

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

February 11, 2016

PRESENT:

Commissioner Doss
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

ABSENT:

Commissioner Dale

President Higgins called the Executive Closed Session to order at 6:04 p.m.

Aaron Newman spoke to the Board about disaster relief being offered to the crab fishermen at other ports since the crab season is not likely to open this year. Ports are offering free moorage or storage for a couple of months, no late fees or interest, etc. Mr. Newman asked the Board of Commissioners to find a way to assist the local crab fishermen.

The Board of Commissioners then adjourned to Executive Closed Session at 6:07 p.m. District Counsel attend by phone.

President Higgins adjourned Executive Closed Session at 6:55 p.m.

President Higgins called the regular meeting of the Board of Commissioners to order at 7:07 p.m. District Counsel attended by phone.

Commissioner Doss led those present in the Pledge of Allegiance.

President Higgins reported on the Executive Closed Session as follows: Conference with Real Property Negotiators regarding the Lease with Mario's Marina at Shelter Cove – no action taken; Conference with Real Property Negotiators regarding the New Market Tax Credits – Lease of Redwood Terminal 2 – no action taken and will be discussed during the regular meeting.

PUBLIC COMMENT

Susan Penn said she would like to talk about the gangway gates and security. The Board is tasked with managing a public marina owned by the taxpayers. She said she is concerned with the appearance of secrecy and decisions made without the input of those being impacted. Some tenants want the gates, some do not. Some tenants want full-time security. She urged the Board to give the tenants the info, including financial, to help make the decisions. She said the tenants are being told there is crime, but no one can say what kind of crime there is; nobody is saying what or why. She said she has been told the information is not available. This is not a secret society; it is a public entity. Ms. Penn said a tenant committee had been previously suggested and she said she would like to see this happen.

Jim Roberts, a resident of King Salmon, said the Harbor District received \$2 million from PG&E to dredge the King Salmon canal, but now it looks as though a couple of shovels full will be removed and the project is done. The residents want the fingers permitted and some are even willing to pay for it. He said the District stole the money from the residents of King Salmon. The Board spent the money on something else and then had to borrow money from Coast Seafoods. The letter that was sent out regarding the dredging was misleading. The fingers are not being permitted. The Board has been lying to him for years. Where did the money go?

Julie Owens, resident of King Salmon since 1995, said they moved to King Salmon because of the quality of like and they have sail and power boats. She did not receive the letter Mr. Roberts referred to. Ms. Owens feels mislead by PG&E in that they were going to get the permits to dredge the fingers. Homeowners should be more informed. They could have obtained their own permits and dredged at the same time. The maps show only the high spots will be dredged; the fingers at the channel are getting high spots too. The King Salmon residents want to maintain the canals.

Jim Roberts Sr. said he was disappointed in the letter. He obtained several landowners' signatures of those wanting the dredging. He looked up eelgrass on the Web and it is very prolific; it should not be an issue – you could not kill it if you tried. Many King Salmon residents did not receive the letter. Landowners want to know the cost of dredging. A 30-day public comment period is unfair.

Sharon Fracker also said the letter was not clear. She also wanted to know who takes care of the King Salmon beach. There is an area between low tide and high tide where there used to be a beach.

Clyde Berghogen said he did not get the letter. He was at the meeting where PG&E gave the Harbor District the \$2 million check. Buying the dredge made sense. Eel grass needs to be mitigated; should have been done all along. The transparency "sucks". At the meeting when asked if the side canals could be dredged, one of the Commissioners said something could be worked out. This sounds like a verbal contract; we might have to get a lawyer.

CONSENT CALENDAR: None

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR REPORT: None

STAFF REPORTS

Deputy Director

- ❖ King Salmon dredging: the letter that was sent out is a form letter and is required when a permit is applied for from the Harbor District; it goes to adjacent landowners; therefore not everyone in King Salmon would receive the letter. The letter is specifically related to the Harbor District's permit application to itself. A workshop is planned for March 3 at 6 p.m. in the Woodley Island Conference Room. PG&E will attend.
- ❖ Spoke about the area to be dredged. The project is in four parts:
 - Dredging of the channel
 - Movement of sediment to the White Slough Restoration Project
 - White Slough Restoration Project – sediment reused to build up habitat
 - Necessary mitigation habitat restoration project at Fields Landing for the White Slough Restoration Project.

DISTRICT PLANNER REPORT:

- ❖ Working with the County on Redwood Terminal 2 permitting issues and working on interim use order.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Doss:

- ❖ Has had many conversations with King Salmon residents. Was unaware of the letter that was sent. Agrees that dredging the fingers has many values, including improvements to real estate.
- ❖ Unaware of beach erosion issues and will take a trip to research.
- ❖ Toured Harbor District facilities with Executive Director. Saw the repairs to the sea wall at King Salmon.
- ❖ Concerned with future floodgate repair and mitigation grounds in Fields Landing.

Commissioner Higgins:

- ❖ HSU students visited the Woodley Island Wildlife Area and will be back in May to give their report on ideas for habitat restoration.
- ❖ Shared Eel River pictures, including the Round Valley Tribe.

Commissioner Wilson:

- ❖ Met with HSU students regarding their Capstone projects. Project ideas included habitat restoration in the Woodley Island Wildlife Area and design and devise guidelines for living shore lines.
- ❖ Toured Redwood Terminal 2 with members of the Prosperity Center.
- ❖ Would like amendments to Local Coastal Plan. Infrastructure is being lost due to non-use. The District is trying to get an interim use to keep structures working. California Coastal Commission is concerned with how difficult it would be to move an interim use out if a Coastal Dependent Industrial projects wants to come in.
- ❖ An LCP Amendment workshop will be held on February 23 at 6 p.m. at the Wharfinger Building.

- ❖ California Coastal Commission Executive Director was terminated yesterday. His staff was diligent in protecting the Coastal Act. More lawsuits will come, the process will slow down.

Commissioner Marks:

- ❖ Chaired the Humboldt Bay Development Association Meeting earlier this evening – several New Market Tax Credit documents were approved.
- ❖ Attended the 2x2 Committee meeting; discussed potential spots for the portable toilets.
- ❖ Attended a NCRA meeting. The Agreement with the City of Arcata for the Rail to Trail project is complete. Anderson Valley residents complained to the NCRA Board because they are now being charged for the use of the railroad right of way. NCRA is land rich, cash poor.
- ❖ Seems ridiculous to dredge and pump sediment away from King Salmon when it could be used to rebuild the beach.

OTHER: None

NON AGENDA: None

UNFINISHED BUSINESS

- A. **CONSIDERATION OF ADOPTING RESOLUTION 2016-03 WHICH ESTABLISHES FINDINGS RELATIVE TO THE APPLICATION BY COAST SEAFOODS COMPANY FOR THE INSTALLATION AND OPERATION OF A WATER INTAKE AND DISCHARGE IN HUMBOLDT BAY AT REDWOOD TERMINAL 2 IN SAMOA, CALIFORNIA.**
- B. **CONSIDERATION OF GRANTING PERMIT 15-05 TO COAST SEAFOODS COMPANY FOR THE INSTALLATION AND OPERATION OF A WATER INTAKE AND DISCHARGE IN HUMBOLDT BAY AT REDWOOD TERMINAL 2 IN SAMOA, CALIFORNIA.**

These items were tabled for a future meeting.

NEW BUSINESS

- A. **CONSIDERATION OF AUTHORIZATION AND APPROVAL OF THE EXECUTION OF THE NEW MARKET TAX CREDITS DOCUMENTS AS FOLLOWS:**

- Fund Loan Agreement
- Pledge Agreement
- Credit Agreement
- Environmental Indemnity Agreement
- Guaranty of Payment and Completion
- Reimbursement Agreement
- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion
- Ground Lease
- Operating Lease
- Project Management Agreement
- Assignment and Assumption of Agreement for Warehouse, Shop, Laboratory, Storage & Office Siding and Window Replacement
- Assignment and Assumption of Door Replacement Agreement
- Assignment and Assumption of Agreement for Warehouses, Shop, Laboratory & Office Roof Repairs
- Assignment and Assumption of Agreement for Electrical Power Supply
- Assignment and Assumption of Agreement for Fire Alarm System
- Assignment and Assumption of Agreement for Permanent Installation of Natural Gas and Water Supply and Expansion of Existing Restrooms
- Assignment and Assumption of Agreement for 60kV Substation Repairs
- Assignment and Assumption of Agreement for installation of a new 12kV primary riser and conductors
- Indemnification Agreement
- Put/Call Option Agreement

- **Subordination, Nondisturbance and Attornment Agreements with Coast Seafoods Company and Taylor Mariculture**

Albert Lemus, Lowes Enterprises, reported to the Board this has been a two-year process to obtain funding for the rehabilitation of the pulp mill property. The Board directed staff to work diligently to get to this point and without the hard work of staff, it would not have been possible to get the \$3.15 million for the project. The documents have been reviewed by District Counsel, outside attorneys and accountants.

COMMISSIONER WILSON MOVED FOR THE AUTHORIZATION AND APPROVAL OF THE NEW MARKETS TAX CREDIT DOCUMENTS AS LISTED IN THE AGENDA ITEM TITLE. COMMISSIONER MARKS SECONDED.

Commissioner Marks commended Mr. Lemus for explaining the complex process multiple times during its course. It has been a big education.

The lender is JP Morgan Chase, the intermediary is New Market Community Capital. The leverage loan is from BBVA Compass, lending the \$1.54 million to the Harbor District as the District's contribution.

Debbie Provolt asked if the \$1.54 million goes to the Harbor District and the rest to the non-profit (Humboldt Bay Development Association (HBDA)). Mr. Lemus said the District is borrowing the \$1.54 million and contributing it to the transaction. HBDA will receive \$1.54 million from the District and \$1.6 million from the government. HBDA hired the District as the project manager. The credit agreement is approximately \$5 million; the basic premise is the local and government's contribution will match the 2:1 ratio. The idea is to make the local match (dollars and capital) as large as possible so that the government match will be larger as well.

Commissioner Wilson said it was good to see actual documents now instead lines on a flow chart. Mr. Lemus said this transaction contains 170-180 items for completion. Once the paperwork is done, the exciting part begins. The capital will be here, ready to be infused into this region, used for exactly what it is meant – to instill economic development vitality into a region of the country that really needs it.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 8:13 p.m.

APPROVED BY:



Patrick Higgins, President for
Greg Dale, Secretary

RECORDED BY:



Patricia Tyson
Director of Administrative Services