

**HUMBOLDT BAY HARBOR, RECREATION,
AND CONSERVATION DISTRICT
Sublease Term Sheet**

February 11, 2019

PROJECT NAME: RMT II Aquaculture Project

PROJECT LOCATION: Redwood Marine Terminal II (RMT II) (APN: 401-112-02)

TENNANT: California Marine Investments LLC

LANDLORD: Humboldt Bay Harbor, Recreation and Conservation District (HBHRCD)

KEY CONDITIONS: The LANDLORD and TENNANT agree to the following general lease terms which will be drafted in lease document:

- 1) **LEASE AREA:** The lease is for up to approximately thirty (33) acres of exterior area space labeled “Lease Area” and “Option 1, 2 & 3” at Redwood Marine Terminal II for aquaculture uses as shown in Exhibit A.
 - a) In the area labeled “Lease Area”, HBHRCD will remove all miscellaneous non structural piles and debris.
 - b) In the areas labeled “Machine Building”, HBHRCD will at its election either renovate the “Machine Building” to the same exterior condition as the warehouse and shops and stores building which was renovated in 2016 or remove the structure.
 - c) Tennant has the full discretion to remove, renovate, modify, or reuse all remaining structures and to construct any new structures so long as they receive a coastal development, building permit and other required permits.
 - d) Tennant may “Use” the area for aquaculture and other associated uses as long as they receive and remain in full compliance with any required coastal development and other “Use” permits.
 - e) The condition of the property shall be “AS IS”. The Landlord shall provide the Tennant with all available environmental tests and studies. The District Engineer, District Planner, and other District Staff will be available to facilitate the Landlord’s environmental consultant to evaluate the sites existing environmental condition.
 - f) The area 20 feet directly adjacent to the southern property boundary will be for a non exclusive use utility right of way.

- 2) **ADDITIONAL LEASE AREAS:**
 - a) **OCEAN OUTFALL:** Tennant will have non exclusive use of the Landlord’s Ocean Outfall Pipe to discharge up to six million gallons per day (GPD) of the over thirty (30) MGD capacity of the Ocean Outfall Pipe.
 - i) The lease/fee rate will be determined by a rate study prepared by the

- Landlord. The rate study will be completed within 90 days of execution of the lease.
- ii) Tenant shall receive and remain in compliance with all required Coastal Development, Water Quality and other permits prior to initiating and aquaculture discharge.
 - iii) Landlord shall remain in compliance and receive any required amendments to the Landlords lease for the Ocean Outfall pipe.
- b) ELECTRIC SUBSTATION: Tenant will have non exclusive use of the Landlords electric substation for up to eighteen Mega Watts of the approximately twenty (20) Mega Watt [twenty (20) volt - amps] the District has available.
- i) The Tenant will be responsible maintaining the substation for supplying their own power to the substation.
 - ii) The Landlord will pay Tenant the fee to utilize the remaining 2 megawatts available from the substation
 - iii) Tenant will pay a \$500,000 fee to utilize the electric substation. The fee will be paid at the end of the option period.
- c) DOCK: Tenant shall have non exclusive use of the Landlord's Dock. The dockage, moorage, wharfage, and other fees to use the Dock shall be those as established by the Humboldt Bay Harbor, Recreation, and Conservation District.
- d) WATER:
- i) Salt Water Well: Tenant may use the Landlord's existing salt water well at no additional cost. If Landlord does not activate the Salt Water Well by the start of the option period then the Landlord may utilize the well. Landlord may install additional salt water wells as long as they receive and remain in compliance with all required permits.
 - ii) Bay Water: Landlord grants to Tenant the non-exclusive right to access and use Landlord's "sea chest" so long as Tenant shall receive and remain in compliance with any required Governmental Approvals pertaining to its use of same. Tenant shall have the right to use at least 3,000 gallons per minutes of the 5,500 gallons per minutes capacity of such "sea chest." In connection with such use by Tenant, Landlord shall grant to Tenant a utility corridor from the dock to the lease area.
 - iii) Fresh Water: Landlord may use all existing water and fire suppression lines or remove as necessary. Prior to removing any fire and or water lines that serve the LANDLORD's other buildings. TENNANT shall install a new 10 inch mainline with fire hydrants appropriately spaced down the road north of the Shops and Stores Building and Warehouse Building and around the warehouse building as required by the fire department
- e) Domestic Wastewater: Landlord may use Landlord's septic tank and leach field as long as they receive authorization from required permitting agencies. Landlord may abandon the septic tank and leach field and connect into the proposed future Samoa Wastewater Treatment Plant as long as they connect the Landlord's existing buildings into the new system.

- f) Access Road: Landlord shall construct a new 50 foot wide access road with security gate as shown in Exhibit C if they take either Option 1 or 2

3) **DUE DILLIGENCE PERIOD:**

- a) The Landlord shall have a six month due diligence period to evaluate the site.
- b) The Landlord shall have until March 30, 2020 to submit applications for planning permits.

- 4) **TERM:** The term of the Lease shall be for 30 years with two (2) automatic 10 year renewals if lease has remained in good standing.

5)

- 6) **RENT:** The rent shall be as follows:

- a) Planning Period: For the first three years or upon issuance of a Coastal Development Permit shall pay the District \$20,000 per year. During this “Planning Period” the Landlord shall not have exclusive use of the property and the Landlord may use and lease portions of the property so long as they do not interfere with the planning / construction of aquaculture improvements.
- b) Aquaculture Operation Period: At the end of the “Planning Period Tennant shall have exclusive use and the rent shall increase to Lease Area \$159,128: Option 1 \$17,721; Option 2 \$8,217; and Option 3 \$12,420 per year with an annual rent increase based upon the Department of Labor Consumer Price Index, All Urban Consumers, West Coast Area for the most recent 12 months.