

AGENDA
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

DATE: November 19, 2020

TIME: Closed Session – 5:00 P.M.
Special Session – 6:00 P.M.

PLACE: Join Zoom Meeting
<https://us02web.zoom.us/j/3432860852>

Meeting ID: 343 286 0852
One tap mobile
(669) 900-9128, 343 286 0852# US

1. Call to Order Closed Session at 5:00 P.M.

2. Public Comment

Note: This portion of the Agenda allows the public to speak to the Board on the closed session items. Each speaker is limited to speak for a period of three (3) minutes regarding each item on the Closed Session Agenda. The three (3) minute time limit may not be transferred to other speakers. The three (3) minute time limit for each speaker may be extended by the President of the Board of Commissioners or the Presiding Member of the Board of Commissioners.

3. Move to Closed Session

- a) CONFERENCE WITH REAL PROPERTY NEGOTIATORS. Terms of potential lease of real property on the Samoa Peninsula, Humboldt County, with Assessor's Parcel Numbers, 401-112-021 and 401-111-006 California pursuant to California Government Code § 54956.8. District negotiators: Larry Oetker, Executive Director and Ryan Plotz, District Counsel. Negotiating party: Chris Brungardt, RTI Infrastructure, INC. Under negotiation: price and payment terms.
- b) CONFERENCE WITH REAL PROPERTY NEGOTIATORS. Terms of potential purchase of real property with Assessor's Parcel Number 401-111-006 on the Samoa Peninsula, Humboldt County, California pursuant to California Government Code § 54956.8. District negotiators: Larry Oetker, Executive Director. Negotiating party: Simpson Paper Company. Under negotiation: price and payment terms.
- c) CONFERENCE WITH REAL PROPERTY NEGOTIATORS. Terms of potential purchase of real property with Assessor's Parcel Number 401-112-021 on the Samoa Peninsula, Humboldt County, California pursuant to California Government Code § 54956.8.

Agenda for November 19, 2020 Special Board Meeting

District negotiators: Larry Oetker, Executive Director. Negotiating party: Green Cloud Inc. Under negotiation: price and payment terms.

4. Call to Order Special Session at 6:00 P.M. and Roll Call

5. Pledge of Allegiance

6. Report on Closed Session

7. Public Comment

*Note: This portion of the Agenda allows the public to speak to the Board on the **various issues NOT itemized on this Agenda.** Pursuant to the Brown Act, the Board may not take action on any item that does not appear on the Agenda. Each speaker is limited to speak for a period of three (3) minutes regarding each item on the Agenda. Each speaker is limited to speak for a period of three (3) minutes during the PUBLIC COMMENT portion of the Agenda regarding items of special interest to the public NOT appearing on the Agenda that are within the subject matter jurisdiction of the Board of Commissioners. The three (3) minute time limit may not be transferred to other speakers.*

8. Business

a) Consider Approving a Lease Agreement with RTI Infrastructure Inc for a Portion of APN 401-112-021-000 and 401-111-006

Recommendation: Staff recommends that the Board: Authorize the Executive Director to execute all documents associated with the lease agreement with RTI Infrastructure Inc.

Summary: The Harbor District has site control and the ability to lease portions of APN 401-112-021-000 and 401-111-006 to RTI Infrastructure INC for the purpose of establishing, installing, constructing, laying, operating, maintaining, replacing, repairing, removing, accessing, inspecting, and using up to four (4) underground trans-Pacific fiber optic cables.

b) Consider Adopting Resolution 2020-16 A Resolution to Authorize the Purchase of and Acceptance of the Grant Deed for the Purchase of APN 401-111-006 (Beach Property) on the Samoa Peninsula

Recommendation: Staff recommends that the Board: Adopt Resolution 2020-16.

Summary: The Harbor District owns the former pulp mill on the Samoa Peninsula which has an ocean outfall pipe which transverses under APN 401-111-006. Other critical infrastructure has been located on the Beach Property since the 1950s.

9. Future Agenda Items

10. Adjournment

COMMISSIONERS
 1st Division
 Larry Doss
 2nd Division
 Greg Dale
 3rd Division
 Stephen Kullmann
 4th Division
 Richard Marks
 5th Division
 Patrick Higgins

Humboldt Bay
Harbor, Recreation and Conservation District
 (707)443-0801
 P.O. Box 1030
 Eureka, California 95502-1030



STAFF REPORT – HARBOR DISTRICT MEETING
November 19, 2020

TO: Honorable Board President and Harbor District Board Members

FROM: Larry Oetker, Executive Director

DATE: November 16, 2020

TITLE: **Consider approving a lease agreement with RTI Infrastructure, Inc. for a portion of APN 401-112-021-000 and 401-111-006**

STAFF RECOMMENDATION: Staff recommends that the Board: Authorize the Executive Director to execute all documents associated with the lease agreement with RTI Infrastructure, Inc.

BACKGROUND: The Harbor District has site control and the ability to lease portions of APN 401-112-021-000 and 401-111-006 to RTI Infrastructure, Inc. for the purpose of establishing, installing, constructing, laying, operating, maintaining, replacing, repairing, removing, accessing, inspecting, and using up to four (4) underground trans-Pacific fiber optic cables.

DISCUSSION: RTI Infrastructure, Inc. is responsible for obtaining all required permits prior to initiating the use. The initial term of the lease will run through March 8, 2046 and the rent will be a one-time payment as follows:

- \$200,000 initial payment which will be deposited into escrow to purchase Beach property from Simpson Paper Company (APN 401-111-006).
- \$425,000 within 45 days of RTI Infrastructure, Inc. receiving discretionary permits for the underground trans-Pacific fiber optic cables.
- \$625,000 within 45 days of the 1st cable landing.
- \$333,000 within 45 days of each additional cable landing

The lease includes two 15-year lease renewal terms with an option fee of a total of \$333,000 for each lease renewal. The lease payments will enable the Harbor District to pay off existing debt, complete some long overdue capital projects, and to fully fund our reserve accounts during the COVID related economic downturn in the economy.

This lease agreement will be of great economic benefit for our region and State as it will allow potential access to modern fast reliable intercontinental communication. We often take for

granted our ability to send emails and videos and for our business and universities to send data intensive information across town or throughout the United States, Asia, Europe, and almost anywhere in the world. However, this is only possible by a complex array of fiber optic infrastructure which the RTI trans-Pacific cable will provide. There will be negative impacts from the project, most importantly to the area fishermen. These impacts will be analyzed as part of the State Lands Commission CEQA Environmental review. The lease area is entirely on land and, therefore the lease area will not impact fishermen.

ATTACHMENTS:

- A. Summary of Material Terms

HUMBOLDT BAY HARBOR, RECREATION,
AND CONSERVATION DISTRICT
Summary of Material Terms

November 16, 2020

PROJECT NAME: RTI Infrastructure, Inc.

PROJECT LOCATION: Redwood Marine Terminal II

LESSEE: RTI Infrastructure, Inc.

LESSOR: Humboldt Bay Harbor, Recreation and Conservation District

PURPOSE: The purpose of this document is to describe the material terms that will be contained in the written Lease Agreement, which will be publicly available when executed by Lessee.

KEY CONDITIONS: The LESSOR and LESEE agree to the following general lease terms:

1. Leased Premises – certain portion of parcels 401-112-021 and 401-111-006, more specifically identified on the attached Exhibit ‘A’
2. Permitted Use – Lessee, after obtaining all related permits, shall install, operate and maintain up to four underground trans-pacific fiber optic cables.
3. Term – The initial term shall run through March 8, 2046 with two (2) successive options to renew for period of Fifteen (15) years each
4. Base Rent for the initial term shall be paid as follows:
 - \$200,000 initial payment which will be deposited into escrow to purchase Beach property from Simpson Paper Company (APN 401-111-006).
 - \$425,000 within 45 days of RTI Infrastructure INC receiving discretionary permits for the underground trans-Pacific fiber optic cables.
 - \$625,000 within 45 days of the 1st cable landing.
 - \$333,000 within 45 days of each additional cable landing
5. Renewal Rent – Rent each renewal period shall be an additional \$333,000.00
6. Commencement Date - Upon the close of escrow of the District’s purchase of the property from Simpson Paper Company (APN 401-111-006). Close of escrow to occur no later than February 28, 2021.

7. All utilities consumed upon the premises shall be paid by Lessee and where feasible, separately metered, otherwise a pro-rata share based upon square footage or use will be allocated monthly.
8. Documentation: Revised lease to be drafted by LESSOR for LESSEE's review and execution.

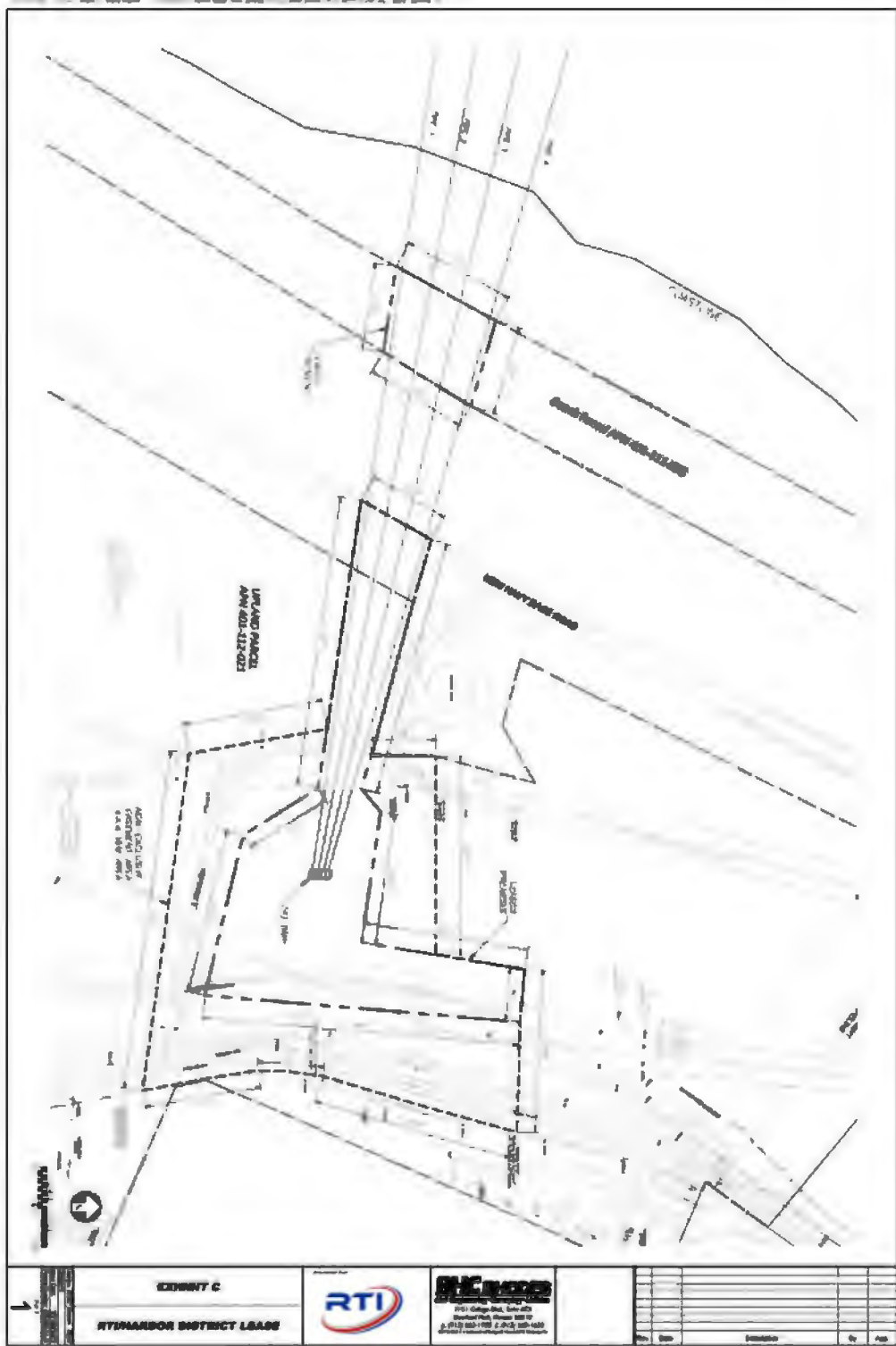
The LESSOR will:

1. Deliver the Premises as-is
2. Assist Tenant with the Tenant Operations Plan, however, shall have no responsibility for obtaining any permits necessary for Tenant to operate within the premises.

The LESSEE will:

1. Obtain and pay for any and all costs related to all necessary permits.
2. Construct and pay for all Tenant Improvements and shall restore any and all utilities, structures, or otherwise, which may be modified or removed during construction of said Tenant Improvements.
3. Provide adequate insurance and indemnity.

Exhibit 'A'



LEASE AND EASEMENT AGREEMENT

THIS LEASE AND EASEMENT AGREEMENT (“**Agreement**”) is entered into this _____ day of November, 2020 (the “**Execution Date**”) by and between HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, a California public entity, having an address of 601 Startare Drive, Eureka, California 95501, as “**Landlord**”, and RTI INFRASTRUCTURE, INC., a California corporation having an address of 286 Bush Street, San Francisco, California 94104, as “**Tenant**”. Landlord and Tenant are sometimes referred to individually as a “**Party**” and collectively as the “**Parties**.”

RECITALS

WHEREAS, Landlord is a California public entity duly organized and existing under Appendix 2 of the California Harbors and Navigation Code for the purposes stated in Section 4 thereto.

WHEREAS, Landlord has entered into that certain Agreement of Purchase and Sale and Joint Escrow Instructions (“**Beach Parcel PSA**”) to purchase from Simpson Paper Company a fee simple interest in and to that real property located on the Samoa Peninsula, County of Humboldt, State of California, commonly known as Assessor’s Parcel Number 401-111-006-000, which is more particularly described on **Exhibit A** hereto and incorporated herein and generally shown on **Exhibit C** hereto as the “**Beach Parcel**”.

WHEREAS, Landlord owns the fee simple interest to that additional real property located to the immediate east of the Beach Parcel and commonly referred to as Tract A of Assessor’s Parcel Number 401-112-021-000, which is more particularly described on **Exhibit B** hereto and incorporated herein and generally shown on **Exhibit C** hereto as the “**Upland Parcel**”. The Beach Parcel and the Upland Parcel are collectively referred to as the “**Land**”. Any improvements existing on the Land as of the Execution Date, if any, are referred to as the “**Building(s)**”; and with the Land, collectively, the “**Property**”.

WHEREAS, Landlord leases the Upland Parcel to the Humboldt Bay Development Association, Inc. (“**HBDA**” or “**Association**”), a California non-profit public benefit corporation, pursuant to that certain Ground Lease effective March 9, 2016, for a term of 65 years commencing March 9, 2016 (the “**Ground Lease**”).

WHEREAS, reference is made to that certain Credit Agreement dated as of March 9, 2016, by and among New Markets Community Capital XVII, LLC, a Delaware limited liability company (“**NMCC**”), as lender, CNMC SUB-CDE 69, LLC, a Delaware limited liability company (“**CNMC**”), as lender, and HBDA, as borrower, under which HBDA entered into that certain Leasehold Deed of Trust, Security Agreement, Assignment of Rents and Fixture Filing dated March 9, 2016 in favor of NMCC and CNMC, affecting the Upland Parcel (collectively referred to herein as the “**Leasehold Mortgage**”).

WHEREAS, HBDA, as landlord, leases back the Upland Parcel to Landlord, as tenant, pursuant to that certain Operating Lease, effective March 9, 2016, for a term of 30 years commencing on March 9, 2016 (subject to three (3), ten (10) year extension periods as set forth therein) (the “**Operating Lease**”).

WHEREAS, on the terms and conditions stated herein, Tenant desires to enter into a lease with Landlord with respect to a portion of the Beach Parcel, as depicted on **Exhibit C** hereto, and to sublease from Landlord a portion of the Upland Parcel, as depicted on **Exhibit C** hereto.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I. Landlord's Purchase of Beach Parcel.

1. Close of Escrow of Beach Parcel. The Parties understand, acknowledge, and agree that this Agreement, and the obligations of the Parties in Article II, below, are conditioned upon Landlord's acquisition, pursuant to the Beach Parcel PSA, a copy of which is attached hereto as **Exhibit G**, of a fee title interest in and to the Beach Parcel. In order to facilitate Landlord's acquisition of the Beach Parcel, the Parties agree as follows:

(a) Landlord shall proceed with all commercially reasonable diligence to facilitate the close of escrow under the Beach Parcel PSA as expeditiously as practicable, but in no event after February 28, 2021. Notwithstanding the foregoing, the Parties understand and agree that Landlord shall not be required to close escrow under the Beach Parcel PSA in the event of any failure of the conditions set forth in the Beach Parcel PSA.

(b) Landlord shall keep Tenant regularly informed of its progress and the status of escrow under the Beach Parcel PSA.

(c) As part of the escrow under the Beach Parcel PSA, within thirty (30) days of the Execution Date, Landlord shall deposit into escrow with Humboldt Land Title Company (the "**Escrow Officer**") to be recorded immediately following the recordation of the Grant Deed transferring title of the Beach Parcel to Landlord, the SNDAs (defined in Section 16 of Article II, below) and such further documents that are to be recorded in the Office of the County Recorder of Humboldt County, California, as set forth in Article II, below.

(d) As part of the escrow under the Beach Parcel PSA, within thirty (30) days of the Execution Date, Tenant shall deposit the Initial Payment (defined in Section 4(a) of Article II, below) into escrow with the Escrow Officer to be placed in an interest bearing account by the Escrow Officer, said interest ("**Interest**") to be earned for the benefit of Tenant, to be held and disbursed by the Escrow Officer as provided for in this Agreement, and, if required, such additional escrow instructions as may be reasonably required by the Escrow Officer; provided, however, if there is any conflict between the provisions of this Agreement and the provisions of any such additional instructions, the provisions of this Agreement shall prevail. The Escrow Officer will release the Initial Payment and the Interest to Landlord at the close of escrow under the Beach Parcel PSA, which includes, without limitation, the recordation of the Grant Deed as described above, (the "**Closing Date**") in accordance with Tenant's written instructions allowing such release (the "**Release Instructions**"). It is understood and agreed to by and between the Parties hereto, that on the Closing Date, the Escrow Officer shall release the Initial Payment to Landlord and the Initial Term (defined in Section 5, Article II) shall commence (the "**Commencement Date**"). Notwithstanding any provision to the contrary in this Agreement, in the event the Closing

Date has not occurred on or before February 28, 2021, Tenant shall have the right to terminate this Agreement by providing Notice to Landlord and the Escrow Officer of its decision to terminate (the “**Termination Notice**”) by making demand for a refund of the Initial Payment and Interest. Upon Landlord’s receipt of the Termination Notice, Landlord shall instruct the Escrow Officer to immediately refund the Initial Payment and Interest to Tenant and this Agreement shall be deemed terminated and all Parties shall be relieved of further liability to the other Party, except for any surviving obligations.

2. Mutual Conditions. The Parties understand, acknowledge, and agree that the Landlord’s obligation to close escrow under the Beach Parcel PSA is expressly conditioned upon receipt of a fully executed copy of this Agreement from Tenant. In the event Tenant terminates this Agreement or fails to deposit the Initial Payment into escrow, as required by Section 1(d), above, Landlord shall not be obligated to close escrow under the Beach Parcel PSA.

ARTICLE II. Lease.

1. Leased Premises. Subject to the terms and conditions of this Agreement, and in exchange for the consideration set forth in this Agreement, Landlord grants to Tenant during the Term (as defined in Section 5) the portion of the Beach Parcel, to and from the boundaries of the Beach Parcel as shown on Exhibit C, for Tenant’s exclusive underground use for the Permitted Use (defined in Section 3). Subject to the terms and conditions of this Agreement, and in exchange for the consideration set forth in this Agreement, Landlord subleases to Tenant during the Term the portion of the Upland Parcel, to and from the boundaries of the Upland Parcel as shown on Exhibit C, for Tenant’s exclusive surface and underground use for the Permitted Use; provided, however, (i) that Tenant shall permit and not obstruct access over the “EXISTING ROADWAY” as shown and depicted on Exhibit C in that portion where the “EXISTING ROADWAY” intersects with the Leased Premises, and (ii) Tenant shall not construct fencing surrounding the Leased Premises around that portion of the Leased Premises lying to the west of the easterly boundary of the “HBMWD WATERLINE EASEMENT” as shown and depicted on Exhibit C. That portion of the Beach Parcel leased to Tenant and that portion of the Upland Parcel subleased to Tenant pursuant to this Agreement shall collectively be referred to herein as the “**Leased Premises**”. The Parties acknowledge and agree that upon completion of the installation of the Cables & Infrastructure (defined in Section 3), Tenant shall provide a metes and bounds description of the Leased Premises for inclusion as part of Exhibit C.

2. Non-Exclusive Easement Areas. In addition to the Leased Premises as described above, Landlord grants to Tenant (i) the non-exclusive right of ingress and egress for Tenant and Tenant Parties (defined in Section 6(a)) from a public right of way over the Upland Parcel to and from the Leased Premises for the purposes described in this Agreement (the “**ROW**”); and (ii) the non-exclusive easements for such additional space contiguous to the Leased Premises contained within the Upland Parcel as shown on Exhibit C as the “**I&M Area**” sufficient for all installation and maintenance uses related to the Cables & Infrastructure and the Permitted Use, including, without limitation, the parking of vehicles, including construction vehicles and equipment, space to stage cables, pipes, wires and related infrastructure, and related pedestrian and vehicular egress and ingress to and from the Leased Premises as necessary (the “**I&M Easement**” and together with the ROW, the “**Easements**”). Landlord shall retain the rights to sublease, grant license(s),

easements, or other forms of third party consents to use the Easements, provided such use by others does not unreasonably interfere with Tenant's rights granted herein.

3. Permitted Use. The Leased Premises may be used by Tenant for the purpose of establishing, installing, constructing, laying, operating, maintaining, replacing, repairing, removing, accessing, inspecting, and using up to four (4) underground trans-Pacific fiber optic cables (and related infrastructure, including, but not limited to, space for maintaining and installing wires, cables, conduits, ducts, manholes, and pipes) (the "**Cables & Infrastructure**"), and any ancillary purposes (the "**Permitted Use**"). The Cables & Infrastructure within the Leased Premises shall be located as generally shown on **Exhibit C**. Notwithstanding the foregoing, Tenant's use of the Leased Premises contained within the Beach Parcel shall be limited to underground uses only, and Tenant shall not install, maintain, or otherwise place within the Beach Parcel, whether on a permanent or temporary basis, any surface infrastructure, including, but not limited to, manholes, ducts, or pipes, or related equipment. Tenant acknowledges that the Beach Parcel is encumbered by that certain Conveyance and Agreement (for development restrictions) recorded in the Official Records of Humboldt County as document number 1999-12524-6 (the "**Conveyance and Agreement**"). Tenant further acknowledges receipt of that certain letter dated June 17, 2020, from John Ford, Director of Planning and Building for the County of Humboldt, representing that the installation of underground cables does not conflict with the development restrictions set forth in the Conveyance and Agreement.

4. Rent. As consideration for the rights granted herein, Tenant agrees to pay rent to Landlord as follows:

(a) **Initial Payment.** Provided Landlord closes escrow under the Beach Parcel PSA, subject to the terms and conditions of this Agreement and in accordance with the conditions described in Article I, Section 1, on the Closing Date, the Escrow Officer shall disburse to Landlord the sum of Two Hundred Thousand Dollars (\$200,000.00) (the "**Initial Payment**") and Interest. Upon Landlord's receipt of the Interest, Landlord shall either (i) apply the Interest to Tenant's Permit Issuance Payment, or (ii) promptly reimburse the Interest to Tenant.

(b) **Payment Upon Issuance of Permit.** Tenant shall pay to Landlord the sum of Four Hundred Twenty-Five Thousand Dollars (\$425,000.00) within forty-five (45) days of issuance of the Discretionary Government Permit (the "**Permit Issuance Payment**") and Tenant's receipt of an associated invoice from Landlord, regardless of whether Tenant actually develops the Leased Premises for the Permitted Use. Tenant shall notify Landlord of the issuance of the Discretionary Government Permit within five (5) days of issuance, and Landlord shall send Tenant an invoice for the Permit Issuance Payment promptly thereafter. For purposes of this section "**Discretionary Government Permit**" means the final, unappealable coastal development permit issued to Tenant by the California Coastal Commission authorizing Tenant to develop the Leased Premises for the Permitted Use.

(c) **Payment Upon First Cable Landing.** Tenant shall pay to Landlord the additional sum of Six Hundred Twenty-Five Thousand Dollars (\$625,000.00) no less than thirty (30) days before the first cable landing (the "**First Cable Payment**"). For purpose of this section, the first cable is deemed to have landed at that time that the transmission cable actually traverses all or any portion of the Leased Premises.

(d) **Payment Upon Subsequent Cable Landings.** Tenant shall pay to Landlord the sum of Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three Dollars (\$333,333.00) no less than thirty (30) days before each subsequent transmission cable landing (the “**Additional Cable Payment**”) following the first cable landing. For purpose of this section, a transmission cable is deemed to have landed at that time that the transmission cable actually traverses all or any portion of the Leased Premises.

5. Term and Extension. The initial term of this Agreement (the “**Initial Term**”) will commence upon the Commencement Date and, unless terminated earlier or extended in accordance with the terms of this Agreement, will end on March 8, 2046, which is the current expiration date of the Operating Lease. Tenant shall have the option to renew this Agreement for two (2) successive terms (each such option, “**Option**”). The first Option is for fifteen (15) years (the “**First Renewal Term**”) and, if exercised, the second Option shall commence immediately following the expiration of the First Renewal Term and shall be for a period of fifteen (15) years (the “**Second Renewal Term**”, and collectively with the First Renewal Term, the “**Renewal Terms**”). All other terms and conditions of the Renewal Terms shall be the same as the terms and conditions set forth herein. Tenant may exercise any such Option by providing Notice to Landlord of its intention to exercise the same at least three (3) months prior to the expiration of the then current Term and paying to Landlord the Option Fee (defined below). Landlord shall extend the Operating Lease to coincide with the Renewal Terms. In the event of the expiration or termination of the Operating Lease: (i) this Agreement shall automatically become a direct lease between Landlord and Tenant for the entirety of the Leased Premises; and (ii) all terms related to the Operating Lease in this Agreement will no longer be of any force or effect and shall be automatically deleted. The Initial Term and any Renewal Term(s) are referred to herein as the “**Term**”. For purposes of this Section 5, the “**Option Fee**” shall be Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three Dollars (\$333,333.00) for each of the two Renewal Terms (i.e., the First Renewal Term and the Second Renewal Term). The Option Fee applicable to each Renewal Term shall be paid in advance of the applicable commencement date.

6. Approvals; Maintenance & Repairs.

(a) All uses, demolition, construction, remodeling, reconstruction, maintenance, repairs, removal, remediation, or any other acts performed within the Leased Premises by Tenant or any of its employees, agents, engineers, contractors, consultants, or others working on its behalf (“**Tenant Parties**”), at any time, shall be subject to and first authorized by all appropriate Regulatory Agencies (as defined at the end of this Section) to the extent required by law. Landlord agrees to assist and cooperate with Tenant, at Tenant’s expense, in making application for and obtaining all certificates, licenses, permits, zoning and site development approvals, and any and all other approvals that may be required or desirable for Tenant’s Permitted Use of the Leased Premises (collectively the “**Approvals**”). Landlord further agrees to execute all documents and materials which any Regulatory Agency requires Landlord (rather than Tenant) to execute with respect to applications for the Approvals (including, without limitation, zoning applications, permit requests, site plan applications and other documents), and, as necessary, provided that Landlord shall not be required to execute any documents or materials which (i) commit Landlord to any financial responsibilities, (ii) contain representations, warranties or other covenants relating to Tenant or the Cables & Infrastructure, or (iii) indemnify, defend or hold harmless any applicable jurisdiction, other person or Tenant in relation to the Cables &

Infrastructure, their presence on the Leased Premises, or Tenant's use thereof. In connection with the Cables & Infrastructure, Tenant has the right to do all work necessary to prepare, maintain and alter the Leased Premises for the Permitted Use, including, but not limited to, installing and connecting cables and lines. Following the full execution of this Agreement, Tenant and Tenant Parties shall have access to the Leased Premises twenty-four (24) hours a day, seven (7) days a week, three hundred sixty-five (365) days a year, for the purpose of exercising the Permitted Use. For purposes of this Agreement, "**Regulatory Agencies**" shall include any Federal, State, County, Municipal, or other local agency having jurisdiction over the Leased Premises. Tenant will be solely responsible for determining what approvals, authorizations, permits, licenses, or certificates are required, and shall be solely responsible for any and all costs related thereto, and will obtain and comply with preventative measures or remedial measures if required by the California Environmental Quality Act, National Environmental Policy Act, or as otherwise required by any other Regulatory Agency.

(b) Tenant shall, at its sole cost, be responsible for, and make, or cause to be made, any repairs or other maintenance required to keep the Leased Premises and the Cables & Infrastructure in a safe condition and in compliance with any Regulatory Agency. Tenant shall observe and comply with, any law, statute, ordinance, plan, regulation, resolution or policy applicable to the Leased Premises in making any repairs and maintenance.

(c) Landlord, at Landlord's sole expense, shall be responsible for, and shall maintain in a good and safe condition and keep properly repaired all portions of the Property, excluding only the Leased Premises and repairs with respect to the Easements that are Tenant's obligation under this Agreement. If Landlord, or any entity that has access or use rights by and through Landlord, the HBDA, or others through the HBDA, damages the Leased Premises, or any of the Cables & Infrastructure or Tenant's other property, Landlord shall repair such damage at Landlord's sole expense or, should Tenant choose to make such repairs on its own, Landlord shall be responsible for the reasonable costs incurred by Tenant to make such repairs, normal wear and tear excepted. Landlord shall reimburse Tenant for such costs upon demand, which shall be accompanied by reasonable documentation of the costs so incurred. If such reimbursement by Landlord is not made within ten (10) days of such demand, Tenant shall have the right to offset any and all rent or other payments due from Tenant to Landlord under this Agreement, next coming due, until such repair costs are recouped by Tenant.

(d) Except as provided for in this Agreement, Tenant accepts the Leased Premises in its "AS IS" condition without any warranty or representation by Landlord as to its condition or suitability for any particular use.

(e) Tenant acknowledges that a portion of the Leased Premises is comprised of tidal, submerged, or waterfront property as shown on the attached **Exhibit C**. Tenant expressly accepts the hazards involved in using or improving such lands. Except to the extent such damage is caused or exacerbated by the negligence or misconduct of Landlord or its agent, employees or contractors, or any third party with access or use rights by and through Landlord, the HBDA, or others through the HBDA, Landlord shall not be responsible for, and Tenant shall not be entitled to receive any reimbursement or otherwise offset rent for any damages or reduced size of the Leased Premises caused by local or invasive flora or fauna, flooding, erosion, sea level rise, storms,

freezing, inclement weather of any kind, acts of god, maintenance or failure of any protective structures, and any other such hazards.

(f) During the Term, Tenant shall have the right to construct and install improvements and equipment related to the Permitted Use, including, but not limited to, the replacement of lines, without Landlord's prior approval during the Term. Except as provided in the preceding sentence or as otherwise contemplated in this Agreement, no other alterations or improvements shall be constructed by Tenant with respect to the Leased Premises without the prior written approval of Landlord, such approval not to be unreasonably withheld, conditioned or delayed and, if required, subject to the prior written approval of all Regulatory Agencies, as applicable.

(g) Tenant, in its use of the Leased Premises, shall not discriminate against any person or class of persons on any basis protected by federal, state, or local law.

(h) Tenant shall be responsible for obtaining and paying for any utility services required by Tenant for its desired or intended use of the Leased Premises. Landlord shall grant any easements or other rights in connection with such services as reasonably necessary and any such easement shall be at a location reasonably acceptable to the Parties and the utility company.

(i) Tenant shall use the Upland Parcel in compliance with the terms and conditions of the (i) Operating Lease, (ii) Ground Lease, and (iii) New Markets Tax Credit Rider (all three attached hereto as **Exhibit D** and incorporated herein by this reference), and any other use or purpose allowed by the Ground Lease and Operating Lease (for so long as the New Markets Tax Credit Rider, Ground Lease and Operating Lease are in full force and effect). Notwithstanding anything herein to the contrary, regardless of whether such activity is allowed by the Operating Lease (for so long as the Operating Lease is in full force and effect) or law, Tenant and any of its assignees or subtenants are prohibited from using the Leased Premises to conduct any commercial activity relating to the cultivation, processing, testing, distributing, selling, or other activity involving cannabis or cannabis products.

7. Improvements: Construction and Installation.

(a) Tenant shall be entitled and authorized to the extent related to the Permitted Use or the Cables & Infrastructure, at its cost, to conduct site examinations, soil borings, geotechnical and engineering studies, and communications testing to evaluate the feasibility of the site, and to construct and install improvements and equipment related to the Permitted Use discussed above, all in accordance with applicable laws. The results of all of such examinations shall be subject to the confidentiality requirements of this Agreement.

(b) To the extent that any additional easement or right of way is reasonably required in relation to Tenant's use or operation of the Leased Premises, Landlord will assist and cooperate in providing the same in a location to be mutually agreed upon by the Parties, without requiring the payment of any additional rent by Tenant. Any such easement or right of way shall, at Tenant's option, be considered part of the Easements.

(c) If, after the Execution Date and prior to the date which is 24 months after the Commencement Date, (i) Tenant is unable to occupy the Leased Premises or construct the

Cables & Infrastructure by reason of any law, inability to obtain Approvals or permits, governmental prohibition, or other reason beyond Tenant's control so that Tenant will be unable to carry on the purpose of this Agreement or its installation of improvements on the Leased Premises, or (ii) (A) any of such applications for such Approvals should be finally rejected; (B) any Approval issued to Tenant is canceled, expires, lapses, or is otherwise withdrawn or terminated by a Regulatory Agency; (C) Tenant determines that such Approvals may not be obtained in a timely manner or in form and substance acceptable to Tenant; (D) Tenant determines that any site analysis is unsatisfactory; (E) Tenant determines that the Leased Premises is no longer technically compatible for the Permitted Use, or (F) Tenant, in its sole discretion, determines that it will be unable to use the Leased Premises for the Permitted Use, then, this Agreement may be cancelled and terminated by Tenant upon thirty (30) days prior Notice to Landlord stating such reason. Upon such termination, Tenant shall repair any portion of the Leased Premises and the Easements which it has damaged, normal wear and tear and casualty loss and that which is Landlord's obligation to repair excepted, and shall have the right, in its sole discretion, to remove any of its property located at the Leased Premises or the I&M Area; provided, however, that any such termination shall not entitle Tenant to any reimbursement of any rent.

(d) If, after the Execution Date and prior to the date which is 30 months after the Commencement Date ("Use Commencement Period"), Tenant has not (i) obtained the Approvals and (ii) commenced construction and installation of the Cables & Infrastructure, and has not commenced such construction and installation within one hundred and eighty (180) days after Tenant's receipt of written notice from Landlord stating such reason, then this Agreement may be cancelled and terminated by Landlord unless the Use Commencement Period is extended by Tenant as provided herein. Tenant reserves the right to extend the Use Commencement Period by twelve (12) additional months (i.e., 42 months after the Execution Date) by providing written notice to Landlord of its intention to extend the Use Commencement Period at least ninety (90) days prior to the expiration of the Use Commencement Period and advancing payment against the total rent due under Section 4(b), above, in the amount of Fifty Thousand Dollars (\$50,000.00). In the event of termination by Landlord pursuant to this sub-section (d), Tenant shall repair any portion of the Leased Premises and the Easements which it has damaged, normal wear and tear and casualty loss and that which is Landlord's obligation to repair excepted, and shall have the right, in its sole discretion, to remove any of its property located at the Leased Premises or the I&M Area; provided, however, that any such termination as described in this Section 7(c) shall not entitle Tenant to any reimbursement of any rent. For purposes of this Section 7(d), Tenant shall be deemed to have not commenced installation and construction if Tenant has not commenced or caused to be commenced the physical installation (as opposed to planning or other preliminary work) of conduit that will house the cables under and through the Leased Premises. Notwithstanding any provision to the contrary herein, once Tenant has commenced installation and construction as described herein, this Section 7(d) shall no longer apply and Landlord shall have no right to terminate this Agreement as provided for in this Section 7(d).

8. Ownership of Tenant's Facilities. Landlord hereby waives and releases any lien it may have, arising by statute, common law or otherwise, on the Cables & Infrastructure or any other personal property of Tenant. The Cables & Infrastructure shall at all times be and remain the personal property of Tenant and shall not be deemed fixtures, and Tenant has the right to remove the same at any time without Landlord's consent. If the removal of such property damages any part of the Leased Premises, Tenant shall repair such damages and restore such improvements

to as good a condition as existed prior to such removal, reasonable wear and tear, loss due to casualty, and that which is Landlord's obligation to repair, excepted.

9. Landlord Representations.

(a) Landlord acknowledges that Tenant may install up to four (4) underground fiber optic cables with respect to the Leased Premises, as further described in Section 3, and agrees to prevent overcrowding with respect to the I&M Area. Landlord will coordinate with Tenant with respect to any conveyances or use grants with respect to the I&M Area and in no event will it permit any unreasonable interference with Tenant's use of and access to the Leased Premises and the Easements for the Permitted Use.

(b) Landlord represents that, on and after the close of escrow under the Beach Parcel PSA, it is the fee title owner of the Beach Parcel, no other parties have any interest in the portion of the Beach Parcel containing the Leased Premises (including, without limitation, any leases, subleases, licenses, or purchase options, except as expressly provided for in this Agreement as set forth in **Exhibit F** hereto and incorporated herein), provided that Tenant shall have reasonable prior written notice of all such recorded encumbrances prior to the close of escrow, and Landlord has the authority to enter into this Agreement.

(c) Landlord represents that it is the fee title owner of the Upland Parcel, no other parties have any interest in the portion of the Upland Parcel containing the Leased Premises and the Easements (including, without limitation, any leases, subleases, licenses, or purchase options, except as expressly provided for in this Agreement as set forth in **Exhibit F** hereto and incorporated herein), and Landlord has the authority to enter into this Agreement. To the actual knowledge of Landlord, there are no current, threatened, or pending litigation claims, governmental investigations, notices of legal violations or condemnation/eminent domain proceedings in relation to the Property and there are no underground storage tanks or Hazardous Substances (defined below) or materials located on or about the Property.

(d) If any Hazardous Substances (as defined below) are discovered on the Property, the same shall not be disturbed by Tenant and the removal thereof shall be at the option, and as determined by, the Landlord; provided, however, that, if such Hazardous Substances or contamination will interfere with Tenant's construction, use, access, or operations hereunder, then Tenant may terminate this Agreement if Landlord refuses to remove or abate the same, in which event neither Party shall have any further responsibility under this Agreement, except for those obligations which survive the termination or expiration of this Agreement. The term "**Hazardous Substance(s)**" as used in this Agreement shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Property, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Property, (ii) regulated or monitored by any Regulatory Agency, or (iii) a basis for potential liability of Landlord or Tenant to any Regulatory Agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, diesel fuel, battery acid, PCB's and/or crude oil or any products, by-products or fractions thereof.

10. Quiet Enjoyment. Tenant, so long as it is not in default of its obligations under this Agreement beyond any applicable notice and cure period, shall have the right to quiet enjoyment of the Leased Premises during the Term (including any Renewal Term).

11. Taxes. Tenant is hereby notified by Landlord that the possessory interest created hereunder may be subject to a possessory interest tax or property taxation when created, pursuant to Sections 107 to 107.6 of the California Revenue and Taxation Code or other applicable law, and that Tenant and/or the party in whom the possessory interest is vested may be subject to the payment of property taxes levied on such interests. Tenant agrees and acknowledges that it has actual notice pursuant to Section 107.6 of the California Revenue and Taxation Code that it may be required to pay a possessory interest tax as a result of this Agreement. Tenant shall pay all possessory interest taxes levied by any governmental agencies by reason of this Agreement or Tenant's possession of the Leased Premises.

12. Casualty & Condemnation. If the Cables & Infrastructure are damaged or destroyed, or the Leased Premises is condemned or transferred in lieu of condemnation, Tenant shall repair or replace same at Tenant's sole cost and expense at locations on the Leased Premises, or, if same are not available, at a substitute location on the Land (subject to Tenant's approval) and only if all casualty and/or condemnation proceeds are made available to Tenant to spend on such repair or replacement. Notwithstanding the foregoing, in the event that: (i) Tenant does not approve such substitute location, (ii) any casualty or condemnation proceeds are not made available to Tenant for such repair or replacement, or (iii) Tenant reasonably estimates that it will take more than ninety (90) days to repair or replace the Cables & Infrastructure, then Tenant shall have the right to terminate this Agreement as of the date of the damage, destruction, condemnation, or transfer in lieu thereof by giving Notice to Landlord no more than forty-five (45) days following the date of such damage or destruction to the Cables & Infrastructure or the date the Leased Premises is condemned or transferred in lieu thereof.

13. Insurance.

(a) During the Term of this Agreement, Tenant shall provide property damage liability insurance in the amount of Five Million Dollars (\$5,000,000.00) each occurrence with Landlord as an additional insured, and liability insurance respecting personal injury and death in the amount of Five Million Dollars (\$5,000,000.00) for each occurrence for damages arising from Tenant's use of the Leased Premises and for contractual indemnity under this Agreement with Landlord as an additional insured. Tenant shall require any and all permitted sublessees obtain insurance coverage to the same extent as required by this Agreement. Tenant shall provide Landlord with certificates of insurance reflecting the minimum coverages required herein. Each policy of insurance (i) shall name Landlord and any other parties in interest that Landlord reasonably designates, which may include, without limitation, HBDA, and the beneficiaries of the Leasehold Mortgage, as additional insureds; (ii) shall be primary insurance that provides that the insurer shall be liable for the full amount of the loss without the right of contribution from any other insurance coverage of Landlord; and (iii) shall be carried with an insurer authorized to do business in California.

(b) Tenant shall provide Landlord with a certificate of coverage, issued by a licensed insurer or insurance agent, evidencing that the foregoing coverages are in effect.

(c) Tenant and Landlord hereby mutually waive any and all rights of recovery against the other Party for injury or loss due to hazards covered by policies of insurance required by this Agreement or otherwise carried by Tenant or Landlord, to the extent of the injury or loss covered thereby. To that end, Tenant and Landlord shall not seek to recover damages against the other Party hereunder to the extent that the loss covered thereby is recovered or recoverable under any policy of insurance carried by, or required to be carried by the Agreement, Tenant and/or Landlord, as applicable. All insurance policies carried by the Parties in connection with this Agreement shall include a clause or endorsement waiving any rights of subrogation against the other Party.

14. Indemnity. Tenant agrees to hold harmless, indemnify and defend (through counsel reasonably satisfactory to Landlord) Landlord, HBDA, and the beneficiaries of the Leasehold Mortgage (including their respective officers, employees, and agents) for all loss, cost and expense or claims of damages of any nature arising out of or caused by any breach by Tenant of the terms of this Agreement, or caused by the negligence or willful misconduct of Tenant or Tenant Parties in connection with Tenant's use of or operations on the Leased Premises and the Easements; excepting, however, such claims, damages, suits, liens, judgments, penalties or liabilities arising out of or caused by the negligence or misconduct of Landlord or the officers, agents and employees thereof. Landlord agrees to hold harmless, indemnify and defend (through counsel reasonably satisfactory to Tenant) Tenant (including its respective officers, employees, and agents) for all loss, cost and expense or claims of damages of any nature arising out of or caused by any breach by Landlord of the terms of this Agreement, or caused by the negligence or willful misconduct of Landlord, its officers, agents, contractors, or employees in connection with Landlord's use of or operations on the Leased Premises and the Easements; excepting, however, such claims, damages, suits, liens, judgments, penalties or liabilities arising out of or caused by the negligence or misconduct of Tenant or the officers, agents and employees thereof. This provision shall survive the termination or expiration of this Agreement.

15. Assignment and Subletting. Tenant may freely assign or sublease, without the consent of Landlord, its interest in this Agreement, in whole or in part; and in the event such transferee has a tangible net worth, in the aggregate, equal to or greater than the Tenant's net worth at the time of the transfer; upon such transfer, Tenant shall be immediately released of its obligations hereunder and the transferee shall be obligated to comply with the terms and conditions of this Agreement.

16. Priority of Agreement and Non-Disturbance Agreements.

(a) The Leased Premises is not subject to any mortgage, deed of trust, or ground or similar lease (collectively, a "**Senior Encumbrance**") other than the Leasehold Mortgage, the Operating Lease, and the Ground Lease, (collectively, the "**Existing Senior Encumbrances**"). Landlord shall deposit into escrow under the Beach Parcel PSA to be recorded at the close of escrow and provide Tenant with a fully executed subordination, non-disturbance and attornment agreements from NMCC, CNMC, and the Association (as defined below) under the Existing Senior Encumbrances within thirty (30) days following the Execution Date, such agreements to be commercially reasonable and otherwise in form and substance reasonably acceptable to Tenant (the "**SNDA(s)**"). In addition, if the Leased Premises is ever subject to any future Senior Encumbrances, Landlord agrees to obtain for Tenant a SNDA from the lender or holder of any

such interest. This Agreement shall not be subordinate to any future Senior Encumbrance(s) unless Tenant is provided with such SNDA.

(b) Notwithstanding any provision to the contrary herein, the landlord under the Operating Lease (i.e., the “**Association**”) in its SNDA with Tenant shall agree: (i) to send to Tenant a contemporaneous copy of all default notices it sends to Landlord and that no default notice from the Association shall be effective unless and until a copy has been sent to Tenant and an opportunity to cure same afforded to Tenant pursuant to the terms of the Operating Lease; (ii) to accept any cure of a default by Landlord under the Operating Lease performed by Tenant; (iii) not to amend the Operating Lease in any manner that may affect Tenant’s benefits and rights under this Agreement without the prior written consent of Tenant, such consent not to be unreasonably withheld; (iv) not to disturb Tenant in the event the Association obtains control of all or a portion of the Leased Premises; (v) to Tenant’s right to extend the Term, subject to the terms and conditions provided for in this Agreement, including in the event Landlord does not extend its term as provided in Section 2.2 of the Operating Lease; (vi) to allow Tenant to transfer all or a portion of its interest in the Leased Premises and/or the Easements to a third party, as provided in this Agreement; and (vii) in the event of the cancellation or termination of the Operating Lease, provided such is not caused by Tenant’s default under this Agreement, if applicable, to adopt this Agreement between Landlord and Tenant as and for its lease, so that the Association will be substituted as the landlord under this Agreement with respect to that portion of the Leased Premises and the Easements contained on the Upland Parcel.

(c) Notwithstanding any provision to the contrary herein, the lenders with respect to the Leasehold Mortgage and lenders, and/or holders of any interest in the Leased Premises with respect to any other Existing Senior Encumbrances and, if applicable, future Senior Encumbrances (each, an “**Interest Holder**”), in their SNDAs with Tenant shall agree (i) to send to Tenant a contemporaneous copy of all default notices and that no default notice shall be effective unless and until a copy has been sent to Tenant and an opportunity to cure same afforded to Tenant pursuant to the terms of the applicable Senior Encumbrance; (ii) to accept any cure of a default by Landlord performed by Tenant; (iii) not to amend any Senior Encumbrance in any manner that may affect Tenant’s rights under this Agreement without the prior written consent of Tenant, such consent not to be unreasonably withheld; (iv) not to disturb Tenant in the event the Interest Holder obtains control of all or a portion of the Leased Premises or the Easements; (v) to Tenant’s right to extend the Term, subject to the terms and conditions provided for in this Agreement; (vi) to allow Tenant to transfer all or a portion of its interest in the Leased Premises and/or the Easements to a third party, as provided in this Agreement; and (vii) in the event of a foreclosure of all or a portion of the Leased Premises or a termination event arising under a Senior Encumbrance, not to terminate this Agreement and not to disturb Tenant’s right to quiet enjoyment as provided under this Agreement.

17. Defaults and Termination.

(a) Landlord may terminate this Agreement if Tenant shall breach any agreement, covenant, duty, obligation or warranty herein, if such breach remains uncured for a period of thirty (30) days after Tenant’s receipt of Notice of the breach from Landlord; provided, however, that if the nature of Tenant’s breach is such that more than 30 days are reasonably

required for its cure, then it shall not be deemed to be a default if Tenant commences such cure within such 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Tenant may: (i) terminate this Agreement; (ii) cure such default or breach on its own, the reasonable costs of which shall be borne by Landlord; or (iii) pursue legal remedies available to Tenant, if Landlord shall breach any agreement, covenant, duty, obligation or warranty herein, if such breach remains uncured for a period of thirty (30) days after Landlord's receipt of Notice of the breach from Tenant; provided, however, that if the nature of Landlord's breach is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a default if Landlord commences such cure within such 30-day period and thereafter diligently prosecutes such cure to completion.

(c) Tenant shall have the right to terminate this Agreement if a valid, unappealable order of any government agency or court of competent jurisdiction permanently prevents the Permitted Use of the Leased Premises and/or the I&M Area;

(d) Tenant shall have the right to terminate this Agreement upon ninety (90) days' prior Notice of its election to terminate given to Landlord in the event that Tenant has opted to discontinue use of the Leased Premises; provided, however, that any such termination shall not entitle Tenant to any reimbursement of any rent.

(e) Tenant shall have the right to terminate this Agreement in the event of a change in (or the enactment of) any laws, rules, regulations, ordinances, or similar, or any licensing, permitting, or approvals requirements, which change or enactment materially adversely affects Tenant's ability to operate the Leased Premises for the Permitted Use. Tenant shall provide Notice to Landlord of Tenant's exercise of this right, and this Agreement shall terminate on the date such Notice is given to Landlord, or upon such later date as designated by Tenant in the Notice.

18. Restoration of the Leased Premises Upon Termination. Upon the expiration or earlier termination of this Agreement, all right, title and interest of Tenant hereunder shall cease and Tenant shall promptly repair any portion of the Leased Premises which it has damaged, normal wear and tear and casualty, and that which is Landlord's obligation to repair excepted. Notwithstanding any provision to the contrary herein, Tenant shall have the right, at its sole discretion, to abandon in place any conduit, fiber, cables, and/or wiring and shall have the right, in its sole discretion, to remove any of its property located on or under the Leased Premises.

19. Access. Landlord and its agents and employees shall only be permitted to access the Leased Premises contained within the Upland Parcel upon at least seventy-two (72) hours' prior Notice to Tenant, subject to Tenant's prior approval, not to be unreasonably withheld, conditioned, or delayed. Landlord and its agents and employees shall only have access to the Leased Premises for the purpose of ensuring compliance with the terms of this Agreement, and all such personnel must be escorted at all times while on the Leased Premises. Any such access shall be performed in a manner which does not interfere with Tenant's use of, or operations with respect to the Leased Premises, and Landlord and its agents and employees (along with any other personnel accessing the Leased Premises) must comply with Tenant's security procedures and protocols.

20. Security. Tenant shall be solely responsible for the security of the Leased Premises and the Cables & Infrastructure. Notwithstanding any provision herein to the contrary, including, without limitation, any Landlord access rights provided in this Agreement, Tenant has the right, at its cost and expense, to install a security system at the Leased Premises and to secure and lock up the Leased Premises and any of Tenant's personal property located on the I&M Area or elsewhere on the Leased Premises at Tenant's discretion.

21. Ground Lease and Operating Lease. Landlord assumes and agrees to perform all of its obligations under the Operating Lease and, if applicable, the Ground Lease, during the Term and any extension or renewal thereof. Tenant will not knowingly commit or suffer any act or omission that will cause Landlord to violate any of the provisions of the Operating Lease, Ground Lease, or the Leasehold Mortgage.

22. Confidentiality. Except as required by law or in relation to a dispute, claim, or cause of action under this Agreement, the Parties (and each Party's respective partners, members, managers, officers, employees and agents) shall not disclose any of the terms or conditions of this Agreement (including the identity of Tenant) to any third party, except (i) for purposes of confidential accounting and legal review of the Parties' business, respectively, or (ii) in connection with any transfers, and any such unauthorized disclosure may be treated as a default of this Agreement, which may be subject to injunctive relief in addition to all other remedies available at law or in equity, including the remedy of specific performance and the right to recover damages. In the event that either Party receives notice or otherwise becomes aware that it may become legally compelled to disclose any of the terms or conditions of this Agreement (including a request for public documents under the California Public Records Act or similar state or federal law), it will first: (i) promptly provide Notice to the other Party so that such other Party may seek a protective order or other appropriate remedy, (ii) cooperate with any efforts by the other Party to seek a protective order or other appropriate remedy, (iii) at the other Party's written election, use diligent efforts to limit such disclosure and obtain confidential treatment or a protective order, and (iv) allow the other Party to participate in any proceedings related thereto. If such protective order or other remedy is not obtained, only that portion of this Agreement or other confidential information which it is legally required to disclose shall be disclosed. Notwithstanding any provision to the contrary in this Agreement, the Parties agree to take all available measures to protect confidential information, including by redacting any confidential information that can legally be withheld in a document that is otherwise legally required to be disclosed. The terms of this Section shall survive the expiration or early termination of this Agreement. Tenant acknowledges that Landlord is a California public entity subject to the Ralph M. Brown Act and the California Public Records Act, and that such laws mandate that the District make a copy of this Agreement available for public inspection upon full execution and that Landlord approve this Agreement at a publicly noticed and open meeting, provided Landlord takes all available measures to protect confidential information, including, but not limited to, redacting confidential information, as further described herein.

23. Waiver. Either Party's waiver of any breach of any provision of this Agreement or of any default by the defaulting Party shall not be considered a waiver of any subsequent breach or default.

24. Integration Clause. This Agreement contains the entire agreement between the Parties. The Parties acknowledge and agree that this Agreement contains the entire agreement and understanding among the Parties concerning the subject matter hereof, and supersedes and replaces all prior negotiations, proposed agreements and ancillary agreements, written or oral.

25. Controlling Law. The Parties acknowledge and agree that this Agreement shall be governed by, and construed according to the laws of the State of California. Any legal action or suit against the Landlord or Tenant arising out of or under this Agreement shall be instituted only in the state or federal courts of the State of California.

26. No Party Deemed to be Draftsman. The Parties acknowledge and agree that this Agreement is to be construed without regard to the identity of the persons who drafted its various provisions; it being acknowledged by the Parties that both have been represented by competent legal counsel, that this Agreement has been subject to substantial negotiation, and that all Parties have contributed substantially to the preparation of this Agreement. The Parties further agree that each and every provision of this Agreement shall be construed as though all Parties participated equally in the drafting of the same, and that any rule of construction (including §1654 of the California Civil Code) that the document is to be construed against the drafting Party shall not be applicable to this Agreement.

27. Headings. The section headings in this Agreement have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

28. Binding Effect; Amendments; Severability. The covenants, agreements, and rights contained in this Agreement shall bind and inure to the respective heirs, personal representatives, successors and assigns of Landlord and Tenant. If any provision of this Agreement is invalid or unenforceable with respect to any Party, the remainder of this Agreement or the application of such provision to persons other than those as to whom it is held invalid or unenforceable, shall not be affected and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. Neither Party hereto, nor any agent of either Party, has any authority to alter, amend or modify any of the terms of this Agreement, unless the amendment is in writing and executed by all Parties to this Agreement. It is understood and agreed that this Agreement shall not be binding upon either Party until both Parties sign the Agreement.

29. Exhibits. All Exhibits attached hereto are incorporated by reference into this Agreement.

30. Notices. All notices and other communications required or permitted hereunder (collectively, “Notices”) shall be in writing and shall be sent by registered or certified mail, or overnight delivery by a nationally recognized public or private carrier, return receipt requested, postage prepaid, addressed to the Party to receive such Notice at the address set forth below:

If to District, to: Humboldt Bay Harbor, Recreation and Conservation District
601 Startare Drive
Eureka, California 95501

If to Tenant, to: RTI Infrastructure, Inc.
268 Bush Street
San Francisco, CA 94104
Attn.: Operations Manager

Either Party may, by Notice given as aforesaid, change its address or add any additional addresses for all subsequent Notices. Notices shall be deemed given on the date of receipt or refusal to accept delivery. Notices may be given by the counsel of either Party hereto.

31. Representations. Each person executing this Agreement on behalf of Tenant represents and warrants to Landlord that: (i) Tenant has full right and authority to enter into this Agreement and to perform all of Tenant's obligations under this Agreement; and (ii) each person (and both persons if more than one signs) signing this Agreement on behalf of Tenant is duly and validly authorized to do so. Each person executing this Agreement on behalf of Landlord represents and warrants to Tenant that: (i) Landlord has full right and authority to enter into this Agreement and to perform all of Landlord's obligations under this Agreement; and (ii) each person (and both persons if more than one signs) signing this Agreement on behalf of Landlord is duly and validly authorized to do so.

32. Successors & Assigns. This Agreement shall run with the Land and shall be binding upon and inure to the benefit of the Parties, their respective successors, personal representatives, heirs, and assigns.

33. Waiver of Consequential Damages. Notwithstanding anything in this Agreement to the contrary, the Parties, for themselves and their constituents, hereby waive and release any right that either of them may have to claim indirect or consequential damages hereunder against the other Party hereto, including but not limited to, punitive damages, lost profits, or other speculative damages.

34. CEQA. The approval of this Agreement is exempt from the California Environmental Protection Act pursuant to 14 CCR §§ 15304 and 15332. In the event any claim, action, or proceeding is instituted against Landlord, and/or its officers, agents and employees, by any third party on account of the processing or approval of this Agreement (including but not limited to any alleged defect in any environmental review and mitigation), Tenant shall defend, indemnify and hold harmless Landlord, and/or its officers, agents and employees from any such claim, action or proceeding. This obligation is limited to, the payment of all costs of defense, and any amounts awarded by the Court by way of damages or otherwise, including any reasonable attorney fees and court costs. Landlord may elect to participate in such litigation at its sole discretion and at its sole expense. Notwithstanding the foregoing to the contrary, in the event that any such claim, action, or proceeding is instituted, or Tenant would otherwise be obligated to defend, indemnify or hold harmless Landlord and/or its contractors, agents and employees, in lieu of any such obligation, Tenant shall have the right to terminate this Agreement upon Notice to Landlord, in which event Tenant shall have no obligations under this Section. This CEQA determination is limited to the approval of this Agreement by Landlord. Nothing in this Agreement shall be interpreted as a CEQA determination with respect to the actual development or use of the Leased Premises or as a limitation upon any Regulatory Agencies' CEQA determination with respect to any permit or application filed by Tenant relating to the use and development of the Leased Premises.

35. Ratification. This Agreement shall have no force and effect until fully ratified and approved in accordance with law by the Commissioners of the Humboldt Bay Harbor, Recreation and Conservation District, a California public entity.

36. Counterparts and Electronic Signatures. This Agreement may be executed in two (2) or more counterparts, all of which shall constitute but one and the same document. Documents obtained via electronic imaging sent by email or via facsimile machines shall also be considered as originals.

[Remainder of Page Intentionally Left Blank]

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

RTI INFRASTRUCTURE, INC., a California corporation

By: _____
Name: _____
Title: _____

HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, a California public entity

By: _____
Name: Stephen Kullmann
Title: President, Board of Commissioners

SCHEDULE OF EXHIBITS

- Exhibit A Legal Description of Beach Parcel
- Exhibit B Legal Description of Upland Parcel
- Exhibit C Map Showing General Location of Beach and Upland Parcels, Leased Premises and Easements
- Exhibit D New Markets Tax Credit Rider, Operating Lease, and Ground Lease
- Exhibit F Senior Encumbrances as of the Execution Date
- Exhibit G Beach Parcel PSA

EXHIBIT A

Legal Description of Beach Parcel

For [APN/Parcel ID\(s\): 401-111-006-000](#)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA IN COUNTY OF HUMBOLDT, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE

THAT PORTION OF SECTION 20 TOWNSHIP 5 NORTH RANGE 1 WEST HUMBOLDT MERIDIAN MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING ON THE NORTH LINE OF THAT TRACT OF LAND DESCRIBED IN A DEED TO ISIDORE B. MCCORMACK, RECORDED JANUARY 28 1902, IN BOOK 78 OF DEEDS, PAGE 234 HUMBOLDT COUNTY RECORDS, AT THE INTERSECTION WITH THE WEST LINE OF THAT PARCEL OF LAND CONVEYED TO THE COUNTY OF HUMBOLDT BY DEED RECORDED OCTOBER 13, 1972 IN [BOOK 1160 OF OFFICIAL RECORDS PAGE 623](#), HUMBOLDT COUNTY RECORDS;

THENCE NORTHERLY ALONG THE WEST LINE OF SAID PARCEL CONVEYED TO THE COUNTY OF HUMBOLDT, TO THE NORTH LINE OF SAID SECTION 20;

THENCE WESTERLY ALONG SAID NORTH LINE TO THE PACIFIC OCEAN,

THENCE SOUTHERLY ALONG THE PACIFIC OCEAN, TO THE NORTH LINE OF SAID PARCEL CONVEYED TO ISIDORE B. MCCORMACK;

THENCE EASTERLY ALONG SAID NORTH LINE TO THE POINT OF COMMENCEMENT.

BEING THE SAME LANDS DESCRIBED IN LOT LINE ADJUSTMENT AND CERTIFICATE OF SUBDIVISION COMPLIANCE RECORDED APRIL 26, 1999 AS [INSTRUMENT NO. 1999-12521-3](#), HUMBOLDT COUNTY OFFICIAL RECORDS.

PARCEL TWO

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND ALL RIGHTS INCIDENTAL THERETO, 50 FEET IN WIDTH, LYING WESTERLY OF AND ADJACENT TO THE WEST LINE OF NEW NAVY BASE ROAD, BEING THAT PARCEL OF LAND CONVEYED TO THE COUNTY OF HUMBOLDT BY DEED RECORDED OCTOBER 13, 1972 IN [BOOK 1160 OFFICIAL RECORDS, PAGE 623](#), HUMBOLDT COUNTY RECORDS, THE EAST LINE OF SAID EASEMENT BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE PUBLIC ACCESS POINT ON THE WEST LINE OF SAID NEW NAVY BASE ROAD, WHICH IS OPPOSITE THE ENTRANCE TO LP DRIVE AT STATION 431+00 OF NEW NAVY BASE ROAD, IN LOT 5 OF SECTION 16, TOWNSHIP 5 NORTH, RANGE 1 WEST, HUMBOLDT MERIDIAN;

THENCE RUNNING SOUTHERLY, ALONG SAID WEST LINE, TO THE SOUTH LINE OF SECTION 17, TOWNSHIP 5 NORTH, RANGE 1 WEST, HUMBOLDT MERIDIAN.

BEING THE SAME AS RESERVED IN THE DEED TO SAMOA PACIFIC GROUP, LLC RECORDED SEPTEMBER 25, 2001 AS [INSTRUMENT NO. 2001-24109-10](#), HUMBOLDT COUNTY OFFICIAL RECORDS.

EXHIBIT B

Legal Description of Upland Parcel

TRACT A

THOSE PORTIONS OF SECTIONS 20 AND 21, TOWNSHIP 5 NORTH, RANGE 1 WEST, HUMBOLDT MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL ONE

PARCEL A AS SHOWN ON RECORD OF SURVEY FOR FRESHWATER TISSUE COMPANY, LLC FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID HUMBOLDT COUNTY IN BOOK 69 OF SURVEYS, PAGES 106 AND 107.

EXCEPTING THEREFROM AN UNDIVIDED ONE-HALF INTEREST IN AND TO ALL MINERALS, COAL, OILS, PETROLEUM AND KINDRED SUBSTANCES AND NATURAL GAS UNDER AND IN SAID LANDS, AS EXCEPTED IN THE DEED FROM ANNA G. MCCORMACK RECORDED NOVEMBER 20, 1958 IN BOOK 511, PAGE 147, HUMBOLDT COUNTY OFFICIAL RECORDS.

(TANKS AREA EXCEPTION)

EXCEPTING THEREFROM THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHERLY LINE OF PARCEL A AS SHOWN ON A RECORD OF SURVEY FOR FRESHWATER TISSUE COMPANY, LLC FILED IN THE OFFICE OF THE HUMBOLDT COUNTY RECORDER IN BOOK 69 OF SURVEYS, PAGES 106 AND 107, AT THE SOUTHERLY TERMINUS OF A COURSE HAVING A BEARING OF NORTH 26 DEGREES 51 MINUTES 38 SECONDS EAST; THENCE ALONG SAID NORTHERLY LINE, NORTH 26 DEGREES 51 MINUTES 38 SECONDS EAST, 10.37 FEET; THENCE ALONG SAID NORTHERLY LINE, NORTH 66 DEGREES 20 MINUTES 37 SECONDS WEST, 679.14 FEET; THENCE LEAVING SAID NORTHERLY LINE, SOUTH 23 DEGREES 48 MINUTES 09 SECONDS WEST, 755.82 FEET; THENCE SOUTH 12 DEGREES 03 MINUTES 23 SECONDS EAST, 47.01 FEET; THENCE SOUTH 66 DEGREES 11 MINUTES 51 SECONDS EAST, 680.00 FEET; THENCE NORTH 23 DEGREES 48 MINUTES 09 SECONDS EAST, 785.33 FEET, MORE OR LESS, TO THE NORTHERLY LINE OF SAID PARCEL A AT A POINT THAT BEARS SOUTH 66 DEGREES 15 MINUTES 26 SECONDS EAST FROM THE POINT OF BEGINNING; THENCE NORTH 66 DEGREES 15 MINUTES 26 SECONDS WEST, ALONG SAID LINE, 28.95 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL TWO

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS, 50 FEET IN WIDTH, THE CENTER LINE OF WHICH IS DESCRIBED AS FOLLOWS:

COMMENCING ON THE SOUTH LINE OF SECTION 16 TOWNSHIP 5 NORTH, RANGE 1 WEST, HUMBOLDT MERIDIAN, AT A POINT BEARING SOUTH 88 DEGREES 32 MINUTES 46 SECONDS EAST, 1062.11 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION; THENCE NORTH 19 DEGREES 58 MINUTES 05 SECONDS WEST, 910.90 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE TO THE EAST, HAVING A RADIUS OF 852 FEET, THROUGH WHICH A RADIAL LINE BEARS NORTH 34 DEGREES 11 MINUTES 28 SECONDS WEST, SAID POINT BEING THE TRUE POINT OF BEGINNING; AND RUNNING THENCE SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 33 DEGREES 46 MINUTES 52 SECONDS, FOR A DISTANCE OF 502.33 FEET TO A POINT HEREIN IDENTIFIED AS POINT "A"; THENCE CONTINUING SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 22 DEGREES 18 MINUTES 56 SECONDS, FOR A DISTANCE OF 331.84 FEET; THENCE SOUTH 00 DEGREES 17 MINUTES 16 SECONDS EAST, 129.77 FEET TO THE SOUTH LINE OF SAID SECTION 16.

PARCEL THREE

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS 50 FEET IN WIDTH, THE CENTER LINE BEING DESCRIBED AS FOLLOWS:

COMMENCING AT "POINT A" DESCRIBED ABOVE;
THENCE NORTH 63 DEGREES 33 MINUTES 05 SECONDS WEST TO THE EAST LINE OF NEW NAVY BASE ROAD, AS DESCRIBED IN BOOK 1160 OF OFFICIAL RECORDS, PAGE 623, HUMBOLDT COUNTY RECORDS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE 30 FOOT STRIP OF LAND CONVEYED TO THE NORTHWESTERN PACIFIC RAILROAD COMPANY, A CALIFORNIA CORPORATION, BY DOCUMENT RECORDED FEBRUARY 2, 1925, IN BOOK 171 OF DEEDS, PAGE 186, HUMBOLDT COUNTY RECORDS.

PARCEL FOUR

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITY PURPOSES IN AND ACROSS THAT PORTION OF THE 50 FOOT WIDE STRIP SHOWN ON SAID RECORD OF SURVEY FILED IN BOOK 69 OF SURVEYS, PAGES 106 AND 107 AS "CENTERLINE OF 50 FOOT WIDE EASEMENT FOR INGRESS AND EGRESS" THAT LIES WITHIN PARCEL B SHOWN ON SAID SURVEY AND ALSO WITHIN THAT PORTION OF PARCEL C SHOWN ON SAID SURVEY THAT LIES WITHIN SAID SECTION 21.

PARCEL FIVE

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITY PURPOSES IN AND ACROSS THE WEST 50 FEET OF THE FOLLOWING DESCRIBED LANDS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 3 IN SECTION 21 IN TOWNSHIP 5 NORTH, RANGE 1 WEST, HUMBOLDT MERIDIAN; AND RUNNING
THENCE SOUTH 8 MINUTES WEST ON THE SECTION LINE, 600 FEET;
THENCE EAST, 1410 FEET TO THE EAST LINE OF STATE TIDE LAND SURVEY NO. 75;
THENCE NORTHERLY ALONG THE EAST LINE OF SAID TIDE LAND SURVEY TO THE NORTH LINE OF SAID LOT 3; AND
THENCE WEST ON THE NORTH LINE OF SAID LOT, 1670 FEET TO THE POINT OF BEGINNING.

EXHIBIT C

Map Showing General Location of Beach and Upland Parcels, Leased Premises, and the Easements

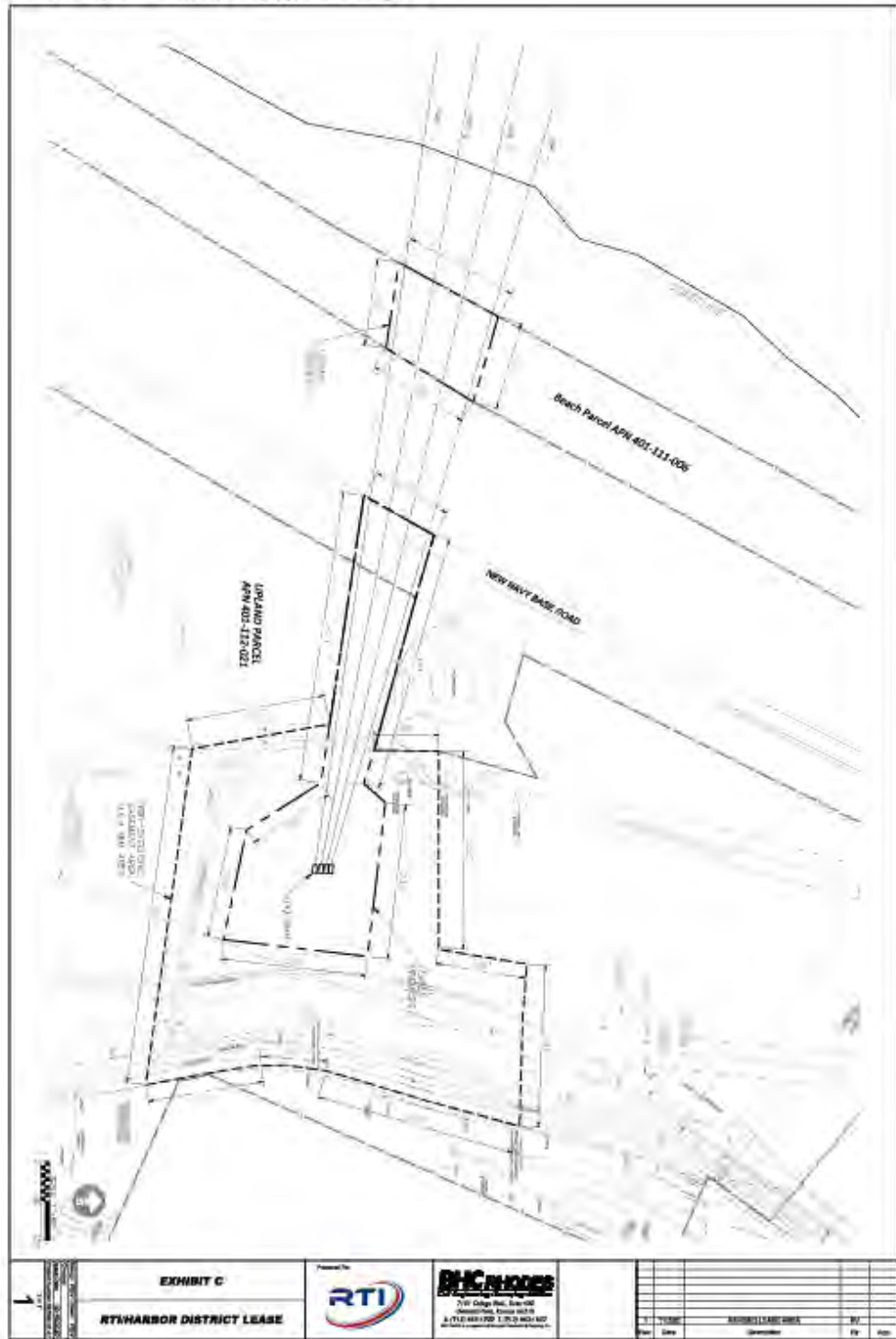


EXHIBIT D

New Markets Tax Credit Rider, Operating Lease, and Ground Lease

NEW MARKETS TAX CREDIT RIDER

THIS NEW MARKETS TAX CREDIT RIDER (this “**Rider**”) is made and entered into as of February 11, 2019, by and among Humboldt Bay Harbor, Recreation and Conservation District, a California public entity, having an address of 601 Startare Drive, Eureka, California 95501, as Sublessor (hereinafter “**Landlord**”), and California Marine Investments LLC, a Delaware limited liability company, having an address of 511 Congress Street, Portland, Maine 04101, as Sublessee (hereinafter “**Tenant**”).

1. Tenant Prohibited Activities. Tenant represents and warrants that during the term of the Lease, it will not engage in any of the following prohibited activities in connection with the Premises: (1) the rental to others of residential rental property (as defined in Section 168(e)(2)(A) of the Tax Code); (2) the operation of any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, any race track or other facility used for gambling, facilities associated or connected to the cannabis industry, or any store where the principal business of which is the sale of alcoholic beverages for consumption off premises; (3) the development or holding of intangibles (e.g., intellectual property or contract rights) for sale or license; (4) farming (within the meaning of Section 2032A(e)(5)(A) or (B) of the Tax Code). For the avoidance of doubt, the parties acknowledge and agree that “massage parlor” shall mean and include any massage or massage-related activities, and that “facility used for gambling” shall mean and include any business that includes the sale of lottery tickets or the sale or operation of any pull-tab machines, bingo or other games of chance.

2. Miscellaneous.

a. Governing Law. This Rider shall be governed by and construed in accordance with the laws of the State of California.

b. Severability. If any provision of this Rider shall be deemed invalid or unenforceable in any respect for any reason, the validity and enforceability of any such provision in any other respect and of the remaining provisions of this Rider shall not be in any way impaired.

c. Attorneys’ Fees. If legal proceedings are commenced between Tenant and Landlord in connection with this Rider and/or any transaction contemplated hereby, the non-prevailing party shall be required to reimburse the prevailing party for all legal fees, costs and expenses incurred by the prevailing party in connection therewith.

d. Incorporation of Rider into Lease. The parties hereby covenant and agree that this Rider must be attached to and is a material and non-severable part of the Lease.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed this Sublease as of the day and year first above written.

LANDLORD:

HUMBOLDT BAY HARBOR,
RECREATION AND CONSERVATION
DISTRICT

By: 

Name: Greg Dale

Title: President, Board of Commissioners

TENANT:

CALIFORNIA MARINE INVESTMENTS
LLC, a Delaware limited liability company

By: 

Name: Erik Heim

Title: President

OPERATING LEASE

This Operating Lease (this "Lease") is made as of March 9, 2016 by and between HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC., a California nonprofit public benefit corporation, whose address P.O. Box 1030, Eureka, California 95501 ("Landlord"), and HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, a California public entity whose address is 601 Startare Dr., Eureka, California 95502 ("Tenant").

PREAMBLE

Landlord has entered into a certain Ground Lease (the "Ground Lease"), as tenant, with Tenant, as landlord, for that certain real property more particularly described in Exhibit A attached hereto (collectively, the "Land"), and the improvements located thereon (collectively, the "Building"). The Land and the Building are collectively referred to herein as the "Property".

Subject to the Ground Lease, Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, the Leased Premises (as such term is defined herein).

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties agree as follows:

1. Definitions.

The following terms not otherwise defined herein shall have the meaning set forth below:

1.1 "Additional Payments" is defined in Section 2.5.

1.2 "Base Rent" shall mean rent paid by Tenant to Landlord as set forth in Section 2.4 and in accordance with the Base Rent Schedule.

1.3 "Building" shall have the meaning set forth in the Preamble.

1.4 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.5 "Commencement Date" shall have the meaning set forth in Section 2.2.

1.6 "Environmental Laws" shall mean and refer to all federal, state and local laws, ordinances, rules and regulations now or at any time hereafter in effect which regulate, relate to or impose liability or standards of conduct concerning any Hazardous Substances, including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act of 1980 (42 USC § 9601 et. seq.), as amended from time to time ("CERCLA"), and the Superfund Amendments and Reauthorization Act of 1986, as amended, and regulations promulgated thereunder, the Resource Conservation and Recovery Act of 1976 (42 USC § 6901 et. seq.), as amended from time to time and regulations promulgated thereunder, the Toxic Substances Control Act (15 USC § 2601 et. seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 3000(f) et seq.), and the Clean Air Act (42 U.S.C. § 7401 et seq.).

1.7 "Event of Default" shall have the meaning set forth in Section 7.1.

1.8 "Force Majeure Delay" shall mean any delay arising by reason of acts of God, strikes, lockouts, or other labor disputes, embargoes, quarantines, national, regional, or local disasters, failure of, or inability to obtain, utilities necessary for performance, governmental restrictions, orders, limitations, regulations, or controls, national emergencies, enemy or hostile governmental action, terrorism, insurrection, riots, civil disturbance or commotion, fire or other casualty, and other causes or events beyond the reasonable control of the party charged with performance hereunder.

1.9 "Handicapped Access Laws" shall mean any and all applicable federal, state, regional, county or local laws, statutes, rules, regulations, ordinances, decrees or orders concerning access of handicapped or disabled persons, whether now existing or hereafter enacted or promulgated, including, but not limited to, the Americans with Disabilities Act of 1990, as amended.

1.10 "Hazardous Substances" shall mean and include: (i) any friable asbestos or asbestos-containing material, polychlorinated biphenyls, dioxins or urea formaldehyde foam insulation; (ii) any petroleum or petroleum-derived products; (iii) any waste, substance, material, pollutant or contaminant designated or regulated in any way as hazardous or toxic in or for purposes of any Environmental Laws; and (iv) any substance, the presence of which, by any governmental requirement, requires special handling in its collection, storage, treatment, transportation or disposal.

1.11 "Landlord" shall have the meaning set forth in the introductory paragraph of this Lease.

1.12 "Lease" shall mean this Operating Lease, as it may be amended from time to time.

1.13 "Leased Premises" shall mean the Land and shall also include (without limitation): (i) the Building, (ii) all Tenant Improvements and (iii) any appurtenant easements.

1.14 "Leasehold Mortgage(s)" shall have the meaning set forth in Section 9.2.

1.15 "Lenders" means, collectively, CNMC SUB-CDE 69, LLC, a Delaware limited liability company, and New Markets Community Capital XVII, LLC, a Delaware limited liability company, and their respective successors and assigns, each of which is providing loans to Landlord pursuant to a certain Loan Agreement, so long as such loans are secured by an assignment of this Lease. Notwithstanding the foregoing, anytime this Lease refers to a required consent of the Lenders, the procedures and requirements relating to such consent shall be governed by the Loan Agreements and any intercreditor or subordination agreement then in effect among any of the Lenders.

1.16 "Licenses and Permits" means all licenses, permits, certificates, authorizations and agreements issued by or agreed to by any governmental authority pursuant to any law, rule, regulation, ordinance, etc., and including, but not limited to, building permits, occupancy permits and such special permits, variances and other relief as are required to permit the use and occupancy of the Leased Premises as permitted by this Lease.

1.17 "Loan Agreement" means that certain Credit Agreement dated on or about the date hereof among Landlord and the Lenders.

1.18 "Permitted Use" shall mean any use of the Leased Premises or any part thereof for (i) the expansion of the aquaculture industry using Leased Premises access to the bay, ocean and freshwater, (ii) the expansion of the wood products industry through leasing for manufacturing of wood pellets, dowels, fire logs and wood chip export, (iii) warehousing space, (iv) industrial space for steel fabrication and assembly, (v) outside storage for manufacturing business, (vi) water treatment facility space, and (vii) similar manufacturing and industrial rental use and uses appurtenant thereto. Notwithstanding anything to the contrary contained herein, a Permitted Use shall not include any trade or business, either as a principal or an ancillary business, that is an excluded business under Section 1.45D-1(d)(5)(iii) of the Regulations, including, without limitation, any one or more of the following: (i) developing or holding intangibles for sale or license; (ii) the operation of any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal activity of which is the sale of alcoholic beverages for consumption off premises; (iii) farming, as that term is defined in Section 2032A(e)(5)(a) or (b) of the Internal Revenue Code, or (iv) rental to others of Residential Rental Property. As used herein "Residential Rental Property" means any building or structure where eighty percent (80%) or more of the gross rental income from such building or structure for the taxable year is rental income from "dwelling units." For such purpose, a "dwelling units". For such purpose, a "dwelling unit" means a house or apartment used to provide living accommodations in a building or structure, but does not include a unit in a hotel, motel, or other establishment more than one half (1/2) of the units in which are used on a transient basis.

1.19 "Property" shall have the meaning set forth in the Preamble.

1.20 "Real Estate Taxes" shall mean all taxes levied or assessed against the Land or the Building by any taxing authority, and/or any payments required by a cooperation agreement providing for payments in lieu of taxes in accordance with any applicable law or regulation, and each installment of all public, special or betterment assessments, urban renewal service payments or other tax increment finance payments levied or assessed by or becoming payable to any governmental authority having jurisdiction over the Land or the Building.

1.21 "Regulations" shall mean the regulations issued by the United States Department of Treasury pursuant to the Code.

1.22 "Tenant" shall have the meaning set forth in the introductory paragraph of this Lease.

1.23 "Tenant Improvements" shall have the meaning set forth in Section 3.2.

1.24 "Term" shall have the meaning set forth in Section 2.2.

1.25 "Termination Date" shall have the meaning set forth in Section 2.2.

2. Leased Premises; Term; Rent.

2.1 Lease of Leased Premises. Landlord hereby leases and demises to Tenant and Tenant hereby leases from Landlord the Leased Premises, together with any and all rights, privileges, and advantages belonging to the Leased Premises or in any way appertaining to the Leased Premises, for the Term, subject to and with the benefit of the terms, covenants, conditions and provisions of this Lease. The parties acknowledge and agree that Landlord is completing certain renovations to the Leased Premise as further described in the Loan

Agreement, but, as of the date hereof, the Leased Premises are ready for use and/or occupancy.

2.2 Term. The term of this Lease (the "Term") shall be the period commencing on the date hereof (the "Commencement Date") and ending on that date thirty years after the Commencement Date (the "Termination Date"), unless sooner terminated pursuant to the terms hereof. Landlord hereby grants to Tenant the option to extend the Term for three (3) additional ten (10) year period(s) commencing when the prior term expires upon the following terms and conditions: (i) In order to exercise an option to extend, Tenant must give written notice of such election to Landlord at least thirty (30) days prior to the date that the option period would commence, and (ii) Base Rent shall be fair market value determined at the time of the exercise of the option.

2.3 Quiet Enjoyment; Permitted Uses. Landlord covenants and agrees with Tenant that, so long as no Event of Default has occurred under this Lease, Tenant shall and may, at all times during the Term, peaceably and quietly have, hold and enjoy the Leased Premises and all rights, appurtenances and privileges belonging or in any way appertaining thereto without hindrance or molestation from Landlord or any person or entity claiming by, through or under Landlord, subject to the Leasehold Mortgages and other encumbrances recorded in the Official Records of the County of Humboldt as of the date hereof. Tenant shall only use the Leased Premises for a Permitted Use.

2.4 Base Rent. Commencing on the Commencement Date and continuing throughout the Term, Tenant shall pay to Landlord, without setoff, demand, abatement or claim, base rent (the "Base Rent") in monthly installments on the [1st] day of each month, in advance, in accordance with the Base Rent Schedule attached hereto as Exhibit B.

2.5 Additional Payments. It is intended that this Lease shall at all times be a so-called "triple net lease." In order that the Base Rent shall be absolutely net to Landlord, Tenant covenants and agrees to pay or cause to be paid, all amounts payable to or for the benefit of Landlord or to third parties set forth elsewhere in this Lease (collectively, "Additional Payments"), which payments shall include without limitation payment of the following: (i) Real Estate Taxes; (ii) insurance required to be maintained by Landlord hereunder; and (iii) any other costs related to the ownership, operation, maintenance and repair of the Leased Premises. Except as otherwise set forth herein, Additional Payments shall be paid within thirty (30) days after Landlord provides Tenant with a written statement that Additional Payments are due.

2.6 Late Charge. If any sum payable hereunder remains outstanding for a period of thirty (30) days after written notice to Tenant, Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount.

2.7 Operating Expenses. Except for items on account of which Additional Payments are due as provided in this Lease, Tenant shall be responsible for paying all operating expenses associated with the Property, and Landlord shall receive the Base Rent free and clear of any and all expenses associated with the operation of the Property. In addition, the following provisions shall apply so long as the Loan Agreements remain in effect:

2.7.1 This Lease shall not terminate, nor shall Tenant have the right to terminate this Lease, nor shall Tenant be entitled to any abatement or reduction of the Base Rent or Additional Payments hereunder, nor shall the obligations of Tenant hereunder be affected, by reason of any default on the part of Landlord under this Lease, or under any other agreement to which Landlord and Tenant may be parties. It is the intention of the parties hereto

that the obligations of Tenant hereunder shall be separate and independent covenants and agreements, that the Base Rent and Additional Payments, and all other sums payable by Tenant hereunder, shall continue to be payable in all events and that the obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated pursuant to an express provision of this Lease. Nothing hereunder shall preclude Tenant from pursuing or realizing upon its other remedies at law or in equity by reason of any default hereunder by Landlord.

2.7.2 Tenant agrees that it will remain obligated under this Lease in accordance with its terms, and that it will not take any action to terminate, rescind or avoid this Lease, notwithstanding: (i) the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceeding affecting Landlord or any assignee of Landlord in any such proceeding; and (ii) any action with respect to this Lease which may be taken by any trustee or receiver of Landlord or of any assignee of Landlord in any such proceeding, or by any court in any such proceeding; provided that this Lease is not effectively disaffirmed in such proceedings and Tenant receives reasonable assurance thereof within a reasonable period of time and following the commencement of such proceedings.

2.7.3 If this Lease is terminated prior to the expiration of the Term on account of an Event of Default, or for any other reason whatsoever, whether by Tenant or by Landlord, Tenant shall remain liable for the entire amount of the Base Rent and Additional Payments due from Tenant under this Lease for the balance of the Term, which liability shall be reduced by the amount of rent actually collected by Landlord from any successor tenant upon the re-letting of the Premises, if any. However, upon Tenant's payment to Landlord of the Net Present Value of this Lease, Tenant shall be relieved of its liability under this Lease. For the purposes of this Section 2.7, "Net Present Value" shall mean the Base Rent and Additional Payments for the remainder of the Term, discounted to present value using the "applicable federal rate" then in effect for a period equal to the then remaining Term, as the discount factor.

2.7.4 Tenant waives all rights which may now or hereafter be conferred by applicable law (except by a final and binding judicial determination by a court of competent jurisdiction) (i) to quit, terminate or surrender this Lease, the Leased Premises or any part thereof or (ii) to any abatement, suspension, deferment or reduction of Base Rent or Additional Payments, or any other sums payable under this Lease, except as otherwise expressed provided herein.

3. Subleasing and Tenant Improvements.

3.1 Assignments/Subleasing. Tenant may not assign its interest in this Lease without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, and the prior written consent of the Lenders. Any attempted assignment, transfer, encumbrance or other alienation of this Lease or any interest hereunder without the prior written consent of Landlord and the Lenders shall be void and shall confer no rights to any third party transferee. Notwithstanding anything contained in this Lease to the contrary, any assignment of this Lease and any sublease hereunder shall be subject to all of the terms, provisions and conditions of this Lease, and no such assignment or sublease shall relieve Tenant of any of its obligations hereunder. Tenant shall be permitted to sublease portions of the Leased Premises pursuant to subleases meeting the Permitted Uses of this Lease, provided such subleases shall be subordinate to the terms of the Ground Lease and this Lease, shall sublease improvements in addition to land, and shall specifically prohibit any excluded business under Section 1.45D-1(d)(5)(iii) of the Regulations.

3.2 Tenant Improvements. Other than Landlord's Work, Tenant shall be responsible, at its sole cost and expense, for carrying out any and all construction, finishing work, fixture installation or other activities that it may deem necessary for Tenant to commence its activities (the "Tenant Improvements"). Tenant shall not perform any Tenant Improvements unless and until all plans and specifications relating to such Tenant Improvements and all contractors retained by Tenant to carry out such improvements comply with the terms and conditions of this Lease and are approved in writing by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed). Tenant may install trade fixtures, machinery or other trade equipment in conformity with the preceding requirements and all applicable laws and ordinances, and the same shall be removed upon the termination of this Lease.

3.3 Mechanic's Liens, Etc. If Tenant causes any improvements, alterations, or repairs to be made to the Leased Premises, Landlord shall not under any circumstances be liable for any labor or materials furnished, or to be furnished, to Tenant and no mechanics' lien or other liens for any such labor or materials shall attach to or affect the reversionary or other estate or interest of Landlord in and to the Leased Premises. Tenant further agrees to indemnify, defend and hold harmless Landlord, and Landlord's mortgagees, against any and all costs Landlord or such mortgagees may suffer on account of same. Upon request from Landlord, Tenant shall provide affidavits of payment, lien waivers or other equivalent evidence of full payment to all contractors, subcontractors and material suppliers who provide services or materials to the Leased Premises, or, if any such payment is being validly disputed, bonds or other security for same reasonably acceptable to Landlord.

3.4 Compliance with Law. Tenant shall perform all construction and other activities on the Leased Premises in compliance with all applicable laws, ordinances, codes and regulations affecting the Leased Premises or its uses, as the same may be administered by authorized governmental officials, including without limitation, Environmental Laws and Handicapped Access Laws.

3.5 Hazardous Substances. Tenant shall not cause or permit: (i) any Hazardous Substances to be placed, held, located or disposed of on, under or at the Leased Premises or any part thereof (except for such Hazardous Substances as may be commonly and legally used or stored at the Leased Premises as a consequence of the operation of Building for the Permitted Uses, but only so long as Tenant complies or causes compliance with all applicable rules and regulations concerning the use or production of such Hazardous Substances), and (ii) any contamination by Hazardous Substances of the Leased Premises or any part thereof.

4. Insurance.

4.1 Property Insurance. Landlord shall keep the Leased Premises insured for the full replacement value thereof for the benefit of Landlord, Tenant and the Lenders, as their interests may appear. All such insurance shall be in the amounts and form, shall include such coverages and endorsements, and shall be issued by such insurers, as shall be required by the Loan Agreements (but in no event shall Landlord insure the Leased Premises for less than the full replacement value thereof).

4.2 Tenant's Property Insurance. Throughout the Term, Tenant shall maintain, at Tenant's expense, insurance coverage with respect to the Tenant Improvements, and any other insurable property and equipment therein or thereon that is not covered by the insurance policy described in Section 4.1 above, in form and amounts as prudently determined by Tenant.

4.3 Tenant's Liability and Other Insurance. Unless otherwise required by the Loan Agreements, Tenant shall maintain, at its sole expense, commercial general liability insurance or similar coverage obtained through a joint powers authority of California public entities against loss or liability in connection with bodily or other personal injury, death or property damage or destruction, occurring in or on the Leased Premises and arising out of the use thereof by Tenant or its agents, employees, officers, tenants, Tenants, invitees, visitors and guests, such insurance to afford protection to the limits of not less than One Million Dollars (\$1,000,000) per occurrence (combined single limit), Two Million Dollars (\$2,000,000) general policy aggregate, together with contractual liability coverage and completed operations, all of which insurance shall, by its terms, be primary and noncontributory with respect to any other insurance carried by Landlord.

4.4 Worker's Compensation Insurance. Tenant shall maintain worker's compensation insurance as and in the amount required by law.

4.5 Requirements of Insurance. Insurance maintained by Tenant pursuant to this Lease shall:

4.5.1 for all property insurance, have attached thereto a clause making the loss payable to Tenant, Landlord and their respective mortgagees, as their respective interests may appear;

4.5.2 if available, provide for waiver of subrogation and payment of losses to Landlord, respectively, notwithstanding any act of negligence of Tenant; and

4.5.3 if available, be endorsed to provide for a minimum of thirty (30) days' notice to Tenant, Landlord and their respective mortgagees of any cancellation, non-renewal or material modification of the insurance policy, to the extent attainable, but in no event less than ten (10) days' notice of any such event.

4.6 Contractors and Subcontractors. Tenant shall require any contractor (or subcontractor thereof) to carry commercial general liability, auto liability, workers compensation insurance with the scope of coverage and other provisions equivalent to those required of the parties hereunder; provided, however, that Landlord may, in its reasonable discretion, permit a contractor or subcontractor to provide insurance with coverage and/or limits other than as specified above in this sentence so long as such coverage and/or limits is adequate to protect Landlord in light of the contract sum and the nature of the work specified in the contract with such contractor or subcontractor. Upon request, such general liability and auto liability coverages shall include Tenant, Landlord and their respective mortgagees as certificate holders. Tenant shall obtain and keep on file certificates of insurance that show that the contractor or subcontractor is so insured and Landlord shall have the right, from time to time, upon request, to review such contractor and subcontractor information.

4.7 Certificates and Notice. Tenant shall deliver to Landlord upon execution of this Lease and annually thereafter, not less than thirty (30) days prior to the expiration of the then-current policies, certificates of insurance evidencing policies required herein and the renewals thereof. Upon Landlord's written request but no more frequently than annually, Tenant shall deliver to it complete copies of all original policies and endorsements.

5. Casualty and Condemnation.

5.1 Casualty. So long as any obligations of Landlord to the Lenders remain outstanding, in the event that any portion of the Leased Premises is damaged or destroyed by fire or other casualty, the application of insurance proceeds related thereto and the restoration rights and obligations of Landlord and Tenant shall be as set forth in the loan documents governing the loans from the Lenders, subject to any recorded intercreditor and subordination agreement between the Lenders. From and after the time the obligations to the Lenders have been satisfied in full, in the event that any portion of the Leased Premises is damaged or destroyed by fire or other casualty, Landlord shall, to the extent proceeds are available, repair and restore the same as nearly as practicable to the condition immediately prior to such damage or destruction. Regardless of the extent of the damage or time required to restore the Leased Premises, Tenant shall be required to pay all of the Base Rent and Additional Payments under this Lease as each becomes due and payable.

5.2 Eminent Domain. In the event of any temporary or permanent taking of the Leased Premises, by any public or other authority, this Lease shall remain in full force and effect without any change in Tenant's obligations to make payments required hereunder. To the extent of proceeds of any taking award, Landlord shall promptly restore the Leased Premises to substantially the same condition that existed immediately prior to the taking, except for the Tenant Improvements.

6. Indemnification.

6.1 Indemnities.

6.1.1 Tenant covenants and agrees to indemnify Landlord, defend Landlord with counsel selected by Tenant and acceptable to Landlord in its reasonable discretion, and hold Landlord harmless from any and all liabilities, losses, claims, demands, fees and expenses of any kind or any nature whatsoever (including, without limitation, remediation costs, environmental assessment costs, governmental compliance costs, and reasonable experts' and attorneys' fees and expenses), known or unknown, foreseen or unforeseen, which may at any time be imposed upon, incurred by, or asserted or awarded against Landlord arising from or occasioned by any omission, fault, neglect, breach of this Lease, or other misconduct by Tenant or otherwise growing out of or connected with Tenant's use, possession, ownership, improvement or occupation of the Leased Premises, or any part thereof, but only to the extent such injury, damage, death or loss does not arise out of or relate to any negligence or willful misconduct of Landlord or any employees, agents, officers, directors, shareholders, members and partners of Landlord, and any successors thereof.

6.1.2 Landlord covenants and agrees to indemnify Tenant, defend Tenant with counsel selected by Landlord and acceptable to Tenant in its reasonable discretion, and hold Tenant harmless from any and all liabilities, losses, claims, demands, fees and expenses of any kind or any nature whatsoever (including, without limitation, remediation costs, environmental assessment costs, governmental compliance costs, and reasonable experts' and attorneys' fees and expenses), known or unknown, foreseen or unforeseen, which may at any time be imposed upon, incurred by, or asserted or awarded against Tenant arising from or occasioned by any omission, fault, neglect, breach of this Lease by Landlord, or other misconduct by Landlord or otherwise growing out of or connected with Landlord's obligations under this Lease or possession of the Leased Premises, but only to the extent such injury, damage, death or loss does not arise out of or relate to any negligence or willful misconduct of Tenant or any employees, agents, officers, directors, shareholders, members and partners of Tenant, and any successors thereof.

6.2 Notice of Claims; Survival. The party claiming the right to indemnification hereunder shall provide the other party with prompt and timely notice of any claim made or suit instituted against it or any other party of which it has knowledge, relating to any matter that in any way may result in indemnification pursuant to this Section 6. The obligations of Tenant and Landlord under this Section 6 shall survive the expiration or any earlier termination of this Lease. No party shall be liable for indemnification in connection with any settlement of any claim effected without its consent.

7. **Default.**

7.1 Default by Tenant. The occurrence of any of the following events shall constitute an event of default ("Event of Default") by Tenant hereunder:

7.1.1 Tenant fails to pay when due any amount due hereunder or if Tenant fails to observe or perform any obligation imposed under this Lease, and shall fail to cure, correct or remedy such failure within ten (10) days after the receipt of written notice thereof in the case of failure to make any payment due hereunder or, for any other matter, thirty (30) days after the receipt of written notice thereof, unless such failure cannot be cured by the payment of money and cannot with due diligence be cured within a period of thirty (30) days, in which case such failure shall not be deemed to constitute an Event of Default so long as Tenant promptly commences and thereafter proceeds with due diligence to cure such failure and completes the curing thereof within a reasonable period of time, not to exceed an additional thirty (30) days, subject to Force Majeure Delay; or

7.1.2 any representation or warranty of Tenant set forth in this Lease, in any certificate delivered pursuant hereto, or in any notice, certificate, demand, submittal or request delivered to Landlord by Tenant pursuant to this Lease shall prove to be incorrect in any material and adverse respect as of the time when the same shall have been made and the same shall not have been remedied to the reasonable satisfaction of Landlord within thirty (30) days after written notice from Landlord.

7.2 Default by Landlord. The occurrence of any of the following events shall constitute an Event of Default by Landlord hereunder:

7.2.1 Landlord fails to observe or perform any material covenant, condition, agreement or obligation hereunder not addressed by any other event described in this Section 7.2; and shall fail to cure, correct or remedy such failure within thirty (30) days after the receipt of written notice thereof, unless such failure cannot be cured by the payment of money and cannot with due diligence be cured within a period of thirty (30) days, in which case such failure shall not be deemed to constitute an Event of Default so long as Landlord promptly commences and thereafter proceeds with due diligence to cure such failure and completes the curing thereof within a reasonable period of time, not to exceed one hundred twenty (120) days, subject to Force Majeure Delay; or

7.2.2 If any representation or warranty of Landlord set forth in this Lease, in any certificate delivered pursuant hereto, or in any notice, certificate, demand, submittal or request delivered to Tenant by Landlord pursuant to this Lease shall prove to be incorrect in any material and adverse respect as of the time when the same shall have been made and the same shall not have been remedied to the reasonable satisfaction of Tenant within thirty (30) days after written notice from Tenant.

7.2.3 Landlord's default under the Ground Lease.

8. Remedies.

8.1 Following Default by Tenant. If there shall occur an Event of Default on the part of Tenant, Landlord may:

8.1.1 seek any and all remedies available at law or in equity, including without limitations damages or specific performance;

8.1.2 upon not less than thirty (30) additional days' written notice to Tenant, in addition to any of Landlord's other rights at law or in equity or as set forth elsewhere in this Lease, cure any default or breach of warranty of Tenant hereunder and perform any covenants which Tenant has failed to perform (including, at its sole discretion and without any obligation to do so, making payment of any amounts due, including without limitation, any Real Estate Taxes), and any sums reasonably expended by Landlord in curing such default or breach of warranty and performing such covenants shall be paid by Tenant to Landlord immediately upon demand, and shall be deemed Additional Payments hereunder; or

8.1.3 upon not less than thirty (30) additional days' written notice to Tenant, then Landlord may, in addition to any of Landlord's other rights at law or in equity, terminate this Lease and, in accordance with any applicable laws, take possession of the Leased Premises.

8.2 Following Default by Landlord. If there shall occur an Event of Default on the part of Landlord, then subject to the limitations provided herein, Tenant may:

8.2.1 seek any and all remedies available at law or in equity including without limitations damages or specific performance; and

8.2.2 upon not less than thirty (30) additional days' written notice to Landlord and the Lenders, in addition to any of Tenant's other rights at law or in equity or as set forth elsewhere in this Lease, cure any default or breach of warranty of Landlord hereunder and perform any covenants which Landlord has failed to perform (including, at its sole discretion and without any obligation to do so, making payment of any amounts due, including without limitation, any Real Estate Taxes), and any sums reasonably expended by Tenant in curing such default or breach of warranty and performing such covenants shall be paid by Landlord to Tenant immediately upon demand, and may be offset by Tenant against future Additional Payments or rent.

Tenant hereby agrees that any cure of any Event of Default made or tendered by any Lender shall be deemed to be a cure by Landlord and shall be accepted or rejected on the same basis as if made or tendered by Landlord.

8.3 Remedies Cumulative. Unless otherwise specifically provided in this Lease, no remedy herein shall be exclusive of any other remedy or remedies, and each such remedy shall be cumulative and in addition to every other remedy, and every power and remedy given by this Lease may be exercised from time to time and as often as may be deemed expedient by either party. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein.

9. Lease Priority, Mortgage Provisions and New Markets Tax Credits.

9.1 Priority of Lease; Landlord's Right to Mortgage. This Lease is subject and subordinate to the Ground Lease, and to the lien, operation and effect of each mortgage, deed of trust, ground lease or other similar instrument granted by Landlord and covering any or all of the Leased Premises, and each renewal, modification, extension, recasting, or refinancing thereof, including the Mortgage (as such term is defined in the Loan Agreement) in favor of Lenders (each, a "Mortgage"). If Landlord's interest in the Leased Premises is acquired by any ground lessor, Lender, or purchaser at a foreclosure sale (each, a "Successor Landlord"), Tenant shall attorn to the transferee of or successor to Landlord's interest in the Premises. The foregoing subordination and attornment provisions shall be self-operative and no further instruments shall be required to effect such subordination and/or attornment; provided, however, that Tenant hereby agrees to execute within five (5) days, subject to any delays necessary for approval of the same by the Tenant's governing board, if the same is required, any and all instruments in writing which may be required by Landlord or a Leasehold Mortgagee to confirm such subordination and attornment provisions. In the event of such attornment, Tenant recognizes such Successor Landlord shall not be liable for, subject to, or bound by (a) any payment of the Rent more than one (1) rental period in advance, except prepayments in the nature of security for the performance by Tenant of its obligations under this Lease, but only to the extent such prepayments have been delivered to such Successor Landlord, (b) any amendment of this Lease made without the consent of the holder of each mortgage or deed of trust existing as of the date of such amendment, (c) damages for any breach, act or omission of any prior landlord, (d) any offsets or defenses which Tenant might have against any prior landlord, (e) any obligations with respect to construction or completion of any improvements for Tenant's use and occupancy, or following any fire or casualty, the restoration or repair of any improvement upon the demised Premises, (f) warranties of any nature whatsoever, including any warranties respecting use, compliance with zoning, hazardous wastes or environmental laws, title, authority, habitability, fitness for purpose or possession; or (g) any assignment or subletting by Tenant made in a manner not expressly permitted under this Lease, unless such assignment or sublease was made with the consent of the holder of each mortgage or deed of trust existing as of the date of such assignment or sublease.

9.2 Tenant's Right to Mortgage. After obtaining the written consent of Landlord, the Lenders, and any mortgagee of Landlord, Tenant shall have the right from time to time to obtain mortgage loan financing for the Leased Premises and to grant to the providers of such financing leasehold mortgages, assignments of leases and rents, use restrictions and such other security instruments covering and affecting all or any portion of the Leased Premises as Tenant may deem necessary or appropriate (together, "Leasehold Mortgages"). However, no such encumbrance shall constitute a lien on Landlord's interest in the Leased Premises, and the indebtedness secured by the encumbrance shall at all times be and remain inferior and subordinate to all the conditions, covenants and obligations of this Lease, to the lien of any deed of trust, mortgage or other security instrument encumbering Landlord's interest in the Leased Premises.

9.3 New Markets Tax Credits. For so long as the Loan Agreements remain in effect, Tenant shall provide such information as may be reasonably requested by Landlord on behalf of any Lender in order to comply with requirements of the CDFI Fund with respect to New Markets Tax Credits (as such terms are defined in the Loan Agreement) program data collection.

10. Miscellaneous.

10.1 Successors and Assigns. Unless otherwise required by the context, the words "Landlord" and "Tenant" shall be construed to mean the original parties, their respective

successors and assigns and those claiming through or under them respectively. The agreements and conditions in this Lease contained on the part of and to be performed and observed by Tenant shall be binding upon Tenant and its successors and assigns and shall inure to the benefit of Landlord and its successors and assigns, and the agreements and conditions in this Lease contained on the part of and to be performed and observed by Landlord shall be binding upon Landlord and its successors and assigns and shall inure to the benefit of Tenant and its successors and assigns, in each case following the granting of any consent to transfer required to be obtained pursuant to the terms hereof. The parties agree that notwithstanding any provision hereof to the contrary, no officer, director, trustee, shareholder, general or limited partner, member, manager, agent or employee of any party shall have any personal liability under this Lease, and each party agrees to look solely to the other party for performance of the obligations, conditions and covenants of this Lease.

10.2 Estoppel Certificate. Each party agrees from time to time, upon no less than ten (10) days prior notice from the other, to execute, acknowledge and deliver to the other a statement that shall: (a) indicate the aggregate amount of all payments that have been made by Tenant and, further categorize and tabulate these payments as payments towards the Base Rent and payments in addition to the Base Rent; and (b) certify that (i) this Lease is unmodified and in full force and effect (or, if there have been any modifications, that the same is in full force and effect as modified and stating the modifications), (ii) that the Base Rent has been paid, and that no other payments are due under this Lease (or if Base Rent or other payments are due, the nature and amount of the same), and (iii) whether, to the actual knowledge of such party, there exists any uncured default by the other party, or any defense, offset, or counterclaim against the other party, and, if so, the nature of such default, defense, offset or counterclaim. The statement may be relied on by any auditor, creditor and lender and by any prospective purchaser or encumbrancer of the Leased Premises or all or any part or parts of Landlord's or Tenant's respective interests under this Lease.

10.3 Intentionally Deleted.

10.4 Notice. For so long as the Loan Agreement remains in effect, the Tenant and the Landlord each agree, simultaneously with the giving of each notice hereunder, to give a duplicate copy of such notice to Lenders. Any notice or other communication given or made pursuant to this Lease shall be in writing and shall be deemed given if: (i) delivered personally or by courier; (ii) sent by overnight express delivery; or (iii) mailed by registered or certified mail (return receipt requested), postage prepaid, in all three (3) cases to a party at its respective address set forth below (or at such other address as shall be specified by the party by like notice given to the other party, any such changed address to be effective ten (10) days after the giving of notice thereof):

If to Landlord:

Humboldt Bay Development Association, Inc.
P.O. Box 1030
Eureka, CA 95501
Attn: Mr. Jack Crider
Facsimile: 707-443-0800
E-mail: Jcrider@humboldtbay.org

If to Tenant:

Humboldt Bay Harbor, Recreation and
Conservation District
Attn.: Mr. Jack Crider, CEO
601 Startare Drive

Eureka, CA 95501
Facsimile: 707-443-0800
E-mail: Jcrider@humboldtby.org

With a copy to:

Mitchell, Brisso, Delaney & Vrieze LLP
Attn.: Mr. Paul A. Brisso
814 Seventh Street
Eureka, CA 95501
Facsimile: 707-444-9586
E-mail: pbrisso@mitchelllawfirm.com

If to the Lenders:

As set forth on Exhibit C attached hereto.

All such notices and other communications shall be deemed given and received: (i) in the case of personal or local courier delivery, on the date of such delivery; (ii) in the case of delivery by overnight courier or express delivery service, on the date following dispatch; and (iii) in the case of mailing, three (3) business days after the date of mailing. For the sake of convenience and rapidity of transmission, copies of notices may be sent by telecopy transmission, but such transmission alone shall not be deemed to satisfy the notice requirements of this Lease absent actual confirmed receipt or the giving of notice by one of the other means stated above. Rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given shall be deemed to be receipt of the notice or other communication.

10.5 Waiver. Failure of either party to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by either party at any time, express or implied, of any breach of any provision of this Lease shall be deemed a waiver of a breach of any other provision of this Lease or a consent to any subsequent breach of the same or any other provision. If any action by either party shall require the consent or approval of the other party, the other party's consent to or approval of such action on any one occasion shall not be deemed a consent to or approval of said action on any subsequent occasion or a consent to or approval of any other action on any subsequent occasion. Any and all rights and remedies which either party may have under this Lease or by operation of law, either at law or in equity, upon any breach, shall be distinct, separate and cumulative and shall not be deemed inconsistent with each other; and no one of them, whether exercised by said party or not, shall be deemed to be in exclusion of any other; and two (2) or more or all of such rights and remedies may be exercised at the same time, except as may be expressly provided to the contrary herein.

10.6 No Third Party Beneficiaries. Nothing contained in this Lease or any other agreement or contract between Landlord and Tenant shall be deemed or construed to create any relationship of third party beneficiary, principal and agent, limited or general partner, joint venture or any other association or relationship other than landlord-tenant, and are solely for the benefit of Landlord and Tenant and not for the benefit of any third party; except that any provision herein for the benefit of the Lenders or any of Landlord's mortgagees may be relied on by such parties.

10.7 Attorneys' Fees. If either party brings any action for damages or other relief against the other, the prevailing party shall be entitled to receive payment from the losing party of all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees. The provisions of this Section 10.7 shall be applicable in trial, arbitration and appellate proceedings. The obligation to pay fees set forth herein shall accrue on commencement of such proceedings; provided that if such proceedings are not prosecuted to judgment or final determination, each party shall bear its own attorneys' fees unless otherwise agreed in writing.

10.8 Headings. The headings used for the various articles and sections of this Lease are used only as a matter of convenience for reference, and are not to be construed as part of this Lease or to be used in determining the intent of the parties of this Lease.

10.9 Construction. Landlord and Tenant agree that all the provisions hereof are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate section thereof.

10.10 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed therein.

10.11 Counterparts. This Lease may be executed in multiple counterparts and all such counterparts shall be deemed to be originals and together shall constitute but one and the same instrument.

10.12 Invalidity. If any term, covenant, provision or condition of this Lease or the application thereof to any person or circumstances shall be declared invalid or unenforceable by the final ruling of a court of competent jurisdiction having final review, the application of the remaining terms, covenants, provisions and conditions of this Lease shall not be affected thereby and shall continue to be enforced and recognized as valid agreements of the parties, and in the place of such invalid or unenforceable provision there shall be substituted a like, but valid and enforceable, provision which comports to the findings of the aforesaid court and most nearly accomplishes the original intention of the parties.

10.13 Exhibits. The exhibits referenced in this Lease are incorporated into this Lease by such references and are to be construed as a part of this Lease.

10.14 Entire Agreement. This instrument contains all the agreements made between the parties hereto with respect to the leasing of the Leased Premises and may not be modified in any other manner than by an instrument in writing specifically referencing such modification that is executed by the parties or their respective successors in interest.


10.15 No Merger. It is expressly understood and agreed to by the parties that the interest of Tenant under this Lease and the interest of Tenant, as landlord, under the Ground Lease are separate and distinct and shall not merge as a result of this Lease.

[Remainder of page intentionally left blank; Signature pages follow]

In Witness Whereof, the parties have executed this Operating Lease as of the date first written above.


LANDLORD:

HUMBOLDT BAY DEVELOPMENT
ASSOCIATION, INC., a California nonprofit public
benefit corporation

By: 
Name: Richard Marks
Title: President

TENANT:

HUMBOLDT BAY HARBOR, RECREATION AND
CONSERVATION DISTRICT, a California public
entity

By: 
Name: Patrick Higgins
Title: President

S - 1

Exhibit A
Description of Property

For APN/Parcel ID(s): 401-112-021 and 401-112-024

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA IN COUNTY OF HUMBOLDT, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

TRACT A

Those portions of Sections 16, 20 and 21, Township 5 North, Range 1 West, Humboldt Meridian, more particularly described as follows:

PARCEL ONE

PARCEL A as shown on Record of Survey for Freshwater Tissue Company, LLC filed in the Office of the County Recorder of said Humboldt County in Book 69 of Surveys, pages 106 and 107.

EXCEPTING THEREFROM an undivided one-half interest in and to all minerals, coal, oils, petroleum and kindred substances and natural gas under and in said lands, as excepted in the deed from Anna G. McCormack recorded November 20, 1958 in Book 511, page 147, Humboldt County Official Records.

(TANKS AREA EXCEPTION)

EXCEPTING THEREFROM that portion thereof described as follows:

BEGINNING at a point on the Northerly line of Parcel A as shown on a Record of Survey for Freshwater Tissue Company, LLC filed in the Office of the Humboldt County Recorder in Book 69 of Surveys, Pages 106 and 107, at the Southerly terminus of a course having a bearing of North 26 degrees 51 minutes 38 seconds East;
thence along said Northerly line, North 26 degrees 51 minutes 38 seconds East, 10.37 feet;
thence along said Northerly line, North 66 degrees 20 minutes 37 seconds West, 679.14 feet;
thence leaving said Northerly line, South 23 degrees 48 minutes 09 seconds West, 755.82 feet;
thence South 12 degrees 03 minutes 23 seconds East, 47.01 feet;
thence South 66 degrees 11 minutes 51 seconds East, 680.00 feet;
thence North 23 degrees 48 minutes 09 seconds East, 785.33 feet, more or less, to the Northerly line of said Parcel A at a point that bears South 66 degrees 15 minutes 26 seconds East from the point of beginning;
thence North 66 degrees 15 minutes 26 seconds West, along said line, 28.95 feet, more or less, to the point of beginning.

PARCEL TWO

A non-exclusive easement for ingress and egress, 50 feet in width, the center line of which is described as follows:

COMMENCING on the South line of Section 16 Township 5 North, Range 1 West, Humboldt Meridian, at a point bearing South 88 degrees 32 minutes 46 seconds East, 1062.11 feet from the Southwest corner of said Section;
thence North 19 degrees 58 minutes 05 seconds West, 910.90 feet to the beginning of a non-tangent curve, concave to the East, having a radius of 852 feet, through which a radial line bears North 34 degrees 11 minutes 28 seconds West, said point being the true point of beginning; and running
thence Southerly along said curve, through a central angle of 33 degrees 46 minutes 52 seconds, for a distance of 502.33 feet to a point herein identified as "Point A";
thence continuing Southerly along said curve, through a central angle of 22 degrees 18 minutes 56 seconds, for a distance of 331.84 feet;
thence South 00 degrees 17 minutes 16 seconds East, 129.77 feet to the South line of said Section 16.

PARCEL THREE

A non-exclusive easement for ingress and egress 50 feet in width, the center line being described as follows:

COMMENCING at "Point A" described above;
thence North 63 degrees 33 minutes 05 seconds West to the East line of New Navy Base Road, as described in Book

1160 of Official Records, page 623, Humboldt County Records.

EXCEPTING THEREFROM that portion lying within the 30 foot strip of land conveyed to the Northwestern Pacific Railroad Company, a California corporation, by document recorded February 2, 1925, in Book 171 of Deeds, Page 186, Humboldt County Records.

PARCEL FOUR

A non-exclusive easement for ingress, egress and public utility purposes in and across that portion of the 50 foot wide strip shown on said Record of Survey filed in Book 69 of Surveys, pages 106 and 107 as "CENTERLINE OF 50 FOOT WIDE EASEMENT FOR INGRESS AND EGRESS" that lies within Parcel B shown on said Survey and also within that portion of Parcel C shown on said Survey that lies within said Section 21.

PARCEL FIVE

A non-exclusive easement for ingress, egress and public utility purposes in and across the west 50 feet of the following described lands:

BEGINNING at the Northwest corner of Lot 3 in Section 21 in Township 5 North, Range 1 West, Humboldt Meridian; and running
thence South 8 minutes West on the Section line, 600 feet;
thence East, 1410 feet to the East line of State Tide Land Survey No. 75;
thence Northerly along the East line of said Tide Land Survey to the North line of said Lot 3; and
thence West on the north line of said Lot, 1670 feet to the point of beginning.

TRACT B

PARCEL ONE

That portion of PARCEL B as shown on Record of Survey for Freshwater Tissue Company, LLC, filed in the Office of the County Recorder of said Humboldt County in Book 69 Surveys, Pages 106 and 107, described as follows:

BEGINNING on the Southwesterly line of said PARCEL B at a point that bears North 66 degrees 22 minutes 38 seconds West, 664.17 feet from the most Southerly corner of said PARCEL B;
thence North 23 degrees 37 minutes 22 seconds East, 59.29 feet;
thence North 15 degrees 56 minutes 36 seconds West, 488.72 feet;
thence North 69 degrees 07 minutes 20 seconds East, 200.81 feet;
thence North 82 degrees 52 minutes 03 seconds East, 196.26 feet;
thence North 58 degrees 03 minutes 53 seconds East, 27.10 feet;
thence North 15 degrees 06 minutes 45 seconds East, 67.42 feet;
thence North 20 degrees 24 minutes 32 seconds West, 529.38 feet;
thence North 76 degrees 33 minutes 34 seconds East, 33.06 feet to the Easterly line of said PARCEL B;
thence along said Easterly line the following courses:
North 69 degrees 30 minutes 50 seconds East, 47.32 feet,
South 19 degrees 55 minutes 20 seconds East, 311.69 feet,
North 84 degrees 15 minutes 50 seconds East, 43.92 feet,
South 21 degrees 13 minutes 20 seconds East, 90.39 feet,
South 28 degrees 58 minutes 05 seconds East, 270.98 feet,
North 83 degrees 50 minutes 20 seconds East, 224.07 feet,
North 73 degrees 22 minutes 00 seconds East, 153.65 feet,
South 65 degrees 53 minutes 10 seconds East, 85.95 feet, more or less, to the 1870 mean low water line, being the line described in Book 1722 Official Records, Page 440;
thence along said line the following courses:
South 21 degrees 38 minutes 48 seconds West, 795.69 feet,
South 20 degrees 52 minutes 00 seconds West, 181.39 feet to the most Southerly corner of said PARCEL B;
thence North 66 degrees 22 minutes 38 seconds West, along the Southwesterly line of said parcel, 664.17 feet to the point of beginning.

The above lands being shown as Parcel 1 on Record of Survey filed in Book 71 of Surveys, page 149, Humboldt County Records.

PARCEL TWO

A non-exclusive easement for ingress and egress, 50 feet in width, the center line of which is described as follows:

COMMENCING on the South line of Section 16 Township 5 North, Range 1 West, Humboldt Meridian, at a point bearing South 88 degrees 32 minutes 46 seconds East, 1062.11 feet from the Southwest corner of said Section; thence North 19 degrees 58 minutes 05 seconds West, 910.90 feet to the beginning of a non-tangent curve, concave to the East, having a radius of 852 feet, through which a radial line bears North 34 degrees 11 minutes 28 seconds West; thence Southerly along said curve, through a central angle of 33 degrees 46 minutes 52 seconds, for a distance of 502.33 feet to a point herein identified as "Point A"; thence continuing Southerly along said curve, through a central angle of 22 degrees 18 minutes 56 seconds, for a distance of 331.84 feet; thence South 00 degrees 17 minutes 16 seconds East, 129.77 feet to the South line of said Section 16.

PARCEL THREE

A non-exclusive easement for ingress and egress 50 feet in width, the center line being described as follows:

COMMENCING at "Point A" described above; thence North 63 degrees 33 minutes 05 seconds West to the East line of New Navy Base Road, as described in Book 1160 of Official Records, page 623, Humboldt County Records.

EXCEPTING THEREFROM that portion lying within the 30 foot strip of land conveyed to the Northwestern Pacific Railroad Company, a California corporation, by document recorded February 2, 1925, in Book 171 of Deeds, Page 186, Humboldt County Records.

PARCEL FOUR

A non-exclusive easement for installation, maintenance, repair and replacement of an effluent pipe line, 200 feet in width, the center line being described as follows:

COMMENCING at a point on the West line of New Navy Base Road as described in Book 1160 of Official Records, Page 623, Humboldt County Records, which bears North 42 degrees 02 minutes West from a point which bears South 25 degrees 23 minutes West, 549.23 feet from the County Road Monument at Station 440+00 of the Survey of said road; thence North 42 degrees 02 minutes West to the mean high tide of the Pacific Ocean.

Excepting any portion of the easement below the line of ordinary high water mark where it was located prior to any artificial or avulsive changes in the location of the shoreline.

As created by document recorded June 11, 1999 as Instrument Number 1999-17193-12 of Official Records

PARCEL FIVE

A non-exclusive easement for ingress and egress over a strip of land 25 feet in width the West line being described as follows:

COMMENCING on the North line of Section 21, Township 5 North, Range 1 West, Humboldt Meridian, at a point bearing South 88 degrees 32 minutes 46 seconds East, 1062.11 feet from the Northwest corner of said Section; thence South 19 degrees 58 minutes 05 seconds East, 408.98 feet.

As created by document recorded December 14, 2000 as Instrument Number 2000-26546-4 of Official Records.

PARCEL SIX

An easement and right of way for the perpetual non-exclusive right to use for pedestrian and vehicular traffic (including commercial trucks and heavy equipment) on, over and along the roadways shown as the "Traffic Route" on Exhibit "B", as attached to and set forth in that certain Shared Services, Facilities, Access and Use Agreement dated as of June 30, 1998 and recorded July 2, 1998 under as Instrument Number 1998-17222 of Official Records.

In so far as the said easement and right of way affect the following described property:

The whole of fractional Section 16, according to the Official Plat of the United States Government Survey.

EXCEPTING THEREFROM:

First Exception: All right or title of Peninsula Union School District of Humboldt County, its successors or assigns, in a parcel, described as follows:

That portion of Section 16, Township 5 North, Range 1 West, Humboldt Base and Meridian, to wit:

COMMENCING at the Southeast corner of US Lot 4 in Section 9, Township 5 North, Range 1 West, Humboldt Base and Meridian;

thence South 0 degrees 50 minutes West 605.76 feet to the true point of beginning of the parcel of land to be described;

thence South 89 degrees 10 minutes East 135.90 feet;

thence South 0 degrees 50 minutes West, 531.62 feet to the Northwesternly line of the County Road;

thence along said Northwesternly line South 60 degrees 47 minutes West 287.00 feet; thence leaving said Northwesternly

line North 31 degrees 49 minutes West 289.00 feet; thence South 69 degrees 30 minutes 55 seconds West 384.59 feet;

thence North 0 degrees 50 minutes East 571.82 feet to a point that bears North 89 degrees 10 minutes West from the true point of beginning;

thence South 89 degrees 10 minutes East 626.71 feet to the true point of beginning.

Second Exception:

EXCEPTING FROM the foregoing described land, all interest of Northwestern Pacific Railroad Company, its successors or assigns, in a strip of land 30 feet wide lying along the line of said Company's railroad from a point on the South line of Section 16, Township 5 North, Range 1 West, Humboldt Meridian, Northeasterly by various courses and curvatures through Section 16.

Third Exception:

A strip of land 4.0 feet in width, the Easterly and Southeasterly line thereof being parallel and concentric with and distant 15.0 feet Westerly and Northwesternly, measured at right angles and radially from the following described line:

BEGINNING at a point in the South line of Section 16, Township 5 North, Range 1 West, Humboldt Base and Meridian, which is the Southerly terminus of the center line of the 30 foot wide strip of land described in Deed dated July 21, 1924, from Hammond Lumber Company to Northwestern Pacific Railroad Company recorded February 2, 1925, in Book 171 of Deeds, Page 186, Humboldt County Records;

thence along said center line of the 30 foot wide strip of land described in said Deed, the following five courses:

(1) North 1 degree 35 minutes 30 seconds West 113 feet, more or less;

(2) Northerly from a tangent, which is last described course on a curve to the right having a radius of 716.34 feet, an arc distance of 493.8 feet;

(3) North 37 degrees 54 minutes 30 seconds East tangent to said curve, 112.8 feet;

(4) Northeasterly from a tangent which is last described course, on a curve to the right having a radius of 573.14 feet, an arc distance of 412.6 feet; and

(5) North 79 degrees 10 minutes 0 seconds East, tangent to last said curve, 789.0 feet to a point.

The side lines of the above described 4.0 foot wide strip of land terminate on the South in said South line of Section 16 and on the Northeast in a line drawn at right angles Northwesternly from the above described line at the Northeasterly terminus thereof.

Fourth Exception:

EXCEPTING all that portion thereof conveyed by Georgia-Pacific Corporation to the County of Humboldt by Deed dated January 28, 1971, recorded October 13, 1972, in Book 1160 Page 623, Official Records of Humboldt County, California.

Fifth Exception:

EXCEPTING THEREFROM all rights, title and interest conveyed to the Humboldt Bay Harbor, Recreation and Conservation District, a public agency, in that certain Quitclaim and Relinquishment of Interests in Real Property, executed by Louisiana Pacific Corporation, a Delaware corporation, and said Humboldt Bay Harbor, Recreation and Conservation District, a public agency, recorded December 29, 1983, in Book 1722 Page 432 Official Records of Humboldt County,

subject to the effect of the Judgment on Stipulation for Entry of Judgment entered in Superior Court of California, County of Humboldt, Case No. 59058, recorded February 8, 1984, in Book 1725, at Page 1075 Official Records of Humboldt County.

PARCEL SEVEN

That portion of PARCEL A as shown on Record of Survey for Freshwater Tissue Company, LLC filed in the Office of the County Recorder of said Humboldt County in Book 69 of Surveys, pages 106 and 107, described as follows:

A non-exclusive easement for ingress, egress and public utility purposes in and across a strip of land 50 feet wide, said strip being shown on said Record of Survey filed in Book 69 of Surveys, pages 106 and 107 as "CENTERLINE OF 50 FOOT WIDE EASEMENT FOR INGRESS AND EGRESS".

AS RESERVED in the deed to Humboldt Bay Harbor Recreation and Conservation District in deed recorded August 14, 2013 as Instrument No. 2013-19083-4, Humboldt County Official Records.

Exhibit B
Base Rent Schedule

B - 1

HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC.
LEASE SCHEDULE
FOR THE PERIOD OCTOBER 1, 2016 THROUGH MARCH 1, 2046

Period	Rent
Jan 2016	\$ -
Feb 2016	\$ -
Mar 2016	\$ -
Apr 2016	\$ -
May 2016	\$ -
Jun 2016	\$ -
Jul 2016	\$ -
Aug 2016	\$ -
Sep 2016	\$ -
Oct 2016	\$ 15,000
Nov 2016	\$ 15,000
Dec 2016	\$ 15,000
Jan 2017	\$ 15,450
Feb 2017	\$ 15,450
Mar 2017	\$ 15,450
Apr 2017	\$ 15,450
May 2017	\$ 15,450
Jun 2017	\$ 15,450
Jul 2017	\$ 15,450
Aug 2017	\$ 15,450
Sep 2017	\$ 15,450
Oct 2017	\$ 15,450
Nov 2017	\$ 15,450
Dec 2017	\$ 15,450
Jan 2018	\$ 15,914
Feb 2018	\$ 15,914
Mar 2018	\$ 15,914
Apr 2018	\$ 15,914
May 2018	\$ 15,914
Jun 2018	\$ 15,914
Jul 2018	\$ 15,914
Aug 2018	\$ 15,914
Sep 2018	\$ 15,914
Oct 2018	\$ 15,914
Nov 2018	\$ 15,914
Dec 2018	\$ 15,914

HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC.
LEASE SCHEDULE
FOR THE PERIOD OCTOBER 1, 2016 THROUGH MARCH 1, 2046

Period	Rent
Jan 2019	\$ 16,391
Feb 2019	\$ 16,391
Mar 2019	\$ 16,391
Apr 2019	\$ 16,391
May 2019	\$ 16,391
Jun 2019	\$ 16,391
Jul 2019	\$ 16,391
Aug 2019	\$ 16,391
Sep 2019	\$ 16,391
Oct 2019	\$ 16,391
Nov 2019	\$ 16,391
Dec 2019	\$ 16,391
Jan 2020	\$ 16,883
Feb 2020	\$ 16,883
Mar 2020	\$ 16,883
Apr 2020	\$ 16,883
May 2020	\$ 16,883
Jun 2020	\$ 16,883
Jul 2020	\$ 16,883
Aug 2020	\$ 16,883
Sep 2020	\$ 16,883
Oct 2020	\$ 16,883
Nov 2020	\$ 16,883
Dec 2020	\$ 16,883
Jan 2021	\$ 17,389
Feb 2021	\$ 17,389
Mar 2021	\$ 17,389
Apr 2021	\$ 17,389
May 2021	\$ 17,389
Jun 2021	\$ 17,389
Jul 2021	\$ 17,389
Aug 2021	\$ 17,389
Sep 2021	\$ 17,389
Oct 2021	\$ 17,389
Nov 2021	\$ 17,389
Dec 2021	\$ 17,389

HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC.
LEASE SCHEDULE
FOR THE PERIOD OCTOBER 1, 2016 THROUGH MARCH 1, 2046

Period	Rent
Jan 2022	\$ 17,911
Feb 2022	\$ 17,911
Mar 2022	\$ 17,911
Apr 2022	\$ 17,911
May 2022	\$ 17,911
Jun 2022	\$ 17,911
Jul 2022	\$ 17,911
Aug 2022	\$ 17,911
Sep 2022	\$ 17,911
Oct 2022	\$ 17,911
Nov 2022	\$ 17,911
Dec 2022	\$ 17,911
Jan 2023	\$ 38,630
Feb 2023	\$ 38,630
Mar 2023	\$ 38,630
Apr 2023	\$ 38,630
May 2023	\$ 38,630
Jun 2023	\$ 38,630
Jul 2023	\$ 38,630
Aug 2023	\$ 38,630
Sep 2023	\$ 38,630
Oct 2023	\$ 38,630
Nov 2023	\$ 38,630
Dec 2023	\$ 38,630
Jan 2024	\$ 43,520
Feb 2024	\$ 43,520
Mar 2024	\$ 43,520
Apr 2024	\$ 43,520
May 2024	\$ 43,520
Jun 2024	\$ 43,520
Jul 2024	\$ 43,520
Aug 2024	\$ 43,520
Sep 2024	\$ 43,520
Oct 2024	\$ 43,520
Nov 2024	\$ 43,520
Dec 2024	\$ 43,520

HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC.
LEASE SCHEDULE
FOR THE PERIOD OCTOBER 1, 2016 THROUGH MARCH 1, 2046

Period	Rent
Jan 2025	\$ 44,390
Feb 2025	\$ 44,390
Mar 2025	\$ 44,390
Apr 2025	\$ 44,390
May 2025	\$ 44,390
Jun 2025	\$ 44,390
Jul 2025	\$ 44,390
Aug 2025	\$ 44,390
Sep 2025	\$ 44,390
Oct 2025	\$ 44,390
Nov 2025	\$ 44,390
Dec 2025	\$ 44,390
Jan 2026	\$ 45,278
Feb 2026	\$ 45,278
Mar 2026	\$ 45,278
Apr 2026	\$ 45,278
May 2026	\$ 45,278
Jun 2026	\$ 45,278
Jul 2026	\$ 45,278
Aug 2026	\$ 45,278
Sep 2026	\$ 45,278
Oct 2026	\$ 45,278
Nov 2026	\$ 45,278
Dec 2026	\$ 45,278
Jan 2027	\$ 46,184
Feb 2027	\$ 46,184
Mar 2027	\$ 46,184
Apr 2027	\$ 46,184
May 2027	\$ 46,184
Jun 2027	\$ 46,184
Jul 2027	\$ 46,184
Aug 2027	\$ 46,184
Sep 2027	\$ 46,184
Oct 2027	\$ 46,184
Nov 2027	\$ 46,184
Dec 2027	\$ 46,184

HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC.
LEASE SCHEDULE
FOR THE PERIOD OCTOBER 1, 2016 THROUGH MARCH 1, 2046

Period	Rent
Jan 2028	\$ 47,107
Feb 2028	\$ 47,107
Mar 2028	\$ 47,107
Apr 2028	\$ 47,107
May 2028	\$ 47,107
Jun 2028	\$ 47,107
Jul 2028	\$ 47,107
Aug 2028	\$ 47,107
Sep 2028	\$ 47,107
Oct 2028	\$ 47,107
Nov 2028	\$ 47,107
Dec 2028	\$ 47,107
Jan 2029	\$ 48,050
Feb 2029	\$ 48,050
Mar 2029	\$ 48,050
Apr 2029	\$ 48,050
May 2029	\$ 48,050
Jun 2029	\$ 48,050
Jul 2029	\$ 48,050
Aug 2029	\$ 48,050
Sep 2029	\$ 48,050
Oct 2029	\$ 48,050
Nov 2029	\$ 48,050
Dec 2029	\$ 48,050
Jan 2030	\$ 49,011
Feb 2030	\$ 49,011
Mar 2030	\$ 49,011
Apr 2030	\$ 49,011
May 2030	\$ 49,011
Jun 2030	\$ 49,011
Jul 2030	\$ 49,011
Aug 2030	\$ 49,011
Sep 2030	\$ 49,011
Oct 2030	\$ 49,011
Nov 2030	\$ 49,011
Dec 2030	\$ 49,011

HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC.
LEASE SCHEDULE
FOR THE PERIOD OCTOBER 1, 2016 THROUGH MARCH 1, 2046

Period	Rent
Jan 2031	\$ 49,991
Feb 2031	\$ 49,991
Mar 2031	\$ 49,991
Apr 2031	\$ 49,991
May 2031	\$ 49,991
Jun 2031	\$ 49,991
Jul 2031	\$ 49,991
Aug 2031	\$ 49,991
Sep 2031	\$ 49,991
Oct 2031	\$ 49,991
Nov 2031	\$ 49,991
Dec 2031	\$ 49,991
Jan 2032	\$ 50,991
Feb 2032	\$ 50,991
Mar 2032	\$ 50,991
Apr 2032	\$ 50,991
May 2032	\$ 50,991
Jun 2032	\$ 50,991
Jul 2032	\$ 50,991
Aug 2032	\$ 50,991
Sep 2032	\$ 50,991
Oct 2032	\$ 50,991
Nov 2032	\$ 50,991
Dec 2032	\$ 50,991
Jan 2033	\$ 52,010
Feb 2033	\$ 52,010
Mar 2033	\$ 52,010
Apr 2033	\$ 52,010
May 2033	\$ 52,010
Jun 2033	\$ 52,010
Jul 2033	\$ 52,010
Aug 2033	\$ 52,010
Sep 2033	\$ 52,010
Oct 2033	\$ 52,010
Nov 2033	\$ 52,010
Dec 2033	\$ 52,010

HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC.
LEASE SCHEDULE
FOR THE PERIOD OCTOBER 1, 2016 THROUGH MARCH 1, 2046

Period	Rent
Jan 2034	\$ 53,051
Feb 2034	\$ 53,051
Mar 2034	\$ 53,051
Apr 2034	\$ 53,051
May 2034	\$ 53,051
Jun 2034	\$ 53,051
Jul 2034	\$ 53,051
Aug 2034	\$ 53,051
Sep 2034	\$ 53,051
Oct 2034	\$ 53,051
Nov 2034	\$ 53,051
Dec 2034	\$ 53,051
Jan 2035	\$ 54,112
Feb 2035	\$ 54,112
Mar 2035	\$ 54,112
Apr 2035	\$ 54,112
May 2035	\$ 54,112
Jun 2035	\$ 54,112
Jul 2035	\$ 54,112
Aug 2035	\$ 54,112
Sep 2035	\$ 54,112
Oct 2035	\$ 54,112
Nov 2035	\$ 54,112
Dec 2035	\$ 54,112
Jan 2036	\$ 55,194
Feb 2036	\$ 55,194
Mar 2036	\$ 55,194
Apr 2036	\$ 55,194
May 2036	\$ 55,194
Jun 2036	\$ 55,194
Jul 2036	\$ 55,194
Aug 2036	\$ 55,194
Sep 2036	\$ 55,194
Oct 2036	\$ 55,194
Nov 2036	\$ 55,194
Dec 2036	\$ 55,194

HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC.
LEASE SCHEDULE
FOR THE PERIOD OCTOBER 1, 2016 THROUGH MARCH 1, 2046

Period	Rent
Jan 2037	\$ 56,298
Feb 2037	\$ 56,298
Mar 2037	\$ 56,298
Apr 2037	\$ 56,298
May 2037	\$ 56,298
Jun 2037	\$ 56,298
Jul 2037	\$ 56,298
Aug 2037	\$ 56,298
Sep 2037	\$ 56,298
Oct 2037	\$ 56,298
Nov 2037	\$ 56,298
Dec 2037	\$ 56,298
Jan 2038	\$ 57,424
Feb 2038	\$ 57,424
Mar 2038	\$ 57,424
Apr 2038	\$ 57,424
May 2038	\$ 57,424
Jun 2038	\$ 57,424
Jul 2038	\$ 57,424
Aug 2038	\$ 57,424
Sep 2038	\$ 57,424
Oct 2038	\$ 57,424
Nov 2038	\$ 57,424
Dec 2038	\$ 57,424
Jan 2039	\$ 58,572
Feb 2039	\$ 58,572
Mar 2039	\$ 58,572
Apr 2039	\$ 58,572
May 2039	\$ 58,572
Jun 2039	\$ 58,572
Jul 2039	\$ 58,572
Aug 2039	\$ 58,572
Sep 2039	\$ 58,572
Oct 2039	\$ 58,572
Nov 2039	\$ 58,572
Dec 2039	\$ 58,572

HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC.
LEASE SCHEDULE
FOR THE PERIOD OCTOBER 1, 2016 THROUGH MARCH 1, 2046

Period	Rent
Jan 2040	\$ 59,744
Feb 2040	\$ 59,744
Mar 2040	\$ 59,744
Apr 2040	\$ 59,744
May 2040	\$ 59,744
Jun 2040	\$ 59,744
Jul 2040	\$ 59,744
Aug 2040	\$ 59,744
Sep 2040	\$ 59,744
Oct 2040	\$ 59,744
Nov 2040	\$ 59,744
Dec 2040	\$ 59,744
Jan 2041	\$ 60,939
Feb 2041	\$ 60,939
Mar 2041	\$ 60,939
Apr 2041	\$ 60,939
May 2041	\$ 60,939
Jun 2041	\$ 60,939
Jul 2041	\$ 60,939
Aug 2041	\$ 60,939
Sep 2041	\$ 60,939
Oct 2041	\$ 60,939
Nov 2041	\$ 60,939
Dec 2041	\$ 60,939
Jan 2042	\$ 62,157
Feb 2042	\$ 62,157
Mar 2042	\$ 62,157
Apr 2042	\$ 62,157
May 2042	\$ 62,157
Jun 2042	\$ 62,157
Jul 2042	\$ 62,157
Aug 2042	\$ 62,157
Sep 2042	\$ 62,157
Oct 2042	\$ 62,157
Nov 2042	\$ 62,157
Dec 2042	\$ 62,157

HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC.
LEASE SCHEDULE
FOR THE PERIOD OCTOBER 1, 2016 THROUGH MARCH 1, 2046

Period	Rent
Jan 2043	\$ 63,400
Feb 2043	\$ 63,400
Mar 2043	\$ 63,400
Apr 2043	\$ 63,400
May 2043	\$ 63,400
Jun 2043	\$ 63,400
Jul 2043	\$ 63,400
Aug 2043	\$ 63,400
Sep 2043	\$ 63,400
Oct 2043	\$ 63,400
Nov 2043	\$ 63,400
Dec 2043	\$ 63,400
Jan 2044	\$ 64,668
Feb 2044	\$ 64,668
Mar 2044	\$ 64,668
Apr 2044	\$ 64,668
May 2044	\$ 64,668
Jun 2044	\$ 64,668
Jul 2044	\$ 64,668
Aug 2044	\$ 64,668
Sep 2044	\$ 64,668
Oct 2044	\$ 64,668
Nov 2044	\$ 64,668
Dec 2044	\$ 64,668
Jan 2045	\$ 65,962
Feb 2045	\$ 65,962
Mar 2045	\$ 65,962
Apr 2045	\$ 65,962
May 2045	\$ 65,962
Jun 2045	\$ 65,962
Jul 2045	\$ 65,962
Aug 2045	\$ 65,962
Sep 2045	\$ 65,962
Oct 2045	\$ 65,962
Nov 2045	\$ 65,962
Dec 2045	\$ 65,962

HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC.
LEASE SCHEDULE
FOR THE PERIOD OCTOBER 1, 2016 THROUGH MARCH 1, 2046

Period	Rent
Jan 2046	\$ 67,281
Feb 2046	\$ 67,281
Mar 2046	\$ -
Apr 2046	\$ -
May 2046	\$ -
Jun 2046	\$ -
Jul 2046	\$ -
Aug 2046	\$ -
Sep 2046	\$ -
Oct 2046	\$ -
Nov 2046	\$ -
Dec 2046	\$ -
	<u>\$ 16,098,989</u>

Exhibit C

Lender Notice

(1)

If to CNMC Lender:

CNMC Sub-CDE 69, LLC
c/o Chase Community Equity, LLC
c/o JPMorgan Chase Bank, N.A.
10 S. Dearborn, 19th Floor
Mail Code: IL 1-0953
Chicago, IL 60603-5506
Attention: NMTC Asset Manager
Facsimile: 312-325-5050
Email: nmtc.reporting@chase.com

With a copy to:

JPMorgan Chase Bank, N.A.
300 South Grand Avenue., 4th Floor
Los Angeles, CA 90071
Attention: Timothy C. Karp
Facsimile: 213-621-8401
Email: timothy.c.karp@chase.com

And:

Applegate & Thorne-Thomsen, P.C.
626 West Jackson Blvd., Suite 400
Chicago, IL 60661
Attention: Debra A. Kleban
Facsimile: 312-491-4411
Email: dkleban@att-law.com

And copies to:

The addresses set forth under (3) below.

(2)

If to NMCC Lender:

New Markets Community Capital XVII, LLC
c/o New Markets Community Capital, LLC
5400 E. Olympic Boulevard, Third Floor
Los Angeles, CA 90022
Attention: Jose Villalobos
Email: jvillalobos@telacu.com

With a copy to:

Manatt, Phelps & Phillips, LLP
7 Times Square
New York, NY 10036
Attention: Neil S. Faden, Esq.
Facsimile: 212-830-7328
Email: nfaden@manatt.com

[CONTINUED NEXT PAGE]

C - 1

GROUND LEASE

THIS GROUND LEASE (hereinafter the "Lease") is entered into as of March 9, 2016 (the "Lease Commencement Date") between HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, a California public entity whose address is 601 Startare, Eureka, California 95502 (hereinafter the "Landlord"), and HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC., a California nonprofit public benefit corporation, whose address is P.O. Box 1030, Eureka, California 95501 (hereinafter the "Tenant").

RECITALS

A. Landlord owns the fee simple interest in two (2) parcels of land, all located in Samoa, California, as more particularly described in Exhibit A attached hereto and in the improvements located thereon (together with any and all rights, privileges, and advantages belonging thereto, the "Premises").

B. Tenant desires to lease the Premises from Landlord pursuant to the terms of this Lease, and to hold, maintain, operate, and assign or sublease its leasehold interest in the Premises as permitted hereunder.

C. Reference is made to that certain Credit Agreement, by and between New Markets Community Capital XVII, LLC, a Delaware limited liability company ("NMCC"), as lender, CNMC SUB-CDE 69, LLC, a Delaware limited liability company ("CNMC"), as lender and Tenant, as borrower, dated March 9, 2016 (the "QLICI Loan Agreement").

AGREEMENT

Landlord and Tenant hereby agree as follows:

1. Lease of Premises. Landlord, for and in consideration of rents, covenants and agreements reserved in this Lease, does hereby lease to Tenant the Premises.

2. Term of Lease. The Premises are leased to Tenant for a term of sixty-five (65) years (the "Term") beginning as of the Lease Commencement Date.

3. Rent and Other Payments.

(a) In addition to the consideration payable for the granting of this Lease recited in Sections 3(b) and 4 below for the Term, Tenant shall pay to Landlord a fixed amount of rent in the amount of Three Million Nine Hundred Six Thousand and NO/100 Dollars (\$3,906,000.00), payable in full on the Lease Commencement Date (the "Base Rent").

(b) The parties hereto understand and agree that this is a so-called "triple net" lease and that, with the exception only of obligations expressly imposed upon Landlord in this Lease, Tenant shall pay (or cause to be paid) any and all costs and expenses, and shall perform (or cause to be performed) all obligations, relating to the ownership, use, occupancy, operation, maintenance and repair of, and maintenance of insurance on, and payment of taxes or assessments of any sort with respect to, the Premises and all such payments shall be deemed additional rent for purposes of this Lease whether paid directly to Landlord or to others ("Additional Rent"). Additional Rent paid directly to others shall be paid on or before the initial due date thereof. Additional Rent paid directly to Landlord for any period shall be paid within thirty (30) days after Landlord provides Tenant with a written statement of the estimated or

actual Additional Rent due for such period; Landlord will provide Tenant with a final adjustment statement within ninety (90) days after the close of each calendar year. In addition, during the Term of this Lease, Landlord shall have no obligations or duties with respect to the Premises, except such as are expressly imposed upon Landlord in this Lease.

4. Insurance Coverages.

(a) **Liability Insurance.** Tenant shall, at its own cost and expense, carry (or cause to be carried by subtenants) commercial general liability insurance including bodily injury, death and property damage liability, insurance against any and all claims, including all legal liability to the extent insurable and imposed upon the Tenant and all court costs and reasonable attorneys' fees and expenses, arising out of or connected with the possession, use, leasing, operation, maintenance or condition of the Premises in such amounts as are generally available at commercially reasonable premiums and are generally required by institutional lenders for properties comparable to the Premises but in any event for a combined single limit of One Million and No/100 Dollars (\$1,000,000) and at least Two Million and No/100 Dollars (\$2,000,000) in the aggregate.

(b) **Property Insurance.** While the QLICI Loan Agreement is in effect, Tenant shall maintain policies of insurance in accordance with the QLICI Loan Agreement, and naming Landlord as an additional insured. Upon termination of the QLICI Loan Agreement, Tenant shall maintain policies of insurance covering loss of or damage to the Premises in the full amount of its replacement value.

5. Utilities and Taxes.

(a) During the Term, Tenant shall be responsible for furnishing, at its own expense, heat, water, electricity, and all other utilities with respect to the Premises.

(b) Tenant shall pay, or cause to be paid as Additional Rent, all taxes, or any installments thereof, if any, including (without limitation) special and general assessments and all other governmental impositions and charges of every kind and nature, which shall or may during the Term of this Lease come due and payable with respect to the Premises or any part thereof under or by virtue of all present or future laws, ordinances, requirements, orders, directives, rules or regulations of the federal, state or local governments and of all other governmental authorities whatsoever. Tenant shall be responsible for the payment of any such taxes relating to the personal property of Tenant located on the Premises. Landlord and Tenant shall cooperate with each other (including in connection with the submission of required applications) to afford Tenant, as promptly as practicable and to the extent applicable, the benefit of any statute, rule or regulation available to Tenant from time to time that would reduce or defer, or exempt Tenant or Landlord from its obligation to pay, taxes attributable to the Premises or Tenant's personal property thereon.

6. Compliance with Laws; Maintenance. Tenant shall comply with all federal, state and local laws, statutes, codes, ordinances, orders, rules and regulations applicable to the Premises and the use and operation of the Premises by Tenant pursuant to this Lease, including without limitation, all environmental laws and handicapped access laws (the "Applicable Laws"). Tenant shall, at its own cost and expense, be solely responsible for the maintenance repair and replacement of the Premises.

7. Indemnification. Tenant shall indemnify, defend, save and hold Landlord harmless from any and all claims, causes of action, liabilities and other losses or expenses of

whatever nature, including costs of litigation and reasonable attorneys' fees, whether for injury to person or damage to property by reason by any accident or happening on the Premises, unless caused by the negligence or willful misconduct of Landlord or its agents, servants or employees or as specifically set forth in Section 12(b) below.

8. Damage or Destruction. In the event that any portion of the Premises are damaged or destroyed by fire or other casualty while the QLICI Loan Agreement is in effect, the insurance proceeds shall be used in accordance with the QLICI Loan Agreement. In all other circumstances that any portion of the Premises are damaged or destroyed by fire or other casualty, Tenant shall, to the extent insurance proceeds are available, restore the Premises as nearly as practicable to the condition immediately prior to such damage or destruction.

9. Eminent Domain. In the event that the Premises or any portion thereof shall be taken by any authority under the power of eminent domain while the QLICI Loan Agreement is in effect, any condemnation proceeds or awards related thereto shall be distributed and applied in accordance with the QLICI Loan Agreement. In all other circumstances that the Premises or any portion thereof shall be taken by any authority under the power of eminent domain, the application of any such proceeds or awards related thereto shall be delivered first to Tenant up to the fair market value of its leasehold interest in the Premises or portion thereof taken, and any remaining proceeds shall be delivered to Landlord, and to the extent proceeds from the condemnation are available, Tenant shall repair any damage to the Premises caused by the condemnation and restore the Premises as nearly as practicable to the condition immediately prior to such taking.

10. Alterations and Improvements. Tenant shall not make any alterations, additions or improvements to the Premises without Landlord's prior written consent (which shall not be unreasonably withheld), except Tenant shall have the right to make non-structural alterations, additions and improvements in the Premises at its own expense without Landlord's consent. All readily removable fixtures, partitions and equipment owned and installed by Tenant shall continue at all times to remain the personal property of Tenant, and at or prior to the expiration of the Term of this Lease, Tenant shall have the right to remove the same from the Premises at its own cost and expense, it being agreed that if as a result of such removal the Premises are damaged, Tenant shall fully repair such damage at its expense. Any alterations, additions or improvements shall be completed in a good and workmanlike manner, in accordance with all Applicable Laws.

11. Mechanic's Liens. Tenant shall pay when due all claims for labor and material furnished to the Premises. Tenant shall give Landlord prior written notice of any work on the Premises, regardless of whether Landlord's consent to such work is required. Landlord may elect to record and post notices of non-responsibility on the Premises. If Tenant causes any improvements, alterations, or repairs to be made to the Premises, Landlord shall not under any circumstances be liable for any labor or materials furnished, or to be furnished, to Tenant and no mechanics' lien or other liens for any such labor or materials shall attach to or affect the reversionary or other estate or interest of Landlord in and to the Premises. Tenant further agrees to indemnify and hold harmless Landlord against any and all costs Landlord may suffer on account of same.

12. Hazardous Substances.

(a) Tenant (i) shall not cause or permit any Hazardous Substances to be placed, held, located or disposed of on, under or at the Premises or any part thereof (except for such Hazardous Substances as may be commonly and legally used or stored at the Premises

as a consequence of the operation of Building for the Permitted Uses, but only so long as Tenant complies or causes compliance with all applicable rules and regulations concerning the use or production of such Hazardous Substances), and (ii) shall not cause or permit any contamination by Hazardous Substances of the Premises or any part thereof.

(b) Landlord and Tenant hereby agree that Landlord shall be obligated for removal or clean up of any existing Hazardous Substances placed, held, located or disposed of on, under or at the Premises or any part thereof, where such Hazardous Substance was existing on or prior to the Lease Commencement Date (each, an "Preexisting Environmental Condition"). Further, Landlord shall indemnify Tenant and hold Tenant harmless for any and all claims, causes of action, liabilities and other losses or expenses of whatever nature arising from any Preexisting Environmental Condition.

13. Tenant's Default. Any of the following shall constitute a default by Tenant under this Lease: (a) default by Tenant in the payment of any additional rent as required by Sections 3 and 4 of this Lease, and the continuation of such default for thirty (30) days after written notice to Tenant pursuant to Section 16; or (b) default by Tenant in the payment or performance of any other liability, obligation, or covenant of Tenant to Landlord under this Lease, and the continuation of such default for thirty (30) days after written notice to Tenant pursuant to Section 16, or such longer period not in excess of thirty (30) days as Tenant may reasonably require to cure such default so long as Tenant has commenced and is diligently pursuing a cure. Upon any default by Tenant, Landlord shall have the right to maintain an action in law or equity to require compliance with this Lease; provided, however, that Landlord acknowledges and agrees that the sole remedies for a default while any Leasehold Mortgage is outstanding shall be only specific performance and monetary damages, and not termination of this Lease.

14. Subordination. Landlord may enter into mortgages of its fee simple interest in the Premises only with the prior written consent of Tenant, provided that all such mortgages shall be subject and subordinate in all respects to this Lease, and to the rights of any Leasehold Mortgagee for the full Term hereof. Landlord agrees that it shall provide any such mortgagee with an accurate copy of this Lease, and any amendments thereto. In the event of the enforcement by Landlord's mortgagee of the remedies provided for by law or by such mortgage, Tenant shall automatically become the tenant of said successor in interest, without change in the terms or other provisions of this Lease.

15. Leasehold Mortgagees. Tenant shall have the right from time to time to apply for and obtain mortgage loan financing for the Premises and to grant to the providers of such financing (each, a "Leasehold Mortgagee") leasehold mortgages (each, a "Leasehold Mortgage"), assignments of leases and rents and such other security instruments covering and affecting all or any portion of the Premises as Tenant may deem necessary or appropriate. Landlord acknowledges that (i) Tenant has entered into that certain Leasehold Deed of Trust, Security Agreement, Assignment of Rents and Fixture Filing dated on or about the date hereof in favor of NMCC and CNMC, which is a "Leasehold Mortgage" as such term is used in this Lease, and (ii) that each of NMCC and CNMC are a "Leasehold Mortgagee" as such term is used in this Lease.

(a) No Modification or Termination by Tenant. During the term of any Leasehold Mortgage, this Lease shall not be (i) amended or modified or (ii) terminated or canceled by Tenant hereunder, or by the giving of any notice by Tenant hereunder nor shall Landlord accept a surrender of Tenant's leasehold interest, unless such amendment, modification, termination, surrender or cancellation is consented to in writing in advance by any

Leasehold Mortgagee. Any such attempted amendment or modification, termination, surrender or cancellation without such prior written assent shall be void.

(b) Additional Documentation. Landlord will execute and deliver, within twenty (20) days of Tenant's request therefor, estoppel certificates or such other similar certificates as may be reasonably requested from any Leasehold Mortgagees, affirming such facts with respect to this Lease as may be required by parties to such financing and offering, among other matters: (1) indicate the aggregate amount of all payments that have been made by Tenant and, further categorize and tabulate these payments as payments towards Base Rent and payments in addition to Base Rent; and (2) certify that (i) this Lease is unmodified and in full force and effect (or, if there have been any modifications, that the same is in full force and effect as modified and stating the modifications), (ii) that Base Rent has been paid, and that no other payments are due under this Lease (or if Base Rent or other payments are due, the nature and amount of the same), and (iii) whether, to the actual knowledge of such party, there exists any uncured default by the other party, or any defense, offset, or counterclaim against the other party, and, if so, the nature of such default, defense, offset or counterclaim. Furthermore, Landlord agrees, promptly after submission, to execute, acknowledge and deliver any normal and customary agreements modifying this Lease reasonably requested by Leasehold Mortgagee, provided that such modifications do not decrease Tenant's obligations or increase Landlord's obligations pursuant to this Lease.

(c) Landlord agrees that each Leasehold Mortgagee shall be entitled to exercise any and all rights and remedies available to such Leasehold Mortgagee under its Leasehold Mortgage, under any other documents which govern the agreement between such Leasehold Mortgagee and Tenant and under applicable laws, including, without limitation, foreclosure, appointment of a receiver, acceptance of a deed in lieu of foreclosure, all without notice to or consent of Landlord. Notwithstanding any provision herein to the contrary, Landlord agrees that a Leasehold Mortgagee shall be entitled to sell or transfer the Premises to any third party in accordance with the terms and conditions of its Leasehold Mortgage and applicable laws and such third party shall succeed to all of Tenant's rights, title and interest in, to and under the this Lease without further notice to or consent of Landlord; provided that such third party, if requested by Landlord, agrees to be bound by, and subject to, the terms and conditions of this Lease.

(d) Mortgagee's Time to Cure. Landlord shall provide a copy of any notice, including a notice of Default ("Default Notice"), provided to Tenant under the terms of this Lease to the Leasehold Mortgagee, and no notice by Landlord to Tenant under this Lease shall be deemed to have been duly given unless and until a copy has been given to the Leasehold Mortgagee. After receipt of the Default Notice, the Leasehold Mortgagee shall have the same period given in this Lease to Tenant, at its election, to remedy or cause to be remedied the default of Tenant cited, plus (i) in the case of a default in the payment of any monetary amount, an additional period of thirty (30) days, and (ii) in the case of any other default, an additional period of one hundred twenty (120) days, and if such default cannot with reasonable diligence be cured within such additional one hundred twenty (120) day period, an additional time thereafter sufficient to cure the default, provided that such cure is initiated prior to the expiration of such additional one hundred twenty (120) day period and thereafter the curing of the same is prosecuted with diligence. If the Leasehold Mortgagee must be in possession of the Premises to cure the default, it shall have an additional one hundred twenty (120) days within which to either (i) obtain possession of the Premises (including possession by a receiver) and cure such default or (ii) institute foreclosure proceedings to acquire Tenant's interest and prosecute such proceedings with diligence. Notwithstanding the foregoing, if Tenant is the subject of any of the

insolvency proceedings and Leasehold Mortgagee is legally prevented from paying such sums or curing such defaults within the times above set forth, then such one hundred twenty (120) day period shall be extended until one hundred twenty (120) days after the earlier of the dismissal of the proceedings or the Leasehold Mortgagee obtaining a lifting of the automatic stay or other court order allowing it to obtain possession of the Premises or foreclose on the Premises. Until the expiration of such periods, Landlord will not exercise its remedy to terminate this Lease, but shall be permitted to exercise its other remedies provided for hereunder or under applicable law to secure the Premises to safeguard the public and avoid or limit waste or deterioration of the Premises, if Tenant has abandoned the Premises and no Leasehold Mortgagee has secured the Premises. Landlord shall accept performance by any Leasehold Mortgagee with the same effect as if any default under this Lease had been cured by Tenant, it being agreed that each Leasehold Mortgagee shall have the right, but not the obligation, to cure any default of Tenant hereunder, and that performance by or caused by a Leasehold Mortgagee shall be accepted as if the same had been done or caused to be done by Tenant.

(e) The making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Lease or of the leasehold interest, nor shall the Leasehold Mortgagee be deemed to be an assignee or transferee of this Lease or of the leasehold interest so as to require any Leasehold Mortgagee to assume the performance of any of the terms, covenants or conditions on the part of Tenant to be performed hereunder, but the purchaser (including any Leasehold Mortgagee) at any foreclosure of any Leasehold Mortgage, or the assignee or transferee (including any Leasehold Mortgagee) under any assignment or transfer in lieu of the foreclosure, or purchaser or transferee following exercise of a power of sale shall be deemed to be an assignee or transferee within the meaning of this Lease, and shall be deemed to have assumed and agreed to perform all of the terms, covenants and conditions on the part of Tenant to be performed hereunder from and after the date of such purchase and assignment or transfer.

(f) In the event that a Leasehold Mortgagee or its nominee succeeds to Tenant's interest in this Lease, Landlord agrees to look solely to such interest in this Lease and to the Improvements upon the Land and to the profits and proceeds thereof for the enforcement of the obligations of Tenant hereunder, and shall never seek to recover against any other assets of the Leasehold Mortgagee.

(g) For the avoidance of doubt, each Leasehold Mortgagee is an express third party beneficiary of this Section 15 and shall be entitled to enforce the provisions hereof against Tenant and Landlord and their respective successors and assigns.

(h) Any conflict or inconsistency between the provisions of this Section 15 and provision elsewhere in this Lease shall be resolved in favor of the provisions of this Section 15.

(i) Landlord's Certifications to Leasehold Mortgagees. Landlord hereby certifies to the Leasehold Mortgagees that, as of the Lease Commencement Date:

(i) all conditions precedent to the effectiveness of this Lease have been fully satisfied. This Lease is in full force and effect, has not been assigned, modified, supplemented, amended or changed in any respect. This Lease constitutes the entire lease of the Premises and Improvements. This Lease has not been assigned, modified, supplemented or amended in any other way;

(ii) all Rent and other sums payable under this Lease due as of the date of this Lease have been paid to date;

(iii) there are no existing Defaults under this Lease, and to the best of Landlord's knowledge, there are no existing circumstances which with the passage of time, or giving of notice, or both, would give rise to a Default under this Lease; and

(iv) it has received advance written notice, in satisfaction of any notice required under this Lease, of Tenant's collateral assignment of Tenant's interest in the Premises and Improvements pursuant to the Leasehold Mortgages and the other loan documents executed in connection therewith.

16. Quiet Enjoyment; Permitted Use. Landlord covenants that upon Tenant's paying the rent herein reserved and performing and observing all the other material covenants to be performed and observed on the part of Tenant, Tenant may lawfully and peaceably use and occupy the Premises throughout the Term without hindrance or ejection by any persons lawfully claiming under Landlord to have title to the Premises (or right to use and occupy the Premises) superior to Tenant. Tenant acknowledges that it is accepting its leasehold interest subject to all encumbrances recorded of record in the Official Records of the County of Humboldt. All other portions of the Premises may be used by Tenant for any lawful purpose.

17. Waivers. The failure of Landlord to insist upon strict performance of any of the covenants or conditions of this Lease in any one or more instances shall not be construed as a waiver or relinquishment for the future of any covenants or conditions, but the same shall be and remain in full force and effect.

18. Notices. Any notice or other communication given or made pursuant to this Lease shall be in writing and shall be deemed given if (i) delivered personally or by courier, (ii) sent by overnight express delivery, or (iii) mailed by registered or certified mail (return receipt requested), postage prepaid, in all three cases to a party at its respective address set forth below (or at such other address as shall be specified by the party by like notice given to the other party, any such changed address to be effective ten (10) days after the giving of notice thereof):

If to Landlord:

Humboldt Bay Harbor, Recreation and Conservation
District
Attn.: Mr. Jack Crider, CEO
601 Startare Drive
Eureka, CA 95501
Facsimile: 707-443-0800
E-mail: Jcrider@humboldtby.org

With a copy to:

Mitchell, Brisso, Delaney & Vrieze LLP
Attn.: Mr. Paul A. Brisso
814 Seventh Street
Eureka, CA 95501
Facsimile: 707-444-9586
E-mail: pbrisso@mitchelllawfirm.com:

If to Tenant:

Humboldt Bay Development Association, Inc.
Attn.: Mr. Jack Crider
P.O. Box 1030
Eureka, CA 95501
Facsimile: 707-443-0800
E-mail: Jcrider@humboldtby.org

All such notices and other communications shall be deemed given and received: (i) in the case of personal or local courier delivery, on the date of such delivery; (ii) in the case of delivery by overnight courier or express delivery service, on the day following dispatch; and (iii) in the case of mailing, three (3) business days after the date of mailing. For the sake of convenience and rapidity of transmission, copies of notices may be sent by telecopy transmission, but such transmission alone shall not be deemed to satisfy the notice requirements of this Lease absent actual confirmed receipt or the giving of notice by one of the other means stated above. Rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given shall be deemed to be receipt of the notice or other communication.

19. Leasehold Mortgagee Approval. So long as the obligations secured by one or more Leasehold Mortgages shall not have been discharged, neither Landlord nor Tenant shall modify, amend or vary this Lease, or terminate or consent to the cancellation of this Lease without the prior written consent of all Leasehold Mortgagees.

20. Tax Matters. This Lease is intended to convey to Tenant all the benefits and burdens of ownership and to cause Tenant to be treated as the owner of the Premises for federal income tax purposes. The parties agree to treat this Lease in a manner consistent with this intention, including filing all federal income tax returns and other reports consistently with such treatment. Landlord will not claim tax credits, depreciation or any other federal or state income tax benefits with respect to the Premises, or take any action which is inconsistent with this provision. The parties agree that, for federal income tax purposes, they will treat the rent described in Sections 3(a) as the amount paid by Tenant in consideration for the acquisition of the Premises, and all other additional rent as expenses of the Tenant as owner of the Premises. Upon termination of this Lease prior to the expiration of the term of the Lease, Landlord shall reimburse Tenant an amount equal to rent pre-paid by Tenant for the remainder of the term, after deducting Landlord's damages. Notwithstanding anything to the contrary herein, Landlord shall have no right to terminate this Lease except following an uncured default as specifically set forth in Section 13.

21. Notice of Lease. Promptly upon execution and delivery hereof, Landlord and Tenant shall cause to be recorded in the Official Records of the County of Humboldt the Memorandum of Lease in the form set forth in Exhibit B attached hereto. Recordation and transfer taxes due on the execution of this Lease, if any, shall be paid by Tenant.

22. General. This Lease shall be governed by and construed in accordance with the laws of the State of California. Captions appearing in this Lease are for convenience of reference only and shall not define or limit any provisions hereof. This Lease shall be binding upon and inure to the benefit of Landlord and Tenant and their respective successors and assigns. If any provision of this Lease shall to any extent be held by a court of law to be invalid or unenforceable, the remainder of this Lease shall not be affected and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law. This Lease represents the entire agreement of the parties hereto with respect to the leasing of Premises.


This Lease may be executed in any number of counterparts, all of which together shall constitute one and the same document.

[Remainder of page intentionally left blank; Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date and year first set forth above.

LANDLORD:

HUMBOLDT BAY HARBOR, RECREATION AND
CONSERVATION DISTRICT, a California public
entity

By: 
Name: Patrick Higgins
Title: President

TENANT:

HUMBOLDT BAY DEVELOPMENT
ASSOCIATION, INC., a California nonprofit public
benefit corporation

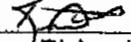
By: 
Name: Richard Marks
Title: President

Exhibit A

LEGAL DESCRIPTION OF LAND

For APN/Parcel ID(s): 401-112-021 and 401-112-024

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA IN COUNTY OF HUMBOLDT, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

TRACT A

Those portions of Sections 16, 20 and 21, Township 5 North, Range 1 West, Humboldt Meridian, more particularly described as follows:

PARCEL ONE

PARCEL A as shown on Record of Survey for Freshwater Tissue Company, LLC filed in the Office of the County Recorder of said Humboldt County in Book 69 of Surveys, pages 106 and 107.

EXCEPTING THEREFROM an undivided one-half interest in and to all minerals, coal, oils, petroleum and kindred substances and natural gas under and in said lands, as excepted in the deed from Anna G. McCormack recorded November 20, 1958 in Book 511, page 147, Humboldt County Official Records.

(TANKS AREA EXCEPTION)

EXCEPTING THEREFROM that portion thereof described as follows:

BEGINNING at a point on the Northerly line of Parcel A as shown on a Record of Survey for Freshwater Tissue Company, LLC filed in the Office of the Humboldt County Recorder in Book 69 of Surveys, Pages 106 and 107, at the Southerly terminus of a course having a bearing of North 26 degrees 51 minutes 38 seconds East;
thence along said Northerly line, North 26 degrees 51 minutes 38 seconds East, 10.37 feet;
thence along said Northerly line, North 66 degrees 20 minutes 37 seconds West, 679.14 feet;
thence leaving said Northerly line, South 23 degrees 48 minutes 09 seconds West, 755.82 feet;
thence South 12 degrees 03 minutes 23 seconds East, 47.01 feet;
thence South 66 degrees 11 minutes 51 seconds East, 680.00 feet;
thence North 23 degrees 48 minutes 09 seconds East, 785.33 feet, more or less, to the Northerly line of said Parcel A at a point that bears South 66 degrees 15 minutes 26 seconds East from the point of beginning;
thence North 66 degrees 15 minutes 26 seconds West, along said line, 28.95 feet, more or less, to the point of beginning.

PARCEL TWO

A non-exclusive easement for ingress and egress, 50 feet in width, the center line of which is described as follows:

COMMENCING on the South line of Section 16 Township 5 North, Range 1 West, Humboldt Meridian, at a point bearing South 88 degrees 32 minutes 46 seconds East, 1062.11 feet from the Southwest corner of said Section;
thence North 19 degrees 58 minutes 05 seconds West, 910.90 feet to the beginning of a non-tangent curve, concave to the East, having a radius of 852 feet, through which a radial line bears North 34 degrees 11 minutes 28 seconds West, said point being the true point of beginning; and running
thence Southerly along said curve, through a central angle of 33 degrees 46 minutes 52 seconds, for a distance of 502.33 feet to a point herein identified as "Point A";
thence continuing Southerly along said curve, through a central angle of 22 degrees 18 minutes 56 seconds, for a distance of 331.84 feet;
thence South 00 degrees 17 minutes 16 seconds East, 129.77 feet to the South line of said Section 16.

PARCEL THREE

A non-exclusive easement for ingress and egress 50 feet in width, the center line being described as follows:

COMMENCING at "Point A" described above;
thence North 63 degrees 33 minutes 05 seconds West to the East line of New Navy Base Road, as described in Book 1160 of Official Records, page 623, Humboldt County Records.

EXCEPTING THEREFROM that portion lying within the 30 foot strip of land conveyed to the Northwestern Pacific Railroad Company, a California corporation, by document recorded February 2, 1925, in Book 171 of Deeds, Page 186, Humboldt County Records.

PARCEL FOUR

A non-exclusive easement for ingress, egress and public utility purposes in and across that portion of the 50 foot wide strip shown on said Record of Survey filed in Book 69 of Surveys, pages 106 and 107 as "CENTERLINE OF 50 FOOT WIDE EASEMENT FOR INGRESS AND EGRESS" that lies within Parcel B shown on said Survey and also within that portion of Parcel C shown on said Survey that lies within said Section 21.

PARCEL FIVE

A non-exclusive easement for ingress, egress and public utility purposes in and across the west 50 feet of the following described lands:

BEGINNING at the Northwest corner of Lot 3 in Section 21 in Township 5 North, Range 1 West, Humboldt Meridian; and running
thence South 8 minutes West on the Section line, 600 feet;
thence East, 1410 feet to the East line of State Tide Land Survey No. 75;
thence Northerly along the East line of said Tide Land Survey to the North line of said Lot 3; and
thence West on the north line of said Lot, 1670 feet to the point of beginning.

TRACT B

PARCEL ONE

That portion of PARCEL B as shown on Record of Survey for Freshwater Tissue Company, LLC, filed in the Office of the County Recorder of said Humboldt County in Book 69 Surveys, Pages 106 and 107, described as follows:

BEGINNING on the Southwesterly line of said PARCEL B at a point that bears North 66 degrees 22 minutes 38 seconds West, 664.17 feet from the most Southerly corner of said PARCEL B;
thence North 23 degrees 37 minutes 22 seconds East, 59.29 feet;
thence North 15 degrees 56 minutes 36 seconds West, 488.72 feet;
thence North 69 degrees 07 minutes 20 seconds East, 200.81 feet;
thence North 82 degrees 52 minutes 03 seconds East, 196.26 feet;
thence North 58 degrees 03 minutes 53 seconds East, 27.10 feet;
thence North 15 degrees 06 minutes 45 seconds East, 67.42 feet;
thence North 20 degrees 24 minutes 32 seconds West, 529.38 feet;
thence North 76 degrees 33 minutes 34 seconds East, 33.06 feet to the Easterly line of said PARCEL B;
thence along said Easterly line the following courses:
North 69 degrees 30 minutes 50 seconds East, 47.32 feet,
South 19 degrees 55 minutes 20 seconds East, 311.69 feet,
North 84 degrees 15 minutes 50 seconds East, 43.92 feet,
South 21 degrees 13 minutes 20 seconds East, 90.39 feet,
South 28 degrees 58 minutes 05 seconds East, 270.98 feet,
North 83 degrees 50 minutes 20 seconds East, 224.07 feet,
North 73 degrees 22 minutes 00 seconds East, 153.65 feet,
South 65 degrees 53 minutes 10 seconds East, 85.95 feet, more or less, to the 1870 mean low water line, being the line described in Book 1722 Official Records, Page 440;
thence along said line the following courses:
South 21 degrees 38 minutes 48 seconds West, 795.69 feet,
South 20 degrees 52 minutes 00 seconds West, 181.39 feet to the most Southerly corner of said PARCEL B;

thence North 66 degrees 22 minutes 38 seconds West, along the Southwesterly line of said parcel, 664.17 feet to the point of beginning.

The above lands being shown as Parcel 1 on Record of Survey filed in Book 71 of Surveys, page 149, Humboldt County Records.

PARCEL TWO

A non-exclusive easement for ingress and egress, 50 feet in width, the center line of which is described as follows:

COMMENCING on the South line of Section 16 Township 5 North, Range 1 West, Humboldt Meridian, at a point bearing South 88 degrees 32 minutes 46 seconds East, 1062.11 feet from the Southwest corner of said Section;
thence North 19 degrees 58 minutes 05 seconds West, 910.90 feet to the beginning of a non-tangent curve, concave to the East, having a radius of 852 feet, through which a radial line bears North 34 degrees 11 minutes 28 seconds West;
thence Southerly along said curve, through a central angle of 33 degrees 46 minutes 52 seconds, for a distance of 502.33 feet to a point herein identified as "Point A";
thence continuing Southerly along said curve, through a central angle of 22 degrees 18 minutes 56 seconds, for a distance of 331.84 feet;
thence South 00 degrees 17 minutes 16 seconds East, 129.77 feet to the South line of said Section 16.

PARCEL THREE

A non-exclusive easement for ingress and egress 50 feet in width, the center line being described as follows:

COMMENCING at "Point A" described above;
thence North 63 degrees 33 minutes 05 seconds West to the East line of New Navy Base Road, as described in Book 1160 of Official Records, page 623, Humboldt County Records.

EXCEPTING THEREFROM that portion lying within the 30 foot strip of land conveyed to the Northwestern Pacific Railroad Company, a California corporation, by document recorded February 2, 1925, in Book 171 of Deeds, Page 186, Humboldt County Records.

PARCEL FOUR

A non-exclusive easement for installation, maintenance, repair and replacement of an effluent pipe line, 200 feet in width, the center line being described as follows:

COMMENCING at a point on the West line of New Navy Base Road as described in Book 1160 of Official Records, Page 623, Humboldt County Records, which bears North 42 degrees 02 minutes West from a point which bears South 25 degrees 23 minutes West, 549.23 feet from the County Road Monument at Station 440+00 of the Survey of said road;
thence North 42 degrees 02 minutes West to the mean high tide of the Pacific Ocean.

Excepting any portion of the easement below the line of ordinary high water mark where it was located prior to any artificial or avulsive changes in the location of the shoreline.

As created by document recorded June 11, 1999 as Instrument Number 1999-17193-12 of Official Records

PARCEL FIVE

A non-exclusive easement for ingress and egress over a strip of land 25 feet in width the West line being described as follows:

COMMENCING on the North line of Section 21, Township 5 North, Range 1 West, Humboldt Meridian, at a point bearing South 88 degrees 32 minutes 46 seconds East, 1062.11 feet from the Northwest corner of said Section;
thence South 19 degrees 58 minutes 05 seconds East, 408.98 feet.

As created by document recorded December 14, 2000 as Instrument Number 2000-26546-4 of Official Records.

PARCEL SIX

An easement and right of way for the perpetual non-exclusive right to use for pedestrian and vehicular traffic (including

commercial trucks and heavy equipment) on, over and along the roadways shown as the "Traffic Route" on Exhibit "B", as attached to and set forth in that certain Shared Services, Facilities, Access and Use Agreement dated as of June 30, 1998 and recorded July 2, 1998 under as Instrument Number 1998-17222 of Official Records.

In so far as the said easement and right of way affect the following described property:

The whole of fractional Section 16, according to the Official Plat of the United States Government Survey.

EXCEPTING THEREFROM:

First Exception: All right or title of Peninsula Union School District of Humboldt County, its successors or assigns, in a parcel, described as follows:

That portion of Section 16, Township 5 North, Range 1 West, Humboldt Base and Meridian, to wit:

COMMENCING at the Southeast corner of US Lot 4 in Section 9, Township 5 North, Range 1 West, Humboldt Base and Meridian;

thence South 0 degrees 50 minutes West 605.76 feet to the true point of beginning of the parcel of land to be described;

thence South 89 degrees 10 minutes East 135.90 feet;

thence South 0 degrees 50 minutes West, 531.62 feet to the Northwesterly line of the County Road;

thence along said Northwesterly line South 60 degrees 47 minutes West 287.00 feet; thence leaving said Northwesterly line North 31 degrees 49 minutes West 289.00 feet; thence South 69 degrees 30 minutes 55 seconds West 384.59 feet; thence North 0 degrees 50 minutes East 571.82 feet to a point that bears North 89 degrees 10 minutes West from the true point of beginning;

thence South 89 degrees 10 minutes East 626.71 feet to the true point of beginning.

Second Exception:

EXCEPTING FROM the foregoing described land, all interest of Northwestern Pacific Railroad Company, its successors or assigns, in a strip of land 30 feet wide lying along the line of said Company's railroad from a point on the South line of Section 16, Township 5 North, Range 1 West, Humboldt Meridian, Northeasterly by various courses and curvatures through Section 16.

Third Exception:

A strip of land 4.0 feet in width, the Easterly and Southeasterly line thereof being parallel and concentric with and distant 15.0 feet Westerly and Northwesterly, measured at right angles and radially from the following described line:

BEGINNING at a point in the South line of Section 16, Township 5 North, Range 1 West, Humboldt Base and Meridian, which is the Southerly terminus of the center line of the 30 foot wide strip of land described in Deed dated July 21, 1924, from Hammond Lumber Company to Northwestern Pacific Railroad Company recorded February 2, 1925, in Book 171 of Deeds, Page 186, Humboldt County Records;

thence along said center line of the 30 foot wide strip of land described in said Deed, the following five courses:

(1) North 1 degree 35 minutes 30 seconds West 113 feet, more or less;

(2) Northerly from a tangent, which is last described course on a curve to the right having a radius of 716.34 feet, an arc distance of 493.8 feet;

(3) North 37 degrees 54 minutes 30 seconds East tangent to said curve, 112.8 feet;

(4) Northeasterly from a tangent which is last described course, on a curve to the right having a radius of 573.14 feet, an arc distance of 412.6 feet; and

(5) North 79 degrees 10 minutes 0 seconds East, tangent to last said curve, 789.0 feet to a point.

The side lines of the above described 4.0 foot wide strip of land terminate on the South in said South line of Section 16 and on the Northeast in a line drawn at right angles Northwesterly from the above described line at the Northeasterly terminus thereof.

Fourth Exception:

EXCEPTING all that portion thereof conveyed by Georgia-Pacific Corporation to the County of Humboldt by Deed dated January 28, 1971, recorded October 13, 1972, in Book 1160 Page 623, Official Records of Humboldt County, California.

Fifth Exception:

EXCEPTING THEREFROM all rights, title and interest conveyed to the Humboldt Bay Harbor, Recreation and Conservation District, a public agency, in that certain Quitclaim and Relinquishment of Interests in Real Property, executed by Louisiana Pacific Corporation, a Delaware corporation, and said Humboldt Bay Harbor, Recreation and Conservation District, a public agency, recorded December 29, 1983, in Book 1722 Page 432 Official Records of Humboldt County, subject to the effect of the Judgment on Stipulation for Entry of Judgment entered in Superior Court of California, County of Humboldt, Case No. 59058, recorded February 8, 1984, in Book 1725, at Page 1075 Official Records of Humboldt County.

PARCEL SEVEN

That portion of PARCEL A as shown on Record of Survey for Freshwater Tissue Company, LLC filed in the Office of the County Recorder of said Humboldt County in Book 69 of Surveys, pages 106 and 107, described as follows:

A non-exclusive easement for ingress, egress and public utility purposes in and across a strip of land 50 feet wide, said strip being shown on said Record of Survey filed in Book 69 of Surveys, pages 106 and 107 as "CENTERLINE OF 50 FOOT WIDE EASEMENT FOR INGRESS AND EGRESS".

AS RESERVED in the deed to Humboldt Bay Harbor Recreation and Conservation District in deed recorded August 14, 2013 as Instrument No. 2013-19083-4, Humboldt County Official Records.

EXHIBIT F

Senior Encumbrances as of the Execution Date

As to the Beach Parcel:

1. All matters as reflected in that certain Preliminary Report issued by Humboldt Land Title effective September 24, 2020, at 7:30 AM, a copy of which has been provided to Tenant; and
2. The rights of Simpson Paper Company to utilize certain portions of the Beach Parcel for mitigation, as more particularly described in the Beach Parcel PSA attached hereto as **Exhibit G**.

As to the Upland Parcel:

1. The Leasehold Mortgage, Ground Lease and Operating Lease, as those terms are defined in this Agreement;
2. That certain easement for a railroad granted to Little River Redwood Company, recorded in the Official Records of Humboldt County at Book 190 Deeds, Pgs. 371-373 and Book 207 Official Records, Pg. 6;
3. That certain easement for public highway granted to County of Humboldt, recorded in the Official Records of Humboldt County at Book 190 Deeds, Page 306 and purported abandonment thereof recorded in the official records of Humboldt County on May 21, 1971 at Book 1088, Page 454;
4. That certain easement for public utilities granted to Pacific Gas and Electric Company, recorded in the Official Records of Humboldt County at Book 621, Page 550;
5. That certain easement for public utilities granted to Pacific Gas and Electric Company recorded in the Official Records of Humboldt County at Book 639, Page 160;
6. That certain easement for public utilities granted to Humboldt Bay Municipal Water District, recorded in the Official Records of Humboldt County at Book 650, Page 160;
7. That certain easement for public utilities granted to Pacific Gas and Electric Company, recorded in the Official Records of Humboldt County at Book 762, Page 463;
8. That certain easement for public utilities granted to Humboldt Bay Municipal Water District, recorded in the Official Records of Humboldt County at Book 656, Page 470;
9. That certain easement for public utilities and incidental purposed granted to Pacific Gas and Electric Company, recorded in the Official Records of Humboldt County at Book 766, Page 271 as modified by documents recorded in the Official Records of Humboldt County at the following: Book 780, Page 7, Book 844, Page 124 and Book 956, Page 38;

10. That certain easement for public utilities and incidental purposes granted to Humboldt Bay Municipal Water District, recorded in the Official Records of Humboldt County at Book 888, Page 327 as modified by documents recorded in the Official Records of Humboldt County at the following: Book 1277, Page 610 and Book 1612, Page 276;
11. That certain lack of abutter's rights for county road, recorded in the Official Records of Humboldt County at Book 1160, Page 623;
12. That certain easement for public utilities and incidental purposes granted to the Pacific Telephone and Telegraph Company, recorded in the Official Records of Humboldt County at Book 1449, Page 537;
13. That certain easement for ingress, egress and public utilities reserved by Freshwater Tissue Company, LLC, a California Limited Liability Company, as successor to Samoa Acquisition Corporation, a California Corporation, recorded in the Official Records of Humboldt County as Instrument No. 2013-019083-4; and
14. That certain amended and restated outfall agreement, recorded in the Official Records of Humboldt County as Instrument No. 2015-005666-13.

EXHIBIT G
Beach Parcel PSA

**AGREEMENT OF PURCHASE AND SALE AND
JOINT ESCROW INSTRUCTIONS**

This **AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS** (this "Agreement") is made as of the 1st day of October, 2020 (the "Effective Date"), by and between **SIMPSON PAPER COMPANY**, a Washington corporation ("Seller"), and the **HUMBOLDT BAY HARBOR, RECREATION, AND CONSERVATION DISTRICT**, a California public entity ("Buyer").

RECITALS

A. WHEREAS, Seller is the owner of certain land located on the Samoa Peninsula, County of Humboldt, State of California, commonly known as Assessor's Parcel Number 401-111-006 (the "Land"), together with all improvements thereon and appurtenances thereto ("Improvements"). The Land and Improvements are hereinafter collectively referred to as the "Property." The approximate location of the Property is shown on the map attached hereto as **Exhibit A**.

B. WHEREAS, Seller desires to sell the Property to Buyer, and Buyer desires to purchase the Property from Seller, all on the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the parties hereto agree as follows:

AGREEMENT

1. PURCHASE AND SALE. Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, on the terms and conditions hereinafter set forth in this Agreement.

2. CONSIDERATION.

2.1. Purchase Price. The total purchase price ("Purchase Price") for the Property shall be Two Hundred and Six Thousand Five Hundred and No/100 Dollars (\$206,500.00), payable by Buyer to Seller as follows:

(a) Within ten (10) business days after the Effective Date, Buyer shall deliver to Escrow Holder (as defined in Paragraph 12.1 below), the amount of Five Thousand Dollars (\$5,000.00) (the "Deposit") by good check or wire transfer of immediately available funds, which shall be deposited by Title Company in an interest-bearing account and held and released in accordance with the terms of this Agreement. The Deposit shall be deemed to constitute the irrevocable property of Seller upon deposit into Escrow, but shall nevertheless be applied, in full, towards the Purchase Price at the Close of Escrow. The Deposit shall be deemed to constitute consideration for Buyer's option to terminate this Agreement at any time prior to the satisfaction of all contingencies defined in Paragraph 4.1, below. The Seller expressly deems the Deposit to constitute adequate consideration in support of the enforceability of this Agreement in accord with the adequacy of consideration principles discussed in Steiner v. Thexton, 48 Cal. 4th 411 (2010).

(b) The balance of the Purchase Price (i.e., \$201,500.00) shall be deposited in Escrow by Buyer prior to Close of Escrow for delivery to Seller by way of wire transfer of immediately available funds at the Close of Escrow.

3. TITLE / SURVEY.

3.1 Title. Title to the Property shall be conveyed to Buyer by Grant Deed upon the Close of Escrow by a Grant Deed, free and clear of all liens except for (a) liens securing real property taxes and assessments (which constitute liens not yet due and payable), (b) such other "Permitted Exceptions" as defined below, and (c) the Mitigation Rights, as defined below. Prior to the expiration of the Inspection Period, Buyer shall obtain an CLTA title insurance commitment ("Title Commitment") from a national title insurance company of Buyer's choice ("Title Company") and deliver to Seller a written statement (the "Title Objection Notice") of any title exceptions to which Buyer objects ("Title Objections"). Within five (5) business days of receipt of the Title Objection Notice ("Seller's Title Response Date"), Seller shall notify Buyer as to which Title Objections, if any, Seller will cure prior to Close of Escrow (as defined in Paragraph 12.2 below). If Seller does not timely respond to the Title Objection Notice, then Seller shall be deemed to have elected to cure no Title Objections. If Seller does not elect to cure all Title Objections prior to Close of Escrow, then, at the option of Buyer, Buyer may (i) terminate this Agreement by providing written notice of such termination to Seller prior to 5:00 p.m. Pacific Time on the date that is ten (10) business days following Seller's Title Response Date, or (ii) proceed to close and take title subject to such Title Objections. In the event of termination as provided herein, the entire Deposit (inclusive of the Deposit) shall be returned to Buyer, Buyer and Seller shall each pay one-half (1/2) of the escrow costs, and the parties shall have no further rights, duties, liabilities or obligations hereunder, except for those matters that specifically survive termination of this Agreement. Any exceptions to title to which Buyer does not object or which Seller does not agree to cure shall be deemed "Permitted Exceptions"; provided, however, that no monetary liens, except for liens securing real property taxes and assessments (which constitute liens not yet due and payable), shall be considered Permitted Exceptions under any circumstance without the written consent of Buyer.

Buyer will make available to Seller at any time before or after the Close of Escrow, at no charge, up to eight (8) acres of the Property required by Seller (the "Mitigation Parcel") to satisfy any mitigation measure, exaction or other requirement of any local, state or federal governmental authority or court of competent jurisdiction, related to the existence, use, reuse, removal, or abandonment of Seller's outfalls, pipes, culverts or other improvements located on the Samoa Peninsula; provided, however, that Seller shall not be entitled to utilize for mitigation or any other purpose that portion of the Property identified in **Exhibit C** hereto. Buyer understands that such use of the Mitigation Parcel may require a permanent dedication for conservation purposes. Buyer's obligation under this paragraph shall be made a part of the official records of Humboldt County at the Close of Escrow, by reservation of title or other appropriate document drafted and agreed to by the parties during the Inspection Period, defined below, and is a material inducement to Seller to enter into the contemplated transactions, without which Seller would not elect to proceed. Notwithstanding the foregoing, Seller's Mitigation Rights shall terminate and all rights shall revert to Buyer in the event that Seller has not received the required regulatory approvals to exercise its Mitigation Rights and has not commenced mitigation on the Property by the Eighth anniversary of the Close of Escrow.

3.2 Survey. Prior to the expiration of the Inspection Period, Buyer may obtain a current survey of the Property (the "Survey"), in Buyer's discretion at Buyer's sole cost and expense, and deliver to Seller a written statement (the "Survey Objection Notice") of any matters disclosed by the Survey to which Buyer objects (the "Survey Objections"). Within five (5) business days following Seller's receipt of the Survey Objection Notice ("Seller's Survey Response Date"), Seller shall notify Buyer as to which Survey Objections Seller elects to cure prior to Close of Escrow. If Seller does not timely respond to the Survey Objection Notice, then Seller shall be deemed to have elected to cure no Survey Objections. If Seller does not elect to cure all Survey Objections prior to Close of Escrow, then, at the option of Buyer, Buyer may (i) terminate this Agreement by providing written notice of such termination to Seller prior to 5:00 p.m. Pacific Time on the date that is five (5) business days following Seller's Survey Response Date, or (ii) proceed to close and take title subject to such Survey Objections. In the event of termination as provided herein, the Deposit shall be returned to Buyer, Buyer and Seller shall each pay

one-half (1/2) of the escrow costs, and the parties shall have no further rights, duties, liabilities or obligations hereunder, except for those matters that specifically survive termination of this Agreement. All survey matters to which Buyer does not object or which Seller does not agree to cure shall be deemed "Permitted Exceptions".

3.3 Seller's Documents Delivery. Within ten (10) days following the Effective Date, to facilitate Buyer's inspections Seller shall deliver to Buyer or make available for inspection at the Property (to the extent the following documents are in Seller's possession) documents in Seller's possession related to the Property and the Improvements.

3.4 Seller's Disclosures. Within ten (10) days following the Effective Date, to facilitate Buyer's inspections, Seller shall disclose to Buyer all information actually known to Seller which may be reasonably necessary for Buyer to evaluate the condition of the Property other than matters that would be obvious and apparent to the Buyer from a limited inspection of the Property.

4. CONTINGENCIES.

4.1 Buyer's obligation to purchase the Property is subject to the following contingencies described in subparagraphs (a) and (b) below in this Paragraph 4.1 ("Contingencies"). Each and all of the following Contingencies are for the sole benefit of Buyer and may be waived or deemed satisfied by Buyer in Buyer's sole and absolute discretion.

(a) Due Diligence/Inspection Period. Buyer's inspection and examination of the Condition of the Property (as defined in Paragraph 9 below). During the Inspection Period, Buyer shall have access to the Property at reasonable times and shall have the right to conduct, at Buyer's expense, environmental investigations, architectural feasibility studies for intended uses, cost of use studies, and such other studies with respect to the Condition of the Property as Buyer may desire. Buyer shall have until 5:00 p.m. Pacific Time on the date which is twenty (20) days following the Effective Date (the "Inspection Period"), to conduct such tests and studies, and to give written notice to Seller of any conditions unacceptable to Buyer. Buyer agrees to restore any damage to the Property caused by any entry by Buyer or its agents. Buyer shall hold and save Seller harmless from and against any and all loss, cost, damage, liability, injury or expense, arising out of or in any way related to damage to property, injury to or death of persons, or the assertion of lien claims caused by such entry, inspection and implementation of environmental investigations and other studies with respect to the Condition of the Property. If Buyer elects to terminate this Agreement by reason of failure of the Contingency set forth in this subparagraph (a), Buyer shall promptly upon such election deliver to Seller the Survey from Paragraph 3.2, if any, and due diligence materials provided to Buyer by Seller.

(b) Lease Agreement. The full execution and effectiveness of a lease or easement agreement between Buyer, as landlord, and RTI Infrastructure, Inc., a California corporation, as lessee, for use of the Property to site underground trans-Pacific fiber optic cables. This Contingency, and Buyer's right to terminate this Agreement for the failure of this Contingency, shall survive until the Close of Escrow.

(c) Assumed Contracts. Within 10 business days after the Effective Date, Seller shall deliver to Buyer true, correct and complete copies of all written contracts, liens, agreements, easements, licenses, encumbrances, leases, or tenancies not of public record that, in each case, affect or pertain in any way to the Property or any portion thereof (the "Contracts"). At the Close of Escrow, Seller shall assign and Buyer shall assume (i) all Contracts listed in **Exhibit B** hereto and (ii) any additional Contracts that are disclosed to and accepted by Buyer, in its sole discretion, during the due diligence period and have not been terminated by Seller prior to the Close of Escrow (collectively the "Assumed Contracts"). Seller shall be responsible for obtaining any third-party consent to the assignment of Assumed Contracts. The Parties may proceed to the Close of

Escrow without such consent with the understanding that the Parties will cooperate in good faith to obtain such consent after the Close of Escrow.

4.2 If Buyer disapproves of the satisfaction of any Contingency within the applicable time period provided above, Buyer's sole remedy shall be to terminate this Agreement by issuance of written notice of termination to Seller and Seller shall have no obligation to remedy any Contingency which Buyer disapproves. If this Agreement is timely terminated by Buyer as a result of the failure of the satisfaction of any of the Contingencies, all sums and documents deposited in Escrow shall be returned to the parties who respectively deposited the same except for the Deposit, which will be retained by Seller, and Buyer and Seller shall each pay one-half (1/2) of the Escrow costs, and the parties shall have no further rights, duties, liabilities or obligations hereunder, except for those matters that specifically survive termination of this Agreement. If Buyer fails to give written notice to Seller of its disapproval of any Contingency within the respective applicable time limit set forth above in Paragraph 4.1, it shall conclusively be deemed that Buyer has waived such Contingency and such Contingency shall conclusively be deemed satisfied.

5. **EXCHANGE.** Buyer and Seller acknowledge that Seller shall have the right to cause this Agreement to be modified so that Seller may effectuate an exchange under the Internal Revenue Code of 1954, and the California Revenue and Taxation Code. Seller shall exercise its right to modify this Agreement by giving Buyer written notice by no later than ten (10) calendar days prior to the date scheduled for the Close of Escrow. Buyer shall bear no additional cost, expense or liability (whether actual or contingent) as a result of the exchange transaction and shall not be required to take title to any other property as part of such exchange transaction.

6. **REPRESENTATIONS AND WARRANTIES BY SELLER.**

6.1 Seller makes the representations and warranties in this Paragraph 6, each and all of which shall survive any and all inquiries and investigations made by Buyer and shall survive the Close of Escrow and recordation of the Grant Deed for a period of ~~four~~two (24) years.

6.1.1 Seller has the power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. Seller, and the specific individual parties signing this Agreement on behalf of Seller, represent and warrant that the parties signing this Agreement on behalf of the Seller have the full legal power, authority and right to execute and deliver this Agreement.

6.1.2 To the best of Seller's knowledge, neither the entering into this Agreement nor the performance of any of Seller's obligations under this Agreement will violate the terms of any contract, agreement or instrument to which Seller is a party.

6.1.3 Seller has not been served (by means of formal, legal service of process as required by law) or formally notified in writing by any governmental or quasi-governmental authority (i) that the Property contains or may contain any "Hazardous Materials" in violation of any "Environmental Regulations" (as those terms are defined in this Paragraph 6.1.3, below); or (ii) that the Seller has stored, used or maintained Hazardous Materials or suffered, permitted, allowed or acquiesced in any storage, use or maintenance of Hazardous Materials on, in or under the Property in violation of any Environmental Regulations. As used in this Agreement, the terms "Environmental Regulations" and "Hazardous Materials" shall have the following meanings:

(a) "Environmental Regulations" shall mean all applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, and similar items, of all governmental agencies, departments, commissions, boards, bureaus or instrumentalities of

the United States, states and political subdivisions thereof and all applicable judicial and administrative and regulatory decrees, judgments and orders relating to the protection of human health or the environment, including, without limitation: (i) all requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Materials, whether solid, liquid or gaseous in nature, into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, whether solid, liquid or gaseous in nature; and (ii) all requirements pertaining to the protection of the health and safety of employees or the public.

(b) “Hazardous Materials” shall mean (i) any flammables, explosive or radioactive materials, hazardous wastes, toxic substances or related materials including, without limitation, substances defined as “hazardous substances,” “hazardous materials”, “toxic substances” or “solid waste” in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, [42 U.S.C. Sec. 9601, et seq.](#); the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Toxic Substances Control Act, [15 U.S.C., Section 2601 et seq.](#); the Resource Conservation and Recovery Act of 1976, [42 U.S.C. Section 6901 et seq.](#); and in the regulations adopted and publications promulgated pursuant to said laws; (ii) those substances listed in the United States Department of Transportation Table ([49 C.F.R. 172.101](#) and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 C.F.R. Part 302 and amendments thereto); (iii) those substances defined as “hazardous wastes,” “hazardous substances” or “toxic substances” in any similar federal, state or local laws or in the regulations adopted and publications promulgated pursuant to any of the foregoing laws or which otherwise are regulated by any governmental authority, agency, department, commission, board or instrumentality of the United States of America, the State of California or any political subdivision thereof, (iv) any pollutant or contaminant or hazardous, dangerous or toxic chemicals, materials, or substances within the meaning of any other applicable federal, state, or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended; (v) petroleum or any by-products thereof; (vi) any radioactive material, including any source, special nuclear or by-product material as defined a: [42 U.S.C. Sections 2011 et seq.](#), as amended, and in the regulations adopted and publications promulgated pursuant to said law; (vii) asbestos in any form or condition; and (viii) polychlorinated biphenyls.

6.1.4 Until the Close of Escrow, the Property will continue to be operated in substantially the same manner as operated as of the Effective Date. Seller will not do or cause anything to be done that would change, alter or modify the operation of the Property without the prior written consent of Buyer.

6.1.5 Seller has neither engaged nor dealt with any broker or finder in connection with the sale contemplated by this Agreement. Seller shall pay, and shall hold Buyer harmless from and against, any commission or finder's fee payable to any agent or broker who represents or claims to represent Seller.

6.1.6 Seller will not alter the physical condition of the Property from and after the date of this Agreement, reasonable wear and tear excepted. If, through no fault of Seller, the physical condition of the Property is different on the date scheduled for the Close of Escrow as of the date of this Agreement, the terms and conditions of Paragraph 6.2, below shall apply.

6.1.7 Other than contracts or leases indicated on the title report, and except for the contracts identified in Paragraph 4.3, there are no contracts or leases affecting or relating to the ownership, operation, maintenance or construction of the Property that will survive past the Close of Escrow. Subsequent to the Effective Date and continuing until the Close of Escrow, unless this Agreement is terminated earlier, Seller will not enter into any new contracts or leases with respect to the Property which will continue past the Close of Escrow without Buyer's prior written consent, which consent may be withheld in Buyer's sole and absolute discretion.

Buyer acknowledges that the Property is encumbered by that certain Conveyance and Agreement (for development restrictions) recorded in the Official Records of Humboldt County as document number 1999-12524-6, and that the deed for the Property will contain the language required by Section 5 thereof.

6.2 If, prior to the Close of Escrow, new events have occurred which were beyond the control of Seller and which render any previously true representation or warranty untrue, Seller shall, within three (3) days thereafter, disclose those matters by written notice to Buyer. Buyer shall have ten (10) days after the earlier of (i) such disclosure; or (ii) Buyer's independent discovery that such representation or warranty has become untrue, to elect, in its sole and absolute discretion, and as its sole remedy, by written notice to Seller within said ten (10) day period, whether (1) to purchase the Property or (2) terminate this Agreement. If Buyer elects to terminate this Agreement pursuant to this Paragraph 6.2, Escrow shall immediately terminate upon Seller's receipt of Buyer's notice of election to terminate this Agreement and all sums (including Buyer's Deposit and any portion thereof otherwise deemed non-refundable) and documents deposited in Escrow shall be returned to the parties who deposited the same and Seller and Buyer shall each pay one-half (1/2) of Escrow costs. If Buyer fails to notify Seller and Escrow Holder of its election to terminate this Agreement within said ten (10) day time period provided above, Buyer shall be deemed to have accepted the modified representations and warranties and elected to purchase the Property.

6.3 Other than those express representations and warranties contained in Paragraphs 6.1 through 6.2 of this Agreement, above, Seller makes no warranty or representation, express or implied, including but not limited to, implied warranties of merchantability and fitness for a particular purpose, and all such other warranties are expressly disclaimed.

6.4 Except to the extent Seller has made a specific representation and warranty with respect thereto, no document or information provided by Seller to Buyer shall constitute a representation as to the completeness or accuracy of such documents or information.

7. REPRESENTATIONS AND WARRANTIES BY BUYER.

7.1 Buyer makes the following representations and warranties in this Paragraph 7, each and all of which shall survive any and all inquiries and investigations made by Seller and shall survive the Close of Escrow and recordation of the Grant Deed for a period of ~~four~~ two (24) years.

7.1.1 Each and all of the information delivered by Buyer to Seller is true and correct.

7.1.2 Buyer has neither engaged nor dealt with any broker or finder in connection with the sale contemplated by this Agreement. Buyer shall pay any commission or finder's fee payable to any other party who represents or claims to represent Buyer.

7.1.3 Buyer has the power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. Buyer warrants that the parties signing this Agreement have the full legal power authority and right to execute and deliver this Agreement.

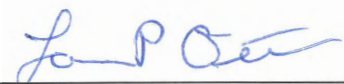
7.1.4 Buyer has made or will make its own investigation concerning the Condition of the Property (as said term is defined in Paragraph 9 of this Agreement, below), the condition of title or any other matter pertaining to the Property, and, other than the specific representations and warranties made by Seller pursuant to Paragraphs 6.1 through 6.2 of this Agreement, above, Buyer is not relying on any representations, warranties or inducements of Seller or Seller's broker with respect to the Condition of the Property.

8. INDEMNIFICATION.

8.1 Subject to any other provisions of this Agreement to the contrary, each party ("Indemnitor") agrees to indemnify and hold the other party ("Indemnitee") harmless from and against any claim, loss, damage or expense, including any reasonable attorneys fees (including attorneys fees on appeal), asserted against or suffered by the Indemnitee resulting from: (a) Any material breach by the Indemnitor of this Agreement; (b) Seller's use of the Property pursuant to its Mitigation Rights; and (c) The inaccuracy or breach of any of the representations, warranties or covenants made by the Indemnitor. Buyer shall indemnify, defend, and hold Seller harmless from all claims, suits, and actions that arise out of or relate to facts, conditions, and circumstances relating to the Property, including without limitation, zoning laws, or any other laws and regulations governing the use and conveyance of real property, the environmental condition of the Property and any hazardous materials or other contamination in, at, or under the Property that are (a) the result of conditions that arise after the Close of Escrow and (b) liabilities arising from the use, operation, or ownership of the Property by Buyer before and after the Close of Escrow, except for any liabilities that are caused by Seller exercising its Mitigation Rights before or after the Close of Escrow.

8.2 Indemnitee shall submit any claim for indemnification under this Agreement to the Indemnitor in writing within a reasonable time after Indemnitee determines that an event has occurred which has given rise to a right of indemnification under this Paragraph 8 and shall give Indemnitor a reasonable opportunity to investigate and cure any default of Indemnitor under this Agreement and eliminate or remove any claim by a third party. Notwithstanding the foregoing, if the nature of Indemnitor's default or the third party claim is such that it would be impractical or unreasonable to give Indemnitor an opportunity to investigate and cure such default and remove such claim, Indemnitee need not give Indemnitor such opportunity.

8.3 If such claim for indemnification relates to a claim or demand presented in writing by a third party against Indemnitee, Indemnitor shall have the right to employ counsel reasonably acceptable to Indemnitee to defend any such claim or demand, and Indemnitee shall make available to Indemnitor, or its representatives, all records and other materials in its possession or under its control reasonably required by Indemnitor for its use in contesting such liability. If Indemnitor does not elect to defend any such claim or demand, Indemnitee may do so at its option, but shall not have any obligation to do so.

Initials: 
BUYER

BGS
SELLER

9. "AS-IS" SALE; ASSUMPTION OF RESPONSIBILITIES AND RELEASE.

This Agreement shall constitute escrow instructions to Escrow Holder. Seller and Buyer shall, promptly upon request by Escrow Holder, execute such additional escrow instructions as may be reasonably required by Escrow Holder, including Escrow Holder's standard printed conditions and stipulations with respect to escrows concerning the purchase and sale of real property; provided, however, that if there is any conflict between the provisions of this Agreement and the provisions of any such additional instructions, the provisions of this Agreement shall prevail. Upon delivery to Escrow of a fully executed copy of this Agreement by both parties, Escrow shall be deemed opened on the terms and conditions set forth in this Agreement.

12.2 Escrow shall close, and the Grant Deed shall be recorded in the Office of the County Recorder of Humboldt County, California, on or before the date which is ninety days (90) days following the satisfaction of the Contingency set forth in Paragraph 4.1(b), above, but in no event later than February 28, 2021 ("Close of Escrow").

12.3 Within the time set forth below, or if none is specified, prior to the Close of Escrow, Seller shall deliver to Escrow Holder, or if so indicated, to Buyer, the following documents and items:

(a) At least one (1) day prior to the Close of Escrow, the duly executed and acknowledged Grant Deed in a form approved by Buyer in advance.

(b) At least one (1) day prior to Close of Escrow, Seller shall deliver such certifications, declarations or other documents as may be required under [Internal Revenue Code §1445](#) and [California Revenue and Tax Code §18662](#), together with any and all other documents required by law pertaining to foreign or out-of-state sellers.

12.4 Within the time set forth below, or if none is specified, prior to the Close of Escrow, Buyer shall deliver to Escrow Holder, or if so indicated, to Seller, the following documents and items:

(a) At least one (1) day prior to Close of Escrow the balance of the cash portion of the Purchase Price set forth in Paragraph 2, together with an additional sum sufficient to cover Buyer's portion of the closing costs as set forth in Paragraph 12.7.2, below.

12.5 On the Close of Escrow, the Escrow Holder shall record the Grant Deed and shall deliver the monies and instruments to which each party is entitled pursuant to this Agreement, only when the Title Company is in a position to issue its CLTA policy of title insurance subject only (i) to the Permitted Exceptions; and (ii) Title Company's standard pre-printed exceptions, with liability in the amount of the Purchase Price, showing title to the Property vested in Buyer (or as designated by Buyer) ("Title Policy").

12.6 Upon Close of Escrow, possession of the Property shall be delivered to Buyer and the following items, documents and monies shall be delivered to the parties by Escrow Holder as set forth below:

(a) To Seller: the cash portion of the Purchase Price as set forth in Paragraph 2, reduced by the amount of Seller's closing costs as set forth in Paragraph 12.7.1, below.

(b) To Buyer: the Title Policy.

12.7 Upon Close of Escrow, Escrow and title charges shall be paid in the manner provided below.

12.7.1 Seller shall pay:

- (a) The cost of any and all documentary transfer tax or stamps or other sales tax; and
- (b) One-half (1/2) of the Escrow fees.

12.7.2 Buyer shall pay:

- (a) The cost of the Title Policy
- (b) All recording fees;
- (c) All loan related expenses, if any;
- (d) One-half (1/2) of the Escrow fees.

12.8 If Escrow fails to close as a result of the default of this Agreement by a party, the defaulting party shall pay all title and escrow charges; provided, however, that nothing in this Paragraph 12.8 shall be deemed to limit, and the provisions of this Paragraph 12.8 shall be in addition to, all other rights and remedies of the non-defaulting party pursuant to this Agreement.

12.9 Escrow Holder is authorized and instructed to debit Seller for Seller's closing costs as set forth in Paragraph 12.7.1, above.

13. PRORATIONS.

13.1 Prorations shall be made as of the Close of Escrow. All prorations shall be made on the basis of a thirty (30) day month and shall be paid in cash to Seller if it is entitled thereto, or shall be credited against the cash portion of the Purchase Price if Buyer is entitled thereto. Such prorations shall be made by Escrow Holder on the basis of a statement(s) approved by Buyer and Seller and deposited into the Escrow prior to the Close of Escrow.

(a) All real estate taxes and all personal property taxes due and owing as of the Close of Escrow, and all penalties and interest thereon, shall be paid by Seller. Current real estate taxes, special assessments and personal property taxes which are not yet due and owing shall be prorated based upon the most recent tax bill, so that the portion of current taxes allocable to the period from the beginning of such tax year through the Close of Escrow shall be charged to and paid by Seller and the portion of the current taxes allocable to the portion of such tax year from the Close of Escrow to the end of such tax year shall be charged to and paid by Buyer. Proration of taxes and assessments shall be final as of the Close of Escrow, regardless of the amount of taxes or assessments that actually are, or subsequently become, due.

(b) Expenses of operating the Property (other than insurance premiums, taxes and utility charges) which were prepaid by Seller for a period beyond the Close of Escrow.

13.2 Buyer shall be responsible for obtaining and paying for utility services from and after Close of Escrow.

14. DAMAGE OR DESTRUCTION PRIOR TO CLOSE OF ESCROW.

If the Property, or any portion thereof, is damaged or destroyed prior to the Close of Escrow from any cause whatsoever, whether an insured risk or not, including but not limited to, fire, flood, accident or other

casualty which, according to the Buyer's and Seller's best estimate, would cost more than Thirty Thousand Dollars (\$30,000.00) to repair, Buyer shall have the option, upon written notice to Seller, to either (i) terminate this Agreement, or (ii) purchase the Property. If Buyer elects to terminate this Agreement, Escrow shall immediately terminate upon Seller's receipt of Buyer's notice of election to terminate and Escrow Holder shall thereupon promptly return all documents, items and monies in its possession to the party who shall have deposited same with Escrow Holder. In the event of such termination, each party shall pay one-half (1/2) of the Escrow fees. If Buyer fails to notify Seller of its election under this Paragraph 14, Buyer shall be deemed to have elected to purchase the Property.

15. EMINENT DOMAIN.

15.1 The words "condemnation" or "condemned" as used in this Paragraph 15 shall mean the exercise of, or intent to exercise, the power of eminent domain expressed in writing, as well as the filing of any action or proceeding for such purpose, by any person, entity, body, agency or authority having the right or power of eminent domain (the "condemning authority").

15.2 If Seller receives written notice from a condemning authority advising of a condemnation of all or any portion of the Property ("Condemnation Notice"), Seller shall within three (3) business days notify Buyer of same in writing and deliver therewith a copy of the Condemnation Notice. Within ten (10) days after Buyer's receipt of the Condemnation Notice, Buyer shall notify Seller of its election to either (i) terminate this Agreement and the Escrow or (ii) purchase the Property. If Buyer elects to terminate this Agreement, Escrow shall immediately terminate upon Seller's receipt of Buyer's notice of election to terminate this Agreement and Escrow Holder shall thereupon promptly return all documents, items and monies in its possession to the party who shall have deposited same with Escrow Holder. In the event of such termination, each party shall pay one-half (1/2) of the Escrow fees. If Buyer elects to purchase the Property, Seller shall transfer to Buyer at the Close of Escrow all proceeds from condemnation or Seller's right to receive all such proceeds. If Buyer fails to notify Seller of its election under this Paragraph 15, Buyer shall be deemed to have elected to purchase the Property.

16. SURVIVAL OF CLOSE OF ESCROW. All representations, warranties, covenants, conditions, agreements and obligations contained in or relating to this Agreement shall, except as expressly stated in this Agreement, survive the Close of Escrow and the recordation of the Grant Deed and shall not merge therein unless specifically stated otherwise in this Agreement.

17. NOTICES. All notices to be given pursuant to this Agreement shall be either (i) personally delivered; (ii) sent via certified or registered mail, postage prepaid; (iii) overnight courier (such as Federal Express, DHL, etc.); (iv) by electronic scan and transfer by e-mail; or (v) by telecopy transmittal. If sent via certified or registered mail, receipt shall be deemed effective forty-eight (48) hours after being deposited in the United States mail. If sent via telecopy transmission, a confirming copy shall be sent to the sender, and receipt of the telecopy transmittal shall be deemed effective at the time the telecopy is transmitted from the location where the transmission originates. If sent via overnight courier, receipt shall be deemed effective twenty-four (24) hours after the sending thereof. If sent via electronic scan and transfer by e-mail, receipt shall be deemed effective at the time the e-mail correspondence is transmitted from the location where the transmission originates; if the electronic scan and transfer by e-mail occurs on a Saturday, Sunday or Holiday (recognized by the California State Legislature), the transmission will not be deemed delivered until the next following business day. Following Close of Escrow, all notices to be given pursuant to this Agreement shall be deemed effective only if (i) personally delivered; (ii) sent via certified or registered mail, postage prepaid; or (iii) sent by overnight courier (such as Federal Express, DHL, etc.). All notices to be given pursuant to this Agreement shall be given to the parties at the following respective address.

To Seller: Simpson Paper Company
1301 5th Ave., Suite 2700
Seattle, WA 98101

To Buyer: Larry, Oetker
Humboldt Bay Harbor, Recreation and Conservation District
P.O. Box 1030
Eureka, CA 95502

With a courtesy copy to: loetker@humboldtbay.org

18. ENTIRE AGREEMENT. This Agreement, and the Exhibits attached hereto, represent the entire Agreement between the parties in connection with the transactions contemplated hereby and the subject matter hereof and this Agreement supersedes and replaces any and all prior and contemporaneous agreements, understandings and communications between the parties, whether oral or written, with regard to the subject matter hereof. There are no oral or written agreements, representations or inducements of any kind existing between the parties relating to this transaction which are not expressly set forth herein. This Agreement may not be modified except by a written agreement signed by both Buyer and Seller. Without limiting the foregoing, Buyer and Seller expressly acknowledge and agree that they have not relied on any written or oral statements made by the other party's real estate broker in entering into this Agreement.

19. BINDING EFFECT AND ASSIGNMENT.

19.1 This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, administrators, successors in interest and assigns.

19.2 Buyer shall have the right to freely assign its rights and interest in this Agreement, provided that any such assignee first executes a counterpart of this Agreement agreeing to abide by, observe and perform all obligations of Buyer stated in this Agreement. Furthermore, any such assignment shall not exonerate Buyer from its obligations under this Agreement, and Buyer, jointly along with Buyer's assignee, shall remain obligated to Seller to abide by, observe and perform all obligations of Buyer stated in this Agreement.

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

21. CAPTIONS AND HEADINGS. The captions and paragraphs numbers appearing in this Agreement are inserted only as a matter of convenience and do not define, limit, construe, or describe the scope or intent of this Agreement.

22. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be considered an original and all of which taken together shall constitute one and the same instrument.

23. GOVERNING LAW. This Agreement has been prepared, negotiated and executed in, and shall be construed in accordance with, the laws of the State of California. Any action or proceeding relating to or arising out of this Agreement shall be filed, if a State action, in the Superior Court of the State of California for the County of Humboldt.

- 24. ATTORNEYS FEES.** If either party named herein brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action (or proceeding), on trial or appeal, shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the Court.
- 25. TIME OF ESSENCE.** Time is of the essence with respect to all matters contained in this Agreement.
- 26. DATE OF AGREEMENT.** All references in this Agreement to the "Effective Date", "the date of this Agreement" or "the date hereof" shall be deemed to refer to the date set forth in the first paragraph of this Agreement.
- 27. INVALIDITY OF ANY PROVISION.** If any provision (or any portion of any provision) of this Agreement is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction under present or future laws effective during the term of this Agreement, the legality, validity, and enforceability of the remaining provisions (or the balance of such provision) shall not be affected thereby.
- 28. NO RECORDATION.** Buyer shall not record this Agreement, any memorandum of this Agreement, any assignment of this Agreement, or any other document which would cause a cloud on the title to the Property.
- 29. DRAFTING OF AGREEMENT.** Buyer and Seller acknowledge that this Agreement has been negotiated at arm's length, that each party has been represented by independent counsel and that this Agreement has been drafted by both parties and no one party shall be construed as the draftsman.
- 30. NO THIRD PARTY BENEFICIARY RIGHTS.** This Agreement is entered into for the sole benefit of Buyer and Seller and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.
- 31. INCORPORATION OF EXHIBITS.** Each and all of the exhibits attached to this Agreement are incorporated herein as if set forth in full in this Agreement.


SIGNATURE PAGE FOLLOWS THIS PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in the first paragraph of this Agreement.

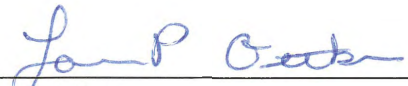
SIGNATURES

SELLER: SIMPSON PAPER COMPANY

By: _____
Name: Betsy G. Stauffer
Its: Chief Executive Officer

By: 
Name: Kathryn P. Navarro
Its: Secretary

BUYER: HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

By: 
Name: Larry Oetker
Its: Executive Director

SCHEDULE OF EXHIBITS

- Exhibit A - Approximate Location of the Property
- Exhibit B - Contracts
- Exhibit C - Area Excluded from Mitigation Rights

EXHIBIT A
Approximate Location of the Property



Approximate location of Property shown with blue colored border.

EXHIBIT B
Contracts

Shared Services, Facilities, Access and User Agreement dated June 30, 1998, and the modifications dated June 16, 1999; May 1, 2000; August 30, 2001; and May 17, 2004.

Exhibit C
Area Excluded from Mitigation Rights

The following described area shall be excluded from Seller's Mitigation Rights:

That portion of the Northwest Quarter of Section 20, Township 5 North, Range 1 West, Humboldt Meridian, in the unincorporated area of Humboldt County, State of California, described as follows:

A strip of land 200 feet in width, the north line being described as follows:

BEGINNING on the West Line of New Navy Base Road, as conveyed to the County of Humboldt by deed recorded October 13, 1972 in Book 1160 Official Records, Page 623, Humboldt County Records, at the intersection thereof with the Westerly prolongation of the Southerly line of that parcel of land conveyed to Humboldt Bay Municipal Water District by deed recorded June 30, 1966 in Book 888 Official Records, Page 316;

Thence North 76 degrees 13 minutes West, along said prolongation, 330 feet, more or less, to the mean high tide line of the Pacific Ocean.

And

That real property situated in Township 5 North, Range 1 West, Humboldt Meridian, in the unincorporated area of Humboldt County, State of California, described as follows:

A strip of land 200 feet in width with the center line described as follows:

COMMENCING at a point on the West line of New Navy Base Road as described in Book 1160 of Official Records, Page 623, Humboldt County Records, which bears North 42 degrees 02 minutes West from a point which bears South 25 degrees 23 minutes West 549.23 feet from the County Road Monument at Station 440+00 of the Survey of said road;

thence North 42 degrees 02 minutes West to the mean high tide of the Pacific Ocean.

COMMISSIONERS
1st Division
Larry Doss
2nd Division
Greg Dale
3rd Division
Stephen Kullmann
4th Division
Richard Marks
5th Division
Patrick Higgins

Humboldt Bay
Harbor, Recreation and Conservation District
(707)443-0801
P.O. Box 1030
Eureka, California 95502-1030



STAFF REPORT – HARBOR DISTRICT MEETING
November 19, 2020

TO: Honorable Board President and Harbor District Board Members

FROM: Larry Oetker, Executive Director

DATE: November 16, 2020

TITLE: Consider Adopting Resolution 2020-16 a Resolution to authorize the purchase of and acceptance of the grant deed for the purchase of APN 401-111-006 (Beach Property) on the Samoa Peninsula.

STAFF RECOMMENDATION: Staff recommends that the Board: Adopt Resolution 2020-16.

BACKGROUND: The Harbor District owns the former pulp mill on the Samoa Peninsula which has an ocean outfall pipe which transverses under APN 401-111-006. Other critical infrastructure has been located on the Beach Property since the 1950s.

DISCUSSION: APN 401-111-006 is a narrow strip of land west of New Navy Base Road and east of the Pacific Ocean. With the acquisition of the Beach Property, the Harbor District will have continuous ownership from Humboldt Bay to the Pacific Ocean and then extending 1.5 miles west into the Pacific Ocean. The Beach Property also provides additional opportunities from future public access, dune restoration, and infrastructure.

ATTACHMENTS:

- A. Draft Resolution 2020-16
- B. Location Map

**HUMBOLDT BAY HARBOR, RECREATION
AND CONSERVATION DISTRICT**

RESOLUTION NO. 2020-16

**A RESOLUTION TO AUTHORIZE THE PURCHASE OF AND ACCEPTANCE OF
THE GRANT DEED FOR THE PURCHASE OF APN 401-111-006
(BEACH PROPOERTY) ON THE SAMOA PENINSULA**

WHEREAS, the District may not have deeds or grants conveying an interest in or easement upon real estate accepted for recordation without its consent evidenced by its certificate or resolution of acceptance in accordance with Section 27281 of the Government Code; and

WHEREAS, the public acquisition and management of the Beach Property would provide the District continuous ownership from Humboldt Bay to the Pacific Ocean at the District's Redwood Marine Terminal II property; and

WHEREAS, the Harbor District has easements under the Beach Property which connects to other State Lands Commission leases which go 1.5 miles west into the Pacific Ocean for the District's existing ocean outfall discharge pipe; and

WHEREAS, the Beach Property currently contains existing critical infrastructure to the Humboldt Region including, but not limited, to the District's ocean outfall pipe, as well as, the Humboldt Bay Municipal Water District infrastructure; and

WHEREAS, future additional critical infrastructure, pubic access, public recreational opportunities; dune restoration; and sea level rise adaptation opportunities may be made possible, by the District's ownership of this important property; and

WHEREAS, the Beach Property has open space deed restrictions on the property.

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE HUMBOLDT BAY HARBOR, RECREATION, AND CONSERVATION DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The acquisition of the property qualifies for a Categorical Exemption under CEQA per Cal. Code Regs., tit. 14, § 15301, and 15313.

SECTION 2. The legal description for APN's 401-111-006, on the Samoa Peninsula, Humboldt County, California which is attached as Exhibit A is acceptable for recordation on the Certificate of Acceptance.

SECTION 3. The Executive Director is hereby authorized to execute the Certificate of Acceptance; and all other documents associated with this acquisition and expend up \$206,500 for the acquisition of the real property.

PASSED, APPROVED AND ADOPTED by the Board of Commissioners of the Humboldt Bay Harbor, Recreation and Conservation District at a duly called meeting held on the 19th day of November, 2020 by the following polled vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

**Stephen Kullmann, President
Board of Commissioners**

**Patrick Higgins, Secretary
Board of Commissioners**

CERTIFICATE OF SECRETARY

The undersigned, duly qualified and acting Secretary of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, does hereby certify that the attached Resolution is a true and correct copy of RESOLUTION NO. 2020-16 entitled,

**A RESOLUTION TO AUTHORIZE THE PURCHASE OF AND ACCEPTANCE OF
THE GRANT DEED FOR THE PURCHASE OF APN 401-111-006
(BEACH PROPOERTY) ON THE SAMOA PENINSULA**

as regularly adopted at a legally convened meeting of the Board of Commissioners of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, duly held on the 19th day of November 2020; and further, that such Resolution has been fully recorded in the Journal of Proceedings in my office and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of November 2020.

Patrick Higgins, Secretary
Board of Commissioners

EXHIBIT "A"
Legal Description

For APN/Parcel ID(s): [401-111-006-000](#)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA IN COUNTY OF HUMBOLDT, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE

THAT PORTION OF SECTION 20 TOWNSHIP 5 NORTH RANGE 1 WEST HUMBOLDT MERIDIAN MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING ON THE NORTH LINE OF THAT TRACT OF LAND DESCRIBED IN A DEED TO ISIDORE B. MCCORMACK, RECORDED JANUARY 28 1902, IN BOOK 78 OF DEEDS, PAGE 234 HUMBOLDT COUNTY RECORDS, AT THE INTERSECTION WITH THE WEST LINE OF THAT PARCEL OF LAND CONVEYED TO THE COUNTY OF HUMBOLDT BY DEED RECORDED OCTOBER 13, 1972 IN [BOOK 1160 OF OFFICIAL RECORDS PAGE 623](#), HUMBOLDT COUNTY RECORDS;

THENCE NORTHERLY ALONG THE WEST LINE OF SAID PARCEL CONVEYED TO THE COUNTY OF HUMBOLDT, TO THE NORTH LINE OF SAID SECTION 20;

THENCE WESTERLY ALONG SAID NORTH LINE TO THE PACIFIC OCEAN,

THENCE SOUTHERLY ALONG THE PACIFIC OCEAN, TO THE NORTH LINE OF SAID PARCEL CONVEYED TO ISIDORE B. MCCORMACK;

THENCE EASTERLY ALONG SAID NORTH LINE TO THE POINT OF COMMENCEMENT.

BEING THE SAME LANDS DESCRIBED IN LOT LINE ADJUSTMENT AND CERTIFICATE OF SUBDIVISION COMPLIANCE RECORDED APRIL 26, 1999 AS [INSTRUMENT NO. 1999-12521-3](#), HUMBOLDT COUNTY OFFICIAL RECORDS.

PARCEL TWO

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND ALL RIGHTS INCIDENTAL THERETO, 50 FEET IN WIDTH, LYING WESTERLY OF AND ADJACENT TO THE WEST LINE OF NEW NAVY BASE ROAD, BEING THAT PARCEL OF LAND CONVEYED TO THE COUNTY OF HUMBOLDT BY DEED RECORDED OCTOBER 13, 1972 IN [BOOK 1160 OFFICIAL RECORDS, PAGE 623](#), HUMBOLDT COUNTY RECORDS, THE EAST LINE OF SAID EASEMENT BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE PUBLIC ACCESS POINT ON THE WEST LINE OF SAID NEW NAVY BASE ROAD, WHICH IS OPPOSITE THE ENTRANCE TO LP DRIVE AT STATION 431+00 OF NEW NAVY BASE ROAD, IN LOT 5 OF SECTION 16, TOWNSHIP 5 NORTH, RANGE 1 WEST, HUMBOLDT MERIDIAN;

THENCE RUNNING SOUTHERLY, ALONG SAID WEST LINE, TO THE SOUTH LINE OF SECTION 17, TOWNSHIP 5 NORTH, RANGE 1 WEST, HUMBOLDT MERIDIAN.

BEING THE SAME AS RESERVED IN THE DEED TO SAMOA PACIFIC GROUP, LLC RECORDED SEPTEMBER 25, 2001 AS [INSTRUMENT NO. 2001-24109-10](#), HUMBOLDT COUNTY OFFICIAL RECORDS.

EXHIBIT A
Approximate Location of the Property



Approximate location of Property shown with blue colored border.