7C.1.b.

August 25, 2026

Request: Expedite completion and execution of the lease agreement between DNHCD and the Del Norte and Tribal Lands Community Food Council for the Gather & Grow Food Hub.

DNATL CFC is requesting that the DNHCD Board direct staff and legal counsel to work with CFC and its legal counsel to expedite negotiation of the Gather & Grow Food Hub lease, with the goal of bringing a substantially finalized agreement to both Boards for approval prior to the 2027 construction bidding process.

After the lawyers work through general lease terms we anticipate the need for DNHCD Board direction on the major business terms, particularly lease term, rent and recognition of CFC's capital investment, property tax responsibility, and the process for accessing DNHCD's $2 million construction commitment.

Topic	Key Question for DNHCD
Lease Term	How long should the lease run given the significant public and grant investment being made in the facility? Should there be renewal options?
Annual Rent	What annual rent should CFC pay once the Food Hub is constructed and operational?
CFC Capital Investment / Rent Offset	Should funds raised and invested by DNATL CFC into construction of the DNHCD-owned facility offset or reduce future rent? If so, how should that be calculated?
Property Taxes / Assessments	If property taxes or other assessments become applicable to the building or improvements, which entity is responsible?
DNHCD $2 Million Capital Commitment	How will DNHCD's committed $2 million be provided? Proposed process: DNATL CFC submits eligible construction/project invoices to DNHCD and DNHCD pays or reimburses those costs from its committed funds.
Ownership of Improvements	Clarify that the building and permanent improvements become or remain DNHCD property, while defining CFC's rights to occupy and operate the Food Hub over the lease term.
Maintenance & Capital Repairs	Clarify responsibility for routine maintenance versus major structural repairs and replacement of building systems.
Insurance / Liability	Establish insurance requirements and responsibilities for the building, operations, employees, customers, and equipment.
Early Termination	Determine protections for both organizations if the lease ends early, particularly given the amount of outside grant funding CFC is investing in the property.

7 C 16

FOOD HUB PREMISES LEASE

Between

DEL NORTE AND TRIBAL LANDS COMMUNITY FOOD COUNCIL

And

THE DEL NORTE COUNTY HEALTHCARE DISTRICT

Preamble and Recitals

This lease is entered into on ____________________[*date*] by and between the Del Norte County Healthcare District, a California governmental entity organized under the Local Health Care District Act, Health and Safety Code Section 32000 *et seq.* referred to in this lease as "Lessor," and the Del Norte and Tribal Lands Community Food Council, a 501(c)(3) non-profit corporation, referred to in this lease as "Lessee."

A. Lessor is the owner of certain real property in the County of Del Norte, State of California, described on Exhibit "____________________," which is attached and made a part of this lease (referred to in this lease as "the Premises").

B. Lessee desires to lease the Premises (together with certain appurtenant rights and easements) for the purpose of constructing a regional facility providing food-related community services, including, but not limited to, food storage, farmer's markets, a retail food market, commercial and teaching kitchens, and community event space ("the Food Hub"), appurtenant parking areas, and other related improvements (collectively referred to in this lease as "the Improvements") in accordance with the agreement of the parties as set forth in this lease.

C. The Food Hub will be a collaborative project of Lessor and Lessee, to which Lessor has agreed to make certain financial commitments, described herein, in furtherance of its mission to promote a collaborative approach to personal and community health through education, prevention, and healthcare services to residents of Del Norte County.

ARTICLE I

LEASE OF PREMISES AND TERM OF LEASE

Agreement to Lease

Section 1.01. For and in consideration of the rents to be paid and covenants to be performed by Lessee under this lease, Lessor agrees to lease the Premises to Lessee, and Lessee agrees to lease the Premises from Lessor, on the terms and conditions set forth in this lease. Except as expressly otherwise provided in this lease, "the Premises" includes the real property plus any appurtenances and easements described in Exhibit "____________________" of this lease, exclusive of any Improvements now or subsequently located on the Premises, notwithstanding that any Improvements may or will be construed as affixed to and as constituting part of the described Premises, and without regard to whether ownership of the Improvements is in Lessor or in Lessee.

Status of Title

Section 1.02. Title to the leasehold estate created by this lease is subject to all exceptions, easements, rights, rights-of-way, and other matters of record set forth on the Preliminary Title Report issued by ____________________[*name of title company*], dated ____________________, a copy of which is attached as Exhibit "____________________."

Term of Lease

Section 1.03. The term of this lease will commence upon execution, and continue for 60 years thereafter, unless terminated earlier as provided in this lease.

ARTICLE II

RENT

Annual Rent

Section 2.01. Lessee agrees to pay to Lessor annual rent ("Rent") for each year during the term of this lease in the amount of $____________________ per year. In consideration of ownership of Improvement transferring to Lessor at the end of the term, all funds Lessee contributes toward construction of the Improvements, not including Lessor's loan payments made pursuant to Section 2.02, will be credited toward the Rent, at the time the Rent becomes due. Such contributions will be fully accounted for and agreed upon in writing between Lessor and Lessee upon the completion of construction of all Improvements.

Loan Repayment

Section 2.02. It is anticipated that Lessor may borrow money in its name for the purpose of contributing to the Food Hub's construction. In addition to, and separate and apart from the Rent, Lessee will be responsible to make all required loan payments to or on behalf of Lessor, at such time and upon such terms and the Lessor's loan require.

Time and Place for Payment of Rent

Section 2.03. All Rent provided for in Section 2.01, after exhaustion of all credit for Lessee's contributions to the construction of the Improvements, will be paid by Lessee on a monthly basis on the first day of each calendar month. All Rent required under this lease will be paid to Lessor at 550 E. Washington Blvd., Crescent City, California, or any other place or places that Lessor may designate by written notice to Lessee.

No Partnership or Joint Venture

Section 2.04. Though the Food Hub is a collaborative project of Lessor and Lessee, nothing in this lease will be construed to render Lessor in any way or for any purpose a partner, joint venturer, or associate in any relationship with Lessee other than that of Lessor and Lessee, nor will this lease be construed to authorize either to act as agent for the other.

ARTICLE III

USE OF PREMISES

Permitted Use

Section 3.01. Lessee will use the Premises solely for the purpose of constructing, maintaining, and operating the Food Hub on a non-profit basis. Lessee will not change the use of the Premises without first obtaining the written consent of Lessor.

Compliance With Laws

Section 3.02. Lessee will, at Lessee's own cost and expense, comply with all statutes, ordinances, regulations, and requirements of all governmental entities, both federal and state and county or municipal, including those requiring capital improvements to the Premises or Improvements, relating to any use and occupancy of the Premises (and specifically not limited to any particular use or occupancy by Lessee), whether those statutes, ordinances, regulations, and requirements are now in force or are subsequently enacted. If any license, permit, or other governmental authorization is required for the lawful use or occupancy of the Premises or any portion of the Premises, Lessee will procure and maintain it throughout the term of this lease. The judgment of any court of competent jurisdiction, or the admission by Lessee in a proceeding brought against Lessee by any government entity, that Lessee has violated any such statute, ordinance, regulation, or requirement will be conclusive as between Lessor and Lessee and will constitute grounds for termination of this lease by Lessor.

Prohibited Uses

Section 3.03. Lessee will not use or permit the Premises or any portion of the Premises to be improved, developed, used, or occupied in any manner or for any purpose that is in any way in violation of any valid law, ordinance, or regulation of any federal, state, county, or local governmental agency, body, or entity. Furthermore, Lessee will not maintain, commit, or permit the maintenance or commission of any nuisance as now or hereafter defined by any statutory or decisional law applicable to the Premises or any part of the Premises.

ARTICLE IV

TAXES AND UTILITIES

Lessor to Pay Taxes

Section 4.01. Lessor will pay during the term of this lease, without abatement, deduction, or offset, any and all real and personal property taxes, general and special assessments, and other charges (including any increase caused by a change in the tax rate or by a change in assessed valuation) of any description levied or assessed during the term of this lease by any governmental agency or entity on or against the Premises, the Improvements located on the Premises, personal property located on or in the Premises or Improvements, and the leasehold estate created by this lease.

Utilities

Section 4.02. Lessee will pay or cause to be paid, and hold Lessor and Lessor's property including the Premises free and harmless from, all charges for the furnishing of gas, water, electricity, telephone service, and other public utilities to the Premises during the lease's term and for the removal of garbage and rubbish from the Premises during the term of this lease.

Payment by Lessor

Section 4.03. Should Lessee fail to pay within the time specified in this Article any taxes, assessments, or other charges required by this Article to be paid by Lessee, Lessor may, without notice to or demand on Lessee, pay, discharge, or adjust that tax, assessment, or other charge for the benefit of Lessee. In that event, Lessee will promptly on written demand of Lessor reimburse Lessor for the full amount paid by Lessor in paying, discharging, or adjusting that tax, assessment, or other charge together with interest thereon at the then-maximum legal rate from the date of payment by Lessor until the date of repayment by Lessee. If this Article does not specify the time within which Lessee must pay any charge required by this Article, Lessee will pay that charge before it becomes delinquent.

ARTICLE V

CONSTRUCTION OF IMPROVEMENTS

Cost of Construction

Section 5.01. Lessor will contribute $2 million dollars toward the costs of preconstruction and construction of the Improvements. Lessee will be responsible for all other costs of construction of the Improvements.

Lessor will work in good faith to secure any other necessary financing beyond said $2 million dollars and the funds contributed by Lessee, for the construction of the Improvements, including borrowing in Lessor's own name. Lessee will be responsible for reimbursing Lessor or to directly pay such loan obligations pursuant to Section 2.02.

Requirement of Lessor's Written Approval

Section 5.02. No structure or other improvement of any kind will be constructed on the Premises unless and until the plans, specifications, and proposed location of that structure or improvement have been approved in writing by Lessor. Furthermore, no structure or other improvement will be constructed on the Premises that does not comply with plans, specifications, and locations approved in writing by Lessor.

Preparation and Submission of Plans

Section 5.03. Lessee will, engage a licensed architect or engineer to prepare plans and specifications for the Improvements and will submit the following to Lessor for approval:

(a)

Within ____________________[*number*] days after execution of this lease, two copies of the following:

(1) Drawings and materials in the form of plans, elevations, sections, and rendered perspectives sufficient to convey the architectural design of the Food Hub to Lessor; and

(2) A statement of estimated construction costs for the Food Hub prepared by the engaged architect or engineer.

(b)

Within ____________________[*number*] days after approval by Lessor of the items specified in subsection (a) of this Section and the obtaining by Lessee of any variance permits, use permits, or rezoning required for the Food Hub, two copies of the following:

(1) Detailed working drawings, plans, and specifications for the Food Hub; and

(2) A revised statement of estimated construction costs for the Food Hub prepared by the engaged architect or engineer.

Lessor's Approval or Rejection of Plans

Section 5.04. Within ____________________ *[number]* days after receipt by Lessor of any of the documents submitted to Lessor for approval under Section 5.03 of this lease, Lessor will either approve those documents by endorsing Lessor's approval on each such document and returning one set of the documents to Lessee, or Lessor will give written notice to Lessee of any objections Lessor may have to those documents. Lessor's failure to give written notice to Lessee within that ____________________-day period of any objections Lessor may have to the documents will constitute approval of the documents by Lessor. Within ____________________ *[number]* days after service on Lessee of the written notice of Lessor's objections, Lessee may deliver corrective amendments to the documents to Lessor and Lessor will, within ____________________ *[number]* days after receiving the corrective amendments, serve written notice on Lessee of Lessor's approval or rejection of the documents as so amended. Failure of Lessor to serve written notice on Lessee within that ____________________-day period after receipt of the corrective amendments will constitute approval by Lessor of the documents as so amended.

Changes in Plans

Section 5.05. After approval by Lessor of the documents pertaining to the Food Hub described in Section 5.03(b) of this lease, any substantial change in the plans or specifications for the Food Hub will be approved by Lessor. For purposes of this Section, "substantial change" means one that materially changes the exterior appearance of the Food Hub or one that results in a decrease in construction costs of $____________________ *[amount, e.g.,* 50,000] or more. Lessor's failure to give written notice to Lessee of any objections Lessor may have to any proposed changes within ____________________ *[number]* days after a written statement of the proposed changes has been given to Lessor by Lessee will constitute Lessor's approval of the changes. Minor changes in work or materials not constituting a substantial change need not be approved by Lessor but a copy of the altered plans and specifications reflecting those changes will be given to Lessor.

Compliance with Public Constructions Laws

Section 5.06. All work required in the construction of the Food Hub, including any site preparation work, landscaping work, and utility installation work, as well as actual construction work on the Food Hub, will be performed only by competent contractors licensed under the laws of the State of California and will be performed in accordance with written contracts with those contractors. Lessee will be responsible for compliance with all public bidding, public construction, and prevailing wage laws to which the project may be subject. Lessee will also be responsible for the cost of any required environmental studies and review documents, including, but not limited to, review under the California Environmental Quality Act, Public Resources Code Section 21000 *et seq.*

Performance and Payment Bonds

Section 5.07. Each contractor engaged by Lessee to perform any services for construction of the Food Hub, including any construction, site preparation, utility installation, landscaping, or parking lot construction services, will furnish to Lessee, who will deliver copies of both of the following to Lessor, at the contractor's own expense at the time of entering a contract with Lessee for those services such Performance and Payments bonds as may be required by statute.

Compliance With Law and Standards

Section 5.08. The Food Hub will be constructed, all work on the Premises will be performed, and all buildings or other improvements on the Premises will be erected in accordance with all valid laws, ordinances, regulations, and orders of all federal, state, county, or local governmental agencies or entities having jurisdiction over the Premises; provided, however, that any structure or other improvement erected on the Premises, including the Food Hub, will be deemed to have been constructed in full compliance with all such valid laws, ordinances, regulations, and orders when a valid final Certificate of Occupancy entitling Lessee to occupy and use the structure or other improvement has been duly issued by proper governmental agencies or entities. All work performed on the Premises under this lease, or authorized by this lease, will be done in a good workmanlike manner and only with new materials of good quality and high standard.

Time for Completion

Section 5.09. Lessee will cause construction of the Food Hub to be commenced no later than ____________________[*number*] days after approval by Lessor of the documents described in Section 5.03(b) of this lease, will then cause construction of the Food Hub to be diligently pursued without unnecessary interruption, and will cause the Food Hub to be completed and ready for occupancy not later than ____________________[*number*] days after commencement of its construction. Lessee will be excused for any delays in construction or commencement of construction caused by the act of Lessor, the act of any agent of Lessor, the act of any governmental authority, the act of any public enemy, acts of God, the elements, war, war defense conditions, litigation, strikes, walkouts, or other causes beyond Lessee's control. Lessee will, however, use reasonable diligence to avoid any such delay and to resume construction as promptly as possible after the delay.

Zoning and Use Permits

Section 5.10. Should Lessee deem it necessary or appropriate to obtain any use permit, variance, or rezoning of the Premises to construct or operate the Food Hub, Lessor agrees to execute any documents, petitions, applications, and authorizations that may be necessary or appropriate and hereby appoints Lessee as Lessor's attorney in fact to execute in the name and on behalf of Lessor any such documents, petitions, applications, or authorizations; provided, however, that any such permits, variances, or rezoning will be obtained at the sole cost and expense of Lessee and Lessee agrees to protect and save Lessor and the property of Lessor, including the Premises, free and harmless from any such cost and expense.

Ownership of Improvements

Section 5.12. Title to all Improvements, including the Food Hub, to be constructed on the Premises by Lessee will be owned by Lessee until expiration of the term or earlier termination of this lease. All Improvements, including the Food Hub, on the Premises at the expiration of the term or earlier termination of this lease will, without compensation to Lessee, then automatically and without any act of Lessee or any third party become Lessor's property. Lessee will surrender the Improvements to Lessor at the expiration of the term or earlier termination of this lease, free and clear of all liens and encumbrances, other than those, if any, permitted under this lease or otherwise created or consented to by Lessor. Lessee agrees to execute, acknowledge, and deliver to Lessor any instrument requested by Lessor as necessary in Lessor's opinion to perfect Lessor's right, title, and interest to the Improvements and the Premises.

ARTICLE XI

ENCUMBRANCE OF LEASEHOLD ESTATE

Lessee's Right to Encumber

Section 6.01. Lessee may, at any time and from time to time during the term of this lease, encumber to any institutional lender regulated by state or federal authority (referred to in this lease as "Lender"), by deed of trust or mortgage or other security instrument, all of Lessee's interest under this lease and the leasehold estate hereby created in Lessee (referred to in this lease as a "Leasehold Encumbrance") for any purpose or purposes without the consent of Lessor. However, no Leasehold Encumbrance incurred by Lessee in accordance with this section will, and Lessee will not have power to incur any encumbrance that will, constitute in any way a lien or encumbrance on Lessor's fee interest in the Premises. Any Leasehold Encumbrance will be subject to all covenants, conditions, and restrictions set forth in this lease and to all rights and interests of Lessor, except as is otherwise provided in this lease. Lessee will give Lessor prior written notice of any Leasehold Encumbrance, together with a copy of the deed of trust, mortgage, or other security interest evidencing the Leasehold Encumbrance.

Notice to and Service on Lender

Section 6.02. Lessor will mail to any Lender who has given Lessor written notice of its name and address, a duplicate copy of any and all notices Lessor may from time to time give to or serve on Lessee in accordance with or relating to this lease, including but not limited to any notice of default, notice of termination, or notice regarding any matter on which Lessor may predicate or claim a default. Any notices or other communications permitted by this or any other section of this lease or by law to be served on or given to Lender by Lessor will be deemed duly served on or given to Lender when deposited in the United States mail, first-class postage prepaid, addressed to Lender at the last mailing address for Lender furnished in writing by Lender to Lessor.

No Modification Without Lender's Consent

Section 6.03. For as long as there is any Leasehold Encumbrance in effect, Lessee and Lessor hereby expressly stipulate and agree that they will not modify this lease in any way nor cancel this lease by mutual agreement without the written consent of Lender having that Leasehold Encumbrance.

Right of Lender to Realize on Security

Section 6.04. A Lender with a Leasehold Encumbrance will have the right at any time during the term of this lease and the existence of the encumbrance to do both of the following:

(a)

Any act or thing required of Lessee under this lease, and any such act or thing done and performed by Lender will be as effective to prevent a forfeiture of Lessee's rights under this lease as if done by Lessee; and

(b)

Realize on the security afforded by the leasehold estate by foreclosure proceedings, accepting an assignment in lieu of foreclosure, or other remedy afforded in law or in equity or by the security instrument evidencing the Leasehold Encumbrance (referred to in this lease as "the Security Instrument"), and

(1) To transfer, convey, or assign the title of Lessee to the leasehold estate created by this lease to any purchaser at any foreclosure sale, whether the foreclosure sale is conducted under court order or a power of sale contained in the Security Instrument, or to an assignee under an assignment in lieu of foreclosure; and

(2) To acquire and succeed to the interest of Lessee under this lease by virtue of any foreclosure sale, whether the foreclosure sale is conducted under a court

order or a power of sale contained in the Security Instrument, or by virtue of an assignment in lieu of foreclosure.

The Lender or any person or entity acquiring the leasehold estate will be liable to perform Lessee's obligations under this lease only during the period, if any, in which that entity or person has ownership of the leasehold estate or possession of the Premises.

Right of Lender to Cure Defaults

Section 6.05. For as long as there is in effect any Leasehold Encumbrance, before Lessor may terminate this lease because of any default under or breach of this lease by Lessee, Lessor must give written notice of the default or breach to Lender and afford Lender the opportunity after service of the notice to do one of the following:

(a)

Cure the breach or default within ____________________ [*number*] days after expiration of the time period granted to Lessee under this lease for curing a default, when the default can be cured by the payment of money to Lessor or some other person;

(b)

Cure the breach or default within ____________________ [*number*] days after expiration of the time period granted to Lessee under this lease for curing a default, when the breach or default must be cured by something other than the payment of money and can be cured within that time; or

(c)

Cure the breach or default in any reasonable time that may be required when something other than money is required to cure the breach or default and cannot be performed within ____________________ [*specify same number recited in subparagraph (b), above*] days after expiration of the time period granted to the Lessee under this lease for curing a default, provided that acts to cure the breach or default are commenced within that time period after service of notice of default on Lender by Lessor and are thereafter diligently continued by Lender.

Foreclosure in Lieu of Curing Default

Section 6.06. Notwithstanding any other provision of this lease, a Lender under a Leasehold Encumbrance may forestall termination of this lease by Lessor for a default under or breach of this lease by Lessee by commencing proceedings to foreclose the Leasehold Encumbrance. The proceedings so commenced may be for foreclosure of the Leasehold Encumbrance by order of court or for foreclosure of the Leasehold Encumbrance under a power of sale contained in the Security Instrument. The proceedings will not, however, forestall termination of this lease by Lessor for the default or breach by Lessee unless all of the following conditions are met:

(a)

The proceedings are commenced within ____________________[*number*] days after service on Lender of the notice described in Section 6.05 of this lease;

(b)

The proceedings are, after having been commenced, diligently pursued in the manner required by law to completion; and

(c)

Lender keeps and performs all of the terms, covenants, and conditions of this lease requiring the payment or expenditure of money by Lessee until the foreclosure proceedings are complete or are discharged by redemption, satisfaction, payment, or conveyance of the leasehold estate to Lender.

Assignment Without Consent on Foreclosure

Section 6.07. A transfer of Lessee's leasehold interest under this lease to any of the following will not require the prior consent of Lessor:

(a)

A purchaser at a foreclosure sale of the Leasehold Encumbrance, whether the foreclosure sale is conducted under court order or a power of sale in the instrument creating the encumbrance, provided Lender under the Leasehold Encumbrance gives Lessor written notice of the transfer, including the name and address of the purchaser and the effective date of the transfer;

(b)

An assignee of the leasehold estate of Lessee under an assignment in lieu of foreclosure, provided Lender under the Leasehold Encumbrance gives Lessor written notice of the transfer, including the name and address of the assignee and the effective date of the assignment; or

(c)

A purchaser or assignee of the purchaser at a foreclosure sale of the Leasehold Encumbrance or of the assignee of the leasehold estate of Lessee acquired under an assignment in lieu of foreclosure, provided the purchaser or assignee delivers to Lessor its written agreement to be bound by all of the provisions of this lease.

New Lease to Lender

Section 6.08. Notwithstanding any other provision of this lease, should this lease terminate because of any default under or breach of this lease by Lessee, Lessor agrees to enter into a new lease for the Premises with Lender under a Leasehold Encumbrance, as Lessee, provided all of the following conditions are satisfied:

(a)

A written request for the new lease is served on Lessor by Lender within ____________________[*number*] days after service on Lender of the notice described in Section 6.05 of this lease;

(b)

The new lease

(1) Is for a term ending on the same date the term of this lease would have ended had this lease not been terminated;

(2) Provides for the payment of rent at the same rate that would have been payable under this lease during the remaining term of this lease had this lease not been terminated; and

(3) Contains the same terms, covenants, conditions, and provisions as are contained in this lease (except those that have already been fulfilled or are no longer applicable);

(c)

Lender, on execution of the new lease by Lessor, will pay any and all sums that would at the time of the execution of the new lease be due under this lease but for its termination and will otherwise fully remedy, or agree in writing to remedy, any other defaults under or breaches of this lease committed by Lessee that can be remedied;

(d)

Lender, on execution of the new lease, will pay all reasonable costs and expenses, including attorneys' fees and court costs, incurred in terminating this lease, recovering possession of the Premises from Lessee or the representative of Lessee, and preparing the new lease;

(e)

The new lease will be subject to all existing subleases between Lessee and subLessees, provided that for any sublease, the subLessee agrees in writing to attorn to Lender (or its assignee); and

(f)

The new lease will be assignable by Lender but not by any assignee of Lender without the prior written consent of Lessor.

No Merger of Leasehold and Fee Estates

Section 6.09. For as long as any Leasehold Encumbrance is in existence, there will be no merger of the leasehold estate created by this lease and the fee estate of Lessor in the Premises merely because both estates have been acquired or become vested in the same person or entity, unless Lender otherwise consents in writing.

Lender as Assignee of Lease

Section 6.10. No Lender under any Leasehold Encumbrance will be liable to Lessor as an assignee of this lease unless and until Lender acquires all rights of Lessee under this lease through foreclosure, an assignment in lieu of foreclosure, or as a result of some other action or remedy provided by law or by the instrument creating the Leasehold Encumbrance.

Lender as Including Subsequent Security Holders

Section 6.11. Except for purposes of Section 6.08, the term "Lender" as used in this lease will mean not only the institutional lender that loaned money to Lessee and is named as beneficiary, mortgagee, secured party, or security holder in the Security Instrument creating any Leasehold Encumbrance, but also all subsequent purchasers or assignees of the leasehold interest secured by the Leasehold Encumbrance.

Two or More Lenders

Section 6.12. In the event two or more Lenders each exercise their rights under this lease and there is a conflict that renders it impossible to comply with all requests of Lenders, the Lender whose Leasehold Encumbrance would have senior priority in the event of a foreclosure will prevail.

ARTICLE VII

REPAIRS AND RESTORATION

Maintenance by Lessee

Section 7.01. At all times during the term of this lease Lessee will, at Lessee's own cost and expense, keep and maintain the Premises, all Improvements, and all appurtenances (including landscaped and parking areas) now or hereafter on the Premises in a first-class condition, in good order and repair, and in a safe and clean condition.

Requirements of Governmental Agencies

Section 7.02. At all times during the term of this lease, Lessee, at Lessee's own cost and expense, will do all of the following:

(a)

Make all alterations, additions, or repairs to the Premises or the Improvements on the Premises required by any valid law, ordinance, statute, order, or regulation now or hereafter made or issued by any federal, state, county, local, or other governmental agency or entity;

(b)

Observe and comply with all valid laws, ordinances, statutes, orders, and regulations now or hereafter made or issued respecting the Premises or the Improvements on the Premises by any federal, state, county, local, or other governmental agency or entity;

(c)

Contest if Lessee, in Lessee's sole discretion, desires by appropriate legal proceedings brought in good faith and diligently prosecuted in the name of Lessee, or in the names of Lessee and Lessor when appropriate or required, the validity or applicability to the Premises of any law, ordinance, statute, order, or regulation now or hereafter made or issued by any federal, state, county, local, or other governmental agency or entity; provided, however, that any such contest or proceeding, though maintained in the names of Lessee and Lessor, will be without cost to Lessor, and Lessee will protect the Premises and Lessor from Lessee's failure to observe or comply during the contest with the contested law, ordinance, statute, order, or regulation; and

(d)

Indemnify and hold Lessor and the property of Lessor, including the Premises, free and harmless from any and all liability, loss, damages, fines, penalties, claims, and actions resulting from Lessee's failure to comply with and perform the requirements of this section.

Lessee's Duty to Restore Premises

Section 7.03. If at any time during this lease's term, any Improvements now or hereafter on the Premises are destroyed in whole or in part by fire, theft, the elements, or any other cause not the fault of Lessor, this lease will continue in full force and effect and Lessee, at Lessee's own cost and expense, will repair and restore the damaged Improvements. Any restoration by Lessee will comply with original plans for the Improvements described in Article 5, except as may be modified by Lessee to comply with the terms of any sublease of the Improvements, or except as may be otherwise modified by Lessee and approved in writing by Lessor. The work of repair and restoration will be commenced by Lessee within ____________________[*time period, e.g.,* 120 days] after the damage or destruction occurs and will be completed with due diligence not later than ____________________[*time period, e.g.,* one year] after the work is commenced. In all other respects, the work of repair and restoration will be done in accordance with the requirements for original construction work on the Premises set forth in Article 5 of this lease. Lessee's obligation for restoration described in this section will exist whether or not funds are available from insurance proceeds.

Option to Terminate Lease for Destruction

Section 7.04. Notwithstanding Section 7.03 of this lease, Lessee will have the right to terminate this lease if, during the last ____________________[*time period, e.g.,* five years] of the lease's term, the Improvements are damaged or destroyed by a casualty for which Lessee is not required under this lease to carry insurance and the cost to repair or restore the damaged or destroyed Improvements exceeds ____________________[*agreed-on percentage, e.g.,* 50 percent] of the fair market value of the Improvements immediately before the damage or destruction.

Application of Insurance Proceeds

Section 7.05. Any and all fire or other insurance proceeds that become payable at any time during the term of this lease because of damage to or destruction of any Improvements on the Premises will be paid to Lessee and applied by Lessee toward the cost of repairing and restoring the damaged or destroyed Improvements in the manner required by Section 7.03 of this lease, or, if this lease is terminated under Section 7.04, applied by Lessee toward payment of the Leasehold Encumbrance(s).

ARTICLE VIII

INDEMNITY AND INSURANCE

Indemnity Agreement

Section 8.01. Lessee will indemnify and hold Lessor and Lessor's property, including the Premises and Improvements now or hereafter on the Premises, free and harmless from any and all liability, claims, loss, damages, or expenses resulting from Lessee's occupation and use of the Premises, specifically including, without limitation, any liability, claim, loss, damage, or expense arising by reason of the following:

(a)

The death or injury of any person, including Lessee or any person who is an employee or agent of Lessee, or by reason of the damage to or destruction of any property, including property owned by Lessee or by any person who is an employee or agent of Lessee, from any cause whatever while that person or property is in or on the Premises or in any way connected with the Premises or with any of the Improvements or personal property on the Premises;

(b)

The death or injury of any person, including Lessee or any person who is an employee or agent of Lessee, or by reason of the damage to or destruction of any property, including property owned by Lessee or any person who is an employee or agent of Lessee, caused or allegedly caused by either (1) the condition of the Premises or some building or improvement on the Premises, or (2) some act or omission on the Premises of Lessee or any person in, on, or about the Premises with the permission and consent of Lessee;

(c)

Any work performed on the Premises or materials furnished to the Premises at the instance or request of Lessee or any person or entity acting for or on behalf of Lessee; or

(d)

Lessee's failure to perform any provision of this lease or to comply with any requirement of law or any requirement imposed on Lessee or the Premises by any duly authorized governmental agency or political subdivision.

Liability Insurance

Section 8.02. Lessee will, at Lessee's own cost and expense, procure and maintain during the entire term of this lease a broad form comprehensive coverage policy of public liability insurance issued by an insurance company licensed by the State of California insuring Lessee and Lessor against loss or liability caused by or connected with Lessee's occupation and use of the Premises under this lease in amounts not less than the following:

(a)

$____________________ for injury to or death of one person and, subject to that limitation for the injury or death of one person, of not less than $____________________ for injury to or death of two or more persons as a result of any one accident or incident; and

(b)

$____________________ for damage to or destruction of any property.

Fire and Casualty Insurance

Section 8.03. Lessee will, at Lessee's own cost and expense, at all times during the term of this lease, keep all Improvements on the Premises insured for their full replacement value [*or* for ____________________ (*number*) percent of their full replacement value] by insurance companies authorized to do business in the State of California against loss or destruction by fire and the perils commonly covered under the standard extended coverage endorsement to fire insurance policies in the county where the Premises are located. For as long as there is any

Leasehold Encumbrance in existence, that policy will also contain a standard lender endorsement.

Specific Perils to Be Insured

Section 8.04. Notwithstanding anything to the contrary contained in Section 8.03 of this lease, the insurance required by Section 8.03 of this lease will, whether or not included in the standard extended coverage endorsement referred to in Section 8.03, insure all Improvements on the Premises against loss or destruction by windstorm, cyclone, tornado, hail, explosion, riot, riot attending a strike, civil commotion, malicious mischief, vandalism, aircraft, fire, smoke damage, and sprinkler leakage. Furthermore, the insurance required by Section 8.03 of this lease during the construction of the Food Hub described in Article 5 will include coverage for course of construction, vandalism, and malicious mischief, insuring the Food Hub during its construction and all materials delivered to the site of the Food Hub for their full insurable value.

Deposit of Insurance With Lessor and Lender

Section 8.05. Lessee will, within 10 days after the execution of this lease and promptly thereafter when any such policy is replaced, rewritten, or renewed, deliver to Lessor and Lender a true and correct copy of each insurance policy required by this Article of this lease or a certificate executed by the insurance company or companies or their authorized agent evidencing that policy or policies.

Notice of Cancellation of Insurance

Section 8.06. Each insurance policy required under this Article will contain a provision that it cannot be cancelled for any reason unless at least ____________________[*minimum notice period, e.g.,* 10 days'] prior written notice of the cancellation is given to Lessor and to Lender in the manner required by this lease for service of notices on Lessor by Lessee.

ARTICLE IX

CONDEMNATION

Total Condemnation

Section 9.01. If, during the term of this lease, fee title to all of the Premises or to all of the Improvements, or the entire leasehold estate of Lessee is taken under the power of eminent domain by any public or quasi-public agency or entity (a "Total Taking"), this lease will terminate as of 12:01 A.M. on whichever of the following occurs first: (1) the date legal title becomes vested in the agency or entity exercising the power of eminent domain, or (2) the date actual physical possession is taken by the agency or entity exercising the power of eminent domain. Thereafter, both Lessor and Lessee will be released from all obligations under this lease, except those specified in Section 9.05.

Partial Taking—Parking Areas

Section 9.02. If, at any time during the term of this lease, a taking occurs that is less than a Total Taking and affects the parking areas for the Food Hub, all compensation and damages payable for that taking will be made available to and used, to the extent reasonably needed, by Lessee to repair any portion of the remaining parking areas damaged by the taking and to replace the parking areas taken with other new parking areas on the portion of the Premises not taken, provided that replacement is then permitted by existing law. Plans and specifications for the replacement parking areas must first be approved in writing by Lessor but may include, when practicable and when permitted by law, deck parking facilities to replace ground level parking facilities taken by eminent domain. Notwithstanding anything to the contrary in this section, if the portion of the parking areas taken by eminent domain results in a net loss of ____________________[*specify, e.g.,* 10 percent] or more of the area of the Premises that can, after considering any replacement parking areas that can be lawfully constructed on the remaining portion of the Premises by reasonable methods, be devoted to parking areas as compared with the area devoted to those parking areas immediately before the taking, Lessee may terminate this lease in the manner prescribed by Section 9.04 of this lease.

Partial Taking—Improvements

Section 9.03. If at any time during the term of this lease a taking occurs that is less than a Total Taking and affects the rentable portion of the Improvements on the Premises, all compensation and damages payable for that taking (excluding any portion payable for a taking of parking areas) will be made available to and used, to the extent reasonably needed, by Lessee to repair any portion of the remaining rentable portion of the Improvements damaged by the taking and to replace the rentable portion of the Improvements taken with other new rentable space on the portion of the Premises not taken, provided that replacement is then permitted by existing law. Plans and specifications for the replacement rental space must be compatible, in terms of architecture and quality of construction, with the Improvements not taken and must be first approved in writing by Lessor. Notwithstanding anything to the contrary in this Section, if the rentable portion of the Improvements taken by eminent domain results in a net loss of ____________________[*specify, e.g.,* 10 percent] or more of the area of the Premises that can, after considering any replacement rentable space that can be lawfully constructed on the remaining portion of the Premises, be devoted to rentable space as compared with the area devoted to that rentable space immediately before the taking, Lessee may terminate this lease in the manner prescribed by Section 9.04 of this lease.

Termination for Partial Taking

Section 9.04. Lessee may terminate this lease for the reasons stated in either Section 9.02 or Section 9.03 of this lease, or both, by serving written notice of termination on Lessor within ____________________[*time period, e.g.,* 90 days] after Lessee has received from Lessor or from the condemning authority written notice of an intended taking that sets forth the extent and scope of the intended taking. If Lessee elects to terminate this lease, the effective date of termination will be the earlier of (1) the date of termination specified in Lessee's notice to Lessor or (2) the date the condemning authority takes physical possession of the portion of the Premises taken by eminent domain.

Condemnation Award

Section 9.05. Any compensation or damages awarded or payable because of the taking of all or any portion of the Premises by eminent domain will be allocated between Lessor and Lessee as follows:

(a)

All compensation or damages awarded or payable for the taking by eminent domain of any land that is part of the Premises will be paid to and be the sole property of Lessor, free and clear of any claim of Lessee or any person claiming rights to the Premises through or under Lessee.

(b)

All compensation or damages awarded or payable because of any Improvements constructed or located on the portion of the Premises taken by eminent domain when only a portion of the Premises is taken by eminent domain and Lessee is not entitled to or does not terminate this lease will be applied in the manner specified in Section 9.02 or Section 9.03 toward the replacement of those Improvements with equivalent new Improvements on the remaining portions of the Premises.

(c)

All compensation or damages awarded or payable because of any Improvements constructed or located on the portion of the Premises taken by eminent domain when this lease is terminated because of the taking by eminent domain, whether all or only a portion of the Premises is taken by eminent domain, will be allocated between Lessee and Lessor as follows:

(1) That percentage of the compensation or damages awarded or payable because of the Improvements that equals the percentage of the full term of this lease that has, at the time of the taking, not expired will belong to and be the sole property of Lessee.

(2) That percentage of the compensation or damages awarded or payable because of the Improvements that equals the percentage of the full term of this lease that has, at the time of the taking, expired will belong to and be the sole property of Lessor.

(3) The term "time of taking" as used in this subparagraph will mean 12:01 A.M. of whichever of the following will first occur: the date that title, or the date that physical possession of the portion of the Premises on which the Improvements are located, is taken by the agency or entity exercising the eminent domain power.

(d)

Any severance damages awarded or payable because only a portion of the Premises is taken by eminent domain will be

(1) The sole and separate property of Lessee during the first ____________________ [*number*] years of the term of this lease;

(2) Equally divided, except to the extent needed to replace any Improvements taken by eminent domain with equivalent Improvements on the remaining portion of the Premises when Lessee cannot or does not terminate this lease, between Lessor and Lessee during the ____________________ [*number*] to ____________________ [*number*] years of the term of this lease; and

(3) The sole and separate property of Lessor during the last ____________________ [*number*] years of the term of this lease.

Rent Abatement for Partial Taking

Section 9.06. If title and possession of only a portion of the Premises is taken under the power of eminent domain by any public or quasi-public agency or entity during the term of this lease and Lessee does not or cannot under Section 9.02 or Section 9.03 terminate this lease, then this lease will terminate as to the portion of the Premises taken under eminent domain as of 12:01 A.M. on whichever of the following first occurs: the date title is taken, or the date actual physical possession of the portion taken by eminent domain is taken, by the agency or entity exercising the eminent domain power. Furthermore, the rent payable under this lease will, as of that time, be reduced in the same proportion that the value of the portion of the Premises taken by eminent domain bears to the full value of the Premises at that time; provided, however, that Lessee will, subject to the provisions of Sections 9.02 and 9.03 of this lease, replace any Improvements or facilities with equivalent new facilities on the remaining portion of the Premises and do all other acts at Lessee's own cost and expense required by the eminent domain taking to make the remaining portion of the Premises fit for the uses specified in this lease.

Voluntary Conveyance in Lieu of Eminent Domain

Section 9.07. A voluntary conveyance by Lessor of title to all or a portion of the Premises to a public or quasi-public agency or entity in lieu of and under threat by that agency or entity to take it by eminent domain proceedings will be considered a taking of title to all or any portion of the Premises under the power of eminent domain subject to the provisions of this Article.

ARTICLE X

ASSIGNMENT AND SUBLEASING

No Assignment Without Lessor's Consent

Section 10.01. Lessee may assign this lease or any interest in this lease, subject to the prior written consent of Lessor. Lessor will not unreasonably withhold or delay its consent, and will grant consent if the proposed assignee is financially qualified and has sufficient experience in the operation and management of commercial Food Hubs to perform all the agreements, undertakings, and covenants of this lease and all other agreements entered into by Lessee which relate to the management, operation, maintenance, construction, and restoration of the Improvements and the Premises. To assist Lessor in determining whether or not the proposed assignee is so qualified, Lessee will furnish to Lessor at no expense to Lessor, before that assignment, detailed and complete financial statements of the proposed assignee, audited by a certified public accountant reasonably satisfactory to Lessor (if the proposed transferee causes its statements to be so audited in its normal course of business), together with detailed and complete information about the business of the proposed assignee, including its experience in operating uses associated with the Food Hub, the use to be made of the Premises and Improvements by the proposed assignee, projections by the proposed assignee of the sources of funds to be used to repay any indebtedness of Lessee that the proposed assignee will assume or take subject to, or agree to pay to Lessee, and other claims on and requirements for those funds, together with any other information as Lessor may reasonably require to assist Lessor in determining whether or not the proposed assignee is so qualified. Lessor will have ____________________[*time period for approval, e.g.,* 30 days] after receipt of the information described above to notify Lessee of whether it consents or does not consent to the proposed assignment. Absent any such notification by Lessor during the ____________________[*same time period set forth in preceding sentence, e.g.,* 30-day period], Lessor will be conclusively deemed to have consented to the assignment. A consent by Lessor to one assignment will not be deemed to be a consent to any subsequent assignment. Any assignment made contrary to the terms of this section will be null and void unless otherwise permitted by this Article.

Leasehold Encumbrances and Subsequent Transfers

Section 10.02. Notwithstanding the provisions of Section 10.01 of this lease, Lessee may without the prior written consent of Lessor transfer and assign all Lessee's interest under this lease and Lessee's leasehold estate created under this lease to a Lender under a Leasehold Encumbrance. Any transfer, conveyance, or assignment resulting from a foreclosure or acceptance of a deed in lieu of foreclosure by any Lender, or any transfer, conveyance, or assignment by any Lender following its acquisition of this lease and the leasehold estate of Lessee created by this lease as a result of foreclosure or acceptance of a deed in lieu of foreclosure will not require the prior consent of Lessor.

Lessee's Right to Sublease

Section 10.03. Lessee will have the right to sublease all or any portion of the Premises from time to time, and at all times during the term of this lease, without Lessor's consent; provided, however, that the following conditions are met:

(a)

The term of any sublease will not extend beyond the term of this lease;

(b)

Any and all subleases will be expressly made subject to all of the terms, covenants, and conditions of this lease; and

(c)

Any sublessee will be required to attorn to Lessor in the event of Lessee's default under this lease.

Transfers to or by Corporation

Section 10.04. Notwithstanding Section 10.01 of this lease, Lessee may, without the prior consent of Lessor, transfer and assign all of Lessee's interest under the lease and the leasehold estate created under this lease to a corporation now or hereafter organized in which Lessee owns at least ______________________[*agreed-on percentage, e.g.,* 80 percent] of all outstanding shares of stock. If Lessee is a corporation, or if Lessee's interest in this lease is assigned to a corporation under the sentence above, any transfer or assignment of any stock or interest in the corporation totaling in the aggregate more than ______________________[*specify, e.g.,* 25 percent] of all such stock or interest in the corporation will be considered an assignment of this lease requiring the prior written consent of Lessor and subject to the standards set forth in Section 10.01; provided, however, that any transfer of shares to a shareholder's spouse, children, or grandchildren caused by the shareholder's death will be excepted from this requirement.

ARTICLE XI

DEFAULT AND REMEDIES

Continuation of Lease in Effect

Section 11.01. Should Lessee breach this lease and abandon the Premises before the natural expiration of the lease's term, Lessor may continue this lease in effect by not terminating Lessee's right to possession of the Premises, in which event Lessor will be entitled to enforce all Lessor's rights and remedies under this lease, including the right to recover the rent specified in this lease as it becomes due under this lease.

Termination and Unlawful Detainer

Section 11.02. In the event of a Lessee default under this lease, Lessor may terminate this lease by written notice to Lessee and may also do the following:

(a)

Bring an action to recover the following from Lessee:

(1) The worth at the time of award of the unpaid rent that had been earned at the time of termination of the lease;

(2) The worth at the time of award of the amount by which the unpaid rent that would have been earned after termination of the lease until the time of award exceeds the amount of rental loss that Lessee proves could have been reasonably avoided;

(3) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that Lessee proves could be reasonably avoided; and

(4) Any other amount necessary to compensate Lessor for all detriment proximately caused by Lessee's failure to perform Lessee's obligations under this lease; and

(b)

Bring an action, in addition to or in lieu of the action described in subsection (a) of this section, to reenter and regain possession of the Premises in the manner provided by the laws of unlawful detainer of the State of California then in effect.

Breach and Default by Lessee

Section 11.03. All covenants and agreements contained in this lease are declared to be conditions to this lease and to the term hereby leased to Lessee. Should Lessee fail to perform any covenant, condition, or agreement contained in this lease and the default is not be cured within ____________________[*number, e.g.,* 30 days] after written notice of the default is served on Lessee by Lessor, then Lessee will be in default under this lease. In addition to Lessee's failure to perform any covenant, condition, or agreement contained in this lease within the cure period permitted by this section, the following will constitute a default by Lessee under this lease:

(a)

The appointment of a receiver to take possession of the Premises or Improvements, or of Lessee's interest in, to, and under this lease, the leasehold estate or of Lessee's operations on the Premises for any reason, including, without limitation, assignment for benefit of creditors or voluntary or involuntary bankruptcy proceedings, when not released within ____________________[*number, e.g.,* 60 days];

(b)

An assignment by Lessee for the benefit of creditors; or the voluntary filing by Lessee or the involuntary filing against Lessee of a petition, other court action, or suit under any law for the purpose of (1) adjudicating Lessee a bankrupt, (2) extending time for payment, (3) satisfaction of Lessee's liabilities, or (4) reorganization, dissolution, or arrangement on account of, or to prevent, bankruptcy or insolvency; provided, however, that in the case of an involuntary proceeding, if all consequent orders, adjudications, custodies, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within ____________________[*number, e.g.,* 90 days] after the filing or other initial event, then Lessee will not be in default under this Section; and

(c)

The subjection of any right or interest of Lessee to or under this lease to attachment, execution, or other levy, or to seizure under legal process when the claim against Lessee is not released within ____________________[*number, e.g.,* 90 days].

Cumulative Remedies

Section 11.04. The remedies given to Lessor in this Article will not be exclusive but will be cumulative with and in addition to all remedies now or hereafter allowed by law and elsewhere provided in this lease.

Waiver of Breach

Section 11.05. The waiver by Lessor of any breach by Lessee of any of the provisions of this lease will not constitute a continuing waiver or a waiver of any subsequent breach by Lessee of either the same or a different provision of this lease.

Surrender of Premises

11.06. On expiration or earlier termination of this lease, Lessee will surrender the Premises and all Improvements in or on the Premises to Lessor in as good, safe, and clean condition as practicable, reasonable wear and tear excepted.

ARTICLE XII

OTHER PROVISIONS

Force Majeure

Section 12.01. Except as otherwise expressly provided in this lease, if the performance of any act required by this lease to be performed by either Lessor or Lessee is prevented or delayed by reason of any act of God, strike, lockout, labor trouble, inability to secure materials, restrictive governmental laws or regulations, or any other cause (except financial inability) not the fault of the party required to perform the act, the time for performance of the act will be extended for a period equivalent to the period of delay and performance of the act during the period of delay will be excused. However, nothing contained in this section will excuse the prompt payment of rent by Lessee as required by this lease or the performance of any act rendered difficult or impossible solely because of the financial condition of the party required to perform the act.

Attorneys' Fees

Section 12.02. Should any litigation be commenced between the parties to this lease concerning the Premises, this lease, or the rights and duties of either in relation thereto, the party prevailing in that litigation will be entitled, in addition to any other relief that may be granted in the litigation, to a reasonable sum as and for that party's attorneys' fees in that litigation that will be determined by the court in that litigation or in a separate action brought for that purpose.

Notices to Lessor

Section 12.03. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this lease or by law to be served on or given to Lessor by Lessee or any Lender described in Article 6 of this lease will be in writing and will be deemed duly served and given when personally delivered to Lessor, to any managing employee of Lessor, or, in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, and sent by express mail that allows for tracking, addressed to Lessor at ____________________[*address*]. Lessor may change Lessor's address for the purpose of this Section by giving written notice of that change to Lessee in the manner provided in Section 12.04; Lessee will then transmit a copy of that notice to any Lender described in Article 6 of this lease.

Notices to Lessee

Section 12.04. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this lease or by law to be served on or given to Lessee by Lessor will be in writing and will be deemed duly served and given when personally delivered to Lessee, any managing employee of Lessee, or, in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, and sent by express mail that allows for tracking, addressed to Lessee at ____________________[*address*]. Lessee may change its address for the purpose of this section by giving written notice of that change to Lessor in the manner provided in Section 12.03 of this lease.

Governing Law

Section 12.05. This lease, and all matters relating to this lease, will be governed by the laws of the State of California in force at the time any need for interpretation of this lease or any decision or holding concerning this lease arises.

Binding on Heirs and Successors

Section 12.06. This lease will be binding on and will inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto, but nothing in this section will be construed as a consent by Lessor to any assignment of this lease or any interest in the lease by Lessee except as provided in Article 10 of this lease.

Partial Invalidity

Section 12.07. If any provision of this lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this lease will remain in full force and effect unimpaired by the holding.

Sole and Only Agreement

Section 12.08. This instrument constitutes the sole and only agreement between Lessor and Lessee respecting the Premises, the leasing of the Premises to Lessee, the construction of the Food Hub described in this lease on the Premises, and the lease terms set forth in this lease, and correctly sets forth the obligations of Lessor and Lessee to each other as of its date. Any agreements or representations respecting the Premises, their leasing to Lessee by Lessor, or any other matter discussed in this lease not expressly set forth in this instrument are null and void.

Time of Essence

Section 12.09. Time is expressly declared to be of the essence of this lease.

Memorandum of Lease for Recording

Section 12.10. Neither Lessor nor Lessee will record this lease without the written consent of the other. However, Lessor and Lessee will, at the request of either at any time during the term of this lease, execute a memorandum or "short form" of this lease for purposes of, and in a form suitable for, recordation. The memorandum or "short form" of this lease will describe the parties, set forth a description of the leased premises, specify the term of this lease, incorporate this lease by reference, and include any other provisions required by Lender(s).

EXECUTED on ____________________[*date*], at ____________________[*city*], California.

____________________ [*signature of Lessor*]

[*typed name*]

LESSOR

____________________ [*signature of Lessee*]

[*typed name*]

LESSEE

7C1C

DNHCD TCC Co-Applicant – Board Overview

Transformative Climate Communities (TCC) Round 6
Lead Applicant: Tolowa Dee-ni' Nation | **Total Application:** Approx. $27 million
Potential Gather & Grow Food Hub Investment: Up to $5 million

Request to DNHCD

The Del Norte Healthcare District (DNHCD) is being asked to serve as a Co-Applicant on Tolowa Dee-ni' Nation's TCC application for the Health & Wellbeing Strategy, specifically in relation to the Gather & Grow Food Hub. DNATL Community Food Council will also serve as a Co-Applicant and Food Hub implementation partner.

Strategic Growth Council & Transformative Climate Communities Grant Overview

The California Strategic Growth Council (SGC) is a state agency that coordinates investments across housing, transportation, climate, public health, natural resources, and community development. SGC focuses many of its programs on communities experiencing high levels of pollution, economic disadvantage, and climate vulnerability.

The Transformative Climate Communities (TCC) Program is one of SGC's major place-based climate investment programs. Rather than funding a single project, TCC supports community-led partnerships that combine multiple projects and strategies to reduce greenhouse gas emissions while producing significant health, environmental, economic, and community resilience benefits.

TCC Round 6

Approximately $98.4 million is available statewide for TCC Round 6 through California's 2024 Climate Bond (Proposition 4). Funding is available for Planning, Project Development, and large-scale Implementation Grants.

Tolowa Dee-ni' Nation is applying for an Implementation Grant of approximately $27 million for the K'vsh-chu (Redwood) Climate Resilience Project. The proposal brings together interconnected investments in renewable and resilient energy, emergency preparedness, clean transportation, food sovereignty, workforce development, community health and the Gather & Grow Food Hub.

Key Dates

- September 30, 2026 at 11:59 p.m. PT: Final TCC application due.
- January 2027: Finalist interviews.
- Spring 2027: TCC Round 6 awards anticipated to be adopted by SGC.

DNHCD's role in the application is specifically connected to the Health & Wellbeing Strategy and the Gather & Grow Food Hub, which could receive up to approximately $5 million of the proposed TCC investment.

Why DNHCD?

The Gather & Grow Food Hub is located on **land owned and managed by DNHCD.** Because the Food Hub is outside Tolowa Dee-ni' Nation's Tribal jurisdiction, TCC guidelines ordinarily require **Del Norte County to participate as a Co-Applicant** for this portion of the project.

Tolowa Dee-ni' Nation has submitted a **Tribal modification request** asking SGC to allow DNHCD to serve in this role instead because **DNHCD is the public agency that owns and manages the project site.** TCC guidelines allow Tribal Lead Applicants to request modifications to Co-Applicant requirements based on the unique circumstances and relationships of the project.

What Would DNHCD Commit To?

For the **application**, DNHCD would:

- Serve as a **Co-Applicant for the Health & Wellbeing Strategy as it relates to the Gather & Grow Food Hub.**
- Sign a **Letter of Commitment** describing DNHCD's role, property ownership, project support, and anticipated long-term relationship to the Food Hub.
- Participate in and sign the **Collaborative Governance Agreement**, with DNHCD's responsibilities specifically defined in relation to the Gather & Grow Food Hub. TCC requires the Lead Applicant and Co-Applicants to establish roles, responsibilities, decision-making, financial relationships, and implementation procedures through this agreement.
- Support required **site control/property commitments** for TCC-funded improvements on DNHCD-owned land.

Board Action Requested

Approve the Del Norte Healthcare District's participation as a Co-Applicant in Tolowa Dee-ni' Nation's TCC Round 6 application for the Health & Wellbeing Strategy, specifically the Gather & Grow Food Hub, and authorize the appropriate District representative to execute the required Letter of Commitment and Collaborative Governance Agreement.

Project Summary

Community Resilience Center & Transformative Climate Communities

Tolowa Dee-ni' Nation, working with partners, has spent the past year in a planning process for a **Community Resilience Center,** to be located in Smith River, next to the Main Tribal Offices, at 12801 Mouth of the Smith River Road. The Resilience Center planned is a large Community Center, up to 40,000 sq ft, to include a gymnasium, classrooms, commercial kitchen, cafeteria, and plenty of storage space.

Partners include: Del Norte County Office of Emergency Services, Del Norte County Office of Public Health, DNATL Community Food Council, & Cal-FIRE.

In an emergency, the Resilience Center serves as an evacuation center, capable of supporting up to 750 people, as well as a clean-air refuge, where local residents can get out of smoky air from wildfires, and other emergency uses. The Resiliency Center has solar and battery back-up power, and food/water storage to support residents in a power outage, wildfire, or other emergencies.

Everyday, the Resilience Center serves as a Community Center for the community at large, with space for youth recreation (in gymnasium), Elder/Senior meal/activity program, workforce education classes, emergency preparedness classes and training, food preparation and storage classes, and much more.

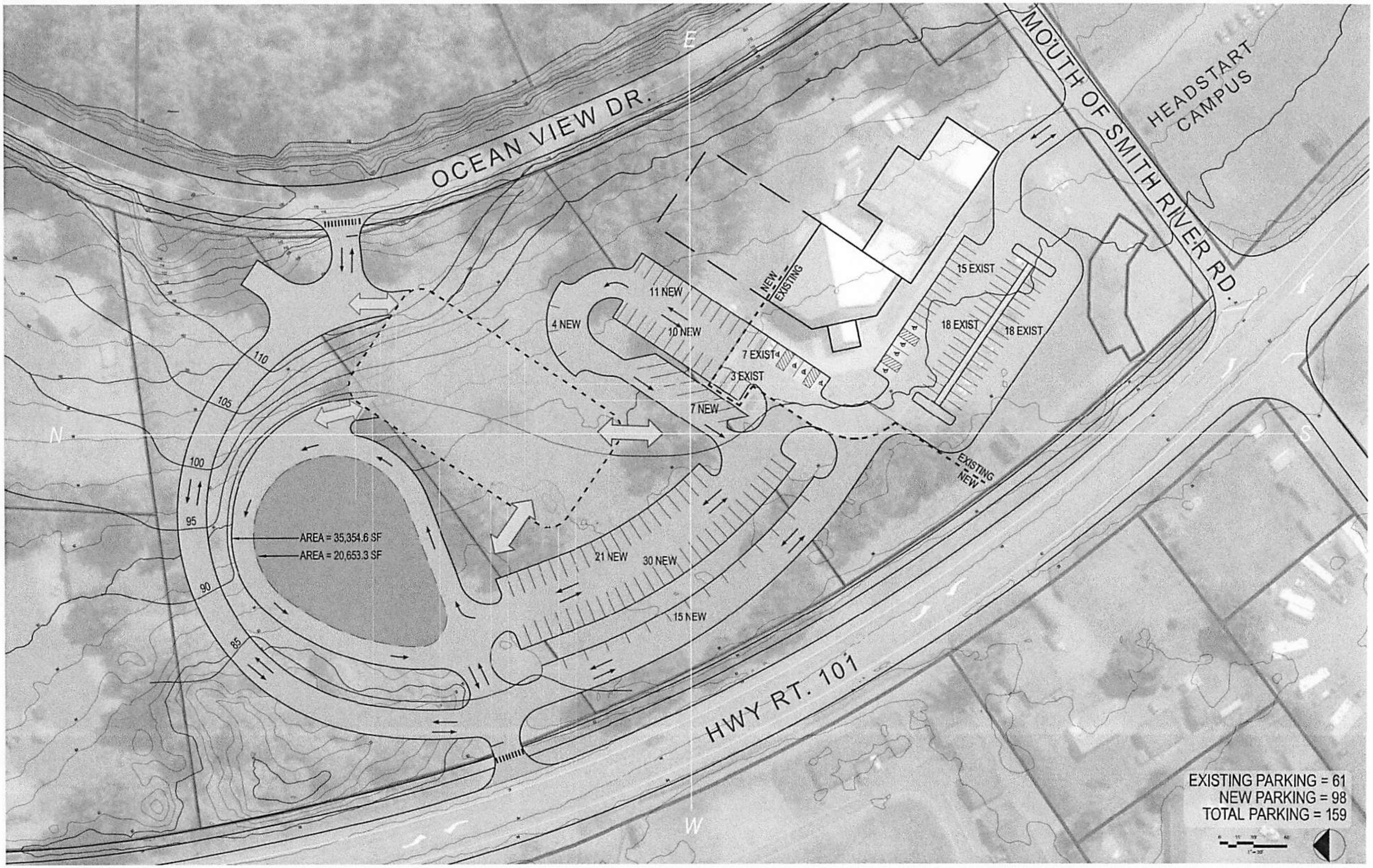
Other improvements envisioned by the grant application include appx $1.5M in renewable energy and battery storage for the Food Hub, operated by the Community Food Council, on Del Norte Healthcare District Campus.

There is an opportunity to now pursue implementation funding, not only for the Community Resilience Center, but for improvements to the Grow & Gather Food Hub, planned to be built by the Community Food Council, on Del Norte Healthcare District campus. Tolowa Dee-ni' Nation is now applying for implementation grant funding, up to $27.5M (from California Strategic Growth Council), for all aspects of the project. The project stands at a preliminary design, and is now requesting implementation grant funding, which would include a year-long final design process, where plans are finalized.

We know from history, that Native people & Del Norter's alike are a resilient bunch. Our beautiful, but remote piece of California requires us to depend on each other in times of emergency, and also everyday, to build a vibrant, healthy community. The Resilience Center is a Community Center that will support the health and wellness of our community, providing space for emergency refuge & shelter, and everyday recreation, classes, meals, and activities.

Please join us in supporting the application for grant funding to implement this community project.

For more information, contact Tim Hoone, Community Development Director,
Tolowa Dee-ni' Nation 707-951-4255; tim.hoone@tolowa.gov


OCEAN VIEW DR.
MOUTH OF SMITH RIVER RD.
HEADSTART CAMPUS
HWY RT. 101
E
N
S
W
11 NEW
4 NEW
10 NEW
NEW
EXISTING
15 EXIST
18 EXIST
18 EXIST
7 EXIST
3 EXIST
7 NEW
EXISTING
NEW
110
105
100
95
90
85
AREA = 35,354.6 SF
AREA = 20,653.3 SF
21 NEW
30 NEW
15 NEW
EXISTING PARKING = 61
NEW PARKING = 98
TOTAL PARKING = 159

August 25, 2026

Tolowa Dee-ni' Nation
Attention: Tim Hoone
12801 Mouth of Smith River Rd, Smith River, CA 95567

Subject: Letter of Commitment for the K'vsh-chu (Redwood) Climate Resilience Project

Dear Tolowa Dee-ni' Nation:

The **Del Norte Health Care District (DNHCD)** commits to serving as a Co-Applicant and partner in the **K'vsh-chu (Redwood) Climate Resilience Project** being submitted to the California Strategic Growth Council's Round 6 Transformative Climate Communities Program.

The Health Care District recognizes the strong relationship between community health and the conditions in which people live, including access to healthy food, clean air, reliable energy, transportation, emergency services, safe community facilities, and economic opportunity. Climate-related events such as wildfire smoke, power outages, extreme weather, and disruptions to transportation and essential services can have significant health consequences, particularly for older adults, people with disabilities, low-income households, and other residents with limited resources to prepare for or recover from emergencies.

The proposed K'vsh-chu (Redwood) Climate Resilience Project will address these interconnected challenges through coordinated investments that include a community resilience center, renewable energy, clean transportation, food-system infrastructure, workforce development, emergency preparedness, and public health and well-being activities.

DNHCD is committed to supporting the project's health equity and community resilience objectives. Subject to the final TCC scope of work and Collaborative Governance Agreement, the District anticipates supporting activities such as:

- Advising on community health priorities and health-equity considerations relevant to TCC implementation;
- Supporting coordination among health care, public health, Tribal, nonprofit, and community-serving partners;
- Participating in the TCC Collaborative Governance Structure and associated planning and decision-making;
- Supporting community education, outreach, and engagement related to health and wellbeing;
- Assisting with identification of appropriate public health outcomes and indicators associated with TCC investments; and
- Provide land and funding of $2,000,000 to construct the Gather and Grow Food Hub.

The District is committing to this partnership because the TCC project provides an opportunity to address upstream conditions that influence community health while strengthening the region's ability to respond to climate-related disruptions and emergencies.

DNHCD's primary role in the Gather & Grow Food Hub will be to support the development of the physical Food Hub asset and provide a stable, long-term public ownership structure for the facility. In partnership with DNATL CFC and Tolowa Dee-ni' Nation, DNHCD will support the planning, development, financing, and implementation of the Food Hub and will provide the institutional capacity necessary to ensure that the TCC-funded facility remains dedicated to its intended community-serving purpose.

Please contact [Name], [Title], at [email] or [phone number] with any questions regarding the Del Norte Health Care District's participation.

Sincerely,

[Authorized Signatory]
[Title]
Del Norte Health Care District

7C 1d

Request: DNHCD Contribution to Food Hub Architecture & Engineering Costs

DNATL CFC requests that the Del Norte Healthcare District provide funding for 50% of the architecture and engineering (A&E) costs for the Gather & Grow Food Hub under the District's existing $2 million commitment to the project.

DNATL CFC has secured funding for the other 50% of A&E costs through the CDFA Food Hub Grant and Healthy Food Financing Initiative (HFFI) Grant.

Proposed payment process: DNATL CFC will submit NM&R architecture and engineering invoices to DNHCD for payment of the District's 50% share. The first invoice is approximately $27,000.

If additional grant funding becomes available to cover A&E expenses currently supported by DNHCD, the corresponding DNHCD funds will remain committed to the Gather & Grow Food Hub and be redirected toward eligible construction costs.

Board Action Requested: Authorize DNHCD to pay 50% of NM&R architecture and engineering costs upon submission of invoices by DNATL CFC, with these expenditures applied toward DNHCD's existing $2 million commitment to the Gather & Grow Food Hub.

ARTICLE 4
COMPENSATION

4.1 Basic Services

4.1.1 For all "Basic Services" satisfactorily performed as defined in Articles 1 and 5 of this Agreement, the total compensation paid to the Architect for the Project shall be:

$458,000

This compensation shall be paid pursuant to the following schedule:

Architecture and Engineering Design Fee

Schematic Design	$45,000
Design Development	$118,000
Construction Documents	$165,000
Agency Coordination	$20,000
Bidding	$20,000
Construction Observation	$90,000
TOTAL FIXED FEE	**$458,000**

NM&R

Nichols Melburg & Rossetto, Inc.
300 Knollcrest Drive
Redding, CA 96002
(530) 222-3300

Del Norte & Tribal Lands Community Food Council
Andrea Lanctot
295 Highway 101
Crescent City, CA 95531

Invoice number 24-5941-06
Date 06/30/2026

Project 24-5941 Del Norte Co Food Hub

For Professional Services through June 30, 2026

Fixed Fee: $458,000

e: andrea@dnatlfoodcouncil.org

Description		Contract Amount	Percent Complete	Total Billed	Prior Billed	Current Billed
Schematic Design		45,000.00	60.00	27,000.00	0.00	27,000.00
Design Development		118,000.00	0.00	0.00	0.00	0.00
Construction Documents		165,000.00	0.00	0.00	0.00	0.00
Agency		20,000.00	0.00	0.00	0.00	0.00
Bidding		20,000.00	0.00	0.00	0.00	0.00
Construction Observation		90,000.00	0.00	0.00	0.00	0.00
	Total	458,000.00	5.70	27,000.00	0.00	27,000.00

Invoice total **27,000.00**

Billed to Date Summary

Description		Contract Amount	Percent Complete	Total Billed	Prior Billed	Current Billed
Schematic Design		45,000.00	60.00	27,000.00	0.00	27,000.00
Design Development		118,000.00	0.00	0.00	0.00	0.00
Construction Documents		165,000.00	0.00	0.00	0.00	0.00
Agency		20,000.00	0.00	0.00	0.00	0.00
Bidding		20,000.00	0.00	0.00	0.00	0.00
Construction Observation		90,000.00	0.00	0.00	0.00	0.00
	Total	458,000.00	5.70	27,000.00	0.00	27,000.00

Aging Summary

Invoice Number	Invoice Date	Outstanding	Current	Over 30	Over 60	Over 90	Over 120
24-5941-06	06/30/2026	27,000.00	27,000.00				

NMR Tax ID # 68-0009012

Total	27,000.00	27,000.00	0.00	0.00	0.00	0.00

We appreciate the opportunity to serve you. Kindly make all checks payable to Nichols, Melburg & Rossetto & Associates, Inc.

Secretary Report **August 2026**

The windows have been replaced.

The fence has been repaired in three locations.

Met with Dwayne Lemos from Open Door regarding improvements. We will be trading out some chairs in the conference room that Open Door has for replacement. We will be taking all the old broken chairs to the landfill. A new rug/floor mat will be installed at the front entrance. Touch up paint work will be done in the lobby and conference room. We are also discussing possibly upgrading the A/V system in the conference room.

I am checking on the cost to move the outdoor picnic table to the garden area.

Mountain Power tree service to start work on the 22nd, 2026.

10 a

MEMORANDUM OF UNDERSTANDING

between
DEL NORTE AND TRIBAL LANDS COMMUNITY FOOD COUNCIL
and
THE DEL NORTE COUNTY HEALTHCARE DISTRICT

Preamble and Recitals

This Memorandum of Understanding, hereafter ("MOU"), is entered into on ________6/23/26____________ by and between the Del Norte County Healthcare District, a California governmental entity organized under the Local Health Care District Act, Health and Safety Code Section 32000 *et seq.* referred to hereafter as "the District," and the Del Norte and Tribal Lands Community Food Council, a 501(c)(3) non-profit corporation, referred to hereafter as "the Food Council."

WHEREAS, the District and the Food Council have entered into a lease of property whereby the District will construct a facility and lease it to the Food Council for the purpose of operating a community food hub ("the Project"), as more fully described in the Lease, to be co-developed by the entities by Sept 30, 2026; and

WHEREAS, the Council has already procured concept design services, received an approved use permit for the parcel, has begun architectural designs, and expects to contribute significant grant funds toward the construction; and

WHEREAS, the District does not have the staff to perform the administrative functions required by the project, including, but not limited to, public bidding, labor monitoring and compliance, construction management, and inspection and acceptance of the construction work performed; and

WHEREAS, the parties wish to enter into an agreement whereby the Food Council will provide these administrative functions on behalf of the District;

NOW THEREFORE, the parties hereto mutually agree as follows

1. The Food Council's responsibilities: The Food Council will perform the following services on behalf of the District:
    a. Oversee the preparation, publication, administration and completion of all bidding required for construction of the Project, including the completion of all design and construction documents.

b. Prepare, apply for and secure all necessary permits to complete the project, and conduct all necessary environmental review.

c. Act as the point of contact for all contractors, permitting agencies, and the public related to the Project.

d. Receive, review and approve all invoices from contractors related to the Project before submitting them to the District for payment.

e. Perform all Project construction management and supervision, either through its own staff or through a contracted project manager.

f. Ensure compliance with all prevailing wage and labor monitoring and reporting requirements.

2. The District's responsibilities: The District will retain the following responsibilities in connection with the Project:

a. Provide the land for construction and abide by provisions of the Use Permit.

b. Provide up to $2,000,000 which could include soft costs, architect and engineer costs, site work, utility hookups, and construction of the Project.

c. Support the Food Council in securing additional funding necessary to complete the Project, including supporting grant applications, loan applications, and fundraising. The parties understand that there may be grants and loans that are only available to the District as a public entity and owner of the land and facilities. If any such funding proves necessary to complete the Project, the District will be the applicant or borrower for such funds and make those funds available to the Project on terms agreeable to the parties. Should Huffman Community Project Funds of up to 1.5 million be awarded to the District for the project, they will receive and distribute them to the project.

d. Collaborate with the Food Council regarding selection of construction contractors, project managers, design professionals and other services for all services and construction necessary to complete the Project. The parties will work together to decide the appropriate contracting party on a case-by-case basis.

e. Approve change orders and contract amendments as necessary to complete the Project.

f. Promptly pay all invoices submitted and approved by the Food Council.

g. Authorize the Food Council to obtain necessary permits and conduct environmental review required by the Project.

h. **Commitment to Lease Negotiations.** The District commits to actively participating in and prioritizing the co-development of a mutually acceptable lease agreement for the Gather & Grow Food Hub project. The parties shall meet as reasonably necessary and exchange draft lease terms in a timely manner with the goal of reaching agreement on all material business terms by September 30, 2026, prior to issuance of construction bid documents. Both parties acknowledge that defining lease terms before construction bidding is critical to project financing, budgeting, and implementation.

3. Mutual Responsibilities: Notwithstanding the foregoing, the parties acknowledge that the Project will not be successful without substantial team-work and collaboration. The parties will work together in good faith and frequently consult to make all major decisions required by the Project, to ensure all documents are prepared, all necessary funding is secured, all permits are acquired, and all valid invoices are paid.

4. Term: This Agreement shall begin upon execution by both parties and shall remain in full force and effect until the construction is complete, as evidenced by the issuance of a Certificate of Occupancy by the County of Del Norte, unless extended by a valid amendment hereto or sooner terminated as set forth herein

5. Termination: Either party may, in its sole discretion, terminate this agreement upon 30 days written notice to the other party. In the event of such termination, the parties will work together to ensure that termination does not harm or prejudice the completion of the Project in any way.

6. Compensation: The Food Council shall receive no compensation from the District for the services provided in this agreement. However, the Food Council's activities will be funded through grants and other funding acquired for the completion of the Project, and the costs incurred by the Food Council, including staff time and professional services already contracted for, will be considered contributions to the Project and will credited toward the rent as provided in the Lease. The Food Council will provide sufficient documentation of these costs.

7. Indemnification: Each party shall hold harmless, defend and indemnify the other and its agents, officers, officials, employees and volunteers from and against any and all claims, demands, losses, damages and liabilities of any kind or nature, including, without limitation, attorney's fees and other costs of litigation, arising out of, or in connection with, that party's negligent performance of, or failure to comply with, any of the duties and/or obligations contained herein. If any joint, concurring, comparative or contributory fault or negligence of the parties gives rise to damages for which the Parties are entitled to indemnification under this agreement, then such damages shall be allocated between the parties in proportion to their respective degrees of fault or negligence contributing to such damages.

8. Relationship of parties: It is understood that this MOU is by and between two (2) independent entities and is not intended to, and shall not be construed to, create the relationship of agents, servant, employee, partnership, joint venture or any other similar association.

Executed on this day: 6/23 2026, by:

Del Norte Healthcare District	Del Norte and Tribal Lands Community Food Council
Kevin Caldwell	Andrea Lanctot
Kevin Caldwell MD, DNHCD Chair	Andrea Lanctot, Executive Director