

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

December 4, 2014

PRESENT:

Commissioner Newman
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

ABSENT:

Commissioner Dale

President Marks called the Executive Closed Session to order at 6:05 p.m.

President Marks adjourned the Executive Closed Session at 6:50 p.m.

President Marks called the regular meeting of the Board of Commissioners to order at 7:01 p.m.

President Marks led those present in the Pledge of Allegiance.

District Counsel reported on the Executive Closed Session as follows: Status of Conference with Real Property Negotiators: DG Fairhaven ocean outfall use agreement; Exclusive Right to Negotiate with Renewable Energy Technologies, LLC for Sale and Lease Agreement for boiler and other related ancillary power generation facilities at Redwood Terminal 2 property; Freshwater Tissue Company Notice of Retaining Parcel C per the Option Agreement; and Exclusive Right to Negotiate with Coast Seafoods Company for the East end of the Warehouse at Redwood Terminal 2 – No action taken on any of these items.

PUBLIC COMMENT: None

CONSENT CALENDAR: None

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR'S REPORT:

- ❖ Update of Samoa Pellets project was tabled to December 18, 2014 Board meeting.
- ❖ Met with Dave Parson, Regional Water Quality Control Board, who has been assigned to help develop the dredge sediment management plan for Humboldt Bay.
- ❖ Shelter Cove ASBS water samples for the 4th quarter of 2014 – 10 samples will be taken by Director of Facility Maintenance during a storm event. The cost will be \$700-\$1,000.
- ❖ "Name that Boat" contest for the District's fire boat, Port Authority boat and the dredge and tender will be organized.
- ❖ Pat O'Shea from Shelter Cove told Executive Director he will stop the tractor operations and fish buying operations unless the landlord amends the lease and invests in the marina buildings.
- ❖ An Eelgrass mitigation bank at King Salmon has good potential – an engineer should be hired to do a conceptual design. PG&E is interested in working with the District on this.

Commissioner Higgins said the Shelter Cove boat ramp and fish cleaning station should be a topic on the next agenda. He said the Resort Improvement District should be a more cooperative partner.

STAFF REPORTS:

Director of Facility Maintenance

- ❖ The lean-to on the side of Redwood Terminal 2 warehouse will be removed by the Cal Fire work group.
- ❖ Maintenance work on the dredge will start next week.
- ❖ Working with SHN Engineers on the field sampling and will take over sampling duties at the landfill. Will provide final reporting to the State. A similar water sampling process will take place at Shelter Cove.
- ❖ The one-ton crane has been installed at Berth 1. Once the cement cures, the crane will be powered-up and should be operational in 2-3 weeks.

Director of Harbor Operations

- ❖ Working with US Army Corps of Engineers on the dredge cycles for 2015. The work plan is \$2.8 million for the interior and channels; budget is \$1.8 million.
- ❖ Working with Bruce Conner on the local contacts for cruise ship planning.
- ❖ Working with Adam Wagschal on the water quality sampling for the mariculture pre-permitting project.
- ❖ The majority of the clean-up has been done for the marine debris removal.
- ❖ Three out of four PORTS buoys are operational – working with HSU on the maintenance.
- ❖ A chip ship will enter port tomorrow at the California Redwood Dock.

District Planner

- ❖ Had a meeting with Regional Water Quality Control Board this morning. Good discussion on beneficial reuse management plan.
- ❖ Had the King Salmon community meeting at Fields Landing Boat Yard regarding the dredge. Discussed the dredge schedule, assignments get through the permit process and other details.
- ❖ Submitted a request to the City of Eureka regarding the conversion of the District's maintenance building to a seafood market.
- ❖ Working on compiling a data base of all the District properties.

District Treasurer

- ❖ Have been meeting and talking with auditors.
- ❖ Discussed bond refunding issues with lender.

DISTRICT COUNSEL REPORT: None.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Newman:

- ❖ Crab season opened December 1st; looks like it might be a short season.

Commissioner Marks:

- ❖ Met with Pat O'Shea; said Mr. O'Shea has a positive attitude even though the tractor operation is costly.
- ❖ Said there was good information at the dredge meeting with the King Salmon community.

Commissioner Wilson

- ❖ Said the meeting regarding the dredge process with the King Salmon community was beneficial – and the tour of the dredge was appreciated by the attendees.

Commissioner Higgins

- ❖ Shared a salmon report video.
- ❖ Said the Eel River is gaining an ecological balance.
- ❖ Attended a school program at Covelo to get the students involved in taking care of the health of the river.
- ❖ Said there is an amazing array of talent available for the Deputy Director position.
- ❖ Editorials have been negative on the attraction of cruise ships; with the organizational ability of Bruce Conner, getting a cruise ship here looks to be positive.
- ❖ Expressed his feeling about the negative press on Commissioner Newman. He said the Harbor District has more capabilities now because of Commissioner Newman's participation and he advised Commissioner Newman to not be distracted, he is a valuable member of the Board.

NON AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS:

A. CONSIDERATION OF ADOPTION OF RESOLUTION 2014-11, A RESOLUTION AUTHORIZING THE REFUNDING OF THE DISTRICT'S OUTSTANDING LONG-TERM INDEBTEDNESS AND APPROVING AND DIRECTING THE EXECUTION AND DELIVERY OF CERTAIN FINANCING DOCUMENTS IN CONNECTION THEREWITH, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

Drew Ciocca, Sutter Securities, and Cameron Weist, bond counsel, reported credit has been approved, combining and refinancing the harbor deepening loan and the CA Dept. of Boating and Waterways loan for building the marina. Approximately \$112,000 will be saved through this refinancing.

Mr. Weist stated in this instance the trustee will be eliminated, saving the District over time. If capital needs arise, it will be easier for the District to get credit at lower rates. This resolution will approve the form of legal document.

COMMISSIONER WILSON MOVED FOR THE ADOPTION OF RESOLUTION 2014-11, A RESOLUTION AUTHORIZING THE REFUNDING OF THE DISTRICT'S OUTSTANDING LONG-TERM INDEBTEDNESS AND APPROVING AND DIRECTING THE EXECUTION AND DELIVERY OF CERTAIN FINANCING DOCUMENTS IN CONNECTION THEREWITH, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO. COMMISSIONER HIGGINS SECONDED.

ROLL CALL VOTE WAS TAKEN:

COMMISSIONER NEWMAN – AYE
COMMISSIONER DALE – ABSENT
COMMISSIONER MARKS – AYE
COMMISSIONER WILSON – AYE
COMMISSIONER HIGGINS – AYE

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF USE AGREEMENT WITH DG FAIRHAVEN FOR THE OCEAN OUTFALL LINE.

Executive Director reported there have been two inspections and the end of the outfall pipe must be marked. Further negotiations with DG Fairhaven are needed. The terms of the agreement being proposed are: 15 year agreement, \$82,000 per year with a 2.5% CPI on year 4. Years 1-3 paid in advance at \$240,000. Continuation after year 4 is acceptable with notice; 12 one-year

options. The use must be compatible with the District's discharge. Included in the agreement is a land easement for access to the pipeline. The total value is \$1,371,235.

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF USE AGREEMENT WITH DG FAIRHAVEN FOR THE OCEAN OUTFALL LINE. COMMISSIONER NEWMAN SECONDED.

President Marks stated this agreement is part of the partnership with the tenant and the District needs revenue to maintain the asset.

Karen Brooks asked if the District can get out of the agreement if a better deal comes along. She also asked if the expense is included in the budget. Executive Director replied one dive is included for \$20,000. Ms. Brooks then asked how much will be spent this year on diving expense. Executive Director replied approximately \$30,000 will be spent on two dives. Ms. Brooks then asked if the revenue is included in the General Fund and if there is a separate account. Executive Director said the revenue is put into the General Fund and there is not a separate account.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF APPROVAL OF EXCLUSIVE RIGHT TO NEGOTIATE WITH RENEWABLE ENERGY TECHNOLOGIES, LLC FOR SALE AND LEASE AGREEMENT OF THE DISTRICT'S AHLSTROM CHEMICAL RECOVERY BOILER AND RELATED ANCILLARY POWER GENERATION FACILITIES.

This item was tabled until the December 18, 2015 Board of Commissioners Meeting.

D. CONSIDERATION OF APPROVAL OF FRESHWATER TISSUE COMPANY RETAINING PARCEL C PER THE OPTION AGREEMENT.

Executive Director reported this will allow Freshwater Tissue Company to retain Parcel C. They will have to pay the value share of \$320,000 or the District will exercise the purchase option of \$2.5 million and sell it back to Freshwater Tissue Company for \$550,000. Freshwater Tissue Company must provide a bona fide business venture and use the property within six months.

No decision was made by the Board of Commissioners.

E. CONSIDERATION OF EXCLUSIVE RIGHT TO NEGOTIATE WITH COAST SEAFOODS COMPANY FOR THE EAST END OF THE WAREHOUSE AT REDWOOD TERMINAL 2.

Executive Director reported the ERTN will be effective for 180 days. A \$5,000 fee will be credited towards a lease if approved. The area of the warehouse is 10,000 sf, with an option for an additional 10,000 sf. He said Coast Seafoods' intent is to develop a shellfish hatchery in association with a Redwood Terminal 2 berth and to have a lease completed before the ERTN expires. The revenue from the lease will be \$3,500/month and \$7,000/month when the expansion is approved.

COMMISSIONER HIGGINS MOVED FOR THE EXCLUSIVE RIGHT TO NEGOTIATE WITH COAST SEAFOODS COMPANY FOR THE EAST END OF THE WAREHOUSE AT REDWOOD TERMINAL 2. COMMISSIONER NEWMAN SECONDED.

Kent Sawatzky asked if Taylor Mariculture also pays \$0.35/sf.


Sebastian Elrite asked how many square feet are available. Executive Director replied 160,000.

MOTION CARRIED WITHOUT DISSENT.

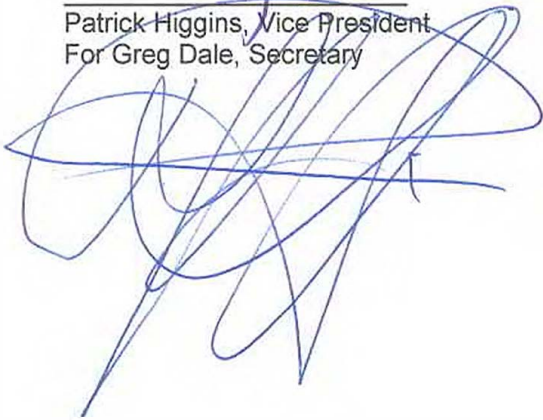
ADMINISTRATIVE AND EMERGENCY PERMITS: None.

The Regular Meeting of the Board of Commissioners adjourned at 8:00 p.m.

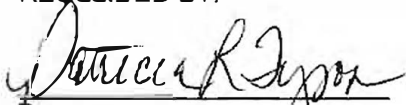
APPROVED BY:



Patrick Higgins, Vice President
For Greg Dale, Secretary



RECORDED BY:



Patricia Tyson
Director of Administrative Services