

April 24, 2020

Larry Oetker
Humboldt Bay Harbor, Recreation and Conservation District
601 Startare Drive
Eureka, California 95501

RE: Second Amendment to add Option to lease +/- 3.16 Acres north of existing lease option area and increase certain provisions related to water and electrical

Mr. Oetker:

This Letter of Intent outlines certain terms in which Nordic Aquafarms (Tenant) is willing to negotiate a second amendment to the existing lease option dated February 11, 2019 (Document number 2019-006258) and first amendment dated March 15, 2020. Certain provisions and terms appear below.

- 1. Landlord:** Humboldt Bay Harbor, Recreation and Conservation District
- 2. Tenant:** Nordic Aquafarms California, LLC a wholly owned subsidiary of Nordic Aquafarms, Inc
- 3. Premises:** An approximate 137,563 SF or 3.16 acre portion of APN 401-112-021 on Samoa Peninsula northerly of existing LEASE AREA and Options 1, 2, and 3 as defined in the original lease agreement. This additional area to become titled Option 4 throughout the lease option agreement.
- 4. Terms and Conditions:** Make coterminous with Document number 2019-006258 and as amended on March 15, 2020
- 5. Rent:** Modify Rider A paragraph 6.2 to add an additional piece of land titled Option 4 and an additional \$175,000 per year in rent for such option.
- 6. Demolition:** Existing structures will be removed by NAF at NAF cost including machine building and all but eastern approximately 60 ft of the shops and stores building that currently houses the HBHRCD maintenance shop. The HBHRCD maintenance shop will be preserved and exact specifications to be agreed upon. NAF will relocate and reconnect, and all utilities that serve the remainder of the HBHRCD are disturbed during the demolition and/or construction. NAF will include the construction of a 40 by 60 foot addition to the southern side of the HBHRCD maintenance shop in



the CEQA and Coastal Development Permit application. Addition, design, engineering, and construction to be paid by HBHRCD.

- 7. Electrical:** Modify section 5.2 to read, Grant all of the available 20 megawatts for \$556,000. NAF will complete all permitting, engineering and receive approval from PG&E for the expansion of the substation by an additional 5 megawatts to meet the current and future needs of HBHRCD. HBHRCD will pay the direct construction costs associated with the future 5 megawatts by the HBHRCD.

NAF, at its own cost and at its own discretion may add additional capacity above the current 20 megawatts and contemplated 5 megawatts specified for HBHRCD.

Any future capital expenditures or operational costs (maintenance, non-electricity direct or indirect) from the shared substation will be pro-rated across the megawatt capacity between the parties. Electrical usage will be separately metered. In the case of capital expenditures pre-approval is required by all parties before the onset of the capital project, while any additional operational costs will be agreed upon and billed monthly.

- 8. Water:** Modify section 5.7 to include as much as 7000 GPM total from RMT II and Red Tank Sea Chest with possibility of future water expansion pending authorized amounts and availability.

- 9. Commencement:** While all terms become unified additional consideration as to timing to be determined to allow the orderly exit of existing tenants, details to be determined at a later date.

- 10. Utility Corridor:** HBHRCD shall retain up to sufficiently wide right of way and utility corridor along the northern lease area boundary line, in recognition that there is a pinchpoint on the northeast corner of NAF building and a final solution pending further design and engineering seen in bullet 13.

- 11. Rent Surety:** NAF shall keep HBHRCD whole between execution of this second amendment and close of the option period up to the agreed upon annual lease cost of \$175,000. Meaning as current tenant rent subsidies, due to normal expiry of their leases, NAF will reimburse HBHRCD for that lost portion. Further if HBHRCD or Tenant incurs cost due to an early termination of a tenant lease NAF will reimburse HBHRCD or Tenant for that cost, but in no case duplicative. In aggregate NAF will limit reimbursement to HBHRCD no more than \$175,000 annually. NAF shall pay



HBHRCD non refundable deposit equal to one fourth (\$43,750) of the \$175,000 rent surety.

12 Relocation of Tenants:

NAF shall draft a Tenant Relocation Plan that complies with California Relocation Assistance Law (California Government Code §7260 et seq.) and corresponding regulations set forth in the California Code of Regulations, Title 25, Chapter 6. The Tenant Relocation Plan is a tool used by the Harbor District to identify the needs of the affected business occupants of the Subject Property, assess the availability of potential replacement sites for the businesses, and to put forth the Harbor District’s commitment to provide relocation assistance to displaced businesses.

There are currently six (6) businesses within Option Area 4 which will require relocation. NAF will pay all costs associated with relocating four (4) of the businesses and the Harbor District will pay all costs associated with two (2) businesses as outlined below:

Tenant	Use	Sq. Ft.	Current Lease Term	Lease Option Period	Responsible for Relocation
Restif Office	Office / Shop	5,630	1/1/2024	1/26/2020	NAF
Alternative Business Concepts	Office / Shop	5,550	1/1/2021	1/1/2023	NAF
CPR Inc.	Shop	4,500	7/1/2020	7/1/2021	NAF
HSU Sea Grant	Office / Lab	1086	6/1/2020	6/1/2024	NAF
Coastal Business Systems	Warehouse	1300	6/1/2020	NA	HD
Suk-Choo Kim	Warehouse	1,600	6/1/2020	NA	HD

13. Permitting Cost: NAF shall provide engineering, design, permitting, and construction to ensure that the utilities including both domestic and industrial water and other improvements that are disrupted by the

NAF demolition and construction project will be restored to fully operational standards.

15. Access & Inspections: Tenant and its employees, agents and representatives (together with the equipment or machinery of any such party) shall have a license for access to the Demised Premises at all reasonable times for the purpose of conducting inspections and tests of the Demised Premises, including, without limitation, surveys, architectural, engineering, water quality and capacity, geo-technical, environmental and hydrogeological inspections and tests (including test pits, sampling, borings and drilling), and any other due diligence investigations, tests or analyses that Tenant may deem necessary or desirable for Tenant's development, use and operation of the Project.

This Letter of Intent has been prepared as an aid to negotiation of a second lease amendment and is not intended to be a binding contract upon any party, a commitment letter, or an agreement to agree. Neither the Landlord nor the Tenant will be liable by reason of the terms of, or failure to reach definitive agreements with respect to, the matters covered by this Letter of Intent.

Sincerely,




Brenda Chandler
CFO Nordic Aquafarms, Inc

(signature lines below)

Tenant:
Nordic Aquafarms California, LLC

Landlord:
Humboldt Bay Harbor, Recreation
and Conservation District

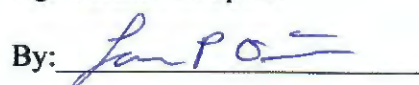
Agreed and Accepted:

By: 
ERIK HEIM

Its': PRESIDENT

Date: April 29th, 2020

Agreed and Accepted:

By: 

Its': Executive Director

Date: April 30, 2020