

Narrative for Wildcat Industrial Park

The Applicant, RE Asset Management, LLC (and its Principal Owner, Robert Miller) owns the following 3 contiguous parcels located at 6400 E. Route 66, Flagstaff, Arizona, 86004 totaling approximately 58 acres.

113-07-004 (40 acres)

113-07-003J (7.48 acres)

113-07-003L (10.22 acres)

The above referenced parcels have historically been used as a volcanic cinder mine since long before the City of Flagstaff was incorporated and long before the City of Flagstaff's adoption of a zoning ordinance. Despite the fact that the property contained a heavy industrial mining use prior to the City of Flagstaff's incorporation, the City zoned the property RR (rural residential) when the city incorporated and adopted its zoning ordinance. The property is located in one of the few areas located in the City of Flagstaff with an existing heavy industrial context.

Although the 3 parcels owned by RE Asset Management continue to be used for volcanic cinder mining purposes, there are portions of Parcel 113-07-004 and 113-07-003L that have been mined out such that there are no longer any materials left for mining. RE Asset Management, LLC has therefore re-habilitated portions of parcel 113-07-004 and 113-04-003L totaling 18.24 acres to allow for other types of heavy industrial uses to occur on that portion of the parcel.

In recent years, Principal Robert Miller of RE Asset Management, LLC has discovered there is a great need in the City of Flagstaff for Contractor Yard/storage yard space, especially for construction professional and other businesses that store items that are not appropriate to be stored in non-industrial areas of the city (i.e. repo vehicles and trailer storage, river-runner equipment, empty tank storage, etc.).

In fact, Mr. Miller has learned there is simply nowhere in the City of Flagstaff or Coconino County for many such small business professionals to store their construction materials, equipment, and vehicles, etc. This has forced many small business owners to

operate illegally out of their homes (or other non-industrial properties), leaving them vulnerable to complaints from residential neighbors as well as zoning enforcement proceedings by the City of Flagstaff and Coconino County.

Due to its location away from residential neighborhoods and near heavy industrial mining uses, the rehabilitated portions of 113-07-004/003L is an ideal location in the City of Flagstaff for the proposed usage. The following are some examples of small business owners who have approached RE Asset Management, LLC expressing interest in leasing space long term on the rehabilitated portion of Parcel 113-07-004/003L for yard space:

- | | |
|-------------------------------------|-----------------------------------|
| 1. Alpha Towing and Recovery | Repo Vehicles and Trailer Storage |
| 2. AZ Boxes, LLC | Refer Storage |
| 3. AZ Burrow Begone | Equipment Storage |
| 4. Bob Lee & Sons Tree Service Inc. | Lumber Storage and Processing |
| 5. Carter-Cardlock | Empty Fuel Tank Storage |
| 6. Carter Oil Company | Empty Fuel Tank Storage |
| 7. Envirotech Services, Inc. | Aggregate Storage |
| 8. High-Tech Transportation | Trucking Storage |
| 9. Maclin Truck & Trailer LLC | Trucking Storage |
| 10. Oothoudt Trucking | Trucking Storage |
| 11. Power Contracting | General Contracting Storage |
| 12. Recapturing America | Refer Storage |
| 13. Ricardo Landscaping | General Landscaper Storage |
| 14. Sweeter Excavating | General Contracting Storage |
| 15. Timber Peaks Construction, LLC | General Contracting Storage |
| 16. Tom Farrell Trucking | Trucking Storage |
| 17. Tonto Supply, LLC | General Equipment Storage |
| 18. X-Press Trux, Inc. | Trucking Storage |
| 19. Price Trucking | Trucking Storage |
| 20. Johnsons Towing | Repo Vehicles and Trailer Storage |
| 21. Brian Madeira | Repo Vehicles and Trailer Storage |
| 22. Economy Towing | Repo Vehicles and Trailer Storage |
| 23. Ryder Logistics | Trucking Storage |
| 24. MoenKopi River Works | General Equipment Storage |
| 25. 3 Peaks Mobile Home | Trailer Storage |

26. Robert Macklin
27. Quality Towing & Services

General Equipment Storage
Repo Vehicles and Trailer Storage

The property is located within an Employment Area pursuant to the Flagstaff Regional Plan 2030. From an employment perspective, the applicant estimates that each contractor or other business that will lease space long term at the proposed site employs approximately 10 people. With 15 approx. spaces for lease at the site, the proposed use could accommodate approximately 15 businesses that will likely employ approximately 150 or more employees. From an employment perspective, the proposed rezoning will support existing and future businesses that provide valuable employment opportunities to the citizens of the Flagstaff.

In consideration of the need for contractor yard space in the City of Flagstaff, as described above, RE Asset Management has been working with the City in an effort to rezone a portion of Parcel 113-07-004 from RR to Heavy Industrial to allow for contractor yards on the rehabilitated portion of the property. As part of the City's approval process, RE Asset Management, LLC has obtained City concept plan approval, city site plan approval, and is now proposing a zoning map amendment pursuant to the zoning map amendment application and City approved site plan.. Please note the following with regard to the approved site plan:

1. As shown on the plan, the proposed rehabilitated portions of 113-07-004/0031 to be used for contractor's/storage yards is 18.24 acres in size. This 18.24-acre portion of Applicant's parcel is the only portion of its property that is proposed to be rezoned to Heavy Industrial. To address Staff's concerns regarding the creation of a split zoned parcel, RE Asset Management, LLC will reconfigure 113-07-004 and 003L such that only one parcel will be zoned Heavy Industrial with the remaining parcels keeping its Rural Residential zoning. Mogollon Engineering has prepared a lot split/combination survey attached, which show specifically how RE Asset Management, LLC intends to reconfigure its parcels as mentioned. While RE Asset Management, LLC previously considered rezoning all of its property to heavy industrial, this will not be feasible due to the City of Flagstaff's development standards for mining (or quarrying uses), as well as possible concerns of the State Mining Inspector as to how those standards may conflict with those of the mining regulations of the State of Arizona. The historic mining operation will therefore

continue to be operated as a legal nonconforming use on the 2 remaining parcels that will not be rezoned by RE Asset Management, LLC.

2. The site plan depicts 15 contractor's/storage yards on the 18.24 acre site to be rezoned. Individual yards will be delineated with fencing and the size of each yard can be adjusted with fencing based upon an individual contractor's need for space. Based upon demand for space, the actual number of yards may increase or decrease from 15 as needed in the future after the project has been approved.
3. Access to the property is proposed via the public E. Route 66 to and via a road that the RE Asset Management licenses from the City of Flagstaff. A copy of this license is enclosed herewith (LIC 2018-078-AG1).
4. Although RE Asset Management, LLC does not intend to use it (except for emergencies), the Coconino National Forest Service has issued the enclosed Private Road Special Use permit providing secondary access to the site onto Rt. 66. This secondary access is shown on the concept plan.
5. Due to the extreme topography in the area which would require sewer to be installed approx. 35 feet deep at certain locations, as well as the distance required to connect to the nearest usable public sewer, RE Asset Management has met with City of Flagstaff Utilities, which has agreed to support a waiver for sewer improvements under the city's "boonies clause". City of Flagstaff Utilities has agreed that the proposed contractor's yards are low impact (sewer wise) and that the 3 existing septic systems on the site are adequate for the proposed use. Additionally, City of Flagstaff Utilities has concurred that vault and haul systems could be established in the future if desired by RE Asset Management, LLC to accommodate sewer needs. City utilities has issued the enclosed Water and Sewer Impact Analysis dated 12/2/2019 confirming that a sewer extension will not be required for this project.
6. The City of Flagstaff is in the process of planning the construction of a 12-inch water main in E. Route 66 from Test Dr. to N. El Paso Road. City of Flagstaff Utilities Engineering Manager Ryan Roberts has informed the Applicant that this extension will be completed by June of 2021. RE Asset Management and its General Contractor, Warren Smith Contracting, are working to install an 8 inch water line from its property to connect into the city's new water main. RE Asset

Management, LLC has bonded for and obtained a permit from the City to ensure this work will be completed. Fire Hydrants are also proposed as shown on the approved plan, in addition to 3 water meter services being installed at RE Asset Management's property. City utilities has issued the enclosed Water and Sewer Impact Analysis dated 12/2/2019 confirming that a sewer extension will not be required for this project.

7. No permanent structures are proposed to be constructed as part of the rezoning.
8. A landscape buffer is not being proposed to buffer adjacent neighboring parcels that are zoned RR. The City's requirement for buffering will be accomplished with elevation changes, fencing, as well as distancing the proposed use from neighboring RR zoned properties in the manner shown on the attached concept plan.
9. There is an existing 3000 sf approx. shop building on the property being rezoned as depicted on the site plan. The shop building is a concrete block structure with concrete floors. It consists of two main truck bays. One bay is currently used for fixing heavy equipment and the other bay serves as a parts room with supplies for heavy equipment. Photos of the interior and exterior of this building is attached. This building will remain on the property and continue to be used by the owner in connection with the mining operation and for the proposed contractor yard use. It may be rented in the future to potential lessees of a particular contractor/storage yard.
10. There is an existing 1200 sf approx. Double Wide Mobile Office on the property being rezoned as depicted on the site plan. This structure shall be used as an office and sales room for the mining operation. There is a bathroom, four offices, a file closet, and sales area with customer transaction windows separating employees from customer. This building will remain on the property may be used in connection with the mining operation and/or may be leased to a potential lessee of a proposed contractor/storage yard use.

REGIONAL PLAN ANALYSIS

The Regional Land use and Transportation Plan has designated the site subject to rezoning as an "Employment Area". The proposed use of contractor's and storage yards conforms

to the policies of the “Employment Area” designation and an analysis of conformance to the Regional Plan is listed below:

Goal LU. 15. Plan for and encourage employee-intensive uses throughout the area as activity centers, corridors, research and development offices, business parks, and light industrial areas to encourage efficient infrastructure and multimodal commuting.

Applicant Comments:

The proposed contractor yards will allow the small business professionals described above and employees of same to operate businesses legally in the city on an intensive use basis, thereby allowing their businesses to succeed (further providing for significant employment opportunities for Flagstaff residents). The proposed site will serve as a small activity center where construction employees and business owners can store and access materials, equipment, and vehicles, etc. Transportation via construction vehicles to construction sites throughout Flagstaff is one form of multi-modal commuting. This form of commuting is required by a certain segment of society and the proposed contractor’s yards will provide a location for those types of vehicles to be legally parked and stored. Having a centralized legal location for this use will benefit businesses and employees.

The construction of the waterline including fire hydrants and other improvements associated with this project (fire hydrants) encourages efficient infrastructure and brings waterline infrastructure into an area of Flagstaff that needs it. Other properties and property owners in the area will benefit from the water line extension and will also help to make their properties developable in accordance with the regional plan.

The proposed use allows businesses to condense their equipment at one location reducing the number of business and vehicular trips across town thereby encouraging efficient infrastructure and multimodal commuting.

Policy LU.15.1 Encourage the grouping of medical and professional offices, light industrial, research, and skill training with other necessary workforce services and transportation services.

The proposal helps in line with grouping heavy industrial mining uses, with contractor and storage yard uses. The property is in the vicinity of the City of Flagstaff Wildcat Treatment plant, Flagstaff Mall, Flagstaff Auto Mall, Truck and auto Repair, Big Box Stores (ie. Home depot, Best Buy, etc.), Purina Dog Food, commercial and office activity on Route 66, Trucking and Auto Repair Shop. Public Transportation services are provided in this area. Skill training will be ongoing for employees at the proposed site.

Further Comments regarding LU 15 and 15.1

As stated above, the property is located within an Employment Area pursuant to the Flagstaff Regional Plan 2030. From an employment perspective, the applicant estimates that each contractor or other business that will lease space at the proposed site employs approximately 10 people. With 15 approx. spaces for lease at the site, the proposed use could accommodate approximately 15 businesses that will likely employ approximately 150 or more employees. From an employment perspective, the proposed rezoning will support existing and future businesses that provide valuable employment opportunities to the citizens of the Flagstaff. The business an employment activity created from the proposed use will support other businesses in the area. Contractors from the site will no doubt purchase equipment from Home Depot and will likely purchase vehicles and use auto repair services from the nearby auto mall, etc. Nearby restaurants, auto repair, retail, and commercial centers will also benefit from the proposed use economically thereby promoting the creation of future employment opportunities by other businesses in the area of the subject property. By grouping the proposed use in the vicinity of an area that includes such business diversity professional offices, light industrial, transportation services and other businesses will also be supported.

Policy LU.15.2. Consider the compatible integration of residential uses and proposed employment centers to reduce vehicle trips and commute times.

Locating construction vehicles, equipment, and materials, etc. at the proposed site away from residential neighborhoods, in a centralized location, will help to keep industrial uses and industrial traffic out of residential areas. The site is also conveniently located inside Flagstaff City limits providing for a fast commute for employees and business owners who are commuting to and from the proposed site to access materials, vehicles, etc. From a planning standpoint, 15.2 is a conflicting policy. Mixing residential and industrial uses in this area is discouraged to reduce nuisances (noise, traffic,

dust pollution from the mine, etc.) and preserve the heavy industrial context for necessary industries **This is a conflicting policy.**

Policy 15.3 Incorporate the neighborhood/support retail and other commercial uses, including childcare facilities with new and renovated employment centers.

These uses are not appropriate because of the heavy industrial nature of the area.

Policy 15.4. Accommodate safe and convenient walking, biking, and transit facilities in existing and proposed employment centers.

RE Asset Management will coordinate with the City of Flagstaff to accommodate pedestrian/biking paths (including FUTS) facilities and transit facilities on or near RE Asset Management, LLC's property.

Goal LU.16. Establish heavy industrial areas that provide for the manufacturing of goods, flexible space, and intermodal facilities that are well maintained, attractive and compatible with adjoining nonindustrial uses.

As stated above, the size and number of contractor yards on the site can be adjusted based upon market need, thereby providing flexible space for contractors and construction professionals in Flagstaff. The property is in the vicinity of a mine and the City of Flagstaff Wildcat Sewer Treatment Plant and far away from City of Flagstaff residential neighborhoods. The proposed site is an ideal location for the proposed use and is compatible with the surrounding area. The site will be constantly managed by RE Asset Management to ensure the property is well maintained in an attractive manner suitable for the area and for nearby nonindustrial uses.

Policy LU.16.1 Encourage the continued intensification, expansion, and protection of existing industrial, warehousing, and distribution uses from encroachment where appropriate.

The property is a historic mine. The proposed heavy industrial use at the mine location encourages existing industrial uses from encroachment.

Policy LU.16.2. Ensure new industrial areas are compatible with surrounding areas.

As stated, the property is in the vicinity of a mine and the City of Flagstaff Wildcat Sewer Treatment Plant and is located far away from city of Flagstaff residential neighborhoods. The proposed site is an ideal location for the proposed use.

Policy LU.16.3. Locate new industrial areas near the rail line, major highways or the interstate, and ensure they are designed to be compatible with surrounding uses and gateway features.

- The property is located near I-40 and the Santa Fe Railroad. As stated above, the proposed use is compatible with surrounding uses.

Policy LU 16.4. Limit the impacts of truck traffic on residential areas.

For the reasons stated above, there will not be any impacts from truck traffic on residential areas. The site is located far away from residential area in perhaps the most rural area of the City of Flagstaff.

Policy LU 16.5. Consider all health impacts on the community in the design of new industrial uses, such as wastewater treatment, traffic safety, noise, and other impacts.

Additional Goals and Policies addressed in the regional plan:

Air Quality Goals and Policies (Chapter IV Environmental Planning and Conservation)

E&C.1.2 Pursue reduction of total emissions of high priority pollutants from commercial and industrial sources and area-wide smoke emissions:

Comment: The proposed use of leasing storage space does not create pollution. The Storage facility will not be responsible for the type of vehicles stored.

E&C 1.3 Encourage strategies and partnerships to mitigate dust:

Comment: The roadways are constructed from recycled asphalt aggregate for the specific purpose of mitigating dust pollution. The contractor yard portion of the property shall be covered with a cinder base to prevent dust. The Cinder base also shall serve to keep the ground from becoming muddy.

E&C 2.1 Encourage the reduction of all energy consumption, especially fossil-fuel generated energy, in public, commercial, industrial, residential sectors.

Comment: The proposed use allows businesses to condense their equipment at one location reducing the number of business and vehicular trips across town thereby supporting a reduction in energy consumption and fossil fuels.

Water Demand Goals

WR 3.2 Favor low-water consuming businesses and industries over water intensive uses

Comment: The proposed use does not require any water with exception for water needed for fire protection. The proposed use is therefore a very low water consuming use.

Stormwater and Watershed Management Goals and Policies

WR 5.3 Identify downstream impacts as a result of development and provide for mitigation measures to address impacts. When possible, mitigations should be non-structural in nature.

Comment: City Storm water staff has approved the applicant's proposed storm water plans on 6/4/2020. Onsite drainage designed to be retained on site and will be collected in the norther east corner of the property being rezoned and will percolate and

evaporate onsite. The applicant will have leases with each contractor and lessee of contractor yards whereby each lessee will be restricted from storing hazardous liquids onsite. Further, Lessees will be required in the least to maintain their vehicles, etc. such that they do not leak or spill contaminants on the property. The applicant and the applicant's staff will also monitor the site regularly to ensure lessees are complying with these provisions.

Renewable Energy Goals and Resources:

E.2.4 Encourage small scale renewable energy production and use on the local level on appropriate residential, commercial and industrial parcels.

Comment: The proposed use is primarily for storage of equipment and items and therefore requires little energy. If a contractor needs energy, they can use a generator on an as needed basis. Further, as the applicant mines and rehabilitates his adjacent cinder mine, the applicant has future ambitions of developing a 4 acre approx. site on future rehabilitated property with a solar farm. Contractors/lessee's would then have the ability to use solar power on the property. In the meantime, Contractors will be allowed and encouraged to use their own solar equipment if they need energy. Also, as stated above, as the applicant mines and rehabilitates his adjacent cinder mine, the applicant has future ambitions of developing a 4 acre approx. site on future rehabilitated property for solar farm purposes. Contractors/lessee's would then have the ability to use solar power on the property. In the meantime, Contractors will be allowed and encouraged to use their own solar equipment.

Mobility and Access Goals

T1.3 Transportation Systems are consistent with the place, type, and needs of people:

Comment: The proposed use allows businesses to condense their equipment at one location reducing the number of business and vehicular trips across town. The industrial site is appropriately located away from residences and neighborhoods thereby not impacting residential areas. City staff is not requiring any off-site traffic improvements.

Environmental Considerations Goals and Policies

T.3.6 Seek to minimize noise, dust, vibration, and light impacts of transportation Projects on nearby land uses.

Comment: The project is located adjacent to a volcanic cinder mine and the city's Wildcat treatment plant. The site is also located across the street from the railroad. Noise and vibration occurring on the site will not be a nuisance. There is no lighting proposed so there will be no impacts from lighting.

Goal ED.3 Regional Economic development partners support the start-up, retention, and expansion of existing business enterprise (see response under 3.1 below):

ED 3.1 Encourage regional economic Development partners to continue proactive programs to foster the retention and expansion of existing enterprises and home-based businesses in the community.

Comment: By providing the much-needed storage space to business in need of it, will help to foster the retention and expansion of existing enterprise. It will also help to allow more business owners and their employees to work from home while storing commercial and heavy industrial equipment at an appropriate industrial location.

Comment: We have discussed this case with the City of Flagstaff's Business Retention and expansion manager. John Saltonstall, AZED Pro. In regard to this case, he stated verbatim in an email to the applicant's representative dated 7-21-2020, "As our industrial lands are converted to other uses, it is increasingly difficult for all types of industrial businesses to operate in Flagstaff." In reviewing the list of above list of businesses interested in leasing space at the processed site, he further stated "Seeing that you (the applicant) already have a list of businesses that have expressed interest to you (the applicant) for the storage yard is compelling and ELIMNATES doubt whether the yard makes sense or not, WHICH IT DOES."

ED 3.5 Advocate the economic sustainability and growth of businesses with opportunities for transitional commercial with opportunities for transitional space, leased space, and property ownership.

Comment: The proposed rezoning provides leased space for businesses in dire need of such space thereby promoting economic sustainability and business growth. It also helps to provide opportunities for transitional commercial by giving them transitional space should they be looking for a permanent location to own.

ED 3.8 Protect existing business and industrial land from encroachment and allow for their expansion.

Comment: The leased space provided helps to allow existing businesses to expand without individually having to purchase expensive property just for storage. Existing businesses need more space to expand, and the proposed use provides them with more space. The property subject to the rezoning has always been an industrial site, by keeping the property industrial and providing much needed leased space for businesses in an industrial location will help to protect other existing businesses and industrial land in Flagstaff from being encroached upon.

Business Attraction Goals and policies

Goal ED.4 Support efforts to recruit diverse new businesses and industries with the region:

Comment: The proposed use will help to recruit new businesses and industries by giving them a place to store their materials, vehicles, and goods. It will help new businesses to be recruited in the area and succeed.

ED4.4 Identify and support community resources that assist new businesses such as work force housing, marketing, building processes, venture capital, financing, and management:

Comment: The proposed use is a community resource benefitting the businesses in the community with space to store their items to assist new business such as those referenced in policy ED4.4.

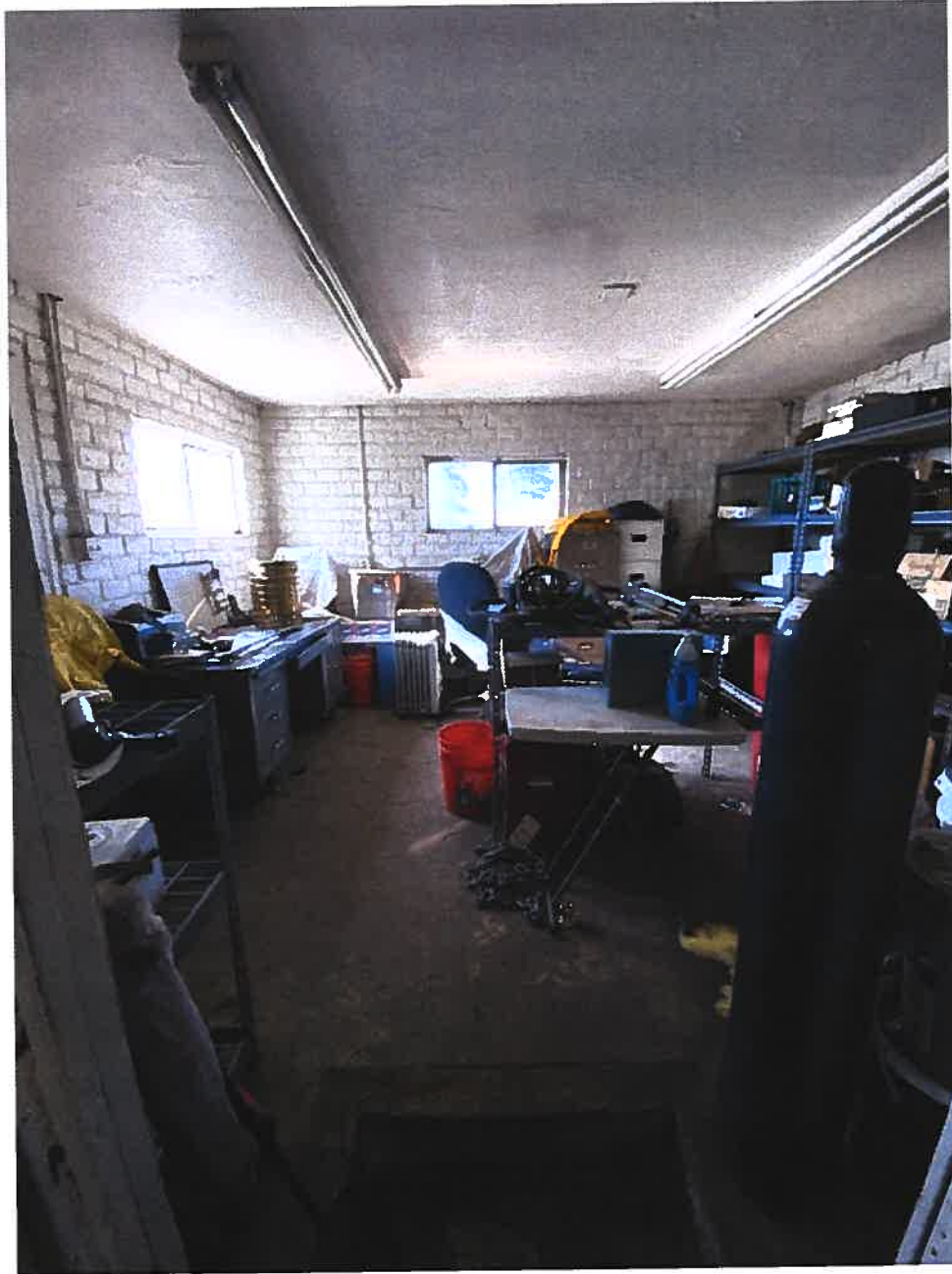
ED 4.5 In an effort to promote the sustainability of resources, the city will encourage all new and expanded commercial and industrial development to be energy and water efficient.

Comment: As stated above, the proposed use requires little energy (if any) and no water use.

The proposed use is a heavy industrial use to be located in a heavy industrial area. There will be no impact other than positive health impacts to the area by bringing waterline infrastructure and other infrastructure to the site.

In consideration of the foregoing, RE Asset Management, LLC hereby respectfully requests the enclosed Site plan application and future rezoning/zoning map amendment application be approved.

Shop Building



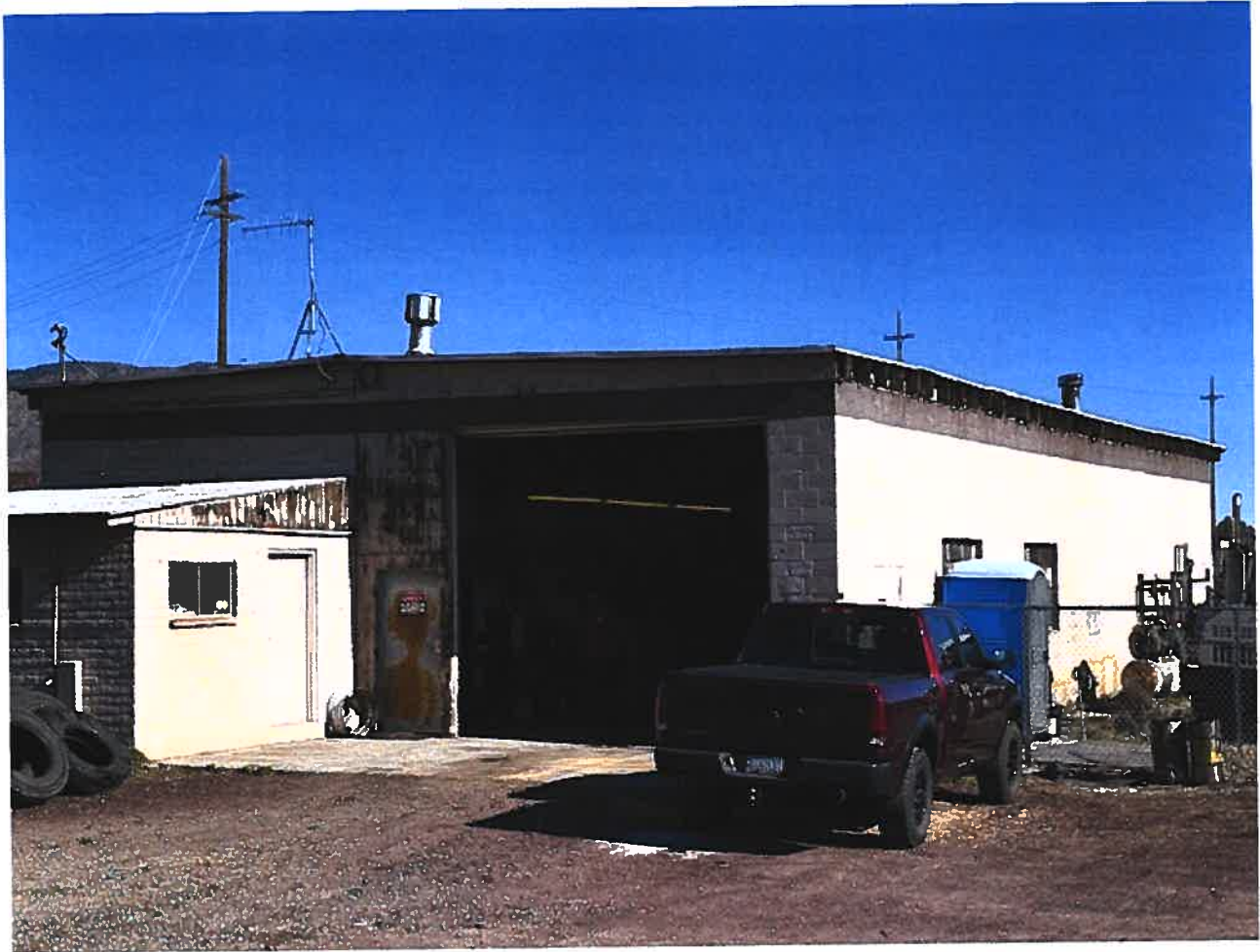
Shop Building



Shop Building



Shop Building



Double Wide Mobile Office



Double Wide Mobile office



Double Wide Mobile Office



Double Wide Mobile Office



Double Wide Mobile Office



INDEX #: LIC-2018-078-AG1

(Assigned by Clerk's Office)

DOCUMENT TRACKING FORM

Please submit to Deputy City Clerk

Document(s) will not be processed until form is complete

Submitted for: Signatures Completed Original for scanning/filing CHANGES (Include Index #)

REMINDERS

- ◆ Fill in all dates/blanks
- ◆ Outside parties should sign first (when possible)
- ◆ Tab signature/notarization lines
- ◆ Include one (1) original for City Clerk's Office
- ◆ Attach all exhibits
- ◆ Legal must review/approve prior to routing

DOCUMENT TYPE: Contract Development Agreement IGA Grant
 Lease/Property License Agreement MOU Reclaimed Water
 Other

Change Order/Amendment to: _____ Prior Index No. _____ C.O./Amend. No. _____

Document Title CROSS-ACCESS LICENSE AGREEMENT

Parties RE ASSET MANAGEMENT, LLC

Project/Subject SHARED ACCESS ROAD (WILDCAT HILL WASTEWATER TREATMENT PLANT SITE)

Amount: _____ Eff. Date: UPON SIGNATURES Expires: 10 YEARS

Approved by Council? Yes No If yes, date of meeting: _____ (Attach copy of approved staff summary)

LEASE/PROPERTY USE ONLY

Execution Date: _____ Term: Notice: _____ Adjustment Date: _____

Index Factor: _____ MR Billing/ Acc: # _____ Revenue Acc: _____

Maintenance: Lessee Lessor Other _____ Reports: Annual Semi-Annual Other _____

Automatic Renewals? Yes No If renewal(s) available, City Attorney's Office must complete following box

Conditions of renewal(s) including authority _____

INSURANCE? Yes No If yes, attach Certificate of Insurance approved by Risk Management

Warranty? Yes No N/A If yes, length of time? _____ Expiration Date: _____

Submitted By: CHARITY LEE Date Submitted: 10/3/2017 No. of Originals: 1

Key Contact: CHARITY LEE Department: REAL ESTATE Extension: X 2072

Comments: _____

Handwritten signature and date: 10/3/17

DELIVERABLES? No Yes (if yes, attach deliverables sheet)

CITY CLERK'S OFFICE USE ONLY

DATE RECEIVED: 10-03-2017

To City Attorney: _____ Date Signed: _____

To City Manager: _____ Date Signed: _____

To Mayor: _____ Date Signed: _____

To City Clerk: _____ Date Signed: _____

To Recorder: _____ Date Returned: _____

No. of Originals Returned: _____ Date Scanned: _____

Returned to: _____ Signature _____ Date _____

CROSS-ACCESS LICENSE AGREEMENT

THE CITY OF FLAGSTAFF
and
RE ASSET MANAGEMENT, LLC

This Cross-Access License Agreement (the "Agreement") is made this 4 day of October, 2017 by and between the CITY OF FLAGSTAFF, Arizona, an Arizona municipal corporation (the "City") and RE ASSET MANAGEMENT, LLC, an Arizona limited liability company ("Business Owner").

RECITALS

A. The CITY OF FLAGSTAFF is the owner of property identified as Coconino County Assessor parcel number(s) 113-07-001D and 113-07-002A, located at 2800 North El Paso Road, Flagstaff, Arizona ("City Property"). This City Property is the site of the City of Flagstaff Wildcat Hill Wastewater Treatment Plant.

B. RE ASSET MANAGEMENT LLC is the owner of property identified as Coconino County Assessor parcel number 113-07-004, located at 6500 East Route 66, Flagstaff, Arizona ("Business Owner Property"). The Business Owner owns and operates a mining business on the Business Owner Property.

C. A physical road is present and has been used by both parties for many years to access their respective properties ("the Shared Access Road.") A map showing the road in relation to the City Property and Business Owner Property is attached hereto as Exhibit A and incorporated by reference.

D. The parties currently do not have recorded legal rights to cross each other's properties, and in addition to this Agreement, are considering long term options for legal access rights.

NOW, THEREFORE, the parties agree as follows:

1. Grant of License; Description of Use

The City hereby grants non-exclusive license to Business Owner to use that portion of the Shared Access Road that lies within City Property for ingress and egress to the Business Owner's Property for business operations purposes.

The Business Owner hereby grants a non-exclusive license to City to use that portion of the Shared Access Road that lies within Business Owner Property for ingress and egress to the City for City operations purposes.

2. Term of Agreement

This Agreement will be effective from the date of the last signature for a period of ten (10) years, unless terminated earlier by one of the parties pursuant to Section 3, below. This Agreement may be extended for additional years as determined by both parties upon renewal.

3. Modification and Termination Clause

- 3.1 This Agreement may be modified only by a written instrument executed by duly authorized representatives of the parties.
- 3.2 Either party may terminate this Agreement by providing the other party with ninety (90) days' advance written notice. In the event that one party provides the other party with notice of its intention to terminate, the parties will meet promptly to discuss the reasons for the notice and try to resolve their differences.

4. Maintenance of Shared Access Road

During the term of this Agreement Business Owner will maintain the Shared Access Road in good condition, and provide for snow removal.

5. Indemnification

Each party (as "Indemnitor") agrees to indemnify, defend, and hold harmless the other party (as "Indemnitee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (collectively referred to as "Claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such claims which result in vicarious/derivative liability to the Indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers.

6. Assignment Prohibited This license is a personal right to the City and Business Owner and is not subject to assignment without the written consent of both parties, which consent shall not be unreasonably withheld.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

CITY OF FLAGTAFF

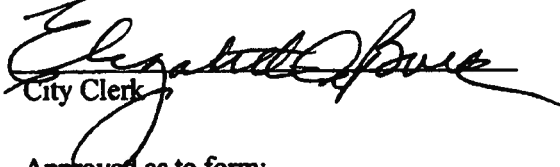
RE ASSET MANAGEMENT LLC


Josh Copley, City Manager

Name: Clarence E Morgan
Title: Vice-President
Dated: Oct 3, 2017

Dated: 10/4/17

Attest:


City Clerk

Approved as to form:


City Attorney

Attachment: Exhibit A

S:\Legal\Civil Matters\2017\2017-201 Cross-Access License for N El Paso Road\Cross Access License with RE Asset Mgmt 5-15-17.docx

Exhibit A



Auth ID: PEA0605
Contact ID: REASSETS
Expiration Date: 12/31/2019
Use Code: 753

FS-2700-4c (03/06)
OMB No. 0596-0082

**U.S. DEPARTMENT OF AGRICULTURE
FOREST SERVICE**

**PRIVATE ROAD SPECIAL USE PERMIT
AUTHORITY:**

FEDERAL LAND POLICY AND MGMT ACT, AS AMENDED October 21, 1976

RE ASSETS LLC, C/O ED MORGAN PO BOX 30326, FLAGSTAFF, AZ 86003 (hereafter called the Holder) is hereby authorized to use National Forest lands for the construction, reconstruction, maintenance, and use of a road within the Coconino National Forest for the following purposes:

ACCESS TO PRIVATE PROPERTY

The lands covered by this permit are located in the County of Coconino, State of Arizona and are described as follows:
Sec. 9, T. 21 N., R. 8 E., GILA AND SALT RIVER MERIDIAN

This permit covers a right-of-way 200 feet in length, 40 feet in width, containing approximately .18 acres, and is located upon the ground according to the survey line, figures, measurements, widths, and other references shown on the map or plat attached hereto as exhibits A & B and made a part hereof.

This permit is made subject to the following terms, provisions, and conditions:

1. This permit is subject to all existing easements and valid rights existing on this date.
2. The Holder in exercising the privileges granted by this permit shall comply with all applicable State and Federal laws, Executive Orders, and Federal rules and regulations, and shall comply with all State standards for public health and safety, environmental protection, and siting construction, operation, maintenance of or for rights-of-way for similar purposes if those standards are more stringent than applicable Federal standards.
3. The Holder shall cut no timber except as authorized by construction stipulations or maintenance agreements.
4. The Holder shall provide maintenance so that no damage occurs on adjacent National Forest land. The Holder shall construct and maintain lead-off drainage and water barriers as necessary to prevent erosion.
5. Holder shall pay the United States for all injury, loss, or damage, including fire suppression costs, in accordance with Federal and State laws.
6. Holder shall indemnify the United States for any and all injury, loss, or damage, including fire suppression costs the United States may suffer as a result of claims, demands, losses, or judgments caused by the Holder's use or occupancy under this permit.
7. Holder shall pay annually in advance a sum determined by the Forest Service to be the fair market value of the use authorized by this permit. The initial payment is set at \$70.50 or the remainder of the calendar year. Payments for each subsequent calendar year shall be the amount of \$70.50 adjusted using the Implicit Price Deflator-Gross National Product index (IPD-GNP), or other factor selected by the Forest Service, to reflect more nearly the current fair market value of the use. At intervals to be determined by certain changes in the indexes used to establish the linear rights-of-way fee schedule, the fee shall be reviewed and adjusted as necessary to assure that it is commensurate with the value of the rights and privileges authorized. Failure of the Holder to pay the annual payment, late charges, or other fees or charges shall cause the permit to terminate.
8. Pursuant to 31 U.S.C. 3717, et seq., interest shall be charged on any fee amount not paid within 30 days from the date the fee or fee calculation financial statement specified in this authorization becomes due. The rate of interest assessed shall be the higher of the rate of the current value of funds to the U.S. Treasury (i.e., Treasury tax and loan account rate), as prescribed and published by the Secretary of the Treasury in the Federal Register and the Treasury Fiscal Requirements Manual Bulletins annually or quarterly or at the Prompt Payment Act rate. Interest on the principal shall accrue from the date the fee or fee calculation financial statement is due.

In the event the account becomes delinquent, administrative costs to cover processing and handling of the delinquency will be assessed.

A penalty of 6 percent per annum shall be assessed on the total amount delinquent in excess of 90 days and shall accrue from the same date on which interest charges begin to accrue.

Payments will be credited on the date received by the designated collection officer or deposit location. If the due date for the fee or fee calculation statement falls on a non-workday, the charges shall not apply until the close of business on the next workday.

Disputed fees are due and payable by the due date. No appeal of fees will be considered by the Forest Service without full payment of the disputed amount. Adjustments, if necessary, will be made in accordance with settlement terms or the appeal decision.

If the fees become delinquent, the Forest Service will:

Liquidate any security or collateral provided by the authorization.

If no security or collateral is provided, the authorization will terminate and the holder will be responsible for delinquent fees as well as any other costs of restoring the site to its original condition including hazardous waste cleanup.

Upon termination or revocation of the authorization, delinquent fees and other charges associated with the authorization will be subject to all rights and remedies afforded the United States pursuant to 31 U.S.C. 3711 et seq. Delinquencies may be subject to any or all of the following conditions:

Administrative offset of payments due the holder from the Forest Service.

Delinquencies in excess of 60 days shall be referred to United States Department of Treasury for appropriate collection action as provided by 31 U.S.C. 3711 (g), (1).

The Secretary of the Treasury may offset an amount due the debtor for any delinquency as provided by 31 U.S.C. 3720, et seq.)

9. All construction or reconstruction of the road shall be in accordance with plans, specifications, and written stipulations approved by the Forest Service prior to beginning such construction or reconstruction.

10. The Holder shall repair fully all damage to National Forest roads and trails caused by the exercise of the privileges granted by this permit.

11. The United States may use the roads without cost for all purposes deemed necessary or desirable in connection with the protection and administration of the lands or resources of the United States, provided that it will use the road for commercial hauling purposes, other than the removal of timber cut in construction or maintenance of the road or other occasional incidental use, only after arranging to pay or perform its pro rata share of road maintenance.

12. The Forest Service alone may extend rights and privileges for use of the road constructed on the premises to other non-Federal users provided that such users shall pay a fair share of the current replacement cost less depreciation of the road to the holder, and reconstruct the road as necessary to accommodate their use.

13. The Forest Service retains the right to occupy and use the right-of-way and to issue or grant rights-of-way for land uses, for other than road purposes, upon, over, under, and through the permit area provided that the occupancy and use do not interfere unreasonably with the rights granted herein.

14. The Forest Service shall have the right to cross and re-cross the premises and road at any place by any reasonable means and for any purpose in such manner as does not interfere unreasonably with use of the road.

15. The Holder shall maintain the right-of-way clearing by means of chemicals only after the Forest Supervisor has given specific written approval. Application for such approval must be in writing and must specify the time, method, chemicals, and the exact portion of the right-of-way to be chemically treated.

16. Unless sooner terminated, or revoked by the Regional Forester, this permit shall expire and terminate on 12/31/2019. At that time, if the holder still needs the road for the purposes for which this permit is granted, the permit will be reissued for a period of 10 years (or the estimated remaining life of the project, whichever is less). At the time of reissuance, the terms and conditions may be modified and new conditions or stipulations added at the discretion of the Forest Service.

17. This permit may be terminated or suspended upon breach of any of the conditions herein, or revoked at the discretion of the Issuing Officer.

18. Upon termination or revocation of this special-use authorization, the Holder shall remove within a reasonable time the structures and improvements and shall restore the site to a condition satisfactory to the authorized officer, unless otherwise waived in writing or in the authorization. If the Holder fails to remove the structures or improvements within a reasonable period, as determined by the authorized officer, they shall become the property of the United States, but this does not relieve the Holder from liability for the removal and site restoration costs.

19. Nonexclusive Use and Public Access. Unless expressly provided for in additional terms, use of the permit area is not exclusive. The Forest Service reserves the right to use or allow others to use any part of the permit area, including roads, for any purpose, provided, such use does not materially interfere with the holder's authorized use. A final determination of conflicting uses is reserved to the Forest Service.

20. Forest Service Right of Entry and Inspection. The Forest Service has the right of unrestricted access of the permitted area or facility to ensure compliance with laws, regulations, and ordinances and the terms and conditions of this permit.

21. Liability. For purposes of this section, "holder" includes the holder's heirs, assigns, agents, employees, and contractors.

A. The holder assumes all risk of loss to the authorized improvements.

B. The holder shall indemnify, defend, and hold the United States harmless for any violations incurred under any such laws and regulations or for judgments, claims, or demands assessed against the United States in connection with the holder's use or occupancy of the property. The holder's indemnification of the United States shall include any loss by personal injury, loss of life or damage to property in connection with the occupancy or use of the property during the term of this permit. Indemnification shall include, but is not limited to, the value of resources damaged or destroyed; the costs of restoration, cleanup, or other mitigation; fire suppression or other types of abatement costs; third party claims and judgments; and all administrative, interest, and other legal costs. This paragraph shall survive the termination or revocation of this authorization, regardless of cause.

C. The holder has an affirmative duty to protect from damage the land, property, and interests of the United States.

D. In the event of any breach of the conditions of this authorization by the holder, the Authorized Officer may, on reasonable notice, cure the breach for the account at the expense of the holder. If the Forest Service at any time pays any sum of money or does any act which will require payment of money, or incurs any expense, including reasonable attorney's fees, in instituting, prosecuting, and/or defending any action or proceeding to enforce the United States rights hereunder, the sum or sums so paid by the United States, with all interests, costs and damages shall, at the election of the Forest Service, be deemed to be additional fees hereunder and shall be due from the holder to the Forest Service on the first day of the month following such election.

E. With respect to roads, the holder shall be proportionally liable for damages to all roads and trails of the United States open to public use caused by the holder's use to the same extent as provided above, except that liability shall not include reasonable and ordinary wear and tear.

F. The Forest Service has no duty to inspect the permit area or to warn of hazards and, if the Forest Service does inspect the permit area, it shall incur no additional duty nor liability for identified or non-identified hazards. This covenant may be enforced by the United States in a court of competent jurisdiction.

22. Members of Congress. No Member of or Delegate to Congress or Resident Commissioner shall benefit from this permit either directly or indirectly, except when the authorized use provides a general benefit to a corporation.

23. Appeals and Remedies. Any discretionary decisions or determinations by the authorized officer are subject to the appeal regulations at 36 CFR 251, Subpart C, or revisions thereto.


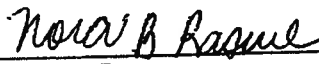
24. Assignability. This authorization is not assignable or transferable. If Holder, through death, voluntary transfer, enforcement of contract, foreclosure, or other valid legal proceeding shall cease to be owner of the above-described real property accessed by the authorized road, this authorization will terminate.

25. Superior Clauses. In the event of any conflict between any of the preceding printed clauses or any provision thereof and any of the following clauses or any provision thereof, the preceding printed clauses shall control.

26. Cultural Resources Protection (D001RO). The holder, contractor, or lessee shall be responsible for the protection from damage of all identified cultural resources within the area which may be affected by their actions. In addition, the holder, contractor, or lessee shall be liable for all damage or injury to the identified cultural resources caused by their actions. The holder, contractor, or lessee shall immediately notify the agency Project Administrator if any damage occurs to any cultural resource and immediately halt work in the area in which damage has occurred until approval to proceed has been granted by the Project Administrator after consultation with the Forest Archeologist. All provisions of the Region 3 Cultural Resources Damage Assessment Handbook are incorporated by reference herein.

27. Native American Grave Protection and Repatriation Act (X003RO). Pursuant to the Native American Grave Protection and Repatriation Act (NAGPRA) 25 USC 3002(d); 43 CFR Part 10.4, if any human remains, funerary objects, sacred objects, or objects of cultural patrimony are discovered during the course of ground disturbing activity, the holder will immediately cease activity in the area of the discovery and will make a reasonable effort to protect the remains and objects. The holder will provide immediate telephone notification of the discovery to the Forest Service, and will follow up with written confirmation to the authorized officer. The holder will not resume the activity that resulted in the discovery until the authorized officer gives written approval. Approval to resume the activity, if otherwise lawful, will be given thirty (30) days after certification by the authorized officer of the holder's written confirmation of the discovery, or at any time that a written binding agreement is executed between the Forest Service and the affiliated tribes adopting a recovery plan for the remains and objects.

In Witness Whereof, the parties hereto have caused this authorization to be duly executed on this day of Month/Year.

Holder By:  for RE ASSETS LLC	USDA - Forest Service 5 1 2009 By:  Name Nora B. Rasure Forest Supervisor Coconino National Forest
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According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0598-0082. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call toll free (866) 632-9992 (voice). TDD users can contact USDA through local relay or the Federal relay at (800) 877-8339 (TDD) or (866) 377-8642 (relay voice). USDA is an equal opportunity provider and employer.

The Privacy Act of 1974 (5 U.S.C. 552a) and the Freedom of Information Act (5 U.S.C. 552) govern the confidentiality to be provided for information received by the Forest Service.

Private access road
T21N, R8E, Section 9
EXHIBIT B

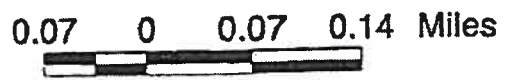
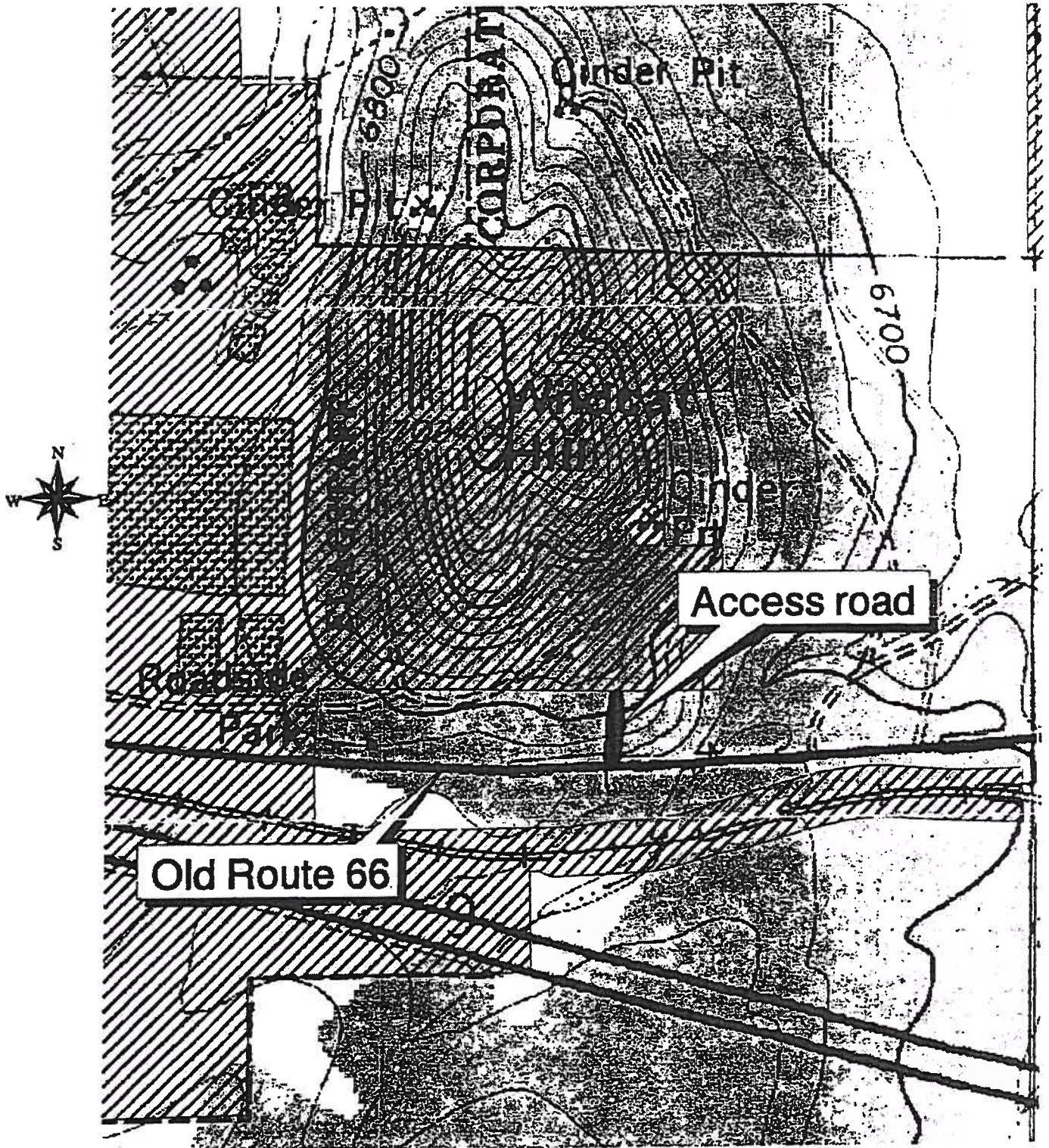


EXHIBIT A ROAD MAINTENANCE OPERATIONS

General Specifications

All work shall be performed in a professional manner. Personnel and equipment shall be capable of performing the work. Using a tow-able drag is not permitted under this special use permit.

The maintenance work to be performed shall include grading and shaping the roadway and shoulders; cleaning and shaping the drainage ditches, grade dips and water bars; cleaning out catch basins, inverts, interior and outlets of culverts; removal of limbs, brush and obstructions; and the cleaning and shaping of lead-off ditches.

In general, the roadway and shoulder shall be shaped so that the centerline is crowned and a transverse slope of approximately 2% is attained toward each shoulder. In some cases, out sloping may be permitted if authorized by the Forest Service. Maintain existing crown. All berms either new or existing shall be removed from the roadway shoulder to the maximum extent possible. Only short lengths of berms will be permitted to remain on roadways, not to exceed 12 feet where protruding stumps at shoulder level or outlets to culverts prohibit removal. The only exception to this will be on roads where berms have been incorporated into design to prevent erosion of fill slopes.

The blading shall proceed in an orderly fashion by successive passes with a grader parallel to the road centerline, progressing from the lower side to the upper side of the roadway and back across. In the process, all ruts shall be filled and a crown formed on the roadway. Portions of roadways, when excessive ruts or corrugation exist, when ruts or corrugation are 3" deep or more, shall be flat bladed before pulling ditches.

Fines dislodged in blading roadways shall not be wasted over shoulders of roads; these fines shall be incorporated in plating of existing roadbed. Rocks over 3 inches shall be wasted over shoulders away from outlets of culverts, travelway and ditchline.

Ditch blading shall consist of removing slough, road surfacing material, large rocks, and other obstructions. Care shall be taken to not widen or deepen the ditch. Widened roadway sections at curves, fill and turnouts shall also be included in the blading of the roadway. The shoulder line shall be definite, continuous and smooth, with no abrupt changes in alignment.

The blading shall maintain the roadway width as existing. Cutting backslope or increasing the slope of the shoulder shall not increase Road widths.

Cleaning Culverts and Ditches

The upper and lower ends, as well as the inside of existing culverts, for a minimum distance of 2 feet shall be thoroughly cleaned to provide unobstructed flow to and from the culverts. Limbs, brush and all other types of trash on backslope within 5 feet of inlet and outlet of culverts shall be removed.

Catch basins shall be cleaned of excess material above the flow line of culverts or above the floor of concrete or masonry catch basins, the discharge end of culverts shall be cleared of material to the elevation of culvert outlets for a distance of 5 feet.

Dikes (ditch blocks) for intercepting flow of water on a sidehill installation shall be no higher than the culverts diameter and in any case, lower than shoulder of road.

Ditches – All roadway ditches, lead off ditches from culverts or cut sections, and lead in ditches shall be cleaned of any material that would obstruct the flow. The work is to be accomplished so that reasonable conformance to previous line, grade, and cross section will be achieved.

Grade Dips – Grade dips shall be maintained so as to be of sufficient depth and width to adequately drain away from roadway. Grade dips shall be maintained in accordance with attached drawing.

Removal of Obstructions

Removal of trees, limbs, brush and obstructions shall be limited to those that are within 3 feet of the travelway, obstructing the driver's sight distance. Limbs will be pruned next to trunk of trees with exception of portions of overhanging limbs. Material removed shall be scattered outside the road prism.

Public Safety

The blade operator shall exercise due caution and care when operating to prevent undue conflict with public users of roads.

A reflectorized "Slow Moving" vehicle emblem shall be attached to all motor patrols and at least on amber flashing warning lamp visible from front and rear. Lamp shall flash in unison and be mounted as high as possible on cab of motor grader.

The blade operator shall post warning signs with flags on either end of the section being worked to warn the road users of the work in progress.

Snow Removal

Snow removal shall be done in a manner to preserve and protect the roads, to insure safe and efficient transportation, and prevent erosion damage to roads, streams and adjacent lands.

Description:

- a. Removal of snow from the entire road surface width including turnouts.
- b. Removal of snow slides, earth slides, fallen timber and boulders that obstruct normal road surface width.
- c. Removal of snow, ice and debris from ditches and culverts so that the drainage system will function efficiently at all times.

Performances:

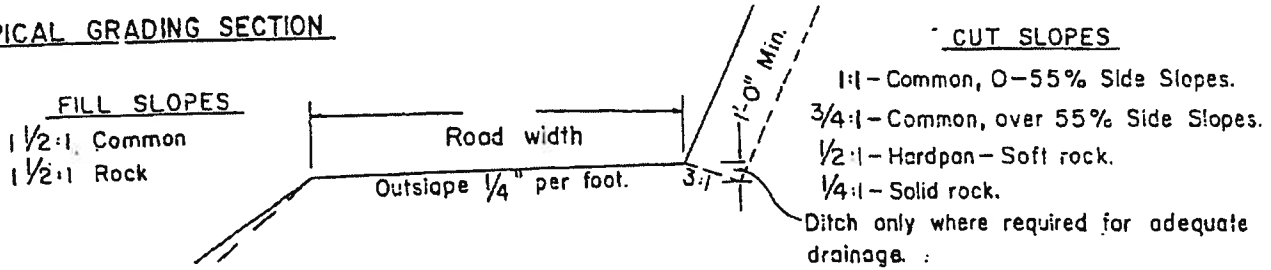
- a. During snow removal operations, banks shall not be undercut nor shall or other selected surface material be bladed off the roadway surface.
- b. Ditches and culverts shall be kept functional during and following roadway use.
- c. Snow berms shall not be left on the road surface without written approval of the Forest Service.
- d. Dozers shall not be used to plow snow on Forest Service roads without written approval.
- e. Damage from, or as a result of snow removal shall be restored in a timely manner by the permittee.

U.S. FOREST SERVICE — REG. NO. 3 EXHIBIT A
 MINIMUM STANDARDS FOR SINGLE LANE FAIR WEATHER ROAD

DESIGN CRITERIA

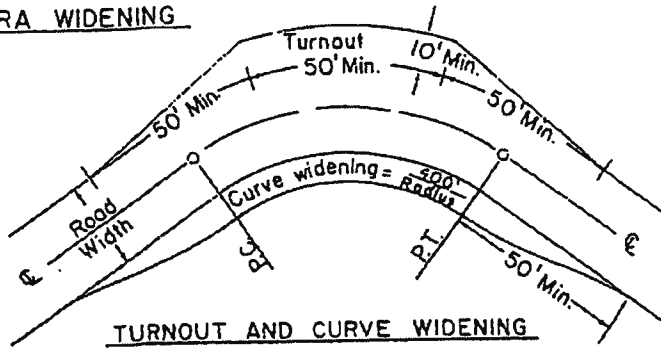
Grade — Maximum of 8% unless approved in writing by the Forest Service.
 *Alignment — Minimum radius 50 ft.

TYPICAL GRADING SECTION



Side cast on contour grade line permitted except where topography is so broken that designed end haul is necessary to obtain reasonable minimum alignment standard.

EXTRA WIDENING



WIDENING ON FILL

Height of fill at Shoulder	Widen each Shoulder
0' - 6' (1 1/2:1 Fill Slopes)	1' - 0"
Over 6' (1 1/2:1 Fill Slopes)	2' - 0"

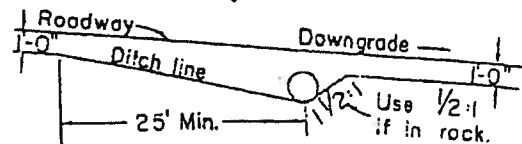
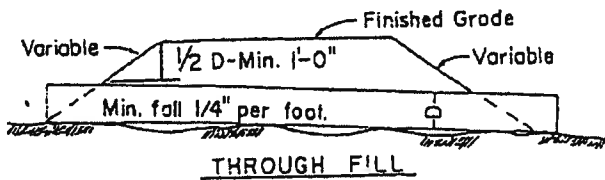
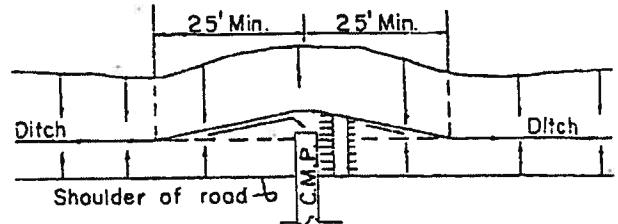
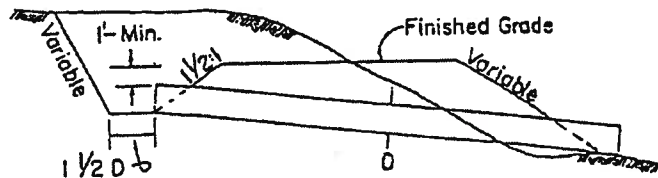
TURNOUT SPACING

Turnouts to be located on blind curves and supplemented between blind curves as necessary to keep spacing less than 1,000 ft.

SURFACING

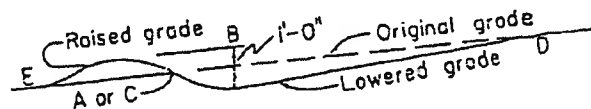
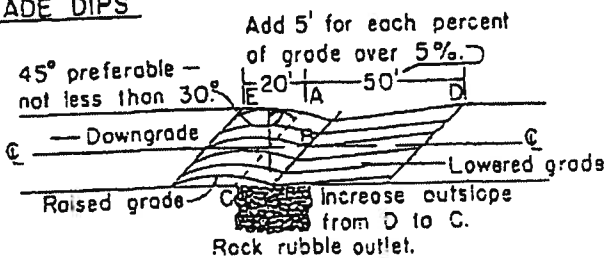
Spot surface with selected material where needed.

CULVERTS



All culverts must discharge at natural ground level unless slope under pipe is protected by rock fill. Gradient of culverts on Sidehill Installation not less than approaching ditch gradient.

GRADE DIPS



Grade Dips may be used in lieu of culverts ordinarily used for ditch relief.

For spacing of Grade Dips and Ditch Relief Culverts see F.S.M. 5613.54.

Auth ID: PEA0605
Contact ID: REASSETS
Expiration Date: 12/31/2019
Use Code: 753

FS-2700-4c (03/06)
OMB No. 0596-0082

**U.S. DEPARTMENT OF AGRICULTURE
FOREST SERVICE**

**PRIVATE ROAD SPECIAL USE PERMIT
AUTHORITY:**

FEDERAL LAND POLICY AND MGMT ACT, AS AMENDED October 21, 1976

RE ASSETS LLC, C/O ED MORGAN PO BOX 30326, FLAGSTAFF, AZ 86003 (hereafter called the Holder) is hereby authorized to use National Forest lands for the construction, reconstruction, maintenance, and use of a road within the Coconino National Forest for the following purposes:

ACCESS TO PRIVATE PROPERTY

The lands covered by this permit are located in the County of Coconino, State of Arizona and are described as follows:
Sec. 9, T. 21 N., R. 8 E., GILA AND SALT RIVER MERIDIAN
This permit covers a right-of-way 200 feet in length, 40 feet in width, containing approximately .18 acres, and is located upon the ground according to the survey line, figures, measurements, widths, and other references shown on the map or plat attached hereto as exhibits A & B and made a part hereof.

This permit is made subject to the following terms, provisions, and conditions:

1. This permit is subject to all existing easements and valid rights existing on this date.
2. The Holder in exercising the privileges granted by this permit shall comply with all applicable State and Federal laws, Executive Orders, and Federal rules and regulations, and shall comply with all State standards for public health and safety, environmental protection, and siting construction, operation, maintenance of or for rights-of-way for similar purposes if those standards are more stringent than applicable Federal standards.
3. The Holder shall cut no timber except as authorized by construction stipulations or maintenance agreements.
4. The Holder shall provide maintenance so that no damage occurs on adjacent National Forest land. The Holder shall construct and maintain lead-off drainage and water barriers as necessary to prevent erosion.
5. Holder shall pay the United States for all injury, loss, or damage, including fire suppression costs, in accordance with Federal and State laws.
6. Holder shall indemnify the United States for any and all injury, loss, or damage, including fire suppression costs the United States may suffer as a result of claims, demands, losses, or judgments caused by the Holder's use or occupancy under this permit.
7. Holder shall pay annually in advance a sum determined by the Forest Service to be the fair market value of the use authorized by this permit. The initial payment is set at \$70.50 or the remainder of the calendar year. Payments for each subsequent calendar year shall be the amount of \$70.50 adjusted using the Implicit Price Deflator-Gross National Product index (IPD-GNP), or other factor selected by the Forest Service, to reflect more nearly the current fair market value of the use. At intervals to be determined by certain changes in the indexes used to establish the linear rights-of-way fee schedule, the fee shall be reviewed and adjusted as necessary to assure that it is commensurate with the value of the rights and privileges authorized. Failure of the Holder to pay the annual payment, late charges, or other fees or charges shall cause the permit to terminate.
8. Pursuant to 31 U.S.C. 3717, et seq., interest shall be charged on any fee amount not paid within 30 days from the date the fee or fee calculation financial statement specified in this authorization becomes due. The rate of interest assessed shall be the higher of the rate of the current value of funds to the U.S. Treasury (i.e., Treasury tax and loan account rate), as prescribed and published by the Secretary of the Treasury in the Federal Register and the Treasury Fiscal Requirements Manual Bulletins annually or quarterly or at the Prompt Payment Act rate. Interest on the principal shall accrue from the date the fee or fee calculation financial statement is due.

In the event the account becomes delinquent, administrative costs to cover processing and handling of the delinquency will be assessed.

A penalty of 6 percent per annum shall be assessed on the total amount delinquent in excess of 90 days and shall accrue from the same date on which interest charges begin to accrue.

Payments will be credited on the date received by the designated collection officer or deposit location. If the due date for the fee or fee calculation statement falls on a non-workday, the charges shall not apply until the close of business on the next workday.

Disputed fees are due and payable by the due date. No appeal of fees will be considered by the Forest Service without full payment of the disputed amount. Adjustments, if necessary, will be made in accordance with settlement terms or the appeal decision.

If the fees become delinquent, the Forest Service will:

Liquidate any security or collateral provided by the authorization.

If no security or collateral is provided, the authorization will terminate and the holder will be responsible for delinquent fees as well as any other costs of restoring the site to its original condition including hazardous waste cleanup.

Upon termination or revocation of the authorization, delinquent fees and other charges associated with the authorization will be subject to all rights and remedies afforded the United States pursuant to 31 U.S.C. 3711 et seq. Delinquencies may be subject to any or all of the following conditions:

Administrative offset of payments due the holder from the Forest Service.

Delinquencies in excess of 60 days shall be referred to United States Department of Treasury for appropriate collection action as provided by 31 U.S.C. 3711 (g), (1).

The Secretary of the Treasury may offset an amount due the debtor for any delinquency as provided by 31 U.S.C. 3720, et seq.)

9. All construction or reconstruction of the road shall be in accordance with plans, specifications, and written stipulations approved by the Forest Service prior to beginning such construction or reconstruction.

10. The Holder shall repair fully all damage to National Forest roads and trails caused by the exercise of the privileges granted by this permit.

11. The United States may use the roads without cost for all purposes deemed necessary or desirable in connection with the protection and administration of the lands or resources of the United States, provided that it will use the road for commercial hauling purposes, other than the removal of timber cut in construction or maintenance of the road or other occasional incidental use, only after arranging to pay or perform its pro rata share of road maintenance.

12. The Forest Service alone may extend rights and privileges for use of the road constructed on the premises to other non-Federal users provided that such users shall pay a fair share of the current replacement cost less depreciation of the road to the holder, and reconstruct the road as necessary to accommodate their use.

13. The Forest Service retains the right to occupy and use the right-of-way and to issue or grant rights-of-way for land uses, for other than road purposes, upon, over, under, and through the permit area provided that the occupancy and use do not interfere unreasonably with the rights granted herein.

14. The Forest Service shall have the right to cross and re-cross the premises and road at any place by any reasonable means and for any purpose in such manner as does not interfere unreasonably with use of the road.

15. The Holder shall maintain the right-of-way clearing by means of chemicals only after the Forest Supervisor has given specific written approval. Application for such approval must be in writing and must specify the time, method, chemicals, and the exact portion of the right-of-way to be chemically treated.

16. Unless sooner terminated, or revoked by the Regional Forester, this permit shall expire and terminate on 12/31/2019. At that time, if the holder still needs the road for the purposes for which this permit is granted, the permit will be reissued for a period of 10 years (or the estimated remaining life of the project, whichever is less). At the time of reissuance, the terms and conditions may be modified and new conditions or stipulations added at the discretion of the Forest Service.

17. This permit may be terminated or suspended upon breach of any of the conditions herein, or revoked at the discretion of the Issuing Officer.

18. Upon termination or revocation of this special-use authorization, the Holder shall remove within a reasonable time the structures and improvements and shall restore the site to a condition satisfactory to the authorized officer, unless otherwise waived in writing or in the authorization. If the Holder fails to remove the structures or improvements within a reasonable period, as determined by the authorized officer, they shall become the property of the United States, but this does not relieve the Holder from liability for the removal and site restoration costs.

19. **Nonexclusive Use and Public Access.** Unless expressly provided for in additional terms, use of the permit area is not exclusive. The Forest Service reserves the right to use or allow others to use any part of the permit area, including roads, for any purpose, provided, such use does not materially interfere with the holder's authorized use. A final determination of conflicting uses is reserved to the Forest Service.

20. **Forest Service Right of Entry and Inspection.** The Forest Service has the right of unrestricted access of the permitted area or facility to ensure compliance with laws, regulations, and ordinances and the terms and conditions of this permit.

21. **Liability.** For purposes of this section, "holder" includes the holder's heirs, assigns, agents, employees, and contractors.

A. The holder assumes all risk of loss to the authorized improvements.

B. The holder shall indemnify, defend, and hold the United States harmless for any violations incurred under any such laws and regulations or for judgments, claims, or demands assessed against the United States in connection with the holder's use or occupancy of the property. The holder's indemnification of the United States shall include any loss by personal injury, loss of life or damage to property in connection with the occupancy or use of the property during the term of this permit. Indemnification shall include, but is not limited to, the value of resources damaged or destroyed; the costs of restoration, cleanup, or other mitigation; fire suppression or other types of abatement costs; third party claims and judgments; and all administrative, interest, and other legal costs. This paragraph shall survive the termination or revocation of this authorization, regardless of cause.

C. The holder has an affirmative duty to protect from damage the land, property, and interests of the United States.

D. In the event of any breach of the conditions of this authorization by the holder, the Authorized Officer may, on reasonable notice, cure the breach for the account at the expense of the holder. If the Forest Service at any time pays any sum of money or does any act which will require payment of money, or incurs any expense, including reasonable attorney's fees, in instituting, prosecuting, and/or defending any action or proceeding to enforce the United States rights hereunder, the sum or sums so paid by the United States, with all interests, costs and damages shall, at the election of the Forest Service, be deemed to be additional fees hereunder and shall be due from the holder to the Forest Service on the first day of the month following such election.

E. With respect to roads, the holder shall be proportionally liable for damages to all roads and trails of the United States open to public use caused by the holder's use to the same extent as provided above, except that liability shall not include reasonable and ordinary wear and tear.

F. The Forest Service has no duty to inspect the permit area or to warn of hazards and, if the Forest Service does inspect the permit area, it shall incur no additional duty nor liability for identified or non-identified hazards. This covenant may be enforced by the United States in a court of competent jurisdiction.

22. **Members of Congress.** No Member of or Delegate to Congress or Resident Commissioner shall benefit from this permit either directly or indirectly, except when the authorized use provides a general benefit to a corporation.

23. **Appeals and Remedies.** Any discretionary decisions or determinations by the authorized officer are subject to the appeal regulations at 36 CFR 251, Subpart C, or revisions thereto.



24. **Assignability.** This authorization is not assignable or transferable. If Holder, through death, voluntary transfer, enforcement of contract, foreclosure, or other valid legal proceeding shall cease to be owner of the above-described real property accessed by the authorized road, this authorization will terminate.

25. **Superior Clauses.** In the event of any conflict between any of the preceding printed clauses or any provision thereof and any of the following clauses or any provision thereof, the preceding printed clauses shall control.

26. Cultural Resources Protection (D001RO). The holder, contractor, or lessee shall be responsible for the protection from damage of all identified cultural resources within the area which may be affected by their actions. In addition, the holder, contractor, or lessee shall be liable for all damage or injury to the identified cultural resources caused by their actions. The holder, contractor, or lessee shall immediately notify the agency Project Administrator if any damage occurs to any cultural resource and immediately halt work in the area in which damage has occurred until approval to proceed has been granted by the Project Administrator after consultation with the Forest Archeologist. All provisions of the Region 3 Cultural Resources Damage Assessment Handbook are incorporated by reference herein.

27. Native American Grave Protection and Repatriation Act (X003RO). Pursuant to the Native American Grave Protection and Repatriation Act (NAGPRA) 25 USC 3002(d); 43 CFR Part 10.4, if any human remains, funerary objects, sacred objects, or objects of cultural patrimony are discovered during the course of ground disturbing activity, the holder will immediately cease activity in the area of the discovery and will make a reasonable effort to protect the remains and objects. The holder will provide immediate telephone notification of the discovery to the Forest Service, and will follow up with written confirmation to the authorized officer. The holder will not resume the activity that resulted in the discovery until the authorized officer gives written approval. Approval to resume the activity, if otherwise lawful, will be given thirty (30) days after certification by the authorized officer of the holder's written confirmation of the discovery, or at any time that a written binding agreement is executed between the Forest Service and the affiliated tribes adopting a recovery plan for the remains and objects.

In Witness Whereof, the parties hereto have caused this authorization to be duly executed on this day of Month/Year.

Holder By:  for RE ASSETS LLC	USDA - Forest Service 5 1 2009 June By:  Name Nora B. Rasure Forest Supervisor Coconino National Forest
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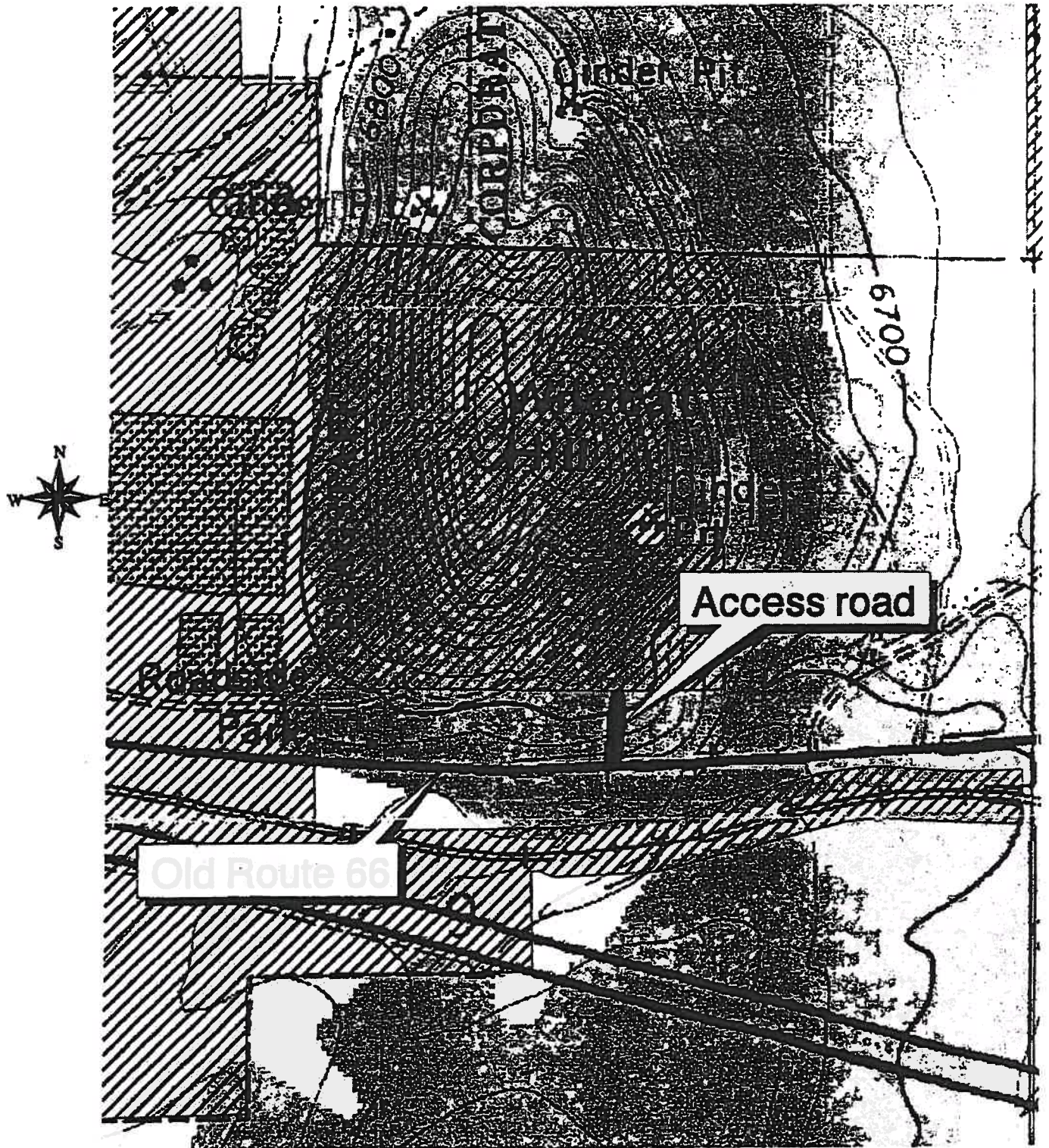
According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0598-0082. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-8410 or call toll free (866) 632-9992 (voice). TDD users can contact USDA through local relay or the Federal relay at (800) 877-8339 (TDD) or (866) 377-8642 (relay voice). USDA is an equal opportunity provider and employer.

The Privacy Act of 1974 (5 U.S.C. 552a) and the Freedom of Information Act (5 U.S.C. 552) govern the confidentiality to be provided for information received by the Forest Service.

Private access road
T21N, R8E, Section 9
EXHIBIT B



0.07 0 0.07 0.14 Miles

EXHIBIT A ROAD MAINTENANCE OPERATIONS

General Specifications

All work shall be performed in a professional manner. Personnel and equipment shall be capable of performing the work. Using a tow-able drag is not permitted under this special use permit.

The maintenance work to be performed shall include grading and shaping the roadway and shoulders; cleaning and shaping the drainage ditches, grade dips and water bars; cleaning out catch basins, inverts, interior and outlets of culverts; removal of limbs, brush and obstructions; and the cleaning and shaping of lead-off ditches.

In general, the roadway and shoulder shall be shaped so that the centerline is crowned and a transverse slope of approximately 2% is attained toward each shoulder. In some cases, out sloping may be permitted if authorized by the Forest Service. Maintain existing crown. All berms either new or existing shall be removed from the roadway shoulder to the maximum extent possible. Only short lengths of berms will be permitted to remain on roadways, not to exceed 12 feet where protruding stumps at shoulder level or outlets to culverts prohibit removal. The only exception to this will be on roads where berms have been incorporated into design to prevent erosion of fill slopes.

The blading shall proceed in an orderly fashion by successive passes with a grader parallel to the road centerline, progressing from the lower side to the upper side of the roadway and back across. In the process, all ruts shall be filled and a crown formed on the roadway. Portions of roadways, when excessive ruts or corrugation exist, when ruts or corrugation are 3" deep or more, shall be flat bladed before pulling ditches.

Fines dislodged in blading roadways shall not be wasted over shoulders of roads; these fines shall be incorporated in plating of existing roadbed. Rocks over 3 inches shall be wasted over shoulders away from outlets of culverts, travelway and ditchline.

Ditch blading shall consist of removing slough, road surfacing material, large rocks, and other obstructions. Care shall be taken to not widen or deepen the ditch. Widened roadway sections at curves, fill and turnouts shall also be included in the blading of the roadway. The shoulder line shall be definite, continuous and smooth, with no abrupt changes in alignment.

The blading shall maintain the roadway width as existing. Cutting backslope or increasing the slope of the shoulder shall not increase Road widths.

Cleaning Culverts and Ditches

The upper and lower ends, as well as the inside of existing culverts, for a minimum distance of 2 feet shall be thoroughly cleaned to provide unobstructed flow to and from the culverts. Limbs, brush and all other types of trash on backslope within 5 feet of inlet and outlet of culverts shall be removed.

Catch basins shall be cleaned of excess material above the flow line of culverts or above the floor of concrete or masonry catch basins, the discharge end of culverts shall be cleared of material to the elevation of culvert outlets for a distance of 5 feet.

Dikes (ditch blocks) for intercepting flow of water on a sidehill installation shall be no higher than the culverts diameter and in any case, lower than shoulder of road.

Ditches – All roadway ditches, lead off ditches from culverts or cut sections, and lead in ditches shall be cleaned of any material that would obstruct the flow. The work is to be accomplished so that reasonable conformance to previous line, grade, and cross section will be achieved.

Grade Dips – Grade dips shall be maintained so as to be of sufficient depth and width to adequately drain away from roadway. Grade dips shall be maintained in accordance with attached drawing.

Removal of Obstructions

Removal of trees, limbs, brush and obstructions shall be limited to those that are within 3 feet of the travelway, obstructing the driver's sight distance. Limbs will be pruned next to trunk of trees with exception of portions of overhanging limbs. Material removed shall be scattered outside the road prism.

Public Safety

The blade operator shall exercise due caution and care when operating to prevent undue conflict with public users of roads.

A reflectorized "Slow Moving" vehicle emblem shall be attached to all motor patrols and at least on amber flashing warning lamp visible from front and rear. Lamp shall flash in unison and be mounted as high as possible on cab of motor grader.

The blade operator shall post warning signs with flags on either end of the section being worked to warn the road users of the work in progress.

Snow Removal

Snow removal shall be done in a manner to preserve and protect the roads, to insure safe and efficient transportation, and prevent erosion damage to roads, streams and adjacent lands.

Description:

- a. Removal of snow from the entire road surface width including turnouts.
- b. Removal of snow slides, earth slides, fallen timber and boulders that obstruct normal road surface width.
- c. Removal of snow, ice and debris from ditches and culverts so that the drainage system will function efficiently at all times.

Performances:

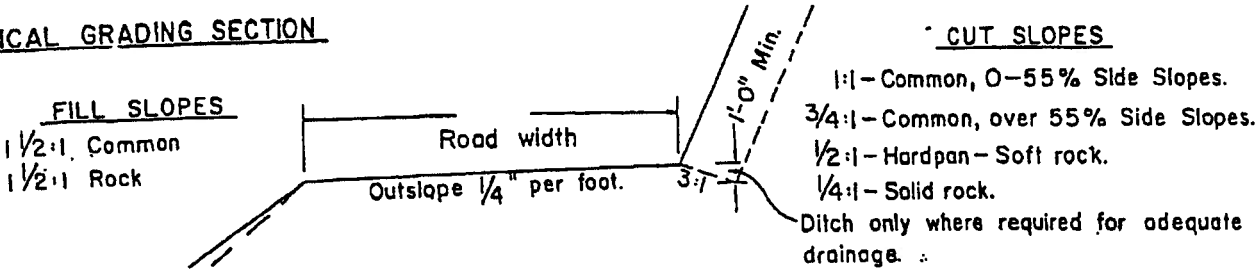
- a. During snow removal operations, banks shall not be undercut nor shall or other selected surface material be bladed off the roadway surface.
- b. Ditches and culverts shall be kept functional during and following roadway use.
- c. Snow berms shall not be left on the road surface without written approval of the Forest Service.
- d. Dozers shall not be used to plow snow on Forest Service roads without written approval.
- e. Damage from, or as a result of snow removal shall be restored in a timely manner by the permittee.

U.S. FOREST SERVICE — REG. NO. 3 EXHIBIT A
MINIMUM STANDARDS FOR SINGLE LANE FAIR WEATHER ROAD

DESIGN CRITERIA

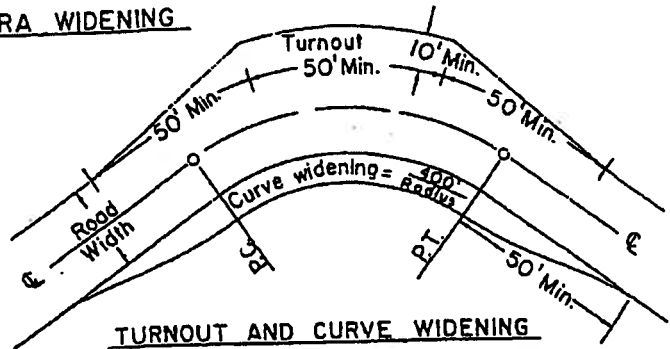
- Grade — Maximum of 8% unless approved in writing by the Forest Service.
- Alignment — Minimum radius 50 ft.

TYPICAL GRADING SECTION



Side cast on contour grade line permitted except where topography is so broken that designed end haul is necessary to obtain reasonable minimum alignment standard.

EXTRA WIDENING



WIDENING ON FILL

Height of fill at Shoulder	Widen each Shoulder
0' – 6' (1 1/2:1 Fill Slopes)	1' – 0"
Over 6' (1 1/2:1 Fill Slopes)	2' – 0"

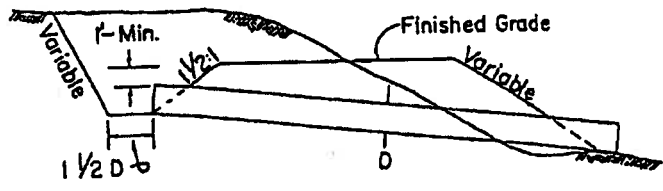
TURNOUT SPACING

Turnouts to be located on blind curves and supplemented between blind curves as necessary to keep spacing less than 1,000 ft.

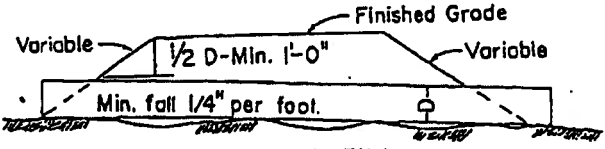
SURFACING

Spot surface with selected material where needed.

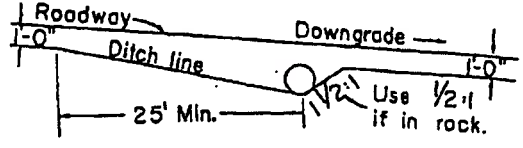
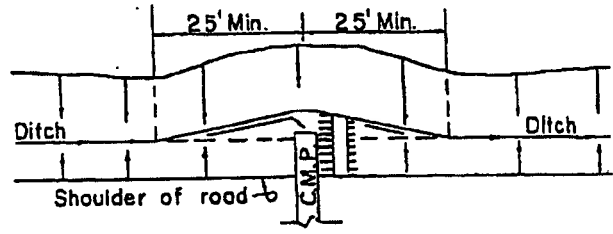
CULVERTS



SIDEHILL INSTALLATION



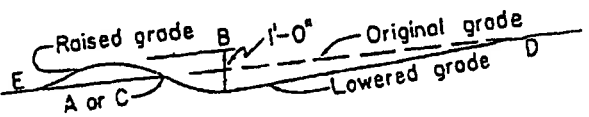
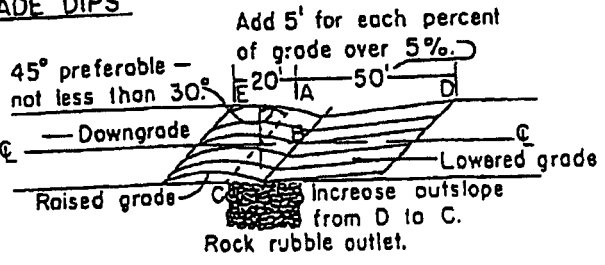
THROUGH FILL



SIDEHILL INSTALLATION

All culverts must discharge at natural ground level unless slope under pipe is protected by rock fill. Gradient of culverts on Sidehill Installation not less than approaching ditch gradient.

GRADE DIPS



Grade Dips may be used in lieu of culverts ordinarily used for ditch relief. For spacing of Grade Dips and Ditch Relief Culverts see F.S.M. 5613.54.