

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

September 29, 2016

PRESENT:

Commissioner Doss
Commissioner Dale
Commissioner Higgins
Commissioner Wilson
Commissioner Marks

President Higgins called the Special meeting of the Board of Commissioners to order at 11:45 a.m.

President Higgins asked Pete Oringer to lead the Pledge of Allegiance.

PUBLIC COMMENT

Pete Oringer said the Timber Heritage Association has an appointment in October with USEPA for the onsite cleanup assessment final for the Roundhouse Complex. A report of the progress has been provided to Executive Director.

CONSENT CALENDAR: None

COMMUNICATIONS AND REPORTS

COMMISSIONER AND COMMITTEE REPORTS: None

OTHER

Announcement – US Coast Guard Captain Ceraolo Meet & Greet 1:00 p.m. at Woodley Island Marina Meeting Room. Captain Ceraolo took over as San Francisco Sector Commander in July 2016.

UNFINISHED BUSINESS

A. CONSIDERATION OF ADOPTION OF RESOLUTION 2016-17 WHICH ESTABLISHES FINDINGS RELATIVE TO THE EUREKA FOREST PRODUCTS DOCK PILING REPLACEMENT.

COMMISSIONER DOSS MOVED FOR THE ADOPTION OF RESOLUTION 2016-17 WHICH ESTABLISHES FINDINGS RELATIVE TO THE SIERRA PACIFIC INDUSTRIES DOCK PILING REPLACEMENT. COMMISSIONER MARKS SECONDED.

Commissioner Wilson asked if any substantive comments were received. District Planner stated none were received.

ROLL CALL VOTE WAS TAKEN:

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

MOTION CARRIED WITHOUT DISSENT

B. CONSIDERATION OF GRANTING TO SIERRA PACIFIC INDUSTRIES PERMIT 16-06 FOR THE EUREKA FOREST PRODUCTS DOCK PILING REPLACEMENT.

COMMISSIONER DOSS MOVED FOR THE APPROVAL OF GRANTING TO SIERRA PACIFIC INDUSTRIES PERMIT 16-06 FOR THE EUREKA FOREST PRODUCTS DOCK PILING REPLACEMENT. COMMISSIONER MARKS SECONDED. MOTION CARRIED WITHOUT DISSENT.

NEW BUSINESS

A. CONSIDERATION OF POWER PURCHASE AGREEMENT FOR REDWOOD MARINE TERMINAL II AND CONSIDERATION OF ADOPTING RESOLUTION 2016-18 TO ENTER INTO A SOLAR ENERGY POWER PURCHASE AND LICENSE AGREEMENT WITH RENEWABLE ENERGY CAPITAL LLC.

COMMISSIONER WILSON MOVED FOR THE APPROVAL OF THE POWER PURCHASE AGREEMENT FOR REDWOOD MARINE TERMINAL II AND CONSIDERATION OF ADOPTING RESOLUTION 2016-18 TO ENTER INTO A SOLAR ENERGY POWER PURCHASE AND LICENSE AGREEMENT WITH RENEWABLE ENERGY CAPITAL LLC. COMMISSIONER MARKS SECONDED.

Executive Director, unable to attend the meeting, prepared the following highlights of the Power Purchase Agreement: Seller is Renewable Energy Capital LLC, Florida LLC, Miami; Buyer is the Humboldt Bay Harbor District; Term is 25 years for solar system production of 1.2 MW – Cost of \$1.5 million; Energy payment rate of \$0.145/kwh with 2% annual escalator; energy payment rate year 2014 - \$0.2332, current range is \$0.125-0.325; PPA based on buyer's current usage at ALL District-owned facilities; Seller responsible for installation, operation and maintenance costs; Only meters that qualify under PG&E RES-BCT program; Buyer responsible for all government charges – 15% of PG&E billed; and seller pays annual license fee of \$20,000/year – lump sum \$500,000 to the District.

District Planner stated Russell Driver, Principal of ARC Alternatives, conducted the third party review of the Power Purchase Agreement and was available to the Board by phone. Also Larry Oetker of the Humboldt Bay Development Association was in the audience and Alex Lemus of Renewable Energy Capital LLC and Albert Lemus of Atwater Infrastructure were available by phone to answer any questions from the Board.

Mr. Driver stated he had a spreadsheet containing one year of data and it appears Redwood Marine Terminal II (RMTII) will produce quite a bit more than currently using. All the energy produced at RMTII will be exported to PG&E at a high value and they will apply the credits to the bills for the other facilities, credits applied to about 60% of the total bills.

Commissioner Doss asked if the PG&E agreement would last for the life of the 25 year contract. Mr. Driver said PG&E's tariffs and programs change over time; historically PG&E has been required to grandfather in when those changes are made. However there is nothing in the law that says this is the case going forward. New facilities, as long as they are eligible, can be added and switched at any time to either one of the agreements.

District Counsel asked if the current proposal is downsized for capacity, can the capacity be increased by merely adding additional solar panels. Mr. Driver responded it depends on the electrical switch gear on site and PG&E's own circuits to the site.

Mr. Driver said the anticipated credits will be approximately \$185,000 per year. The District's total bill currently is approximately \$125,000; so the District would be overbuilding the project at a cost that could torpedo the economics of the project.

Executive Director, unable to attend the meeting, was quoted as saying "I think it's a fair agreement as long as we maintain a minimum of \$500,000...District needs cash to maintain our revenue to debt ratio as the delay in interim use permitting may create an issue in our audit."

Alex Lemus and Albert Lemus were then called.

Commissioner Wilson asked what the impact to the District is if more energy is generated than can be used. Alex Lemus said currently the District is using 1.2 million KWH. The PPA states

more energy than the District currently uses will not be generated; future RMTII tenants will benefit from this program.

Commissioner Higgins asked if PG&E's RES program still has funds available. Alex stated yes it does.

Commissioner Higgins asked for Alex's confirmation that the District will not lose funds under this agreement. Alex confirmed that even though the District will be paying \$0.145 per KWH, the District will be paid anywhere between \$0.25-\$0.30 per KWH.

Alex agreed to change the PPA to read REC LLC will be obligated to remove the system at the end of the term instead of having the option. Alex stated COD Commercial Operation means that both the local jurisdiction and PG&E signs off on the system.

Commissioner Dale asked if the PPA prevents the District from engaging in other solar projects with competitors. There is no prohibition.

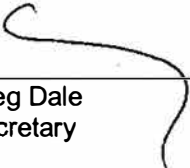
Larry Oetker, Humboldt Bay Development Association, said the concerns of the committee has been discussed here tonight: who is at risk, 25-year term is a concern, buy-back at years 7-14. Commissioner Higgins said the PPA can stated options for negotiation, otherwise there may be some IRS issues.

THE BOARD OF COMMISSIONERS APPROVED THE SOLAR POWER PURCHASE AND LICENSE AGREEMENT FOR REDWOOD MARINE TERMINAL II WITH RENEWABLE ENERGY CAPITAL LLC – MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

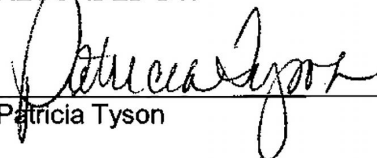
The Regular Meeting of the Board of Commissioners adjourned at 1:08 p.m.

APPROVED BY:



Greg Dale
Secretary

RECORDED BY:



Patricia Tyson