

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 18, 2022

Order ___ Ordinance ___ Resolution XX Motion ___ Information ___
No. No. No. 2022-3782

SUBJECT: A Resolution authorizing the purchase of water rights from WestRock Northwest, LLC and authorizing the City Manager Pro Tem to execute documents to complete the purchase

Staff: Kaaren Hofmann, PE City Engineer
Department: Public Works
File Number:

Business Session

Order on Agenda: New Business

RECOMMENDATION:

Adopt Resolution No. 2022-3782

EXECUTIVE SUMMARY:

The City's current water supply is the well field on the south side of the Willamette River. To address supply vulnerability and long-term water resiliency, the City is pursuing other sources. The redundant supply should have an approximate capacity of 4-8 million gallons per day.

On July 20, 2020, the City Council gave direction to secure water rights and property as part of the Local Willamette Alternative for the Safe & Reliable Water Future. Staff has been in negotiations with WestRock Northwest, LLC to acquire Oregon Water Right Certificate 90014. This water right allows for 8.0 cfs (5.17 mgd) of water rights on the Willamette River.

Staff met with Council in executive session on December 6, 2021 to discuss the real property transaction. In December 2021, the seller and the City agreed on the terms of the purchase agreement of \$3,185,435.00. A non-refundable deposit of \$95,563.00 will be required and the Transfer Application Process with the Oregon Water Resources Department will begin once the Purchase Agreement (Exhibit "A" to the Resolution) is signed. Closing of the purchase will commence once the Transfer Application is approved. This process can take 12-14 months.

The purchase of the water rights will set the City up for today's need for a redundant water supply and for future needs of the City.

FISCAL IMPACT:

The FY 21/22 adopted budget has appropriated adequate funds to pay for the water rights. The water rights are 44% System Development Charge eligible, however, there are not enough funds in SDC to pay for the rights, therefore, the funds will be paid for out of water rates. A loan program will be established for the SDC fund to pay back the water rate fund up to 44% of the costs as funds become available in the SDC fund.

STRATEGIC ASSESSMENT:

5. Collaborate with local partners and with entities like ICLEI in the development of a Sustainability program.

Providing a redundant water source and treatment plant will help meet the sustainability goal.



RESOLUTION No. 2022-3782

A RESOLUTION AUTHORIZING THE PURCHASE OF WATER RIGHTS FROM WESTROCK NORTHWEST, LLC AND AUTHORIZING THE CITY MANAGER PRO TEM TO EXECUTE DOCUMENTS TO COMPLETE THE PURCHASE.

RECITALS:

1. On July 20, 2020, the City Council gave direction to secure water rights and property as part of the Local Willamette Alternative for the Safe & Reliable Water Future.
2. The City and the property owner, WestRock Northwest, LLC, agreed on the terms for the purchase agreement in December 2021. The property owner has agreed to sell Oregon Water Right Certificate 90014 to the City for \$3,185,432.00.
3. A non-refundable deposit of \$95,563.00 will be required and the Transfer Application Process with the Oregon Water Resources Department will begin once the Purchase Agreement (Exhibit "A") is signed. Closing of the purchase will commence once the Transfer Application is approved.
4. This purchase is eligible for System Development Charges of up to 44% of the costs. As funds become available in the Water SDC fund, the water rate fund should be reimbursed up to 44% of the project costs.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. The City shall proceed with the Transfer Application and purchase of the Oregon Water Right Certificate 90014. The purchase price shall be \$3,185,432.00 plus normal consultant costs and closing expenses as noted in Exhibit "A".
2. The City Council delegates to the City Manager Pro Tem the authority to execute the necessary documents to complete the purchase of the water right and transfer application. The City Manager Pro Tem is further authorized to negotiate any provisions of the purchase agreement and to sign all necessary documents to perfect the agreement. All documents and agreements shall be approved as to form and content by the City Attorney.
3. The Water System Development Fund shall reimburse the Water Rate Fund up to 44% of the project costs as funds become available in the Water System Development Fund.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: January 19, 2022.

ADOPTED by the City Council of the City of Newberg, Oregon, this 18th day of January, 2022.

Sue Ryan, City Recorder

ATTEST by the Mayor this 20th day of January, 2022.

Rick Rogers, Mayor

WATER RIGHT CONVEYANCE AGREEMENT

This **Water Right Conveyance Agreement** (this “**Agreement**”) is made as of _____, 2022 (the “**Effective Date**”), by and between **WestRock Northwest, LLC**, a Delaware limited liability company (“**Seller**”), and **The City of Newberg**, an Oregon municipal corporation (“**Buyer**”). Seller and Buyer are sometimes referred to herein each as a “**Party**,” and collectively as the “**Parties**.”

RECITALS:

A. Seller is the owner of the rights evidenced by Oregon Water Right Certificate 90014, a copy of which is attached hereto as Exhibit A, which authorizes the use of up to 8.0 cubic feet per second (“**cfs**”) of water from the Willamette River for industrial use (the “**Water Right**”). The Water Right is currently being leased to instream use pursuant to the State of Oregon Water Resources Department (“**Department**”) Instream Lease IL-1782, which was approved by the Department in a final order dated April 13, 2020 (the “**Instream Lease**”).

B. The Water Right authorizes the diversion of water from two authorized points of diversion (referred to in this Agreement as “**Point of Diversion #1**” and “**Point of Diversion #2**”). Point of Diversion #1 is located at approximately 2130 feet south and 260 feet west from the northwest corner of Snowden DLC 68, Township 3 South Range 2 West, in the SE NW quarter quarter of Section 29. Point of Diversion #2 is located at approximately 1630 feet south and 1400 feet west from the northwest corner of Snowden DLC 68, Township 3 South Range 2 West, in the NW NW quarter quarter of Section 29. The approximate locations of Point of Diversion #1 and Point of Diversion #2 are depicted on the final proof survey for Water Right Certificate 90014, a copy of which is attached hereto as Exhibit B.

C. Buyer desires to acquire the Water Right after the Department issues a final order approving the Transfer Application (defined below), which would change the authorized type of use to “municipal,” add or change authorized points of diversion, and change the authorized place of use (the “**Acquired Water Right**”), all as more particularly described in this Agreement.

D. Buyer and Seller are parties to a separate purchase and sale agreement pursuant to which Buyer has purchased from Seller the parcel of real property on which Point of Diversion #1 is located (the “**Real Property Purchase Agreement**”).

E. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Acquired Water Right on the terms and conditions described below.

AGREEMENT:

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. AGREEMENT TO BUY AND SELL. Buyer hereby agrees to purchase from Seller, and Seller hereby agrees to sell to Buyer, the Acquired Water Right for the price and subject to the terms and conditions set forth in this Agreement.

2. PURCHASE PRICE; PURCHASE PRICE ADJUSTMENT; AND DEPOSIT.

2.1. Purchase Price. Buyer will pay to Seller at the Closing (as defined below) as the purchase price for the Acquired Water Right the sum of THREE MILLION ONE HUNDRED EIGHTY-FIVE THOUSAND FOUR HUNDRED THIRTY-FIVE AND NO/100 DOLLARS (\$3,185,435.00) (the “**Purchase Price**”).

2.2. Purchase Price Adjustment. If the rate of water authorized for municipal use in the Final Transfer (measured in cfs) is less than 7.5 cfs, and if Buyer in its sole discretion agrees to accept the lesser authorized rate as provided in Section 4.1.3 of this Agreement, the Purchase Price shall be reduced pro rata (e.g., if the rate approved in the Final Transfer is 6.0 cfs, the Purchase Price shall be reduced by twenty percent (20%)).

2.3. Deposit. Within fourteen days of the date the City Council approves this Agreement, Buyer shall deposit with First American Title Insurance Company (Attention: Michelle Gregor), 825 NE Evans St., McMinnville, OR 97128 (the “**Escrow Agent**”) as earnest money for the Acquired Water Right the sum of NINETY-FIVE FIVE THOUSAND SEVEN HUNDRED SIXTY-THREE AND 00/100 DOLLARS (\$95,563.00) (the “**Deposit**”), which shall be held in a non-interest bearing account by Escrow Agent to be released and disbursed in accordance with this Agreement. The City Council shall consider action on this Agreement consistent with the City Charter and applicable laws on January 18, 2022.

2.4. Payment of the Purchase Price. Except as otherwise provided herein, Buyer will receive a credit for the Deposits at the Closing. Within 10 calendar days after the date the Department issues a final order approving the Transfer Application (as defined below), Buyer shall deposit with the Escrow Agent the balance of the Purchase Price due to Seller in cash, by cashier’s check or wire transfer of immediately available federal funds.

3. WATER RIGHT TRANSFER. Not later than sixty (60) days after the Effective Date, Buyer shall prepare (or cause its consultant to prepare) a transfer application, with Seller identified as the applicant, that proposes to: (i) transfer the Water Right from the WestRock Property to a new place of use to be determined by Buyer; (ii) add or change points of diversion; and (iii) transfer the type of use authorized under the Water Right from industrial use to municipal use (the “**Transfer Application**”). Buyer shall provide a draft of the Transfer Application to Seller for Seller’s review and approval before Buyer submits the Transfer Application to the Department; Seller shall have fourteen (14) days to review and approve the Transfer Application, with such approval not unreasonably withheld, conditioned, or delayed unless agreed to in writing by Buyer. Buyer shall then file the approved Transfer Application with the Department, provide Seller with copies of all correspondence to or from the Department regarding the Transfer Application, and take diligent steps to obtain approval of the Transfer Application. Buyer shall exercise reasonable diligence in pursuing the Department’s approval of the Transfer Application and shall be solely responsible for all costs and expenses related to the Transfer Application, including but not limited to any fees of consultants, attorneys, certified

water rights examiners, or the Department in respect of the processing and approval (including protests, administrative hearings, and judicial review) of the Transfer Application. Buyer acknowledges that the final approval of the Transfer Application may differ in one or more respects from the transfer proposed in the Transfer Application. Buyer accepts all risks associated with the Transfer Application, including specifically the risk that the Department may not approve the Transfer Application or may approve the Transfer Application with modifications based on the outcome of the Department's regulatory transfer process. Buyer will evaluate such conditions or modifications as provided under Section 4.1.3 of this Agreement. Seller shall reasonably cooperate with Buyer in obtaining approval of the Transfer Application, provided that Seller shall not be obligated to incur any out-of-pocket costs or expenses associated with approval of the Transfer Application. In the event that Seller incurs any such out-of-pocket costs or expenses, Seller will immediately notify Buyer and provide the invoices for Buyer's review. Buyer shall be solely responsible for such undisputed costs and expenses, and will reimburse Seller within thirty (30) days of Buyer presenting invoices of such undisputed costs and expenses to Buyer. If Buyer disputes an invoice, the Parties will agree upon a dispute resolution process. Notwithstanding anything to the contrary in this Section 3, Seller is responsible for any costs incurred by Seller to have its own attorneys and/or consultants review the Transfer Application or any documents or correspondence related to the Transfer Application.

4. CLOSING CONDITIONS.

4.1. Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transaction contemplated by this Agreement shall be subject to the fulfillment or waiver, at or prior to Closing, of each of the following conditions:

4.1.1. The Department shall have confirmed in its Preliminary Determination on the Transfer Application that the Water Right is subject to transfer;

4.1.2. Seller has excluded the Water Right from any conveyance of the real property to which the Water Right is appurtenant and has retained ownership of the Water Right;

4.1.3. The Department shall have issued a final order approving the Transfer Application that provides Buyer: full access to a rate of diversion of at least 7.5 cfs, unless Buyer in its sole discretion agrees to accept less than 7.5 cfs by written waiver of this condition with a price adjustment as provided in Section 2.2 of this Agreement; no limits on season of use; no annual limits on the volume of water diverted or used, except as limited by the maximum rate of diversion; no conditions that materially affect the rate, duty, or opportunity for beneficial use as proposed in the Transfer Application; and all applicable periods of review and appeal of the same shall have fully passed (the "**Final Transfer**"). Seller shall have terminated the Instream Lease IL-1782 consistent with the requirements of the Department. Any termination shall be done consistent with the terms of the Instream Lease for other water rights in IL-1782 not conveyed to Buyer;

4.1.4. Each of Seller's representations and warranties set out in Section 6 of this Agreement shall be true and correct in all material respects as of the Closing; and

4.1.5. Seller shall have delivered to Buyer the documents and other instruments necessary to close the transaction.

4.2. Conditions to Obligations of Seller. The obligations of Seller to consummate the transaction contemplated by this Agreement shall be subject to the fulfillment or waiver, at or prior to Closing, of each of the following conditions:

4.2.1. Buyer shall have obtained all approvals from the City of Newberg necessary to perform all of Buyer's obligations under this Agreement, if any; and

4.2.2. Buyer shall have delivered to Seller the funds, documents and other instruments necessary to close the transaction.

5. CLOSING AND CLOSING COSTS.

5.1. Closing. At a date mutually agreed to by the Parties that is not later than thirty (30) days after the Department issues the Final Transfer: (a) Seller shall convey the Acquired Water Right to Buyer by good and sufficient deed (the "**Deed**") substantially in the form of attached Exhibit C; and (b) each Party shall execute and deliver to the other such documents and take such further actions as may be reasonably necessary or required to consummate the transaction contemplated by this Agreement. The closing of the transaction contemplated by this Agreement (the "**Closing**") will take place in escrow at the offices of the Escrow Agent. At the Closing, Seller shall deliver to Buyer a counter-signed Request for Assignment of Transfer form and proof of termination of the Instream Lease as provided by the Department.

5.2. Closing Costs. At the Closing Seller will pay one-half of the Escrow Agent's fees and one-half of the fees for recording the Deed, and Buyer will pay one-half of the Escrow Agent's fees and one-half of the fees for recording the Deed.

6. SELLER'S REPRESENTATIONS AND WARRANTIES. The representations and warranties in this Section 6 shall terminate upon Closing. As used in this Section 6, "actual knowledge" means the actual, present knowledge, without duty of inquiry or investigation, of [insert name(s)]. Seller represents and warrants to Buyer that the following are true as of the date hereof:

6.1. To the actual knowledge of Seller, Seller is using the Water Right in accordance with the terms of the Instream Lease; further, Seller has no actual knowledge of any existing, pending, or threatened actions for cancellation or forfeiture, or any threats or claims of adverse possession, affecting the Water Right; and in connection with submission of the Transfer Application, Seller will execute an Evidence of Use Affidavit in the form required by the Department;

6.2. Seller has no actual knowledge of any existing, pending or threatened claims, suits, proceeding or investigations or actions against Seller which, if successful, would result in any legal or equitable lien upon the Water Right or impose any condition or restriction upon its transfer, or would adversely affect the Water Right;

6.3. Seller has not granted any third party any right to, or interest in, the Water Right; Seller has sold a portion of the property to which the Water Right is appurtenant, but Seller expressly withheld the Water Right from that land sale transaction; and

6.5 The representations and warranties under this Section 6 are continuing, and Seller shall promptly notify Buyer of any contrary information that becomes known between the Effective Date and Closing.

7. “AS-IS, WHERE-IS” PURCHASE; RELEASE.

7.1. Buyer acknowledges that it is purchasing the Acquired Water Right in its “AS-IS, WHERE-IS” condition. Except for the representations and warranties of Seller expressly set forth in Section 6 of this Agreement, neither Seller nor any agents of Seller have made any representations or warranties to Buyer, express or implied, and will not be liable for any representations and warranties of beyond those in Section 6.

7.2. Buyer acknowledges that Buyer, upon the Effective Date, shall have an adequate opportunity to inspect and investigate the Water Right to Buyer’s satisfaction, either independently or through agents of Buyer’s choosing, and that in purchasing the Acquired Water Right Buyer is not relying on Seller or its agents as to the condition of the Acquired Water Right or any other matter pertaining to the Acquired Water Right. Buyer is purchasing the Acquired Water Right pursuant to its independent examination, study, evaluation and inspection of the Water Right.

7.3. Upon Closing and except as provided in Section 6, Buyer releases Seller and its employees, officers, directors, representatives and agents, from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses whatsoever (including reasonable attorney’s fees whether or not suit is initiated), whether known or unknown, arising out of or in any way relating to the Acquired Water Right.

7.4. The provisions set forth in this Section 7 shall survive Closing and shall not be merged with the Deed.

8. SUCCESSORS AND ASSIGNS. This Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Prior to closing, no assignment of any right or interest or delegation of any duty, responsibility, or obligation under this Agreement will be made, in whole or in part, by Buyer without the prior written consent of Seller, which consent may be withheld by Seller in Seller’s sole and absolute discretion.

9. TERMINATION. This Agreement may be terminated under the following circumstances:

9.1. Termination by Buyer. If this transaction fails to close as a result of failure of any of Buyer’s conditions set forth in Section 4.1 of this Agreement, or if Seller defaults under this Agreement, then Buyer shall be entitled: (i) to terminate this Agreement and receive a refund of the Deposits, whereupon such termination, this Agreement shall become null and void and be of no further force and effect except for those provisions hereof that expressly

survive termination; and (ii) in the event of a default by Seller, to pursue its remedies at law or in equity; such remedies may include an action for the specific performance of this Agreement, but only in the event the Seller defaults under this Agreement after the Department issues a final order approving the Transfer Application.

9.2. Termination by Seller. If this transaction fails to close as a result of failure of any of Seller's conditions set forth in Section 4.2 of this Agreement, or if Buyer defaults under this Agreement prior to the Department issuing a final order approving the Transfer Application, then Seller shall be entitled to terminate this Agreement and receive the Deposits as liquidated damages and not as a penalty, whereupon such termination, this Agreement shall become null and void and be of no further force and effect except for those provisions hereof that expressly survive termination. The Parties agree and acknowledge that: (i) Seller would suffer damages by reason of a failure of this transaction to close or by reason of Buyer's default of any term or condition herein; (ii) the exact amount of Seller's damages on account of Buyer's failure or default would be difficult to ascertain and to prove with certainty; (iii) the Deposits constitute a fair and reasonable estimate of the actual damages Seller would suffer by reason of Buyer's failure or default; and (iv) the Parties (and/or their representatives) have negotiated and attempted, in good faith, to estimate the amount of such damages and to compensate Seller therefor as set forth herein. If this transaction fails to close as a result of a default by Buyer of this Agreement after the Department issues a final order approving the Transfer Application, then Seller shall be entitled to terminate this Agreement and: (x) receive the Deposits and (y) pursue its remedies at law or in equity, including an action for the specific performance of this Agreement.

9.3 Effect of Termination. Upon a termination of this Agreement under Section 9.1 or Section 9.2 of this Agreement, in addition to Deposits allocation as established therein, all documents deposited in escrow will be returned to the Party who deposited them, and the defaulting Party will be required to pay any and all costs of terminating the escrow.

9.4 Termination by Either Buyer or Seller. If this transaction has not closed within two (2) years of the Effective Date, and if this Agreement has not already been terminated pursuant to Section 9.1 or Section 9.2 of this Agreement, then any time after two (2) years from the Effective Date, either the Buyer or Seller shall be entitled to terminate this Agreement upon 30 days' notice to the other Party, whereupon such termination, this Agreement shall become null and void and be of no further force and effect except for those provisions hereof that expressly survive termination. Notwithstanding Section 9.3, escrow funds shall be returned to the Buyer and documents shall be returned to the Parties. The Parties will share equally in the cost of terminating the escrow.

10. GENERAL PROVISIONS.

10.1. Amendments. Neither this Agreement nor any of the terms, conditions or representations contained herein may be modified, changed, amended or waived except by an appropriate writing executed by the Party against which the modification, change, amendment or waiver is sought.

10.2. Notices. All notices hereunder to the respective Parties shall be in writing and be delivered (i) by personal delivery on the Party to whom notice is to be given (in which case such notice will be deemed to have been duly given on the date of such personal delivery), (ii) by UPS, Federal Express or other generally accepted overnight courier service to the respective Parties at the addresses given below (in which case such notice will be deemed to have been duly given on the day of confirmed receipt by the Party to whom notice is to be given), or (iii) by prepaid, registered or certified United States mail to the respective Parties at the following addresses (in which case such notice will be deemed to have been given effective three (3) days after the date such notice has been deposited in the U.S. Mail as registered or certified mail):

If to Buyer:

City Manager
414 E. First Street
PO Box 970
Newberg, Or 97132
Email: _____

With copy to (which shall not constitute notice):

James Walker
City Attorney
414 E. First Street
PO Box 970
Newberg, Or 97132
Email: james.walker@millernash.com

If to Seller:

WestRock Northwest, LLC
1000 Abernathy Road NE
Atlanta, GA 30328
Email: _____

With required copy (by email only, and which shall not independently constitute notice):

Bert Collins, Director of Real Estate and Facilities (bert.collins@westrock.com)
Matt Roehm, Senior Counsel (matt.roehm@westrock.com)

With copy to (which shall not constitute notice):

Kirk Maag
Stoel Rives LLP
760 SW Ninth Ave Ste 3000
Portland, OR 97205
Email: kirk.maag@stoel.com

Either Party may change its address for the giving of written notice to the other Party in the manner set forth in this Section 10.2.

10.3. Headings; Construction and Interpretation. The headings in this Agreement are for purposes of reference only and shall not expand, contract or otherwise limit or define the meanings of the terms hereof. The terms “this Agreement,” “hereof,” “herein,” and similar expressions refer to this Agreement and not to any particular section hereof, and include any amendment or supplement hereto. Whenever this Agreement refers to a number of days, such number will refer to calendar days unless “business days” are expressly specified, in which case “business days” will mean all relevant calendar days other than and excluding Saturdays, Sundays, and legal holidays on which banks in the State of Oregon are not open for general business. If the time for performance of any of the terms, conditions, and provisions of this Agreement falls on a Saturday, Sunday, or legal holiday, then the time of the performance will be extended automatically to the next business day thereafter. Words used in this Agreement, regardless of the number and gender specifically used, are intended to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context requires. Wherever the words “include,” “including,” or “includes” appear in this Agreement, such words shall be deemed to be followed in all instances by the words “without limitation.” All sums of money referred to in this Agreement shall be calculated by, and be payable in, the lawful currency of the United States of America. Any reference in this Agreement to a specific provision of state or federal law shall be deemed to include all successor statutory provisions, and all administrative rules, regulations, and valid orders and interpretations of local, state, and federal governmental officials and agencies relating thereto. This Agreement has been negotiated with each Party having the opportunity to consult with legal counsel.

10.4. Controlling Law. This Agreement and any and all documents executed pursuant hereto will be construed and enforced in accordance with the laws of the State of Oregon, without regard to conflicts of law principles that would result in the application of the laws of any other jurisdiction. Any litigation shall be brought in the circuit court of the State of Oregon for Yamhill County.

10.5. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original hereof and will together constitute one and the same document. The Parties agree that delivery by facsimile or other electronic means of a signed counterpart of this Agreement will be deemed the same as delivery of the original counterpart. Upon request of the other Party, a Party delivering a facsimile or other electronic counterpart of this Agreement will provide to the requesting Party a signed original of this Agreement.

10.6. Attorney Fees and Costs. In the event suit or action is instituted to enforce or interpret any of the terms of this Agreement, or of any document required hereby, or to enforce any right arising out of or in any way connected with this Agreement, or any document required hereby, the prevailing Party will be entitled to recover from the other Party such sum as the court may adjudge reasonable as attorney fees both at trial and on appeal of such suit or action, in addition to all other sums provided by law, including reasonable title insurance company charges or fees and reasonable and necessary expert witness fee. The Parties will each bear their own costs and attorneys fees for the negotiation and execution of this Agreement.

10.7. Entire Agreement. This Agreement (including its exhibits and attachments) contains the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations and understandings of the Parties.

10.8. Time is of the Essence. The Parties agree that time is of the essence with respect to this Agreement.

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

THE CITY OF NEWBERG,
an Oregon municipal corporation

By:_____

Name:_____

Its:_____

WESTROCK NORTHWEST, LLC,
a Delaware limited liability company

By:_____

Name:_____

Its:_____

EXHIBIT “A”

WATER RIGHT CERTIFICATE 90014

[See attached]

EXHIBIT “B”

FINAL PROOF SURVEY

[See attached]

EXHIBIT “C”

FORM OF DEED

AFTER RECORDING, RETURN TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

QUITCLAIM DEED

WestRock Northwest, LLC, a Delaware corporation (Grantor), releases and quitclaims to **City of Newberg, an Oregon municipal corporation** (Grantee), the right, title and interest in and to Oregon Water Transfer T-XXXXX which modifies Certificate 90014, a copy of which is attached hereto as that Exhibit 1.

The true consideration for this conveyance is THREE MILLION ONE HUNDRED EIGHTY-FIVE THOUSAND FOUR HUNDRED THIRTY-FIVE AND NO/100 DOLLARS (\$3,185,435.00).

IN WITNESS WHEREOF, Grantor has executed this Quitclaim Deed this ____ day of _____, 20__.

GRANTOR:

WestRock Northwest, LLC

By: _____

Printed Name: _____

Its: _____

**EXHIBIT “1”
TO
DEED**

**Oregon Water Right Transfer T-XXXXX which modifies Certificate 90014 and
Executed Request for Assignment for Water Right Transfer T-XXXXX, and Proof of IL 1782
Termination**

[see attached certificate]