ENVIRONMENTAL INDEMNITY AGREEMENT

This ENVIRONMENTAL INDEMNITY AGREEMENT (this “Indemnity”) is made as of February [__], 2016 (the “Effective Date”), by and among HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC., a California nonprofit public benefit corporation (“Borrower”), and HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, a California public entity (“Guarantor”; and together with Borrower, individually or collectively, as the context requires, the “Indemnitor”), CNMC SUB-CDE 69, LLC, a Delaware limited liability company (“CNMC Lender”), and NEW MARKETS COMMUNITY CAPITAL XVII, LLC, a Delaware limited liability company (“NMCC Lender”; each of CNMC Lender and NMCC Lender, a “Lender”, and collectively, “Lenders”).

RECITALS

A. Contemporaneously with this Indemnity, Borrower and Lenders have entered into that certain Credit Agreement dated as of the Effective Date (as the same may be amended, restated, modified, or supplemented, the “Credit Agreement”).

B. Concurrently herewith, and pursuant to the Credit Agreement, Lenders are making the following loans to Borrower: (i) CNMC Lender is making two loans to Borrower in the aggregate original principal amount of $1,750,000.00 (the “CNMC Lender Loans”); and (ii) NMCC Lender is making two loans to Borrower in the aggregate original principal amount of $6,930,000.00 (the “NMCC Lender Loans”; individually or collectively, as applicable, any of the CNMC Lender Loans and NMCC Lender Loans, as the context requires, shall be referred to herein as the “Loan”).

C. Guarantor has agreed to provide certain guaranties to Lenders with respect to the Loan as set forth in that certain Guaranty of Payment and Completion (as defined in the Credit Agreement).

D. Borrower shall use the proceeds of the Loan to acquire a leasehold interest in, develop, and renovate a 206,290 square foot renovation of Samoa Pulp Mill located at 364 Vance Avenue, Samoa, California, as more particularly described in Exhibit A attached hereto and incorporated by reference (the “Property”), pursuant to the Plans & Specifications (as defined in the Credit Agreement).

E. Lenders are unwilling to make the Loan unless Indemnitor agrees to provide the indemnification, representations, warranties, covenants and other matters described in this Indemnity for the benefit of Lenders.

F. Guarantor will derive substantial economic benefit, directly and/or indirectly, from Borrower’s receipt of the Loan.

AGREEMENT
NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce Lenders to make the Loan to Borrower, and intending to be legally bound hereby, Borrower hereby covenants and agrees as follows:

1. Recitals; Definitions. The foregoing recitals are hereby incorporated into this Indemnity by reference. All capitalized terms utilized in this Indemnity but not otherwise defined shall have the meanings ascribed to them in the Credit Agreement.

(a) "Hazardous Substances" means any and all substances (whether solid, liquid or gas) defined, listed, or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, infectious wastes or words of similar meaning or regulatory effect under any present or future Environmental Laws (as hereinafter defined) or that may have a negative impact on human health or the environment, including but not limited to petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, biological materials or infectious agents, flammables and explosives, but excluding substances of kinds and in amounts ordinarily and customarily used or stored in similar properties for the purposes of cleaning or other maintenance or operations and otherwise in compliance with all Environmental Laws.

(b) "Environmental Laws" means any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, relating to protection of human health or the environment, relating to Hazardous Substances, relating to liability for or costs of other actual or threatened danger to human health or the environment, including, but not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as now or hereafter amended (42 U.S.C. Sections 9601, et seq.), the Resource Conservation and Recovery Act, as now or hereafter amended (42 U.S.C. Sections 6901, et seq.), the Hazardous Materials Transportation Act, as now or hereafter amended (49 U.S.C. Sections 1801, et seq.), the Federal Water Pollution Control Act, as now or hereafter amended (33 U.S.C. Sections 1251, et seq.), the Clean Air Act, as now or hereafter amended (42 U.S.C. Sections 7401, et seq.), the Toxic Substances Control Act, as now or hereafter amended (15 U.S.C. Sections 2601-2629), and all regulations promulgated under the foregoing; and any other federal, state or local laws, statutes, rules, ordinances, or regulations now or hereafter in effect that deal with, or otherwise in any manner relate to, environmental matters of any kind, and also includes the National Environmental Policy Act and the River and Harbors Appropriation Act. Environmental Laws also include, but are not limited to, any present and future federal, state and local laws, statutes ordinances, rules, regulations and the like, as well as common law: conditioning transfer of property upon a negative declaration or other approval of a Governmental Authority of the environmental condition of the Property; requiring notification or disclosure of Releases (as hereinafter defined) of Hazardous Substances or other environmental condition of the Property to any Governmental Authority or other Person, whether or not in connection with transfer of title to or interest in the Property; imposing conditions or requirements in connection with permits or other authorization for lawful activity; relating to nuisance, trespass or other causes of action related to the Property; and relating to wrongful death, personal injury, or property or other damage in connection with any physical condition or use of the Property.
(c) "Release" with respect to any Environmental Laws includes, but is not limited to, any release, deposit, discharge, emission, leaking, leaching, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Substances.

(d) "Settlement Agreement" means that certain Settlement Agreement between Guarantor and the U.S. Environmental Protection Agency, effective as of August 26, 2015.

2. **Environmental Representations and Warranties.** To the best of Indemnitor’s knowledge, information and belief:

(a) no part of the Property constitutes “wetlands”, as such term is defined by applicable federal law, and no permit is needed for such construction from the U.S. Army Corps of Engineers or any other applicable federal or state agency;

(b) except as disclosed in the Environmental Site Assessment Reports ( referenced in Exhibit B attached hereto and incorporated by reference), Indemnitor has no knowledge of any deposit, storage, disposal, burial, discharge, spillage, uncontrolled loss, seepage or filtration of Hazardous Substances (as defined below), at, upon, under or within the Property in violation of any Environmental Laws; and

(c) Each Indemnitor has not caused or permitted to occur, and shall not permit to exist, any condition which may cause a Release of any Hazardous Substances in violation of any Environmental Laws at, upon, under or within the Property or on any contiguous real estate.

3. **Environmental Compliance.** Each Indemnitor covenants and agrees that:

(a) Indemnitor will not install any substance containing asbestos or, except as permitted by Environmental Laws, any other Hazardous Substances on the Property;

(b) Indemnitor will not Release (or permit the Release of) any material amount of Hazardous Substances on the Property (whether or not such a Release is in violation of any Environmental Laws);

(c) except as permitted by Environmental Laws, the Property shall be kept free of Hazardous Substances and shall not be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Substances;

(d) Indemnitor will observe and comply with all Environmental Laws, including without limitation the removal from or under the Property of any material amount of Hazardous Substances or solid wastes;

(e) Indemnitor will give notice to Lenders as soon as reasonably possible and in no event more than 5 Business Days after Indemnitor receives any compliance orders, environmental citations, or other notices from any Governmental Authority relating to any environmental condition relating to its properties or elsewhere for which it may have legal responsibility, with a full description thereof, or any claims made or threatened by any third
party against Indemnitor or the Property relating to any loss or injury resulting from any Hazardous Substances;

(f) Indemnitor has obtained and will at all times continue to obtain and/or maintain all licenses, permits and/or other governmental or regulatory actions necessary to comply with all Environmental Laws (the “Permits”), and Indemnitor is and will continue to be and at all times remain in material compliance with the terms and provisions of the Permits;

(g) Indemnitor will take any and all steps and perform any and all actions necessary or appropriate to promptly comply with any such citations, compliance orders or other Environmental Laws requiring Indemnitor to remove, treat or dispose of such Hazardous Substances or other environmental conditions at the sole expense of Indemnitor and to provide Lenders with satisfactory evidence of such compliance; provided, that nothing contained herein will preclude Indemnitor from contesting any such compliance orders or citations if such contest is made in good faith, appropriate reserves are established for the payment for the cost of compliance therewith and Lender’s security interest in any such property affected thereby (or priority thereof) is not jeopardized;

(h) Guarantor will comply with the Settlement Agreement;

(i) Indemnitor will give prompt written notice to Lenders if any of the following should occur: (i) Indemnitor has actual knowledge or has reason to believe that there may be any Hazardous Substances in, on, around or potentially affecting the Property or the soil, groundwater or soil vapor or under the Property, or that, apart from routine inspections, Indemnitor, the Property or any tenant at the Property may be subject to any threatened or pending investigation by any Governmental Authority under any law, regulation or ordinance pertaining to any Hazardous Substance, (ii) Indemnitor has actual knowledge or has reason to believe any occurrence or condition on any property adjoining the Property that could cause the Property or any part thereof to be subject to any restrictions on its ownership, occupancy, transferability or use for commercial purposes under any Environmental Laws, or (iii) Indemnitor has actual knowledge or has reason to believe that an environmental lien has been or will be placed on the Property; and

(j) Indemnitor will comply with the recommendations as set forth in the Environmental Site Assessment Reports.

4. **Indemnification.** Indemnitor will defend, indemnify and hold (a) Lenders, (b) Lenders’ directors, officers, managers, members (including but not limited to its managing members and the Fund), partners, shareholders, agents, Affiliates, and employees, (c) any assignee or successor in interest of all or part of Lenders’ interest in the Loan or the Loan Documents, (d) any owner of a participation interest in the Loan and/or any Loan Document, (e) any purchaser who acquires all or part of the Property from Lenders, (f) any recipient of a deed or assignment in lieu of foreclosure of all or part of the Property, (g) any court-appointed receiver, and (h) Bank and CCE (and Bank and CCE are intended third-party beneficiaries hereof) (each Person referenced in (a)-(h) an “Indemnified Party”, and collectively, the “Indemnified Parties”), harmless from and against all claims, demands, causes of action, liabilities, losses, penalties, judgments, awards, settlements, costs and expenses (including, without limitation, costs of suit,
reasonable attorneys’ fees, engineers’ and consultants’ fees, fees of expert witnesses, and costs and expenses of investigation, testing, remediation and dispute resolution) arising from or in connection with (i) the presence on or under the Property of any Hazardous Substances in violation of any Environmental Laws, or any Releases of any Hazardous Substances on, under or from the Property in violation of any Environmental Laws, (ii) any activity carried on or undertaken on or off the Property, whether prior to or during the term of this Indemnity, and whether by Borrower or any predecessor in title, or any officers, employees, agents, contractors or subcontractors of Borrower or any predecessor in title, or any third Persons at any time occupying or present on the Property, in connection with the handling, use, generation, manufacture, treatment, removal, storage, decontamination, clean-up, transport or disposal of any Hazardous Substances at any time located on or under the Property, and whether or not caused by or within the control of Borrower, or the violation or alleged violation of any Environmental Laws relating to or affecting the Property or Borrower, (iii) any breach of any environmental representation, warranty or covenant herein or under any of the other Loan Documents, (iv) any claim for payment of “response costs” pursuant to the Settlement Agreement, or (v) any loss sustained due to any portion of the Property being considered “wetlands”, as such term is defined by applicable federal law. The foregoing indemnity will further apply to any residual contamination on or under the Property, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, storage, transport or disposal of any such Hazardous Substances, whether or not any of such activities were or will be undertaken in accordance with Environmental Laws.

5. **Transfer Date.** If the Property is transferred by sale, foreclosure, or otherwise, then from and after the date of such transfer (the "Transfer Date") with respect to such Property, or such portion thereof, except as otherwise provided, this Indemnity shall not apply to any losses incurred by Lenders or any Indemnified Party as a result of actions taken after the Transfer Date by such new owner and operator of such Property or such portion thereof, or any Person other than Borrower, but only if such actions are the cause of damage resulting from the introduction and Release of any Hazardous Substances at the Property or the violation of Environmental Laws after the Transfer Date; provided, however, that, from and after the Transfer Date, this Indemnity shall otherwise remain in full force and effect with respect to any losses resulting from (a) any conditions in existence at the Property or surrounding property on or prior to the Transfer Date, and (b) the continuing migration or Release of any Hazardous Substance in existence at the Property or surrounding property on or prior to the Transfer Date.

6. **Duty to Defend and Attorneys’ and Other Fees and Expenses.** Upon receipt of notice from any Indemnified Party, Indemnitor shall defend such Indemnified Party (if requested by such Indemnified Party, in the name of such Indemnified Party) by attorneys and other professionals who are selected by Indemnitor and reasonably approved by the Indemnified Parties. Notwithstanding the foregoing, any Indemnified Party may, in its sole and absolute discretion, engage its own attorneys and other professionals to defend or assist such Indemnified Party in connection with any claims against it. No Indemnified Party may enter into any compromise or settlement without Indemnitor’s consent. Upon demand, Indemnitor shall pay, or in the sole and absolute discretion of the Indemnified Parties, reimburse, the Indemnified Parties for the payment of reasonable fees and disbursements of attorneys, engineers, environmental consultants, laboratories and other professionals in connection with any claims against an
Indemnified Party, unless such fees and disbursements are in connection with any claims resulting solely from the gross negligence, fraud or willful misconduct of an Indemnified Party.

7. **Indemnitor’s Representations and Warranties.** Each Indemnitor represents and warrants for itself only that:

   (a) it has the full power and authority to execute and deliver this Indemnity and to perform its obligations under this Indemnity; the execution, delivery and performance of this Indemnity by Indemnitor has been duly and validly authorized; and all requisite action has been taken by each of Borrower and Guarantor to make this Indemnity valid and binding upon such party, enforceable in accordance with the terms of this Indemnity;

   (b) its execution of, and compliance with, this Indemnity will not result in the breach of any term or provision of the charter, by-laws, partnership or trust agreement, or other governing instrument of Borrower or result in the breach of any term or provision of, or conflict with or constitute a default under, or result in the acceleration of any obligation under, any agreement, indenture or loan or credit agreement or other instrument to which Borrower, Guarantor, or the Property is subject, or result in the violation of any law, rule, regulation, order, judgment or decree to which Borrower, Guarantor, or the Property is subject;

   (c) there is no action, suit, proceeding or investigation pending or, to the best of Indemnitor’s knowledge, threatened against Indemnitor which, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties or assets of Indemnitor, or in any material impairment of the right or ability of Indemnitor to carry on its business substantially as now conducted, or in any material liability on the part of Indemnitor, or which would be likely to impair materially the ability of Indemnitor to perform under the terms of this Indemnity;

   (d) it does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant contained in this Indemnity;

   (e) no approval, authorization, order, license or consent of, or registration or filing with, any Governmental Authority or other Person, and no approval, authorization or consent of any other party, is required in connection with this Indemnity; and

   (f) this Indemnity constitutes a valid, legal and binding obligation of Indemnitor, enforceable against Indemnitor, jointly and severally, in accordance with its terms.

8. **Notice of Legal Actions.** Indemnitor shall, within 5 Business Days of its receipt, provide copies to Lenders of (a) any written notice from any Governmental Authority or any source whatsoever with respect to Hazardous Substances on, from or affecting the Property, (b) any environmental reports generated during the term of the Loan, (c) any notice provided to Guarantor pursuant to the Settlement Agreement, and (d) any legal action threatened to be filed or filed against such party or related to the Property, with respect to which any Indemnitor may reasonably have liability under this Indemnity.

9. **Environmental Site Assessment.**
(a) Promptly upon the written request of any Lender, Borrower shall provide Lenders annually, at Indemnitor’s expense, an environmental site report. Promptly upon the written request of Lenders following a default by Indemnitor hereunder, Borrower shall provide Lenders, at Indemnitor’s expense, an environmental site report. In addition to the foregoing, any Lender may submit one written request at any time during the term of the Loan that Borrower provide, at Borrower’s expense, one environmental site report (and Borrower shall promptly provide such report).

(b) An environmental site report provided in accordance with Section 9(a) shall (i) be prepared by an environmental engineering firm reasonably acceptable to Lenders and (ii) assess, with a reasonable degree of certainty, the presence or absence of any Hazardous Substances and the potential costs in connection with abatement, cleanup or removal of any Hazardous Substances found on, at, under or within the Property.

(c) Borrower will conduct and complete, to Lenders’ satisfaction, all remedial, removal, and other actions necessary to clean up and remove Hazardous Substances in, on, or materially affecting the Property identified in an environmental site report provided in accordance with Section 9(a) (i) in accordance with all applicable Environmental Laws; and (ii) in accordance with all applicable orders and directives of all Governmental Authorities with proper jurisdiction. Borrower will provide Lenders with copies of all results and reports relating to such remedial, removal, and other actions.

10. **Notices.** Any notice, request, demand, consent, approval, direction, agreement, or other communication (any “notice”) required or permitted hereunder shall be in writing and shall be validly given if (a) sent by a nationally-recognized courier that obtains receipts, (b) delivered personally by a courier that obtains receipts, (c) mailed by United States certified mail (with return receipt requested and postage prepaid), (d) sent by facsimile (with a copy of such facsimile and proof of transmission thereof sent via one of the methods of delivery set forth in clauses (a), (b) or (c) hereof), or (e) sent by email (with a copy of such email and proof of transmission thereof sent via one of the methods of delivery set forth in clauses (a), (b) or (c) hereof), addressed to the applicable Person at the address set forth on Schedule A to this Indemnity. Each notice shall be effective upon being so sent, delivered, mailed, or transmitted, but the time period for response or action shall run from the date of receipt as shown on the delivery receipt. Refusal to accept delivery or the inability to deliver because of a changed address for which no notice was given shall be deemed receipt. Further, any notice actually received shall be deemed receipt. Any party may periodically change its address for notice (including different or additional addresses for copies) by giving the other party at least 10 calendar days’ prior notice in accordance with the foregoing provisions. The failure to provide a copy of such notice to Borrower or Guarantor, however, shall in no way alter, modify or diminish Indemnitor’s obligations under this Indemnity.

11. **CHOICE OF LAW; WAIVER OF JURY TRIAL AND CERTAIN OTHER RIGHTS: SUBMISSION TO JURISDICTION; SERVICE OF PROCESS.**

(a) **THE VALIDITY OF THIS INDEMNITY, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF EACH PARTY WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED**
HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO CONFLICT OR CHOICE OF LAW PRINCIPLES.

(b) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY (i) AGREES THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS INDEMNITY SHALL BE TRIED AND LITIGATED ONLY IN THE STATE COURTS LOCATED IN HUMBOLDT COUNTY, STATE OF CALIFORNIA OR IN THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA (PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT LENDER'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND) AND (ii) WAIVES ANY RIGHT IT MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 11.

(c) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS INDEMNITY OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS INDEMNITY. EACH PARTY (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS INDEMNITY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.

(d) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY AGREES THAT ANY PROCESS OR NOTICE OF MOTION OR OTHER APPLICATION TO ANY SUCH COURT IN CONNECTION WITH ANY ACTION OR PROCEEDING MAY BE SERVED UPON SUCH PARTY BY REGISTERED OR CERTIFIED MAIL TO OR BY PERSONAL SERVICE AT THE LAST KNOWN ADDRESS OF SUCH PARTY WHETHER SUCH ADDRESS BE WITHIN OR OUTSIDE THE JURISDICTION OF ANY SUCH COURT.

(e) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, NO PARTY SHALL ASSERT, AND EACH PARTY HEREBY WAIVES, ANY CLAIM AGAINST ANY OTHER PARTY, ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT
OF, THIS INDEMNITY OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED
HEREBY AND/OR THE TRANSACTIONS CONTEMPLATED HEREBY.

12. LEGAL PROCEEDINGS IN CALIFORNIA. IN THE EVENT ANY LEGAL
PROCEEDING IS FILED IN A COURT OF THE STATE OF CALIFORNIA (THE “COURT”)
BY OR AGAINST ANY PARTY HERETO IN CONNECTION WITH ANY
CONTROVERSY, DISPUTE OR CLAIM DIRECTLY OR INDIRECTLY ARISING OUT OF
OR RELATING TO THIS INDEMNITY OR THE TRANSACTIONS CONTEMPLATED
HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY)
(EACH, A “CLAIM”) AND THE WAIVER SET FORTH IN SECTION 11(c) IS NOT
ENFORCEABLE IN SUCH ACTION OR PROCEEDING, THE PARTIES HERETO AGREE
AS FOLLOWS:

(a) WITH THE EXCEPTION OF THE MATTERS SPECIFIED IN SECTION 12(b),
ANY CLAIM WILL BE DETERMINED BY A GENERAL REFERENCE PROCEEDING IN
ACCORDANCE WITH THE PROVISIONS OF CALIFORNIA CODE OF CIVIL
PROCEDURE SECTIONS 638 THROUGH 645.1. THE PARTIES INTEND THIS GENERAL
REFERENCE AGREEMENT TO BE SPECIFICALLY ENFORCEABLE IN ACCORDANCE
WITH CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638. VENUE FOR THE
REFERENCE PROCEEDING WILL BE IN HUMBOLDT COUNTY, STATE OF
CALIFORNIA.

(b) THE FOLLOWING MATTERS SHALL NOT BE SUBJECT TO A GENERAL
REFERENCE PROCEEDING: (i) NON-JUDICIAL FORECLOSURE OF ANY SECURITY
INTERESTS IN REAL OR PERSONAL PROPERTY, (ii) EXERCISE OF SELF-HELP
REMEDIES (INCLUDING, WITHOUT LIMITATION, SET-OFF), (iii) APPOINTMENT
OF A RECEIVER, AND (iv) TEMPORARY, PROVISIONAL OR ANCILLARY REMEDIES
(INCLUDING, WITHOUT LIMITATION, WRITS OF ATTACHMENT, WRITS OF
POSSESSION, TEMPORARY RESTRAINING ORDERS OR PRELIMINARY
INJUNCTIONS). THIS INDEMNITY DOES NOT LIMIT THE RIGHT OF ANY PARTY TO
EXERCISE OR OPPOSE ANY OF THE RIGHTS AND REMEDIES DESCRIBED IN THIS
SECTION 12(b) AND ANY SUCH EXERCISE OR OPPOSITION DOES NOT WAIVE THE
RIGHT OF ANY PARTY TO A REFERENCE PROCEEDING PURSUANT TO THIS
INDEMNITY.

(c) UPON THE WRITTEN REQUEST OF ANY PARTY, THE PARTIES SHALL
SELECT A SINGLE REFEREE WHO SHALL BE A RETIRED JUDGE OR JUSTICE. IF,
AFTER 10 DAYS OF SUCH WRITTEN REQUEST, THE PARTIES DO NOT AGREE UPON
A REFEREE, THEN ANY PARTY MAY REQUEST THE COURT TO APPOINT A
REFEREE PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE
SECTION 640(B).

(d) ALL PROCEEDINGS AND HEARINGS CONDUCTED BEFORE THE
REFEREE, EXCEPT FOR TRIAL, SHALL BE CONDUCTED WITHOUT A COURT
REPORTER, EXCEPT WHEN A PARTY SO REQUESTS, A COURT REPORTER WILL BE
USED AND THE REFEREE WILL BE PROVIDED A COURTESY COPY OF THE
TRANSCRIPT. THE PARTY MAKING SUCH REQUEST SHALL HAVE THE
OBLIGATION TO ARRANGE FOR AND PAY COSTS OF THE COURT REPORTER, PROVIDED THAT SUCH COSTS, ALONG WITH THE REFEREE’S FEES, SHALL ULTIMATELY BE BORNE BY THE PARTY WHO DOES NOT PREVAIL, AS DETERMINED BY THE REFEREE.

(c) THE REFEREE MAY REQUIRE ONE OR MORE PREHEARING CONFERENCES. THE PARTIES HERETO SHALL BE ENTITLED TO DISCOVERY, AND THE REFEREE SHALL OVERSEE DISCOVERY IN ACCORDANCE WITH THE RULES OF DISCOVERY, AND MAY ENFORCE ALL DISCOVERY ORDERS IN THE SAME MANNER AS ANY TRIAL COURT JUDGE IN PROCEEDINGS AT LAW IN THE STATE OF CALIFORNIA. THE REFEREE SHALL APPLY THE RULES OF EVIDENCE APPLICABLE TO PROCEEDINGS AT LAW IN THE STATE OF CALIFORNIA AND SHALL DETERMINE ALL ISSUES IN ACCORDANCE WITH APPLICABLE STATE AND FEDERAL LAW. THE REFEREE SHALL BE EMPOWERED TO ENTER EQUITABLE AS WELL AS LEGAL RELIEF AND RULE ON ANY MOTION WHICH WOULD BE AUTHORIZED IN A TRIAL, INCLUDING, WITHOUT LIMITATION, MOTIONS FOR DEFAULT JUDGMENT OR SUMMARY JUDGMENT. THE REFEREE SHALL REPORT HIS DECISION, WHICH REPORT SHALL ALSO INCLUDE FINDINGS OF FACT AND CONCLUSIONS OF LAW.

(f) THE PARTIES RECOGNIZE AND AGREE THAT ALL CLAIMS RESOLVED IN A GENERAL REFERENCE PROCEEDING PURSUANT HERETO WILL BE DECIDED BY A REFEREE AND NOT BY A JURY.

13. Enforcement Costs. In the event of any action at law or in equity to enforce the provisions of this Indemnity or to secure relief or damages for the breach of this Indemnity, the prevailing party shall be entitled to payment or reimbursement, as applicable, of its costs (including without limitation reasonable attorneys’, accountants’, experts’, and consultants’ fees and expenses, court costs and investigative expenses prior to trial, at trial and on appeal) incurred in such proceedings from the non-prevailing party.


(a) Non-Waiver; Remedies Cumulative; Joint and Several; No Limitation on Claims. No failure or delay on Lender’s part in exercising any right, power or privilege under any of the Loan Documents or this Indemnity shall operate as a waiver of any such privilege, power or right or shall be deemed to constitute Lender’s acquiescence in any default or Event of Default by Indemnitor under any of the Loan Documents. A waiver by Lender of any right or remedy under any of the Loan Documents or this Indemnity on any one occasion shall not be construed as a bar to any right or remedy which Lender otherwise would have on any future occasion. The rights and remedies provided in such foregoing documents are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law. The obligations of Borrower and Guarantor under this Indemnity are joint and several. Nothing in this Indemnity will be construed to limit any claim or right which any Indemnified Party may otherwise have at any time against Indemnitor or any other Person arising from any source other than this Indemnity, including any claim for fraud, misrepresentation, waste, or breach of contract other
than this Indemnity, and any rights of contribution or indemnity under federal, state or local environmental law or other applicable law, regulation or ordinance.

(b) **Severability.** In case any provision in this Indemnity shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(c) **Amendments.** None of the terms and provisions of this Indemnity may be waived, amended or terminated except by a written instrument signed by the party against whom enforcement of the waiver, amendment or termination is sought.

(d) **Successors and Assigns.** This Indemnity shall be binding upon each Indemnitor, their respective successors and assigns, and shall inure to the benefit of the Indemnified Parties and their respective heirs, personal representatives, successors and assigns.

(e) **Headings; Principles of Construction.** Any paragraph headings and captions in this Indemnity are for convenience only and shall not affect the interpretation or construction hereof. All references to sections, paragraphs, schedules and exhibits are to sections, paragraphs, schedules and exhibits in or to this Indemnity, unless otherwise specified. Unless otherwise specified, the words “hereof,” “herein” and “hereunder” and words of similar import when used in this Indemnity shall refer to this Indemnity as a whole and not to any particular provision of this Indemnity. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined. Whenever the context requires, each gender shall include all other genders. Whenever the words “including,” “includes,” “include” or words of similar import are used in this Indemnity, such words shall be interpreted in a non-exclusive manner (i.e., they shall mean “including without limitation”).

(f) **Incorporation of Exhibits, Recitals and Schedule.** The Exhibits, Recitals, and Schedule identified in this Indemnity are incorporated herein by reference and incorporated by reference for all purposes.

(g) **Entire Agreement.** This Indemnity constitutes the entire agreement among the parties pertaining to the subject matter hereof, and supersedes in their entirety any and all written or oral agreements previously existing between the parties with respect to such subject matter.

(h) **Counterparts.** This Indemnity may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement. Faxed, scanned or photocopied signatures shall be deemed equivalent to original signatures.

[REMAINDER OF PAGE BLANK; SIGNATURE PAGES TO FOLLOW.]
IN WITNESS WHEREOF, the parties hereto have duly executed this Environmental Indemnity Agreement as of the Effective Date.

BORROWER: 

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

By: __________________________

Richard Marks, President
GUARANTOR:

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

By: Humboldt Bay Harbor, Recreation and Conservation District Commission

By: ____________________________

Patrick Higgins, President
[COUNTERPART SIGNATURE PAGE TO
ENVIRONMENTAL INDEMNITY AGREEMENT]

CNMC LENDER:

CNMC SUB-CDE 69, LLC, a Delaware limited liability company

By: Chase New Markets Corporation,
a Delaware corporation, its managing member

By: ________________________________

Timothy C. Karp, Vice President
NMCC LENDER:

NEW MARKETS COMMUNITY CAPITAL XVII, LLC, a Delaware limited liability company

By: New Markets Community Capital, LLC, a Delaware limited liability company, its managing member

By: ____________________________
    José Villalobos, Senior Vice President
SCHEDULE A
Notice Addresses of Parties

(1) If to Borrower: Humboldt Bay Development Association, Inc.
[601 Startare Drive]¹
Eureka, CA 95501
Attention: Mr. Jack Crider, Executive Director
Facsimile: 707-443-0800
Email: jcrider@humboldtbay.org

With a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 70th Floor
Los Angeles, California 90071
Attention: Eugene Cowan, Esq.
Facsimile: 213-559-0751
Email: ecowan@bocarsly.com

And copies to: The addresses set forth under (5) below.

(2) If to Guarantor: Humboldt Bay Harbor, Recreation and Conservation
District
Attention: Mr. Jack Crider, Executive Director
601 Startare Drive
Eureka, CA 95501
Facsimile: 707-443-0800
Email: jcrider@humboldtbay.org

With a copy to: Mitchell, Brisso, Delaney & Vrieze LLP
Attention: Mr. Paul A. Brisso
814 Seventh Street
Eureka, CA 95501
Facsimile: 707-444-9586
Email: pbrisso@mitchelllawfirm.com

And copies to: The addresses set forth under (5) below.

[CONTINUED NEXT PAGE]

¹ TBD
SCHEDULE A (CONT’D)
Notice Addresses of Parties

(3) If to CNMC Lender:

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

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

And:

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

And copies to:
The addresses set forth under (5) below.

[CONTINUED NEXT PAGE]
SCHEDULE A (CONT’D)
Notice Addresses of Parties

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

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

And copies to: The addresses set forth under (5) below
(5) Copy Parties: JPMorgan Chase Bank, N.A.
10 S. Dearborn Street, 19th Floor
Mail Code: IL1-0953
Chicago, IL 60603-5506
Attention: NMTC Asset Manager
Facsimile: 312-325-5050
Email: nmtc.reporting@chase.com

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

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

LEGAL DESCRIPTION

All that real property situated in the County of Humboldt, State of California, described as follows:

Parcel 1:

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

BEGINNING at a point on the Northerly line of Parcel A as shown on a Record of Survey for Freshwater Tissue Company, LLC filed in the Office of the Humboldt County Recorder in Book 69 of Surveys, Pages 106 and 107, at the Southerly terminus of a course having a bearing of North 26 degrees 51 minutes 38 seconds East;

thence along said Northerly line, North 26 degrees 51 minutes 38 seconds East, 10.37 feet;

thence along said Northerly line, North 66 degrees 20 minutes 37 seconds West, 679.14 feet;

thence leaving said Northerly line, South 23 degrees 48 minutes 09 seconds West, 755.82 feet;

thence South 12 degrees 03 minutes 23 seconds East, 47.01 feet;

thence South 66 degrees 11 minutes 51 seconds East, 680.00 feet;

thence North 23 degrees 48 minutes 09 seconds East, 785.33 feet, more or less, to the Northerly line of said Parcel A at a point that bears South 66 degrees 15 minutes 26 seconds East from the point of beginning;

thence North 66 degrees 15 minutes 26 seconds West, along said line, 28.95 feet, more or less, to the point of beginning.

The bearings in this description are based on a Record of Survey for Freshwater Tissue Company, LLC filed in the Office of the County Recorder of said Humboldt County in Book 69 of Surveys, Pages 106 and 107.

Parcel 2:

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

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

This description is based on Book 69 Surveys, Pages 106 and 107, Humboldt County Records.
EXHIBIT B
ENVIRONMENTAL SITE ASSESSMENT REPORTS

[To list reports]
GUARANTY OF PAYMENT AND COMPLETION

This GUARANTY OF PAYMENT AND COMPLETION (this “Guaranty”) is made as of February [__], 2016 (the “Effective Date”), by and among HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, a California public entity (“Guarantor”), CNMC SUB-CDE 69, LLC, a Delaware limited liability company (“CNMC Lender”), and NEW MARKETS COMMUNITY CAPITAL XVII, LLC, a Delaware limited liability company (“NMCC Lender”) (individually or collectively, as applicable, CNMC Lender and NMCC Lender, as the context requires, shall be referred to herein as the “Lender”).

RECITALS

A. Contemporaneously with this Guaranty, Lender and Humboldt Bay Development Association, Inc., a California nonprofit public benefit corporation (“Borrower”), have entered into that certain Credit Agreement (as the same may be amended, restated, modified, or supplemented, the “Credit Agreement”).

B. Concurrently herewith, and pursuant to the Credit Agreement, Lender is making the following loans to Borrower: (i) CNMC Lender is making two loans to Borrower in the aggregate original principal amount of $1,750,000.00 (the “CNMC Lender Loans”); and (ii) NMCC Lender is making two loans to Borrower in the aggregate original principal amount of $6,930,000.00 (the “NMCC Lender Loans; individually or collectively, as applicable, the CNMC Lender Loans and NMCC Lender Loans, as the context requires, shall be referred to herein as the “Loan”).

C. Guarantor will derive substantial economic benefit, directly and/or indirectly, from Borrower’s receipt of the Loan.

D. As a condition to making the Loan, Lender has required that Guarantor guarantee completion of the construction, renovation, and equipping of the Improvements and payment and performance of certain of Borrower’s obligations under the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement).

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to induce Lender to make the Loan to Borrower, and intending to be legally bound hereby, Guarantor hereby covenants and agrees as follows:

1. Definitions. All capitalized terms listed in the introductory paragraph and Recitals to this Guaranty have the meanings assigned to them therein, and all capitalized terms not otherwise expressly defined herein shall have the meanings ascribed to them in the Credit Agreement.

2. Guaranteed Obligations. Guarantor unconditionally guarantees to Lender each and all of the following:
(a) the full, complete and punctual observance, performance and satisfaction of all of the obligations, duties, covenants and agreements of Borrower under the Credit Agreement and the other Loan Documents (including but not limited to the CMDA) with respect to the diligent and timely commencement, development, renovation and Completion of the Improvements free of any claim for mechanics’ materialmen’s or any other liens, and in accordance with (i) all applicable requirements of any Governmental Authority having jurisdiction over the construction and equipping of the Improvements, (ii) any documents of record setting forth covenants, conditions, easements or restriction in the official records of the State of California, (iii) the Plans & Specifications, and (iv) the time periods and other requirements set forth in the Loan Documents, including, without limitation, and subject to, the following:

(A) to perform, complete and pay for (or cause to be performed, completed and paid for) all development and renovation work required to achieve Completion of the Improvements (the “Construction Work”) in accordance with the Credit Agreement and the other Loan Documents and to timely pay all costs of said Construction Work and all other costs associated with the construction and equipping of the Improvements;

(B) to perform the obligations, duties, covenants and agreements of Borrower under the CMDA;

(C) if any mechanics’ or materialmen’s lien, judgment or stop notice should be filed, or should attach, with respect to the Property by reason of the Construction Work, to promptly cause the removal or, subject to Lender’s reasonable consent, bonding over of such lien(s), judgment(s) or stop notice(s) in accordance with the terms of the Credit Agreement or any other Loan Documents;

(D) subject to Section 6.2 of the Credit Agreement, if any chattel mortgages, conditional vendor’s liens or any liens, encumbrances or security interests whatsoever should be filed, or should attach, with respect to the personal property, fixtures, attachments and equipment (1) delivered upon the Property and owned by Borrower, (2) attached to the Property, or (3) used in connection with the construction of the Improvements, to promptly cause the removal or, subject to Lender’s reasonable consent, bonding over of such lien(s) and post security against the consequences of their possible foreclosure; and

(E) to pay all real estate taxes, other taxes and assessments, municipal charges, utility charges, insurance premiums for all policies of insurance required to be furnished by Borrower pursuant to the Credit Agreement, and other expenses relating to the construction of the Improvements, as well as interest, fees and charges (including, without limitation, late fees incurred) payable under the Credit Agreement or any other Loan Document or otherwise payable by Borrower to any Person in connection with the Property if such costs are not paid by Borrower;
(b) the prompt and unconditional payment of interest on the Loan as and when the same shall become due and payable under the Notes, whether at stated maturity, by acceleration or otherwise, and any and all other sums of money payable by Borrower to Lender under the provisions of the Credit Agreement or any other Loan Document, including without limitation, the payment or reimbursement, as applicable, of fees and expenses of Lender and Lender’s members as set forth under Sections 5.6, 5.12, and 5.18 of the Credit Agreement; provided, however, that Guarantor does not guaranty to Lender the payment of principal on the Loan;¹

(c) the payment in full of all actual losses, costs, expenses, claims or damages arising out of Borrower’s or Guarantor’s fraud, gross negligence, willful misrepresentation, willful misconduct, physical waste, misappropriation and misapplication of funds, voluntary bankruptcy filings or other actions intended to cause or result in an event described in Section 8.1(k) or Section 8.1(v) of the Credit Agreement; and

(d) the payment in full of any and all reasonable expenses, including, without limitation, (i) all reasonable attorneys’, accountants’, experts’, consultants’ fees and expenses and (ii) all disbursements and court costs prior to trial, incurred by Lender (whether at trial or on appeal) in the collection of all or any portion of Guarantor’s obligations under this Guaranty or the exercise or enforcement of any one or more of the rights, powers, privileges, remedies and interests of Lender under the Loan Documents or under this Guaranty, whether or not such expenses constitute part of Borrower’s obligations.

(e) All obligations described in Section 2(a) are referred to herein as the “Completion Obligations.” All obligations described in Section 2(b) are referred to herein as the “Debt Payment Obligations.” All obligations described in Sections 2(c) and (d) are referred to herein as the “Other Payment Obligations.” The Completion Obligations, the Debt Payment Obligations, and the Other Payment Obligations are collectively referred to herein as the “Guaranteed Obligations.”

3. Termination. Subject to Section 7, and provided that the Completion Obligations have been satisfied, this Guaranty shall terminate effective immediately upon payment in full of the Debt Payment Obligations and the Other Payment Obligations owed by Borrower or Guarantor under the Loan Documents.


(a) This Guaranty is an absolute, unconditional, present and continuing guaranty of payment and performance and not of collection and is in no way conditioned or contingent upon any attempt to enforce Lender’s rights against Borrower or to collect from Borrower, or upon any other condition or contingency; accordingly, Lender shall have the right to proceed against Guarantor immediately upon any Event of Default, without taking any prior action or proceeding to enforce the Credit Agreement or any other Loan Documents or for the liquidation or foreclosure of any security Lender may at any time hold pursuant to the Loan Documents.

(b) To the extent not prohibited by applicable law, Guarantor hereby (i) waives any right or claim of right to cause a marshalling of Borrower’s assets or to cause Lender to proceed

¹ To be discussed
against any of the security for the Loan or for the obligations guaranteed by this Guaranty before proceeding against Guarantor, (ii) agrees that any payments required to be made by Guarantor under this Guaranty shall become due on demand in accordance with the terms hereof and without presentment to Borrower, demand for payment or protest, or notice of non-payment or protest, and (iii) except as provided in this Guaranty, expressly waives and relinquishes all rights and remedies accorded by applicable law to guarantors.

(c) It is expressly understood that the waivers and agreements of Guarantor set forth in this Guaranty (including but not limited to the waivers and agreements set forth in Sections 4(a) and (b)) constitute additional and cumulative benefits given to Lender for its security and as an inducement for Lender making the Loan.

(d) Lender may at any time and from time to time take any and/or all actions and enforce all rights and remedies available to it under this Guaranty or under applicable law to collect from Guarantor any amounts then due and payable under this Guaranty by Guarantor and/or to cause Guarantor to fulfill its obligations under this Guaranty.

5. **Liability Unimpaired.**

(a) Guarantor’s liability under this Guaranty shall in no way be limited or impaired by, and Guarantor hereby consents to and agrees to be bound by, any amendment or modification of the provisions of any of the Loan Documents agreed to in writing by the parties thereto, whether with or without notice to any Guarantor and with or without consideration.

(b) In addition, Guarantor’s liability under this Guaranty shall in no way be limited or impaired by (i) any extensions of time for performance required by any of the Loan Documents, this Guaranty, or any other instrument or agreement executed or delivered to Lender in connection with the Loan, (ii) any sale or assignment of the Notes by Lender, (iii) any exculpatory provision in any of the Loan Documents, this Guaranty, or any other instrument or agreement executed or delivered to Lender in connection with the Loan limiting Lender’s recourse against Borrower, (iv) the release of Borrower or any other Person from performance or observance of any of the agreements, covenants, terms or conditions contained in any of such instruments by operation of law or otherwise, (v) the release or substitution in whole or in part of any security for the Loan, (vi) the invalidity, irregularity or unenforceability, in whole or in part, of any of the Loan Documents, this Guaranty, or any other instrument or agreement executed or delivered to Lender in connection with the Loan, except to the extent that there is a final adjudication by a court of competent jurisdiction of a valid defense to Borrower’s obligations under the Loan Documents to payment of the Loan, (vii) the inaccuracy of any of the representations and warranties made by Borrower in the Credit Agreement or any other Loan Documents, or (viii) except to the extent prohibited by applicable law, any other action or circumstance whatsoever that constitutes, or might be construed to constitute, a legal or equitable discharge or defense (except full payment and satisfaction) of Borrower for its obligations under any of the Loan Documents or of Guarantor under this Guaranty; and, in any such case, whether with or without notice to Guarantor and with or without consideration.

6. **Events of Default.**
(a) Upon the occurrence of an Event of Default by Borrower in performance of the obligations set forth in the Loan Documents, Guarantor agrees, on demand by Lender (which demand may be made concurrently with notice to Borrower that a Default has occurred under the Loan Documents), to perform all of the Guaranteed Obligations. Subject to the terms and conditions of the Credit Agreement, the CMDA, and the other Loan Documents, Lender shall make the undisbursed balance of its Loan available for disbursement to Guarantor for the purpose of (i) fulfilling the Completion Obligations and (ii) subject to the sole and absolute discretion of Lender, fulfilling the other Guaranteed Obligations. Guarantor acknowledges and agrees that its failure to satisfy the conditions precedent for a Funds Release (as defined in the CMDA) shall not in any way whatsoever eliminate, limit or otherwise modify its Debt Payment Obligations or Other Payment Obligations.

(b) Lender shall have the right, at its option, but without any obligation to do so, either before, during or after commencing foreclosure or sale proceedings, as the case may be, and before, during or after pursuing any other right or remedy against Borrower or Guarantor, to perform any and all of the obligations of Borrower and/or Guarantor by or through any agent, contractor or subcontractor of its selection, all as Lender in its sole discretion deems proper, and Guarantor shall indemnify and hold Lender free and harmless from and against any and all loss, damage, reasonable out-of-pocket cost and expense, injury, or liability Lender may suffer or incur in connection with the exercise of its rights under this Guaranty or the performance of the Guaranteed Obligations, except to the extent such loss, damage, cost, expense, injury or liability results from the fraud, gross negligence, or willful misconduct of Lender. Furthermore, Lender shall not have any obligation to protect or insure any collateral for the Loan, nor shall Lender have any obligation to perfect its security interest in any collateral for the Loan.

(c) Notwithstanding anything else contained in this Guaranty, the Credit Agreement, or in any other Loan Document, and for the avoidance of doubt, any claims against Borrower or Guarantor related to tax benefits derived by JPMorgan Chase Bank, N.A. in connection with the Property shall be governed exclusively by the QALICB NMTC Indemnity.

(d) All of the remedies set forth in this Guaranty and/or provided for in the Credit Agreement and the other Loan Documents or at law or equity shall be available to Lender, and the choice by Lender of one such alternative over another shall not be subject to question or challenge by Guarantor or any other Person, nor shall any such choice be asserted as a defense, setoff, or failure to mitigate damages in any action, proceeding, or counteraction by Lender to recover or seek any other remedy under this Guaranty, nor shall such choice preclude Lender from subsequently electing to exercise a different remedy. The parties have agreed to the alternative remedies hereinabove specified in part because they recognize that the choice of remedies in the event of a failure hereunder will necessarily be and should properly be a matter of good faith business judgment, which the passage of time and events may or may not prove to have been the best choice to maximize recovery by Lender at the lowest cost to Borrower and/or Guarantor. It is the intention of the parties that such good faith choice by Lender be given conclusive effect regardless of such subsequent developments.

7. Reinstatement. This Guaranty shall continue to be effective, or be reinstated automatically, as the case may be, if at any time payment, in whole or in part, of any of the Guaranteed Obligations is rescinded or otherwise must be restored or returned by Lender (whether
as a preference, fraudulent conveyance or otherwise) upon or in connection with the insolvency, bankruptcy, dissolution, liquidation or reorganization of Borrower, Guarantor or any other Person, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, Borrower, Guarantor or any other Person or for a substantial part of Borrower’s, Guarantor’s or any of such other Person’s property, as the case may be, or otherwise, all as though such payment had not been made. Guarantor further agrees that in the event any such payment is rescinded or must be restored or returned, all costs and reasonable expenses (including without limitation all reasonable attorneys’, accountants’, experts’, consultants’ fees and expenses) incurred by or on behalf of Lender in defending or enforcing such continuance or reinstatement, as the case may be, shall constitute costs of enforcement, the payment of which is guaranteed by Guarantor pursuant to Section 2.

8. Notice. Any notice, request, demand, consent, approval, direction, agreement, or other communication (any “notice”) required or permitted hereunder shall be in writing and shall be validly given if (a) sent by a nationally-recognized courier that obtains receipts, (b) delivered personally by a courier that obtains receipts, (c) mailed by United States certified mail (with return receipt requested and postage prepaid), (d) sent by facsimile (with a copy of such facsimile and proof of transmission thereof sent via one of the methods of delivery set forth in clauses (a), (b) or (c) hereof), or (e) sent by email (with a copy of such email and proof of transmission thereof sent via one of the methods of delivery set forth in clauses (a), (b) or (c) hereof), addressed to the applicable Person at the address set forth on Schedule A to this Guaranty. Each notice shall be effective upon being so sent, delivered, or mailed, but the time period for response or action shall run from the date of receipt as shown on the delivery receipt. Refusal to accept delivery or the inability to deliver because of a changed address for which no notice was given shall be deemed receipt. Further, any notice actually received shall be deemed receipt. Any party may periodically change its address for notice (including different or additional addresses for copies) by giving the other party at least 10 calendar days’ prior notice in accordance with the foregoing provisions.

9. Non-Waiver: Remedies Cumulative. No failure or delay on Lender’s part in exercising any right, power or privilege under this Guaranty or any of the other Loan Documents shall operate as a waiver of any such privilege, power or right or shall be deemed to constitute Lender’s acquiescence in any default or Event of Default by Borrower or Guarantor under this Guaranty or such other Loan Document, as applicable. A waiver by Lender of any right or remedy under this Guaranty or any of the other Loan Documents on any one occasion shall not be construed as a bar to any right or remedy which Lender otherwise would have on any future occasion. The rights and remedies provided in this Guaranty and the other Loan Documents are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by applicable law.

10. Severability. In case any provision in this Guaranty shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

11. Amendments. None of the terms or provisions of this Guaranty may be waived, amended or terminated except by a written instrument signed by the party against whom enforcement of the waiver, amendment or termination is sought.
12. **Successors and Assigns.** This Guaranty shall be binding upon and shall inure to the benefit of Lender and Guarantor and their respective permitted heirs, personal representatives, successors and assigns.

13. **Headings; Principles of Construction.** Any section headings and captions in this Guaranty are for convenience only and shall not affect the interpretation or construction hereof. All references to sections, schedules and exhibits are to sections, schedules and exhibits in or to this Guaranty unless otherwise specified. Unless otherwise specified, the words “hereof,” “herein” and “hereunder” and words of similar import when used in this Guaranty shall refer to this Guaranty as a whole and not to any particular provision of this Guaranty. The Recitals to this Guaranty shall be deemed a part hereof and all exhibits and schedules attached hereto, if any, are incorporated herein by reference for all purposes. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined. Whenever the context requires, each gender shall include all other genders. Whenever the words “including,” “includes,” “include” or words of similar import are used in this Guaranty, such words shall be interpreted in a non-exclusive manner (i.e., they shall mean “including without limitation”).

14. **Representations and Warranties.** In order to induce Lender to enter into this Guaranty and the other Loan Documents, Guarantor represents and warrants to Lender (which representations and warranties will survive the extensions of credit under the Credit Agreement) that all of the representations and warranties made under [Article 4] and the [Addendum] to the Credit Agreement (all of which are incorporated herein by reference) are true and correct as of the Effective Date.

15. **Affirmative Covenants.** Unless the prior written consent to the contrary is obtained from Lender (which consent may be granted or withheld in Lender’s sole and absolute discretion), Guarantor will at all times comply with the covenants contained in Article 5 of the Credit Agreement that are applicable to Guarantor (all of which are incorporated herein by reference), from the Effective Date and for so long as any part of the Indebtedness is outstanding.

16. **Negative Covenants.** Unless the prior written consent to the contrary is obtained from Lender (which consent may be granted or withheld in Lender’s sole and absolute discretion), Borrower will at all times comply with the covenants contained in Article 6 of the Credit Agreement that are applicable to Guarantor (all of which are incorporated herein by reference), from the Effective Date and for so long as any part of the Indebtedness is outstanding.

17. **Entire Agreement.** This Guaranty (including but not limited to Schedule A, attached hereto and incorporated herein by reference) constitutes the entire agreement among the parties pertaining to the subject matter hereof, and supersedes in their entirety any and all written or oral agreements previously existing between the parties with respect to such subject matter.

18. **CHOICE OF LAW; WAIVER OF JURY TRIAL AND CERTAIN OTHER RIGHTS; SUBMISSION TO JURISDICTION; SERVICE OF PROCESS.**

(a) **THE VALIDITY OF THIS GUARANTY, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF EACH**
PARTY WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO CONFLICT OR CHOICE OF LAW PRINCIPLES.

(b) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF GUARANTOR AND LENDER (BY ACCEPTING THIS GUARANTY) (i) AGREES THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS GUARANTY SHALL BE TRIED AND LITIGATED ONLY IN THE STATE COURTS LOCATED IN HUMBOLDT COUNTY, STATE OF CALIFORNIA OR IN THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA AND (ii) WAIVES ANY RIGHT IT MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 18.

(c) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF GUARANTOR AND LENDER (BY ACCEPTING THIS GUARANTY) WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS GUARANTY. EACH OF GUARANTOR AND LENDER (BY ACCEPTING THIS GUARANTY) (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 18.

(d) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF GUARANTOR AND LENDER (BY ACCEPTING THIS GUARANTY) AGREES THAT ANY PROCESS OR NOTICE OF MOTION OR OTHER APPLICATION TO ANY SUCH COURT IN CONNECTION WITH ANY ACTION OR PROCEEDING MAY BE SERVED UPON SUCH PARTY BY REGISTERED OR CERTIFIED MAIL TO OR BY PERSONAL SERVICE AT THE LAST KNOWN ADDRESS OF SUCH PARTY WHETHER SUCH ADDRESS BE WITHIN OR OUTSIDE THE JURISDICTION OF ANY SUCH COURT.

(e) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR SHALL NOT ASSERT, AND HEREBY WAIVES, ANY CLAIM AGAINST LENDER, ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS GUARANTY OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY AND/OR THE TRANSACTIONS CONTEMPLATED HEREBY.
(f) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR WAIVES THE BENEFITS OF ALL VALUATION, APPRAISAL, HOMESTEAD, EXEMPTION, STAY, REDEMPTION AND MORATORIUM LAWS, NOW IN FORCE OR WHICH MAY HEREAFTER BECOME LAWS.

19. LEGAL PROCEEDINGS IN CALIFORNIA. IN THE EVENT ANY LEGAL PROCEEDING IS FILED IN A COURT OF THE STATE OF CALIFORNIA (THE "COURT") BY OR AGAINST ANY PARTY HERETO IN CONNECTION WITH ANY CONTROVERSY, DISPUTE OR CLAIM DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) (EACH, A "CLAIM") AND THE WAIVER SET FORTH IN SECTION 18(c) IS NOT ENFORCEABLE IN SUCH ACTION OR PROCEEDING, THE PARTIES HERETO AGREE AS FOLLOWS:

(a) WITH THE EXCEPTION OF THE MATTERS SPECIFIED IN SECTION 19(b), ANY CLAIM WILL BE DETERMINED BY A GENERAL REFERENCE PROCEEDING IN ACCORDANCE WITH THE PROVISIONS OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 638 THROUGH 645.1. THE PARTIES INTEND THIS GENERAL REFERENCE AGREEMENT TO BE SPECIFICALLY ENFORCEABLE IN ACCORDANCE WITH CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638. VENUE FOR THE REFERENCE PROCEEDING WILL BE IN HUMBOLDT COUNTY, STATE OF CALIFORNIA.

(b) THE FOLLOWING MATTERS SHALL NOT BE SUBJECT TO A GENERAL REFERENCE PROCEEDING: (i) NON-JUDICIAL FORECLOSURE OF ANY SECURITY INTERESTS IN REAL OR PERSONAL PROPERTY, (ii) EXERCISE OF SELF-HELP REMEDIES (INCLUDING, WITHOUT LIMITATION, SET-OFF), (iii) APPOINTMENT OF A RECEIVER, AND (iv) TEMPORARY, PROVISIONAL OR ANCILLARY REMEDIES (INCLUDING, WITHOUT LIMITATION, WRITS OF ATTACHMENT, WRITS OF POSSESSION, TEMPORARY RESTRAINING ORDERS OR PRELIMINARY INJUNCTIONS). THIS AGREEMENT DOES NOT LIMIT THE RIGHT OF ANY PARTY TO EXERCISE OR OPPOSE ANY OF THE RIGHTS AND REMEDIES DESCRIBED IN THIS SECTION 19(b) AND ANY SUCH EXERCISE OR OPPOSITION DOES NOT WAIVE THE RIGHT OF ANY PARTY TO A REFERENCE PROCEEDING PERSUANT TO THIS AGREEMENT.

(c) UPON THE WRITTEN REQUEST OF ANY PARTY, THE PARTIES SHALL SELECT A SINGLE REFEREE WHO SHALL BE A RETIRED JUDGE OR JUSTICE. IF, AFTER 10 DAYS OF SUCH WRITTEN REQUEST, THE PARTIES DO NOT AGREE UPON A REFEREE, THEN ANY PARTY MAY REQUEST THE COURT TO APPOINT A REFEREE PERSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 640(B).

(d) ALL PROCEEDINGS AND HEARINGS CONDUCTED BEFORE THE REFEREE, EXCEPT FOR TRIAL, SHALL BE CONDUCTED WITHOUT A COURT REPORTER, EXCEPT WHEN A PARTY SO REQUESTS, A COURT REPORTER WILL BE USED AND THE REFEREE WILL BE PROVIDED A COURTESY COPY OF THE TRANSCRIPT. THE PARTY MAKING SUCH REQUEST SHALL HAVE THE OBLIGATION
TO ARRANGE FOR AND PAY COSTS OF THE COURT REPORTER, PROVIDED THAT SUCH COSTS, ALONG WITH THE REFEREE’S FEES, SHALL ULTIMATELY BE BORNE BY THE PARTY WHO DOES NOT PREVAIL, AS DETERMINED BY THE REFEREE.

(e) THE REFEREE MAY REQUIRE ONE OR MORE PREHEARING CONFERENCES. THE PARTIES HERETO SHALL BE ENTITLED TO DISCOVERY, AND THE REFEREE SHALL OVERSEE DISCOVERY IN ACCORDANCE WITH THE RULES OF DISCOVERY, AND MAY ENFORCE ALL DISCOVERY ORDERS IN THE SAME MANNER AS ANY TRIAL COURT JUDGE IN PROCEEDINGS AT LAW IN THE STATE OF CALIFORNIA. THE REFEREE SHALL APPLY THE RULES OF EVIDENCE APPLICABLE TO PROCEEDINGS AT LAW IN THE STATE OF CALIFORNIA AND SHALL DETERMINE ALL ISSUES IN ACCORDANCE WITH APPLICABLE STATE AND FEDERAL LAW. THE REFEREE SHALL BE EMPOWERED TO ENTER EQUITABLE AS WELL AS LEGAL RELIEF AND RULE ON ANY MOTION WHICH WOULD BE AUTHORIZED IN A TRIAL, INCLUDING, WITHOUT LIMITATION, MOTIONS FOR DEFAULT JUDGMENT OR SUMMARY JUDGMENT. THE REFEREE SHALL REPORT HIS DECISION, WHICH REPORT SHALL ALSO INCLUDE FINDINGS OF FACT AND CONCLUSIONS OF LAW.

(f) THE PARTIES RECOGNIZE AND AGREE THAT ALL CLAIMS RESOLVED IN A GENERAL REFERENCE PROCEEDING PURSUANT HERETO WILL BE DECIDED BY A REFEREE AND NOT BY A JURY.

20. **Enforcement Costs.** In the event of any action at law or in equity to enforce the provisions of this Guaranty or to secure relief or damages for the breach of this Guaranty, the prevailing party shall be entitled to payment or reimbursement, as applicable, of its costs (including without limitation reasonable attorneys’, accountants’, experts’, and consultants’ fees and expenses, court costs and investigative expenses prior to trial, at trial and on appeal) incurred in such proceedings from the non-prevailing party.

21. **Signatures.** A faxed, scanned or photocopied signature to this Guaranty shall be deemed equivalent to an original signature.

22. **Counterparts.** This Guaranty may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement.

[REMAINDER OF PAGE BLANK; SIGNATURE PAGE TO FOLLOW.]
IN WITNESS WHEREOF, the Guarantor has caused this Guaranty of Payment and Completion to be duly executed and delivered by its duly authorized official as of the Effective Date.

GUARANTOR:  

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

By: Humboldt Bay Harbor, Recreation and Conservation District Commission

By: ____________________________  
   Patrick Higgins, President
SCHEDULE A
Notice Addresses of Parties

(1) If to Guarantor: Humboldt Bay Harbor, Recreation and Conservation District
Attention: Mr. Jack Crider, CEO
601 Startare Drive
Eureka, CA 95501
Facsimile: 707-443-0800
Email: jcrider@humboldtbay.org

With a copy to: Mitchell, Brisco, Delaney & Vrieze LLP
Attention: Mr. Paul A. Brisco
814 Seventh Street
Eureka, CA 95501
Facsimile: 707-444-9586
Email: pbrisso@mitchelllawfirm.com

And copies to: The addresses set forth under (4) below.

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

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

And:

Applegate & Thorne-Thomsen, P.C.
626 West Jackson Blvd., Suite 400
Chicago, IL 60661
Attention: Debra A. Kleban, Esq.
Facsimile: 312-491-4411
Email: dkleban@att-law.com
And copies to: The addresses set forth under (4) below.

[CONTINUED NEXT PAGE]
SCHEDULE A (CONT’D)
Notice Addresses of Parties

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

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

And copies to: The addresses set forth under (4) below

[CONTINUED NEXT PAGE]
SCHEDULE A (CONT’D)
Notice Addresses of Parties

(4) Copy Parties: JPMorgan Chase Bank, N.A.
10 S. Dearborn Street, 19th Floor
Mail Code: IL1-0953
Chicago, IL 60603-5506
Attention: NMTC Asset Manager
Facsimile: 312-325-5050
Email: nmtc.reporting@chase.com

And a copy to: JPMorgan Chase Bank, N.A.
New Markets Tax Credit Group
300 S. Grand, Suite 400
Los Angeles, CA 90071
Attention: Timothy C. Karp
Facsimile: 213-621-8401
Email: timothy.c.karp@chase.com

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

(Humboldt Bay Eco-Industrial Park)

THIS REIMBURSEMENT AGREEMENT is made and entered into as of February ___, 2016 between Humboldt Bay Development Association, Inc., a California nonprofit corporation (the "Corporation"), and Humboldt Bay Harbor, Recreation and Conservation District, a California public entity (the "District").

WHEREAS, the Corporation was formed to rehabilitate, operate and maintain that certain eco-industrial park on the certain real property located in the City of Samoa, California (the "Project");

WHEREAS, the District has performed and had been performing services on behalf of the Corporation in connection with the Project, which expense are listed on Exhibit A attached hereto (collectively, the "Expenses"); and

WHEREAS, the Corporation acknowledges that the District has incurred such costs on behalf of the Corporation in the development of the Project and that, at the time of and at all times subsequent to the incurrence of such costs, the parties hereto had an understanding and agreement, that the Corporation would reimburse the District, upon the submission of invoices and/or other documentation evidencing the incurred costs, for such costs; and

WHEREAS, the Corporation desires to reimburse the District for the Expenses and the District desires to assign the Expenses to the Corporation; and

WHEREAS, in conjunction with the development of the Project, the District had entered into various contracts and agreements on behalf of the Corporation (the "Contracts"); and

WHEREAS, the District hereby desires to assign to the Corporation all of its obligations under and rights, title and interest in and to the Contracts and all other agreements relating to the development and construction of the Project (collectively, the "Agreements"), and the Corporation hereby desires to accept and assume such assignment.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

Section 1. Reimbursement.

(a) The Corporation hereby unconditionally promises to reimburse the sum of $565,884 (after receipt by the Corporation of invoices or other documentation evidencing the incurred costs) to the District for any and all Expenses. District hereby represents and warrants (a) that the Expenses represent bona fide, actual costs incurred prior to the date hereof in connection with and directly related to the Project; and (b) that District has provided true and detailed accounting information with respect to the Expenses to Corporation.
Section 2. Assignment. The District hereby assigns to Corporation all of the District's obligations under and rights, title and interest in and to the Agreements, and Corporation hereby accepts such assignment and the assumption of obligations thereunder, including the obligation to pay those expenses incurred on behalf of the Project. District represents and warrants to the Corporation that (i) District has the right to assign the Agreements, and that such Agreements have not been previously assigned, conveyed, pledged, hypothecated or otherwise alienated by District nor are such subject to any lien or charge; and (ii) no default exists under the Agreements with respect to the obligations of District, nor does there exist any event which, with notice or the passage of time, or both, would constitute such a default.

Section 3. Successors and Assigns. This Agreement shall be binding on the parties hereto, their heirs, successors and assigns.

Section 4. Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

Section 5. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

Section 6. No Continuing Waiver. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

Section 7. Intentionally Deleted.

Section 8. Waiver of Jury Trial. (a) Each of the parties hereto hereby knowingly, voluntarily and intentionally, after opportunity for consultation with independent counsel, waives its right to trial by jury in any action or proceeding to enforce or defend any rights or obligations (i) under this Agreement, (ii) arising from the financial relationship between the parties existing in connection with this Agreement or (iii) arising from any course of dealing, course of conduct, statement (verbal or written) or action of the parties in connection with such financial relationship; (b) no party hereto will seek to consolidate any such action in which a jury trial has been waived with any other action in which a jury trial has not been or cannot be waived; (c) the provisions of this Section have been fully negotiated by the parties hereto, and these provisions shall be subject to no exceptions; (d) no party hereto has in any way agreed with or represented to any other party that the provisions of this Section will not be fully enforced in all instances; and (e) this Section is a material inducement for the Corporation to enter into this Agreement.

Section 9. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California, without regard to principles of conflicts of laws. The parties agree and consent that venue for purposes of resolving any dispute or controversy relating to this Agreement shall be in Humboldt County, California.
IN WITNESS WHEREOF, the parties have caused this Reimbursement Agreement to be duly executed as of the date first written above.

DISTRICT:

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

By: ______________________
Name: Patrick Higgins
Title: President

CORPORATION:

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

By: ______________________
Name: Richard Marks
Title: President
## EXHIBIT A

### Expenses

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>Sum</th>
<th>Category</th>
<th>Rationale</th>
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Reimbursement Agreement
50130075.2

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CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION

LOWER TIER COVERED TRANSACTIONS

Date: February [__], 2016

Instructions for Certification

A. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

B. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

C. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

D. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transactions, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. The prospective lower tier participant may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

E. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 C.F.R. part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

F. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

G. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 C.F.R. part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant
may, but is not required to, check the List of Parties excluded from Federal Procurement and Nonprocurement Programs.

H. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

I. Except for transactions authorized under Paragraph E of these instructions, if a participant in a covered transaction knowingly enters into a lower tier coverage transaction with a person who is proposed for debarment under 48 C.F.R. part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION

LOWER TIER COVERED TRANSACTIONS

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

IN WITNESS WHEREOF, the undersigned has caused this Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion to be duly executed as of the date first written above.

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

By: Humboldt Bay Harbor, Recreation and Conservation District Commission

By: ____________________________

Name: Patrick Higgins
Title: President
GROUND LEASE

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

RECITALS

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

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

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

AGREEMENT

Landlord and Tenant hereby agree as follows:

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

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

3. **Rent and Other Payments.**

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

   (b) The parties hereto understand and agree that this is a so-called "triple net" lease and that, with the exception only of obligations expressly imposed upon Landlord in this Lease, Tenant shall pay (or cause to be paid) any and all costs and expenses, and shall perform (or cause to be performed) all obligations, relating to the ownership, use, occupancy, operation, maintenance and repair of, and maintenance of insurance on, and payment of taxes or assessments of any sort with respect to, the Premises and all such payments shall be deemed additional rent for purposes of this Lease whether paid directly to Landlord or to others ("Additional Rent"). Additional Rent paid directly to others shall be paid on or before the initial due date thereof. Additional Rent paid directly to Landlord for any period shall be paid within thirty (30) days after Landlord provides Tenant with a written statement of the estimated or
actual Additional Rent due for such period; Landlord will provide Tenant with a final adjustment statement within ninety (90) days after the close of each calendar year. In addition, during the Term of this Lease, Landlord shall have no obligations or duties with respect to the Premises, except such as are expressly imposed upon Landlord in this Lease.

4. **Insurance Coverages.**

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

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

5. **Utilities and Taxes.**

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

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

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

7. **Indemnification.** Tenant shall indemnify, defend, save and hold Landlord harmless from any and all claims, causes of action, liabilities and other losses or expenses of
whatever nature, including costs of litigation and reasonable attorneys' fees, whether for injury to person or damage to property by reason by any accident or happening on the Premises, unless caused by the negligence or willful misconduct of Landlord or its agents, servants or employees.

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

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

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

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

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

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

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

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

   (a) **No Modification or Termination by Tenant.** During the term of any Leasehold Mortgage, this Lease shall not be (i) amended or modified or (ii) terminated or canceled by Tenant hereunder, or by the giving of any notice by Tenant hereunder nor shall Landlord accept a surrender of Tenant’s leasehold interest, unless such amendment, modification, termination, surrender or cancellation is consented to in writing in advance by any Leasehold Mortgagee. Any such attempted amendment or modification, termination, surrender or cancellation without such prior written assent shall be void.

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

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

(d) Mortgagee’s Time to Cure. Landlord shall provide a copy of any notice, including a notice of Default ("Default Notice"), provided to Tenant under the terms of this Lease to the Leasehold Mortgagee, and no notice by Landlord to Tenant under this Lease shall be deemed to have been duly given unless and until a copy has been given to the Leasehold Mortgagee. After receipt of the Default Notice, the Leasehold Mortgagee shall have the same period given in this Lease to Tenant, at its election, to remedy or cause to be remedied the default of Tenant cited, plus (i) in the case of a default in the payment of any monetary amount, an additional period of thirty (30) days, and (ii) in the case of any other default, an additional period of one hundred twenty (120) days, and if such default cannot with reasonable diligence be cured within such additional one hundred twenty (120) day period, an additional time thereafter sufficient to cure the default, provided that such cure is initiated prior to the expiration of such additional one hundred twenty (120) day period and thereafter the curing of the same is prosecuted with diligence. If the Leasehold Mortgagee must be in possession of the Premises to cure the default, it shall have an additional one hundred twenty (120) days within which to either (i) obtain possession of the Premises (including possession by a receiver) and cure such default or (ii) institute foreclosure proceedings to acquire Tenant's interest and prosecute such proceedings with diligence. Notwithstanding the foregoing, if Tenant is the subject of any of the insolvency proceedings and Leasehold Mortgagee is legally prevented from paying such sums or curing such defaults within the times above set forth, then such one hundred twenty (120) day period shall be extended until one hundred twenty (120) days after the earlier of the dismissal of the proceedings or the Leasehold Mortgagee obtaining a lifting of the automatic stay or other court order allowing it to obtain possession of the Premises or foreclose on the Premises. Until the expiration of such periods, Landlord will not exercise its remedy to terminate this Lease, but shall be permitted to exercise its other remedies provided for hereunder or under applicable law to secure the Premises to safeguard the public and avoid or limit waste or deterioration of the Premises, if Tenant has abandoned the Premises and no Leasehold Mortgagee has secured the Premises. Landlord shall accept performance by any Leasehold
Mortgagee with the same effect as if any default under this Lease had been cured by Tenant, it being agreed that each Leasehold Mortgagee shall have the right, but not the obligation, to cure any default of Tenant hereunder, and that performance by or caused by a Leasehold Mortgagee shall be accepted as if the same had been done or caused to be done by Tenant.

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

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

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

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

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

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

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

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

(iv) it has received advance written notice, in satisfaction of any notice required under this Lease, of Tenant's collateral assignment of Tenant's interest in the Premises and Improvements pursuant to the Leasehold Mortgages and the other loan documents executed in connection therewith.
16. **Quiet Enjoyment; Permitted Use.** Landlord covenants that upon Tenant's paying the rent herein reserved and performing and observing all the other material covenants to be performed and observed on the part of Tenant, Tenant may lawfully and peaceably use and occupy the Premises throughout the Term without hindrance or ejection by any persons lawfully claiming under Landlord to have title to the Premises (or right to use and occupy the Premises) superior to Tenant. Tenant acknowledges that it is accepting its leasehold interest subject to all encumbrances recorded of record in the Official Records of the County of Humboldt. All other portions of the Premises may be used by Tenant for any lawful purpose.

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

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

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

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

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

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

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

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

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

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

[Remainder of page intentionally left blank; Signature pages follow]
IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date and year first set forth above.

LANDLORD:

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

By: __________________________
Name: Patrick Higgins
Title: President

TENANT:

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

By: __________________________
Name: Richard Marks
Title: President
Exhibit A

LEGAL DESCRIPTION OF LAND

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

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

TRACT A

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

PARCEL ONE

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

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

PARCEL TWO

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

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

PARCEL THREE

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

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

EXCEPTING THEREFROM that portion lying within the 30 foot strip of land conveyed to the Northwestern Pacific Railroad Company, a California corporation, by document recorded February 2,

PARCEL FOUR

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

PARCEL FIVE

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

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

PARCEL SIX

A non-exclusive easement for ingress, egress and public utility purposes in and across the following described area:

Beginning at the southerly terminus of the course, shown on said Book 69 of Surveys, pages 106 and 107, as "North 50 degrees 17 minutes 00 seconds West 619.11 feet"; and running
thence, along said line North 50 degrees 17 minutes 00 seconds West 60.00 feet;
thence southeasterly to the westerly terminus of the Course shown on said Survey as "North 66 degrees 20 minutes 37 seconds West 827.17 feet"; and
thence northerly along the westerly line of Parcel B, as shown on said Survey, to the point of beginning.

TRACT B

PARCEL ONE

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

BEGINNING on the Southwesterly line of said PARCEL B at a point that bears North 66 degrees 22 minutes 38 seconds West, 664.17 feet from the most Southerly corner of said PARCEL B;
thence North 23 degrees 37 minutes 22 seconds East, 59.29 feet;
thence North 15 degrees 56 minutes 36 seconds West, 488.72 feet;
thence North 69 degrees 07 minutes 20 seconds East, 200.81 feet;
thence North 82 degrees 52 minutes 03 seconds East, 196.26 feet;
thence North 58 degrees 03 minutes 53 seconds East, 27.10 feet;
thence North 15 degrees 06 minutes 45 seconds East, 67.42 feet;
thence North 20 degrees 24 minutes 32 seconds West, 529.38 feet;
thence North 76 degrees 33 minutes 34 seconds East, 33.06 feet to the Easterly line of said PARCEL B;
thence along said Easterly line the following courses:
North 69 degrees 30 minutes 50 seconds East, 47.32 feet,
South 19 degrees 55 minutes 20 seconds East, 311.69 feet,
North 84 degrees 15 minutes 50 seconds East, 43.92 feet,
South 21 degrees 13 minutes 20 seconds East, 90.39 feet,
South 28 degrees 58 minutes 05 seconds East, 270.98 feet,
North 83 degrees 50 minutes 20 seconds East, 224.07 feet,
North 73 degrees 22 minutes 00 seconds East, 153.85 feet,
South 65 degrees 53 minutes 10 seconds East, 85.95 feet, more or less, to the 1870 mean low water line,
being the line described in Book 1722 Official Records, Page 440;
thence along said line the following courses:
South 21 degrees 38 minutes 48 seconds West, 795.69 feet,
South 20 degrees 52 minutes 00 seconds West, 181.39 feet to the most Southerly corner of said
PARCEL B;
thence North 66 degrees 22 minutes 38 seconds West, along the Southwesterly line of said parcel,
664.17 feet to the point of beginning.

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

PARCEL TWO

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

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

PARCEL THREE

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

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

EXCEPTING THEREFROM that portion lying within the 30 foot strip of land conveyed to the
Northwestern Pacific Railroad Company, a California corporation, by document recorded February 2,

PARCEL FOUR

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

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

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

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

PARCEL FIVE

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

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


PARCEL SIX

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

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

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

EXCEPTING THEREFROM:

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

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

COMMENCING at the Southeast corner of US Lot 4 in Section 9, Township 5 North, Range 1 West, Humboldt Base and Meridian;
thence South 0 degrees 50 minutes West 605.76 feet to the true point of beginning of the parcel of land to be described;
thence South 89 degrees 10 minutes East 135.90 feet;
thence South 0 degrees 50 minutes West, 531.62 feet to the Northwesterly line of the County Road;
thence along said Northwesterly line South 60 degrees 47 minutes West 287.00 feet; thence leaving said Northwesterly line North 31 degrees 49 minutes West 289.00 feet; thence South 89 degrees 30 minutes 55 seconds West 384.59 feet;
thence North 0 degrees 50 minutes East 571.82 feet to a point that bears North 89 degrees 10 minutes West from the true point of beginning;
thence South 89 degrees 10 minutes East 626.71 feet to the true point of beginning.

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

Third Exception:

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

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

(1) North 1 degree 35 minutes 30 seconds West 113 feet, more or less;
(2) Northerly from a tangent, which is last described course on a curve to the right having a radius of 716.34 feet, an arc distance of 493.8 feet;
(3) North 37 degrees 54 minutes 30 seconds East tangent to said curve, 112.8 feet;
(4) Northeasterly from a tangent which is last described course, on a curve to the right having a radius of 573.14 feet, an arc distance of 412.6 feet; and
(5) North 79 degrees 10 minutes 0 seconds East, tangent to last said curve, 789.0 feet to a point.

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

Fourth Exception:

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

Fifth Exception:

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

PARCEL SEVEN

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

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

MEMORANDUM OF LEASE
MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE (this “Memorandum”) is made as of February __, 2016, (the “Effective Date”), by and between HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, a California public entity (hereinafter referred to as “Landlord”), and HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC., a California nonprofit public benefit corporation (hereinafter referred to as the “Tenant”). Landlord and Tenant may hereinafter be referred to individually as a “Party” and collectively as “Parties.”

WITNESSETH:

WHEREAS, Landlord and Tenant have executed that certain Ground Lease (the “Ground Lease”) dated as of the Effective Date for the Premises (as hereinafter defined); and

WHEREAS, the Parties wish to record this Memorandum in order to give constructive notice of the Ground Lease and of the respective Parties’ interests and rights under the Ground Lease.

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

1. Leased Premises. In consideration of the payments, terms, provisions and covenants of the Ground Lease and this Memorandum, Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, subject to all of the terms and conditions contained in the Ground Lease, that certain parcel(s) of land located in Samoa, California, being more particularly described in Exhibit A hereto (the “Premises”).

2. Term. Subject to and upon the conditions set forth below, the Ground Lease shall commence on the Effective Date and shall continue for a period of sixty five (65) years (the “Term”).

3. Use of the Premises. Except as set forth in the Ground Lease, Tenant shall have the right to occupy, use and operate the Premises for the term of this Agreement for any use permitted by law without any disturbance or restriction by Landlord or any other persons.

4. Conflict with Ground Lease. The lease of the Premises from Landlord to Tenant is subject to all of the terms, covenants and conditions set forth in the Ground Lease, all of which are incorporated by reference in this Memorandum as though fully set forth herein. In the event of any conflict between the terms, covenants and conditions of this Memorandum and the terms, covenants and conditions of the Ground Lease, the terms, covenants and conditions of the Ground Lease shall control.
5. Counterparts. This Memorandum may be executed simultaneously or in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY BLANK; SIGNATURE PAGES FOLLOW]
IN WITNESS WHEREOF, the parties have executed this Memorandum effective as of the date first above written, although actually signed on the date set forth in each party's respective acknowledgment below.

LANDLORD:

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

By: ____________________________
Name: Patrick Higgins
Title: President

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy, or validity of that document.

STATE OF ___________ )
County of ___________ ) ss.

On __________________ before me, ___________________________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged tome that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_________________________________ [Notary Seal]
Signature of Notary Public

[SIGNATURE PAGE TO MEMORANDUM OF GROUND LEASE]
TENANT:

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

By: ____________________________________________
Name: Richard Marks
Its: President

A notary public or other officer completing this certificate verifies only the identity of the
individual who signed the document to which this certificate is attached and not the truthfulness,
accuracy, or validity of that document.

STATE OF ___________ )
) ss.
County of ___________ )

On __________________ before me, _____________________________ who proved
to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed
to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

________________________________________________________
Signature of Notary Public

[Notary Seal]

[SIGNATURE PAGE TO MEMORANDUM OF GROUND LEASE]
EXHIBIT A  
LEGAL DESCRIPTION OF THE PREMISES

For APN/Parcel 401-112-021 and 401-112-024

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

TRACT A

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

PARCEL ONE

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

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

PARCEL TWO

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

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

PARCEL THREE

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

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

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

PARCEL FOUR

B-6
A non-exclusive easement for ingress, egress and public utility purposes in and across that portion of the 50 foot wide strip shown on said Record of Survey filed in Book 69 of Surveys, pages 106 and 107 as "CENTERLINE OF 50 FOOT WIDE EASEMENT FOR INGRESS AND EGRESS" that lies within Parcel B shown on said Survey and also within that portion of Parcel C shown on said Survey that lies within said Section 21.

PARCEL FIVE

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

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

PARCEL SIX

A non-exclusive easement for ingress, egress and public utility purposes in and across the following described area:

Beginning at the southerly terminus of the course, shown on said Book 69 of Surveys, pages 106 and 107, as "North 50 degrees 17 minutes 00 seconds West 619.11 feet"; and running
thence, along said line North 50 degrees 17 minutes 00 seconds West 60.00 feet;
thence southeasterly to the westerly terminus of the Course shown on said Survey as "North 66 degrees 20 minutes 37 seconds West 827.17 feet"; and
thence northerly along the westerly line of Parcel B, as shown on said Survey, to the point of beginning.

TRACT B

PARCEL ONE

That portion of PARCEL B as shown on Record of Survey for Freshwater Tissue Company, LLC, filed in the Office of the County Recorder of said Humboldt County in Book 69 Surveys, Pages 105 and 107, described as follows:

BEGINNING on the Southwesterly line of said PARCEL B at a point that bears North 66 degrees 22 minutes 39 seconds West, 664.17 feet from the most Southerly corner of said PARCEL B;
thence North 23 degrees 37 minutes 22 seconds East, 59.29 feet;
thence North 15 degrees 56 minutes 36 seconds West, 488.72 feet;
thence North 69 degrees 07 minutes 20 seconds East, 200.81 feet;
thence North 82 degrees 52 minutes 03 seconds East, 196.26 feet;
thence North 58 degrees 03 minutes 53 seconds East, 27.10 feet;
thence North 15 degrees 06 minutes 45 seconds East, 67.42 feet;
thence North 20 degrees 24 minutes 32 seconds West, 529.38 feet;
thence North 76 degrees 33 minutes 34 seconds East, 33.06 feet to the Easterly line of said PARCEL B;
thence along said Easterly line the following courses:
North 69 degrees 30 minutes 50 seconds East, 47.32 feet,
South 19 degrees 55 minutes 20 seconds East, 311.69 feet,
North 84 degrees 15 minutes 50 seconds East, 43.92 feet,
South 21 degrees 13 minutes 20 seconds East, 90.39 feet,
South 28 degrees 58 minutes 05 seconds East, 270.98 feet,
North 83 degrees 50 minutes 20 seconds East, 224.07 feet,
North 73 degrees 22 minutes 00 seconds East, 153.65 feet,
South 65 degrees 53 minutes 10 seconds East, 85.95 feet, more or less, to the 1870 mean low water line,
being the line described in Book 1722 Official Records, Page 440;
thereon along said line the following courses:
South 21 degrees 38 minutes 48 seconds West, 795.69 feet,
South 20 degrees 52 minutes 00 seconds West, 181.39 feet to the most Southerly corner of said
PARCEL B;
thereon North 66 degrees 22 minutes 38 seconds West, along the Southwesterly line of said parcel,
664.17 feet to the point of beginning.

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

PARCEL TWO

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

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

PARCEL THREE

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

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

EXCEPTING THEREFROM that portion lying within the 30 foot strip of land conveyed to the
Northwestern Pacific Railroad Company, a California corporation, by document recorded February 2,

PARCEL FOUR

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

COMMENCING at a point on the West line of New Navy Base Road as described in Book 1160 of Official
Records, Page 623, Humboldt County Records, which bears North 42 degrees 02 minutes West from a
point which bears South 25 degrees 23 minutes West, 549.23 feet from the County Road Monument at
Station 440+00 of the Survey of said road;
thereon North 42 degrees 02 minutes West to the mean high tide of the Pacific Ocean.
Excepting any portion of the easement below the line of ordinary high water mark where it was located prior to any artificial or avulsive changes in the location of the shoreline.

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

PARCEL FIVE

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

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


PARCEL SIX

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

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

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

EXCEPTING THEREFROM:

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

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

COMMENCING at the Southeast corner of US Lot 4 in Section 9, Township 5 North, Range 1 West, Humboldt Base and Meridian; thence South 0 degrees 50 minutes West 605.76 feet to the true point of beginning of the parcel of land to be described; thence South 89 degrees 10 minutes East 135.90 feet; thence South 0 degrees 50 minutes West, 531.62 feet to the Northwesterly line of the County Road; thence along said Northwesterly line South 60 degrees 47 minutes West 287.00 feet; thence leaving said Northwesterly line North 31 degrees 49 minutes West 289.00 feet; thence South 69 degrees 30 minutes 55 seconds West 364.59 feet; thence North 0 degrees 50 minutes East 571.82 feet to a point that bears North 89 degrees 10 minutes West from the true point of beginning; thence South 89 degrees 10 minutes East 626.71 feet to the true point of beginning.

Second Exception:

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

Third Exception:

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

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

(1) North 1 degree 35 minutes 30 seconds West 113 feet, more or less;
(2) Northerly from a tangent, which is last described course on a curve to the right having a radius of 716.34 feet, an arc distance of 493.8 feet;
(3) North 37 degrees 54 minutes 30 seconds East tangent to said curve, 112.8 feet;
(4) Northeasterly from a tangent which is last described course, on a curve to the right having a radius of 573.14 feet, an arc distance of 412.6 feet; and
(5) North 79 degrees 10 minutes 0 seconds East, tangent to last said curve, 789.0 feet to a point.
The side lines of the above described 4.0 foot wide strip of land terminate on the South in said South line of Section 16 and on the Northeast in a line drawn at right angles Northwesterly from the above described line at the Northeasterly terminus thereof.

Fourth Exception:

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

Fifth Exception:

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

PARCEL SEVEN

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

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