

AGENDA
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

DATE: May 11, 2023

TIME: Closed Session – 5:00 P.M.
Regular Session – 6:00 P.M.

PLACE: Woodley Island Marina Meeting Room, 601 Startare Drive, Eureka, CA 95501
Public Advisory: The Woodley Island Meeting Room is now open to the public.

How to Observe and Participate in the Meeting:

Observe: Members of the public can attend the meeting in person or observe the meeting on Zoom at the following link: <https://us02web.zoom.us/j/6917934402>

Meeting ID: 691 793 4402
One tap mobile
(669) 900-9128, 6917934402#

Public members observing on Zoom will not be able to participate or provide comment. Members of the public who may wish to provide public comment during the meeting must attend in person.

The Meeting Room is wheelchair accessible. Accommodations and access to Harbor District meetings for people with other handicaps must be requested of the Director of Administrative Services at (707) 443-0801 at least 24 hours in advance of the meeting.

1. Call to Order Closed Session at 5:00 P.M.

2. Public Comment

Note: This portion of the Agenda allows the public to speak to the Board on the closed session items. Each speaker is limited to speak for a period of three (3) minutes regarding each item on the Closed Session Agenda. The three (3) minute time limit may not be transferred to other speakers. The three (3) minute time limit for each speaker may be extended by the President of the Board of Commissioners or the Presiding Member of the Board of Commissioners.

3. Move to Closed Session

a) CONFERENCE WITH REAL PROPERTY NEGOTIATORS. Terms of potential acquisition and/or lease of real property on the Samoa Peninsula, Humboldt County, with Assessor's Parcel Numbers, 401-112-021 and 401-112-024 California pursuant to

Agenda for May 11, 2023 Regular Board Meeting

California Government Code § 54956.8. District negotiators: Larry Oetker, Executive Director and Ryan Plotz, District Counsel. Negotiating party: California Marine Investments LLC. Under negotiation: price and payment terms.

- b) CONFERENCE WITH REAL PROPERTY NEGOTIATORS. Property: Humboldt County APN: 401-031-083-000. Agency negotiator: Larry Oetker, Executive Director; Ryan Plotz, District Counsel. Negotiating parties: Samoa Pacific Group, LLC. Under negotiation: price and terms of payment.

4. Call to Order Regular Session at 6:00 P.M. and Roll Call

5. Pledge of Allegiance

6. Report on Closed Session

7. Public Comment

*Note: This portion of the Agenda allows the public to speak to the Board on the **various issues NOT itemized on this Agenda**. A member of the public may also request that a matter appearing on the Consent Calendar be pulled and discussed separately. Pursuant to the Brown Act, the Board may not take action on any item that does not appear on the Agenda. Each speaker is limited to speak for a period of three (3) minutes regarding each item on the Agenda. Each speaker is limited to speak for a period of three (3) minutes during the PUBLIC COMMENT portion of the Agenda regarding items of special interest to the public NOT appearing on the Agenda that are within the subject matter jurisdiction of the Board of Commissioners. The three (3) minute time limit may not be transferred to other speakers. The three (3) minute time limit for each speaker may be extended by the President of the Board of Commissioners or the Presiding Member of the Board of Commissioners at the regular meeting of the District.*

8. Consent Calendar

- a) Receive District Financial Reports for March 2023
- b) Approve PO 1947 for Express Employment
- c) Approve PO 1949 for Anderson Trucking

9. Communications, Reports and Correspondence Received

- a) Correspondence Received
- b) Executive Director's Report
- c) Staff Reports
- d) District Counsel and District Treasurer Reports
- e) Commissioner and Committee Reports

10. Unfinished Business – NONE

11. New Business

a) Consider Approving Nordic Aquafarms Lease Amendment No. 4

Recommendation: Staff recommends that the Board: Approve Lease Amendment No. 4.

Summary: There have been three amendments to the Original Sublease Agreement dated February 11, 2019. The fourth amendment is intended to address several issues that are mutually beneficial to Nordic Aquafarms and the District.

b) Consider Adopting Resolution No. 2023-08 Approving and Adopting a Debt Management Policy

Recommendation: Staff recommends adopting Resolution No. 2023-08 Approving the Humboldt Bay Harbor, Recreation and Conservation District Debt Management Policy.

Summary: Government Code section 8855(i) requires any issuer of public debt to provide to California Debt and Investment Advisory Commission (CDIAC) prior to the sale of any debt issue a report of the proposed issuance. Issuers of municipal debt are now required to certify on the Report of Proposed Debt Issuance that they have adopted a debt policy concerning the use of debt and that the proposed debt issuance is consistent with the adopted policy. The District's local debt policy, at a minimum, must include (A) through (E), below.

c) Consider Adopting Resolution 2023-09 Approving the Form Of and Authorizing an Installment Sale Agreement Providing for the Financing of the District's Dredging and Property Acquisition Projects and Providing for Other Matters Properly Related Thereto

Recommendation: Staff recommends adopting Resolution No. 2023-09 authorizing and directing the execution of an Installment Sale Agreement providing for the Financing of the District's Dredging and Property Acquisition Projects and providing for other matters properly related thereto.

Summary: Staff, with the assistance of its financing team, distributed a "Solicitation and Summary of Terms and Conditions" to qualified financial institutions to solicit bids for a 15-year financing of the District's proposed Dredging and Property Acquisition Projects (the "Projects") under a private placement scenario. The team received one bid which was presented to the Board on April 27, 2023, and after deliberation, the Board approved a term sheet with Signature Public Funding Corp., a wholly-owned subsidiary of Flagstar Bank, N.A. (the "Bank"). The Executive Director has signed the term sheet (the "Term Sheet") informing the Bank that they were chosen as the best-qualified bidder based upon the terms of their Term Sheet and the 15-year term financing option at a fixed 4.25% interest rate.

d) Review of Preliminary Budget and Goals for Redwood Dock, Redwood Marine Terminal II and Dredging

Recommendation: Staff recommends the Board: Review and provide direction regarding the Preliminary budget and goals for Redwood Dock, Redwood Marine Terminal II and Dredging.

Summary: The budget is prepared annually under direction of the Executive Director. In accordance with CA Harbors and Navigation Code Section 6093, on or before June 15, the District Board shall estimate and determine the amount of money required by the Harbor District and shall adopt a preliminary budget. Per Section 6093.3, the final budget shall be reported to the Board of Supervisors no later than August 1st.

e) Review of Subcommittees and Change Subcommittee and Committee Assignments As Needed

Recommendation: Staff recommends that the Board: 1) Review the list of current subcommittees and propose changes to current subcommittee members at the Board's discretion.

Summary: Subcommittees are formed regularly throughout the year and are Ad Hoc. Staff would like to review the active subcommittees annually to renew, discontinue or add new, as well as giving members the opportunity to reevaluate their membership and replace vacancies.

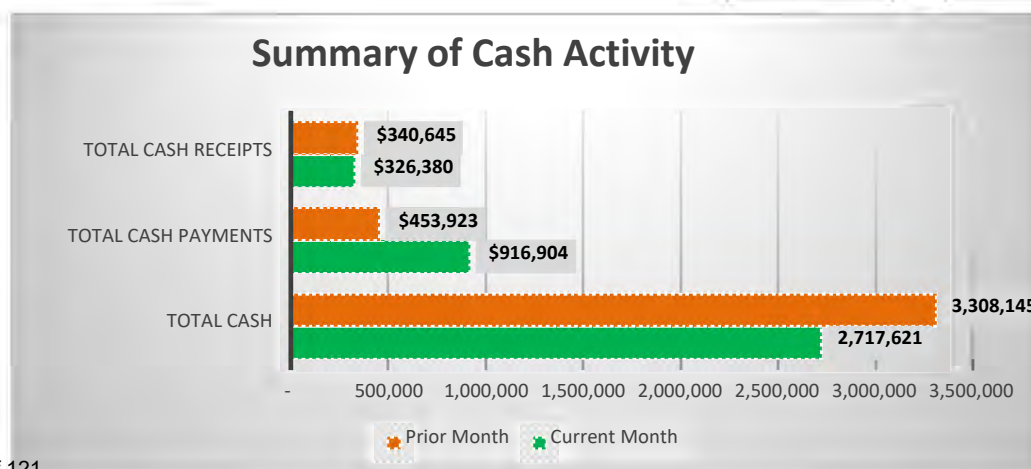
12. Adjournment

HUMBOLDT BAY HARBOR, RECREATION, AND CONSERVATION DISTRICT

Monthly Cash Flow Analysis

For The Months Ended March 31, 2023 and February 28, 2023

	<u>3/31/23</u>	<u>2/28/23</u>
<u>Account Balances</u>		
Checking	\$ 649,144	\$ 257,308
Savings	1,611,962	1,963,527
County Treasury	455,016	1,085,016
Cash on hand	1,499	2,294
Total Cash	2,717,621	3,308,145
Less: Restricted cash for Marina surcharges	(1,830,572)	(1,803,931)
Unrestricted Cash	887,049	1,504,214
Less: Unexpended grant proceeds and Nordic & Crowley deposits included in cash above	(1,583,670)	(1,595,663)
Cash Available (Deficit), excluding Marina surcharges and unexpended grant proceeds and deposits	(696,621)	(91,449)
<u>Change in Cash Balance</u>		
Balance, Beginning of Month	\$ 3,308,145	\$ 3,421,423
Monthly Deposits	326,380	340,645
Monthly Payments	(916,904)	(453,923)
Balance, End of Month	\$ 2,717,621	\$ 3,308,145
<u>Monthly Expenses Summary</u>		
Significant Individual Expenses:		
Humboldt Bay Development Assoc lease payment		\$ 115,890
Third payroll in month	\$ 30,688	
Tenera Environmental Inc.	29,545	66,853
Moffat & Nichol expenditure	519,083	
Payment of 6/30/22 audit fee	13,028	
Sub-total, Significance/Unusual Expenses	592,344	182,743
General operating expenses and other misc. expense	324,560	271,180
Total Cash Payments	\$ 916,904	\$ 453,923
<u>Monthly Deposits Summary</u>		
Significant Individual Revenues:		
Final interest payment on NMTC note receivable	\$ 78,147	
CalTrans grant		\$ 51,094
Sub-total, Significant/Unusual Revenues	78,147	51,094
General revenues	248,233	289,551
Total Cash Receipts	\$ 326,380	\$ 340,645



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Humboldt Bay Harbor, Recreation & Conservation District

Profit & Loss

05/05/23

March 2023

Accrual Basis

	Mar 23	Jul '22 - Mar 23
Ordinary Income/Expense		
Income		
Donations		
46519 · Donations - Lighthouse	0.00	14.00
Total Donations	0.00	14.00
Dredging Revenue		
41318 · Dredging Surcharge - T	20,693.39	165,686.54
Total Dredging Revenue	20,693.39	165,686.54
Fees		
40108 · PERMITS-T	500.00	3,450.00
40808 · Pilotage Services - T	0.00	1,997.87
41308 · Moorage - T	0.00	10.64
41308.1 · Poundage - T	0.00	7,512.10
41818 · Late Charges/Interest - T	775.00	6,315.00
41819 · Late Charges/Interest - NT	550.00	-3,063.84
45608 · Chevron - Ports O&M - T	8,087.50	24,262.50
Total Fees	9,912.50	40,484.27
Float Replacement Account		
41418 · Float Replacement	8,210.50	67,023.22
Total Float Replacement Account	8,210.50	67,023.22
Grant Revenue		
Harbor Grants		
45208.1 · Harbor Grants, Gov't - T	0.00	10,901.50
Total Harbor Grants	0.00	10,901.50
Total Grant Revenue	0.00	10,901.50
Harbor Surcharge		
40908 · Harbor Improvement Surcharge-T	26,182.35	135,001.56
Total Harbor Surcharge	26,182.35	135,001.56
Interest Revenue		
43108 · Interest Income - T	3,712.66	31,551.48
43109 · Interest Income - NT	12,050.78	231,337.78
43309 · Interest On Del Accts - NT	174.58	174.58
Total Interest Revenue	15,938.02	263,063.84
Other Revenue		
45908 · Other Revenue - T	2.00	45.00
45909 · Other Revenue - NT	62,688.30	88,916.82
46008 · Recovery of Bad Debt - T	3,526.00	4,912.00
Total Other Revenue	66,216.30	93,873.82
Rent Income		
40218 · Slip Rents - T	55,018.74	440,862.77
40318.1 · Transient Rentals - T	779.91	23,909.20
40518 · Equipment Rent - T	0.00	4,852.06
40519 · Equipment Rent - NT	270.00	3,390.00
40809 · Yard Rent - NT	1,159.20	9,604.80
41108 · Rents, Tidelands Leases - T	25,234.92	276,754.33
41309 · Storage - NT	5,509.50	44,481.84
41409 · Upland Rent - NT		
41409.2 · Redwood Terminal 2 - NMTC	5,007.69	45,069.21
41409 · Upland Rent - NT - Other	138,690.69	734,445.72
Total 41409 · Upland Rent - NT	143,698.38	779,514.93
Total Rent Income	231,670.65	1,583,369.93

Humboldt Bay Harbor, Recreation & Conservation District

Profit & Loss

05/05/23

March 2023

Accrual Basis

	Mar 23	Jul '22 - Mar 23
Sales		
40119 · Concession Sales - NT	789.25	5,923.25
Total Sales	789.25	5,923.25
Tax Revenue		
43509 · Property Tax Revenues	100,000.00	900,000.00
Total Tax Revenue	100,000.00	900,000.00
Utility Surcharge		
40409 · Utility Surcharge - NT	3,865.79	45,122.75
40418 · Utility Surcharge, Marina Dock	15,361.90	55,616.37
Total Utility Surcharge	19,227.69	100,739.12
47019 · Returned Check Charges	0.00	35.00
52708.1 · Discount	26.62	315.28
Total Income	498,867.27	3,366,431.33
Gross Profit	498,867.27	3,366,431.33
Expense		
Accounting/Auditing Services		
52500 · Accounting Fees - T	326.50	30,302.50
52508 · Accounting Fees - NT	326.50	11,151.00
Total Accounting/Auditing Services	653.00	41,453.50
Advertising & Promotion		
51000 · Advertising & Promotion - NT	0.00	461.73
51008 · Advertising & Promotion - T	0.00	958.54
Total Advertising & Promotion	0.00	1,420.27
Bad Debts		
51308 · Bad Debts - T	10,067.12	30,357.85
51309 · Bad Debts - NT	0.00	0.00
Total Bad Debts	10,067.12	30,357.85
Communications		
51400 · Communications - NT	1,865.55	19,340.10
51408 · Communications - T	319.26	4,938.77
Total Communications	2,184.81	24,278.87
Conference & Meetings		
51500 · Conferences & Meetings - NT	2,948.43	11,565.33
51508 · Conferences & Meetings - T	2,369.76	6,853.61
Total Conference & Meetings	5,318.19	18,418.94
Dredging Expense		
56708 · Dredging - GT	2,262.50	7,405.00
56718 · Dredging - MT	0.00	4,995.00
Total Dredging Expense	2,262.50	12,400.00
Dues, Subscriptions & Licences		
51600 · Dues & Subscriptions - NT	450.00	35,106.87
51608 · Dues & Subscriptions - T	0.00	602.75
Total Dues, Subscriptions & Licences	450.00	35,709.62
Elections & Government Fees		
51700 · Elections & Prop Tax Assess-NT	132.00	64,852.63
Total Elections & Government Fees	132.00	64,852.63
Engineering Services		
52400 · Engineering Fees - NT	8,047.25	12,657.19

Humboldt Bay Harbor, Recreation & Conservation District

Profit & Loss

05/05/23

March 2023

Accrual Basis

	Mar 23	Jul '22 - Mar 23
52408 · Engineering Fees - T	5,858.75	-19,711.25
Total Engineering Services	13,906.00	-7,054.06
Fuel		
50400 · IMPUTED AUTO VALUE G/A	180.00	1,185.00
51200 · Automotive, Fuel- NT	442.79	6,416.05
51208 · Vessel Fuel	0.00	2,975.53
51218 · Automotive, Fuel - T	622.78	7,481.84
Total Fuel	1,245.57	18,058.42
Grant Expenses		
Conservation Grant Expenses		
54408.3 · Conservation Grant Exp	0.00	0.00
Total Conservation Grant Expenses	0.00	0.00
Harbor Grant Expenses		
54408.1 · Harbor Grant Exp	322,398.97	599,182.51
Total Harbor Grant Expenses	322,398.97	599,182.51
Recreation Grant Expenses		
54408.2 · Recreation Grant Exp	25,740.77	45,867.11
Total Recreation Grant Expenses	25,740.77	45,867.11
Total Grant Expenses	348,139.74	645,049.62
Insurance		
51800 · Insurance - NT	9,411.25	80,143.79
51808 · Insurance - T	1,286.18	12,694.49
Total Insurance	10,697.43	92,838.28
Interest Expense		
55108 · Interest Expense - T	4,156.00	37,411.46
55109 · Interest Expense - NT	7,624.00	70,399.40
Total Interest Expense	11,780.00	107,810.86
Legal Services		
52300 · Legal Fees - NT	33,373.00	108,948.41
52308 · Legal Fees - T	1,098.00	16,366.37
Total Legal Services	34,471.00	125,314.78
Maintenance - Equipment		
51209 · Automotive, Repairs - NT	355.50	8,009.25
52710 · Repairs & Maint, Equip - NT	208.49	1,818.72
52718 · Repairs & Maint, Equip - T	0.00	10,928.05
Total Maintenance - Equipment	563.99	20,756.02
Maintenance - Facilities		
52708 · Repairs & Maint, Facilities - T	4,166.66	51,238.89
52709 · REPAIRS & MAINTENANCE G/NT	20.74	935.82
52719 · Repairs & Maint, Facilities - N	1,447.69	55,957.67
Total Maintenance - Facilities	5,635.09	108,132.38
Maintenance - IT		
57008 · Maintenance, IT Equip - T	686.50	4,309.78
57009 · Maintenance, IT Equip - NT	287.50	4,453.61
Total Maintenance - IT	974.00	8,763.39
Maintenance Supplies		
52008 · Maintenance Supplies - T	0.00	1,417.20
52010 · Maintenance Supplies - NT	941.80	12,283.74

Humboldt Bay Harbor, Recreation & Conservation District

Profit & Loss

05/05/23

March 2023

Accrual Basis

	Mar 23	Jul '22 - Mar 23
Total Maintenance Supplies	941.80	13,700.94
Office Supplies		
51900 · Office Supplies - NT	3,116.74	32,344.01
51908 · Office Supplies - T	604.86	6,596.59
Total Office Supplies	3,721.60	38,940.60
Other Expenses		
54109 · Sea Scouts Expense - NT	0.00	1,558.33
55419 · Other Expenses - NT	22.22	7,522.22
Total Other Expenses	22.22	9,080.55
Other Professional/Outside Serv		
52109 · Outside Services, Other - NT	45.00	1,180.26
52110 · OUTSIDE SERVICES M/A	415.00	2,076.00
52118 · Outside Services, Other - T	0.00	-30,400.00
Total Other Professional/Outside Serv	460.00	-27,143.74
Permits		
51610 · Permits - NT	0.00	702.68
51618 · Permits - T	0.00	18,901.00
Total Permits	0.00	19,603.68
Personnel Expenses		
Commissioners Fees		
50200 · Commissioner's Salaries - NT	2,100.00	15,330.00
50208 · Commissioner's Salaries - T	900.00	6,570.00
Total Commissioners Fees	3,000.00	21,900.00
Contract Temporary Services		
50318 · Contract Temporary Services - T	0.00	39,309.87
Total Contract Temporary Services	0.00	39,309.87
Payroll Burden		
50500 · Payroll Benefits, Other - NT	38,434.49	332,511.05
50508 · Payroll Benefits, Other - T	10,704.68	102,247.07
6560 · Workers' Comp	5,079.02	32,642.40
Total Payroll Burden	54,218.19	467,400.52
Salaries/Wages		
50100 · Salaries & Wages - NT	122,238.25	760,606.72
50108 · Salaries & Wages - T	0.00	1,329.59
Total Salaries/Wages	122,238.25	761,936.31
Total Personnel Expenses	179,456.44	1,290,546.70
Planning Services		
52200 · Planning Fees - NT	2,400.00	15,374.00
52208 · Planning Fees - T	490.00	6,391.38
Total Planning Services	2,890.00	21,765.38
Rent Expense		
52600 · Rent Expense - NT	500.00	1,256.00
54308 · Redwood Terminal 2 Lease Expens	19,845.18	242,094.43
Total Rent Expense	20,345.18	243,350.43
Small Tools		
52800 · Small Tools - NT	0.00	1,807.34
Total Small Tools	0.00	1,807.34

Humboldt Bay Harbor, Recreation & Conservation District

Profit & Loss

05/05/23

March 2023

Accrual Basis

	Mar 23	Jul '22 - Mar 23
Utilities		
52909 · Utilities - NT	15,343.35	133,454.23
52918 · Utilities - T	8,643.19	45,914.19
53000 · Water, Sewer, & Refuse - NT	11,907.92	95,521.05
53008 · Water, Sewer, & Refuse - T	6,745.46	43,454.21
Total Utilities	42,639.92	318,343.68
55700 · Float Replacement Expense - MT	0.00	46.74
57018 · Bank Service Charges	387.22	788.71
Total Expense	699,344.82	3,279,392.38
Net Ordinary Income	-200,477.55	87,038.95
Net Income	-200,477.55	87,038.95

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Humboldt Bay Harbor, Recreation & Conservation District

Balance Sheet

As of March 31, 2023

05/05/23

Accrual Basis

	<u>Mar 31, 23</u>
ASSETS	
Current Assets	
Checking/Savings	
10000 · PETTY CASH ON HAND	150.00
10100 · CHANGE FUND ON HAND	400.00
10111 · COIN MACHINE FUND	730.00
10200 · CASH IN BANK, CHECKING	16,884.55
10200.1 · Cash in PNC, Checking	632,258.89
10400 · CASH IN COUNTY - FUND 2720	419,497.13
10500 · CASH IN COUNTY - FUND 3872	35,518.88
10600.1 · Cash in bank, Tariff PNC	1,578,337.02
10700.1 · Cash in bank, Water PNC	33,625.45
10901 · UNEXPENDED MARINA SURCHARGES	1,830,571.51
10903 · RESTRICTED CASH	-1,830,571.51
Total Checking/Savings	2,717,401.92
Accounts Receivable	
12000 · ACCTS RECEIVABLE	1,458,124.23
Total Accounts Receivable	1,458,124.23
Other Current Assets	
12100 · ALLOW FOR BAD DEBTS	-354,783.09
12200 · TAXES RECEIVBLE	225,744.87
12300 · INTEREST RECEIVBLE	20,980.00
12600 · Note Receivable - NMTC	5,849,375.00
12700 · PREPAID EXPENSES	35,766.93
12900 · Accounts Receivable FSM	-1,025.38
1499 · Undeposited Funds	219.20
Total Other Current Assets	5,776,277.53
Total Current Assets	9,951,803.68
Fixed Assets	
CAPITAL ASSETS, NET	
14910 · BEACH PROPERTY	258,149.00
15000 · AUTOMOTIVE EQUIPMENT	95,639.08
15100 · OFFICE EQUIPMENT	193,303.88
15200 · OPERATING EQUIPMENT	314,098.74
15500 · MARINA, RESTAURANT COMPLEX	34,100.00
15600 · MARINA	10,529,004.29
15700 · FL BOAT BLDG & REPAIR FACILITY	4,302,259.53
15800 · SHELTER COVE	2,386,247.10
15900 · DREDGING COSTS	215,226.78
16000 · KING SALMON	15,143.99
16100 · MARINA DREDGE, CONSTR IN PROGRES	1,319,433.62
16400 · REDWOOD DOCK PROPERTY	3,010,194.30
16500 · HOMELAND SECURITY EQUIPMENT	2,254,007.60
16600 · TABLE BLUFF LIGHTHOUSE	361.44
16700 · AQUAPONICS PILOT FACILITY	96,036.61
16800 · REDWOOD TERMINAL 2	2,613,169.43
16900 · Dredge	1,215,423.27
17000 · ACCUMULATED DEPRECIATION	-18,513,994.17
Total CAPITAL ASSETS, NET	10,337,804.49
14800 · SHIPWRECK PROPERTY	50,088.05
14900 · DOG RANCH PROPERTY	7,507.70
Total Fixed Assets	10,395,400.24
Other Assets	
18700 · Deferred Lease Asset	3,228,386.00
19000 · Deferred Outflows of PERS	293,553.00
Total Other Assets	3,521,939.00

Humboldt Bay Harbor, Recreation & Conservation District

Balance Sheet

05/05/23

As of March 31, 2023

Accrual Basis

	Mar 31, 23
TOTAL ASSETS	23,869,142.92
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · ACCOUNTS PAYABLE	117,454.93
Total Accounts Payable	117,454.93
Credit Cards	
20112 · US Bank Visa	4,916.05
Total Credit Cards	4,916.05
Other Current Liabilities	
Payroll tax & Withholding Liab	
21100 · FEDERAL WITHHOLDING TAX	-3,939.00
21200 · STATE WITHHOLDING TAX	-1,526.45
21300 · STATE UNEMPLOYMENT TAX	2,228.97
21400 · SOCIAL SECURITY/MEDICARE TAX	-1,119.48
21600 · PERS CARE/MEDICAL INSURANCE	10,028.88
21700 · PERS RETIREMENT	5.60
21800 · STATE DISABILITY INSURANCE	-1,069.31
21900 · UNION DUES DEDUCTIBLE	74.76
Total Payroll tax & Withholding Liab	4,683.97
20100 · LEASE PAYABLE TO HBDA	17,650.00
20200 · NOTES PAYABLE	343,465.72
20400 · ACCRUED WAGES PAYABLE	33,725.81
20500 · ACCRUED INTEREST	36,761.18
20600 · ACCRUED VACATION PAYABLE	43,583.71
20800 · DEPOSITS ON HAND	
20801 · KEY DEPOSITS ON HAND	16,960.00
20802 · PLUG DEPOSITS ON HAND	1,270.00
20803 · SLIP DEPOSITS ON HAND	52,098.27
20804 · STORAGE DEPOSITS	3,890.15
20806 · LEASE SECURITY DEPOSIT	445,954.42
20807 · STORAGE DEPOSIT - REDWOOD DOCK	2,750.26
20808 · WAIT LIST DEPOSIT	4,325.00
Total 20800 · DEPOSITS ON HAND	527,248.10
24000 · Ground Lease Deferred Income	3,906,000.00
24002 · Groundlease Current Def Income	60,092.31
27201 · Deferred Inflows - OPEB	29,113.00
28000 · DEFERRED INCOME	159,055.45
28400 · DEFERREDINCOMECalTrans Spartina	1,227,669.67
28500 · OTHER DEFERRED CREDITS	723,523.92
Total Other Current Liabilities	7,112,572.84
Total Current Liabilities	7,234,943.82
Long Term Liabilities	
24001 · Gound Lease Amortization	-424,391.45
24003 · Groundlease Current Offset	-60,092.31
25500 · OPEB Liability	186,792.00
25700 · BOND PAYABLE 2014 REFINANCING	1,739,475.24
25800 · BBVA Loan Payable	959,622.41
25900 · LESS CURRENT PORTION	-343,465.72
27000 · Net Pension Liability	577,703.00
27200 · Deferred Inflows of PERS	590,149.00
27202 · Deferred Inflows - Leases	3,216,623.00
Total Long Term Liabilities	6,442,415.17
Total Liabilities	13,677,358.99
Equity	

Humboldt Bay Harbor, Recreation & Conservation District

Balance Sheet

As of March 31, 2023

	<u>Mar 31, 23</u>
30500 · INVESTMENT IN FIXED ASSETS	9,404,911.59
30900 · RESTRICTED FUND BALANCE	
30901 · Restricted Fd Bal-Curr Yr Chang	151,010.43
30900 · RESTRICTED FUND BALANCE - Other	<u>1,610,308.40</u>
Total 30900 · RESTRICTED FUND BALANCE	1,761,318.83
31200 · GENERAL FUND BALANCE	
31000 · FUND BALANCE - TIDELANDS TRUST	-1,683,627.00
31201 · General Fund-Change is Restrict	-151,010.43
31200 · GENERAL FUND BALANCE - Other	<u>773,151.99</u>
Total 31200 · GENERAL FUND BALANCE	-1,061,485.44
Net Income	<u>87,038.95</u>
Total Equity	<u>10,191,783.93</u>
TOTAL LIABILITIES & EQUITY	<u>23,869,142.92</u>

4:20 PM

Humboldt Bay Harbor, Recreation & Conservation District

05/05/23

Account QuickReport

Accrual Basis

As of March 31, 2023

Type	Date	Num	Name	Memo	Amount
10200.1 - Cash in PNC, Checking					
Liability Check	03/02/2023		QuickBooks Payroll Serv...	Created by Payro...	-28,096.23
Liability Check	03/03/2023	ACH	California State Disburse...	20000002142499	-372.46
Liability Check	03/03/2023	ACH	California State Disburse...	200000002073316	-500.76
Liability Check	03/03/2023	ACH	State Disbursement Unit	0230000067964	-233.53
Liability Check	03/03/2023	ACH	PERS Unfunded Accrue...	2233447024	-5,778.85
Liability Check	03/03/2023	ACH	CalPERS 457 Program	450348	-1,710.75
Bill Pmt -Check	03/03/2023	ACH	CalPERS 457 Program	457Match 03/03/...	-350.00
Liability Check	03/03/2023	E-pay	Internal Revenue Service	94-2262845 QB ...	-5,276.48
Bill Pmt -Check	03/03/2023	1921	101Netlink		-230.00
Bill Pmt -Check	03/03/2023	1922	314intermedia		-60.00
Bill Pmt -Check	03/03/2023	1923	Advanced Security Syste...		-399.00
Bill Pmt -Check	03/03/2023	1924	American Textile & Supp...		-131.91
Bill Pmt -Check	03/03/2023	1925	AT&T Internet	831-000-8571 571	-886.57
Bill Pmt -Check	03/03/2023	1926	California Redwood Co.	Red Tank 12/16/...	-801.87
Bill Pmt -Check	03/03/2023	1927	City of Eureka (Sewer)	2001-901804-02	-6,416.22
Bill Pmt -Check	03/03/2023	1928	City of Eureka (Water)	2001-901802-01	-5,634.49
Bill Pmt -Check	03/03/2023	1929	Coastal Business Syste...	WIM Copier Lease	-505.55
Bill Pmt -Check	03/03/2023	1930	Colantuono, Highsmith &...	Brown Act Advice	-127.50
Bill Pmt -Check	03/03/2023	1931	Englund Marine Supply	PO#1892	-94.57
Bill Pmt -Check	03/03/2023	1932	Eureka Glass Company, ...	PO 1760 Replac...	-2,067.88
Bill Pmt -Check	03/03/2023	1933	Francotyp-Postalia	466106100	-145.66
Bill Pmt -Check	03/03/2023	1934	Harshwal & Company, LLP	Audit for FY 2021...	-13,028.00
Bill Pmt -Check	03/03/2023	1935	Humboldt Community Se...	3165	-18.00
Bill Pmt -Check	03/03/2023	1936	Humboldt Waste Manag...	20218	-1,040.62
Bill Pmt -Check	03/03/2023	1937	Mission Uniform & Linen	299313	-501.37
Bill Pmt -Check	03/03/2023	1938	Network Help To Go	March 2023 IT S...	-575.00
Bill Pmt -Check	03/03/2023	1939	North Coast Laboratories...	PO#1915 Samoa...	-1,744.00
Bill Pmt -Check	03/03/2023	1940	Northern California Glove	3474	-340.89
Bill Pmt -Check	03/03/2023	1941	Pace Supply Corp	39567-00	-257.79
Bill Pmt -Check	03/03/2023	1942	Poletski's Appliance Cen...		-20.90
Bill Pmt -Check	03/03/2023	1943	Redwood Community Ac...	RSC 5055131	-214.24
Bill Pmt -Check	03/03/2023	1944	Security Lock & Alarm		-38.18
Bill Pmt -Check	03/03/2023	1946	Shafer's Ace Hardware (...)	31586	-20.54
Bill Pmt -Check	03/03/2023	1947	Standard Insurance Com...	ST 908447 0001	-284.60
Bill Pmt -Check	03/03/2023	1948	Wahlund Construction Inc.	35-21	-4,674.87
Bill Pmt -Check	03/03/2023	1949	Moffatt & Nichol	Project 212991/0...	-83,726.86
Bill Pmt -Check	03/03/2023	1950	Redwood Community Ac...	RSC 5055131	-18,726.15
Bill Pmt -Check	03/03/2023	1951	Shafer's Ace Hardware	1586	-58.88
Bill Pmt -Check	03/08/2023	ACH	Francotyp-Postalia	466106100	-300.00
Bill Pmt -Check	03/09/2023	ACH	PERS Unfunded Accrue...	2233447024	-8,327.67
Bill Pmt -Check	03/10/2023	1952	AT&T Phone	707 443-0800 07...	-311.80
Bill Pmt -Check	03/10/2023	1953	B & B Portable Toilets	RWD - Received ...	-131.84
Bill Pmt -Check	03/10/2023	1954	Napa Auto Parts	24290	-1,134.41
Bill Pmt -Check	03/10/2023	1955	Pacific Coast Congress	C.Mooers & C.Mi...	-595.00
Bill Pmt -Check	03/10/2023	1956	Pacific Gas & Electric (1...	Acct #06704919...	-2,747.79
Bill Pmt -Check	03/10/2023	1957	Pacific Gas & Electric (3...	6598073494-4	-147.50
Bill Pmt -Check	03/10/2023	1958	Pierson Building Center	1297	-506.97
Bill Pmt -Check	03/10/2023	1959	Southwest Answering Se...	12/29-1/25/2023 ...	-215.00
Bill Pmt -Check	03/10/2023	1960	StewTel, Inc.		-326.73
Bill Pmt -Check	03/13/2023	Xfer	Applegate & Thorne-Tho...	1901	-7,000.00
Bill Pmt -Check	03/13/2023	Xfer	Chase Community Equit...	NMTC Exit Fundi...	-1,000.00
Bill Pmt -Check	03/13/2023	Xfer	Manatt, Phelps & Phillips...	01151-618	-7,500.00
Bill Pmt -Check	03/14/2023	Xfer	Weist Law LLP	NMTC Exit Fundi...	-4,579.00
Liability Check	03/14/2023	E-pay	Employment Developme...	499-0307-3 QB T...	-1,932.07
Liability Check	03/14/2023	E-pay	Internal Revenue Service	94-2262845 QB ...	-5,255.28
Liability Check	03/16/2023		QuickBooks Payroll Serv...	Created by Payro...	-27,979.36
Liability Check	03/17/2023	ACH	PERS Unfunded Accrue...	2233447024	-5,778.85
Liability Check	03/17/2023	ACH	CalPERS 457 Program	450348	-1,710.75
Bill Pmt -Check	03/17/2023	ACH	CalPERS 457 Program	457Match 03/01/...	-350.00
Liability Check	03/17/2023	ACH	California State Disburse...	200000002142499	-372.46
Liability Check	03/17/2023	ACH	State Disbursement Unit	0230000067964	-233.53
Liability Check	03/17/2023	ACH	California State Disburse...	200000002073316	-500.76
Check	03/17/2023	1961	Melz, Steve	Tenant Refund	-36.97
Check	03/17/2023	1962	Moyle, Stan	Tenant Refund	-210.30
Bill Pmt -Check	03/17/2023	1963	ACWA JPIA	215	-28,309.03
Bill Pmt -Check	03/17/2023	1964	Alber's Tractor & Ag Work	PO#1918.	-500.00
Bill Pmt -Check	03/17/2023	1965	B & B Portable Toilets	RWD	-131.44
Bill Pmt -Check	03/17/2023	1966	David L. Moonie & Co., L...		-4,404.00

Humboldt Bay Harbor, Recreation & Conservation District

05/05/23

Account QuickReport

Accrual Basis

As of March 31, 2023

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	03/17/2023	1967	Eureka Oxygen Company		-86.80
Bill Pmt -Check	03/17/2023	1968	Hiley, Mindy		-45.00
Bill Pmt -Check	03/17/2023	1969	Humboldt Bay Municipal ...	9002.001 RMT2	-1,147.03
Bill Pmt -Check	03/17/2023	1970	Humboldt Bay Solar Fun...	HB0520	-8,480.01
Bill Pmt -Check	03/17/2023	1971	Humboldt No. 1 Fire Prot...		-132.00
Bill Pmt -Check	03/17/2023	1972	Mario's Marina, LLC	Fish Cleaning St...	-500.00
Bill Pmt -Check	03/17/2023	1973	Mitchell Law Firm, LLP		-3,716.50
Bill Pmt -Check	03/17/2023	1974	Moffatt & Nichol	Project 212991/0...	-95,003.35
Bill Pmt -Check	03/17/2023	1975	Recology Eel River	061097997	-446.02
Bill Pmt -Check	03/17/2023	1976	Recology Humboldt Cou...	061218064	-729.18
Bill Pmt -Check	03/17/2023	1977	Recology Humboldt Cou...	A0060000265	-2,382.72
Bill Pmt -Check	03/17/2023	1978	Shelter Cove Fishing Pre...	SC Janitorial Mar...	-2,083.33
Bill Pmt -Check	03/17/2023	1979	Shelter Cove Resort Imp...	SC 1/28/2023-02...	-97.89
Bill Pmt -Check	03/17/2023	1980	SHN Consulting Enginee...		-1,765.00
Bill Pmt -Check	03/17/2023	1981	Staples Credit Plan	6035 5178 1247 ...	-161.69
Bill Pmt -Check	03/17/2023	1982	Sunbelt Rentals	772625	-381.65
Bill Pmt -Check	03/17/2023	1983	Tenera Environmental Inc.	20236001	-29,544.79
Bill Pmt -Check	03/17/2023	1984	Valley Pacific Petroleum ...	114137	-1,246.23
Bill Pmt -Check	03/17/2023	1985	Verizon Wireless		-321.30
Bill Pmt -Check	03/17/2023	1986	Western Chainsaw		-67.70
Bill Pmt -Check	03/17/2023	1987	Verizon Wireless		-108.41
Check	03/17/2023	1988	US Bank Corporate Pay...		-2,932.64
Bill Pmt -Check	03/17/2023	1989	Coastal Business Syste...	WIM Copier Lease	-505.55
Check	03/27/2023	Xfer	Humboldt Bay Developm...	Check 50069312...	-22.22
Liability Check	03/29/2023	E-pay	Internal Revenue Service	94-2262845 QB ...	-6,096.18
Liability Check	03/29/2023	1991	Operating Engineers Loc...	94-2262845	-373.80
Liability Check	03/29/2023	E-pay	Employment Developme...	499-0307-3 QB T...	-2,236.32
Bill Pmt -Check	03/29/2023	2016	Samoa Pacific Group, LLC	2nd Escrow Exte...	-10,000.00
Liability Check	03/30/2023		QuickBooks Payroll Serv...	Created by Payro...	-30,687.66
Check	03/31/2023	1990	Miller, Russell	Tenant Refund	-575.14
Liability Check	03/31/2023	ACH	California State Disburse...	200000002142499	-372.46
Liability Check	03/31/2023	ACH	California State Disburse...	200000002073316	-500.76
Liability Check	03/31/2023	ACH	State Disbursement Unit	0230000067964	-233.53
Liability Check	03/31/2023	1992	Franchise Tax Board	CHRISTOPHER ...	-150.00
Liability Check	03/31/2023	ACH	CalPERS 457 Program	450348	-1,710.75
Bill Pmt -Check	03/31/2023	ACH	CalPERS 457 Program	457Match 03/031...	-350.00
Liability Check	03/31/2023	ACH	PERS Unfunded Accrue...	2233447024	-5,726.37
Bill Pmt -Check	03/31/2023	1993	314intermedia		-60.00
Bill Pmt -Check	03/31/2023	1994	Advanced Security Syste...	WIM	-199.50
Bill Pmt -Check	03/31/2023	1995	Alliant Insurance Service...	HUMBBAY-02	-500.00
Bill Pmt -Check	03/31/2023	1996	AT&T Internet	831-000-8571 571	-886.57
Bill Pmt -Check	03/31/2023	1997	City of Eureka (Sewer)	2001-901804-02	-4,728.17
Bill Pmt -Check	03/31/2023	1998	City of Eureka (Water)	2001-901802-01	-5,843.49
Bill Pmt -Check	03/31/2023	1999	Humboldt Community Se...	3165	-18.00
Bill Pmt -Check	03/31/2023	2000	Mission Uniform & Linen	299313	-441.71
Bill Pmt -Check	03/31/2023	2001	Network Help To Go	April 2023 IT Ser...	-575.00
Bill Pmt -Check	03/31/2023	2002	Northern California Safet...	PO # 1911 & 191...	-1,090.00
Bill Pmt -Check	03/31/2023	2003	Pacific Gas & Electric (8...	VOID: 00746982...	0.00
Bill Pmt -Check	03/31/2023	2004	Pacific Gas & Electric (N...	2072047	-611.73
Bill Pmt -Check	03/31/2023	2005	Planwest Partners, Inc.		-5,760.00
Bill Pmt -Check	03/31/2023	2006	Redwood Community Ac...	VOID: RSC 5055...	0.00
Bill Pmt -Check	03/31/2023	2007	Security Lock & Alarm	RWD Keys	-16.39
Bill Pmt -Check	03/31/2023	2008	Source Inc.	PO 1900	-119.19
Bill Pmt -Check	03/31/2023	2009	Standard Insurance Com...	ST 908447 0001	-276.00
Bill Pmt -Check	03/31/2023	2010	Valley Pacific Petroleum ...	114137	-55.58
Bill Pmt -Check	03/31/2023	2011	World Oil Enviromental S...	15055	-1,156.15
Check	03/31/2023	2012	Wetle, Gerry	Tenant Refund	-350.50
Bill Pmt -Check	03/31/2023	2013	Pacific Gas & Electric (8...	0074698259-4	-8,636.49
Bill Pmt -Check	03/31/2023	2014	Redwood Community Ac...	RSC 5055131	-10,408.20
Bill Pmt -Check	03/31/2023	2015	Redwood Community Ac...	RSC 5055131	-23,248.13
Bill Pmt -Check	03/31/2023	2017	Moffatt & Nichol	Project 212991/0...	-340,352.76
Bill Pmt -Check	03/31/2023	2018	Petty Cash	Petty Cash	-118.23
Check	03/31/2023			Service Charge	-347.85

Total 10200.1 · Cash in PNC, Checking

-914,339.30

TOTAL**-914,339.30**



COMMISSIONERS
1st Division
Aaron Newman
2nd Division
Greg Dale
3rd Division
Stephen Kullmann
4th Division
Craig Benson
5th Division
Patrick Higgins

Humboldt Bay
Harbor, Recreation and Conservation District
(707)443-0801
P.O. Box 1030
Eureka, California 95502-1030

STAFF REPORT
HARBOR DISTRICT MEETING
May 11, 2023

TO: Honorable Board President and Harbor District Board Members

FROM: Larry Oetker, Executive Director

DATE: May 4, 2023

TITLE: Approve a Purchase Order for a Seasonal Maintenance Worker I

STAFF RECOMMENDATION: Approve Purchase Order No. 1947 to Express Personnel for \$20,000.

SUMMARY: The Maintenance Staff have been short-handed for the last year due to injuries and illnesses; last month a valuable member resigned and moved out of state. With the increased amount of work during the spring and summer months, staff would like to retain a Seasonal Maintenance Worker I for 1,040 hours.

ATTACHMENTS:

- A. PO No 1947 for Express Personnel



Humboldt Bay Harbor, Recreation &
Conservation District
PO Box 1030
Eureka, CA 95502

Purchase Order

Date	P.O. No.
05/04/2023	1947

Vendor
Express Employment Professionals 14 W. Wabash Avenue Eureka, CA 95501

Ship To
Humboldt Bay Harbor, Recreation and Conservation District PO Box 1030 Eureka, CA 95502

Description	Qty	Rate	Class	Amount
Employment Services for Seasonal HMWI Michael Michel		\$27.49/hr		\$20,000
Approved By:			Total	\$20,000

COMMISSIONERS

1st Division

Aaron Newman

2nd Division

Greg Dale

3rd Division

Stephen Kullmann

4th Division

Craig Benson

5th Division

Patrick Higgins

Humboldt Bay
Harbor, Recreation and Conservation District
(707)443-0801
P.O. Box 1030
Eureka, California 95502-1030



STAFF REPORT
HARBOR DISTRICT MEETING
May 11, 2023

TO: Honorable Board President and Harbor District Board Members

FROM: Larry Oetker, Executive Director

DATE: May 5, 2023

TITLE: Approve PO# 1949 to Anderson Trucking, LLC for Waste Haul Operations at Redwood Marine Terminal II.

STAFF RECOMMENDATION: Approve Purchase Order # 1949 in the amount of \$30,718.68 to Anderson Trucking, LLC.

SUMMARY: In preparation for the possession of premises by Nordic Aquafarms and pursuant to section 6.2 of the sublease, dated February 11, 2019, the District has the obligation to remove, at its sole cost and expense, all scraps, and debris from the surface of the demised premises. The debris, as municipal waste, has been removed and disposed of at an appropriate waste facility.

ATTACHMENTS:

A PO 1949 for Anderson Trucking



Humboldt Bay Harbor, Recreation &
Conservation District

PO Box 1030
Eureka, CA 95502

Purchase Order

Date	P.O. No.
05/05/2023	1949

Vendor
Anderson Trucking, LLC P.O. Box 368 Scotia, CA 95565

Ship To
Humboldt Bay Harbor, Recreation and Conservation District PO Box 1030 Eureka, CA 95502

Description	Qty	Rate	Class	Amount
Debris Removal & Disposal				
Approved By:			Total	\$30,718.68

COMMISSIONERS
1st Division
Aaron Newman
2nd Division
Greg Dale
3rd Division
Stephen Kullmann
4th Division
Craig Benson
5th Division
Patrick Higgins

Humboldt Bay
Harbor, Recreation and Conservation District
(707)443-0801
P.O. Box 1030
Eureka, California 95502-1030



STAFF REPORT
HARBOR DISTRICT MEETING
May 11, 2023

TO: Honorable Board President and Harbor District Board Members

FROM: Larry Oetker, Executive Director

DATE: May 5, 2023

TITLE: Consider Approving Nordic Aquafarms Lease Amendment No. 4

STAFF RECOMMENDATION: Staff recommends that the Board: Approve Lease Amendment No. 4.

SUMMARY: There have been three amendments to the Original Sublease Agreement dated February 11, 2019. The fourth amendment is intended to address several issues that are mutually beneficial to Nordic Aquafarms and the District.

DISCUSSION: Amendment No 4 among other amendments:

- Clarifies the permits obligations associated with the bay water “Sea Chest”;
- Cleans up previously approved amendments referencing 12,500,000 per day of ocean outfall discharges;
- Extends the Option Period from October 1, 2022 to a month to month Option Period with specific noticing and other requirements on both parties prior to termination;
- Establishes the monthly Option Term Extension Monthly Payment at \$25,645 with annual CPI increases;
- Reduces the rights to use 20 megawatts capacity of the electrical substation to 10 megawatts with the District retaining the right to the other 10 megawatt capacity of the substation for its own uses;
- Amends the costs to use the substation from \$356,000 to \$278,000;
- Modifies the lease area as shown in Exhibit A where the District retains possession of the Shops and Stores and Machine Buildings;
- Modifies the Annual Rent to the greater of (i) an amount equal to twelve (12) times the Option Term Extension Monthly Payment in effect at the time the Commencement Date occurs, or (ii) \$354,000;
- Clarifies the Districts retain right of way along the northern 50 feet of the revised lease area;

- Authorizes the District to retain the \$43,750 held in deposit for District's loss in rental income;
- District agrees to negotiate in good faith for any then available warehouse space on the property; and
- District agrees to reasonably cooperate with Nordic Aquafarms in applying for available grant funds for the demolition of the existing structures within the Lease Area.

ATTACHMENTS:

A. Fourth Amendment To Sublease

FOURTH AMENDMENT TO SUBLEASE

This **FOURTH AMENDMENT TO SUBLEASE** (“**Fourth Amendment**”) is made effective as of the 4th day of May, 2023 (the “**Effective Date**”), by and between **HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT**, a California public entity (“**Landlord**”), and **NORDIC AQUAFARMS CALIFORNIA, LLC**, a Delaware limited liability company, f/k/a California Marine Investments LLC (“**Tenant**”).

RECITALS

A. Landlord and Tenant are parties to that certain Sublease dated as of February 11, 2019 (the “**Original Sublease**”), as amended by that certain First Amendment to Sublease dated as of March 15, 2020 (the “**First Amendment**”); that certain Second Amendment to Sublease dated as of August 14, 2020 (the “**Second Amendment**”); and that certain Third Amendment to Sublease dated as of September 11, 2020 (the “**Third Amendment**”) (collectively, the First, Second, and Third Amendments with the Original Sublease are referred to as the “**Sublease**”), wherein Landlord has granted to Tenant the right to sublease certain improved real property in Humboldt County, California (as more particularly described and depicted in the Sublease, the “**Demised Premises**”). The Sublease was memorialized by Landlord and Tenant in that certain Memorandum of Option to Sublease dated as of February 11, 2019 and recorded in the Official Records of Humboldt County, California on April 10, 2019 as Document Number 2019-006258.

B. Landlord and Tenant now desire to amend the Sublease according to the terms and conditions set forth herein. Capitalized terms used in this Fourth Amendment and not otherwise defined herein shall have the meaning assigned to them in the Sublease.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Additions to Section 1.1 of Rider A to the Sublease.

(a) Landlord and Tenant agree to insert the following sub-section “(g)” to Section 1.1 of Rider A to the Sublease:

“(g) Landlord shall have obtained and delivered to Tenant the necessary Governmental Approvals for Tenant’s intended use of the Sea Chests, as more particularly set forth in Section 5.7 of Rider A, as amended by Section 3 of the Second Amendment. Nothing in this sub-section is intended to alter, modify, or otherwise affect the language in such Section 5.7 that provides: ‘Landlord shall use commercially reasonable efforts to pursue and obtain the necessary Governmental Approvals, during the Option Period, for Tenant’s intended use of the Sea Chests, but Landlord provides no representation or warranty that any such Governmental Approvals will be issued or approved.’ As used herein, the necessary Governmental Approvals shall include, without limitation, the Governmental Approvals listed on Schedule A to the Fourth Amendment,

and the use of commercially reasonable efforts by Landlord shall be deemed to include performance by Landlord in accordance with the terms set forth on such Schedule A.”

(b) Landlord and Tenant agree to insert the following sub-section “(h)” to Section 1.1 of Rider A to the Sublease:

“(h) Tenant shall have received all building permits deemed necessary or desirable by Tenant for the construction of the Project; provided, however, and notwithstanding anything to the contrary in this Sublease, even if Tenant has not received all such permits, this Condition (h) shall be deemed satisfied as of October 1, 2026.”

(c) The reference to “items (a) – (f) below” in the first sentence of Section 1.1 of Rider A to the Sublease is hereby amended and restated as “items (a) – (h) below and any other items identified as “Conditions” expressly set forth in the Sublease”.

2. **Amendment to Section 1.1 of Rider A to the Sublease.** Landlord and Tenant agree to amend sub-section “(c)” of Section 1.1 of Rider A to the Sublease by amending and restating said sub-section as follows:

“(c) The Option Period (as defined below) shall have expired and Tenant shall not have terminated the Sublease in accordance with Section 4.1 below; provided, however, if all Discretionary Governmental Approvals (as defined below) have been issued to Tenant, unless Tenant elects to terminate the Sublease within forty-five (45) days following its receipt of the last of such Discretionary Governmental Approvals, Conditions (a) and (b) above, and this Condition (c), shall be deemed satisfied and, upon such satisfaction of Conditions (a) and (b) above, and this Condition (c), the Commencement Date shall be deemed to have occurred, provided that Conditions (d), (e), (f), (g) and (h) below, and any other Conditions set forth in the Sublease, have been previously satisfied.”

3. **Amendment to Section 4.1 of Rider A to the Sublease.** The reference to “six (6) million gallons per day through the ocean outfall pipe” in the second sentence of Section 4.1 of Rider A to the Sublease is hereby deleted and replaced with a reference to “twelve million five hundred thousand (12,500,000) gallons per day through the ocean outfall pipe”.

4. **Agreement to Extend the Option Period.**

(a) Landlord and Tenant agree to extend the Option Period, as described in Section 4.1 of Rider A to the Sublease, for the period commencing retroactively on October 1, 2022, until the earlier of (i) the Commencement Date occurrence in accordance with Section 1.1 of Rider A to the Sublease, as hereby amended; (ii) a Tenant default of any of its obligations under the Sublease, as hereby amended, during the Option Period following written notice from Landlord to Tenant and the expiration of any applicable cure periods as provided in the Sublease; (iii) during the Option Period, a Tenant election, in its sole discretion, to terminate the Sublease, as hereby amended, upon giving Landlord at least thirty (30) days’ prior written notice of such

election; or (iv) during the Option Period, on or after July 1, 2026, a Landlord election, in its sole discretion, to terminate the Sublease, as hereby amended, upon giving Tenant at least ninety (90) days' prior written notice of such election, subject to all the terms and conditions of the Sublease, as hereby amended (the "**Option Term Extension Period**").

(b) Commencing with October 1, 2022, and for each calendar month during the Option Term Extension Period, Tenant shall pay to Landlord, in advance on the first day of each calendar month, the Option Term Monthly Extension Payment. For purposes of this section, the "**Option Term Extension Monthly Payment**" shall be Twenty Five Thousand, Six Hundred and Forty Five Dollars (\$25,645). Notwithstanding the foregoing to the contrary, Tenant shall pay the Option Term Extension Monthly Payments for each month of the Option Term Extension Period prior to the full execution and delivery of this Fourth Amendment within ten (10) business days following such full execution and delivery. By way of example but without limitation, if this Fourth Amendment is fully executed and delivered on May 2, 2023, Tenant shall pay to Landlord, on or before May 16, 2023, the amount of \$205,160.00, representing the Option Term Monthly Extension Payment due and payable for the months of October 2022, November 2022, December 2022, January 2023, February 2023, March 2023, April 2023, and May 2023. On each anniversary of October 1, 2022 during the Option Term Extension Period (each such date being referred to herein as a "**Change Date**"), the Option Term Extension Monthly Payment shall be increased (but not decreased) by the percentage increase in the Consumer Price Index for All Urban Consumers - All Items as published by the Bureau of Labor Statistics for the U.S. Department of Labor for the West Region (base year 1982-84= 1001) (the "**Index**") from the Change Date to the current Change Date. The Option Term Extension Monthly Payment as so increased shall remain in effect until the next succeeding Change Date. If the Index has not been published as of the applicable Change Date, then Tenant shall continue to pay the Option Term Extension Monthly Payment at the rate for the preceding twelve (12) month period until such time as the Index is published, and the parties shall make an adjustment, retroactive to the applicable Change Date, and the shortfall, if any, shall be due and payable with Tenant's first monthly installment of Option Term Extension Monthly Payment that is due and payable at least thirty (30) days after the Index is published. In the event that the Index is no longer utilized or published by the U.S. Department of Labor, the nearest equivalent index actually published (as reasonably determined by Landlord and Tenant) shall be utilized.

(c) Notwithstanding subsection (b) above to the contrary, in the event the Sublease is terminated on a day other than the last day of a calendar month or the Commencement Date occurs on a day other than the first day of a calendar month, the last Option Term Extension Monthly Payment paid by Tenant shall be prorated based on the number of days in the last calendar month of the Option Term Extension Period, and Landlord shall credit any overpayment against the first installment of Annual Rent if the Commencement Date occurs or return the amount of the overpayment to Tenant within thirty (30) days after the Sublease is terminated, which obligation shall survive any such termination.

(d) The Option Term Extension Monthly Payment has been bargained for and agreed to as separate and independent consideration for Tenant's option to sublease the Demised Premises, it is, therefore, fully earned by Landlord upon its receipt thereof, and subject to subsection (c) above, it is non-refundable under any circumstance, including the termination of

the Sublease or upon the Commencement Date, if it occurs. The Option Term Extension Monthly Payment shall be paid at the address of Landlord set forth in Section 13.2 of the Original Sublease, or at such other place as Landlord may designate by Notice to Tenant. If Tenant should default in the payment of the Option Term Extension Monthly Payment when and as the same shall be due and payable and such default continues for a period of thirty (30) days after the receipt by Tenant of Notice thereof from Landlord, Landlord may, in its sole and absolute discretion, terminate the Sublease.

(e) Effective as of the Effective Date, Section 4.2 of Rider A of the Sublease is hereby deemed null and void and of no further force or effect.

5. **Amendment to Section 5.2 of Rider A to the Sublease.** Landlord and Tenant agree to amend Section 5.2 of Rider A to the Sublease, as said section was amended by way of the Second Amendment, by amending and restating said section in its entirety as follows:

“Landlord hereby grants to Tenant the right throughout the Term to access and use Landlord’s electric substation as identified and depicted on Exhibit B for up to ten (10) megawatts of the current twenty (20) megawatt capacity. The cost of such use by Tenant shall be Two Hundred Seventy-Eight Thousand Dollars (\$278,000.00), payable to Landlord, in advance, within thirty (30) days following the Commencement Date. Tenant shall be responsible for providing its own power to such substation without any warranty by Landlord and, to the extent power is supplied to the electrical substation by any public or private utility company, Tenant shall be directly responsible for paying any and all charges imposed by the utility company for Tenant’s use of the electric substation. Landlord, its employees, agents, and contractors, retain the unobstructed right of access to the electrical substation so that Landlord can make full use of the ten (10) megawatts reserved unto itself. Tenant, at Tenant's sole cost and expense and for its own use, may further increase the megawatt capacity of the electrical substation from time to time, provided that any such increase shall not result in any interruption in service to, or unreasonable interference with, Landlord's existing use of the electrical substation. Further, Landlord, at Landlord’s sole cost and expense, may increase the megawatt capacity of the electrical substation from time to time, provided that any such increase shall not result in any interruption in service to, or unreasonable interference with, Tenant's existing use of the electrical substation. Neither party may decrease the megawatt capacity of the electrical substation below twenty (20) megawatts without the other party's prior written consent in its sole and absolute discretion. Tenant shall insure and keep the electrical substation in good condition and repair throughout the Term of the Sublease (including any necessary rehabilitation as of the Commencement Date, and any capital expenditures that may be required from time to time thereafter, subject to each party’s reasonable approval as set forth below), provided that Landlord shall be responsible for its proportionate share of such insurance, repair, maintenance, rehabilitation and capital costs based on the megawatts of the electrical substation that are then reserved and available to Landlord. In connection therewith, Tenant shall deliver to Landlord Tenant's reasonable estimate of any given cost, or group of costs, which it anticipates will be paid or incurred for the ensuing calendar year, as Tenant shall reasonably determine, and Landlord shall pay to Tenant an amount equal to Landlord's

proportionate share of the estimated amount of such costs for such calendar year in equal monthly installments during such calendar year. Tenant reserves the right to revise such estimate from time to time upon prior notice to Landlord. As soon as reasonably possible following the end of each calendar year, Tenant shall furnish to Landlord a statement setting forth (i) the amount of such costs paid or incurred during the just ended calendar year, and (ii) the amount that Landlord has paid to Tenant for credit against such costs for such period. If Landlord shall have paid more than its obligation for such costs for the stated calendar year, Tenant shall either (y) credit the amount of such overpayment toward the next ensuing monthly payment of such costs that would otherwise be due by Landlord, or (z) refund to Landlord the amount of such overpayment within thirty (30) days after such determination. If such year-end statement shall show that Landlord did not pay its obligation for such costs in full, then Landlord shall pay to Tenant the amount of such underpayment within thirty (30) days from Tenant's billing of same to Landlord. The electrical usage of the electrical substation shall be separately metered for each of Landlord's and Tenant's usage, and each party shall pay for its electrical usage directly to the applicable electricity provider. Any expenditures pertaining to the electrical substation that would be capitalized under generally accepted accounting principles (which shall be deemed to include any necessary rehabilitation as of the Commencement Date) shall be subject to the prior written approval of each party, which approval shall not be unreasonably withheld, conditioned, or delayed. The payment obligations of each party in this section shall survive the expiration or sooner termination of the Sublease."

6. Lease Area Reduction; Amendment to Sections 6.1 and 6.2 of Rider A to the Sublease.

(a) Landlord and Tenant agree to amend Sections 6.1 and 6.2 of Rider A to the Sublease, as said sections were amended in the Second Amendment, by amending and restating said sections in their entirety as follows:

“**Section 6.1** Upon satisfaction or waiver by Tenant of the Conditions in the manner described in Section 1.1 of Rider A to the Sublease, Tenant shall sublease the “**Reduced Lease Area**” identified and depicted in Exhibit A to this Fourth Amendment. The real property identified and depicted on Exhibit A to this Fourth Amendment shall be the “**Lease Area**”. By way of this Fourth Amendment, the Parties agree that Tenant's right to elect to lease that additional real property depicted in Exhibit A to the Original Sublease as "Option 1", "Option 2", and "Option 3", or that real property depicted in Exhibit A to the Second Amendment as the “Expanded Lease Area”, shall be eliminated, and, as of the Effective Date of this Fourth Amendment, the "Lease Area" depicted on Exhibit A to the Original Sublease and the “Expanded Lease Area” depicted on Exhibit A to the Second Amendment shall be amended to include only that real property identified and depicted on Exhibit A to this Fourth Amendment as the “Reduced Lease Area”. On and after the Commencement Date, the Lease Area, as defined in this Fourth Amendment, shall be deemed to be the "Demised Premises" or "Land" under the Sublease. Any provision in the Sublease or the Second Amendment that references or is applicable in the event Tenant elects to sublease an area described or depicted as "Option 1", "Option 2", "Option 3", and/or the “Expanded Lease Area” shall remain effective and be interpreted to apply to the Lease Area (as defined in this Fourth Amendment). On and

after the Commencement Date, Tenant shall not obstruct, prevent, or otherwise hinder the use of the public right of way known as Vance Avenue, as such public right of way is shown on Exhibit A to the Original Sublease.

Section 6.2 On and after the Commencement Date, and subject to the terms and conditions of Section 4.1 of the Sublease, Tenant shall pay Annual Rent to Landlord for the Demised Premises. The Annual Rent rate for the Demised Premises shall be the greater of (i) an amount equal to twelve (12) times the Option Term Extension Monthly Payment in effect at the time the Commencement Date occurs, or (ii) \$354,000. By way of example, and without limitation, if the Option Term Extension Monthly Payment equals \$30,000 at the time the Commencement Date occurs, the Annual Rent shall be Three Hundred and Sixty Thousand Dollars (i.e., \$30,000 multiplied by 12).”

(b) The "Reduced Lease Area" is identified and depicted on Exhibit A attached to this Fourth Amendment and made a part hereof.

(c) Landlord shall have a non-exclusive right of way and utility corridor along the northern boundary line of the Reduced Lease Area. The utility corridor shall be at least fifty (50) feet wide. Tenant shall retain the right to use such right of way and utility corridor for any purposes permitted under the Sublease, as hereby amended (including, without limitation, for fire protection and construction), provided that Tenant shall not unreasonably interfere with Landlord's use of the right of way or utility corridor.

7. **Deposit.** Landlord shall retain, as its sole property, the \$43,750 deposited by Tenant pursuant to Section 6.2(g) of Rider A of the Sublease (as such Section 6.2(g) of Rider A of the Sublease was in effect immediately prior to the Effective Date of this Fourth Amendment) as full and complete payment for Landlord's loss in rental income.

8. **Conditions.** As of the Effective Date of this Fourth Amendment, the Conditions described in Section 1.1(c), (d), (e), (f), (g) and (h) of Rider A to the Sublease, as amended, the Condition described in Section 4 of the Second Amendment, and the obligation of Landlord to obtain the written approval and/or endorsement of the Commission required in Section 5.1 of Rider A to the Sublease (which is hereby deemed a Condition), each remain unfulfilled. Landlord and Tenant shall continue their good faith efforts to satisfy the above-referenced Conditions, including, without limitation, pursuit and receipt of the Discretionary Governmental Approvals, during the Option Term Extension Period.

9. **Lease of Warehouse Space.** Landlord agrees to negotiate, on a non-exclusive basis, in good faith with Tenant in the event Tenant desires to lease from Landlord any then-available space within the warehouse located at 364 Vance Avenue, Samoa, CA. Tenant may inquire with Landlord at any time as to what, if any, space Landlord has available for Tenant's use.

10. **Demolition of Existing Buildings.** During the Option Term Extension Period, Landlord shall reasonably cooperate with Tenant in applying for available grant funds for the demolition of the existing structures within the Lease Area; provided, however, that nothing in this section

shall obligate Landlord to draft grant applications, commit matching funds, pay any portion of the cost of such demolition, or otherwise contract for demolition work.

11. **Brokers.** Each party hereby represents and warrants to the other party that it has not dealt with any broker or agent in connection with this Fourth Amendment and covenants to pay, hold harmless and indemnify the other party from and against any and all cost, expense or liability (including legal fees incurred in defending against any claim) for any compensation, commission and charges claimed by any broker or agent with respect to this Fourth Amendment or the negotiation hereof or otherwise arising from a breach of the foregoing warranty.

12. **No Further Modification; Conflict.** Except as set forth in this Fourth Amendment, all of the terms and provisions of the Sublease shall remain unmodified and in full force and effect. Effective as of the date first written above, all references to the "Sublease" shall refer to the Sublease as amended by this Fourth Amendment. In the event of any conflict between the terms, covenants and conditions of the Sublease, and the terms, covenants and conditions of this Fourth Amendment, the terms, covenants and conditions of this Fourth Amendment shall govern and control.

13. **Miscellaneous.**

(a) **Voluntary Agreement.** The parties have read this Fourth Amendment, and on the advice of counsel they have freely and voluntarily entered into this Fourth Amendment. This Fourth Amendment shall be interpreted neutrally between the parties regardless of which party drafted or caused to be drafted this Fourth Amendment.

(b) **Attorneys' Fees.** If either party commences an action against the other party arising out of or in connection with this Fourth Amendment, the prevailing party shall be entitled to recover from the non-prevailing party, reasonable attorneys' fees and costs of suit.

(c) **Successors.** Subject to the assignment and subletting provisions of the Sublease, this Fourth Amendment shall be binding on and inure to the benefit of the parties and their successors, legal representatives and assigns.

(d) **Counterparts; Signatures.** This Fourth Amendment may be signed in two or more counterparts. When at least one such counterpart has been signed by each party, this Fourth Amendment shall be deemed to have been fully executed, each counterpart shall be deemed to be an original, and all counterparts shall be deemed to be one and the same agreement. This Fourth Amendment may be executed by a party's signature transmitted by facsimile or by electronic means, and copies of this Fourth Amendment executed and delivered by means of faxed or electronic signatures shall have the same force and effect as copies hereof executed and delivered with original signatures. All parties hereto may rely upon faxed or electronic signatures as if such signatures were originals. All parties hereto agree that a faxed or electronic signature page may be introduced into evidence in any proceeding arising out of or related to this Fourth Amendment as if it were an original signature page.

SIGNATURE PAGE FOLLOWS THIS PAGE

IN WITNESS WHEREOF, Landlord and Tenant have executed this Fourth Amendment as of the Effective Date.

LANDLORD:

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

By: _____

Name: Larry Oetker

Title: Executive Director

TENANT:

NORDIC AQUAFARMS CALIFORNIA, LLC,
a Delaware limited liability company,
f/k/a California Marine Investments LLC

By: 
Brenda Chandler (May 4, 2023 09:14 EDT)

Name: Brenda Chandler

Title: U.S. CEO

Schedule A

The Parties agree and acknowledge that Landlord is required to use commercially reasonable efforts to pursue, approve, and/or obtain, as applicable, the following Governmental Approvals as a part of its satisfaction of the Condition set forth in Section 1.1(g) of Rider A to the Sublease, subject to Tenant's reimbursement of Landlord's costs and expenses as set forth in Section 3 of the Second Amendment and without altering, removing, or otherwise affecting Landlord's express disclaimer of any representation or warranty that any such Governmental Approval(s) will be issued by any regulatory agency:

1. Harbor District Master Baywater Intake Permit (Harbor District Permit);
2. Coastal Development Permit from the California Coastal Commission pursuant to the California Coastal Act for impacts within the Coastal Zone (CDP);
3. Incidental Take Permit from the California Department of Fish and Wildlife (CDFW) pursuant to the California Endangered Species Act (CESA) for impacts to State-listed species ("CESA ITP");
4. Permit under Section 10 of the Rivers and Harbors Act from the United States Army Corps of Engineers ("Section 10 Permit", including Section 7 Consultation under the Endangered Species Act NOAA Fisheries/National Marine Fisheries Service for impacts to federally protected species ("ESA Compliance"); and
5. Water Quality Certification from the North Coast Regional Water Quality Control Board under Section 401 of the Federal Clean Water Act ("401 Certification").

As a part of Landlord's commercially reasonable efforts to pursue and obtain such Governmental Approvals, Landlord shall:

- (a) present to its Board of Commissioners for a vote all necessary Landlord approvals, including the Harbor District Permit, for improvements to water intake structures located in Humboldt Bay that fall within the ownership or control of Landlord and that are necessary for the development and operation of the Project (collectively, the "Intake Upgrades") no later than June 30, 2023;
- (b) submit to CDFW an application package for the CESA ITP, including, without limitation, a conceptual design for Long Fin Smelt mitigation, no later than October 31, 2023;
- (c) provide reasonably timely responses (within 14 calendar days) to any requests for information by the permitting agencies; provided, however, that responses that require detailed technical memoranda or special studies or which cannot be reasonably completed within 14 days shall be submitted within a reasonable time;
- (d) work diligently to collect or develop any technical information requested by the permitting agencies in connection with the applications for such Governmental Approvals;
- (e) engage in regular correspondence, and meetings upon request, with any permitting agency, to ensure timely processing of applications for such Governmental Approvals; and
- (f) provide Tenant with copies of any referral comments or requests for clarification to or from the permitting agencies within three (3) days of transmittal or receipt of the same.

Exhibit A

Reduced Lease Area







Fourth Amendment 5.4.2023

Final Audit Report

2023-05-04

Created:	2023-05-04
By:	Margaret Kneeland (margaret.kneeland@nordicaquafarms.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAQydFKBnT9xj4yCHSdsyYI76KqM4gqvGe

"Fourth Amendment 5.4.2023" History

-  Document created by Margaret Kneeland (margaret.kneeland@nordicaquafarms.com)
2023-05-04 - 12:04:21 PM GMT- IP address: 72.227.96.64
-  Document emailed to Brenda Chandler (brenda.chandler@nordicaquafarms.com) for signature
2023-05-04 - 12:14:32 PM GMT
-  Email viewed by Brenda Chandler (brenda.chandler@nordicaquafarms.com)
2023-05-04 - 1:12:55 PM GMT- IP address: 104.47.14.254
-  Document e-signed by Brenda Chandler (brenda.chandler@nordicaquafarms.com)
Signature Date: 2023-05-04 - 1:14:14 PM GMT - Time Source: server- IP address: 74.75.5.93
-  Agreement completed.
2023-05-04 - 1:14:14 PM GMT

COMMISSIONERS
1st Division
Aaron Newman
2nd Division
Greg Dale
3rd Division
Stephen Kullmann
4th Division
Craig Benson
5th Division
Patrick Higgins

Humboldt Bay
Harbor, Recreation and Conservation District
(707)443-0801
P.O. Box 1030
Eureka, California 95502-1030



STAFF REPORT
HARBOR DISTRICT MEETING
May 11, 2023

TO: Honorable Board President and Harbor District Board Members
FROM: Larry Oetker, Executive Director
DATE: May 11, 2023
TITLE: Consider Adopting Resolution No. 2023-08 Approving and Adopting a Debt Management Policy

STAFF RECOMMENDATION: Staff recommends adopting Resolution No. 2023-08 Approving the Humboldt Bay Harbor, Recreation and Conservation District Debt Management Policy.

SUMMARY: Government Code section 8855(i) requires any issuer of public debt to provide to California Debt and Investment Advisory Commission (CDIAC) prior to the sale of any debt issue a report of the proposed issuance. Issuers of municipal debt are now required to certify on the Report of Proposed Debt Issuance that they have adopted a debt policy concerning the use of debt and that the proposed debt issuance is consistent with the adopted policy. The District’s local debt policy, at a minimum, must include (A) through (E), below.

- A) The purposes for which the debt proceeds may be used.
- B) The types of debt that may be issued.
- C) The relationship of the debt to, and integration with, the issuer’s capital improvement program or budget, as applicable.
- D) Policy goals related to the District’s planning goals and objectives.
- E) The internal control procedures that the District has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

DISCUSSION: In addition to the requirement set forth by Government Code section 8855(i), it is prudent financial management for the District to adopt a debt management policy that sets parameters for issuing debt, managing the District's debt portfolio and provides guidance to decision makers. Adoption of the attached Debt Management Policy will help ensure that District debt is issued and managed prudently to maintain a sound fiscal position and that any future credit rating is protected.

The attached Debt Management Policy has been written to include all elements required by CDIAC as well as best management practices expected by the pertinent credit markets and municipal bond industry.

FINANCIAL CONSIDERATIONS

Because the consultants have agreed to work on a fully contingent basis, there are minimal cost implications to the District. Any costs would be related to staff time spent on administrative tasks associated with the implementation of the Debt Management Policy.

ALTERNATIVES

Board discretion.

ATTACHMENTS:

- A. Resolution No. 2023-08
- B. Debt Management Policy (attached as Exhibit A to Resolution No. 2023-08)

HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

RESOLUTION NO. 2023-08

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT APPROVING AND ADOPTING A DEBT MANAGEMENT POLICY

WHEREAS, the Board of Commissioners (the “Board”) of Humboldt Bay Harbor, Recreation and Conservation District (the “District”) recognizes that cost-effective access to the capital markets depends on prudent management of the District’s debt program; and

WHEREAS, SB 1029 (amending Government Code section 8855) has been signed into law and imposes a new requirement on California local government agencies who will issue municipal debt; and

WHEREAS, Government Code section 8855(i) requires any issuer of public debt to provide to California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the sale of any debt issue a report of the proposed issuance (the “Report of Proposed Debt Issuance”), and must certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt and that the proposed debt issuance is consistent with those policies (the “CDIAC Requirements”); and

WHEREAS, the District expects to be an issuer of new debt in 2023 and thereafter within the meaning of SB 1029 and the CDIAC Requirements; and

WHEREAS, the Board wishes to set parameters for issuing debt, managing the debt portfolio and providing guidance to decision makers; and

WHEREAS, the Board hereby finds and determines that adoption of the attached Debt Management Policy (the “Debt Management Policy”) will help ensure that debt is issued and managed prudently in order to maintain sound fiscal policy, and is intended to also satisfy the requirements of SB 1029 and the CDIAC Requirements; and

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE HUMBOLDT BAY HARBOR, RECREATION, AND CONSERVATION DISTRICT DOES HEREBY RESOLVE AND ORDER AS FOLLOWS:

Section 1. Recitals and Findings. The Board hereby specifically finds and declares that all of the facts in the Recitals of this Resolution are true and correct.

Section 2. Adoption of Debt Management Policy. The Board hereby finds and declares that the proposed Debt Management Policy attached as Exhibit “A” hereto, is

hereby approved as the official Humboldt Bay Harbor, Recreation and Conservation District Debt Management Policy to be effective May 11, 2023.

Section 3. Authorized Official Actions. The President, Vice President, Executive Director, Deputy Executive Director, Secretary and any other person authorized by the Executive Director to act on behalf of the District are hereby authorized and directed, jointly and severally, to do any and all things to effectuate the purposes of this Resolution and to implement and administer the Debt Management Policy.

Section 4. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED by the Humboldt Bay Harbor, Recreation and Conservation District Board of Commissioners at a duly called meeting held on the **11th day of May 2023** by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

**Greg Dale, President
Board of Commissioners**

**Aaron Newman, Secretary
Board of Commissioners**

CERTIFICATE OF SECRETARY

The undersigned, duly qualified and acting Secretary of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, does hereby certify that the attached Resolution is a true and correct copy of RESOLUTION NO. **2023-08** entitled,

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
THE HUMBOLDT BAY HARBOR, RECREATION AND
CONSERVATION DISTRICT APPROVING AND ADOPTING A
DEBT MANAGEMENT POLICY**

as regularly adopted at a legally convened meeting of the Board of Commissioners of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, duly held on the **11th day of May 2023**; and further, that such Resolution has been fully recorded in the Journal of Proceedings in my office, and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this **11th day of May 2023**.

**Aaron Newman, Secretary
Board of Commissioners**

EXHIBIT A

DEBT MANAGEMENT POLICY

**HUMBOLDT BAY HARBOR, RECREATION AND
CONSERVATION DISTRICT**

**Adopted by the Board of Commissioners of the
Humboldt Bay Harbor, Recreation and Conservation District**

Pursuant to Resolution No. 2023-

May 11, 2023

Section 1: Policy

This Debt Management Policy sets forth debt management objectives for the Humboldt Bay Harbor, Recreation and Conservation District (the “District”), and any other entity for which the Board of Commissioners of the District (the “Board”) acts as legislative body, and the term “District” shall refer to each of such entities, and the term “Board” shall refer to the governing boards of each such entity.

This Debt Management Policy establishes general parameters for issuing and administering debt. Recognizing that cost-effective access to the capital markets depends on prudent management of debt incurred by the District (or any of its controlled entities), the Board has adopted this Debt Management Policy by resolution.

This Debt Management Policy is intended to comply with California Government Code Section 8855(i).

Section 2: Scope

The guidelines established by this policy will govern the issuance and management of all debt funded for long-term capital financing needs and not for general operating functions. When used in this policy, “debt” refers to all forms of indebtedness, including bonds, notes, loans, certificates of participation, installment sale agreements and lease obligations.

The District recognizes that changes in the capital markets and other unforeseen circumstances may require action that deviates from this Debt Management Policy. In cases that require exceptions to this Debt Management Policy, approval from the Board will be necessary for implementation.

Section 3: Objectives

The purpose of this Debt Management Policy is to assist the District in pursuit of the following equally important objectives, while providing full and complete financial disclosure and ensuring compliance with applicable state and federal laws:

- Minimize debt service and issuance costs
- Maintain access to cost effective borrowing
- Preserve financial flexibility while assuring public transparency
- Achieve the highest practical credit rating
- Ensure full and timely repayment of debt
- Maintain full and complete financial disclosure and reporting
- Ensure compliance with debt covenants
- Ensure compliance with applicable state and federal laws

Budget Integration – The decision to incur new indebtedness should be integrated with the policy decisions embedded in the Board-adopted budget (the “Budget”). Annual debt service payments shall be included in the Budget.

The District will integrate its debt issuances with the goals of its Capital Improvement Program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes. The District will seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

Biennial Review – Recognizing that cost-effective access to the capital market depends on prudent management of the District's debt program, a biennial review of this Debt Management Policy should be performed. This Debt Management Policy will be included as an Appendix in the annual Budget adopted by Board. Any substantive changes to this Debt Management Policy shall be brought to the Board for consideration and approval.

Section 4: Delegation of Authority

This Debt Management Policy grants the Executive Director the authority to select the Financing Team, coordinate the administration and issuance of debt, communicate with the rating agencies, and fulfill all of the pre-issuance and post-issuance requirements imposed by or related to state law, federal tax law and federal securities law.

Financing Team Definitions and Roles – The financing team is the working group of District staff and outside consultants necessary to complete a debt issuance proposal for presentation to the Humboldt Bay Harbor, Recreation and Conservation District Board, including, but not limited to, bond counsel, disclosure counsel, underwriter, municipal advisor, trustee, pricing consultant and/or arbitrage analyst.

Typically, the Executive Director and Deputy Executive Director form the District staff portion of the Financing Team. As needed, other staff members or designees (such as a standing committee of the District) may be appointed to the Financing Team.

Consultant Selection –The District will consider the professional qualifications and experience of consultants as it relates to the specific bond issue or other financing under consideration. In certain instances, the District will conduct a request for proposal/qualification process to select such consultants. The Executive Director may, however, decide to select such consultants without having to undertake a request for proposal/qualification process, on an as-needed basis.

Section 5: Policies

A. Purposes for which Debt may be Issued

1. **Long-Term Debt**. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the District.
 - a. Long-term debt financings are appropriate when the following conditions exist:
 - When the project to be financed is necessary to provide basic services.
 - When the project to be financed will provide benefit to constituents over multiple years.

- When total debt does not constitute an unreasonable burden to the District and its taxpayers and/or ratepayers, as applicable.
 - When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.
- b. Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.
- c. The District may use long-term debt financings subject to the following conditions:
- The project to be financed must be approved by the Board.
 - The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
 - The District estimates that sufficient revenues will be available to service the debt through its maturity.
 - The District determines that the issuance of the debt will comply with the applicable state and federal law.

2. Short-Term Debt. Short-term debt may be issued to provide financing for the District's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment.

B. Methods of Financing

The Executive Director will investigate all possible financing alternatives including, but not limited to, bonds, notes, loans, certificates of participation, installment sale agreements, lease obligations, state bond pools, and grants, which may be structured and consummated under any of the below described methods of financing.

1. Cash Funding. The District funds a significant portion of capital improvements from reserves accumulated from one-time revenues, which have been set aside for investment in the District's infrastructure.

2. Bank Loans / Lines of Credit. The District will evaluate lines of credit as a possible method of financing.

3. Other Loans. The District will evaluate other financing programs, including but not limited to federal "loans" from the United States Department of Agriculture.

4. Bond Financing. The District may issue any bonds which are allowed under federal and state law including but not limited to general obligation bonds, certificates of participation,

revenue bonds, land-secured (assessment and special tax) bonds, refunding bonds and other obligations (see below for detail).

- **General Obligation Bonds.** General Obligation Bonds (GO Bonds) may only be issued with two-thirds approval of the District's registered voters. The California State Constitution (Article XVI, Section 18) limits the use of the proceeds from GO Bonds to "the acquisition or improvement of real property."
- **Lease Revenue Bonds, Certificates of Participation (COPs) and Lease-Purchase Transactions.** Lease financings may take a variety of forms, including certificates of participation, lease revenue bonds and direct leases (typically for equipment). When the District finances acquisition or construction of capital improvements or equipment with a lease financing, the District agrees to lease either the financed asset or a different asset and, most commonly, the District's lease payments are securitized in the form of certificates of participation or lease revenue bonds. This type of financing requires approval of Board.
- **Revenue Bonds.** Revenue Bonds are generally issued by the District for enterprise funds that are financially self-sustaining without the use of taxes and therefore rely on the revenues collected by the enterprise fund to repay the debt. This type of financing requires approval of Board.
- **Assessment Bonds.** The Improvement Bond Act of 1915 (Streets and Highways Code Section 8500 et seq.) and other state laws, subject to Article XIIIID of the California Constitution, allow the District to issue bonds to finance improvements that provide "specific benefit" to the assessed real property. Installments are collected on the secured property tax roll of the County. This type of financing is secured by the lien upon and assessments paid by the real property owners and does not obligate the District's general fund or other funds. This type of financing requires approval of Board.
- **Special Tax Bonds.** Under the Mello-Roos Community Facilities Act of 1982, the District may issue bonds on behalf of a Community Facilities District (CFD) to finance capital facilities, most commonly in connection with new development. These bonds must be approved by a two-thirds vote of the qualified electors in the CFD, which the Mello-Roos Act defines to mean registered voters if there are 12 or more registered voters in the CFD and, if there are fewer than 12 registered voters, the landowners in the CFD. Bonds issued by the District under the Mello-Roos Act are secured by a special tax on the real property within the CFD. Board will approve any special tax bonds prior to placement on a ballot for voter consideration. The financed facilities do not need to be physically located within the CFD. As this type of financing is secured by the special tax lien upon the real property it does not obligate the District's general fund or other funds.

- ***Refunding Obligations.*** Pursuant to the Government Code and various other financing statutes applicable in specific situations, the Board is authorized to provide for the issuance of bonds for the purpose of refunding any long-term obligation of the District. Absent any significant non-economic factors, a refunding is required to meet the following test: 1) the refunding must produce a minimum net debt service savings (net of reserve fund earnings and other offsets, and taking transaction costs into account) of at least 3% of the par value of the refunded bonds on a net present value basis, using the refunding issue's True Interest Cost (TIC) as the discount rate, unless the Executive Director determines that a lower savings percentage is acceptable for issues or maturities with short maturity dates, and 2) the final maturity of the original bonds cannot be extended unless expressly determined otherwise by the Board. Additionally, the Executive Director may determine that there are other, compelling "non-economic" reasons (i.e. removal of onerous covenants, terms or conditions).
- ***Other Obligations.*** There may be special circumstances when other forms of debt are appropriate and may be evaluated on a case-by-case basis. Such other forms include, but are not limited to: bond anticipation notes, grant anticipation notes, lease revenue bonds, pension obligation bonds, etc.

Section 6: Structure and Term

Term of Debt – Debt will be structured for the shortest period possible, consistent with a fair allocation of costs to current and future users. The standard term of long-term debt borrowing is typically 10-40 years.

Consistent with its philosophy of keeping its capital facilities and infrastructure systems in good condition and maximizing a capital asset's useful life, the District will make every effort to set aside sufficient current revenues to finance ongoing maintenance needs and to provide reserves for periodic replacement and renewal. Generally, no debt will be issued for a period exceeding the useful life or average useful lives of projects to be financed.

Debt Repayment Structure – In structuring a bond issue, the District will manage the amortization of the debt and, to the extent possible, match its cash flow to the anticipated debt service payments. In addition, the District will seek to structure debt with aggregate level debt service payments over the life of the debt. Structures with unlevel debt service will be considered when one or more of the following exist:

- Such structuring is beneficial to the District's aggregate overall debt payment schedule.
- Such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.

Bond Maturity Options – For each issuance, the District will select serial bonds or term bonds, or both.

Interest Rate Structure – The District currently issues securities on a fixed interest rate basis only. Fixed rate securities ensure budget certainty through the life of the issue and avoid the volatility of variable rates. The use of variable rate securities may be issued if authorized by the Board on a case-by-case basis.

Credit Enhancement – Credit enhancement may be used to improve or establish a credit rating on a District debt obligation. Types of credit enhancement include letters of credit, bond insurance and surety policies. The Executive Director will recommend the use of a credit enhancement if it reduces the overall cost of the proposed financing or if the use of such credit enhancement furthers the District’s overall financial objectives.

Debt Service Reserve Fund – Debt service reserve funds are typically held by a Trustee to make principal and interest payments to bondholders in the event the pledged revenues are insufficient to do so. The District will fund debt service reserve funds when it is in the District’s overall best financial interest. The District may decide not to utilize a reserve fund if the Executive Director, in consultation with Bond Counsel and municipal advisor, determines there would be no adverse impact to the District’s relevant existing legal provisions, credit rating and/or interest rates.

Per Internal Revenue Service rules, the maximum size of the reserve fund on tax-exempt bond issuance is the lesser of:

- 10% of the initial principal amount of the debt;
- 125% of average annual debt service; or
- 100% of maximum annual debt service.

In lieu of holding a cash funded reserve, the District may substitute a surety bond or other credit instrument in its place. The decision to cash fund a reserve fund rather than to use a credit facility is dependent upon the cost of the credit instrument and the investment opportunities.

Call Options / Redemption Provisions – A call option or optional redemption provision gives the District the right to prepay or retire debt prior to its stated maturity date. This option may permit the District to achieve interest savings in the future through the refunding of the bonds. Often the District will pay a higher interest rate as compensation to the buyer for the risk of having the bond called in the future. In addition, if a bond is called, the holder may be entitled to a premium payment (call premium). Because the cost of call options can vary depending on market conditions, an evaluation of factors will be conducted in connection with each issuance. The Executive Director shall evaluate and recommend the use of a call option on a case by case basis.

Section 7: Method of Issuance and Sale; Disclosure

Debt issues are sold to a single underwriter or to an underwriting syndicate, either through a competitive sale or a negotiated sale. A negotiated sale may involve the sale of securities to investors through an underwriter or the private placement of the securities with a financial institution or other sophisticated investor. The selected method of sale will be that which is most beneficial to the District in terms of lowest net interest rate, most favorable terms in financial structure, and market conditions. The Executive Director will review conditions in conjunction with information and advice presented by the District’s Financing Team.

Competitive Sales of Bonds – In a competitive sale, the terms of the debt will be defined by the District and the District’s finance team, and the price of the debt will be established through a bidding process amongst impartial underwriters and/or underwriting syndicates. The issue is awarded to the underwriter judged to have submitted the best bid that offers the lowest true interest cost taking into account underwriting spread, interest rates and any discounts or premiums.

Negotiated Sale of Bonds – A method for sale for bonds, notes, or other financing vehicles in which the District selects in advance, based upon proposals received or by other means, one or more underwriters to work with it in structuring, marketing and finally offering an issue to investors. The negotiated sale method is often used when the issue is: a first-time sale by an issuer (a new credit), a complex security structure, such as variable rate transaction, an unusually large issue, or in a highly volatile or congested market where flexibility as to bond sale timing is important.

Private Placement – A private placement is a variation of a negotiated sale in which the District, usually with the help of a placement agent will attempt to place the entire new issue directly with a single investor. The investor will negotiate the specific terms and conditions of the financing before agreeing to purchase the issue. Private placements are generally undertaken because the transaction is complex or unique, requiring direct negotiations with the investor, or because the issue is small or of a shorter duration and a direct offering provides economies of scale, lower interest costs and reduced continuing disclosure.

Derivative Products – Because of their complexity, unless otherwise amended, Derivative Products such as interest rate swaps, interest floaters, and other hybrid securities are prohibited by this Debt Management Policy.

Initial Disclosure Requirements – The District acknowledges its disclosure responsibilities. Under the guidance of Disclosure Counsel, the District will distribute or cause an underwriter to distribute its Preliminary Official Statement and final Official Statement (neither is typically required in a private placement, although in some cases a “private placement memorandum” may be required by the investor).

The Financing Team shall be responsible for soliciting “material” information (as defined in Securities and Exchange Board Rule 10b-5) from District departments and identifying contributors who may have information necessary to prepare portions of the Official Statement or who should review portions of the Official Statement. In doing so, the Financing Team shall confirm that the Official Statement accurately states all “material” information relating to the decision to buy or sell the subject bonds and that all information in the Official Statement has been critically reviewed by an appropriate person.

In connection with an initial offering of securities, the District and other members of the Financing Team will:

- Identify material information that should be disclosed in the Official Statement;
- Identify other persons that may have material information (contributors);
- Review and approve the Official Statement; and
- Ensure the District’s compliance, and that of its related entities, with federal and state security laws, including notification to the California Debt and Investment Advisory Board (“CDIAC”) of

the proposed debt issue no later than 30 days prior to the sale of any debt issue, and submission of a final report of the issuance to the CDIAC by any method approved by the CDIAC.

The Financing Team shall critically evaluate the Official Statement for accuracy and compliance with federal and state securities laws. The approval of an Official Statement shall be placed on the Board agenda, and shall not be considered as a Consent Calendar item. The staff report will summarize the Board's responsibilities with respect to the Official Statement and provide the Board the opportunity to review a substantially final Official Statement. The Board shall undertake such review as deemed necessary by the Board to fulfill the Board's securities law responsibilities.¹

For any privately placed debt with no Official Statement, the final staff report describing the issue and such other documents will be provided to the Board for approval.

Section 8: Creditworthiness Objectives

Ratings are a reflection of the general fiscal soundness of the District and the capabilities of its management. Typically, the higher the credit ratings are, the lower the interest cost is on the District's debt issues. To enhance creditworthiness, the District is committed to prudent financial management, systematic capital planning, and long-term financial planning; however, the District also recognizes that external economic, natural, or other events may, from time to time, affect the creditworthiness of its debt.

The most familiar nationally recognized bond rating agencies are Standard and Poor's, Moody's Investors Service, and Fitch Ratings. When issuing a credit rating, rating agencies consider various factors, including, but not limited to:

- District's fiscal status;
- District's general management capabilities;
- Economic conditions that may impact the stability and reliability of debt repayment sources;
- District's general reserve levels;
- District's debt history and current debt structure;
- Project(s) being financed; and
- Covenants and conditions in the governing legal documents.

Bond Ratings – The Financing Team will assess whether a credit rating should be obtained for an issuance. The District typically seeks a rating from at least one nationally recognized rating agency on new and refunded issues being sold in the public market. The Executive Director, working with the Financing Team, shall be responsible for determining which of the major rating agencies the District shall request

¹ The Securities and Exchange Board (the SEC), the agency with regulatory authority over the District's compliance with the federal securities laws, has issued guidance as to the duties of the Board with respect to its approval of the POS. In its "Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors" (Release No. 36761 / January 24, 1996) (the "Release"), the SEC stated that, if a member of the Board has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the bonds, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such factors are adequately disclosed in the Official Statement. In the Release, the SEC stated that the steps that a member of the Board would take include becoming familiar with the POS and questioning staff and consultants about the disclosure of such facts.

provide a rating. When applying for a rating on an issue, the District and Financing Team shall prepare a presentation for the rating agency when the District determines that a presentation is in the best interests of the District.

Rating Agency Communications – The Executive Director is responsible for maintaining relationships with the rating agencies that assign ratings to the District's various debt obligations. This effort shall include providing the rating agencies with the District's financial statements, if applicable, as well as any additional information requested.

Section 9: Post Issuance Administration

Notification to the CDIAC – The District shall work with Bond Counsel to submit a report of final sale to the CDIAC by any method approved by the CDIAC. The report shall include the information required by CDIAC.

Investment of Proceeds – The Executive Director shall oversee the investment of bond proceeds and reserve funds in accordance with each issue's indenture or trust agreement, utilizing competitive bidding when appropriate. All investments will be made in compliance with the District's investment policy objectives of safety, liquidity and then yield. The investment of bond proceeds and reserve funds shall comply with federal tax law requirements specified in the indenture or trust agreement and the tax certificate. Whenever reasonably possible, unexpended bond proceeds and reserve fund monies shall be held by the bank trustee. The trustee will be responsible for recording all investments and transactions relating to the proceeds and providing monthly statements regarding the investments and transactions.

Use of Bond Proceeds – The Executive Director is responsible for ensuring debt proceeds are spent for the intended purposes identified in the related legal documents and that the proceeds are spent in the time frames identified in the tax certificate prepared by Bond Counsel. Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the District will submit written requisitions for such proceeds. The District will submit a requisition only after obtaining the signature of the Executive Director. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the Executive Director shall retain records of all expenditures of proceeds through the final payment date for the debt.

Continuing Disclosure – When required by Securities Exchange Board Rule 15c2-12(b)(5) (the "Rule") the Executive Director or designee will ensure the District's annual financial statements and associated reports are posted on the District's web site, and will also comply with the Rule by filing its annual financial statements, other financial and operating data and notices of enumerated events for the benefit of its bondholders on the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board (MSRB). The District shall submit an annual report to the CDIAC in compliance with the requirements of Government Code Section 8855 and related regulations.

Arbitrage Rebate Compliance and Reporting – The use and investment of bond proceeds must be monitored to ensure compliance with arbitrage restrictions. Existing regulations require that issuers calculate rebate liabilities related to any bond issues, with rebates paid to the Federal Government every five years and as otherwise required by applicable provisions of the Internal Revenue Code and regulations. The

Executive Director shall contract with a specialist to ensure that proceeds and investments are tracked in a manner that facilitates accurate complete calculations, and if necessary timely rebate payments.

Compliance with Other Bond Covenants – In addition to financial disclosure and arbitrage, the Executive Director is also responsible for verifying compliance with all undertakings, covenants, and agreements of each bond issuance on an ongoing basis. This typically includes ensuring:

- Annual appropriation of revenues to meet debt service payments;
- Taxes/fees are levied and collected where applicable;
- Timely transfer of debt service payments to the trustee;
- Compliance with insurance requirements;
- Compliance with rate covenants; and
- Post-issuance procedures established in the tax certificate for any tax-exempt debt.

Retention – A copy of all relevant documents and records will be maintained by the District for the term of any bonds issued (including refunding bonds, if any), plus 10 years. Relevant documents and records will include sufficient documentation to support the requirements relating to the tax-exempt status.

Investor Relations – While the District shall post its annual financial report as well as other financial reports on the District's website, this information is intended for the citizens of the District. Information that the District intends to reach the investing public, including bondholders, rating analysts, investment advisors, or any other members of the investment community shall be filed on the EMMA system.

Additional requirements for financial statements – It is the District's policy to hire an auditing firm that has the technical skills and resources to properly perform an annual audit of the District's financial statements. More specifically, the firm shall be a recognized expert in the accounting rules applicable to the District and shall have the resources necessary to review the District's financial statements on a timely basis.

Section 10: Training

To the extent that the District has outstanding debt subject to the Rule, the Executive Director shall (i) ensure that the members of the District staff involved in the continuing disclosure process and the Board are properly trained to understand and perform their responsibilities, and (ii) arrange for disclosure training sessions conducted by the District's Disclosure Counsel. Such training sessions shall include education on the applicable federal and state securities laws and the disclosure responsibilities and potential liabilities of members of the District's staff and members of the Board.

[End of Debt Management Policy]

COMMISSIONERS
1st Division
Aaron Newman
2nd Division
Greg Dale
3rd Division
Stephen Kullmann
4th Division
Craig Benson
5th Division
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STAFF REPORT
HARBOR DISTRICT MEETING
May 11, 2023

TO: Honorable Board President and Harbor District Board Members

FROM: Larry Oetker, Executive Director

DATE: May 11, 2023

TITLE: **Consider Adopting Resolution 2023-09 Approving the Form Of and Authorizing an Installment Sale Agreement Providing for the Financing of the District’s Dredging and Property Acquisition Projects and Providing for Other Matters Properly Related Thereto**

STAFF RECOMMENDATION: Staff recommends adopting Resolution No. 2023-09 authorizing and directing the execution of an Installment Sale Agreement providing for the Financing of the District’s Dredging and Property Acquisition Projects and providing for other matters properly related thereto.

SUMMARY: Staff, with the assistance of its financing team, distributed a “Solicitation and Summary of Terms and Conditions” to qualified financial institutions to solicit bids for a 15-year financing of the District’s proposed Dredging and Property Acquisition Projects (the “Projects”) under a private placement scenario. The team received one bid which was presented to the Board on April 27, 2023, and after deliberation, the Board approved a term sheet with Signature Public Funding Corp., a wholly-owned subsidiary of Flagstar Bank, N.A. (the “Bank”). The Executive Director has signed the term sheet (the “Term Sheet”) informing the Bank that they were chosen as the best-qualified bidder based upon the terms of their Term Sheet and the 15-year term financing option at a fixed 4.25% interest rate.

Attached are the financial calculations associated with the Term Sheet.

All expenses of issuing the 2023 Obligations will be paid from the proceeds of the 2023 Obligations and are contingent on the 2023 Obligations being issued.

The parameters established for the sale of the 2023 Obligations are as follows:

1. Must close by May 24th.
2. The principal amount of the 2023 Obligations will not exceed \$5,454,000.
3. The interest rate on the 2023 Obligations will not exceed 4.25%.
4. The 2023 Obligations will be fully amortized over 15 years.
5. Additional Bonds Test and Parity Debt Coverage Covenant is set at 1.25% (matching the District's outstanding debt).
6. The 2023 Obligations are prepayable at any time (upon 30 days notice) with a 1.5% penalty declining incrementally to zero after July 1, 2030.

If the Board desires to move forward with the issuance of the 2023 Obligations and correspondingly adopts the subject Resolution, staff, with the assistance of Bond Counsel and the Municipal Advisor, will finalize documentation (the forms of which are being approved by the subject resolutions) and close the transaction at first possible opportunity, which is expected to occur on or before May 24, 2023.

The District's Municipal Advisor, Andrew Flynn of California Municipal Advisors LLC, and the District's Bond Counsel, Cameron Weist of Weist Law LLP, will be on the teleconference call and available to present the details of the documents being considered by the Board, discuss the financing features and to answer any questions the Board may have.

DISCUSSION: The subject Resolution being recommended for adoption authorizes the issuance of the 2023 Obligations and approves the form of the Installment Sale Agreement and the associated Promissory Note. The Installment Sale Agreement provides for all of the terms and conditions of the 2023 Obligations, including, but not limited to, closing conditions, prepayment provisions, insurance requirements, rate covenants, parity bond provisions, as well as all other legal and financial parameters governing the 2023 Obligations.

The adoption of the Resolution is a necessary prerequisite for the District to move forward with the issuance of the 2023 Obligations which provide funding for the proposed Projects.

The President, Vice President, Executive Director, Deputy Executive Director, and Secretary have each been designated an "Authorized Representative" of the District for the purposes of structuring and providing for the execution of the Installment Sale Agreement and the corresponding issuance and delivery of the 2023 Obligations. Pursuant to the Resolution each are authorized, jointly and severally, for and in the name of and on behalf of the District, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the execution and delivery of the 2023 Obligations and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Board has intended with the adoption of the Resolution.

Please note that the Installment Sale Agreement is being presented to the Board as a form document, as it cannot be fully completed until all closing certificates have been prepared and executed at Closing, which is expected to occur on or before May 24th. This method of approval is the normal method of approving a bond issue in California.

ALTERNATIVES:

1. Adopt the Resolution as presented, thereby authorizing, and approving the issuance of the 2023 Obligations.
2. Do not approve but provide alternative direction to staff.

ATTACHMENTS:

1. Resolution 2023-09
2. Form of Installment Sale Agreement and Promissory Note

**HUMBOLDT BAY HARBOR, RECREATION
AND CONSERVATION DISTRICT**

RESOLUTION NO. 2023-09

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
APPROVING THE FORM OF AND AUTHORIZING AND DIRECTING EXECUTION
AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT PROVIDING FOR THE
FINANCING OF THE DISTRICT'S DREDGING AND PROPERTY ACQUISITION
PROJECTS AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED
THERE TO**

WHEREAS, the Board of Commissioners (the "Board"), after due investigation and deliberation, hereby determines that it is in the public interests of the District to provide for the long-term financing (the "Financing") of certain capital improvements (the "Project"), pursuant to terms and conditions of an Installment Sale Agreement (the "2023 Installment Sale Agreement") related to the District's Harbor Enterprise (the "Harbor Enterprise"), dated as of May 1, 2023, by and between the District and Signature Public Funding Corp., a wholly-owned subsidiary of Flagstar Bank, N.A. (the "Bank"), a copy of which has been presented at this meeting and is on file with the Secretary to the Board (the "Secretary"); and

WHEREAS, for the purpose of providing for the Financing, the District proposes to execute and deliver not to exceed \$5,500,000 aggregate principal amount of the "Humboldt Bay Harbor, Recreation and Conservation District, Series 2023 Installment Sale Obligations (Acquisition and Renovation Project)" (the "Obligation"), as evidenced by a Promissory Note (the "Promissory Note," and together with the Obligation, the "2023 Obligations"), representing the interest of the registered owner thereof in certain installment payments (the "Installment Payments") to be made by the District to the Bank pursuant to the terms and conditions of the 2023 Installment Sale Agreement; and

WHEREAS, pursuant to the 2023 Installment Sale Agreement, the District will make payments from revenues of its Harbor Enterprise operations sufficient in amount to pay back the debt service on the 2023 Obligations, as more particularly set forth in the 2023 Installment Sale Agreement; and

WHEREAS, the Board, with the aid of its staff, has reviewed the 2023 Installment Sale Agreement, the form of which is on file with the Secretary, and the Board wishes at this time to approve the foregoing document as being within the public interests of the District; and

WHEREAS, the Board desires to designate the 2023 Obligations for purposes of Paragraph (3) of Section 265(b) of the Internal Revenue Code of 1986 (the “Code”) as a “Qualified Tax-Exempt Obligation;” and

WHEREAS, Section 5852.1 of the Government Code of the State of California (“Section 5852.1”) provides that the Board obtain from the Bank and disclose, in a meeting open to the public, prior to authorization of the 2023 Obligations, good faith estimates of: (a) the true interest cost of the 2023 Obligations, (b) the finance charge of the 2023 Obligations, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the 2023 Obligations received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the 2023 Obligations and (d) the sum total of all debt service payments on the 2023 Obligations calculated to the final maturity of the 2023 Obligations plus the fees and charges paid to third parties not paid with the proceeds of the 2023 Obligations; and

WHEREAS, in accordance with Section 5852.1, the Board has obtained such good faith estimates from the Bank, and such estimates are disclosed in Section 6 hereof; and

WHEREAS, the Board wishes at this time to authorize all actions and proceedings relating to the procurement and delivery of the 2023 Obligations, the execution and delivery of the 2023 Installment Sale Agreement; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE HUMBOLDT BAY HARBOR, RECREATION, AND CONSERVATION DISTRICT DOES HEREBY RESOLVE AND ORDER AS FOLLOWS:

Section 1. Recitals and Findings. The Board hereby specifically finds and declares that each of the statements, findings and determinations of the District set forth in the recitals set forth above are true and correct and that the Refunding will result in public benefits to the District and its ratepayers.

Section 2. Authorizing the Issuance of 2023 Obligations. The Board hereby authorizes the issuance of the 2023 Obligations pursuant to the 2023 Installment Sale Agreement.

Section 3. Authorized Representatives. The President, Vice President, Executive Director, Deputy Executive Director, Secretary and any other person authorized by the Executive Director to act on behalf of the District shall each be an “Authorized Representative” of the District for the purposes of structuring and providing for the execution and delivery of the 2023 Obligations, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the District, to

execute and deliver any and all documents and certificates that may be required to be executed in connection with the execution and delivery of the 2023 Obligations, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Board has intended with the adoption of this Resolution.

Section 4. Approval of 2023 Installment Sale Agreement and Promissory Note. The Board hereby authorizes and approves the execution and delivery of the 2023 Installment Sale Agreement as well as the Promissory Note. The Board approves the 2023 Installment Sale Agreement and Promissory Note in substantially the form on file with the Secretary, together with any additions thereto or changes therein deemed necessary or advisable by an Authorized Representative of the District. Any Authorized Representative of the District is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the District to, the final form of the 2023 Installment Sale Agreement and Promissory Note for and in the name and on behalf of the District, and the execution thereof shall be conclusive evidence of the Board's approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the 2023 Installment Sale Agreement and Promissory Note.

Section 5. 2023 Obligations Designated as a Qualified Tax-Exempt Obligation. The Board hereby designates the 2023 Obligations for purposes of Paragraph (3) of Section 265(b) of the Code as a "Qualified Tax-Exempt Obligation" and covenants that the 2023 Obligations do not constitute a private activity bond as defined in Section 141 of the Code and that the aggregate face amount of all tax-exempt obligations issued by the District (including all subordinate entities of the District and all entities which may issue obligations on behalf of the District) during the calendar year 2023 is not reasonably expected to exceed \$10,000,000, excluding, however, private activity bonds, as defined in Section 141 of the Code (other than qualified 501(c)(3) bonds as defined in Section 145 of the Code) and current refunding obligations having a principal amount not in excess of the refunded obligation.

Section 6. Good Faith Estimates. Set forth below are good faith estimates of the Underwriter, as required under Section 5852.1 of the California Government Code (the "Code") for the 2023 Obligations. The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by this resolution.

(a) The true interest cost of the 2023 Obligations is estimated at 4.25%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.

(b) The finance charge of the 2023 Obligations, including all fees and charges paid to third parties, is estimated at \$74,000.00.

(c) Proceeds of the 2023 Obligations received by the District of \$5,454,000.00 (estimated) less the finance charge set forth in (b) above, is equal to \$5,380,000.00.

(d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$7,518,291.00.

The foregoing are estimates and the final costs will depend on market conditions as well as the timing of draws and can be expected to vary from the estimated amounts set forth above.

Section 7. Confirmation and Direction to Proceed with the Financing. The Board hereby finds and determines that it has taken all of the foregoing actions, and made all of the foregoing findings, in full compliance with the law, and that all prior proceedings taken with respect to the Financing and issuance of 2023 Obligations were duly considered, and are hereby considered valid and in conformity with the requirements of law. All actions heretofore taken by the officers and agents of the District with respect to the Financing are hereby approved, confirmed and ratified.

Section 8. Official Actions. The Authorized Representatives and all other officers of the District are each authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they or any of them might deem necessary or appropriate in order to consummate any of the actions and transactions contemplated by this Resolution, the 2023 Installment Sale Agreement and Promissory Note. Whenever any officer of the District is authorized to execute or countersign any document or take any action contemplated by this Resolution, the 2023 Installment Sale Agreement and Promissory Note, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 9. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED by the Humboldt Bay Harbor, Recreation and Conservation District Board of Commissioners at a duly called meeting held on the **11th day of May 2023** by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

**Greg Dale, President
Board of Commissioners**

**Aaron Newman, Secretary
Board of Commissioners**

CERTIFICATE OF SECRETARY

The undersigned, duly qualified and acting Secretary of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, does hereby certify that the attached Resolution is a true and correct copy of RESOLUTION NO. **2023-09** entitled,

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
APPROVING THE FORM OF AND AUTHORIZING AND DIRECTING
EXECUTION AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT
PROVIDING FOR THE FINANCING OF THE DISTRICT'S DREDGING AND
PROPERTY ACQUISITION PROJECTS AND PROVIDING FOR OTHER MATTERS
PROPERLY RELATED THERETO**

as regularly adopted at a legally convened meeting of the Board of Commissioners of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, duly held on the **11th day of May 2023**; and further, that such Resolution has been fully recorded in the Journal of Proceedings in my office, and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this **11th day of May 2023**.

**Aaron Newman, Secretary
Board of Commissioners**

2023 INSTALLMENT SALE AGREEMENT

Dated as of May 1, 2023

By and Between

HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

And

**SIGNATURE PUBLIC FUNDING CORP.,
a wholly-owned subsidiary of Flagstar Bank, N.A.**

Providing for the

**\$5,454,000
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
SERIES 2023 INSTALLMENT SALE OBLIGATIONS
(2023 HARBOR IMPROVEMENT PROJECT)
BANK QUALIFIED**

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2023 INSTALLMENT SALE AGREEMENT

This 2023 INSTALLMENT SALE AGREEMENT (as amended and supplemented hereafter, this “Agreement”), dated for convenience as of May 1, 2023, is by and between Signature Public Funding Corp., a wholly-owned subsidiary of Flagstar Bank, N.A. (including its successors and assigns, the “Bank”), and the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, a special district, duly organized and validly existing under the laws of the State of California (the “District”);

W I T N E S S E T H:

WHEREAS, the District presently owns and operates certain facilities and property for its harbor enterprise and recreation system (the “Enterprise”); and

WHEREAS, the Board of Commissioners (“Board”) of the District has previously directed staff to proceed with the financing of certain public improvements to the Enterprise (collectively, the “Project”); and

WHEREAS, after being presented with various financing options the Board has determined that, pursuant to this Agreement, it is in the public interest to finance all of the acquisition and constructions costs, along with the costs of issuance, associated with the Project (the “Financing”); and

WHEREAS, in order to provide for the Financing, the District has determined that it is in the interests of the District at this time to provide for the execution and delivery of this Agreement providing for the issuance of its Humboldt Bay Harbor, Recreation and Conservation District, Series 2023 Installment Sale Obligations (2023 Harbor Improvement Project), Bank Qualified (the “Obligation”), as evidenced by a Promissory Note, dated May 24, 2023 (the “Note,” and together with the Obligation, the “2023 Obligations”), pursuant to terms and conditions of this Agreement; and

WHEREAS, the principal of and interest and redemption premium (if any) on the 2023 Obligations, and any bonds or other obligations issued on a parity therewith as provided herein, will be payable from and secured by a pledge of and lien on the Net Revenues (as defined herein) derived from the Enterprise, as expressly set forth in this Agreement; and

WHEREAS, in order to provide for the execution and delivery of the 2023 Obligations, to establish and declare the terms and conditions upon which they are made and secured, and to secure the payment of the principal thereof, premium (if any) and interest thereon, the District has authorized the execution and delivery of this Agreement and the Note; and

WHEREAS, this Agreement also constitutes a secured promissory note for District’s repayment of the 2023 Obligations; and

WHEREAS, all things necessary to make the 2023 Obligations when issued, executed and delivered, the valid and binding obligation of the District, and to constitute this Agreement as a valid pledge of the revenues herein pledged to the payment of the principal of, prepayment premium, if any, and interest on the 2023 Obligations have been done and performed, as required by law, and the District is now fully authorized to enter into this Agreement, subject to the terms hereof; and

NOW, THEREFORE, THIS AGREEMENT WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on the 2023 Obligations at any time outstanding under this Agreement, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the 2023 Obligations are premised, and in consideration of the premises and of the mutual covenants herein contained and of the purchasing of the 2023 Obligations by the Bank, and for other valuable considerations, the receipt whereof is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Bank from time to time of the 2023 Obligations, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

“2014 Loan Agreement” means the Loan Agreement, dated as of December 1, 2014, by and between Compass Bank and the District, providing for the 2014 Obligations.

“2014 Obligations” means the Series 2014 Harbor Enterprise Revenue Refunding Loan Obligations (2014 Debt Consolidation and Refunding Project) issued by the District in the aggregate principal amount of \$3,333,673.70, pursuant to the 2014 Loan Agreement.

“2016 Installment Sale Agreement” means the Installment Sale Agreement, dated as of March 1, 2016, by and between Compass Bank and the District, providing for the 2016 Obligations.

“2016 Obligations” means the Series 2016 Harbor Enterprise Revenue Obligations (Humboldt Harbor Improvement Project) issued by the District in the aggregate principal amount of \$1,560,000, pursuant to the 2016 Installment Sale Agreement.

“2023 Obligation Payment Date or Dates” means the Interest Payment Date or Dates and/or the Principal Payment Date or Dates being referenced; provided that if any 2023 Obligation Payment Date shall fall on a non-Business Day, the 2023 Obligation Payment Date shall be the next succeeding Business Day and interest on such payment shall accrue to and including such next succeeding Business Day.

“2023 Obligation Payments” means all payments required to be paid by the District, as such is set forth on Exhibit A hereto, as may be amended from time to time, on each 2023 Obligation Payment Date pursuant to Section 4.2, and including any prepayment thereof pursuant to Section 3.6 or 3.7 hereof.

“2023 Obligations” means this Agreement providing for the issuance of Humboldt Bay Harbor, Recreation and Conservation District, Series 2023 Installment Sale Obligations (2023 Harbor Improvement Project) Bank Qualified, as evidenced by a Promissory Note, dated May 24, 2023, the form of which is attached hereto as Exhibit B.

“Accreted Value” means, with respect to any capital appreciation obligation, the principal amount thereof plus the interest accrued thereon, compounded at the approximate interest rate thereon on each date specified therein. The Accreted Value of any capital appreciation obligation at any date shall be the amounts set forth in the accreted value table for the capital appreciation obligation as of such date, if such date is a compounding date, and if not, as of the immediately preceding compounding date.

“Acquisition,” “Acquire,” “Construction,” “Construct” or “Acquisition and Construction” means, with respect to any portion of the Project, the design, acquisition, construction, improvement, equipping, furnishing, renovation, remodeling and/or reconstruction thereof.

“Additional Revenues” means, with respect to the issuance of any Parity Obligations, any or all of the following amounts:

(i) An allowance for Net Revenues from any additions or improvements to or extensions of the Enterprise to be made with the proceeds of such Parity Obligations and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of the latest Fiscal Year for which audited financial statements are available or any 12 consecutive calendar month period (selected by the District) during the 18 consecutive calendar month period ending immediately prior to the issuance, incurrence or creation of such additional Parity Obligations, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36 month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of an Independent Engineer.

(ii) An allowance for Net Revenues arising from any increase in the charges made for service from the Enterprise which has become effective prior to the incurring of such Parity Obligations but which, during all or any part of the latest Fiscal Year or such 12 month period for which audited financial statements are available or any 12 consecutive calendar month period (selected by the District), was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or 12 month period, all as shown by the certificate or opinion of an Independent Financial Consultant.

“Agreement” means this 2023 Installment Sale Agreement, dated as of May 1, 2023, between the Bank and the District, as amended and supplemented hereafter.

“Assignee” means any entity to whom the rights of the Bank shall be lawfully assigned hereunder.

“Authorized Representative” means the District’s President, Vice President, Executive Director, Deputy Executive Director, Secretary, or any other person designated as an Authorized Representative of the District by a Certificate of the District signed by its President, Vice President, Executive Director or Deputy Executive Director, and filed with the Bank.

“Balloon Indebtedness” means, with respect to the 2023 Obligations or Parity Obligations twenty-five percent (25%) or more of the principal or other similar amount of which matures or becomes due on the same date or within a 12-month period (with mandatory sinking fund payments deemed to be payments of matured principal), that portion of the principal or other similar amount of the 2023 Obligations or Parity Obligations which matures or becomes due on such date or within such 12 month period.

“Bank” means (a) initially, Signature Public Funding Corp., a wholly-owned subsidiary of Flagstar Bank, N.A., or (b) any Assignee of Bank’s right, title or interest in this Agreement and other amounts due hereunder.

“Board” means the Board of Commissioners of the District.

“Bond Counsel” means The Weist Law Firm, or any other attorney or firm of attorneys acceptable to the District of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income pursuant to Section 103 of the Code.

“Business Day” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions in the States of California or New York are not closed.

“Certificate,” “Request” and “Requisition” of the District means a written certificate, request or requisition signed in the name of the District by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“Closing Date” means the date on which the Bank has transferred the 2023 Obligation Proceeds as set forth in Section 3.2 of this Agreement.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury regulations, including temporary and proposed regulations relating to each such section that are applicable to the Parity Obligations or the use of the proceeds thereof.

“Computation Year” means, with respect to the 2023 Obligations, the period beginning on the Closing Date and ending on May 24, 2023, and each successive one-year period thereafter through the Term of the 2023 Obligations.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District relating to the execution and delivery of this 2023 Obligations, including but not limited to District administration costs and expenses, fees and expenses of consultants and professionals, fees and expenses of Bond Counsel, the municipal advisor and any placement agents, legal fees and charges (including legal fees of the Bank’s counsel, if any), insurance fees and charges, filing costs, settlement costs, printing costs, reproduction and binding costs, regulatory fees, including, but not limited to, fees charged by the California Debt and Investment Advisory Commission, and fees for execution, transportation and safekeeping of this Agreement and the 2023 Obligations, and all other charges and fees in connection with the foregoing.

“County” means the County of Humboldt, California.

“Date of Taxability” means the date from and for which interest on the 2023 Obligations is subject to federal income taxation as a result of a Determination of Taxability.

“Debt Service” when used with respect to the 2023 Obligations and Parity Obligations, means, for any period, the sum of (1) the interest payable during such period on the 2023 Obligations and Parity

Obligations, (2) the principal or mandatory sinking fund payments to be paid with respect to the 2023 Obligations and Parity Obligations during such period, and (3) any other scheduled payments coming due on the 2023 Obligations and outstanding Parity Obligations in such period and not otherwise included in clauses (1) and (2) of this definition, all of which are to be computed on the assumption that no portion of the 2023 Obligations or Parity Obligations shall cease to be outstanding during such period except by reason of the application of scheduled payments; provided that, for purposes of such computation:

(a) unless a different subsection of this definition applies for purposes of determining maturities or amortization, in determining the amount due in any period, payment shall be assumed to be made in accordance with any amortization schedule established for the 2023 Obligations or Parity Obligations, including any mandatory sinking fund payments or any scheduled redemption or payment of Parity Obligations on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date and any contingencies that may result in a request for earlier payment shall be disregarded;

(b) Balloon Indebtedness may, at the option of the District, be treated as if it were to be amortized with substantially level debt service over a term of up to 25 years (which period shall be designated by the District), from the date of calculation, and the interest rate used for such computation shall be assumed by the District to be equal to (i) the interest rate in effect for such Balloon Indebtedness on the date of calculation, if the interest rate determination method in effect for such Balloon Indebtedness on the date of calculation provides for interest rates that are fixed for at least 12 months from the date such interest rates are determined or (ii) if the interest rate determination method in effect for such Balloon Indebtedness on the date of calculation provides for interest rates that are not fixed for at least 12 months from the date such interest rates are determined, the rate of interest used to calculate Debt Service shall be determined as described in clause (c);

(c) if any Parity Obligations bear, or if any Parity Obligations proposed to be issued, incurred or created will bear, interest at a variable interest rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of (i) the then current variable interest rate borne by such Parity Obligations plus 1%; and (ii) the highest variable rate borne over the preceding 24 months by outstanding variable rate debt issued by the District or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

(d) if any Parity Obligations feature an option, on the part of the owners or a requirement under the terms of such Parity Obligations, to tender all or a portion of such Parity Obligations to the District, or other fiduciary or agent, and to purchase such Parity Obligations or portion thereof if properly presented, then for purposes of determining the amounts due in any period with respect to such Parity Obligations, the options or obligations of the owners of such Parity Obligations to tender the same for purchase or payment shall be ignored;

(e) payments on the 2023 Obligations and Parity Obligations shall be excluded to the extent such payments are to be paid from amounts on deposit with a trustee or other fiduciary in escrow specifically therefor, and interest payments shall be excluded to the extent that such interest payments are (1) to be paid from the proceeds of the 2023 Obligations or Parity Obligations, including any investment

earnings thereon, held by a trustee or other fiduciary as capitalized interest specifically to pay such interest or (2) paid or expected to be paid from Subsidy Payments;

(f) with respect to 2023 Obligations or Parity Obligations for which a reserve fund is in place, the calculation of Debt Service for such 2023 Obligations or Parity Obligations for any period shall be reduced by the amount of investment earnings on amounts on deposit in such reserve fund used or expected to be used to pay Debt Service on such 2023 Obligations or Parity Obligations during such period, as estimated by the District; and

(g) with respect to 2023 Obligations or Parity Obligations for which a reserve fund is in place, the amount on deposit in such reserve fund on any date of calculation of Debt Service shall be deducted from the amount due on the final maturity or due date of such 2023 Obligations or Parity Obligations if such amount on deposit in such reserve fund would be released at such maturity or due date and, to the extent the amount on deposit in such reserve fund is in excess of the amount due on the final maturity or due date of such 2023 Obligations or Parity Obligations, such excess shall be applied to the full amount due on each preceding payment date for such 2023 Obligations or Parity Obligations, in inverse order, until such amount on deposit in such reserve fund is exhausted.

“Default Rate” means 8%.

“Determination of Taxability” means and shall be deemed to have occurred on the first to occur of the following:

(a) the date on which the District files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(b) the date on which the Bank receives written notification from the District, supported by a written Opinion of Counsel, to the effect that an Event of Taxability has occurred;

(c) the date on which the District is advised in writing by the Commissioner or any district director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the District (or a statutory notice of deficiency, or a document of substantially similar import), or upon any review or audit of the District, or upon any other ground whatsoever, an Event of Taxability has occurred; or

(d) on the date when the District receives notice from the Bank that the Internal Revenue Service (or any other governmental authority exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Bank due to the occurrence of an Event of Taxability;

provided, however, that no Determination of Taxability shall occur under clauses (c) or (d) above unless the District has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined.

“Deputy Executive Director” means the Deputy Executive Director of the District.

“District” means the Humboldt Bay Harbor, Recreation and Conservation District, a special district, duly organized and validly existing under the laws of the State of California.

“Enterprise” or “Water Enterprise” means, for purposes of the Agreement only, collectively, the whole and each and every part of the Water Enterprise of the District, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such Water Enterprise or any part thereof hereafter acquired or constructed; provided, that to the extent the District is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above-described Water Enterprise purposes, only the District’s ownership interest in such asset or property or only the part of the asset or property so used for Water Enterprise purposes shall be considered to be part of such Enterprise.

“Event of Default” means an event described in Section 6.1 hereof.

“Event of Taxability” means: (i) the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the District, or the failure to take any action by the District, or the making by the District of any misrepresentation herein or in any certificate required to be given in connection with this Agreement) which has the effect of causing interest on the 2023 Obligations to become includable, in whole or in part, in the gross income of the Bank or any assignee thereof for federal income tax purposes; or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing the interest on the 2023 Obligations to become includable, in whole or in part, in the gross income of the Bank or any assignee thereof for federal income tax purposes.

“Executive Director” means the Executive Director of the District.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; and (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are fully, unconditionally and directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the District, as applicable, as its official fiscal year period.

“Generally Accepted Accounting Principles” means the generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Governmental Authority” means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the District that is independent according to the Statement of Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Independent Engineer” means any registered engineer or firm of engineers generally recognized to be well-qualified in engineering matters relating to water systems similar to the Enterprise, appointed and paid by the District, and who or each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the District; and
- (3) is not connected with the District as a board member, officer or employee of the District, but may be regularly retained to make reports to the District.

“Independent Financial Consultant” means a financial consultant qualified in the field of municipal finance, appointed and paid by the District, and who:

- (1) is in fact independent and not under the domination of the District or any member thereof;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
- (3) is not connected with the District as an officer or employee of the District or any member thereof, but may be regularly retained to audit the accounting records of and make reports thereon to the District.

“Insurance Consultant” means any nationally recognized independent actuary, insurance company or broker that has actuarial personnel knowledgeable with respect to insurance carried, by, required for and available to special districts operating facilities similar to the Enterprise, including a pooled self-insurance program in which premiums are established on the basis of the recommendation of an actuary of national reputation.

“Interest Account” means the account by that name in the Revenue Fund established pursuant to Section 4.3 hereof.

“Interest Component” means the portion of each 2023 Obligation Payment designated as Interest Component, as such is set forth on Exhibit A hereto.

“Interest Payment Date” means January 1 and July 1 of each year, commencing January 1, 2024, and continuing to and including the date on which the 2023 Obligation Payments have been paid in full.

“Maintenance and Operation Costs” means, for purposes of the Agreement only, the reasonable and necessary costs and expenses paid or incurred by the District, payable from Revenues, for maintaining and operating the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including but not limited to: (i) all costs of procuring and delivering water, (ii) all utility and standby costs of the Enterprise, (iii) all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Enterprise in good repair and working order, (iv) all administrative costs of the District that are charged directly or apportioned to the operation of the Enterprise, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits and licenses to operate the Enterprise and insurance premiums, and (v) all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms hereof; but excluding in all cases, the following: (A) debt service payable on obligations (including bonds, notes or other evidences of indebtedness, installment purchase payments under contract, and lease payments under any financing or capital lease, as determined to be such in accordance with Generally Accepted Accounting Principles) incurred by the District with respect to the Enterprise, (B) depreciation, replacement and obsolescence charges or reserves therefor, (C) amortization of intangibles or other bookkeeping entries of a similar nature, and (D) costs of capital projects which under Generally Accepted Accounting Principles are chargeable to a separate capital account or to a reserve for depreciation.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the Enterprise, (b) the ability of the District to carry out its business in the manner conducted as of the date of this Agreement or to meet or perform its obligations under this Agreement on a timely basis, (c) the validity or enforceability of this Agreement, or (d) the exclusion of interest on the 2023 Obligations from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes caused by District action or inaction, as the case may be.

“Material Litigation” means any action, suit, proceeding, inquiry or investigation against the District in any court or before any arbitrator of any kind or before or by any Governmental Authority, of which the District has notice or knowledge and which, (i) if determined adversely to the District, may have a Material Adverse Effect, (ii) seeks to restrain or enjoin any of the transactions contemplated hereby, or (iii) may adversely affect (A) the exclusion of interest with respect to the 2023 Obligation Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (B) the ability of the District to perform its obligations under this Agreement.

“Maximum Annual Debt Service” means the greatest amount of Debt Service with respect to the Parity Obligations to which reference is made coming due in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year.

“Net Proceeds” means insurance proceeds or an eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to

the Enterprise, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“Net Revenues” means for any period, all of the Revenues during such period less all of the Maintenance and Operation Costs during such period.

“Note” or “Promissory Note” means the Promissory Note, dated May 24, 2023, evidencing the 2023 Obligations, the form of which is attached hereto as Exhibit B.

“Opinion of Counsel” means a written opinion of Weist Law LLP or other attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the District.

“Outstanding” means all 2023 Obligations theretofore issued by the District, except:

- (1) 2023 Obligations theretofore canceled or surrendered for cancellation in accordance hereof;
- (2) 2023 Obligations for the payment or redemption of which moneys shall have been deposited in trust (whether upon or prior to the maturity or the redemption date of such 2023 Obligations), provided that, if such 2023 Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Agreement; and
- (3) 2023 Obligations paid or defeased pursuant to Sections 8.2 hereof.

“Owner” means the registered owner of any outstanding 2023 Obligation or 2023 Obligations, it being anticipated that the initial registered owner will be the Bank.

“Parity Obligations” as of the Closing Date, means the Prior Obligations, the 2023 Obligations and all other bonds, notes, loan agreements, installment sale agreements, leases, or other obligations of the District payable from and secured by a pledge of and lien upon any of the Net Revenues incurred on a parity with the Prior Obligations and the 2023 Obligations, issued in accordance with Section 5.13 hereof.

“Parity Obligations Documents” means, collectively, the indenture of trust, trust agreement, installment sale agreement, loan agreement or other document authorizing the issuance of any Parity Obligations or any securities which evidence Parity Obligations, including the Prior Obligation Documents and this Agreement.

“Parity Payments” means all payments scheduled to be paid by the District under Parity Obligations.

“Permitted Investments” means any of the following (*provided*, to the extent that the criteria below an investment require a certain minimum rating, such rating shall be determined at the time of purchase of such investment):

- (1) Cash;
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including:
 - A. U.S. Treasury obligations;
 - B. All direct or fully guaranteed obligations;
 - C. General Services Administration;
 - D. Guaranteed Title XI financing;
 - E. Government National Mortgage Association (GNMA); and
 - F. U.S. Treasury - State and Local Government Series.
- (3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
 - A. Export-Import Bank;
 - B. Farm Credit System Financial Assistance Corporation;
 - C. Rural Economic Community Development Administration;
 - D. U.S. Maritime Administration;
 - E. Small Business Administration;
 - F. U.S. Department of Housing & Urban Development (PHAs)
 - G. Federal Financing Bank; and
 - H. Federal Housing Administration;
- (4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
 - A. Senior debt obligations rated “Aaa” by Moody’s and “AAA” by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);
 - B. Obligations of the Resolution Funding Corporation (REFCORP);
 - C. Senior debt obligations of the Federal Home Loan Bank System; and
 - D. Senior debt obligations of other government sponsored agencies.
- (5) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than three hundred sixty (360) days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);
- (6) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase;
- (7) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P;

(8) “Pre-refunded Municipal Obligations,” defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and (A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest Rating Category of Moody’s or S&P or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (2) of the definition of Permitted Investments, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(9) Any bonds or other obligations of any agency, instrumentality or local governmental unit of any state of the United States of America which are rated “Aaa/AAA” or general obligations of any such state with ratings of “A2” or higher by Moody’s and “A” or higher by S&P;

(10) Investment agreements (supported by appropriate opinions of counsel);

(11) Shares in the California Asset Management Program (established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State) that invests exclusively in investments permitted by Section 53635 of the Government Code of the State, as now existing and as it may be amended from time to time;

(12) The Local Agency Investment Fund of the State or any state administered pool investment fund in which the District is statutorily permitted or required to invest will be deemed a permitted investment; and

(13) Investments that comply with California Government Code Sections 53601.8 or 53635.8.

Unless otherwise provided herein, the value of the above investments shall be determined at Fair Market Value.

“Person” means an individual, corporation, firm, association, partnership, limited liability company, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“President” means the President of the District.

“Principal Account” means the account by that name in the Revenue Fund established pursuant to Section 4.3 hereof.

“Principal Component” means the portion of the 2023 Obligation Payments designated as a Principal Component, as such is set forth on Exhibit A hereto.

“Principal Payment Date” means July 1 of each year, commencing July 1, 2024, and continuing to and including the date on which the 2023 Obligations have been paid in full.

“Prior Obligation Documents” means the (i) 2014 Loan Agreement, as well as all other pertinent documents providing for the execution and delivery of the 2014 Obligations, and (ii) 2016 Installment Sale Agreement, as well as all other pertinent documents providing for the execution and delivery of the 2016 Obligations.

“Prior Obligations” means the 2014 Loan Obligations and the 2016 Obligations.

“Project” or “2023 Harbor Improvement Project” means the Acquisition and Construction of the Project to be financed by the proceeds of the 2023 Obligations, all as generally described in Exhibit B attached hereto and by this reference incorporated herein, as such description may be amended by the District from time to time pursuant to and in accordance with the terms hereof.

“Project Costs” means the costs associated with the Acquisition and Construction of the Project, or the application of the proceeds of the 2023 Obligations to the costs and expenses which are incidental or related to the Acquisition and Construction of the Project, including Costs of Issuance.

“Project Fund” means the fund by that name established pursuant to Section 3.4 of this Agreement.

“Rate Stabilization Fund” means the fund by that name established and maintained pursuant to Section 5.3(d) hereof.

“Redemption Account” means the account within the Revenue Fund by that name established and maintained pursuant to Section 4.3 hereof.

“Request of the District” or “Written Request” means a request in writing signed by either the President, Vice President, Executive Director, Deputy Executive Director, Secretary, or by any other officer of the District duly authorized for that purpose.

“Resolution” means Resolution No. 2023-__, adopted by the Board of Commissioners on May 11, 2023, authorizing the execution and delivery of this Agreement, and otherwise providing for the execution and delivery of the 2023 Obligations.

“Revenue Fund” means the fund by that name established and maintained pursuant to Section 4.3 hereof.

“Revenues” means, for purposes of the 2023 Obligations and this Agreement only, all gross income, general property tax revenue of the entire District, and other monies and revenue received or receivable by the District from the ownership and operation of the Enterprise, calculated in accordance with Generally Accepted Accounting Principles, including, without limiting the generality of the foregoing, (1) all taxes, rates, lease and rental income, fees, business interruption insurance proceeds, fees and charges, insurance proceeds and condemnation awards received by the District and all other income and revenue howsoever derived by the District from the Enterprise, (2) the earnings on and income derived from the

investment of amounts described in clause (1) above and from District reserves held for the Enterprise, including the Rate Stabilization Fund, and (3) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Enterprise; *provided, however*, that (i) any specific charges levied for the express purpose of reimbursing others for all or a portion of the cost of the acquisition or construction of specific Enterprise facilities, (ii) advances or contributions in aid of construction, (iii) grants that are designated by the grantor for a specific Enterprise purpose (and are therefore not available for general operational purposes), (iv) customers' deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and (v) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the District for the purpose of paying special assessment bonds or special tax obligations of the District relating to the Enterprise, are not Revenues and are not subject to the lien hereof. Notwithstanding the foregoing, there shall be added to Revenues any amounts transferred out of the Rate Stabilization Fund and into the Revenue Fund, as contemplated by Section 5.3(d) hereof.

“S&P” means S&P Global Ratings, a Standard and Poor’s Financial Services LLC business, and its successors or assigns, but only to the extent that such entity is then rating any Parity Obligations at the request of the District.

“State” means the State of California.

“Subordinate Debt” means the Bureau Repayment Contract and all other indebtedness or other obligations (including but not limited to loans, leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues subordinate to the pledge and lien securing the 2023 Obligation Payments.

“Subordinate Payments” means all installment, lease or loan payments scheduled to be paid by the District under all respective agreements relating to the issuance of any Subordinate Debt.

“Subsidy Payments” means payments with respect to Parity Obligations made by the United States Treasury to the District or a trustee or fiduciary pursuant to Section 54AA of the Code, Section 6431 of the Code, or Section 1400U-2 of the Code or any successor to or extension or replacement of any of such provisions of the Code, or any provisions of the Code that create similar direct-pay subsidy programs.

“Taxable Rate” means a rate equal to ____% per annum calculated based on a 360-day year of twelve thirty-day months.

“Tax Certificate” means the Tax Certificate delivered by the District in connection with the issuance and delivery of the 2023 Obligations, as the same may be amended or supplemented in accordance with its terms.

“Tax Regulations” means temporary and permanent regulations promulgated under or with respect to Sections 103, 141, 148 and all related sections of the Code.

“Term” means the time during which this Agreement and/or the 2023 Obligations are in effect, as provided in Section 3.1 hereof.

“Vice President” means the Vice President of the District.

Section 1.2. Liability of District Limited to Net Revenues. Notwithstanding anything to the contrary contained in this Agreement, the District shall not be required to advance any money derived from any source of income other than the Net Revenues, for the payment of the principal of or interest or prepayment premiums, if any, on the 2023 Obligations or for the performance of any covenants herein contained, nor for the maintenance and operation of the Enterprise from any source of income other than the Revenues. The District may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring any indebtedness. The 2023 Obligations shall be payable exclusively from the Net Revenues as in this Agreement provided. The credit of the District is not pledged for the payment of the 2023 Obligations or its interest. The principal of and interest on the 2023 Obligations and any prepayment premiums upon the prepayment thereof shall not be a debt of the District, nor a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the District or any of its income, receipts, or revenues, except the Net Revenues pledged to the payment thereof as provided in this Agreement.

Section 1.3. Benefits of Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District and the Bank any right, remedy or claim under or pursuant hereto. Any agreement or covenant required herein to be performed by or on behalf of the District shall be for the sole and exclusive benefit of the Bank.

Section 1.4. Successor Is Deemed Included in all References to Predecessor. Whenever the District is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District, and all agreements and covenants required hereby to be performed by or on behalf of the District shall bind and inure to the benefit of the successors thereof whether so expressed or not.

Section 1.5. Waiver of Personal Liability. No member of the Board of Commissioners and no officer, agent, or employee of the District, or of any department or agency thereof, shall be individually or personally liable for the payment of the principal of or interest on the 2023 Obligations or any other matter related hereto.

Section 1.6. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. Words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 1.7. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or the 2023 Obligations. The District hereby declares that it would have adopted this Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 2.1. Covenants, Representations and Warranties of the District. The District makes the following covenants, representations and warranties to the Bank as of the date of the execution and delivery of this Agreement:

- (a) The District is a special district, duly organized and validly existing under the laws of the State.
- (b) The District has full legal right, power and authority under the laws of the State to adopt the Resolution and to enter into this Agreement and the transactions contemplated herein, and to carry out its obligations hereunder and thereunder.
- (c) The pledge of the Net Revenues made hereunder is on parity with the pledge of Net Revenues made under the Prior Obligation Documents. There are no other liens against the Net Revenues that are senior to the 2023 Obligation Payments.
- (d) By all necessary official action, the District has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, this Agreement and the consummation by it of all other transactions contemplated by this Agreement. When executed and delivered by the District, this Agreement and the 2023 Obligations will be in full force and effect and will constitute legal, valid and binding agreements or obligations of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.
- (e) The District's comprehensive annual financial report for the period ended June 30, 2021, presents fairly the financial condition of the District and the Enterprise as of the date hereof and the results of operation for the period covered thereby. Except as has been disclosed to the Bank, there has been no change in the financial condition of the District or the Enterprise since June 30, 2021, that will, in the reasonable opinion of the District, materially impair its ability to perform its obligations under this Agreement. All information provided by the District to the Bank with respect to the financial performance of the Enterprise is accurate in all material respects as of its respective date and does not omit any information necessary to make the information provided not misleading.
- (f) As currently conducted, the District's activities with respect to the Enterprise are in all material respects in compliance with all applicable laws, administrative regulations of the State of California and of the United States and any agency or instrumentality of either, and any judgment or decree to which the District is subject.
- (g) The District is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject (including, without limitation, the Resolution and this Agreement), and no event has occurred and is continuing which with the passage of time or the giving

of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Resolution, the execution, delivery of the 2023 Obligations and the execution and delivery of this Agreement and compliance with the District's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instruments, except as provided by the Resolution and this Agreement.

- (h) No action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the District's knowledge, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the making, execution or delivery of this Agreement or the application of the 2023 Obligation Proceeds; (iii) in any way contesting or affecting, as to the District, the validity or enforceability of the Resolution or this Agreement; (iv) in any way contesting the powers of the District or its authority with respect to execution or delivery of the 2023 Obligations, the adoption of the Resolution, or the execution and delivery of this Agreement; (v) contesting the exclusion from gross income of interest on the 2023 Obligations for federal income tax purposes; or (vi) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the District to perform and satisfy its obligations under the 2023 Obligations or this Agreement; nor to the best of the District's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the proceedings authorizing the Resolution, the 2023 Obligations, this Agreement or the Promissory Note or the performance by the District of its obligations thereunder, or the authorization, execution, delivery or performance by the District of the 2023 Obligations, the Resolution, this Agreement or the Promissory Note.
- (i) The District is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.
- (j) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the execution or delivery of the 2023 Obligations and the execution, delivery of and performance of this Agreement by the District have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the 2023 Obligations, as to which no representation is made).
- (k) The District has the legal authority to apply and will apply, or cause to be applied, the 2023 Obligation Proceeds as provided in and subject to all of the terms and provisions of the Resolution

and this Agreement, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2023 Obligations.

- (l) The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.
- (m) Any certificate, signed by any official of the District authorized to do so in connection with the transactions described in this Agreement, shall be deemed a representation and warranty by the District to the Bank as to the statements made therein.
- (n) As of the Closing Date:
 - (i) There has been no change in the assets, liabilities, financial position or results of operations of the District which might reasonably be anticipated to cause a Material Adverse Effect;
 - (ii) The District has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect; and
 - (iii) Relative to the Enterprise, the District has not (A) incurred any material indebtedness, other than the Bureau Obligation, Bureau Repayment Contract, the 2023 Obligations and the Prior Obligations, as well as the trade accounts payable arising in the ordinary course of the Enterprise business and not past due, or (B) guaranteed the indebtedness of any other person.
- (o) This Agreement represents a negotiated transaction, and the District understands, and hereby confirms, that the Bank is not acting as a fiduciary of the District, but rather is acting solely in its capacity as Bank, for its own account. The District acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the District and the Bank and its affiliates, (ii) in connection with such transaction, the Bank and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), (iii) the Bank and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) the Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the District on other matters), (v) the Bank and its affiliates have financial and other interests that differ from those of the District, and (vi) the District has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.
- (p) The District has water rights and/or supplies in such amounts and qualities as the District deems necessary to adequately service its customers and connections. The District will continue to control, own or have access to all such water rights and/or supplies free and clear of the interest of any third party, will not suffer or permit any transfer or encumbrance of such water rights and/or supplies, will not abandon such water rights and/or supplies, or any of them, and will not do any act or thing which would impair or cause to the loss of any such water rights and/or supplies during the Term of this Agreement.

- (q) No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement or the 2023 Obligations or the consummation of any transaction herein and therein contemplated, except as have been obtained or made and as are in full force and effect.
- (r) As long as the 2023 Obligations are outstanding, the District will notify the Bank or its designee, within 30 days, following the date of an event that (i) might reasonably be anticipated to cause a Material Adverse Effect, or (ii) might reasonably be anticipated to result in Material Litigation.

ARTICLE III

TERMS OF THE 2023 OBLIGATIONS

Section 3.1. Authorization and Terms of the 2023 Obligations; 2023 Obligations Proceeds.

(a) The 2023 Obligations shall be designated “Humboldt Bay Harbor, Recreation and Conservation District, Series 2023 Installment Sale Obligations (2023 Harbor Improvement Project), Bank Qualified.” Absent circumstances not presently anticipated, the entire issue of the 2023 Obligations shall be purchased by the Bank in the aggregate amount of \$5,454,000 in immediately available funds on the Closing Date (the “2023 Obligation Proceeds”), and shall be evidenced by a single, fully registered 2023 Obligation, initially registered in the name of the Bank, in substantially the form attached hereto as Exhibit B with necessary or appropriate variations, omissions and insertions as permitted or required by this Agreement.

(b) The 2023 Obligations shall be dated the Closing Date and shall bear interest at the Interest Rate of 4.25% per annum (calculated on the basis of a 360-day year of twelve 30-day months). The 2023 Obligations shall bear interest from the Closing Date to each 2023 Obligation Payment Date as such is set forth in Exhibit A hereto, as may be amended from time to time, including any prepayment thereof pursuant to Section 3.6 or 3.7 hereof. From and during the continuance of an Event of Default, the 2023 Obligations shall, at the option of Bank and with written notice to the District, bear interest at the Default Rate.

(c) The 2023 Obligations shall be payable as to principal and interest in legal tender of the United States of America.

(d) The Term of this Agreement and the 2023 Obligations shall commence on the Closing Date and shall end on the date on which the 2023 Obligations shall be paid in full or provision for such payment shall be made as provided herein.

(e) On the Closing Date, the Bank shall transfer the 2023 Obligation Proceeds as set forth in Section 3.2 below.

Section 3.2. Deposit and Application of 2023 Obligation Proceeds. The District hereby instructs the Bank (to which the Bank agrees) to:

(a) wire transfer \$ _____ of the 2023 Obligation Proceeds directly to the District for deposit into the Project Fund.

(b) wire transfer \$ _____ of the 2023 Obligation Proceeds (the "COI Set-Aside") on the District's behalf for payment of Costs of Issuance with respect to the 2023 Obligations, which shall be disbursed by the Bank on behalf of the District upon delivery of a requisition, substantially in the form attached hereto as Exhibit C, executed by an Authorized Representative of the District, all in accordance with Closing Wire Instructions prepared by the District's municipal advisor.

Section 3.3. Reserved.

Section 3.4. Project Fund. The District hereby covenants and agrees to establish, maintain and hold in trust a separate special trust fund to be designated the "Project Fund" (herein referred to as the "Project Fund"), and to deposit therein the amount received by it pursuant to Section 3.2(a). The moneys in the Project Fund shall be held by the District in trust and applied to the payment of the Project Costs incurred by the District in connection with the Acquisition and Construction of the Project. As long as there is any balance remaining on deposit in the Project Fund, the District shall pay for such costs and expenses solely from the Project Fund and not from any other funds of the District, provided that the District may advance any such other funds to pay for such costs and expenses and reimburse itself therefor from the Project Fund.

Before any payment is made from the Project Fund by the President, Executive Director or Deputy Executive Director shall cause to be filed a Written Requisition of the District in the form set forth in Exhibit E hereto.

Upon filing of each such Written Requisition, the President, Executive Director or Deputy Executive Director will cause the payment of the amount set forth in such Written Requisition as directed by the terms thereof. The President, Executive Director or Deputy Executive Director need not make any such payment if he or she has received notice of any lien, right to lien or attachment upon or claim affecting the right to receive payment of any of the moneys to be so paid which has not been released or will not be released simultaneously with such payment.

When the Project shall have been Constructed and Acquired in accordance with this Agreement, the District shall issue a written statement to the Bank setting forth the date of completion and acceptance of the Project. Upon the delivery of such statement, the President, Executive Director or Deputy Executive Director shall use any remaining balance in the Project Fund not needed for Project Costs (but less the amount of any reasonable retention) to make 2023 Obligations Payments until fully expended.

Moneys held by the District in the Project Fund may only be invested and reinvested by the District in Permitted Investments which mature not later than the date such moneys are required or estimated by the District to be required to be expended hereunder. Except as otherwise provided in the following sentence, the District covenants that all investments of amounts deposited in any fund or account created by or under this Agreement, or otherwise containing gross proceeds of this Agreement (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code).

For purposes of this Agreement, the term “Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

Section 3.5. Reserved.

Section 3.6. Optional Prepayment. At the District’s option, and upon thirty (30) days’ prior written notice to the Bank, the 2023 Obligations shall be subject to prepayment in whole, but not in part, on any Business Day, by paying the “Prepayment Price” to the Bank. The Prepayment Price is equal to the sum of: (a) the Principal Components due on such date, (b) the remaining principal balance and all other Outstanding Principal Components (the “Remaining Balance”), and (c) the applicable call premium based on the Remaining Principal Balance based on the table below:

Prepayment Date (on or before)	Prepayment Premium
07/01/2028	101.5%
07/01/2029	101.0%
07/01/2030	100.5%
After	Par

Section 3.7. Prepayment upon Casualty Loss or Governmental Taking. At the District’s option, and upon thirty (30) days’ prior written notice to the Bank, the 2023 Obligations shall be subject to prepayment as a whole or in part on any date, from the Net Proceeds of casualty insurance or a governmental taking of the Enterprise or portions thereof by eminent domain proceedings, under the circumstances and upon the conditions and terms prescribed herein, at a prepayment price equal to the sum of the principal prepaid plus accrued interest thereon to the date fixed for prepayment, without premium.

Section 3.8. Execution of the Agreement. The execution of this Agreement by an Authorized Representative shall constitute conclusive evidence of such officers’ and the Board of Director’s approval hereof, including any changes, insertions, revisions, corrections, or amendments as may have been made hereto.

Section 3.9. Assignment by the Bank. The Bank’s right, title and interest in and to this Agreement and the Note, with prior written notice to the District, may be assigned and reassigned to one or

more assignees or sub-assignees by Bank, without the necessity of obtaining the consent of District; provided that such assignment shall not result in more than thirty-five (35) assignees or sub-assignees of the Bank's rights and interests in this Agreement and the Note, or that such assignment shall not result in the creation of any interest in this Agreement and the Note in an aggregate principal amount that is less than one hundred thousand dollars (\$100,000); and further provided that Bank has filed with the District at least five Business Days' prior written notice thereof along with an executed copy of an investor's letter addressed to the District and the Bond Counsel substantially in the form of the Lender Letter delivered by the Bank on the Closing Date attached hereto as Exhibit D, other than with respect to assignment or participation by the Bank to an affiliate. The District shall pay all 2023 Obligation Payments hereunder to the Bank, as provided in Section 4.2 hereof, or under the written direction of the assignee named in the most recent assignment or notice of assignment filed with the District. Any assignment of the Note in accordance with this Section 3.9 shall, without further action, be deemed to assign the Bank's interest under this Agreement.

Section 3.10. Closing Conditions. The Bank has entered into this Agreement in reliance upon the representations and warranties of the District contained in this Agreement and to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the District of the obligations of the District pursuant to this Agreement at or prior to the Closing Date. Accordingly, the obligation of Bank to execute this Agreement is subject to the fulfillment to the reasonable satisfaction of the Bank of the following conditions:

(a) The representations and warranties of the District contained in this Agreement shall be true, complete and correct on the Closing Date.

(b) On the Closing Date, the Resolution, this Agreement and the 2023 Obligations shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(c) On the Closing Date, the District will have adopted and there will be in full force and effect such resolutions as in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated by this Agreement, and all necessary action of the District relating to the issuance of the 2023 Obligations will have been taken, will be in full force and effect and will not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(d) At or prior to the Closing Date, the Bank will have received the following documents:

(i) the approving opinions, dated the Closing Date and addressed to the Bank, of Bond Counsel in form and content satisfactory to the Bank, to the effect that (I) the interest on the 2023 Obligations is excluded from gross income for State and federal income tax purposes, (II) the 2023 Obligations are a "qualified tax-exempt obligation" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, and (III) this Agreement and 2023 Obligations have been duly authorized, executed and delivered by the District and are legal, valid and binding obligations of the District, enforceable in accordance with their respective terms, subject to customary exceptions for bankruptcy and judicial discretion;

(ii) a certificate or certificates, dated the Closing Date and signed on behalf of the District by an Authorized Representative, to the effect that (I) the representations and warranties

contained in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (II) no litigation of any nature is then pending or, to his or her knowledge, threatened, seeking to restrain or enjoin the issuance and delivery of the 2023 Obligations or the levy or collection of revenues to pay the principal thereof and interest thereon, questioning the proceedings and authority by which such pledge is made, affecting the validity of the 2023 Obligations or contesting the existence or boundaries of the District or the title of the present officers to their respective offices; (III) no authority or proceedings for the issuance of the 2023 Obligations has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the 2023 Obligations has been filed with or received by the District; and (IV) the District has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the Closing Date;

(iii) a conformed certified copy of the Resolution;

(iv) the items required by the Resolution as conditions for execution and delivery of the 2023 Obligations;

(v) a Tax Certificate of the District, in form and substance satisfactory to Bond Counsel;

(vi) the preliminary filings with the California Debt and Investment Advisory Commission;

(vii) the opinion of the general counsel to the District, dated the Closing Date, addressed to the Bank and Bond Counsel, to the effect that:

(A) the District is a special district, duly organized and validly existing under the law of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Resolution, and enter into, execute, deliver and perform its covenants and agreements under this Agreement, (b) to pledge the Net Revenues as contemplated by this Agreement, and (c) to carry on its activities as currently conducted;

(B) the Resolution has been duly adopted at a regular meeting of the governing body of the District on May 11, 2023, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, is in full force and effect, and, except as expressly otherwise provided, has not been amended, modified, or supplemented;

(C) the adoption of the Resolution, and the execution, delivery, and performance by the District of this Agreement, and the compliance with the respective provisions thereof on the respective terms and conditions therein, to the best of our knowledge after due inquiry, will not conflict with or violate or contravene any order or decree of any California constitutional, statutory or regulatory provision, court, tribunal, governmental authority, bureau, or agency, or violate or cause a default under any mortgage, trust agreement, contract, or other agreement to which the District is a party or that is binding upon it or any of its respective property;

(D) this Agreement and the Note have been duly authorized, executed, and delivered by the District, and, assuming due authorization and execution by any other applicable parties thereto, constitute the valid and binding obligations of the District, enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought;

(E) To the best of our knowledge after due inquiry, (1) there are no actions, suits, proceedings, inquiries, or investigations, at law or in equity, before or by any court, governmental agency, public board, or body, pending or threatened against either the District, in any way affecting the titles of the officials of the District to their respective positions, or seeking to restrain or enjoin the execution and delivery of this Agreement, the Note, the pledge, collection or application of the Net Revenues, or the payment of principal of and interest on the 2023 Obligations, or in any way contesting the validity or enforceability of this Agreement or the Note, or in any way questioning the proceedings and authority by which the pledge of Net Revenues is made; and (2) no authority or proceedings for the execution and delivery of this Agreement has been repealed, revoked or rescinded, and no petition or petitions to revoke or alter the authorization to execute and deliver this Agreement or the Note, or to execute and deliver the 2023 Obligations, has been filed with or received by the District;

(E) to the best of our knowledge, no authorization, approval, consent or other order of the State or any other government entity, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the District of this Agreement or the Note; and

(F) to the best of our knowledge after due inquiry, the District is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any installment sale agreement, loan agreement, trust agreement, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default would materially adversely affect the District's ability to enter into or perform its obligations under this Agreement or the Note, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the District's ability to enter into or perform its obligations under this Agreement or the Note.

(viii) such additional legal opinions, certificates, instruments and other documents as the Bank or its counsel may reasonably request to evidence the truth and accuracy, as of the date of this Agreement and as of the Closing Date, of the representations, warranties, agreements and covenants of the District contained herein and the due performance or satisfaction by the District at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the District.

Section 3.11. 2023 Obligations Register. The District will keep or cause to be kept, sufficient books for the registration and transfer of the 2023 Obligations (the "2023 Obligations Register"), which shall be open at all reasonable times with reasonable prior notice during normal business hours of the

District; and, upon presentation, the District shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the 2023 Obligations.

Section 3.12. No CUSIP Numbers; No Rating; No DTC; No Offering Document. The 2023 Obligations shall not bear CUSIP numbers, shall not be rated by any rating agency, shall not be held by The Depository Trust Company, and shall not be offered pursuant to any offering document.

Section 3.13. Investments. All money held by the District in any of the accounts or funds established pursuant hereto shall be invested in Permitted Investments, which Permitted Investments shall, as nearly as practicable, mature (or be subject to redemption or disposition) on or before the dates on which such money is anticipated to be needed for disbursement hereunder. All interest or gain derived from the investment of amounts in other funds or accounts established hereunder shall be deposited in the Revenue Fund.

Section 3.14. Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account established hereunder, any investments credited to such fund or account shall be valued at least annually, on or before June 30th. For the purpose of determining the amount in any fund or account, Permitted Investments credited to such fund or account shall be valued at the Fair Market Value thereof (based on accepted industry standards from accepted industry providers); provided that as to certificates of deposit and banker acceptances, the value thereof shall equal the face amount, plus accrued interest thereon. In making such evaluations District may rely upon such valuation services as may be available to the District.

ARTICLE IV

SECURITY

Section 4.1. Pledge of Revenues. The District hereby irrevocably pledges all of the Net Revenues along with amounts on deposit in the Revenue Fund to the punctual payment of the 2023 Obligation Payments. This pledge shall constitute a first lien on the Net Revenues for the payment of the 2023 Obligations in accordance with the terms hereof, which lien is on parity with the lien on Net Revenues that secures the payment of Parity Obligations. The Net Revenues will not be used for any other purpose while any of the 2023 Obligation Payments are unpaid, except as otherwise set forth herein.

Section 4.2. Repayment of the 2023 Obligations. The District hereby agrees to repay the 2023 Obligations from Net Revenues in the aggregate principal amount of \$5,454,000 together with interest (calculated at the rate of 4.25%, on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semi-annual 2023 Obligation Payments in the respective amounts and on the respective 2023 Obligation Payment Dates specified in Exhibit A hereto, and by this reference made a part hereof.

Pursuant to Section 5451 of the Government Code of the State of California, the pledge of Net Revenues by the District for the repayment of the principal of, premium, if any, and interest components of the 2023 Obligation Payments constitutes a first lien and security interest which immediately attaches to such Net Revenues, and is effective and binding against the District, its successors, creditors and all others asserting rights therein irrespective of whether those parties have notice of the pledge, irrespective of

whether such amounts are or may be deemed to be a fixture and without the need for physical delivery, recordation, filing or further act.

So long as the 2023 Obligations are owned by the Bank, all principal and interest payments with respect to the 2023 Obligations shall be made by wire transfer, or other mutually agreeable form of transfer, in accordance with wire instructions provided by the Bank from time to time.

From and during the continuance of an Event of Default, the 2023 Obligations shall, at the option of Bank and with written notice to the District, bear interest at the Default Rate until such time as the Event of Default is cured or is otherwise no longer applicable. From and after the Date of Taxability following a Determination of Taxability, the interest rate on the 2023 Obligations shall be increased to the Taxable Rate until such time as the Determination of Taxability no longer exists.

Section 4.3. Revenues; Establishment and Application of Revenue Fund. The District hereby covenants and agrees to establish, maintain and hold in trust a separate special trust fund to be designated the “Revenue Fund” (herein referred to as the “Revenue Fund”) so long as the 2023 Obligations remains outstanding. Within the Revenue Fund the District shall establish and maintain a separate Interest Account, Principal Account and Redemption Account therein. The Revenue Fund shall be kept separate and apart from all other funds and accounts held by the District and shall be administered as provided herein. The District hereby covenants and agrees that all Revenues, when and as received, will be received and held by the District in trust for the benefit of the Bank and owners of any Parity Obligations, and will be allocated and deposited by the District in the Revenue Fund. All Revenues shall be disbursed, allocated and applied solely to the following uses and purposes and in the following order of priority:

(a) Maintenance and Operation Costs. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants to pay all Maintenance and Operation Costs of the Enterprise (including amounts reasonably required to be set aside in contingency reserves for the Enterprise, the payment of which is not then immediately required) from the Revenue Fund as they become due and payable. The District shall annually prepare a budget for Maintenance and Operation Costs.

(b) Net Revenues. All Net Revenues on each 2023 Obligation Payment Date, shall be transferred by the District from the Revenue Fund and allocated to the following respective accounts, the following amounts in the following order of priority, the requirements of each such account at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(1) Interest Account. On each Interest Payment Date, the District shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all outstanding Parity Obligations. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all outstanding Parity Obligations on such Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the District solely for the purpose of paying interest on the Parity Obligations as it shall become due and payable (including accrued interest on any 2023 Obligations purchased or redeemed prior to maturity pursuant to this Agreement). In the event that the amounts on deposit in the Interest Account on any Interest Payment Date are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the outstanding Parity

Obligations, the District shall apply such amounts to the payment of interest on each of the outstanding Parity Obligations on a pro rata basis.

(2) Principal Account. On each Principal Payment Date on which the principal of Parity Obligations is payable, the District shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Parity Obligations coming due and payable on such Principal Payment Date and the amount of principal becoming due and payable on any mandatory sinking account payment due on all outstanding Parity Obligations, if any. All moneys in the Principal Account shall be used and withdrawn by the District solely for the purpose of paying the principal of the Parity Obligations at the maturity date or upon early redemption, as the case may be. In the event that the amounts on deposit in the Principal Account on any Principal Payment Date are insufficient for any reason to pay the aggregate amount of principal then coming due and payable on the outstanding Parity Obligations, the District shall apply such amounts to the payment of principal on each of the outstanding Parity Obligations on a pro rata basis.

(3) Reserve Accounts. Payments required to replenish any debt service reserve accounts established for Parity Obligations shall be made in accordance with the terms hereof and such Parity Obligations Documents, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(4) Subordinate Debt Repayment. Payments relating to principal and interest on or with respect to Subordinate Debt in accordance with the terms of such Subordinate Debt, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(5) Subordinate Debt Reserve Accounts. To make payments required with respect to Subordinate Debt to replenish reserve accounts established therefor in accordance with the terms of such Subordinate Debt, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(6) General Expenditures. For any lawful purpose of the District, including, but not limited to, any costs of capital improvements to the Enterprise and contributions to rate stabilization funds and other such reserves.

Section 4.4. Rebate Fund. The District shall establish the Rebate Fund and shall comply with the requirements below. All money at any time deposited in the Rebate Fund shall be held by the District in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section and the applicable Tax Certificate, unless the District obtains an opinion of Bond Counsel that the exclusion from gross income of interest on the 2023 Obligations will not be adversely affected for federal income tax purposes if such requirements are not satisfied.

(a) Excess Investment Earnings.

(i) Computation. Within 55 days of the end of each fifth Computation Year with respect to the 2023 Obligations, the District shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g. the temporary investments exception of Section 148(f)(4)(B) and the construction expenditure exception of Section 148(f)(4)(C) of the Code), for this purpose treating the last day of the applicable Computation Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The District shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Transfer. Within 55 days of the end of each fifth Computation Year with respect to the 2023 Obligations, an amount shall be deposited to the Rebate Fund by the District from any legally available funds, including the other funds and accounts established herein, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this Section 4.4(a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, the District shall withdraw the excess from the Rebate Fund and then credit the excess to the Revenue Fund.

(iii) Payment to the Treasury. The District shall pay to the United States Treasury, out of amounts in the Rebate Fund.

(X) Not later than 60 days after the end of (A) the fifth Computation Year with respect to the 2023 Obligations, and (B) each applicable fifth Computation Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Computation Year; and

(Y) Not later than 60 days after the payment of all the 2023 Obligations, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Computation Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source, including the other funds and accounts established herein, equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this Subsection 4.4(a)(iii) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T prepared by the District, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption, if any, and payment of the 2023 Obligations and the payments described in Section 4.4(a)(iii), shall be utilized in any manner by the District.

(c) Survival of Defeasance. Notwithstanding anything in this Section 4.4 or this Agreement to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of this Agreement and any Parity Obligations.

Section 4.5. Special Obligation of the District; Obligations Absolute. The District's obligation to pay the 2023 Obligation Payments shall be a special obligation of the District limited solely to Net Revenues and amounts on deposit in the Revenue Fund. Under no circumstances shall the District be required to advance moneys derived from any source of income other than Net Revenues and other sources specifically identified herein for the payment of the 2023 Obligation Payments, nor shall any other funds or property of the District be liable for the payment of the 2023 Obligation Payments. Notwithstanding the foregoing provisions of this Section, however, nothing herein is intended to prohibit the District voluntarily from making any payment hereunder from any source of available funds of the District.

The obligations of the District to pay the 2023 Obligation Payments from Net Revenues, and to perform and observe the other agreements contained herein, shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the District, the Bank of any obligation to the District or otherwise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Bank.

Until such time as all of the 2023 Obligation Payments shall have been fully paid or prepaid, the District (a) will not suspend or discontinue payment of any 2023 Obligation Payments, (b) will perform and observe all other agreements contained in this Agreement, and (c) will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Enterprise, sale of the Enterprise, the taking by eminent domain of title to or temporary use of any component of the Enterprise, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Bank to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement.

ARTICLE V

COVENANTS OF THE DISTRICT

Section 5.1. Operation and Maintenance of the Enterprise. The District will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner and will pay all Maintenance and Operation Costs of the Enterprise as they become due and payable.

Section 5.2. Against Sale or Other Disposition of Property. The District will not sell, lease, or otherwise dispose of the Enterprise or any part thereof essential to the proper operation of the Enterprise or to the maintenance of the Net Revenues. The District will not enter into any agreement or lease that impairs the operation of the Enterprise or any part thereof necessary to secure adequate Net Revenues for the payment of the 2023 Obligations or that would otherwise impair the rights of the District with respect to the Net Revenues or the operation of the Enterprise. Any real or personal property that has become nonoperative or that is not needed for the efficient and proper operation of the Enterprise, or any material or equipment that has become worn out, may be sold at not less than the Fair Market Value thereof. The District shall deposit the proceeds of such sale in the Revenue Fund. Nothing herein shall restrict the ability of the District to sell any portion of the Enterprise if such portion is immediately repurchased by the District (or other entity required as part of a financing structure) and if such arrangement cannot by its terms result in the purchaser of such portion of the Enterprise exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Enterprise or interfere with its right to collect the Revenues therefrom.

Section 5.3. Rates, Fees, and Charges. (a) The District will, at all times while the 2023 Obligations remain outstanding, fix, prescribe and collect rates, fees, property taxes and charges in connection with the Enterprise so as to yield Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts in the order set forth below:

- (1) All Maintenance and Operation Costs of the Enterprise;
- (2) All payments of Debt Service and all other payments (including payments under reimbursement agreements) with respect to all Parity Obligations as they become due and payable;
- (3) All amounts, if any, required to restore the balance in any reserve accounts established for Parity Obligations in accordance with the terms of such Parity Obligations Documents, without preference or priority;
- (4) All Subordinate Debt Payments (but only to the extent not projected to be payable from reserves set aside and available therefor) and all other payments with respect to all Subordinate Debt as they become due and payable; and
- (5) All other payments required to meet any other obligations of the District that are charges, liens, encumbrances upon, or which are otherwise payable from the Revenues during such Fiscal Year;

(b) Furthermore, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year which are sufficient to yield estimated Net Revenues which are at least equal to one hundred twenty-five percent (125%) of the aggregate amount of Debt Service on all Parity Obligations payable from Net Revenues coming due and payable during such Fiscal Year. The District shall comply with the rate covenants contained within the Parity Obligations Documents, but can make adjustments, from time to time, in its rates, fees and charges as it deems necessary, but shall not reduce its rates, fees and charges below those in effect unless the Net Revenues resulting from such reduced rates, fees and charges shall at all times be sufficient to meet the requirements set forth in this paragraph.

(c) To the extent the District is not in violation of the rate covenants contained within the Parity Obligations Documents, if the District violates the covenants set forth in subsections (a) or (b) hereof, such violation shall not, in and of itself, be a default under this Agreement and shall not give rise to a declaration of an Event of Default so long as (i) Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from the Rate Stabilization Fund pursuant to subsection (d) below), are at least equal to the Maximum Annual Debt Service, and (ii) within 120 days after the date such violation is discovered, the District either (x) transfers enough moneys from the Rate Stabilization Fund sufficient to yield estimated Net Revenues which are at least equal to one hundred twenty-five percent (125%) of the aggregate amount of Debt Service on all Parity Obligations payable from Net Revenues coming due and payable during such Fiscal Year in compliance with subsection (b) hereof, (y) hires an Independent Financial Consultant to review the revenues and expenses of the Enterprise, and abides by such consultant's recommendations to revise the schedule of rates, fees, expenses and charges, and to revise any Maintenance and Operation Costs insofar as practicable, and to take such other actions as are necessary so as to produce Net Revenues to cure such violation for future compliance, or (z) receives a written waiver from the Bank; *provided, however,* that, if the District does not, or cannot, transfer from the Rate Stabilization Fund the amount necessary to comply with subsection (b) hereof, or otherwise cure such violation within two years after the date such violation is discovered, an Event of Default shall be deemed to have occurred under Section 6.1(a)(2) hereof, unless the Bank provides otherwise in writing at its sole option.

(d) The District has heretofore created a "Rate Stabilization Fund," which is held and maintained by the District. The Rate Stabilization Fund is not pledged to secure payment of the 2023 Obligations. Amounts in the Rate Stabilization Fund shall be applied solely for the uses and purposes set forth in this subsection (d). The District shall have the right to deposit into the Rate Stabilization Fund from time to time any amount of funds which are legally available therefor; provided that deposits for each Fiscal Year may be made until (but not after) one hundred eighty (180) days following the end of such Fiscal Year (unless otherwise agreed by the Bank).

For the purpose of computing the amount of Revenues for any Fiscal Year for purposes of the preceding subsection (a), or the amount of Net Revenues for any Fiscal Year for purposes of the preceding subsection (b), the District shall be permitted to transfer amounts on deposit in the Rate Stabilization Fund to the Revenue Fund, such transfers to be made until (but not after) one hundred eighty (180) days after the end of such Fiscal Year (unless otherwise agreed by the Bank). In addition, the District shall be permitted to withdraw amounts on deposit in the Rate Stabilization Fund for any other lawful purpose. The Rate Stabilization Fund is not pledged to secure payment of the 2023 Obligations.

Section 5.4. Collection of Rates and Charges. The District will have in effect at all times rules and regulations requiring each consumer or customer utilizing the Enterprise facilities to pay the rates, fees

and charges applicable to such use or benefit received. Except in connection with the receipt of federal or State funding, the District will not permit any part of the Enterprise or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State and any city, county, district, political subdivision, public corporation or agency of any thereof).

Section 5.5. Competitive Facilities. Except for any Enterprise facilities existing as of the date hereof, the District will not, to the extent permitted by law, acquire, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, authority, city, special district, or political subdivision or any person whomsoever to acquire, maintain or operate within the sphere of influence of the District any water system competitive with the Enterprise; *provided, however*, that the District may, with the written consent of the Bank first had and obtained, assign all or a portion of the Enterprise to another entity upon delivery to the Bank of an opinion of counsel experienced in the field of law relating to municipal bonds that such assignment will not adversely affect the tax-exempt status of the interest with respect to the 2023 Obligations, and provided such entity assumes the obligations of the District hereunder.

Section 5.6. Insurance. (a) The District will procure and maintain insurance on the Enterprise with commercial insurers or through participation in a joint powers insurance authority, in such amounts, with such deductibles and against such risks (including accident to or destruction of the Enterprise) as are usually insurable in accordance with industry standards with respect to similar enterprises.

In the event of any damage to or destruction of the Enterprise caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of the Enterprise. The District shall cause such repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible, and shall pay out of the proceeds of such insurance all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the Enterprise shall be free and clear of all liens and claims. If the proceeds received by reason of any such loss shall exceed the costs of such repair, reconstruction or replacement, the excess shall be applied to prepay the 2023 Obligations and any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.7 hereof and in the instruments authorizing such Parity Obligations.

Alternatively, if the proceeds of such insurance are sufficient to enable the District to retire all outstanding Parity Obligations and all other amounts due hereunder, the District may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Enterprise, and thereupon such proceeds shall be applied to the prepayment of such Parity Obligations and to the payment of all other amounts due hereunder, and as otherwise required by the documents pursuant to which other Parity Obligations were issued.

(b) The District will procure and maintain commercial general liability insurance covering claims against the District for bodily injury or death, or damage to property, occasioned by reason of the ownership or operation of the Enterprise, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar enterprises.

(c) The District will procure and maintain workers' compensation insurance against liability for compensation under the Workers' Compensation Insurance and Safety Act of California, or any act

hereafter enacted as an amendment or supplement or in lieu thereof; such insurance to cover all persons employed in connection with the Enterprise.

(d) All policies of insurance required to be maintained herein shall provide that the Bank shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

(e) In lieu of obtaining insurance coverage as required by this Section, such coverage may, with the prior written consent of the Bank, be maintained by the District in the form of self-insurance. The District shall certify to the Bank that (i) the District has segregated amounts in a special insurance reserve meeting the requirements of this Section; (ii) an Insurance Consultant certifies annually, on or before May 1 of each year in which self-insurance is maintained, in writing to the Bank that the District's general insurance reserves are actuarially sound and are adequate to provide the necessary coverage; and (iii) such reserves are held in a separate trust fund by an independent trustee. Any statements of self-insurance shall be delivered to the Bank. The District shall pay or cause to be paid when due the premiums for all insurance policies required hereby.

The District shall cause the Bank to be named as an additional insured with respect to the District's liability insurance, and as a loss payee with respect to any property damage insurance. The District shall not allow any insurance to expire without thirty (30) days prior written notice to the Bank.

Section 5.7. Eminent Domain. If all or any part of the Enterprise shall be taken by eminent domain proceedings, the resulting Net Proceeds thereof shall be applied as follows:

(a) If (1) the District delivers to the Bank a Certificate of the District showing (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Enterprise proposed to be acquired by the District from any Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) on the basis of such certificate, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive); then the District shall promptly proceed with the acquisition of such additions, betterments, extensions or improvements substantially in accordance with such Certificate of the District and such Net Proceeds shall be applied for the payment of the costs of such acquisition, and any balance of such Net Proceeds not required by the District for such purpose shall be applied to prepay the Principal Components and the principal amount of any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.7 hereof and in the instruments authorizing such other Parity Obligations.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied to prepay the Principal Components of the 2023 Obligations and the principal amounts of any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.7 hereof and in the instruments authorizing such other Parity Obligations.

Section 5.8. Additional Information. The District agrees to furnish to the Bank, promptly, from time to time, such information regarding the operations, financial condition and property of the District and the Enterprise as the Bank may reasonably request.

Section 5.9. Compliance with Law and Contracts. The District will faithfully comply with, keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on its operation of the Enterprise by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board, or commission having jurisdiction or control.

Section 5.10. Punctual Payment. The District will punctually pay the principal and interest to become due in respect of the 2023 Obligations, in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not rescind this Agreement for any cause.

Section 5.11. Reserved.

Section 5.12. Protection of Security and Rights of the Bank. The District will preserve and protect the security of the 2023 Obligations and the rights of the Bank and will defend the Bank's rights against all claims and demands of all persons. From and after the Closing Date, the 2023 Obligations shall be incontestable by the District.

Section 5.13. Parity Obligations.

(a) So long as the 2023 Obligations are outstanding, the District shall not issue or incur any obligations payable from Revenues or Net Revenues senior or superior to the payment of Debt Service on the 2023 Obligations. The District may at any time issue Parity Obligations payable from Net Revenues on parity with Debt Service on the 2023 Obligations to provide financing or refinancing for the Enterprise in such principal amount as shall be determined by the District. The District may issue or incur any such Parity Obligations subject to the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations:

(1) No Event of Default shall have occurred and be continuing; and

(2) The Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from the Rate Stabilization Fund pursuant to Section 5.3(d) hereof), calculated in accordance with Generally Accepted Accounting Principles, either (i) as shown by the books of the District for the latest Fiscal Year, as verified by a certificate of an Authorized Representative of the District, or (ii) as shown by the books of the District for any more recent twelve (12) month period within the preceding eighteen (18) months selected by the District, as verified by a certificate or opinion of an Independent Certified Public Accountant or Independent Financial Consultant employed by the District, plus in either case (at the option of the District) the Additional Revenues, shall be at least equal to one hundred twenty-five percent (125%) of the amount of Maximum Annual Debt Service on all outstanding Parity Obligations and the Parity Obligations to be issued.

The provisions of subsection (2) of this Section shall not apply to any Parity Obligations if, and to the extent that (i) all of the proceeds of such Parity Obligations (other than proceeds applied to pay costs of issuing such Parity Obligations and to make the reserve fund deposit pursuant thereto) shall be deposited in

an irrevocable escrow held in cash or invested in Federal Securities for the purpose of paying the principal of and interest and premium (if any) on such outstanding Parity Obligations, and (ii) at the time of the incurring of such Parity Obligations, the District certifies in writing that maximum annual debt service on such Parity Obligations will not exceed Maximum Annual Debt Service on the outstanding Parity Obligations being refunded, and (iii) the final maturity of such Parity Obligations is not later than the final maturity of the Parity Obligations being refunded.

(b) In order to maintain the parity relationship of debt service payments on all Parity Obligations permitted hereunder, the District covenants that all payments in the nature of principal and interest or reserve account replenishment with respect to any Parity Obligations, will be structured to occur semi-annually on January 1 and July 1, in each year as such payments are due with respect to the Debt Service payments, and reserve account replenishment with respect to any Parity Obligations will be structured to occur within one year, and to otherwise structure the terms of such Parity Obligations to ensure that they are in all respects payable on a parity with the Debt Service payments on the 2023 Obligations and all Parity Obligations, and not prior thereto.

(c) The District may at any time execute contracts or issue bonds or other indebtedness payable from Net Revenues or the Revenue Fund payable on a subordinated basis to the payment of the Debt Service payments on Parity Obligations.

Section 5.14. Reserved.

Section 5.15. Against Encumbrances. The District hereby covenants and agrees that it shall not incur any obligations that are secured by a pledge and lien on the Net Revenues that is senior to the pledge and lien on the Net Revenues contained herein. The District will not make any pledge of or place any lien on the Net Revenues except as provided herein. The District may pledge Net Revenues to secure Parity Obligations issued in accordance with Section 5.13 hereof. The District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose that are payable from and secured by a pledge of and lien on Net Revenues that is subordinate in all respects to the pledge of and lien on the Net Revenues provided herein.

Section 5.16. Further Assurances. The District will adopt, make, execute and deliver any and all further resolutions, instruments, and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Bank of the rights and benefits provided to it herein.

Section 5.17. Financial Reports.

(a) The District shall keep proper books of record and accounts of the Enterprise separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Enterprise and relating to the funds created by this Agreement. Said books shall, upon prior request, be subject to the inspection by the Bank, or its representatives authorized in writing, upon not less than five (5) Business Days' prior notice to the District. The District shall cause the books and accounts of the Enterprise, which shall include a statement of revenues and expenditures and changes in fund balances, a balance sheet and a statement of cash flow, to be audited annually by an Independent Certified Public Accountant.

(b) Promptly upon receipt by the District and in no event later than two hundred seventy (270) days after the close of each Fiscal Year (unless otherwise agreed in writing by the Bank), the District will furnish, or cause to be furnished, to the Bank an audit report of an Independent Certified Public Accountant with respect to such Fiscal Year, covering the operations of the Enterprise for said Fiscal Year. Such audit report shall include statements of the status of each account pertaining to the Enterprise, showing the amount and source of all deposits therein, the amount and purpose of the withdrawals therefrom and the balance therein at the beginning and end of said Fiscal Year, and a debt service coverage calculation for the Enterprise and all obligations payable from the Net Revenues thereof. In addition, the District shall deliver to the Bank, immediately after the approval thereof, a copy of the District's adopted budget for the then current Fiscal Year. The District shall also deliver to the Bank a copy of any update to the District's budget adopted for a Fiscal Year with thirty (30) days of the adoption of such updated budget.

(c) In the event that the audited financial statements are not available within 270 days after the close of each Fiscal Year, the District will furnish unaudited financial statements to the Bank in the manner described in this paragraph within such period, and will then supply the audited financial statements immediately upon the availability thereof.

Section 5.18. Observance of Laws and Regulations. The District will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the District, including the District's right to exist and carry on business as a special district, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 5.19. Private Activity Bond Limitation. The District shall assure that monies deposited pursuant to this Agreement are not so used as to cause this Agreement to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(d) of the Code.

Section 5.20. Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause this Agreement or the Interest Components of the 2023 Obligation Payments to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Section 5.21. Maintenance of Tax Exemption. The District shall take all reasonable actions necessary to assure the exclusion of the Interest Components of the 2023 Obligation Payments from the gross income under the Code.

Section 5.22. Rebate Requirement. The District shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government.

Section 5.23. No Arbitrage. The District shall not take any action with respect to the proceeds of the 2023 Obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date this Agreement was entered into would have caused the 2023 Obligations to be an "arbitrage bond" within the meaning of Section 148 of the Code.

Section 5.24. Budget. The District hereby covenants to take such action as may be necessary to include all 2023 Obligation Payments and all other amounts due hereunder in its annual budget and to make the necessary annual appropriations for all such 2023 Obligation Payments and all other amount due hereunder.

Section 5.25. Notices. The District shall provide to the Bank:

(a) Immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Agreement, together with a detailed statement by an Authorized Representative of the steps being taken by the District to cure the effect of such Event of Default.

(b) Prompt written notice (i) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court or other governmental authority, domestic or foreign, against the District or the Enterprise or the Revenues which involve claims equal to or in excess of \$500,000 or that seeks injunctive relief, or (ii) of any loss or destruction of or damage to any portion of the Enterprise in excess of \$500,000.

(c) Prompt written notice of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority with respect to any matter that relates to or could impact any Revenues.

(d) Prompt written notice of any Event of Taxability.

(e) Promptly upon notice thereof, any termination or cancellation of any insurance policy which the District is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting the District property in excess of an aggregate of \$500,000.

(f) With reasonable promptness, such other information respecting the District, Enterprise, and the operations, affairs and financial condition of the District as the Bank may from time to time reasonably request.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.1. Events of Default and Remedies.

(a) Events of Default. The following shall be Events of Default hereunder:

(1) Failure by the District to pay any Principal Component or Interest Component on the 2023 Obligations when due.

(2) Failure by the District to observe and perform any covenant, condition or agreement on its part contained herein, other than in clause (1) of this subsection (or as otherwise specifically provided for herein), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Bank; *provided,*

however, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such thirty (30) day period, the Bank shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within such thirty (30) day period and diligently pursued until the default is corrected.

(3) Default by the District under any Parity Obligation (or Subordinate Debt which requires or permits the immediate acceleration thereof).

(4) Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any law providing for the appointment of a receiver, liquidator, trustee, or similar official of the District or of all or substantially all of its assets, by or with the consent of the District, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty (60) days, or agreement by the District with the District's creditors to effect a composition or extension of time to pay the District's debts, or request by the District for a reorganization or to effect a plan of reorganization, or for a readjustment of the District's debts, or a general or any assignment by the District for the benefit of the District's creditors.

(5) Any statement, representation or warranty made by the District in or pursuant to this Agreement or its execution, delivery or performance proves to have been false, incorrect, misleading, or breached in any material respect on the date made, and is continuing for a period of thirty (30) days after written notice specifying such misrepresentation or breach and requesting that it be remedied has been given to the District by the Bank; *provided, however*, that the Bank and the District may agree that action by the District to cure such failure may be extended beyond such thirty-day period.

(6) This Agreement or any material provision of this Agreement shall at any time for any reason cease to be the legal, valid and binding obligation of the District or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the District, or the District shall renounce the same or deny that it has any further liability hereunder.

(7) Dissolution, termination of existence or insolvency of the District.

(8) Any court of competent jurisdiction with jurisdiction to rule on the validity of any provision of this Agreement shall find or rule that this Agreement is not valid or not binding on the District.

(b) Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Bank shall have the right, at its option upon notice to the District, to declare the unpaid aggregate Principal Components of the 2023 Obligations, and the interest accrued thereon, to be immediately due and payable, whereupon the same shall immediately become due and payable.

The Bank shall also have the right, at its option upon notice to the District, to (i) apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require officials of the District to charge and collect rates for services provided by the District and the Enterprise sufficient to meet all requirements of this Agreement, and (ii) take whatever action at law or in equity as may appear necessary or desirable to collect the 2023 Obligation Payments then due or thereafter to become due during

the Term of this Agreement, or enforce performance and observance of any obligation, agreement or covenant of the District under this Agreement, subject to the following paragraph.

Notwithstanding any provision of this Agreement, the District's liability to pay the 2023 Obligation Payments and other amounts hereunder shall be limited solely to Net Revenues as provided in Article IV hereof. In the event that Net Revenues shall be insufficient at any time to pay a Principal Component and/or Interest Component in full, the District shall not be liable to pay or prepay such delinquent 2023 Obligation Payment other than from Net Revenues.

Section 6.2. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 6.1, all Net Revenues thereafter received by the District shall be applied in the following order:

First, to the payment of the fees, costs and expenses incurred and necessary to protect the interests of the Bank and the holders of Parity Obligations, including the fees, costs and expenses of the Bank and any trustee, paying agent or holder of Parity Obligations in connection with such declaration, including reasonable compensation to their respective accountants and counsel; and

Second, to the payment of the entire unpaid aggregate Principal Components of the 2023 Obligations and the accrued interest thereon and any unpaid Parity Obligations, with interest on the overdue payments at the rate or rates of interest applicable to the 2023 Obligations and any such Parity Obligations if paid in accordance with their respective terms, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority, according to the amounts due respectively, to the Persons entitled thereto without any discrimination or preference.

Section 6.3. Other Remedies of the Bank. The Bank shall have the right:

- (a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District;
- (b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Bank; or
- (c) by suit in equity upon the happening of an Event of Default to require the District and its Board of Commissioners, officers and employees to account as the trustee of an express trust.

Section 6.4. Non-Waiver. Nothing in this article or in any other provision hereof, or in the 2023 Obligations, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the 2023 Obligations to the Bank when due, as herein provided, out of the Net Revenues herein pledged for such payment, or shall affect or impair the right of the Bank, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in this Agreement.

A waiver of any default or breach of duty or contract by the Bank shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Bank to exercise any right or remedy accruing upon

any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Bank by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Bank.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Bank, the District and the Bank shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 6.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Bank is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 6.6. Prosecution and Defense of Suits. The District shall promptly, upon request of the Bank or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Enterprise whether now existing or hereafter arising and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose.

ARTICLE VII

NOTICES

Section 7.1. Notices. All written notices under this Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice is effective either (a) upon actual receipt after deposit in the United States mail, postage prepaid, or (b) in any other case, upon actual receipt. The District or the Bank may, by written notice to the other parties, from time to time modify the address or number to which communications are given hereunder.

If to the District: Humboldt Bay Harbor, Recreation and Conservation District
P.O. Box 1030
Eureka, California 95502-1030
Attention: Executive Director

If to the Bank: Signature Public Funding Corp.
600 Washington Avenue, Suite 305
Towson, Maryland 21204
Attention: Public Sector Finance

ARTICLE VIII

AMENDMENTS; DISCHARGE; GENERAL AUTHORIZATION; EFFECTIVE DATE

Section 8.1. Amendments Permitted. (a) This Agreement and the rights and obligations of the District and of the Bank may be modified or amended at any time by a written supplemental agreement entered into by the District and the Bank.

(b) From and after the time any supplemental agreement becomes effective pursuant to this Article, this Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Agreement and the Bank shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Section 8.2. Discharge of Agreement. (a) If the District shall pay or cause to be paid or there shall otherwise be paid to the Bank the principal of and the interest and the prepayment premium, if any, on the 2023 Obligations at the times and in the manner stipulated herein, then all agreements, covenants and other obligations of the District to the Bank hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) This Agreement shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case the 2023 Obligations are to be prepaid on any date prior to its final Principal Payment Date, the District shall have mailed a notice of prepayment to the Bank as required in Section 3.6, (2) there shall have been irrevocably deposited with the Bank (and pledged to the payment of the outstanding balance of 2023 Obligations), or an escrow agent reasonably acceptable to the Bank, either money in an amount that shall be sufficient or direct obligations of the United States of America that are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money that, together with the money, if any, deposited with the Bank or such escrow agent at the same time, shall be sufficient (in the opinion of an Independent Certified Public Accountant) to pay when due the interest to become due on the 2023 Obligations on and prior to the final Principal Payment Date or prepayment date thereof, as the case may be, and the principal of and prepayment premiums, if any, on the 2023 Obligations on and prior to the final Principal Payment Date or the prepayment date thereof, as the case may be, and (3) if the 2023 Obligations are not subject to prepayment within the next succeeding sixty (60) days, the District shall have mailed a notice to the Bank that the deposit required by clause (2) above has been made with the Bank or such escrow agent and that the 2023 Obligations are deemed to have been paid in accordance with this section and stating the principal payment dates or prepayment date, as the case may be, upon which money is to be available for the payment of the principal of and prepayment premiums, if any, on the 2023 Obligations; *provided, however*, that the District shall have provided an opinion of Bond Counsel to the Bank that such deposit will not adversely affect the exclusion of interest on the 2023 Obligations from gross income of the Bank for federal income tax purposes.

Section 8.3. General Authorization. The Authorized Representatives of the District, and each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the District, to execute and deliver any and all documents (including specifically this Agreement and the 2023 Obligations), to do any and all things and take any and all actions that may be necessary or advisable, in

their discretion, in order to consummate the financing and to effect the purposes of this Agreement and the 2023 Obligations. All actions heretofore taken by officers, employees, and agents of the District that are in conformity with the purposes and intent of this Agreement are hereby approved, confirmed, and ratified.

Section 8.4. Cancellation of Bonds. All 2023 Obligations surrendered to the District for payment upon maturity or for redemption shall upon payment therefor be cancelled forthwith and shall not be reissued.

Section 8.5. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Agreement to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor, may be signed or executed by such Owner in person or by their attorneys appointed by an instrument in writing for that purpose, or by the commercial bank, trust company or other depository for such 2023 Obligations. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of 2023 Obligations shall be sufficient for the purposes of this Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any commercial bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any 2023 Obligation, the person in whose name the same shall be registered in the 2023 Obligations Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such the 2023 Obligation, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such the 2023 Obligations and the interest thereon to the extent of the sum or sums to be paid. Nothing contained in this Agreement shall be construed as limiting the District to such proof, it being intended that the District may accept other evidence of the matters herein stated which the District may deem sufficient. Any request or consent of the Owner of any 2023 Obligation shall bind every future Owner of the same 2023 Obligation in respect of anything done or suffered to be done by the District in pursuance of such request or consent.

Section 8.6. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Bank and the District and their respective successors and assigns.

Section 8.7. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.8. Further Assurances and Corrective Instruments. The Bank and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Agreement.

Section 8.9. Applicable Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event of any legal action to enforce or interpret this Agreement, including any challenge to or review of arbitration, the sole and exclusive venue shall be a court of competent jurisdiction located in Humboldt County, California, or the Northern District of California if moved to federal venue, and the parties hereto agree to and do hereby submit to such jurisdiction, notwithstanding Code of Civil Procedure section 394.

Section 8.10. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Agreement.

Section 8.11. Expenses. The fees and disbursements of Bond Counsel and municipal advisor, the cost of preparing the documentation, CDIAC fees and other miscellaneous expenses of the District incurred in connection with the execution and delivery of the 2023 Obligations shall all be the obligation of the District. The Bank shall have no responsibility for any expenses associated with the issuance of the 2023 Obligations (other than payment of fees of the Bank's counsel), including, but not limited to, the expenses identified above as the obligation of the District.

Section 8.12. Judicial Reference.

(a) The Bank and the District hereby agree: (i) each proceeding or hearing based upon or arising out of, directly or indirectly, this Agreement or any document related thereto, any dealings between the District and the Bank related to the subject matter of this Agreement or any related transactions, and/or the relationship that is being established between the District and the Bank (hereinafter, a "Claim") shall be determined by a consensual general judicial reference (the "Reference") pursuant to the provisions of Section 638 et seq. of the California Code of Civil Procedure, as such statutes may be amended or modified from time to time; (ii) upon a written request, or upon an appropriate motion by either the Bank or the District, as applicable, any pending action relating to any Claim and every Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee's statement of decision will constitute the conclusive determination of the Claim. The Bank and the District agree that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee; (iii) the Bank and the District shall promptly and diligently cooperate with one another, as applicable, and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section 8.12; (iv) either the Bank or the District, as applicable, may file the Referee's findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee's report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it; (v) the District and the District, as applicable, will each have such rights to assert such objections as are set forth in Section 638 et seq. of the California Code of Civil Procedure; and (vi) all proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

(b) The parties to the Reference proceeding shall select a single neutral referee (the "Referee"), who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten (10) years of judicial experience in civil matters. The Referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within ten (10) days after the request or motion for the Reference, the parties to the Reference proceeding cannot

agree upon a Referee, then any party to such proceeding may request or move that the Referee be appointed by a Judge of the Humboldt County Superior Court, or of the U.S. District Court for the Northern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 8.12.

(c) No provision of this Section 8.12 shall limit the right of either the Bank or the District, as the case may be, to (i) exercise such self-help remedies as might otherwise be available under applicable law, or (ii) obtain or oppose provisional or ancillary remedies, including without limitation injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after, or during the pendency of any Reference. The exercise of, or opposition to, any such remedy does not waive the right of the Bank or the District to the Reference pursuant to this Section 8.12(c).

(d) Promptly following the selection of the Referee, the District shall advance the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys' fees, to the prevailing party, if any, and may order the Referee's fees to be paid or shared by the parties to such Reference proceeding in such manner as the Referee deems just.

Section 8.13. Agreement to Pay Attorneys' Fees and Expenses. The District will pay the Bank its reasonable attorney fees incurred and necessary to protect the Bank's interest subsequent to an Event of Default.

Section 8.14. Net-Net-Net Contract. This Agreement is a "net-net-net contract" and the District hereby agrees that the 2023 Obligation Payments are an absolute net return to the Bank, free and clear of any expenses, charges or set-offs whatsoever.

Section 8.15. District's Notice Filings Related to this Agreement for SEC Rule 15c2-12. In connection with the District's compliance with any continuing disclosure undertakings (each, a "Continuing Disclosure Agreement") entered into by the District on and after February 27, 2019, pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the Bank acknowledges that the District may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("EMMA"), notice that the District has incurred obligations under this Agreement and notice of certain subsequent events reflecting financial difficulties in connection herewith.

The District agrees that it shall not file or submit, or permit to be filed or submitted, with EMMA any documentation that includes the following unredacted sensitive or confidential information about the Bank or its affiliates: address and account information of the Bank or its affiliate, e-mail addresses, telephone numbers, fax numbers, names and signatures of officers, employees and signatories of the Bank or its affiliates, unless otherwise required for compliance with the Rule or otherwise required by law. The District acknowledges that the Bank is not responsible for the District's compliance or noncompliance with the Rule or any Continuing Disclosure Agreement.

Section 8.16. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature Page to Follow on Next Page]

IN WITNESS WHEREOF, the Bank has caused this Agreement to be executed in its corporate name by its duly authorized officer; and the District has caused this Agreement to be executed in its name by its Authorized Representative, as of the date first above written.

SIGNATURE PUBLIC FUNDING CORP.,
a wholly-owned subsidiary of Flagstar Bank, N.A.,

By: _____

HUMBOLDT BAY HARBOR, RECREATION AND
CONSERVATION DISTRICT

By: _____

EXHIBIT B

FORM OF PROMISSORY NOTE

**THIS PROMISSORY NOTE IS SUBJECT TO THE TRANSFER RESTRICTIONS
SET FORTH IN SECTION 3.9 OF THE HEREINAFTER DEFINED AGREEMENT**

No. R-1

\$5,454,000

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
SERIES 2023 INSTALLMENT SALE OBLIGATIONS
(2023 HARBOR IMPROVEMENT PROJECT)
BANK QUALIFIED**

PROMISSORY NOTE

INTEREST RATE: 4.25%

CLOSING DATE: May 24, 2023

MATURITY DATE: July 1, 2032

**REGISTERED OWNER: SIGNATURE PUBLIC FUNDING CORP., a wholly-owned
subsidiary of Flagstar Bank, N.A.**

**PRINCIPAL AMOUNT: FIVE MILLION FOUR HUNDRED AND FIFTY-FOUR
THOUSAND DOLLARS**

This Promissory Note (the "Note") evidences the obligations (the "2023 Obligations") of the Humboldt Bay Harbor, Recreation and Conservation District (the "District") under the 2023 Installment Sale Agreement, dated as of May 1, 2023 (the "Agreement"), by and between the District and Signature Public Funding Corp., a wholly-owned subsidiary of Flagstar Bank, N.A. (the "Bank"), which is being executed and delivered by the District. The District for value received, hereby promises to pay to the registered owner named above, or registered assigns (the "Owner"), on the Maturity Date set forth above, unless prepaid prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from the Closing Date set forth above, or from the most recent 2023 Obligation Payment Date (as hereinafter defined) to which interest has been paid or duly provided for. 2023 Obligation Payments (as defined in the Agreement) shall be payable semiannually on each 2023 Obligation Payment Date (as defined in the Agreement), calculated using the interest rate set forth above (unless payable at the Default Rate or Taxable Rate, as defined and set forth in the Agreement), until the principal amount hereof is paid in full or made provision for such payment has been made.

The District is authorized to enter into the Agreement and to issue this Note in the aggregate principal amount of \$5,454,000 pursuant to Resolution No. 2023-__ (the "Resolution"), adopted by the Board of Commissioners of the District on May 11, 2023.

Reference is made to the Agreement for the complete provisions thereof, and by acceptance hereof the registered owner of this Note assents to said terms and conditions as if fully set forth herein. The Agreement is authorized under, and this Note is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Resolution and the Agreement, the principal of and interest on this Note are payable from Net Revenues (as defined in the Agreement), and funds held under the Agreement. The District has agreed in the Agreement to collect Net Revenues sufficient to pay the payments on the 2023 Obligations and this Note when due.

This Note is subject to optional prepayment as set forth in the Agreement. This Note is also subject to extraordinary prepayment in accordance with the Agreement.

This Note shall be registered in the name of the Registered Owner hereof, as to both principal and interest. Each registration and transfer of registration of this Note shall be entered by the District in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

The Agreement and the rights and obligations of the District thereunder may be modified or amended as set forth therein. The principal of this Note is subject to acceleration upon a default as prescribed in the Agreement.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the District that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Note, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, the District has caused this Note to be dated the Closing Date shown first above, to be signed by the manual signature of its President, Executive Director or Deputy Executive Director, and attested to by the manual signature of an Authorized Representative (as defined in the Agreement), and has caused this Note to be dated as of the Closing Date set forth above.

HUMBOLDT BAY HARBOR, RECREATION
AND CONSERVATION DISTRICT

By: _____

ATTEST:

By: _____

EXHIBIT C

\$5,454,000

**HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
SERIES 2023 INSTALLMENT SALE OBLIGATIONS
(2023 HARBOR IMPROVEMENT PROJECT)
BANK QUALIFIED**

**FORM OF REQUISITION
FOR DISBURSEMENT OF COSTS OF ISSUANCE**

The undersigned, as an Authorized Representative (as defined below) of the Humboldt Bay Harbor, Recreation and Conservation District (the “District”), in connection with the above-captioned \$5,454,000 aggregate principal amount of the Humboldt Bay Harbor, Recreation and Conservation District, Series 2023 Installment Sale Obligations (2023 Harbor Improvement Project) (the “2023 Obligations”). The 2023 Obligations were approved by the District pursuant to Resolution No. 2023-__ (the “Resolution”), adopted by the Board of Commissioners of the District on May 11, 2023, and was executed and delivered pursuant to a 2023 Installment Sale Agreement, dated as of May 1, 2023, by and between Signature Public Funding Corp., a wholly-owned subsidiary of Flagstar Bank, N.A. (the “Bank”) and the District (the “Agreement”), does hereby certify on behalf of the District that:

(i) the undersigned is a duly Authorized Representative (as defined in the Agreement) with authority to act on behalf of the District as necessary in connection with execution and delivery of the 2023 Obligations, and as such, is authorized to disburse money for the payment of Costs of Issuance (the “Costs of Issuance”), which moneys have been set aside by Bank for the purpose of paying the Costs of Issuance provided for in Section 3.2 and 3.3 of the Agreement (the “Costs of Issuance Funds”);

(ii) an obligation in the not-to-exceed amount stated for each of the payees set forth on Attachment I, attached hereto and by this reference incorporated herein, has been properly incurred under and pursuant to the Agreement, and each such obligation is a proper charge against the Costs of Issuance Funds, and has not been the basis of any previous disbursement;

(iii) that pursuant to the Agreement, the Bank is hereby instructed to pay to the parties listed on Attachment I hereto the sum listed opposite such parties names as a payment for the items listed and the expenses incidental thereto from the Costs of Issuance Funds (but no more than the amount set forth opposite each such payee). These costs have been properly incurred, are each a proper charge under the Agreement and have not been the basis of any previous disbursements; and

(iv) all payments shall be made by check or wire transfer in accordance with payment instructions contained in Attachment I attached hereto, or in the invoice submitted in accordance herewith, and the Bank may rely on such payment instructions as though given by the District with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

Dated: _____, 2023

**HUMBOLDT BAY HARBOR, RECREATION
AND CONSERVATION DISTRICT**

By: _____

ATTACHMENT I

Payee Name and Address

Purpose of Obligation

Amount

EXHIBIT D

\$5,454,000

**HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
SERIES 2023 INSTALLMENT SALE OBLIGATIONS
(2023 HARBOR IMPROVEMENT PROJECT)
BANK QUALIFIED**

FORM OF LENDER LETTER

Humboldt Bay Harbor, Recreation and Conservation District
Eureka, California

The Weist Law Firm
Los Gatos, California

This letter (this “Lender Letter”) is to provide you with certain representations and agreements with respect to the above-referenced \$5,454,000 aggregate principal amount of the Humboldt Bay Harbor, Recreation and Conservation District, Series 2023 Installment Sale Obligations (2023 Harbor Improvement Project), Bank Qualified (the “2023 Obligations”). The 2023 Obligations were approved by the District pursuant to Resolution No. 2023-__ (the “Resolution”), adopted by the Board of Commissioners of the Humboldt Bay Harbor, Recreation and Conservation District (the “District”) on May 11, 2023, and was executed and delivered pursuant to a 2023 Installment Sale Agreement, dated as of May 1, 2023, by and between Signature Public Funding Corp., a wholly-owned subsidiary of Flagstar Bank, N.A. (the “Lender”) and the District (the “Agreement”). Capitalized terms not otherwise defined herein will have the meanings set forth in the Agreement.

We (the “undersigned,” “us” or “we,” as applicable) hereby represent and warrant to you and agree with you as follows:

(i) the Lender is duly organized, validly existing and in good standing under the laws of the United States of America and has the full legal right, power and authority to sign this Lender Letter;

(ii) the undersigned is a duly authorized, qualified, and acting officer of the Lender and is authorized to cause the Lender to make the representations and warranties contained herein on behalf of the Lender, and this Lender Letter has been duly authorized, executed, and delivered by the Lender;

(iii) the Lender has sufficient knowledge and experience in financial and business matters, including municipal and other tax-exempt obligations similar to the 2023 Obligations, to be able to evaluate the risks and merits of extending credit through purchase of the obligation represented by the 2023 Obligations and is able to bear the economic risks of such obligation;

(iv) the Lender understands that the neither the 2023 Obligations nor the Agreement have been registered with any federal or state securities agency or commission; and further understands that the 2023 Obligations and the Agreement (a) are not being registered or otherwise qualified for sale under the “Blue

Sky” laws and regulations of any state; (b) will not be listed in any stock or other securities exchange; and (c) will not carry a rating from any rating service;

(v) as a lender, we have made our own credit inquiry and analysis with respect to the District, the District’s Water Enterprise (the “Enterprise”) and the 2023 Obligations, and the Lender acknowledges that it has either been supplied with or has been given access to information to which it as a reasonable lender has attached significance in making lending decisions, and the Lender has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the legal, physical and fiscal condition of the District and the Enterprise, as well as the insurance, security and prepayment arrangements set forth in the Agreement and the 2023 Obligations, so that, as a reasonable lender, the Lender has been able to make an informed decision to purchase the 2023 Obligations;

(vi) the Lender understands and acknowledges that no official statement, offering memorandum or any disclosure document has been prepared, nor is any contemplated to be prepared, and that there is no reserve fund required for the 2023 Obligations;

(vii) the Lender understands and acknowledges it is purchasing the 2023 Obligations on a private placement basis, and it is not intended that the transaction be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, and therefore the District has not undertaken, other than as provided in the Agreement, to provide to or for the benefit of holders of the 2023 Obligations financial or operating data or any other information with respect to the District, the Enterprise or the 2023 Obligations on an ongoing basis, other than as specifically set forth in the Agreement;

(viii) the Lender has made its own inquiry and analysis with respect to the 2023 Obligations and the security therefore, and other material factors affecting the security and payment of the 2023 Obligations;

(ix) the Lender is either:

(a) an “accredited investor” as such term is defined in Section 2(15) of the Securities Act of 1933, as amended (the “Securities Act”); or

(b) a “qualified institutional buyer” as such term is defined in Rule 144A promulgated under the Securities Act;

(x) the Lender is extending credit through its purchase of the 2023 Obligations for its own account and not with present view toward resale or distribution, provided, however, that the Lender intends to sell a 100% participation interest in the 2023 Obligations to an affiliate of the Lender, at par on the date hereof, and has not offered, offered to sell, offered for sale or sold the 2023 Obligations by means of any form of general solicitation or general advertising, and is not an underwriter of the 2023 Obligations within the meaning of Section 2(11) of the Securities Act; *provided, however*, that the Lender reserves the right to sell, transfer, assign or redistribute the 2023 Obligations without the consent of the District in accordance with the Agreement and all applicable securities laws, but agrees that any such sale, transfer or redistribution by the Lender shall be:

(a) to any subsidiary of the Lender, any affiliate of the Lender, any entity arising out of any merger or consolidation of the Lender, or a trustee in bankruptcy of the Lender, as certified to the District by an officer of such transferee, but only to the extent allowable under the Securities Act;

(b) to any “accredited investor” (within the meaning of Section 2(15) of the 1933 Securities Act) or any “qualified institutional buyer” (within the meaning of Rule 144A promulgated under the Securities Act);

(c) to any bank, savings institution or insurance company (whether acting in a trustee or custodial capacity for any “accredited investor” as defined in clause (x), above, “qualified institutional buyer” as defined in clause (x), above, or on its own behalf as a “qualified institutional buyer” as defined in clause (x), above or an “accredited investor” as defined in clause (x), above), as certified to the District by an officer of such transferee; or

(d) to any trust or custodial arrangement each of the beneficial owners of which is required to be an “accredited investor” or “qualified institutional buyer” (as defined in clause (x), above);

(xi) the Lender recognizes that the 2023 Obligations involves significant risks, there is no established market for the 2023 Obligations and that none is likely to develop and, accordingly, the Lender is able and willing to bear the economic risk of the 2023 Obligations for an indefinite period of time;

(xii) the Lender further acknowledges that it is responsible for consulting with its advisors concerning any obligations, including, but not limited to, any obligations pursuant to federal and state securities and income tax laws it may have with respect to subsequent assignments or assignees of the 2023 Obligations if and when any such future disposition of the 2023 Obligations may occur;

(xiii) No person has made any direct or indirect representation or warranty of any kind to us with respect to the economic return which may accrue to us. We have consulted with our own tax counsel and other advisors with respect to the 2023 Obligations;

(xiv) the Lender acknowledges that Weist Law LLP (“Bond Counsel”) is acting as bond counsel to the District, that Bond Counsel has no attorney-client relationship with the Lender, and that the Lender has sought legal advice from its own counsel to the extent it concluded legal advice was necessary, and further that the Lender has not sought or relied upon financial advice from Bond counsel relating to its decision to purchase the 2023 Obligations; and

(xv) The Lender is not relying upon the District, Bond Counsel or any of their affiliates or employees for advice as to the merits and risks pertaining to the 2023 Obligations. The Lender has sought such accounting, legal and tax advice as it has considered necessary to make an informed lending decision.

IN WITNESS WHEREOF, the undersigned has executed this Lender Letter as of the ___th day of _____, 20__.

EXHIBIT E

\$5,454,000

**HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
SERIES 2023 INSTALLMENT SALE OBLIGATIONS
(2023 HARBOR IMPROVEMENT PROJECT)
BANK QUALIFIED**

**FORM OF REQUISITION
FOR DISBURSEMENT OF PROJECT COSTS**

The undersigned, as an Authorized Representative of the Humboldt Bay Harbor, Recreation and Conservation District (the “District”), in connection with the execution and delivery of the above-captioned \$5,454,000 aggregate principal amount of the Humboldt Bay Harbor, Recreation and Conservation District, Series 2023 Installment Sale Obligations (2023 Harbor Improvement Project), Bank Qualified (the “Obligation”), as evidenced by a Promissory Note, dated May 24_, 2023 (the “Note,” and together with the Obligation, the “2023 Obligations”), approved pursuant to Resolution No. 2023-__ (the “Resolution”), adopted by the Board of Commissioners of the District on May 11, 2023, and secured and consummated pursuant to a 2023 Installment Sale Agreement, dated as of May 1, 2023 (the “Agreement”), by and between Signature Public Funding Corp., a wholly-owned subsidiary of Flagstar Bank, N.A. (the “Bank”) and the District, do hereby certify that:

(i) the undersigned is a duly Authorized Representative (as defined in the Resolution and Agreement) with authority to act on behalf of the District as necessary in connection with execution and delivery of the 2023 Obligations, and as such, is authorized to disburse money for the payment of Project Costs (the “Project Costs”), which moneys have been set aside for the purpose of paying the Project Costs from the Project Fund, as provided for in Section 3.4 of the Agreement (the “Project Fund”);

(ii) Project Costs in the not-to-exceed amount stated for each of the payees set forth on Attachment A, attached hereto and by this reference incorporated herein, has been properly incurred under and pursuant to the Agreement, and each such Project Costs is a proper charge against the Project Fund, and has not been the basis of any previous disbursement;

(iii) all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Attachment A hereto or in invoices submitted in accordance herewith, and the Bank may rely on such payment instructions as though given by the District with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

Dated: _____, 20__

HUMBOLDT BAY HARBOR, RECREATION
AND CONSERVATION DISTRICT

By: _____

ATTACHMENT I

Payee Name and Address

Purpose of Obligation

Amount

COMMISSIONERS
 1st Division
 Aaron Newman
 2nd Division
 Greg Dale
 3rd Division
 Stephen Kullmann
 4th Division
 Craig Benson
 5th Division
 Patrick Higgins

Humboldt Bay
Harbor, Recreation and Conservation District
 (707) 443-0801
 P.O. Box 1030
 Eureka, California 95502-1030



STAFF REPORT - HARBOR DISTRICT MEETING

May 11, 2023

TO: Honorable Board President and Harbor District Board Members

FROM: Larry Oetker, Executive Director

DATE: May 5, 2023

TITLE: Review of Preliminary Budget and Goals for Redwood Dock, Redwood Marine Terminal II and Dredging

STAFF RECOMMENDATION: Staff recommends the Board: Review and provide direction regarding the Preliminary budget and goals for Redwood Dock, Redwood Marine Terminal II and Dredging.

SUMMARY: The budget is prepared annually under direction of the Executive Director. In accordance with CA Harbors and Navigation Code Section 6093, on or before June 15, the District Board shall estimate and determine the amount of money required by the Harbor District and shall adopt a preliminary budget. Per Section 6093.3, the final budget shall be reported to the Board of Supervisors no later than August 1st.

DISCUSSION:

Date	Meeting Type	Purpose
April 13	Regular	A) Review Preliminary Budget with Preliminary Goals, Income, and Expenditures: 1. Woodley Island Marina / Dredging 2. Fields Landing Boat Yard 3. Shelter Cove
May 11	Regular	A) Preliminary Goals, Income, and Expenditures: 1. Redwood Marine Terminal I 2. Redwood Marine Terminal II 3. Dredging B) Review the Fee Schedule
June 8	Regular	A) Preliminary Goals, Income, and Expenditures: 1. Port Operations 2. Conservation and Recreation Programs 3. Administrative Services 4. General Operating and Staffing 5. Follow up discussion from previous budget meeting topics B) Adopt Preliminary Budget
July 13	Regular	Budget Adoption, Fee Schedule and Transmission to Board of Supervisors
July 27	Special	If Necessary

ATTACHMENTS:

- A. Preliminary goals for Woodley Island Marina, Shelter Cove and Fields Landing Boat Yard

Property	Task	Needs	Budget	Deferral
RMT I				
	Access Road maintenance	\$ 2,500	\$ 2,500	\$ -
	Grub and maintain acreage (includes lagoons)	\$ 5,000	\$ 5,000	\$ -
	Power Switch Station (Birds)	\$ 10,000	\$ -	\$ 10,000
	Dock deck repairs (RMT I)	\$ 3,500	\$ 3,500	\$ -
	Dock deck repairs (Red Tank)	\$ 500	\$ 500	\$ -
	Project Total	\$ 21,500	\$ 11,500	\$ 10,000

Property	Task	Needs	Budget	Deferral
RMT II				
	Pier and Dock Improvements	\$ 30,000	\$ 15,000	\$ 15,000
	Pier Gate & Fencing	\$ 1,500	\$ 1,500	\$ -
	Access road/ paving maintenance	\$ 7,500	\$ 7,500	\$ -
	Site clean-up and disposal costs for warehouse	\$ 5,000	\$ 5,000	\$ -
	Flush Ocean Outfall Line	\$ 2,500	\$ 2,500	\$ -
	Ocean Outfall Inspection & Anode replacement	\$ 65,000	\$ 65,000	\$ -
	Smoke Stack & Boiler Building Light	\$ 10,000	\$ -	\$ 10,000
	Fence Repairs	\$ 15,000	\$ 7,500	\$ 7,500
	Sub Meters	\$ 15,000	\$ 15,000	\$ -
	Storm Water - Annual BMP Materials	\$ 4,000	\$ 4,000	\$ -
	Maintain Dewatering Area	\$ 2,500	\$ 2,500	\$ -
	Project Total	\$ 158,000	\$ 125,500	\$ 32,500

COMMISSIONERS

1st Division

Aaron Newman

2nd Division

Greg Dale

3rd Division

Stephen Kullmann

4th Division

Craig Benson

5th Division

Patrick Higgins

Humboldt Bay
Harbor, Recreation and Conservation District
(707)443-0801
P.O. Box 1030
Eureka, California 95502-1030



STAFF REPORT
HARBOR DISTRICT MEETING
May 11, 2023

TO: Honorable Board President and Harbor District Board Members

FROM: Larry Oetker, Executive Director

DATE: May 5, 2023

TITLE: Review of Subcommittees and Change Subcommittees and Committee Assignments As Needed

STAFF RECOMMENDATION: Staff recommends that the Board: 1) Review the list of current subcommittees and propose changes to current subcommittee members at the Board's discretion.

SUMMARY: Subcommittees are formed regularly throughout the year and are Ad Hoc. Staff would like to review the active subcommittees annually to renew, discontinue or add new, as well as giving members the opportunity to reevaluate their membership and replace vacancies.

DISCUSSION: Subcommittees serve an important role for the Harbor District and the Board of Commissioners to gather information and recommend action on important issues.

ATTACHMENTS:

- A. Current Subcommittee List



Humboldt Bay Harbor, Recreation and Conservation District Active Subcommittees 2023

Humboldt Bay Development Association

Updated 1/12/2023

Newman and Higgins
Zerlang, Unea & Marks

Budget

(Ad-Hoc)

Updated 2/09/2023

Benson and Dale

Labor Relations

(Ad-Hoc)

Updated 2/09/2023

Kullmann and Newman

Dredging

(Ad-Hoc)

Updated 2/09/2023

Benson and Newman

Shelter Cove/RID

(Ad-Hoc)

Dale and Higgins

Samoa Peninsula Infrastructure/ Offshore Wind Energy Subcommittee

(Ad-Hoc)

Est. 08/13/2020

Updated 09/08/2022

Dale and Kullmann

2x2 Committee (Eureka/Harbor District)

(Ad-Hoc)

Updated 2/09/2023

Benson and Newman

Port Subcommittee

(Staff Working Group, Ad-Hoc)

Est. 12/09/2021

**Name Change from Pilotage to Port on
2/09/2023**

Dale and Newman

Captain Petrusha, Captain Powell and Pete
Jackson

Volunteer Fireboat Program Liaison

Est. 02/10/2022

Newman

Commercial Fishing Subcommittee

Est. 02/10/2022

Newman and Kullmann

Redwood Region Economic Development Commission

Updated 2/09/2023

Dale; Kullmann as alternate