

SUBLEASE

THIS SUBLEASE ("Sublease") dated as of ^{May}~~April~~ 2, 2019, is made between the Humboldt Bay Harbor, Recreation and Conservation District, a California public entity ("Sub-landlord"), and Shelter Cove Fishing Preservation Incorporated, a California nonprofit corporation ("Subtenant").

Recitals

A. Sub-landlord is the tenant under that certain Lease Agreement dated as of April 1, 2016 ("Master Lease"), pursuant to which Mario's Marina, LLC, a California limited liability company ("Master Landlord") leased to Sub-landlord the real property located in Shelter Cove, County of Humboldt, State of California, known as Assessor Parcel Nos. 108-171-023 and 108-171-023R as depicted on Exhibit A to the Master Lease ("Master Premises"). The Master Lease is attached hereto as **Exhibit A** and incorporated into this Sublease by this reference.

B. Pursuant to the Master Lease, Sub-landlord operates the existing marina related activities, services, and businesses on the Master Premises.

C. Subtenant desires to sublease the Master Premises from Sub-landlord and to operate the businesses currently operated by Sub-landlord according to the terms and conditions of this Sublease and that separate Humboldt Bay Harbor, Recreation and Conservation District Service Provider Agreement With Shelter Cove Fishing Preservation Incorporated for Fish Cleaning Station Janitorial Services ("Fish Station Services Agreement"), a copy of which is attached hereto as **Exhibit B**.

D. In consideration for Subtenant's performance of the terms and conditions of this Sublease for the Term (defined below), Sub-landlord agrees to transfer and convey to Subtenant its 1976 New Holland 700 Series tractor by way of a Bill of Sale in the form attached hereto as **Exhibit C**.

E. In consideration for Subtenant's performance of the terms and conditions of this Sublease for the Term (defined below), and upon receipt of the consent of John Casali, Sub-landlord shall assign to Subtenant its rights under that certain Equipment Lease Option and Purchase Agreement dated April 5, 2016, including all rights to possess the leased equipment and the purchase option rights. The assignment shall be memorialized using the form attached hereto as **Exhibit D**.

Sublease

NOW, THEREFORE, for valuable consideration (the receipt and adequacy of which are acknowledged) and incorporating the above recitals herein, the Sub-landlord and Subtenant mutually agree as follows:

Section 1. Sublease

Subject to the terms and conditions of this Sublease, Sub-landlord subleases to Subtenant the Master Premises (the "Premises") on which Sub-landlord currently operates the following businesses (collectively, the "Businesses"), and Subtenant leases from Sub-landlord such Premises and agrees to operate the Businesses as more particularly provided herein:

- (a) Tractor boat launch operation with commercial rights to charge users;

- (b) Charter boat license agreements to charge facility use fees;
- (c) Commercial boat license agreements to charge facility use fees;
- (d) Boat storage area with commercial rights to charge users;
- (e) Marina building commercial operation;
- (f) Fish purchasing station with commercial rights to charge facility fee as to users; and
- (g) Operation and maintenance of fish cleaning station and washing station;

Section 2. Warranty by Sub-landlord

Sub-landlord warrants to Subtenant that the Master Lease has not been amended or modified except as expressly set forth in this Sublease; that Sub-landlord is not now, and as of the commencement of the Term (defined in this Sublease) of this Sublease will not be, in default or breach of any of the provisions of the Master Lease; and that Sub-landlord has no knowledge of any claim by Master Landlord that Sub-landlord is in default or breach of any of the provisions of the Master Lease.

Section 3. Term

The term of this Sublease (the "Term") will commence on the latter of April 1, 2019 ("Commencement Date"), or when Board of Commissioners of Sub-landlord approves this Sublease, whichever occurs later, and end on March 31, 2021 ("Termination Date"), unless terminated sooner in accordance with the provisions of this Sublease or in the event the Master Lease is terminated. If the Term commences on a date other than the Commencement Date, Sub-landlord and Subtenant will execute a memorandum setting forth the actual date of commencement of the Term. Possession of the Premises ("Possession") will be delivered to Subtenant on the commencement of the Term. If for any reason Sub-landlord does not deliver Possession to Subtenant on the Commencement of the Term, Sub-landlord will not be subject to any liability for this failure, the Termination Date will not be extended by the delay, and the validity of this Sublease will not be impaired. Rent will be abated until delivery of Possession. However, if Sub-landlord has not delivered Possession to Subtenant within thirty (30) days after the Commencement Date, at any time after that and before delivery of Possession, Subtenant may give written notice to Sub-landlord of Subtenant's intention to cancel this Sublease. The notice will set forth an effective date for the cancellation, which will be at least ten (10) days after delivery of notice to Sub-landlord. If Sub-landlord delivers Possession to Subtenant on or before this effective date, this Sublease will remain in full force. If Sub-landlord fails to deliver Possession to Subtenant on or before this effective date, this Sublease will be canceled. Upon cancellation, all consideration previously paid by Subtenant to Sub-landlord on account of this Sublease will be returned to Subtenant, this Sublease will have no further force, and Sub-landlord will have no further liability to Subtenant because of this delay or cancellation. If Sub-landlord permits Subtenant to take Possession prior to the commencement of the Term, the early Possession will not advance the Termination Date and will be subject to the provisions of this Sublease, including, without limitation, the payment of rent.

Section 4. Rent

Subtenant shall pay no rent to Sub-landlord during the Term. However, in consideration of the right to possession and use of the Premises, Subtenant shall comply with all rights, obligations and duties hereunder.

Section 5. Public Access and Use.

Notwithstanding anything in this Sublease to the contrary, Subtenant shall not take or cause any action to prohibit the general public from accessing and using the Fish Cleaning Station on the Premises nor shall Subtenant condition any such use by the public on the payment of any usage fee or other charge. Unless Sub-landlord provides prior written consent, Subtenant shall permit free and unobstructed access to the Fish Cleaning Station and the beach using existing access pathways through and across the Premises. Master Landlord and Sub-landlord contemplate the conveyance of certain easements and rights-of-way securing such access in favor of the public and Subtenant shall be deemed to have consented thereto.

Section 6. Use of Premises

Section 10 (Use; Limitation on Use; Signage; Access) of the Master Lease is incorporated herein by this reference. Subtenant shall comply, in all respects, with Section 10 of the Master Lease as if it were the "Lessee" under the Master Lease and Sub-Landlord the "Lessor" under the Master Lease.

Subtenant shall further comply with all use restriction contained in that certain Coastal Development Permit No. 17-028 ("CDP Permit"), a copy of which Subtenant acknowledges receiving, and shall not do or permit any act upon the Premises that would cause Sub-landlord to violate the terms of the CDP Permit.

Further, Subtenant shall operate the Businesses in a commercially reasonable manner for the benefit of the general public. Subtenant shall not cease to operate any of the Businesses, except temporarily in the case of inclement weather, emergency, or some other cause beyond Subtenant's reasonable control. Subtenant shall not discriminate, harass, or retaliate against any person or class of persons on any basis protected by federal, state, or local law in Subleasing the Premises or operating any of the Businesses.

Subtenant shall continue to acknowledge and permit all access reserved unto the Master Landlord under the Master Lease.

Subtenant shall use the Premises in compliance with all applicable laws, statutes, ordinances, rules, regulations, orders, recorded covenants and restrictions, and the requirements of any fire insurance underwriters or rating bureaus, now or later in effect. Subtenant shall not commit any waste or any public or private nuisance upon the Premises.

Section 7. Assignment and Subletting; Encumbrances.

Subtenant will not assign this Sublease or further sublet all or any part of the Premises without the prior written consent of Sub-landlord (and the consent of Master Landlord, if this is required under the terms of the Master Lease). Subtenant shall not (i) directly or indirectly cause or permit any mortgage, deed of trust, lien, assessment lien, assessment, obligation, interest, encumbrance or encroachment or liability whatsoever to be placed against (whether recorded or not) the Premises or take any other action that could adversely affect title to the Premises during the Term, or (ii) enter into any agreement or commitment to

do any of the foregoing without the prior written consent of Sub-landlord and Master Landlord, which consent may be withheld in either's sole and absolute discretion.

Section 8. Other Provisions of Sublease

All applicable terms and conditions of the Master Lease are incorporated into and made a part of this Sublease as if Sub-landlord were the "Lessor", Subtenant the "Lessee", and the Premises the Master Premises, except for the following: Section 3 (Renewal Terms), Section 4 (Fish Cleaning Station License Term), Section 5 (Right to Terminate), Section 6 (Rent), Section 7 (Rights of First Refusal), Section 12 (Condition at Commencement; Maintenance, Repairs, and Improvements; Ownership of Improvements), Section 15 (Indemnity), Section 17 (Limitation on Voluntary Assignment), and Section 20 (Attorney's Fees). Subtenant assumes and agrees to perform the tenant's obligations under the Master Lease during the Term to the extent that these obligations are applicable to the Premises. However, the obligation to pay rent to Master Landlord under the Master Lease will be considered performed by Subtenant to the extent and in the amount rent and operating costs are paid to Sub-landlord in accordance with Section 4 of this Sublease. Subtenant will not commit or suffer any act or omission that will violate any of the provisions of the Master Lease. Sub-landlord will exercise due diligence in attempting to cause Master Landlord to perform its obligations under the Master Lease for the benefit of Subtenant. If the Master Lease terminates, at the option of Master Landlord, this Sublease will terminate and the parties will be relieved of any further liability or obligation under this Sublease. However, if the Master Lease terminates as a result of a default or breach by Sub-landlord or Subtenant under this Sublease or the Master Lease, the defaulting party will be liable to the nondefaulting party for the damage suffered as a result of the termination. Regardless, if the Master Lease gives Sub-landlord any right to terminate the Master Lease in the event of the partial or total damage, destruction, or condemnation of the Master Premises or the building or project of which the Master Premises are a part, the exercise of this right by Sub-landlord will not constitute a default or breach.

Notwithstanding anything in this Sublease to the contrary, it is expressly acknowledged and agreed that:

(a) By reason of this Sublease or otherwise, Subtenant shall have no right to exercise any right to license the Fish Cleaning Station under Section 4 of the Master Lease in the event this Sublease or the Master Lease expires or sooner terminates. Sub-landlord reserves all such rights.

(b) By reason of this Sublease or otherwise, Subtenant shall have no rights of first refusal under Section 7 of the Master Lease. Sub-landlord reserves all such rights. Sub-landlord shall have no obligation to exercise such rights for the benefit of Subtenant hereunder. In the event the Premises, or any portion thereof, are sold by Master Landlord, this Sublease shall terminate and neither party shall have any further obligation to the other except for those terms that are expressly stated to survive the termination or expiration of this Sublease.

Section 9. Insurance.

Subtenant shall comply in all respects with Section 16 (Insurance) of the Master Lease as if it were the "Lessee" and Sub-landlord the "Lessor" under the Master Lease. Subtenant's General Liability insurance shall name and include Sub-landlord and Master Landlord as an Additional Insured using ISO additional insured endorsement CG 20 10 04 13 and 20 37 04 13 or their aggregate equivalent.

Section 10. Improvements.

Subtenant shall seek the prior written approval of Sub-landlord before commencing to make any physical or structural improvements to the Premises or to any fixtures thereon.

Section 11. Condition of the Premises.

Subtenant expressly accepts the Premises "AS IS" and expressly acknowledges that: (i) the Sub-landlord has made no representation or warranties as to the suitability of the Premises for any improvements or that the Premises is suitable for any particular use; (ii) the Sub-landlord has made no representations or warranties as to the quality or value of any existing improvements found on the Premises, or of their conformity to any applicable building codes, zoning ordinances, or other regulations; (iii) Subtenant agrees to inspect any preexisting improvements at its own cost to determine whether such improvements are safe and suitable for Subtenant's intended use; (iv) Subtenant shall not be entitled to any reduction in rent, nor any extension of the Term because of damage to or destruction of any improvements existing or later constructed on the Premises.

Section 12. Taxes.

Subtenant shall pay before delinquency any taxes, assessments, license fees, and other charges that may be levied and assessed against Subtenant's personal property installed, use, or located in or on the Premises and payable during the Term. Subtenant shall pay all real property taxes and any general and special assessments levied and assessed against the Premises, including those arising from the construction of any improvements on the Premises and/or improvement of the Fish Cleaning Station by Sub-landlord or Subtenant. Notwithstanding the foregoing, in the event that the annual real property taxes and any general and special assessments levied and assessed against the Premises exceed the aggregate sum of \$4,000.00 in any year during the Term, Sub-landlord and Subtenant shall meet and confer in good faith and arrive at an agreement as to an amount Sub-landlord shall contribute towards the amount exceeding \$4,000.00.

Section 13. Repairs and Maintenance.

Subtenant shall, at its sole cost and expense, maintain the Premises, including, but not limited to, any improvement constructed, used, or placed by Subtenant in good condition and repair. Subtenant shall deliver to Landlord physical possession of the Premises at the end of the Term, or any extension of the Term, or any earlier termination of this Sublease, in good condition and repair, reasonable wear and tear and use and loss by fire or other casualty or by earthquake or other act of God excepted. Except as may be expressly set forth in this Sublease, Sub-landlord shall not be required to make any alterations, repairs, additions or improvements, or to furnish any services or facilities of any kind, to the Premises or any improvements thereon. Subtenant waives the provisions of California Civil Code §§ 1941 and 1942 and any other law that would require Sub-landlord to maintain the Premises in a tenantable condition or would provide Subtenant with the right to make repairs and deduct the cost of those repairs from the rent or other sums due to Sub-landlord under this Sublease.

Section 14. Attorney Fees

If either party commences an action against the other in connection with this Sublease, the prevailing party will be entitled to recover costs of suit and reasonable attorney's fees.

Section 15. Indemnity

Subtenant shall indemnify, defend, and hold Sub-landlord, Master Landlord, and all of their respective employees and agents harmless from all loss, liability, damage, cost and expense (including attorney's fees) arising out of any damage or injury to any person or property occurring in, on or about the Premises, except to the extent such loss, liability, damage, cost and expense is caused by a negligent act or omission of Sub-landlord or Master Landlord. The indemnity provided hereunder shall survive the expiration or early termination of the Term and shall not be limited by the amount of insurance coverage available for such loss, liability, damage, cost and expense.

Section 16. No Broker

Sub-landlord and Subtenant each warrant that they have not dealt with any real estate broker in connection with this transaction. Sub-landlord and Subtenant each agree to indemnify, defend, and hold the other harmless against any damages incurred as a result of the breach of the warranty contained in this Sublease.

Section 17. Notices

All notices and demands that may be required or permitted by either party to the other will be in writing. All notices and demands by the Sub-landlord to Subtenant will be sent by United States Mail, postage prepaid, addressed to the Subtenant at the Premises, and to the address in this Sublease below, or to any other place that Subtenant may from time to time designate in a notice to the Sub-landlord. All notices and demands by the Subtenant to Sub-landlord will be sent by United States Mail, postage prepaid, addressed to the Sub-landlord at the address in this Sublease, and to any other person or place that the Sub-landlord may from time to time designate in a notice to the Subtenant.

To Sub-landlord:	Humboldt Bay Harbor, Recreation and Conservation District, 601 Startare Drive, Eureka, California 95501
To Subtenant:	Shelter Cove Fishing Preservation Incorporated, P.O. Box 87, Whitethorn, CA 95589

Section 18. Successors and Assigns

This Sublease will be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

Section 19. Attornment

If the Master Lease terminates, Subtenant will, if requested, attorn to Master Landlord and recognize Master Landlord as Sub-landlord under this Sublease. However, Subtenant's obligation to attorn to Master Landlord will be conditioned on Subtenant's receipt of a nondisturbance agreement.

Section 20. Entry

Sub-landlord reserves the right to enter the Premises on reasonable notice to Subtenant to inspect the Premises or the performance by Subtenant of the terms and conditions of this Sublease and, during the last five months of the Term, to show the Premises to prospective subtenant. In an emergency, no

notice will be required for entry.

Section 21. Late Charge and Interest

The late payment of any Rent will cause Sub-landlord to incur additional costs, including the cost to maintain in full force the Master Lease, administration and collection costs, and processing and accounting expenses. If Sub-landlord has not received any installment of Rent within five (5) days after that amount is due, Subtenant will pay five percent (5%) of the delinquent amount, which is agreed to represent a reasonable estimate of the cost incurred by Sub-landlord.

Section 22. Time of Essence

Time is of the essence in this Sublease.

Section 23. Holding Over.

At the end of the Term, or any extension thereof, if Subtenant holds over for any reason, it is hereby agreed that in the absence of a written agreement to the contrary, that tenancy shall be from month-to-month only and not a renewal of this Sublease, nor an extension for any further term. In that case, Subtenant shall pay rent in an amount equal to the rent payable immediately prior to the end of the Term or any extension, and the month-to-month tenancy shall be subject to every other term, covenant, and condition contained in this Sublease that is consistent with and not contrary to a month-to-month tenancy. Either party shall have the right to terminate such month-to-month tenancy on at least thirty (30) days' prior Notice.

Section 24. Governing Law

This Sublease will be governed by and construed in accordance with California law.

Section 25. Accessibility Requirements

In accordance with California Civil Code Section 1938, Sub-landlord hereby informs Subtenant that as of the Effective Date, none of the buildings within the Premises have been inspected by a Certified Access Specialist (as defined in California Civil Code section 55.52(3)). California Civil Code Section 1938(e) provides:

“A Certified Access Specialist (CAsp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CAsp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CAsp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CAsp inspection, the payment of the fee for the CAsp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.”

Subtenant shall, at Subtenant's sole cost and expense, pay the cost of any expenses relating to compliance with the Americans with Disabilities Act or California counterpart of same with respect to any and all

improvements made by Subtenant to the Premises during the Term.

Section 26. Entire Agreement

This Sublease, with all exhibits, sets forth all the agreements between Sub-landlord and Subtenant concerning the Premises, and there are no other agreements either oral or written other than as set forth in this Sublease.

Section 27. Landlord and Tenant Representations.

Each person executing this Sublease on behalf of Sub-landlord represents and warrants to Subtenant that: (i) Sub-landlord holds the leasehold interest under the Master Lease in and to the real property of which the Premises is a part and has full right and authority to enter into this Sublease and to perform all of Sub-landlord's obligations under this Sublease; and (ii) each person (and both persons if more than one signs) signing this Sublease on behalf of Sub-landlord is duly and validly authorized to do so.

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

Each party's execution, delivery, and performance under this Sublease does not: (i) except as expressly set forth in below as to Sub-landlord, require any consent or approval not heretofore obtained under any partnership agreement, operating agreement, articles of incorporation, bylaws or other organizational or formation document; or (ii) conflict with, or constitute a breach or default or permit the acceleration of obligations under any agreement, contract, loan, lease, or other document by which Sub-landlord or Subtenant is or the Premises is bound or regulated.

This Sublease 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.

Section 28. Mutuality of Preparation.

This contract was prepared jointly by the parties hereto and not by either party to the exclusion of the other.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties have executed this Sublease as of the date first above written.

SUB-LANDLORD:

Humboldt Bay Harbor, Recreation and Conservation
District, a California public entity

By: 

Name: Greg Dale

Its: President of the Board of Commissioners

SUBTENANT:

Shelter Cove Fishing Preservation Incorporated, a
California nonprofit corporation

By: 

Name: Lake Mitchell

Its: President

Exhibits:

- Exhibit A – Master Lease
- Exhibit B – Fish Station Services Agreement
- Exhibit C – Bill of Sale
- Exhibit D – Assignment Agreement

EXHIBIT A

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is entered into effective as of April 1, 2016 (the "Effective Date") between MARIO'S MARINA, LLC, a California limited liability company ("Lessor" or "Mario's"), and the Humboldt Bay Harbor, Recreation and Conservation District, a California public entity ("Lessee" or "District").

RECITALS:

A. This Lease pertains to the operation by Lessee of Mario's Marina located in Shelter Cove, Humboldt County, California. The area of Mario's Marina in which Lessee may operate marina related activities, services and businesses shall be more particularly described herein and is generally depicted on the drawing attached hereto as **Exhibit A**.

B. Lessor desires to lease the Premises (as defined below) to Lessee, and Lessee is willing to lease the Premises from Lessor and to operate the businesses currently operated therein by Lessor, pursuant to the provisions stated in this Lease.

C. Lessee has inspected the Premises and has investigated the viability of the Businesses (as defined below) and is fully informed of their physical and financial conditions; Lessee acknowledges and understands that Lessor makes no representation or warranty with respect to the suitability of the Premises for Lessee's intended use nor the future financial prospects of the Businesses.

NOW, THEREFORE, Lessor and Lessee mutually agree as follows:

1. **PREMISES.** Lessor leases to Lessee the real properties commonly known as Humboldt County Assessor Parcel Numbers 108-171-023 and 108-171-023R (collectively the "Premises") on which Lessor currently operates the following businesses (collectively, the "Businesses"), and Lessee leases from Lessor such Premises and agrees to operate the Businesses as more particularly provided herein:

(a) Tractor boat launch operation with commercial rights to charge users or sublease the right to operate the launch operation to a third party;

(b) Charter boat license agreements to charge facility use fees;

(c) Commercial boat license agreements to charge facility use fees;

(d) Boat storage area with commercial rights to charge users;

(e) Marina building commercial operation with right to sublease to tenants for uses not inconsistent with the operation and maintenance of a marina operation.

(f) Fish purchasing station with commercial rights to charge facility fee to users or sublease;

(g) Ground lease for operation and maintenance of fish cleaning station and washing station already owned by District (the "Fish Cleaning Station").

2. **INITIAL TERM.** Lessee shall have use and possession of the Premises pursuant to this Lease for an initial term (the "Initial Term") commencing April 1, 2016 (the "Commencement Date"), and ending on March 31, 2021.

3. **RENEWAL TERMS.** Lessee shall have the right to renew this Lease for up to three (3) additional five (5) year terms and two (2) additional ten (10) year terms (each, a "Renewal Term," and the Initial Term and the Renewal Terms collectively, the "Term"), such Renewal Terms to be exercised in any order, in Lessee's sole discretion, by giving Lessor written notice of the intent to renew no later than ninety (90) days prior to the Initial Term or the then-current Renewal Term.

4. **FISH CLEANING STATION LICENSE TERM.** Notwithstanding any other provision of this Lease, including but not limited to Lessee's decision not to renew or to terminate this Lease, the Lessee shall have an irrevocable license to operate and maintain the Fish Cleaning Station for twenty (20) years, commencing April 1, 2016 and ending March 31, 2036. Should the other provisions of this Lease not be renewed or be terminated by the Lessee, the Lessee shall pay \$500 per year in advance on or before April 1 of each year 2016-2026 and \$1,000 each year for years 2027-2036 as rent for the Fish Cleaning Station for each year during which the remainder of the Premises is not leased by Lessee.

5. **RIGHT TO TERMINATE.** Lessee may terminate this Lease at any time during the Initial Term and first Renewal Term with ninety (90) days' written notice to Lessor if Lessee, in Lessee's sole discretion, determines that the findings of a cultural site investigation precludes the site from being developed as Lessee intends, the Building (as defined below) cannot be reasonably and economically constructed, or in the event any other reason is reasonably likely to make the operation of the Premises and the Businesses not economically feasible for the Lessee. However, such a termination would not affect the Lessee's license to operate and maintain the Fish Cleaning Station as set forth in Section 4, above.

6. **RENT.**

(a) Lessee shall pay no rent during the Initial Term or the first year of the first Renewal Term, but in consideration of the right to possession and use of the Premises, shall: (1) within the first year of the Initial Term, contract for and pay for a cultural site investigation (the "Cultural Survey") of the Premises and the property on which the Premises are located (such property, consisting of the Premises and the Restaurant Property (as defined below), the "Property") as necessary to comply with governmental conditions for approval of the development of the Property; (2) within the first two years of the Initial Term, demolish existing remains of marina building and remove debris; (3) within the first two years of the Initial Term, clean up, grade and fence the boat parking/storage area; (4) within the first four years of the Initial Term, conduct site preparation and seek building permit(s) for the construction of the Building as contemplated in 12(b) hereof; (5) no later than the end of the first year of the first

Renewal Term, commence construction of the Building in accordance with the provisions of Section 12(b) hereof; (6) within the first year of the Initial Term, commence to improve the Fish Cleaning Station and take reasonable measures to improve the discharge system of the station and (7) no later than the end of the third year of the first Renewal Term, contract for and pay an engineer or surveyor to prepare, process with the Humboldt County Planning Department ("Planning"), and record after Planning approval, a parcel map (the "Parcel Map") in accordance with the California Subdivision Map Act to create two separate parcels by lot line adjustment or lot subdivision, one substantially constituting the area of the Premises and one substantially constituting the area of the Restaurant Property. Lessor shall reasonably cooperate with all of the foregoing Lessee obligations by approving (which approval shall not be unreasonably withheld, conditioned or delayed) and signing all applications and other documents reasonably necessary to accomplish Lessee's foregoing obligations. Lessee shall be entitled to retain all revenues, if any, generated by Lessee's operation of the Businesses and Premises.

(b) Notwithstanding the foregoing: (i) in the event the findings of the Cultural Survey would result in the actual out-of-pocket cost of Lessee's obligations set forth in items 4 and 5 of Section 6(a) above to exceed \$50,000, Lessee shall be released from such obligations; provided, however, that in such event, Lessee shall then immediately be obligated to pay rent to Lessor; or (ii) in the event the findings of the Cultural Survey would result in delays in the satisfaction of Lessee's obligations set forth in items 4 and 5 of Section 6(a) above beyond the timeframes set forth with respect to each, Lessor and Lessee shall mutually determine, through good faith efforts, an extended timeline for completion of such obligations and a date on which Lessee's obligation to pay rent shall commence. In either event, the rent amount to be paid by Lessee shall be determined in the same manner as set forth in Section 6(c) below.

(c) For any five (5) year period of any Renewal Term, Lessee and Lessor shall attempt to negotiate a reasonable lease rent. If the parties are unable to reach an agreement on rent at least sixty (60) days prior to the commencement of any Renewal Term (or, if applicable, commencement of the second five (5) year period of any ten (10) year Renewal Term), the parties will submit the issue of rental value to an arbitrator mutually selected by the parties. If the parties are unable to agree on an arbitrator, the parties will request the judge of the Humboldt County Superior Court with primary responsibility for civil cases, or the presiding judge of that Court, to appoint an arbitrator from a list of arbitrators nominated the parties (however, that list shall not indicate which party nominated a particular individual). The arbitrator need not be an attorney or retired judge, but may be a real estate broker, appraiser, or other personal with specialized knowledge of commercial lease values. The rental value will be based upon the fair market rental value of the Premises, including the improvements made by the Lessee, as of the start of the applicable Renewal Term. The rent shall be a monthly rent for the applicable Renewal Term or portion thereof, as the case may be.

(d) The arbitrator's decision shall be binding upon Lessor. If Lessee, in Lessee's sole discretion, is of the opinion that the rent is too high, Lessee may decline to lease for the applicable Renewal Term.

7. RIGHTS OF FIRST REFUSAL.

(a) During the Term, provided this Lease has not been earlier terminated or expired, that Lessee is not at such time in default of the terms of this Lease and that the Parcel Map has been recorded, Lessee shall have a right of first refusal to purchase the Premises on the same terms and conditions as those offered by a third party and accepted by Lessor subject to this right of first refusal. Lessor shall notify Lessee in writing of any such third party offer and the terms thereof and Lessee may exercise its right of first refusal by providing Lessor with written notice of its exercise of such right. Terms of the purchase will be full payment in cash within one hundred twenty (120) days after Lessee delivers such exercise notice. However, if Lessee has declined to exercise its right of first refusal to purchase the Premises and the Premises is sold by Lessor to a third party, the Lessee's right of first refusal as to the Premises is extinguished and cannot again be exercised.

(b) Lessor also owns a parcel of property in Shelter Cove used for a restaurant, bar, motel and mobile home rental area, shown on Exhibit A as the "Restaurant Property." If Lessor's current tenant operating the restaurant and bar terminates such tenant's lease, Lessee shall have the first right of refusal to lease said the Restaurant Property on the same terms and conditions as those accepted by a third party.

(c) During the Term, provided this Lease has not been earlier terminated or expired, that Lessee is not at such time in default of the terms of this Lease and that the Parcel Map has been recorded, Lessee shall have a right of first refusal to purchase the Restaurant Property on the same terms and conditions as those offered by a third party and accepted by Lessor subject to this right of first refusal. Lessor shall notify Lessee in writing of any such third party offer and the terms thereof and Lessee may exercise its right of first refusal by providing Lessor with written notice of its exercise of such right. Terms of the purchase will be full payment in cash within one hundred twenty (120) days after Lessee delivers such exercise notice. However, if Lessee has declined to exercise its right of first refusal to purchase the Restaurant Property and the Restaurant Property is sold by Lessor to a third party, the Lessee's right of first refusal as to the Restaurant Property is extinguished and cannot again be exercised.

8. PERSONAL PROPERTY TAXES. Lessee shall pay before delinquency any taxes, assessments, license fees, and other charges that may be levied and assessed against Lessee's personal property installed or located in or on the Premises and become payable during the Term.

9. REAL PROPERTY TAXES. Lessor shall pay all real property taxes and any general and special assessments levied and assessed against the Restaurant Property. Lessee shall pay all real property taxes and any general and special assessments levied and assessed against the Premises, including those arising from the construction of any improvements on the Premises and/or improvement of the Fish Cleaning Station by Lessee.

10. USE; LIMITATION ON USE; SIGNAGE; ACCESS. Lessee shall use, and permit use of, the Premises for the uses and operation of the reasonably related business purposes

listed in Section 1 above, and for no other purpose without Lessor's prior written consent, which consent shall not be unreasonably withheld. Lessee shall not use or permit the Premises or any part thereof to be used for any purpose or use other than those authorized herein. Any signage to be installed at the Premises by Lessee shall be subject to prior approval of Lessor, approval which shall not be unreasonably withheld, shall comply with all applicable local sign ordinances and shall be at the sole expense of Lessee. Lessor and Lessee each acknowledge that it is intended that (i) Lessor shall at all times have the right to access the Restaurant Property by passage across the Premises for all purposes reasonably necessary for Lessor's operation of the Restaurant Property and (ii) Lessee shall at all times have the right to access the Premises and the Fish Cleaning Station by passage across the Restaurant Property for all purposes reasonably necessary for Lessee's operation of the Premises and the Fish Cleaning Station.

11. REGULATORY REQUIREMENTS.

(a) Lessee shall use commercially reasonable efforts to enter into any and all agreements with the Shelter Cove Resort Improvement District #1 (the "RID") as may be required by RID for Lessee's operation of the Businesses in compliance with all applicable RID ordinances, regulations or other rules. Any such agreement shall provide for automatic termination of such agreement upon the expiration or earlier termination of this Lease or any Renewal Term.

(b) Lessee shall use commercially reasonable efforts to cooperate with the California State Water Resources Control Board ("WRCB") with a goal of mitigating any water pollution caused by the operation of the tractor launching business.

12. CONDITION AT COMMENCEMENT; MAINTENANCE, REPAIRS AND IMPROVEMENTS; OWNERSHIP OF IMPROVEMENTS.

(a) Lessee has had adequate time and access to the Premises to inspect their condition and accepts the Premises in its condition as of the Effective Date.

(b) Lessee shall construct a new marina building (the "Building") on the Premises. Lessee shall be solely responsible for the planning and completion of such construction in accordance with the following goals:

(i) the exterior of the Building shall be aesthetically pleasing and consistent with the adjacent or nearby structures and natural surroundings;

(ii) the Building shall be appropriate to Lessee's use of the Premises and operation of the Businesses and uses set forth in Section 1, above;

(c) Lessee shall be solely responsible, at its cost, for construction of improvements and maintaining the Premises during the term of the Lease, including any Renewal Terms.

(d) Lessee shall pay all costs for construction done by Lessee or caused to be done by Lessee on the Premises as permitted by this Lease. Lessee shall keep the Premises free and clear of all mechanic's liens resulting from construction done by or for Lessee. Lessee shall have the right to contest the correctness or the validity of any such lien if, within five (5) calendar days on demand by Lessor, Lessee procures and records a lien release bond issued by a corporation authorized to issue surety bonds in California in an amount equal to one and one-half (1 and 1/2) times the amount of the claim of lien. The bond shall meet the requirements of Civil Code Section 3143 and shall provide for the payment of any sum that the claimant may recover on the claim (together with any costs of suit and attorney's fees recovered by the claimant in the action). Upon expiration of the Term, Lessor shall own all improvements, including the Building and all fixtures located upon the Premises.

(e) Lessor shall deliver and assign to Lessee all permits and other authorizations or information previously obtained in connection with the demolition of the marina building and construction of the Building and shall approve, in its reasonable discretion, and sign all documents as may be reasonably necessary in its capacity as property owner for Lessee's construction of the improvements contemplated in this Agreement.

13. UTILITIES AND SERVICES.

(a) On or before the Commencement Date, to the extent separately metered, Lessee shall have made or shall make all arrangements for and pay all utilities and services furnished to the Premises and utilized in the operation of the Businesses, including, without limitation, gas, electricity, water, telephone service, sewage, heating, air conditioning and ventilating, janitorial, trash collection, any security or burglar alarm system and for all connection charges and deposits, and for all other materials and services which may be furnished to or used on or about the Premises during the Term. To the extent any such utilities are not separately metered, Lessee shall reimburse Lessor for such utilities in an amount reasonably attributable to Lessee's use of the Premises and operation of the Businesses; Lessee and Lessor shall cooperate to determine the amount of Lessee's share of any such utilities that are not separately metered.

(b) Lessee shall be solely responsible, at its cost, for implementation of any necessary upgrades or additions to electrical service to the Premises. Lessor shall retain for its use in its sole discretion all residential unit equivalents ("RUEs") required for the provision of sewer service for the Building and it shall be a condition to the effectiveness and commencement of this Lease that the RID assign to Lessor, at no cost to Lessor, all RUEs currently allocated to Mario's Marina and not otherwise already in use by Mario's Marina. Lessee shall use its commercially reasonable efforts, at its sole cost and expense, to secure all RUEs necessary or required for use in connection with the Building. If Lessee is unable to obtain the RUE's necessary for the Building from the RID despite use of commercially reasonable efforts, and Lessee's operations at the Premises adversely impacts Lessor's discharge capacity needed for its operation of the Restaurant Property, Lessee shall pay a share of the cost of sewer improvements necessary to secure discharge capacity sufficient to serve both Lessee's operation of the Premises and Lessor's operation of the Restaurant Property, such share being equal to Lessee's proportionate discharge capacity needs for its operation of the Premises.

14. COMPLIANCE WITH LAWS; LESSOR'S ACCESS.

(a) Lessee expressly understands and agrees that except to the extent Lessee may be exempt as a California public entity, Lessee is responsible for abiding by and complying with all federal, state, county and local laws, rules, regulations and ordinances, including, but not limited to, all "Hazardous Materials Laws"(as defined below), all other laws wages and hours worked, including, but not limited to, the Fair Labor Standards Act of 1938, 29 U.S.C. § 201, et seq.; social security; unemployment insurance; workers' compensation; executive orders; OSHA; Cal/OSHA; labor code laws; migrant workers; seasonal workers; safety; environmental protection; and any other requirements set forth in this Agreement.

(b) For the purposes of this Agreement, "Hazardous Material Laws" shall include any and all federal, state and local laws, regulations, ordinances, codes and policies relating to substances, chemicals, wastes, sewage or other materials that are regulated, controlled or prohibited; or relating to pollution or protection of the environment, of natural resources or of public health and safety, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251, et seq.; the Clean Air Act, 42 U.S.C. § 7401, et seq.; the California Hazardous Waste Control Act, Cal. Health & Saf. Code § 25300, et seq.; the California Safe Drinking Water and Toxic Enforcement Act, Cal. Health & Saf. Code § 25249.8, et seq.; and the California Porter-Cologne Water Quality Control Act, Cal. Water Code § 13000, et seq.

(c) Lessor and its agents and employees shall have the right to enter in and upon the Premises and the Building at any reasonable time and with reasonable notice to inspect Lessee's operations and confirm that Lessee is complying with this Agreement.

15. **INDEMNITY.** Lessee shall hold Lessor harmless from all loss, liability, damage, cost, and expense (including attorney's fees) arising out of any damage to any person or property occurring in, on or about the Premises, except that Lessor shall be liable to Lessee for damage resulting from any acts or omissions of Lessor or Lessor's authorized representatives, and Lessor shall hold Lessee harmless from all damages arising out of any such acts or omissions of Lessor or Lessor's authorized representatives.

16. INSURANCE.

(a) At all times during the term of this Lease, Lessee shall procure and maintain, at Lessee's own expense, all of the following coverage and in the amounts described below:

(i) Workers' Compensation Insurance conforming to the statutory requirements of the State of California;

(ii) Regardless of the minimum statutory requirements of the State of California, employer liability coverage under the above-referenced Workers' Compensation Insurance with minimum limits of no less than \$1,000,000;

(iii) General liability (CGL) insurance shall be maintained with minimum limits of \$5,000,000 each occurrence; \$5,000,000 General Aggregate; and \$5,000,000 Products/Completed Operations Aggregate. CGL insurance shall be written on ISO occurrence form CG 00 01 or equivalent and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract). Such CGL insurance shall name and include Lessor as an Additional Insured using ISO additional insured endorsement CG 20 10 04 13 and 20 37 04 13 or their aggregate equivalent;

(b) Commercial automobile liability insurance shall be maintained with minimum limits of \$1,000,000 per accident including coverage for any owned, non-owned, leased or hired vehicle written, or substantially similar coverage procured through a joint powers authority of California governmental entities that provides insurance services and protection for such entities.

(c) The coverage procured by Lessee as required herein shall not include a deductible in excess of \$10,000 per loss without Lessor's written approval.

(d) All insurance coverage (the "Policies") shall be procured to the satisfaction and consent of Lessor, which shall not be unreasonably withheld. The Policies shall be endorsed to include (i) a waiver of subrogation and (ii) a provision that specifies the Policies are primary and that any insurance or self-insurance maintained by Lessor shall not contribute with it and (iii) that the waiver of subrogation shall not affect the Lessor's right, or any additional insured's right, to recover under such insurance policy. Lessor shall be entitled to inspect proof of required insurance at any time with reasonable notice to Lessee. If Lessee fails to maintain insurance coverage as required by this Lease, Lessor shall have the right, in addition to any other remedy available to it, to (i) immediately terminate this Agreement on written notice to Lessee or (ii) secure any or all of said Policies and Lessee shall immediately reimburse Lessor for the cost of such Policies upon request by Lessor.

(e) Lessee shall require its subcontractors and subtenants to maintain in full force and effect commercially reasonable insurance coverage substantially similar in form and substance to the insurance coverage required of Lessee in this Section 12, as appropriate to the nature of subcontractors' operations, each with minimum limits of no less than \$1,000,000 each occurrence and/or general aggregate, as applicable, unless otherwise agreed to by Lessor in writing. Lessee shall be solely responsible for monitoring compliance by such subcontractors and subtenants with the aforementioned insurance requirements.

(f) Notwithstanding the foregoing, substantially similar coverages and endorsements may be provided through a joint powers authority of California governmental entities that provides insurance services and protection for such entities.

17. **LIMITATION ON VOLUNTARY ASSIGNMENT.** Lessee shall not assign Lessee's interest in this Lease or in the Premises without first obtaining Lessor's written consent, which consent may be withheld in Lessor's sole discretion. The parties expressly acknowledge that the Lessee's operation of the Premises contemplates subleases with third party tenants or subcontracts, and any such sublease or subcontract does not require the consent of Lessor, provided that the term of any such sublease or subcontract shall expressly expire upon the expiration or earlier termination of this Lease Agreement.

18. **TENANT'S DEFAULT; REMEDIES.** It shall constitute an event of default for Lessee to fail to perform any provision of this Lease if the failure to perform is not cured within thirty (30) days after written notice has been given to Lessee. If the default cannot reasonably be cured within thirty (30) days, Lessee shall not be in default of this Lease if Lessee commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default; provided, however, that Lessee shall be in default if the default is capable of being cured within ninety (90) days and Lessee fails to cure such default within ninety (90) days from written notice to Lessee; provided further, however, that in the event Lessor determines in good faith in its reasonable discretion that such default constitutes a material default that is incapable of being cured, Lessor may terminate this Lease upon ninety (90) days' written notice to Lessee.

Notices given under this Section 18 shall specify the alleged default and the applicable Lease provisions and shall demand that Lessee perform the provisions of this Lease within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or termination of this Lease unless Lessor so elects in the notice.

Subject to the cure periods set forth in this Section 18, upon material default by Lessee, Lessor may terminate Lessee's right to possession of the Premises at any time and may seek any and all other remedies available to Lessor at law or in equity.

19. **SEVERABILITY.** The unenforceability, invalidity, or illegality of any provision shall not render the other provisions unenforceable, invalid or illegal.

20. **ATTORNEY'S FEES.** Each party agrees to indemnify the other for such attorney's fees and costs incurred by the other party (the "Indemnified Party") as a result of the Indemnified Party's becoming a party to any litigation (including arbitration) concerning this Lease, the Premises or the Building or the improvements in which the Premises are located by reason of any act or omission of the other party (the "Indemnifying Party") or the Indemnifying Party's authorized representatives, and not by any act or omission of the Indemnified Party or any act or omission of that Indemnified Party's authorized representatives. If either party commences an action (including arbitration) against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to recover from the losing party reasonable attorney's fees and costs of suit.

21. **NOTICES.** All notices, demands, requests, and consents required or desired to be given by Lessor or Lessee hereunder shall be in writing and either served personally or sent

by United States mail or United Kingdom Postal Service, certified or registered, postage prepaid, addressed to Lessee at 601 Startare Drive, Eureka, California, 95501, and to Lessor at 533 Machi Road, Shelter Cove, California, 95589, or such other address as shall be designated by either party in compliance with the provisions of this Section.

22. MISCELLANEOUS.

(a) Time of Essence. Time is of the essence of each provision of this Lease.

(b) Successors. This Lease shall be binding upon and shall inure to the benefit of the parties and their successors, except that nothing in this provision shall be deemed to permit any assignment, subletting, or use of the Premises other than as provided for herein.

(c) Applicable Law. This Lease shall be construed and interpreted in accordance with the laws of the State of California. Unless otherwise agreed in writing by the parties, exclusive jurisdiction and venue for any legal proceeding related to or arising from the Agreement shall be in the Superior Court of the State of California, County of Humboldt.

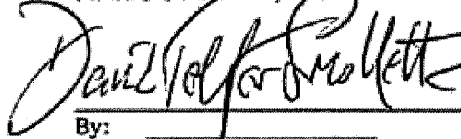
(d) This Lease may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(e) This Lease may be executed and delivered by facsimile and the parties agree that such facsimile execution and delivery will have the same force and effect as delivery of an original document with original signatures, and that each party may use such facsimile signatures as evidence of the execution and delivery of this Lease by all parties to the same extent that an original signature could be used.

23. INTEGRATED LEASE; MODIFICATION. This Lease contains all the agreements of the parties and cannot be amended or modified except by a writing executed by the party to be charged with any such amendment or modification.

IN WITNESS WHEREOF the parties hereto have executed this Amendment the day and year first written above.

MARIO'S MARINA, LLC



By: _____
Its: _____

HUMBOLDT BAY HARBOR
RECREATION AND CONSERVATION
DISTRICT



By: _____
Its: _____

EXHIBIT A

N

Common Transportation Area

Harbor District Lease

Harbor District Lease

CONCEPTUAL DRAFT
FOR DISCUSSION PURPOSES ONLY

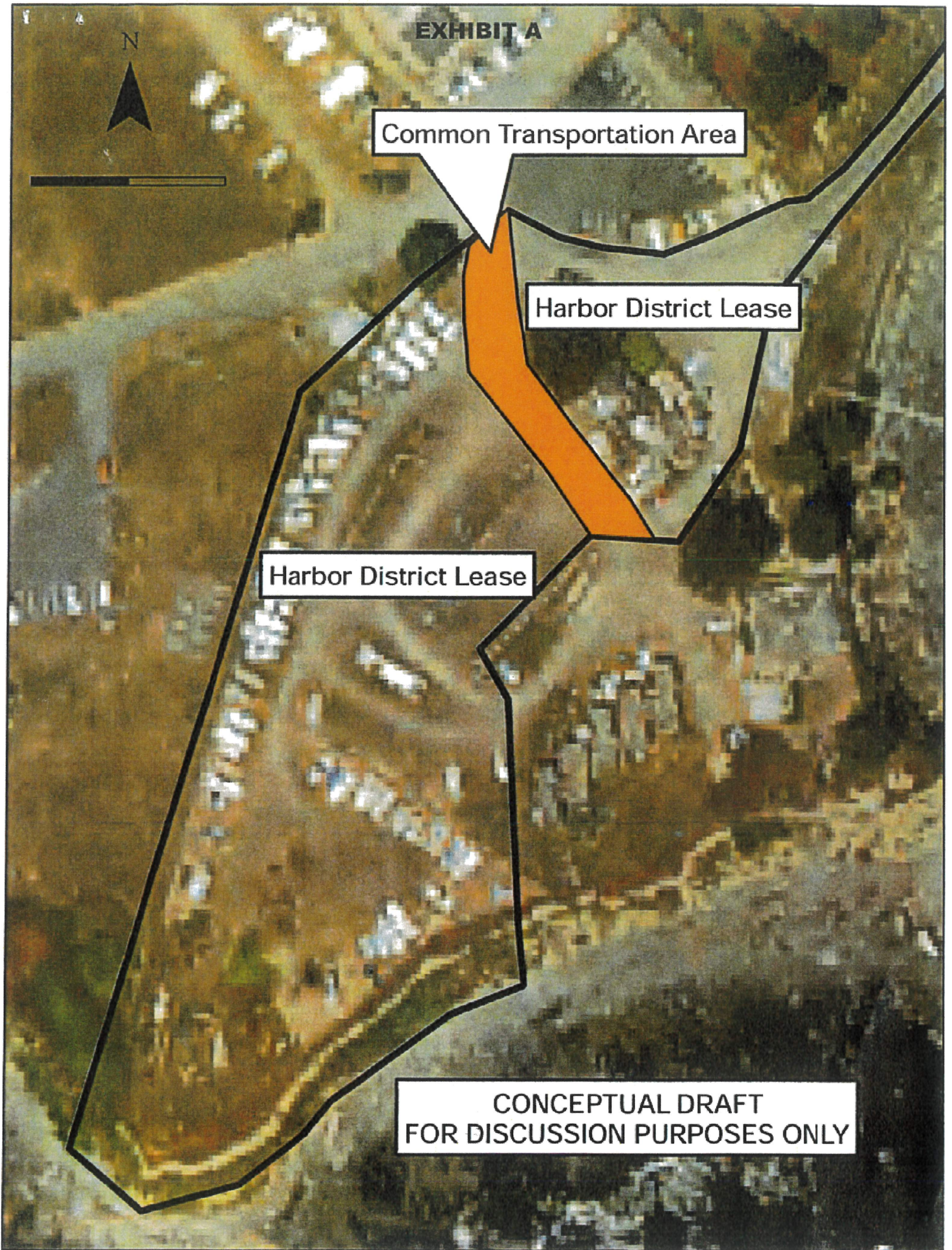


EXHIBIT B

**HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
SERVICE PROVIDER AGREEMENT WITH
SHELTER COVE FISHING PRESERVATION INCORPORATED
FOR FISH CLEANING STATION JANITORIAL SERVICES**

This Agreement is effective May1, 2019 between the Humboldt Bay Harbor, Recreation and Conservation District, a Special District of the State of California (referred to as "District"), and Shelter Cove Fishing Preservation, Inc., a 501(c)(3) Non-Profit Organization (referred to as "Service Provider").

1. Scope of Services: Service Provider agrees to perform services as set out in Exhibit A, "Scope of Services and Compensation" attached hereto and incorporated herein ("Services"), described briefly as janitorial maintenance and operation of the Shelter Cove fish cleaning station. No purchase orders for this work will be issued without a valid Agreement.
2. Standards of Performance:
 - A. *Standard of Care.* The standard of care for all professional services performed or furnished by Service Provider under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality.
 - B. *Accuracy of Services.* District shall not be responsible for discovering deficiencies in the technical accuracy of Service Provider's Services. Service Provider shall correct any such deficiencies in technical accuracy without additional compensation except to the extent such corrective action is directly attributable to deficiencies in District-furnished information.
3. Compensation for Services, Payment:
 - A. *Compensation.* District shall pay Service Provider as set forth in Exhibit A, **not to exceed \$25,000.00** per annum.
 - B. *Preparation and Submittal of Invoices.* Service Provider shall prepare and submit its invoices to District no more than once per month and no later than the 15th day of each month.
 - C. *Payments.* All reasonable efforts will be made by District to pay undisputed invoices within 30 days of receipt. If District contests an invoice, District may withhold that portion so contested and pay the undisputed portion.
 - D. *Withholding Of Payment.* The District may withhold all or any portion of the funds provided for by this Agreement in the event that the Service Provider has materially violated, or threatens to materially violate, any term, provision, or condition of this Agreement; or the Service Provider fails to maintain reasonable progress toward completion of the Services or any component thereof.
4. Commencement, Completion:
 - A. *Commencement.* Services of Service Provider shall commence upon full execution of this Agreement by all parties, and subject to the terms stated in Exhibit B, "Special Conditions". This Agreement shall remain in full force until **March 31, 2021**. No work, services, material or equipment shall be performed or furnished under this Agreement until the District has delivered a fully executed Agreement to the Service Provider. A signed Agreement is considered notice to proceed.

B. *Time for Completion.* Service Provider shall complete Services as set forth in Exhibit A. If District authorizes changes in the scope, extent, or character of the Services, then the time for completion of Service Provider's services, and the rates and amounts of Service Provider's compensation, shall be adjusted equitably. If Service Provider fails, through its own fault, to complete the performance required in this Agreement within the time set forth, then District shall be entitled to the recovery of proximate damages resulting from such failure.

C. *Suspension and Termination.*

1) *Suspension.* District may suspend the Services upon five days written notice to Service Provider.

2) *Termination.* The obligation to provide further Services under this Agreement may be terminated for cause by either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.

D. *Payments Upon Termination.* In the event of any termination under this Section 4, Service Provider will be entitled to invoice the District and to receive payment for all acceptable services performed or furnished and all reimbursable expenses incurred through the effective date of termination.

5. Independent Contractor: Service Provider, in performing Services, shall act as an independent contractor and shall have control of his work and the manner in which it is performed. He/she shall be free to contract for similar services to be performed for others while under contract with the District. Service Provider is not to be considered an agent or employee of the District. Service Provider agrees to furnish at his/her own expense all tools, equipment, services, labor and materials necessary to complete all requirements of this Agreement.

6. Insurance: All Work shall be performed entirely at the Service Provider's risk. Prior to the beginning of and throughout the duration of the Work, Service Provider shall procure and maintain for the duration of the contract, and for a minimum of five (5) years after completion of all Work, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Work hereunder by the Service Provider, his agents, representatives, employees, or subcontractors. All insurance carriers shall be admitted in the state of California and have an A.M. Best's rating of A- or better and minimum financial size VII. Coverage shall be at least as broad as the following minimum limits:

A. *Commercial General Liability:* Insurance Services Office (ISO) "Commercial General Liability" policy form CG 00 01 or the exact equivalent on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal and advertising injury with limits no less than \$2,000,000 per occurrence for all covered losses. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. Additional insured coverage for the District shall not be limited to its vicarious liability. Defense costs must be paid in addition to limits.

B. *Automobile Insurance:* ISO Auto Coverage Form CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less than \$2,000,000 per accident for bodily injury and property damage. If Service Provider or Service Provider's employees will use personal autos on this project, Service Provider shall provide evidence of personal auto liability coverage for each such person

C. *Workers Compensation Insurance:* covering all employees and volunteers as required by the State of California on a state-approved policy form, and Employer's Liability insurance with a limit of no less than \$1,000,000 per accident for bodily injury or disease

D. *Excess or Umbrella Liability Insurance (Over Primary)*: if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Such policy or policies shall include a drop down provision providing coverage above a maximum \$25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a "pay on behalf of" basis, with defense costs payable in addition to policy limits. The policy shall contain a provision obligating insurer at the time insured's liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against another. Coverage shall be applicable to District for injury to employees of Service Provider, sub-contractors or others involved in performing services under this Agreement. The scope of coverage provided is subject to approval of District following receipt of proof of insurance as required herein.

E. *General Conditions Pertaining to Insurance*:

- (1) Service Provider shall have its insurer endorse the third-party general liability coverage to include as additional insureds the District, its officials, employees, volunteers and agents, using standard ISO endorsement CG 20 10. The additional insured coverage under Service Provider's policy shall be provided on a primary, non-contributing basis in relation to any other insurance or self-insurance available to the District. Service Provider's policy shall not seek contribution from the District's insurance or self-insurance and shall be at least as broad as ISO form CG 20 01 04 13.
- (2) It is a requirement under this Contract that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage and/or limits required in this Section 8 shall be available to the District as an additional insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Contract, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is greater.
- (3) All self-insured retentions (SIR) must be disclosed to the District for approval and shall not reduce the limits of liability. Policies containing any SIR shall provide or be endorsed to provide that the SIR may be satisfied by either the named insured or the District.
- (4) The District reserves the right to obtain a full certified copy of any insurance policy and any endorsement. Failure to exercise this right shall not constitute a waiver of the District's right.
- (5) Certificates shall contain a statement that the policy will not be cancelled except after thirty (30) days prior written notice to the District.
- (6) Service Provider agrees to waive subrogation rights against the District regardless of the applicability of any insurance proceeds, and to require that all subcontractors and sub-subcontractors do likewise.
- (7) Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all required coverages and an additional insured endorsement to Service Provider's general liability policy, shall be delivered to the District at or prior to the execution of the Contract.
- (8) All coverage types and limits required are subject to approval, modification and additional requirements by the District, as the need arises. Service Provider shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may

affect the District's protection without the District's prior written consent.

(9) The District reserves the right at any time during the term of the Contract to change the amounts and types of insurance required by giving the Service Provider ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Service Provider, the District will negotiate additional compensation proportional to the increased benefit to the District.

10) In the event Service Provider fails to obtain or maintain completed operations coverage as required by this Contract, the District at its sole discretion may purchase the coverage required and the cost will be paid by Service Provider.

7. Indemnity: When the law establishes a professional standard of care for Service Provider's services, to the fullest extent permitted by law, Service Provider shall indemnify, defend and hold harmless District and any and all of its boards (including the council, boards, commissions, committees and task forces), officials, employees and agents (collectively, "Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including attorney's fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of Service Provider, its officers, agents, employees or any entity or individual for which Service Provider shall bear legal liability in the performance of professional services under this Agreement.

Other than in the performance of professional services and to the fullest extent permitted by law, Service Provider shall indemnify, defend and hold harmless District, and any all of the Indemnified Parties from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorney's fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Service Provider or by any individual or entity for which Service Provider is legally liable, including but not limited to officers, agents, employees or sub-Service Providers of Service Provider.

8. Subcontracting: No services covered by the Agreement shall be subcontracted without the prior written consent of the District. Service Provider shall furnish separate insurance certificates and endorsements for each subcontractor having received consent by the District in the amounts specified in Section 4 of this Agreement.
9. Registration with Department of Industrial Relations: If the tasks performed by the Service Provider require prevailing wage, the Service Provider shall be currently registered with the Department of Industrial Relations pursuant to Labor Code § 1725.5.
10. Permits and Licenses: Prior to execution of the Agreement the Service Provider shall obtain and maintain throughout the contract period all licenses required by law including but not limited to a valid business license.
11. Modification, Amendment: No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.
12. Assignment. This Agreement is not assignable by the Service Provider, either in whole or in part.

13. Designated Representatives. With the execution of this Agreement, Service Provider and District shall designate specific individuals to act as Service Provider's and District's representatives with respect to the services to be performed or furnished by Service Provider and responsibilities of District under this Agreement. Such individuals shall have authority to transmit instructions, receive information, and implement the contract on behalf of each respective party.

District Representative:

Name: Larry Oetker

Title: Executive Director

Phone: 707-443-0801

Email: loetker@humboldtbay.org

Service Provider Representative:

Name: Jake Mitchell

Title: President

Phone: 707-223-1600 / 986-1400

Email: scfpinc@gmail.com

14. Governing Law. This Agreement and performance hereunder and all suits and special proceedings shall be construed in accordance with the laws of the State of California. In any action or proceeding that may be brought from or connected in anyway to this Agreement, the laws of the State of California shall be applicable and shall govern to the exclusion of the law any other forum. Venue shall be fixed in Humboldt County.
15. Disputes. District and Service Provider agree to negotiate all disputes between them in good faith for a period of 30 days from the date of notice prior to invoking any procedures of this Agreement, or exercising their rights under law. Prior to court action, the parties agree to pursue mediation as a means to settle any dispute.
16. Entire Agreement. This Agreement together with the exhibits identified below constitutes the entire Agreement between District and Service Provider for the Services and supersedes all prior written or oral understandings.
17. Nondiscrimination. During the performance of this Agreement, Service Provider and its sub-contractors shall not unlawfully discriminate against, harass, or allow harassment against any employee or applicant for employment because of sex, race, religion, color, national origin, ancestry, disability, sexual orientation, medical condition, marital status, age, or denial of family-care leave, medical-care leave, or pregnancy-disability leave. Service Provider and its sub-contractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment.
18. Notices. Any notice required under this Agreement will be in writing, addressed to the appropriate party at its address on the signature page and given personally, by facsimile, by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.
19. Severability. Any provision or part of the Agreement held to be void or unenforceable under any laws or regulations shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon District and Service Provider, who agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

20. Survival. All express representations, waivers, indemnifications, and limitations of liability included in this Agreement will survive its completion or termination for any reason.
21. Timeliness. Time is of the essence in this Agreement. Service Provider shall proceed with and complete the Services in an expeditious manner.
22. Exhibits Included. The following Exhibits are attached hereto and incorporated into this Agreement:
 - Exhibit A: Scope of Work and Compensation
 - Exhibit B: Special Conditions
25. Attorney's Fees: Should any litigation or arbitration be commenced between the parties hereto concerning this Agreement, or the rights and duties of any party in relation thereto, the party prevailing in such litigation or arbitration shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for attorney's fees in such litigation or arbitration.

(Signatures on next page)

IN WITNESS WHEREOF, the person executing this Agreement on behalf of Service Provider warrants and represents that he/she has the authority to execute this Agreement on behalf of Service Provider and has the authority to bind Service Provider to the performance of its obligations hereunder.

Executed in Eureka, California on May 2, 2019 (date)

DISTRICT:

By: Larry Oetker

Signature: [Signature]

Executive Director

Date: May 1, 2019

By:

Signature: [Signature]

President, Board of Commissioners

Date: 5.7.19

Authorized by Board at 12/11/18
Regular Board Meeting

Approved as to form:

Signature: [Signature]

Ryan Plotz, District Counsel

SERVICE PROVIDER:

Print Name: Jake Mitchell

Signature: [Signature]

Title: President

Date: 4-2-19

Company Name: Shelter Cove Fishing Preservation

Address: 533 Machi Rd.

Shelter Cove, CA 95589

Email: scfpinc@gmail.com

Phone: 707-986-1400 / 707-223-1600

Contractor's License #: _____

Employer Tax ID#: _____

DIR ID #: _____

EXHIBIT A
SCOPE OF SERVICES AND COMPENSATION

Shelter Cove Fishing Preservation Incorporated ("SCFPI") and the Humboldt Bay Harbor, Recreation and Conservation District ("District") agree to the following terms for the operation and maintenance of the Shelter Cove fish cleaning station:

1. District staff will train SCFPI designated staff in the proper procedures for all daily and monthly operations of the fish grinder and/or any newly installed fish waste processing and disposal operation.
2. District will install signage regarding daily maintenance procedures with contact information for SCFPI operators.
3. District will take responsibility for major shut downs such as grinder pump failure, underground water and sewer problems, and other major repairs of fish waste operations and ensure that operations resume in a timely manner.
4. SCFPI will perform the following janitorial and fish cleaning station services:
 - a. Clean and sanitize cleaning tables as needed
 - b. Feed fish waste into grinder safely and properly
 - c. Maintain a clean working area
 - d. Insure all water hoses remain in working order
5. SCFPI is responsible for daily inspections and janitorial service of the fish waste disposal system. Completed daily check sheets will be available upon request by District staff.
6. District will be responsible for the cost of the water and electrical charges of the sub-metered fish cleaning station. If these costs exceed 10% of previous year expenses for the same month, the District and SCFPI shall meet and confer regarding ways to correct the problem.

COMPENSATION: not to exceed \$25,000.00 per annum.

EXHIBIT B
SPECIAL CONDITIONS

The following additional agreements between Shelter Cove Fishing Preservation Incorporated ("SCFPI") and the Humboldt Bay Harbor, Recreation and Conservation District ("District") will be required for full implementation of the project:

1. With grant funding approved, District will purchase, construct, and install a wastewater line from existing fish cleaning station to Shelter Cove Resort Improvement District wastewater mainline, commercial composter and/or other approved facilities to discontinue the current fish waste discharge into the ocean.
2. District will aid SCFPI in the implementation of a commercial fish cleaning, processing, and retail sales operation on the leased property.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
05/03/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER PATTERSON/CONNERS INSURANCE SERVICES PO BOX 575 FORTUNA CA 95540		CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL: ADDRESS:	
INSURED SHELTER COVE FISHING PRESERVATION, INC PO BOX 87 WHITEHORN CA 95589		INSURER(S) AFFORDING COVERAGE INSURER A : NAUTILUS INSURANCE COMPANY INSURER B : INSURER C : INSURER D : INSURER E : INSURER F :	

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

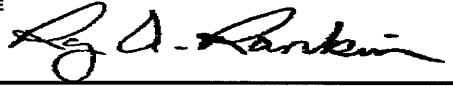
INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:	X		NC476248	05/03/2019	05/03/2020	EACH OCCURRENCE \$ 1,000,000
	DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000						
	MED EXP (Any one person) \$ 5,000						
	PERSONAL & ADV INJURY \$ 1,000,000						
							GENERAL AGGREGATE \$ 2,000,000
							PRODUCTS - COMP/OP AGG \$ INCLUDED
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$
							BODILY INJURY (Per person) \$
							BODILY INJURY (Per accident) \$
							PROPERTY DAMAGE (Per accident) \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$			AN067429	05/03/2019	05/03/2020	EACH OCCURRENCE \$ 1,000,000
	AGGREGATE \$ 1,000,000						
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/>
							E.L. EACH ACCIDENT \$
							E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$
A	HIRED AND NON-OWNED AUTO			NC476248	05/03/2019	05/03/2020	Per L270 Limit of Insurance Any one Accident \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

BOAT LAUNCH/STORAGE, PUBLIC PARKING & FISH CLEANING STN MAINT

CERTIFICATE HOLDER

CANCELLATION

MARIO'S LANDING 533 MACHI RD SHELTER COVE CA 955889	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

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EXHIBIT C

PERSONAL PROPERTY BILL OF SALE

FOR VALUABLE CONSIDERATION, the receipt of which is acknowledged, Humboldt Bay Harbor, Recreation and Conservation District, a California public entity ("Seller"), hereby conveys, remises, releases, and quitclaims to Shelter Cove Fishing Preservation Incorporated, a California nonprofit corporation ("Buyer"), all of Seller's right, title, and interest in and to all that personal property described below ("Transferred Property").

Transferred Property: 1976 New Holland 700 Series Tractor

1. The Transferred Property is being acquired in an "as is - where is" condition without any representation or warranty, except for title. Seller warrants that it owns the above Transferred Property free and clear of all liens and encumbrances.

2. This Bill of Sale may be relied upon as conclusive proof that the Transferred Property has been transferred to Buyer.

3. This Bill of Sale has been prepared, negotiated and executed, and shall be construed in accordance with, the laws of the State of California. This Bill of Sale may be executed in counterparts and the separate parts of which shall be taken as one whole. Electronically scanned and/or facsimile signatures shall be deemed to constitute originals.

SELLER:

Humboldt Bay Harbor, Recreation and
Conservation District, a California public entity

By:



Name: Greg Dale

Its: President of the Board of Commissioners

BUYER:

Shelter Cove Fishing Preservation Incorporated, a
California nonprofit corporation

By:



Name:



Its:



EXHIBIT D

AGREEMENT TO ASSIGN AND ASSUME
EQUIPMENT LEASE OPTION and PURCHASE AGREEMENT

For value received, and condition upon the consent of John Casali, Humboldt Bay Harbor, Recreation and Conservation District, a California public entity ("Assignor"), assigns, transfers, and conveys to Shelter Cove Fishing Preservation Incorporated, a California nonprofit corporation ("Assignee"), all of Assignor's right, title, and interest in that certain Equipment Lease Option and Purchase Agreement between Assignor, as lessee, and John Casali, as lessor, dated April 5, 2016 (the "Lease"). A copy of the Lease is attached as **Exhibit 1** and incorporated by reference.

Assignee assumes and agrees to keep, perform, and fulfill all of Assignor's obligations under the Lease, effective from and after April ^{May} 2, 2019.

This assignment is subject to the terms and conditions of the Lease, and shall be binding on and inure to the benefit of the parties to this assignment, their heirs, legal representatives, successors in interest, and assigns.

ASSIGNOR:

Humboldt Bay Harbor, Recreation and Conservation District,
a California public entity

By: Greg Dale

Name: Greg Dale

Its: President of the Board of Commissioners

ASSIGNEE:

Shelter Cove Fishing Preservation Incorporated, a California
nonprofit corporation

By: Jake Mitchell

Name: Jake Mitchell

Its: President

CONSENT PAGE FOLLOWS

CONSENT TO ASSIGNMENT AND RELEASE OF ASSIGNOR

I, John Casali, am the Lessor under the Equipment Lease Option and Purchase Agreement attached hereto as **Exhibit 1** ("Lease"). I hereby consent to the assignment by the Humboldt Bay Harbor, Recreation and Conservation District, a California public entity ("Assignor"), to the Shelter Cove Fishing Preservation Incorporated, a California nonprofit corporation ("Assignee"), all of Assignor's right, title, and interest in the Lease.

On behalf of myself and my successors and assigns, I hereby releases and forever discharge Assignor and its employees, directors and officers from any claims, actions, complaints, liabilities, obligations, damages, demands or suits that I may have against Assignor arising from or any way related to the Lease or this agreement. As of the Effective Date, I will look solely to Assignee for payment under the Lease.

John Casali

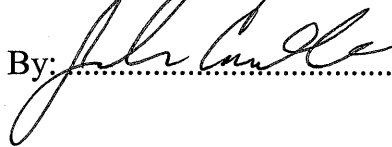
By: 

EXHIBIT 1

EQUIPMENT LEASE OPTION and PURCHASE AGREEMENT

This Equipment Lease Option and Purchase Agreement (the "Agreement") is made and effective by and between John Casali (hereinafter "Lessor") and Humboldt Bay Harbor Recreation and Conservation District, (hereinafter "Lessee") (collectively referred to as the "Parties") on this 5 day of April, 2016 (the "Effective Date and Anniversary Date")

The Parties agree as follows:

1. EQUIPMENT: Lessor hereby rents to Lessee the following equipment:

1998 New Holland Tractor model 8010 Serial Number (the "Equipment")

2. LEASE TERM: The Lease will start on April 5th, 2016 by Lessee and terminate on April 4th 2020 until either party elects to terminate the Agreement in accord with Section 13.A., below, and the equipment is returned to the Lessor by Lessee (the "LEASE Term").

3. PURCHASE OPTION: On April 4th, 2020, if not in default, the Lessee has the right to purchase Equipment for \$1 dollar (the "Purchase Option"), by providing Lessor written notice of Lessee's election to exercise the option on or before April 4, 2020. If the Purchase Option is exercised, Lessor shall deliver a Bill of Sale to the Equipment to Lessee and transfer said Equipment to Lessee free and clear of all liens and encumbrances. If the Purchase Option is exercised, Lessor shall indemnify and defend Lessee and Equipment from and against any and all liens, claims and encumbrances.

4. RENT PAYMENTS: Lessee agrees to pay to Lessor as rent for the Equipment the amount of \$5,387 ("Lease") each year in advance on or before the Anniversary Date:

John Casali
9415 Briceland Thorn Rd.
Garberville, CA 95542

or at any other address designated by Lessor.

5. PRIORITY LAUNCH STATUS: During the term of this Lease, the Lessor will will have a priority launch status. Priority launch status is defined as the next available tractor under Lessee's control.

6. DEFAULTS: If Lessee fails to perform or fulfill any obligation under this Agreement, Lessee shall be in default of this Agreement. Subject to any statute, ordinance or law to the contrary, Lessee shall have seven (7) days from the date of notice of default by Lessor to cure the default. In the event Lessee does not cure a default, Lessor may at Lessor's option (a) cure such default and the cost of such action may be added to Lessee's financial obligations under this Agreement; or (b) declare Lessee in default of the Agreement. If Lessee shall become insolvent, cease to do business as a going concern or if a petition has been filed by or against Lessee under the bankruptcy Act or similar federal or state statute, Lessor may immediately declare Lessee in default of this Agreement. In the event of default, Lessor may, as permitted by law, re-take possession of the Equipment. Lessor may, at its option, hold Lessee liable for any difference between the Rent that would have been payable under this Agreement during the balance of the unexpired term and any rent paid by any successor to Lessee if the Equipment is re-let minus the cost and expenses of such reletting. In the event Lessor is unable to re-let the Equipment during any remaining term of this Agreement, after default by Lessee, Lessor may at its option hold Lessee liable for the balance of the unpaid rent under this Agreement if this Agreement had continued in force. Monthly rental shall accrue at all times the Equipment remains in Lessee's possession, regardless of the amount of use.

7. POSSESSION AND SURRENDER OF EQUIPMENT: Lessee shall be entitled to possession of the Equipment on the Effective Date, and shall take possession of it within fifteen (15) days of the Effective Date. At the expiration of the Lease Term, Lessee shall surrender the Equipment to Lessor by delivering the Equipment to Lessor or Lessor's agent in working order, ordinary wear and tear excepted, as it was at the commencement of the Agreement.

8. USE OF EQUIPMENT: Lessee shall only use the Equipment in a careful and proper manner and will comply with all laws, rules, ordinances, statutes and orders regarding the use, maintenance of storage of the Equipment. Lessee shall only allow properly trained employees to operate and maintain the Equipment.

9. CONDITION OF EQUIPMENT AND REPAIR: Lessee or Lessee's agent has inspected the Equipment and acknowledges that the Equipment is in good and acceptable condition as of the Effective Date.

11. MAINTENANCE, DAMAGE AND LOSS: Lessee will, at Lessee's sole expense, keep and maintain the Equipment clean and in good working order and repair during the Lease Term. In the event the Equipment is lost or damaged beyond repair, Lessee shall pay to Lessor the balance of this Lease Purchase agreement not to exceed \$21,551.

12. INSURANCE. Lessee, at its expense, shall procure insurance with companies satisfactory to Lessor covering Lessor against risks with minimum limits as indicated below:

(a) Workers' Compensation (Statutory amount) and Employer's Liability (\$1,000,000).

(b) Commercial General Liability insurance of \$1,000,000 combined single limit Bodily Injury and Property Damage each occurrence. Extensions of coverage to include Contractual Liability, Products and Completed Operations, Cross Liability, and Pollution arising out of heat, smoke or fumes from Hostile Fires. Additionally, the policy shall not exclude X, C or U (Explosion, Collapse, or Underground).

(c) Commercial Automobile Liability insurance with minimum limits of \$1,000,000 per occurrence combined single limit of Bodily Injury and Property Damage coverage. Coverage shall extend to all owned, hired, or non-owned vehicles.

(d) The policies specified in (b) and (c) above shall include an endorsement that shall name Lessor and its employees, officers, directors and agents as additional insureds on a primary basis for the duration of this Agreement term. The additional insured endorsement must be ISO CG 20 10 11 85 (or other form with like wording). Additional insured status gives the additional insured rights of indemnity under the policies that are independent of the contractual requirement to indemnify.

(e) The policies specified in (a) – (c) above shall provide that Lessor be given a thirty (30)-day written notice prior to cancellation of the policy.

(f) All liability coverage must be on an "occurrence" basis as opposed to "claims made."

(g) All insurance shall be in a form sufficient to protect Lessor and Lessee against the claims of third persons, and to cover claims by Lessor against Lessee for which Lessee has assumed liability under this Agreement.

(h) Prior to execution of this Agreement, and upon any permitted assignment, Lessee or its permitted successors and assigns shall furnish Lessor with certificate(s) of insurance, dated

and signed by a stated, authorized agent for the insuring company or companies, and containing a representation that coverage of the types listed above is provided with the required limits. Lessor reserves the right to require a certified copy of the policies or to examine the actual policies. Said certificates shall be sent to Lessor at the address contained herein.

13. Termination.

A. At any time on or before April 4, 2018, Lessor and Lessee each shall have the right to terminate this Agreement by giving 30 days written notice of termination to the other party. Such termination may occur even though Lessee may have expended time, maintenance and money on the Equipment, all of which shall be incurred or expended at Lessee's sole cost and expenses under this Agreement. After April 4, 2018, Lessee, but not Lessor, shall have the right to terminate the Lease by providing 30 days written notice to Lessor on or before April 4, 2019.

14. ENCUMBRANCES, TAXES AND OTHER LAWS: Lessee shall keep the Equipment free and clear of any liens or other encumbrances, and shall not permit any act where Lessor's title or rights may be negatively affected. Lessee shall be responsible for complying with and conforming to all laws and regulations relating to the possession, use or maintenance of the Equipment. Furthermore, Lessee shall promptly pay all taxes, fees, licenses and governmental charges, together with any penalties or interest thereon, relating to the possession, use or maintenance of the Equipment, and shall save and hold harmless Lessor and the Equipment from all such taxes, changes, penalties, licenses and fees. Lessee shall report the Equipment to the Humboldt County Tax Assessor's Office as leased equipment, and pay all personal property and use taxes attendant to the Equipment.

15. LESSORS REPRESENTATIONS: Lessor represents and warrants that it has the right to lease the Equipment as provided in this Agreement and that Lessee shall be entitled to quietly hold and possess the Equipment during the Lease Term, and Lessor will not interfere with that right as long as Lessee pays the Lease in a timely manner and performs all other obligations under this Agreement.

16. OWNERSHIP: The Equipment is and shall remain the exclusive property of Lessor, and Lessee shall not represent the Equipment as owned property to any person or entity until purchase option is exercised and lease has expired.

17. SEVERABILITY: If any part or parts of this Agreement shall be held unenforceable for any reason, the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is deemed invalid or unenforceable by any court of competent jurisdiction, and if limiting such provision would make the provision valid, then such provision shall be deemed to be construed as so limited.

18. ASSIGNMENT: Neither this Agreement nor Lessee's rights hereunder are assignable except with Lessor's prior, written consent which will not be unreasonably withheld.

19. BINDING EFFECT: The covenants and conditions contained in the Agreement shall apply to and bind the Parties and the heirs, legal representatives, successors and permitted assigns of the Parties.

20. GOVERNING LAW: This Agreement shall be governed by and construed in accordance with the laws of the State of California

21. NOTICE: Any notice required or otherwise given pursuant to this Agreement shall be in writing and mailed certified return receipt requested, postage prepaid, or delivered by overnight delivery service to:

If to Lessee:

If to Lessor:

Attn: Jack Crider, Executive Director
Humboldt Bay Harbor Recreation and
Conservation District
601 Startare Drive
Eureka, CA 95502
707-443-0801

Attn: John Casali, Owner
9415 Briceland Thorn Rd.
Garberville, CA 95542
707-496-6447

22. ENTIRE AGREEMENT: This Agreement constitutes the entire agreement between the Parties and supersedes any prior understanding or representation of any kind preceding the date of this Agreement. There are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Agreement. This Agreement may be modified in writing and must be signed by both Lessor and Lessee.

23. CUMULATIVE RIGHTS: Lessor's and Lessee's rights under this Agreement are cumulative, and shall not be construed as exclusive of each other unless otherwise required by law.

24. WAIVER: The failure of either party to enforce any provisions of this Agreement shall not be deemed a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement. The acceptance of rent by Lessor does not waive Lessor's right to enforce any provisions of this Agreement.

25. INDEMNIFICATION:

A. Lessee shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless Lessor and its agents, contractors, successors, and assigns from and against any and all liabilities, claims and causes of action for damages, injuries to persons or property, costs, losses, regulatory fines and penalties, damages to natural resources arising out of the release of hazardous or toxic materials, and expenses of every type and nature, resulting from, arising out of, or in any way connected with the transportation, maintenance, use or possession of the Equipment by Lessee or anyone else using the Equipment during the Lease Term, or the failure on the part of Lessee to perform fully its promises contained in this Agreement. This indemnity obligation shall apply whether such liability is caused by or contributed to by Lessor or any other party indemnified herein, unless caused by the sole active negligence or willful misconduct of Lessor.

B. In any and all claims against Lessor by any employee of Lessee, any contractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, Lessee's indemnification obligation shall not be limited in any way by any limitation on the amount or type of damage, compensation, or benefits payable by or for Lessee or any contractor under any industrial insurance act, workers' compensation act, disability benefit act, or other employee benefit act, and Lessee hereby expressly waives any immunity it may have under such acts to the extent necessary or permitted under the law to assure the validity and enforceability by Lessor of Lessee's aforesaid indemnification obligation.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be executed as below subscribed.

THE TERMS OF THIS PERMIT ARE HEREBY ACCEPTED.

LESSEE

By:



Print:

Jack Crider

Title:

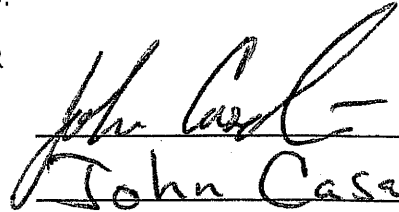
Executive Director

Date:

4/5/16

LESSOR

By:



Print:

John Casali

Title:

Tractor owner

Date:

4/5/16