

**MINUTES
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT**

January 30, 2015

PRESENT:

Commissioner Newman
Commissioner Dale – left approximately 1:15 p.m.
Commissioner Marks
Commissioner Wilson
Commissioner Higgins – arrived late

President Marks called the Special Meeting of the Board of Commissioners to order at 12:08 p.m.

President Marks asked Leo Sears to lead those present in the Pledge of Allegiance.

Kent Sawatzky said he has dealt with attorneys many times and talked with a local attorney about conflict of interest and signing waivers. He said it is a bad idea to sign a waiver. Is Ms. Neely representing both parties (Harbor District and Wonderland)? Mr. Sawatzky offered some fatherly advice – think twice about having the same attorney.

Leo Sears said he is an activist in government. Having the same company represent both sides is bad news. Any government entity entering into a waiver is bad news.

District Counsel said he would like to clarify the issue – The same attorney is not representing both sides in the same transaction. The attorney has been approached by another company to work on a nursery project that could be a potential conflict. The nursery project application would come before the Board of Commissioners for approval of the permit. There is nothing in the attorney's work for the Harbor District that would be a conflict of interest; just the fact the attorney would be representing both parties in separate transactions.

Commissioner Wilson said the information the Board is receiving is related to chip and pellet export and whether those activities are principally permitted on the property.

Sebastian Elrite asked who is threatening litigation.

President Marks stated he was going to closed Public Comment and call to order Executive Closed Session. Staff was directed to contact Mr. Sawatzky, Mr. Sears and Mr. Elrite upon the Board adjourning to Regular Session.

Executive Closed Session was called to order at 12:20 p.m.

Executive Closed Session adjourned at 12:50 p.m.

Regular Session was called to order at 12:57 p.m.

NEW BUSINESS

A. CONSIDERATION OF APPROVAL OF WAIVER OF POSSIBLE CONFLICT OF INTEREST WITH NOSSAMAN LLP.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF WAIVER OF POSSIBLE CONFLICT OF INTEREST WITH NOSSAMAN LLP. COMMISSIONER WILSON SECONDED.

District Counsel reported the Board has received a request by Nossaman LLP to waive a conflict of interest by allowing Nossaman LLP to represent the Harbor District in one legal matter. Staff recommended approving the waiver; the two matters are unrelated.

President Marks recused himself and left the room as he works as a consultant for the General Manager of VEK Industries. He has no financial interest in Wonderland.

Vice President Higgins took the gavel from President Marks.

Commissioner Wilson said he could see why someone might have questions, but he is comfortable approving the waiver.

Kent Sawatzky said the Board of Commissioners has competent counsel. It is good to pay attention to conflict of interest issues with Board and/or staff.

Leo Sears said he is still concerned with the way things are being handled. He said he understands there are two separate issues. District Counsel clarified this as a technical conflict and can be waived by both parties. If there are two completely separate issues, there is no conflict to be waived.

Sebastian Elrite said there are inner circles, closed doors, attorney-client privilege. The Board should not approve the waiver.

Commissioner Wilson said there is no litigation. This is about land use advice; a form of lobbying. He said he appreciates the public keeping an eye out for the Board.

MOTION CARRIED WITHOUT DISSENT.

President Marks returned to the meeting.

B. CONSIDERATION OF PAYING LEGAL EXPENSES FOR NIXON PEABODY.

District Counsel stated this item for approval is a claim by Nixon Peabody for legal expenses for New Market Tax Credit work. There was an actual claim for \$38,000. The amount was questioned due to a conflict of interest issue, but the work that was done was beneficial to the Harbor District. Nixon Peabody agreed to reduce the claim to \$20,000.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF PAYING LEGAL EXPENSES FOR NIXON PEABODY for \$20,000. COMMISSIONER WILSON SECONDED.

Commissioner Higgins said the New Market Tax Credits have phenomenal upside to the community for repurposing Redwood Terminal 2.

Commissioner Newman said he agrees with Commissioner Higgins and a 50% savings is a good resolution.

Sebastian Elrite asked if the work was worth \$20,000.

Executive Director responded that Nixon Peabody reviewed the environmental work. Part of the purpose of the New Market Tax Credits is to leverage borrowing and Nixon Peabody identified all conditions a lender would consider in order for the New Market Tax Credits would be comfortable expending resources for the property.

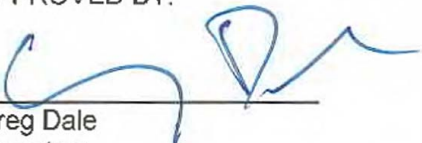
MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF PAYING LEGAL EXPENSES FOR FRESHWATER TISSUE COMPANY.

This item was pulled from the agenda.

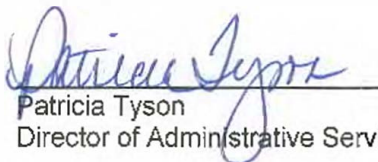
The Special Meeting of the Board of Commissioners adjourned at 1:23 p.m.

APPROVED BY:



Greg Dale
Secretary

RECORDED BY:



Patricia Tyson
Director of Administrative Services