

RESERVATION AGREEMENT FOR PURCHASE AND SALE OF MITIGATION CREDITS FROM JOHNSON COSUMNES MITIGATION BANK

This Reservation Agreement for Purchase and Sale of Mitigation Credits from Johnson Cosumnes Mitigation Bank ("Agreement") is entered into as of _____ day of _____, 2025 ("Effective Date") by and between CITY OF PLACERVILLE ("Buyer"), and WESTERVELT ECOLOGICAL SERVICES, LLC, a Delaware limited liability company ("Westervelt").

RECITALS

A. Westervelt has developed, and is in the process of obtaining resource agency approvals for, the Johnson Cosumnes Mitigation Bank (the "Bank") located in Sacramento County, CA.

B. Specifically, Westervelt is seeking approval from the United States Army Corps of Engineers ("USACE"), California Department of Fish and Wildlife (CDFW) and the National Marine Fisheries Service ("NMFS") to sell various credits from the Bank (including the Buyer Credits, as defined below), pursuant to the Bank Enabling Instrument that will be entered into for the Bank (the "Bank Agreement").

C. Buyer acknowledges and has full knowledge that the Bank is not yet approved by the USACE, CDFW, or NMFS.

D. Buyer is seeking to implement a project described as the **Upper Broadway Bike Lanes Project located along Broadway in the City of Placerville** (the "Buyer Project") and seeks to compensate for the impacts of the Buyer Project (the "Project Impacts") by reserving the right to purchase up to **0.08 Floodplain Riparian credits** from the Bank (collectively, the "Buyer Credits") in accordance with the terms and conditions set forth below.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Buyer and Westervelt hereby agree as follows:

ARTICLE 1. RESERVATION OF BUYER CREDITS

1.01. Reservation for Purchase and Sale. Westervelt shall reserve for up to six (6) months after the Effective Date the Buyer Credits for their purchase by Buyer from Westervelt on terms and conditions specified in this Agreement. Buyer is obligated hereunder only to

purchase so many of the Buyer Credits as Buyer deems necessary to mitigate for the Project Impacts, and will not be in default under this Agreement should Buyer decide to purchase less than all of the Buyer Credits.

1.02. **Purchase Price**. The total purchase price ("**Purchase Price**") for the 0.08 Buyer Credits shall be in an amount equal to Twenty-Four Thousand and 00/100 Dollars (\$24,000.00) (i.e., \$300,00 per Buyer Credit).

1.03. **Payment**.

A. **Deposit**. Buyer shall deliver to Westervelt an amount of twenty-four thousand and 00/100 Dollars (\$24,000.00) (the "**Deposit**") within twenty (20) days after the Effective Date. The Deposit shall be immediately nonrefundable to Buyer except to the extent otherwise provided in Sections 1.01, 1.03.B and C below or in the event that Closing, as provided in Section 1.04 below, does not occur. The Deposit shall be applied to the Purchase Price on the Closing Date and shall serve as liquidated damages to Westervelt in accordance with Section 1.07 below.

B. Upon Bank approval, Westervelt will immediately notify Buyer in writing of its approval and its ability to transfer the Buyer Credits. Once Buyer has been notified of Bank approval and once Buyer has obtained all necessary approvals from the resource agencies, the Deposit shall become non-refundable.

C. Notwithstanding the foregoing, if, for whatever reason, Westervelt fails to obtain final approval of the Bank from the applicable resource agencies and is unable to transfer the Buyer Credits within six (6) months from the Effective Date (or such later date as may be mutually agreed upon by Westervelt and Buyer), then upon such date the Deposit held by Westervelt shall be returned promptly to Buyer and this Reservation Agreement shall terminate without any further obligation or liability by Westervelt to Buyer or Buyer to Westervelt.

D. **Purchase Price Balance**. Buyer shall deliver to Westervelt any remainder of the applicable Purchase Price (the "**Purchase Price Balance**") in cash or by cashier's check or by wire transfer or by any other cash equivalent on the Closing Date, as defined below.

1.04. **Closing Date**. For the purposes of this Agreement, the "**Closing Date**" shall occur on or before twenty (20) business days after Westervelt has received agency approval of the Bank and the Buyer has notified Westervelt in writing that Buyer has obtained all necessary approvals from the resource agencies, and in no event shall the Closing Date be later than **October 15, 2025** unless such date is extended by mutual written agreement of Westervelt and Buyer (the "**Outside Closing Date**"). The written notice from Buyer to Westervelt shall identify the exact type and amount of Buyer Credits to be purchased by Buyer on the Closing Date. If Buyer has not purchased the Buyer Credits it requires by the Outside Closing Date (as it may be extended in accordance with this Section

1.04), then on such date this Agreement shall terminate, Westervelt shall have no further obligation to sell, and Buyer shall have no obligation to purchase, the Buyer Credits, provided, however, that this termination and these terms do not apply if Buyer elects to purchase less Buyer Credits. In this event, Westervelt shall be free to sell the Buyer Credits to a third party and return the difference between the purchased Buyer Credits and the Deposit. The Deposit shall only revert entirely to Westervelt if Buyer completely reneges on purchasing any Buyer Credits.

1.05. Closing Deliverables. The parties shall exchange the following on the Closing Date:

A. Buyer's Deliveries. In addition to the Purchase Price Balance for the Buyer Credits being purchased, Buyer shall deliver to Westervelt signed copies of the closing documents required by the Bank Agreement for the sale of the Buyer Credits. Specifically, Buyer shall deliver a signed copy of the Agreement for Sale of Mitigation Credits in the manner and form required by the Bank Agreement to effectuate the sale described herein, with the blanks therein filled out based upon the number of Buyer Credits actually being purchased by Buyer hereunder (the "**Closing Agreement**"). The purchase price reflected in the Closing Agreement shall be based upon the Purchase Price paid by Buyer hereunder, and the parties acknowledge and agree that the Buyer Credits sold to Buyer under the Closing Agreement and the purchase price paid by Buyer under the Closing Agreement are the same as, and not in addition to, the Buyer Credits and Purchase Price described in this Agreement.

B. Westervelt's Deliveries. Westervelt shall deliver to Buyer counter-signed copies of the closing documents required by the Bank Agreement for the sale of the Buyer Credits. Specifically, Westervelt shall deliver a signed copy of the Closing Agreement together with the documents described therein required to be delivered by Westervelt on the Closing Date.

C. Additional Instruments. Westervelt and Buyer shall each deposit such other instruments as are reasonably required to proceed with the closing and consummate the sale of the Buyer Credits in accordance with the terms of this Agreement.

1.06. Closing Costs.

A. Borne by Westervelt. Westervelt shall pay its own legal and professional fees and fees of other consultants incurred regarding this transaction.

B. Borne by Buyer. Buyer shall pay its own legal and professional fees and fees of other consultants incurred regarding this transaction.

1.07. Buyer's Default; Liquidated Damages. SHOULD THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT FAIL TO BE CONSUMMATED ACCORDING TO THE TERMS OF THIS AGREEMENT FOR ANY REASON OTHER THAN A DEFAULT OF WESTERVELT OR OTHER THIRD PARTY, NOT

INCLUDING THE BUYER, THEN IN SUCH EVENT WESTERVELT SHALL HAVE THE RIGHT TO TERMINATE THIS AGREEMENT, AND IN THE EVENT OF SUCH TERMINATION WESTERVELT SHALL BE RELIEVED OF ANY OBLIGATION TO SELL THE BUYER CREDITS TO BUYER. THE DEPOSIT PREVIOUSLY PAID TO WESTERVELT HEREUNDER AND ALL INTEREST THEREON SHALL BE RETAINED BY WESTERVELT AS LIQUIDATED DAMAGES PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677 AND AS CONSIDERATION FOR WESTERVELT KEEPING THE BUYER CREDITS OFF OF THE MARKET FOR SALE TO OTHERS, TO THE EXTENT THAT THE FAILED CLOSING WAS BUYER'S FAULT. BUYER AND WESTERVELT AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO FIX THE ACTUAL DAMAGES THAT WESTERVELT MIGHT SUFFER IN THE EVENT OF BUYER'S DEFAULT HEREUNDER. UPON ANY SUCH BREACH OR DEFAULT BY BUYER HEREUNDER AND SUCH TERMINATION OF THIS AGREEMENT BY WESTERVELT, THIS AGREEMENT SHALL BE TERMINATED AND NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER, EACH TO THE OTHER, EXCEPT FOR THE RIGHT OF WESTERVELT TO RETAIN SUCH LIQUIDATED DAMAGES. EXCEPT AS PROVIDED FOR ABOVE, RECEIPT AND RETENTION OF THE DEPOSIT PREVIOUSLY PAID TO WESTERVELT HEREUNDER SHALL BE THE SOLE, LIQUIDATED DAMAGES OF WESTERVELT IN THE EVENT OF ANY BREACH OR DEFAULT BY BUYER HEREUNDER. THE PAYMENT AND RETENTION OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369.

Buyer's Initials

Westervelt's Initials

1.08. Westervelt's Default. Should the transaction contemplated by this Agreement fail to occur on the Closing Date due to a breach of this Agreement by Westervelt where such default or breach is not cured by Westervelt within thirty (30) days after Westervelt's receipt from Buyer of written notice of such default or breach, then (a) this Agreement shall not be terminated automatically, but only upon delivery to Westervelt of written notice of termination from Buyer, and (b) Buyer shall elect, as Buyer's sole and exclusive remedy to either: (i) so terminate this Agreement, in which Westervelt shall return to Buyer the Deposit; or (ii) pursue an action for specific performance of this Agreement.

ARTICLE 2. **OBLIGATIONS WITH RESPECT TO BUYER CREDITS**

2.01. Westervelt Obligations Re Bank Responsibilities. The Purchase Price includes, and Westervelt shall be solely responsible for all costs associated with the mitigation provided by the Buyer Credits, including any easement, endowment, management and monitoring costs related to the Buyer Credits. Buyer shall have no obligation by reason of the purchase of the Buyer Credits described herein, to support, pay

for, monitor, report on, sustain, or otherwise be responsible for the success or continued expense or maintenance of the habitat represented by the Buyer Credits or the Bank. Westervelt shall be fully and completely responsible for satisfying any and all conditions placed on the Bank and the Buyer Credits by the USACE, CDFW and NMFS. The provisions of this paragraph shall survive the Closing Date for each Buyer Credit purchased by Buyer.

2.02. **Buyer Obligations Re Qualification of Mitigation Values.** Buyer shall, at Buyer's sole cost and expense, take such actions as are reasonably necessary to ensure that the permits it is seeking for the Buyer Project identify the Buyer Credits as compensatory mitigation for the Project Impacts. Any failure of Buyer to obtain such permits shall be considered a default of Buyer hereunder and shall entitle Westervelt to retain the Deposit as liquidated damages in accordance with Section 1.07.

2.03. **Exclusivity.** Westervelt shall not sell or assign to any third party the Buyer Credits before the Outside Closing Date, unless Buyer or Westervelt has rightfully terminated this Agreement, provided, however, that the foregoing shall not restrict Westervelt's right to sell or assign any Bank credits that are in addition to the Buyer Credits being acquired by Buyer hereunder.

ARTICLE 3. **MISCELLANEOUS**

3.01. **Termination Right.** If Buyer fails to pay to Westervelt the Deposit as and when required hereunder, or if Buyer otherwise fails to proceed with the purchase of the Buyer Credits on or before the Outside Closing Date, and such failure remains uncured for ten (10) business days after Buyer's receipt of written notice from Westervelt of such failure, then Westervelt shall have the right to immediately terminate this Agreement by sending written notice of termination to Buyer, and in the event of such termination Westervelt shall be entitled to retain the Deposit previously paid by Buyer to Westervelt as liquidated damages in accordance with Section 1.07 above, and thereafter neither Westervelt nor Buyer shall have any further rights or obligations hereunder.

3.02. **Limitation on Liability.** Notwithstanding any other provision of this Agreement, in no event will Westervelt or Buyer be liable to the other party for any indirect, special, consequential or incidental damages, or loss of profits or loss of goodwill, regardless of whether Westervelt or Buyer has been informed of the possibility of such damages or is negligent, and whether or not such damages were reasonably foreseeable. This agreement does not inure to the benefit of any third parties.

3.03. **Attorneys' Fees.** The Buyer and Westervelt shall bear their own costs and attorneys' fees incurred in connection with this Agreement.

3.04. **Captions.** All section captions used in this Agreement are for reference only and shall not be considered in interpreting the provisions of this Agreement.

3.05. Time of Essence. Time is of the essence of this Agreement and of the sale provided for herein.

3.06. Integration. This Agreement contains the entire agreement of Buyer and Westervelt, superseding any and all prior written or oral agreements between them concerning the subject matter contained herein, and Buyer and Westervelt hereby release each other from any and all rights, obligations and claims under such prior agreements. The Recitals first set forth above are hereby incorporated into this Agreement as part of the terms and provisions hereof.

3.07. Additional Documents. From time to time prior to and after the Closing Date, Buyer and Westervelt shall execute and deliver such instruments of transfer and other documents as may be reasonably requested by the other party to carry out the purpose and intent of this Agreement.

3.08 Notice. All notices, demands, requests, elections, approvals, disapprovals, consents or other communications which this Agreement contemplates, requires or permits either Buyer or Westervelt to give to the other shall be in writing and shall be personally delivered, transmitted by email, or sent by first class, or certified mail, return receipt requested, addressed to the respective parties, as follows:

Buyer: City of Placerville
3101 Center Street
Placerville, CA 95667
Attn: M. Cleve Morris, City Manager
Email: cmorris@cityofplacerville.org

Westervelt: Westervelt Ecological Services, LLC
3636 American River Drive, Suite 120
Sacramento CA 95864
Attn: Hal Holland
Email: hholland@westervelt.com

or to such other address or email as Buyer or Westervelt may from time to time designate by notice to the other party given in accordance with this section. Personally delivered notice shall be deemed delivered upon the delivery thereof; notice transmitted by email shall be deemed delivered upon sending provided that the sender has a confirmation of such transmission and deposits in the United States mail on the same day a copy of such notice by first-class mail, otherwise upon the receiving party's receipt of such mailing; and mailed notice shall be deemed delivered upon the earlier of (i) receipt or (ii) 72 hours after deposit thereof in the United States mail.

3.09 No Recordation. Buyer and Westervelt agree that neither this Agreement nor any memorandum thereof shall be recorded by either party.

3.10 Assignment or Subsequent Transfers. Neither Buyer nor Westervelt shall

assign, transfer or convey rights and/or obligations under this Agreement without the prior written approval of the other. Any attempted assignment which is subject to the other party's approval and which is not approved by the other shall be deemed in default hereunder.

3.11 Amendments. This Agreement may not be amended, altered or modified except by mutual written consent of the parties to this Agreement.

3.12 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the respective heirs, personal representatives, successors and assigns of Buyer and Westervelt.

3.13 Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect.

3.14 Counterparts; Electronic/Facsimile Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. An electronic email copy or facsimile of a duly executed copy of this Agreement shall be deemed for all purposes as receipt of an originally signed document, and any such copy bearing an electronic email copy or facsimile signature shall be binding upon, and enforceable against, the party to be charged thereby.

3.15 Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future right to enforce such provision or any other provision hereof.

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

3.17 No Obligations to Third Parties. No party shall be deemed to be a third party beneficiary of this Agreement, nor shall this Agreement confer any rights upon, nor obligate any of the parties hereto, to any person or entity other than the parties to this Agreement.

3.18 Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by Buyer or Westervelt to create a relationship of principal and agent, partnership, joint venture or any other association between Buyer and Westervelt.

IN WITNESS WHEREOF, Buyer and Westervelt have executed this Agreement as of the date first set forth above.

BUYER:

CITY OF PLACERVILLE

By: _____

Name: M. Cleve Morris

Title: City Manager

WESTERVELT:

WESTERVELT ECOLOGICAL SERVICES, LLC,
a Delaware limited liability company

By: _____

Name: Hal Holland

Title: Director, Western Region