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

HEREWHEREAS, 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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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 DEVELOPMENT ASSOCIATION, INC., a California nonprofit public benefit corporation

By: __________________________________________________________________________

Name: Richard Marks
Title: President
GROUND LEASE

THIS GROUND LEASE (hereinafter the "Lease") is entered into as of February __, 2016 (the "Lease Commencement Date") between HUMBOLDT BAY HARBOUR, 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 proceed 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
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, 153.65 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;
thereby 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;
thereby North 66 degrees 22 minutes 38 seconds West, along the Southwesterly line of said parcel,
664.71 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;
thereby 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;
thereby 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";
thereby continuing Southerly along said curve, through a central angle of 22 degrees 18 minutes 56
seconds, for a distance of 331.84 feet;
thereby 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;
thereby 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 69 degrees 30 minutes 55 seconds West 384.59 feet;
thence North 0 degrees 50 minutes East 571.82 feet to a point that bears North 89 degrees 10 minutes West from the true point of beginning;
thence South 89 degrees 10 minutes East 626.71 feet to the true point of beginning.

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

Third Exception:

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

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

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

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

Fourth Exception:

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

Fifth Exception:

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

PARCEL SEVEN

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

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

________________________________________
Signature of Notary Public

[Notary Seal]

[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 ___________ )
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]
EXHIBIT A
LEGAL DESCRIPTION OF THE PREMISES

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;
thenhence 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";
thenhence continuing Southerly along said curve, through a central angle of 22 degrees 18 minutes 55 seconds, for a distance of 331.84 feet;
thenhence 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;
thenhence 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 EAEMENT 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 68 degrees 30 minutes 50 seconds East, 47.32 feet,
South 19 degrees 55 minutes 20 seconds East, 311.68 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 46 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 69 degrees 30 minutes 55 seconds West 384.59 feet; thence North 0 degrees 50 minutes East 571.82 feet to a point that bears North 89 degrees 10 minutes West from the true point of beginning; thence South 89 degrees 10 minutes East 626.71 feet to the true point of beginning.

Second Exception:

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

Third Exception:

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

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

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

Fourth Exception:

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

Fifth Exception:

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

PARCEL SEVEN

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

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

OPERATING LEASE

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

PREAMBLE

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

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

AGREEMENT

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

1. Definitions.

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

1.1 "Additional Payments" is defined in Section 2.5.

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

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

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

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

1.6 "Environmental Laws" shall mean and refer to all federal, state and local laws, ordinances, rules and regulations now or at any time hereafter in effect which regulate, relate to or impose liability or standards of conduct concerning any Hazardous Substances, including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act of 1980 (42 USC § 9601 et. seq.), as amended from time to time ("CERCLA"), and the Superfund Amendments and Reauthorization Act of 1986, as amended, and regulations promulgated thereunder, the Resource Conservation and Recovery Act of 1976 (42 USC § 6901 et. seq.), as amended from time to time and regulations promulgated thereunder, the Toxic Substances Control Act (15 USC § 2601 et. seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 3000(f) et seq.), and the Clean Air Act (42 U.S.C. § 7401 et seq.).
1.7 "Event of Default" shall have the meaning set forth in Section 7.1.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Leased Premises; Term; Rent.

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

2.2 **Term.** The term of this Lease (the "Term") shall be the period commencing on the date hereof (the "Commencement Date") and ending on that date thirty-five years after the Commencement Date (the "Termination Date"), unless sooner terminated pursuant to the terms hereof. Landlord hereby grants to Tenant the option to extend the Term for two (2) additional fifteen (15) year period(s) commencing when the prior term expires upon the following terms and conditions: (i) In order to exercise an option to extend, Tenant must give written notice of such election to Landlord at least thirty (30) days prior to the date that the option period would commence, and (ii) Base Rent shall be fair market value determined at the time of the exercise of the option.

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

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

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

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

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

2.7.1 This Lease shall not terminate, nor shall Tenant have the right to terminate this Lease, nor shall Tenant be entitled to any abatement or reduction of the Base Rent or Additional Payments hereunder, nor shall the obligations of Tenant hereunder be affected, by reason of any default on the part of Landlord under this Lease, or under any other agreement to which Landlord and Tenant may be parties. It is the intention of the parties hereto
that the obligations of Tenant hereunder shall be separate and independent covenants and agreements, that the Base Rent and Additional Payments, and all other sums payable by Tenant hereunder, shall continue to be payable in all events and that the obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated pursuant to an express provision of this Lease. Nothing hereunder shall preclude Tenant from pursuing or realizing upon its other remedies at law or in equity by reason of any default hereunder by Landlord.

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

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

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

3. Subleasing and Tenant Improvements.

3.1 Assignments/Subleasing. Tenant may not assign its interest in this Lease without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, and the prior written consent of the Lenders. Any attempted assignment, transfer, encumbrance or other alienation of this Lease or any interest hereunder without the prior written consent of Landlord and the Lenders shall be void and shall confer no rights to any third party transferee. Notwithstanding anything contained in this Lease to the contrary, any assignment of this Lease and any sublease hereunder shall be subject to all of the terms, provisions and conditions of this Lease, and no such assignment or sublease shall relieve Tenant of any of its obligations hereunder. Tenant shall be permitted to sublease portions of the Leased Premises pursuant to subleases meeting the Permitted Uses of this Lease, provided such subleases shall be subordinate to the terms of the Ground Lease and this Lease, shall sublease improvements in addition to land, and shall specifically prohibit any excluded business under Section 1.45D-1(d)(5)(iii) of the Regulations.
3.2 Tenant Improvements. Other than Landlord’s Work, Tenant shall be responsible, at its sole cost and expense, for carrying out any and all construction, finishing work, fixture installation or other activities that it may deem necessary for Tenant to commence its activities (the “Tenant Improvements”). Tenant shall not perform any Tenant Improvements unless and until all plans and specifications relating to such Tenant Improvements and all contractors retained by Tenant to carry out such improvements comply with the terms and conditions of this Lease and are approved in writing by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed). Tenant may install trade fixtures, machinery or other trade equipment in conformity with the preceding requirements and all applicable laws and ordinances, and the same shall be removed upon the termination of this Lease.

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

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

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

4. Insurance.

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

4.2 Tenant’s Property Insurance. Throughout the Term, Tenant shall maintain, at Tenant’s expense, insurance coverage with respect to the Tenant Improvements, and any other insurable property and equipment therein or thereon that is not covered by the insurance policy described in Section 4.1 above, in form and amounts as prudently determined by Tenant.
4.3 Tenant's Liability and Other Insurance. Unless otherwise required by the Loan Agreements, Tenant shall maintain, at its sole expense, commercial general liability insurance or similar coverage obtained through a joint powers authority of California public entities against loss or liability in connection with bodily or other personal injury, death or property damage or destruction, occurring in or on the Leased Premises and arising out of the use thereof by Tenant or its agents, employees, officers, tenants, Tenants, invitees, visitors and guests, such insurance to afford protection to the limits of not less than One Million Dollars ($1,000,000) per occurrence (combined single limit), Two Million Dollars ($2,000,000) general policy aggregate, together with contractual liability coverage and completed operations, all of which insurance shall, by its terms, be primary and noncontributory with respect to any other insurance carried by Landlord.

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

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

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

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

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

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

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

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

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

6. **Indemnification.**

6.1 **Indemnities.**

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

6.1.2 Landlord covenants and agrees to indemnify Tenant, defend Tenant with counsel selected by Landlord and acceptable to Tenant in its reasonable discretion, and hold Tenant harmless from any and all liabilities, losses, claims, demands, fees and expenses of any kind or any nature whatsoever (including, without limitation, remediation costs, environmental assessment costs, governmental compliance costs, and reasonable experts’ and attorneys' fees and expenses), known or unknown, foreseen or unforeseen, which may at any time be imposed upon, incurred by, or asserted or awarded against Tenant arising from or occasioned by any omission, fault, neglect, breach of this Lease by Landlord, or other misconduct by Landlord or otherwise growing out of or connected with Landlord's obligations under this Lease or possession of the Leased Premises, but only to the extent such injury, damage, death or loss does not arise out of or relate to any negligence or willful misconduct of Tenant or any employees, agents, officers, directors, shareholders, members and partners of Tenant, and any successors thereof.
6.2 Notice of Claims; Survival. The party claiming the right to indemnification hereunder shall provide the other party with prompt and timely notice of any claim made or suit instituted against it or any other party of which it has knowledge, relating to any matter that in any way may result in indemnification pursuant to this Section 6. The obligations of Tenant and Landlord under this Section 6 shall survive the expiration or any earlier termination of this Lease. No party shall be liable for indemnification in connection with any settlement of any claim effected without its consent.

7. Default.

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

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

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

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

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

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

7.2.3 Landlord's default under the Ground Lease.
8. Remedies.

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

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

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

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

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

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

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

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

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

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

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

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

10. **Miscellaneous.**

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

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

10.3 Intentionally Deleted.

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

If to Landlord:
Humboldt Bay Development Association, Inc.
P.O. Box 1030
Eureka, CA 95502-1030
Attn: Mr. Jack Crider
Facsimile: 707-443-0800
E-mail: Jcrider@humboldtbay.org

If to Tenant:
Humboldt Bay Harbor, Recreation and Conservation District
Attn.: Mr. Jack Crider, CEO
601 Startare Drive
A-12
With a copy to:

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

If to the Lenders:

As set forth on Exhibit C attached hereto.

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

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

10.6 No Third Party Beneficiaries. Nothing contained in this Lease or any other agreement or contract between Landlord and Tenant shall be deemed or construed to create any relationship of third party beneficiary, principal and agent, limited or general partner, joint venture or any other association or relationship other than landlord-tenant, and are solely for the benefit of Landlord and Tenant and not for the benefit of any third party; except that any provision herein for the benefit of the Lenders or any of Landlord's mortgagees may be relied on by such parties.
10.7 Attorneys' Fees. If either party brings any action for damages or other relief against the other, the prevailing party shall be entitled to receive payment from the losing party of all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees. The provisions of this Section 10.7 shall be applicable in trial, arbitration and appellate proceedings. The obligation to pay fees set forth herein shall accrue on commencement of such proceedings; provided that if such proceedings are not prosecuted to judgment or final determination, each party shall bear its own attorneys' fees unless otherwise agreed in writing.

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

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

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

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

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

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

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

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

[Remainder of page intentionally left blank; Signature pages follow]
In Witness Whereof, the parties have executed this Operating Lease as of the date first written above.

LANDLORD:

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

By: ________________________________
Name: Richard Marks
Title: President

TENANT:

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

By: ________________________________
Name: Patrick Higgins
Title: President
Exhibit A
Description of Property

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

THE LEASEHOLD INTEREST IN 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, 1925, in Book 171 of Deeds, Page 186, Humboldt County Records.
PARCEL FOUR

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

PARCEL FIVE

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

BEGINNING at the Northwest corner of Lot 3 in Section 21 in Township 5 North, Range 1 West, Humboldt Meridian; and running
thence South 8 minutes West on the Section line, 500 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, 153.65 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;
therefore 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;
therefore 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;
therefore 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;
therefore 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";
therefore continuing Southerly along said curve, through a central angle of 22 degrees 18 minutes 56
seconds, for a distance of 331.84 feet;
therefore 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;
therefore 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;
therefore 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 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

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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 Bock 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".


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50129743.3
District Operating Lease
Exhibit C

Lender Notice

(1)

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

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

And:

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

And copies to:  
The addresses set forth under (3) below.

(2)

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

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

[CONTINUED NEXT PAGE]
Exhibit C (Cont'd)
Lender Notice

And copies to: The addressee set forth under (3) below

(3)

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 Avenue., 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
Facsimile: 312-491-4411
Email: dkleban@atti-law.com
PROJECT MANAGEMENT AGREEMENT

THIS PROJECT MANAGEMENT AGREEMENT ("Agreement") is made effective as of February __, 2016, by and between Humboldt Bay Harbor, Recreation and Conservation District, a California public entity (the "Manager"), and Humboldt Bay Development Association, Inc., a California nonprofit public benefit corporation (the "Corporation").

RECITALS

A. The Corporation was formed for the purpose of developing, rehabilitating, leasing and operating that certain eco-industrial park located at 364 Vance Avenue in Samoa, California, known as the Humboldt Bay Eco-Industrial Park (the "Building");

B. The cost for developing and rehabilitating the Building is being financed primarily through an investment associated with the United States Treasury's New Markets Tax Credit Program ("NMTC"); and

C. The Corporation desires that the Manager provide certain services with respect to overseeing the rehabilitation of the Building for the Corporation (the "Rehabilitation"); and

D. In consideration for such services, the Corporation has agreed to pay to the Manager certain fees more fully described herein.

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

1. **Appointment and Term.** The Corporation hereby appoints the Manager to render services in overseeing the Rehabilitation for the Corporation as herein contemplated. The term of this Agreement shall begin effective as of the date hereof, and shall end upon [completion of the rehabilitation] for the Building.

2. **Services.**

   (a) The Manager shall oversee the Rehabilitation, and shall perform the services and carry out the responsibilities with respect to the Rehabilitation as are set forth herein, and such additional duties and responsibilities as are reasonably within the general scope of such services and responsibilities and as are designated from time to time by the Corporation.

   (b) The Manager’s services shall be performed in the name and on behalf of the Corporation and shall consist of the duties set forth in the following subparagraphs of this Section 2(b) and as provided elsewhere in this Agreement; provided, however, that if the performance of any duty of the Manager set forth in this Agreement is beyond the reasonable control of the Manager, the Manager shall nonetheless be obligated to (i) use commercially reasonable efforts to perform such duty, and (ii) promptly notify the Corporation that the performance of such duty is beyond its reasonable control. The Manager has performed or shall perform the following:
(i) Assist in the planning of the Rehabilitation by the Corporation.

(ii) Negotiate and cause to be executed on behalf of and assigned to the Corporation agreements for, engineering, testing or consulting services for the Rehabilitation, and any agreements for the rehabilitation of any improvements or tenant improvements to be constructed or installed by the Corporation or the furnishing of any supplies, materials, machinery or equipment therefor, or any amendments thereof, provided that except for those agreements assumed by the Corporation no agreement shall be executed nor binding commitment made until the terms and conditions thereof and the party with whom the agreement is to be made shall have been approved by the Corporation;

(iii) Assist the Corporation in dealing with neighborhood groups, local organizations, and other parties interested in the Rehabilitation;

(iv) Establish and implement appropriate administrative and financial procedures and controls for the design and Rehabilitation, including but not limited to:

1. coordination and administration of the contractors, professionals and consultants employed in connection with the Rehabilitation;

2. administration of any construction contracts on behalf of the Corporation;

3. participation in conferences and the rendering of such advice and assistance as will aid in developing economical, efficient and desirable design and construction procedures;

4. the rendering of advice and recommendations as to the selection procedures for and selection of subcontractors and suppliers;

5. the review and submission to the Corporation for approval of all requests for payments under any architectural agreement, general contractor’s agreement, or any loan agreements with any lending institutions providing funds for the benefit of the Corporation for the design or construction of any improvements;

6. the submission of any suggestions or requests for changes which could in any reasonable manner improve the design, efficiency or cost of the Building;

7. applying for and maintaining in full force and effect any and all governmental permits and approvals required for the lawful Rehabilitation;

8. compliance with all terms and conditions applicable to the Corporation, the Building or the Rehabilitation contained in any governmental permit or approval required or obtained for the lawful rehabilitation of the Building, or in any insurance policy affecting or covering the Rehabilitation or the Building;

9. furnishing such consultation and advice relating to the Rehabilitation as may be reasonably requested from time to time by the Corporation;
(10) keeping the Corporation fully informed on a regular basis of the progress of the design and Rehabilitation, including the preparation of such reports as are provided for therein or as may reasonably be requested by the Corporation;

(11) giving or making the Corporation’s instructions, requirements, approvals and payments provided for in the agreements with contractors, professionals and consultants retained for the Rehabilitation; and

(12) at the Corporation’s expense, filing on behalf of, and as the attorney-in-fact for, the Corporation, any notices of completion required or permitted to be filed upon the completion of any improvement(s) and taking such actions as may be required to obtain any certificates of occupancy or equivalent documents required to permit the occupancy of dwelling units and other space in the Building.

(v) Assist the Corporation in obtaining access to utilities and required zoning approvals;

(vi) Inspect the progress of the course of the Rehabilitation, including verification of the materials and labor being furnished and on such rehabilitation so as to be fully competent to approve or disapprove requests for payment made by the architect and the general contractor, or by any other parties with respect to the design and the Rehabilitation, and in addition to verify that the same is being carried out substantially in accordance with the plans and specifications approved by the Corporation or, in the event that the same is not being so carried out, to promptly so notify the Corporation;

(vii) If requested to do so by the Corporation, perform on behalf of the Corporation all obligations of the Corporation with respect to the design and the Rehabilitation contained in any loan agreement or security agreement entered into in connection with any financing for the Rehabilitation, or in any lease or rental agreement relating to space in the Building, or in any agreement entered into with any governmental body or agency relating to the terms and conditions of such rehabilitation, provided that copies of such agreements have been provided by the Corporation to the Manager or the Corporation has otherwise notified the Manager in writing of such obligations;

(viii) To the extent requested to do so by the Corporation, prepare and distribute to the Corporation a critical path schedule, and periodic updates thereto as necessary to reflect any material changes, but in no event not less frequently than quarterly, other design or construction cost estimates as required by the Corporation and financial accounting reports, including monthly progress reports on the quality, progress and cost of rehabilitation and recommendations as to the drawing of funds from any loans arranged by the Corporation to cover the cost of design and the Rehabilitation;

(ix) Assist the Corporation in obtaining and maintaining insurance coverage for the Rehabilitation, the Building, the Manager, the Corporation and its employees at all times until the final completion of the Rehabilitation, in accordance with any insurance schedule approved by the Corporation, which insurance shall include general public liability insurance covering claims for personal injury, including but not limited to bodily injury, or property damage, occurring in or upon the Building or the streets, passageways, curbs and vaults.
adjoining the Building. Such insurance shall be in a liability amount approved by the Corporation;

(x) During the Rehabilitation, comply with all applicable present and future laws, ordinances, orders, rules, regulations and requirements (thereinafter called “laws”) of all Federal, state and municipal governments, courts, departments, commissions, boards and offices, any national or local Board of Fire Underwriters or Insurance Services Offices having jurisdiction in the county in which the Building is located or any other body exercising functions similar to those of any of the foregoing, or any insurance carriers providing any insurance coverage for the Corporation or the Building, which may be applicable to the Rehabilitation or any part thereof. Any such compliance undertaken by the Manager on behalf of and in the name of the Corporation, in accordance with the provisions of this Agreement, shall be at the Corporation’s expense. The Manager shall likewise ensure that all agreements between the Corporation and independent contractors to comply with all such applicable laws;

(xi) Assemble and retain all contracts, agreements and other records and data as may be necessary to carry out the Manager’s functions hereunder. Without limiting the foregoing, the Manager will prepare, accumulate and furnish to the Corporation and the appropriate governmental authorities, as necessary, data and information sufficient to identify the market value of improvements in place as of each real property tax lien during the Rehabilitation;

(xii) Coordinate and administer the design and construction of all interior tenant improvements to the extent required under any leases or subleases or other occupancy agreements to be constructed or furnished by the Corporation with respect to the initial leasing of space in the Building, whether involving building standard or non-building standard work;

(xiii) Use commercially reasonable efforts to accomplish the timely completion of the Rehabilitation in accordance with the approved plans and specifications and the time schedules for such completion approved by the Corporation;

(xiv) At the direction of the Corporation, implement any decisions of the Corporation made in connection with the design, development and rehabilitation of the Building or any policies and procedures relating thereto, exclusive of leasing activities; and

(xv) Perform and administer any and all other services and responsibilities of the Manager which are set forth in any other provisions of this Agreement, or which are requested to be performed by the Corporation and are within the general scope of the services described herein.

3. Accounts and Records.

(a) The Manager, on behalf of the Corporation, shall keep such books of account and other records as may be required and approved by the Corporation, including, but not limited to, records relating to the costs of rehabilitation and construction advances. The Manager shall keep vouchers, statements, receipted bills and invoices and all other records, in the form approved by the Corporation, covering all collections, if any, disbursements and other
data in connection with the Rehabilitation prior to final completion of rehabilitation. All accounts and records relating to the Rehabilitation, including all correspondence, shall be surrendered to the Corporation, upon demand without charge therefor.

(b) All books and records prepared or maintained by the Manager shall be kept and maintained at all times at the place or places approved by the Corporation, and shall be available for and subject to audit, inspection and copying by the Corporation or any representative or auditor thereof or supervisory or regulatory authority, upon reasonable prior notice.

4. **Obligation To Complete Rehabilitation.** The Manager shall, subject to funds made available by Corporation, complete the Rehabilitation or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics’, materialmen’s or similar liens, and shall equip the Building or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property provided for in the Building plans and/or documents.

5. **Fees.**

(a) **Management Fee.** For services performed and to be performed under this Agreement, the Corporation shall pay the Manager a management fee (the “Management Fee”) of $200,000, earned and paid as follows:

(i) $20,000 at the time of closing on the NMTC financing (the "Initial Installment");

(ii) monthly installments of $20,000 over the next succeeding four (4) months, each paid on the first day of the month; and

(iii) the balance of $100,000 upon completion of the Rehabilitation.

(iv) Manager acknowledges and agrees that payments of the Management Fee (other than the Initial Installment) shall be fully subordinate to payments by the Corporation of its other operating expenses and debt service payments.

6. **Arbitration.** Any dispute or claim relating to this Agreement or any breach or alleged breach hereof shall, upon the request of any party involved, be submitted to and settled by arbitration in the County of Humboldt, State of California pursuant to the rules then in effect of the American Arbitration Association (or at any other place mutually acceptable to the parties involved). Any award rendered shall be final and conclusive upon the parties, and a judgment thereon may be entered in the highest court of the forum, state or federal, having jurisdiction. The expenses of this arbitration shall be borne equally by the parties to the arbitration, provided that each party shall pay for and bear the cost of its own experts, evidence and counsel’s fees, and further provided that in the discretion of the arbitrator any award may include the cost of a party’s counsel if the arbitrator expressly determines that the party against whom such award is entered has caused the dispute, controversy or claim to be submitted to arbitration as a dilatory tactic.
7. **Severability of Provisions.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereto waive any provision of law now or hereinafter in effect which renders any provision hereof prohibited or unenforceable in any respect.

8. **Applicable Law.** This Agreement, and the application or interpretation hereof, shall be governed by the laws of the State of California applicable to agreements made and to be performed entirely therein.

9. **Indemnification.** The Manager and the Corporation hereby indemnify and save harmless each other from any loss or damage incurred by the indemnnified party by reason of the gross negligence, fraud, breach of fiduciary duty or willful misconduct by the indemnifying party related to the provision of development services under this Agreement.

10. **Binding Agreement, Modification.** This Agreement shall be binding on the parties hereto, and their heirs, executors, personal representatives, successors and assigns; provided, however, in no event shall Manager assign any interest in this Agreement without the prior written consent of the Corporation or Genesis. Furthermore, the parties agree that any amendment of modification of this Agreement shall require the prior written consent of Genesis, which consent shall not be unreasonably withheld, denied or conditioned.

11. **Headings.** All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

12. **Terminology.** All personal pronouns used in this Agreement, whether used in the masculine, feminine and neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

13. **Reliance.** No person other than the parties to this Agreement may directly or indirectly rely upon or enforce the provisions of this Agreement, whether as a third party beneficiary or otherwise.

14. **Relationship of Parties.** Nothing contained in this Agreement shall be deemed or construed by the parties or any third party to create the relationship of partners or joint venturers between the Manager and the Corporation.
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first written above.

MANAGER:

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