecology. It is the responsibility of the Purchaser to have all emergency contact information readily available and a means of remote communication for purposes of quick notification. In the event of a spill, the Purchaser is responsible for notifying the following:

9-1-1

The City's representative

DOE - Southwest Region: 1-360-407-6300

7.11 The parties agree that all timber involved in this Timber Sale is export restricted. All saw logs must be painted by the PURCHASER with red paint at both ends of the log, and in addition, all logs with a diameter of greater than ten (10) inches must be hammer branded with an assigned and registered log brand in accordance with RCW 76.36. The PURCHASER will provide the branding hammer.

7.12 On portions of the timber sale unit where logging or roadway construction operations have been completed or are in progress, the PURCHASER shall, prior to the end of each operating season, perform the following soil erosion control work as specified by the CITY:

a. Restore the vegetation in those areas where unavoidable soil disturbance may result in soil loss from erosion, by seeding or planting grass and/or other desirable herbaceous seed, seedlings, or cuttings. This will include vegetation of those cut and fill slopes on roads and skid trails constructed by the PURCHASER that may be susceptible to erosion and may include substitute measures, such as mulching.

b. When the Purchaser has complied with all of the provisions of the Contract and those items required by the CITY'S Forester, the PURCHASER will be given a qualified written notice of completion, for purposes of release of the performance bond.

## **SECTION 8 — ROADWAY CONSTRUCTION AND REPAIR — ACCESS**

8.1 The PURCHASER will be required to rock at its own expense approximately 18 stations of logger's standard road, and may construct approximately 24 stations of optional temporary road as per the Timber Sale Map and Road Plan that accompanied the prospectus. It will not be necessary for the PURCHASER to secure a right-of-way from a third party.



8.2 Legal land subdivision survey corners and witness markers are to be preserved. The CITY'S Forester will identify the location and flag the markers for identification. Any markers, or corners destroyed or disturbed by the PURCHASER'S operations shall be replaced or reestablished, as the case may be, by a registered land surveyor, in accordance with the United States General Land Office standards at the PURCHASER'S expense. The CITY will reserve the right to approve the registered land surveyor selected by the PURCHASER. Survey corners and witness markers that are required to be disturbed or destroyed in the process of road construction or the PURCHASER'S operations will be adequately referenced and approved by the CITY'S Forester prior to removal and/or being disturbed.

8.3 In all phases of construction and logging operations, the PURCHASER shall take precautions to protect all roadways, ditches and other improvements. If such improvements are damaged by the PURCHASER'S operations, the CITY shall require the PURCHASER to restore the said improvement to equal condition.

8.4 The CITY will provide to the PURCHASER two keys to the main gate leading into the Hoquiam Watershed, upon the payment of a \$300 deposit. Upon completion of operations, the PURCHASER will return the two keys to the CITY and the \$300 deposit will be returned. The PURCHASER is prohibited from duplicating these keys. The CITY will provide a split pin/lock for joint use if necessary.

8.5 Purchaser agrees to notify the City at least twenty-four (24) hours in advance of the commencement of any and all operations under this Contract, whether it is the first operation hereunder or operations which are recommencing after a period of cessation. Failure to so notify the City shall constitute a breach of the Contract.

## **SECTION 9 - FIRE PREVENTION AND OTHER REGULATIONS**

9.1 The PURCHASER agrees to indemnify the CITY against all cost, loss, liability and damages arising out of or connected with any fire caused by the PURCHASER or the PURCHASER'S operations.

9.2 The PURCHASER shall comply with all laws, rules and regulations of the United States, the State of Washington, or other governing jurisdictions relating to logging, forestry, fire prevention, natural resources, safety, and highway use, and any additional fire prevention, forestry, and watershed protective measures that the CITY may reasonably specify. The specific precautionary measures listed below shall not be construed as relieving the PURCHASER from the compliance with any legal requirements. In addition, the PURCHASER agrees to cooperate fully with agencies administering conditions prescribed by forest practice applications. The PURCHASER will cooperate with the CITY'S Forester in making wildlife habitat trees and logs between cable settings in riparian zones.

9.3 During the Fire Season from April 15th to October 15th, or at other times if specified by the CITY when necessary, the PURCHASER shall provide a serviceable truck or trailer equipped with a water tank with a capacity of not less than 300 gallons. The pump may be portable power pump or a suitable power take-off pump. If the pump is a gear type, a bypass or

pressure relief valve shall be provided. The pump shall develop sufficient pressure to discharge 20.5 gallons of water per minute through a 50 foot length of one inch or one and one-half inch rubber lined hose, using a 1/4 inch nozzle tip. The tanker shall be equipped with at least 1500 feet of one inch nylon jacketed rubber-lined (NJRL) hose. One-inch rubber hose may be substituted for the one inch NJRL hose. The nozzle shall be a shut-off type that can be adjusted from spray to straight stream. Tools, adapters, suction hose and accessories necessary to operate the pump and tanker efficiently shall be provided. The complete tank truck or trailer unit shall be kept ready for use for fire suppression. A water supply sufficient for rapidly filling the tank shall be provided at one or more accessible pints along or adjacent to the main truck roads. If the PURCHASER elects to provide a trailer under this section, a serviceable truck-type vehicle shall be kept ready for use with the trailer.

9.4 Each internal combustion logging engine, including tractors and trucks shall be provided with an adequate spark arrester, tested and ready for immediate installation when required. After installation, spark arresters shall be kept in constant use and repair until conditions warrant their removal.

9.5 The PURCHASER shall prohibit smoking and the building of camp and lunch fires by the PURCHASER'S personnel, and the personnel of its subcontractors, within the CITY'S Watershed. The PURCHASER shall enforce this prohibition by all means within the PURCHASER'S authority.

9.6 Each internal combustion loader and/or yarder shall be provided with two 4 pound size or larger fire extinguishers, if of the carbon dioxide or dry chemical type. Each truck and tractor shall be provided with chemical fire extinguishers and a round-pointed shovel. In addition, each truck shall be provided with a double-bitted axe or Pulaski. The extinguisher shall be of at least 4 pound size. Extinguishers, shovel, an axes shall be so mounted as to be readily reached from the ground.

9.7 Each gasoline power saw shall be provided with an approved spark arrester. There shall be one chemical pressured fire extinguisher of not less than a capacity of eight ounces by weight, and one round-pointed shovel, for each power saw. Fueling or refueling of a power saw shall be done in an area that has first been cleared of material, which will carry fire. The power saw shall be moved at least 10 feet from the place of fueling or refueling before it is started.

9.8 A watchman shall be continuously on duty during the mid-day meal and for at least two hours after ceasing operations for the day. Each stationary operating internal combustion loader or logging engine shall be monitored. All watchman shall be competent in the use of firefighting equipment and be equipped with a two-way radio.

9.9 The PURCHASER shall provide and maintain weather instruments, capable of measuring the relative humidity and temperature.

9.10 The PURCHASER shall furnish and maintain fireboxes, fire tools and other equipment in serviceable condition to be used for the suppression of forest fires. Each firebox shall be provided with tools to equip 100 percent of the personnel employed by the

PURCHASER, or its subcontractors, in its operations in the timber sale unit. Fireboxes shall be marked and locked.

9.11 At each landing where a stationary yarder or loader is operating, a 300 gallon container of water and two buckets shall be provided.

9.12 All roadways and trails designated by the CITY as needed for fire protection other purposes shall be kept open at all times.

#### SECTION 10 — TERM OF CONTRACT — TERMINATION

10.1 All timber shall be harvested and removed and all logging operations shall be completed by September 30, 2015, unless an extension is granted.

10.2 In the event that the PURCHASER shall breach any provisions of this Contract, the CITY may serve written notice of breach upon the PURCHASER. If the breach is not remedied within twenty-four hours after receipt of said notice, the CITY may suspend the PURCHASER'S operations immediately. If the breach is not remedied within seven days thereafter, the CITY may terminate the Contract. In the event of termination, the PURCHASER shall be liable for damages sustained by the CITY arising from the PURCHASER'S operations.

#### PURCHASER

By: Richard J. Tagman  
Title: MEMBER

#### CITY OF HOQUIAM

By: \_\_\_\_\_  
Jack Durney – Mayor

#### ATTEST:

By: \_\_\_\_\_  
Mike Folkers – Finance Director

