

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

June 4, 2014

PRESENT

Commissioner Newman
Commissioner Dale
Commissioner Wilson
Commissioner Marks

ABSENT

Commissioner Higgins

President Marks called the Special Meeting of the Board of Commissioners to order at 12:07 P.M.

President Marks asked Pete Oringer to lead those present in the Pledge of Allegiance.

PUBLIC COMMENT

Kent Sawatzky said as a point of order that special meeting requirements are that all applicable documents are to be available to the public when the agenda is made available. Regarding the Option Agreement for Parcels B&C, he asked where the \$320,000.00 escrow money was coming from; is it currently available. He asked the Board to provide the option agreement map attachment so the public could review it.

Pete Oringer echoed Mr. Sawatzky's concerns about not having the documents to study prior to the meeting. He asked the Board to comment on the savings that will be accrued from the bond issue and what the Board's goals are.

Susan Penn said there was language missing in the Stern Brothers agreement.

The Board of Commissioners adjourned to Executive Closed Session at 12:15 p.m.

President Marks adjourned the Executive Closed Session at 1:05 p.m.

President Marks called to order the Regular Meeting of the Board of Commissioners at 1:10 p.m.

District Counsel reported on Closed Session as follows: Conference with Real Property Negotiator – no action taken.

NEW BUSINESS

**A. CONSIDERATION OF APPROVAL OF OPTION AGREEMENT TO PURCHASE
FRESHWATER TISSUE COMPANY SAMOA PULP MILL PARCELS B, C AND 4.**

CEO reported the Board had in front of them the Option Agreement for Parcels B & C. The Agreement provides for a \$320,000, 2 –year option, fully refundable after the first year and preserves the rights of the Harbor District to negotiate for the purchase of the property.

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COMMISSIONER WILSON MOVED FOR THE APPROVAL OF OPTION AGREEMENT TO PURCHASE FRESHWATER TISSUE COMPANY SAMOA PULP MILL PARCELS B AND C. COMMISSIONER DALE SECONDED.

Pete Oringer asked why all the agenda items are being presented at a special meeting. What is the immediacy of the decision – it is not apparent.

Karen Brooks said there was no parcel map attached to the copy of the document available at the meeting. Information for the public would be helpful.

Kent Sawatzky reiterated the statements of the previous speakers. He suggested the Board re-notice the meeting since 24 hours was not given to providing the documents. He asked how Parcel 4 fit in the plan since it was not part of the motion. Where is the money coming from? Is it being co-mingled within the District's funds. He urged the Board to provide a public record of where the money will come from prior to making their decision.

Debbie Provolt asked why the hurry of a special meeting and where is the money coming from.

Commissioner Wilson stated the special meeting was called because there are timing issues. Negotiation of Real Property is allowed in Closed Session, but is in the best interest of transparency to bring to the public in an open forum. There are many confidential issues from Closed Session the Board is prohibited from discussing in public and the details of the timing is confidential; there are other parties involved. He said acquiring this property is the best the District can do to move forward and create opportunity for job growth; and it does not cost a lot of money.

President Marks said there are timing and confidential issues involved. The Option Agreement gives the Board leverage for opportunities. There is no real risk other than losing interest on the \$320,000.

Monte Provolt asked what percentage is the \$320,000 of the District's general funds. CEO responded 10%.

Commissioner Dale showed the audience the map of the parcels, approximately 60 acres of industrial, water-dependent property.

Karen Brooks asked why Parcel 4 is not included in the Option Agreement. Commissioner Dale replied that is part of the Closed Session discussions.

Kent Sawatzky said the appraisal of the property should be available for review by the public.

Monte Provolt asked what guarantees does the Harbor District if the other party goes bankrupt. District Counsel stated the District has the first position on Parcel C and the second position on Parcel B.

COMMISSIONER WILSON AMENDED HIS MOTION TO AUTHORIZE THE EXECUTION OF THE OPTION AGREEMENT SUBJECT TO THE APPROVAL OF THE CHIEF EXECUTIVE OFFICER AND THE DISTRICT COUNSEL PENDING THE NEGOTIATIONS FOR A BETTER DEAL. COMMISSIONER DALE AGREED TO AMEND HIS SECOND. MOTION CARRIED WITHOUT DISSENT.

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B. CONSIDERATION OF APPROVAL OF AGREEMENT FOR BOND COUNSEL SERVICES WITH THE WEIST LAW FIRM.

CEO reported there is one modification in Section 2 Compensation of the agreement – Mr. Weist has agreed to include services for refunding of the District's bond obligation, long-term loan and the placement of the New Markets Tax Credits for a fee of \$37,500.

COMMISSIONER NEWMAN MOVED FOR THE APPROVAL OF AGREEMENT FOR BOND COUNSEL SERVICES WITH THE WEIST LAW FIRM. COMMISSIONER DALE SECONDED.

Kent Sawatzky asked why this item needed to be considered at a special meeting. He said the Board should delay their decision so that the public could review the document.

Karen Brooks cautioned the Board to be aware of the ancillary costs (travel, mileage, copies) associated with the agreement. She also asked the Board to not include the fees in the 20-year bond payment structure.

Debbie Provolt commented bond law is very specialized and it is wise to include bond counsel for these types of transactions. She asked how the Board will use the additional funds acquired as a result of the refunding.

District Counsel stated the existing bonds will be restructured at a lower interest rate, lower payments with a projected savings of approximately \$200,000.

Kent Sawatzky asked if the original end date will be extended. CEO stated that will be determined through the RFP process.

Pete Oringer asked for the total amount being borrowed. CEO replied approximately \$5.1 million (\$3.8 million in bonds; \$1.3 million in loans to the CA Department of Boating and Waterways).

Monte Provolt said he thinks it is a great idea. He is hoping the Board earmarks a large percentage of the savings to go to the fishermen to offset some of their expenses.

Commissioner Wilson said competing for allocations are timely.

Monte Provolt asked if there were going to be any more Economic Development Committee meetings. What if there are new suggestions? Commissioner Marks said there would most likely be another meeting; but he and Commissioner Higgins are hoping to wrap it up and provide a report to the Board. He said Monte can give his suggestions to any Board member at any time.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF APPROVAL OF INVESTMENT BANKING SERVICES AGREEMENT WITH STERN BROTHERS & COMPANY.

CEO stated Stern Brothers & Company was chosen through a RFP process for the District's bonds refunding.

COMMISSIONER DALE MOVED FOR THE APPROVAL OF INVESTMENT BANKING SERVICES AGREEMENT WITH STERN BROTHERS & COMPANY. COMMISSIONER NEWMAN SECONDED.

Susan Penn asked about the refunding process. District Counsel said the District's existing bonds can be called as early as July 1, 2014. Current bond prices are at a rate lower than the District is paying.

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Pete Oringer asked if the refunding has to be implemented by July 1, 2014.

MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF APPROVAL OF NEW MARKETS TAX CREDITS CONSULTING AGREEMENT WITH LOWES ENTERPRISES REAL ESTATE GROUP.

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF NEW MARKETS TAX CREDITS CONSULTING AGREEMENT WITH LOWES ENTERPRISES REAL ESTATE GROUP.
COMMISSIONER NEWMAN SECONDED.

CEO stated through the RFP process, Lowes Enterprises brought to the table reservations in the amount of \$3m from Chase Bank. There will be a \$25,000 retainer up front plus 2.5% not to exceed \$200,000. Funding could be available as soon as October, need to be spent within one year and jobs creation has to happen within that first year.


Kent Sawatzky asked what would hold up the process – appraisal? What does a one-day credit line mean?

Karen Brooks asked why Lowes Enterprises was chosen and will final proposal be publicly vetted? CEO stated they were chosen through the RFP process. Commissioner Marks said a non-profit organization will be established and it is the intention that members of the public will participate on the Board.

MOTION CARRIED WITHOUT DISSENT.

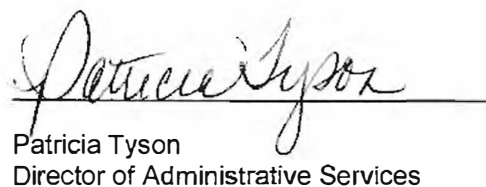
President Marks adjourned the Special Meeting of the Board of Commissioners at 2:00 P.M.

APPROVED BY:



Greg Dale
Secretary

RECORDED BY:



Patricia Tyson
Director of Administrative Services