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

DATE: January 14, 2016
TIME: Executive Closed Session - 6:00 PM
       Regular Session – 7:00 PM
PLACE: Woodley Island Marina Meeting Room

The Meeting Room is wheelchair accessible. Accommodations and access to Harbor District meetings for people with other handicaps must be requested of the Director of Administrative Services at 443-0801 at least 24 hours in advance of the meeting.

1. Call to Order at 6:00 p.m.
   a. Move to Executive Closed Session pursuant to the provisions of the California Government Code Section 54956.8 (Conference with Real Property Negotiators):
      1. Conference with Real Property Negotiators
         Agency Negotiator: Board President, Executive Director and District Counsel
         Under Negotiation:
         Lease with Mario's Marina at Shelter Cove

2. Adjourn Executive Closed Session
3. Call to Order Regular Session at 7:00 P.M. and Roll Call
4. Pledge of Allegiance
5. Report on Executive Closed Session
6. Public Comment

Note: This portion of the Agenda allows the public to speak to the Board on the various issues not itemized on this Agenda. A member of the public may also request that a matter appearing on the Consent Calendar be pulled and discussed separately. Pursuant to the Brown Act, the Board may not take action on any item that does not appear on the Agenda. Each speaker is limited to speak for a period of three (3) minutes regarding each item on the Agenda. Each speaker is limited to speak for a period of three (3) minutes during the PUBLIC COMMENT portion of the Agenda regarding items of special interest to the public not appearing on the Agenda that are within the subject matter jurisdiction of the Board of Commissioners. The three (3) minute time limit may not be transferred to other speakers. The three (3) minute time limit for each speaker may be extended by the President of the Board of Commissioners or the Presiding Member of the Board of Commissioners at the regular meeting of the District. The three (3) minute time limit for each speaker may be enforced by the President of the Board of Commissioners or the Presiding Member of the Board of Commissioners at the regular meeting of the District.

7. Consent Calendar
   a. Consideration of approval of minutes from the December 3, 2015 Board meeting.
   b. Consideration of inspection of boat yard Travelift and brake repairs - Marine Travelift $8,845.00

8. Communications and Reports
   a. Executive Director Report
   b. Staff Reports
   c. District Counsel, District Planner and District Treasurer Reports
   d. Commissioner and Committee Reports
   e. Other

9. Non Agenda
10. Unfinished Business
11. New Business

   a. Consideration of letter of support to Congressman Jared Huffman encouraging him to introduce public lands legislation – Alison Sterling Nichols.

   b. Consideration of adoption of Resolution 2016-01, A Resolution Authorizing the Financing of Certain Capital Improvements and Approving and Directing the Execution and Delivery of an Installment Sale Agreement and Related Documents; Appointing the Weist Law Firm as Bond Counsel in Connection Therewith; and Providing for Other Matters Properly Relating Thereto.

   c. Consideration of Agreement for Bond Counsel Services with The Weist Law Firm.

   d. Consideration of Installment Sale Agreement between Humboldt Bay Harbor, Recreation and Conservation District and Compass Bank for $1,540,000.00

   e. Consideration of approval of agreement with JZ Contracting for the Redwood Terminal 2 Permanent Installation of Natural Gas and Water Supply and Expansion of Existing Restrooms, not to exceed $157,576.00.

   f. Consideration of accepting for filing Permit Application No. 16-01 from the Humboldt Bay Harbor, Recreation and Conservation District for the Fisherman's Channel Dredging and Beneficial Reuse Pilot Project.

   g. Consideration of nomination of a Harbor District Commissioner to be a candidate for the LAFCo District Member.

   h. Discussion of illegal camping within the Harbor District's jurisdiction.

   i. Consideration to purchase and maintain porta-potties at Palco Marsh.

12. Administrative and Emergency Permits

13. Adjournment
MINUTES (Subject to Approval)
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
December 3, 2015

PRESENT:

Commissioner Newman
Commissioner Dale
Commissioner Marks
Commissioner Wilson
Commissioner Higgins

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

President Marks adjourned the Executive Closed Session at 6:48 p.m.

President Marks called the regular meeting of the Board of Commissioners to order at 7:02 p.m.

Commissioner Newman led those present in the Pledge of Allegiance.

District Counsel reported on Executive Closed Session as follows: Conference with Real Property Negotiators regarding Proposed Tideland Lease Values for Mariculture Pre-Permitting Project – Commissioner Dale recused himself and left the room – No action taken. Commissioner Dale returned to the Closed Executive Session. Existing Litigation: Sears v. Humboldt Bay Harbor, Recreation and Conservation District – No action taken.

PUBLIC COMMENT

Kevin Pinto suggested the Harbor District require fishermen to pay to sell product off their boats in the marina to increase revenue and to provide liability insurance. Is there a possibility the Harbor District could create an insurance pool? It might help to get rid of the liability the fishermen create for the Harbor District and for themselves. He said he appreciates the Harbor District looking out for the fishermen.

Kent Sawatzky said he supports helping the fishermen, but doesn’t support the Harbor District benefitting financially. He said it is alleged that he doesn’t follow through. The Harbor District has had three years of the carrot and this next year it will be the stick. The Harbor District is engaging in unfair business practices; a monopoly. It is illegal and criminal. He will use tools at his avail to bring forward these practices.

Pete Oringer, Timber Heritage Association, said they have applied officially for a Lot Line Adjustment. Without the Harbor District’s help, they would not have been able to do this. Also a grant application has been submitted for the Phase 2 clean up. Mr. Oringer said he appreciates the support of the Harbor District Board; without it, the community could not have such an asset as the Timber Heritage Museum.

CONSENT CALENDAR

COMMISSIONER NEWMAN MOVED FOR THE APPROVAL OF THE CONSENT CALENDAR. COMMISSIONER WILSON SECONDED. MOTION CARRIED WITHOUT DISSENT.

COMMUNICATIONS AND REPORTS

EXECUTIVE DIRECTOR’S REPORT

- Commissioners Dale, Higgins and Doss swearing in December 7 at noon.
- New Market Tax Credits closing documents are being drafted - Board approval December 17.
- Weist Law Firm is preparing BBVA loan documents – Possibly ready for December 17 Board meeting.
- Redwood Terminal 2 Plumbing scope of work has changed. Advertisement for bids out next week.
- Special Board Meeting in Shelter Cove on December 11 from 5pm-7pm.
- Negotiating with Taylor Mariculture on option to expand at RT2.
- Agency (EPA, DTSC, Water Board, County Health) inspection at Redwood Terminal 2 on January 12.
Minutes (Subject to Approval)
Regular Meeting of the Board of Commissioners
Humboldt Bay Harbor, Recreation and Conservation District
December 3, 2015
Page 2 of 6

STAFF REPORTS: None

DISTRICT COUNSEL REPORT: The Motion to Dismiss the lawsuit filed against the Humboldt Bay Harbor, Recreation and Conservation District, its Board of Commissioners and Executive Director has been heard and the judge has 90 days to make a decision.

DISTRICT PLANNER REPORT:
- There has been good coordination between the County staff and the District – the Redwood Terminal 2 Coastal Development Permit/Conditional Use Permit passed unanimously by the County Planning Commission.

COMMISSIONER AND COMMITTEE REPORTS:

Commissioner Newman:
- This is supposed to be the 3rd day of Dungeness Crab season; it may open on December 10th. Anyone with a crab boat hopes the situation is better real soon.

Commissioner Marks:
- Took a reporter to see the hag fish operation. They watched the operators agitate the eels so that they “slimed”.
- Also toured the HSU aquaponics facility with the reporter. There were many Sturgeon and lots of lettuce.

Commissioner Wilson:
- Suggested Kevin Pinto talk with Executive Director – The Harbor District does charge $100 per year to sell product off the boats in the marina.
- Spoke at a Friends of Arcata Marsh meeting regarding Redwood Terminal 2. As a member of the Workplace Investment Board he was asked to be on a committee to review job market space.
- Yvonne Everett, HSU, is going to offer a planning project to her students relative to the Woodley Island Wildlife Area.
- Recently spent time with his grandfather, 100, and his grandmother, 96.

Commissioner Higgins:
- Will be meeting with Audubon Society regarding the Woodley Island Wildlife Area in the near future. The common effort is to make sure the wildlife area is protected and to improve habitat.
- A good summary of climate change adaptation can be found in a recent New York Times article.
- The current rain we are having locally will help the Chinook Salmon in the lower Eel River.
- He caught three fish in the Eel River with eye problems that will be sent to UC Davis for studying.
- Presented a video on the abundance of fish in the Eel River.

OTHER: None

NON AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS

A. CONSIDERATION OF INSTALLING GANGWAY GATES.

Executive Director reported the materials were purchased in 2014 and District staff built and installed one at the top of Dock F. Gates will be locked with a card lock mechanism the same as the restroom keys. Gates will only be locked from 10 p.m. to 6 a.m. Existing Tenants will receive two extra card keys at no cost. Smart locks can be added at a later date if necessary. It will take 30+ days for gate installation. They should be in use by January 15, 2016. Gangway side panels will be added for an additional deterrent.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF INSTALLING GANGWAY GATES.
COMMISSIONER WILSON SECONDED.

Commissioner Wilson asked if a gate had been installed. Director of Facility Maintenance replied one was temporarily installed of F-dock, the dock where the US Coast Guard docks. He said he was living on a boat
moored on F-dock at the time and he is an advocate of gates. Several tenants were asked their opinion on the gangway gates and he said he received good feedback. Commissioner Wilson asked if the tenants would want the gangway gates to continue. Director of Facility Maintenance said he has not done outreach, but assumes the vote would be 50/50.

Executive Director said there had been miscommunication on how long the gates would be closed each day. Tenants do not want the gates closed all the time. They would be locked open at 6 a.m. and locked closed at 10 p.m.

Commissioner Newman said not everyone in the fishing fleet is happy about the gates; but no one can deny in the last few years there are more people wandering around Woodley Island. He said he would like to see 24 hour staffing. As a tenant he is in favor of the gates; boats are a large investment. Some fishermen have an issue with the gates being locked at night when they are bringing supplies to their boat; it is inconvenient to unlock the gate and go back to the vehicle. As long as the gate can be propped open for a period of time, there is no compelling reason not to have them locked.

Commissioner Dale asked how many actual problems have occurred on the docks in the last two years. Executive Director said there have been a couple of break-ins on boats and in the parking lots. Often it is a disgruntled deck hand or someone related to a boat owner.

Commissioner Higgins said he heard about some problems at Woodley Island Marina during his campaign. If a tenant can prop open the gate to take care of their business, then he is in favor of installing the gates.

Commissioner Wilson said he does not like gates in general, but would listen to what the public has to say about the issue.

Kevin Pinto said he doesn’t like the gates because of the cost and what they represent. He said he only hears about problems once in a while, but there are lots of riff raff around. If the Board thinks the gates are worth the cost, then install them. There is technology available for cameras to read license plates. It is an unfortunate sign of the times.

Susan Penn said it is a mixed bag of who does and does not want the gates. Before putting the gates in, look at the useless existing security cameras. Recently someone broke into a truck and a boat, but the video was not clear enough to be able to identify the suspect. Does there need to be better lighting around the cameras? The technology is there, but does not work. Gates won’t stop everyone. Work with what is already in place. Do not install the gates at more labor cost and expense.

Susan Rotwein said she was glad to see the security issue acknowledged. Installation of security cameras has done little or nothing. Installing gates will not make a difference. What is needed are eyes on the ground. Put in security through the evening hours. Fisherman’s Marketing Association voted against the installation of gates because they impede the working fishermen. Will the gates be considered by Department of Boating and Waterways as working against the public access? Also, some tenants that are problems now will have keys.

Kent Sawatzky said people do not care if you have cameras; they are not a deterrent to crime. Try the gates for a while; experiment with minimal cost. But there is no better solution than having a person on security. Not doing something might create liability.

President Marks said having gates will not cause more problems; will create a safer environment.

Commissioner Wilson agrees with trying an experimental, phased approach; place the gates on docks where tenants want them.

Commissioner Higgins said he agrees that the Harbor District would be negligent if they do not respond. This is a prudent measure. Additional motion sensor lighting is suggested.

Commissioner Newman restated his request for 24 hour staffing on Woodley Island.
Commissioner Dale said for years there was 24 hour security. Through the budget process it was determined to be a significant expense, upwards of $120,000 per year. The Coast Seafoods dock has a gate and he resisted it at first; but is surprised that much of the problems they were having have gone away. Currently at Woodley Island there is no security guard, only staff member. He suggested looking at the cost of putting a security guard on during the night hours.

Executive Director stated when there was a full time security guard on the island there still were problems. Staff does janitorial work as well as checking the docks and facilities. Even with a security guard on the island, crime will still happen.

MOTION CARRIED WITH COMMISSIONER WILSON DISSenting.

B. CONSIDERATION OF LETTER OF ENGAGEMENT WITH BOCARSLY EMDEN COWAN ESMAIL & ARNDT LLP TO PROVIDE TAX AND LEGAL ADVICE FOR THE DEVELOPMENT OF THE HUMBOLDT BAY ECO-INDUSTRIAL PARK THROUGH NEW MARKETS TAX CREDITS.

COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF LETTER OF ENGAGEMENT WITH BOCARSLY EMDEN COWAN ESMAIL & ARNDT LLP TO PROVIDE TAX AND LEGAL ADVICE FOR THE DEVELOPMENT OF THE HUMBOLDT BAY ECO-INDUSTRIAL PARK THROUGH NEW MARKETS TAX CREDITS. COMMISSIONER NEWMAN SECONDED.

Executive Director reported the original contract was approved in 2014 through an RFP selection process, but an update was needed. The rates have increased from $600 to $625/hour and the retainer increased from $2,500 to $5,000. All costs are covered by the New Market Tax Credits funding and paid only at closing.

Commissioner Higgins said the New Market Tax Credits creates a whole layer of banking bureaucracy, but these are the people you need to make sure the project is done right.

Kent Sawatzky said if they are worth the price, go for it. Is there a guess at how many hours will be used? Executive Director said the hours are broken up between consultants and there is a fixed budget.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF NOMINATION AND SELECTION OF MEMBERS FOR THE NEW MARKETS TAX CREDITS NON-PROFIT BOARD.

Executive Director reported the Board of Directors will be made up of two Harbor District Commissioners and three non-Harbor District members. When the Board of Commissioners last discussed this item at their November 12 Board meeting, Commissioners Marks and Higgins expressed a desire to participate on the Board and Aaron Newman (who will be a member of the public by the time the Board first meets), Larry Oetker, Leroy Zerlang and Gregg Foster were suggested as public members.

Commissioner Wilson said he would like to see Rhea Williamson’s name added to the list of potential public members.

Commissioner Higgins said he was thrilled at the prospect to serve on the Board. Redwood Terminal 2 will become one of the stronger economic assets on Humboldt Bay. He strongly recommended Aaron Newman, Leroy Zerlang and Larry Oetker as the public members.

Commissioner Newman said he would like to serve and Leroy Zerlang would be a great addition.

Commissioner Dale said they are all great candidates and the list is diverse. He suggested Aaron Newman, Leroy Zerlang and Rhea Williamson as the public members.

President Marks said he had previously suggested Andrew Whitney from the County and Susan Rotwein had submitted her written request to be on the non-profit Board.

Kent Sawatzky said Andrew Whitney has resigned from the County of Humboldt and Larry Oetker is resigning from City of Arcata; does anyone know if he is leaving the area? Is the Board limited to 5?
President Marks said Andrew Whitney will be working for the City of Eureka.

Pete Oringer said expanding the Board of Directors would be beneficial; all are quality people who know how to work on Boards. Take advantage of their talents.

Commissioner Wilson said with larger Boards it is difficult to get everyone to meet at the same time.

COMMISSIONER HIGGINS NOMINATED COMMISSIONER MARKS AND HIMSELF, AARON NEWMAN, LEROY ZERLANG AND LARRY OETKER.

COMMISSIONER WILSON ASKED COMMISSIONER HIGGINS TO AMEND HIS MOTION TO INCLUDE RHEA WILLIAMSON AND REMOVE LEROY ZERLANG. COMMISSIONER HIGGINS DID NOT ACCEPT THE FRIENDLY AMENDMENT. HIS MOTION FAILED FOR LACK OF A SECOND.

COMMISSIONER DALE NOMINATED COMMISSIONERS MARKS AND HIGGINS, AARON NEWMAN, LARRY OETKER AND RHEA WILLIAMSON COMMISSIONER WILSON SECONDED. MOTION CARRIED WITHOUT DISSENT.

Executive Director then suggested the Board think about a name for the non-profit. The following have been suggested:

1) Redwood Terminal 2 LLC
2) Redwood Terminal 2 Development LLC
3) Samoa Innovation Park Development LLC
4) Redwood Marine Terminal Development LLC
5) Humboldt Bay Development LLC
6) Redwood Marine Innovation Park Development LLC
7) North Coast Marine Development LLC
8) Redwood Redevelopment Authority LLC
9) Redwood Innovation Center LLC
10) Samoa Marine Park LLC
11) Samoa Public Port Authority LLC
12) Samoa Port Development Group LLC
13) Humboldt Bay Maritime, Energy and Innovation Park
14) National Marine Research and Innovation Park
15) Humboldt Bay Maritime Research and Innovation Park
16) Redwood Terminal 2 Redevelopment LLC

D. DISCUSSION OF PROPOSITION 1 GRANT PROPOSAL FOR FISH WASTE MANAGEMENT AT SHELTER COVE.

Deputy Director reported the grant proposal is due on December 1, but no commitment is necessary at this point. A Notice of Intent (NOI), which included funding staff for two years, was submitted to Ocean Protection Council (OPC) by Tom Gast & Associates. OPC will review the NOI and notify if a full proposal should be developed.

The proposal would consist of complete elimination of fish cleaning station discharge. Carcasses would be frozen and trucked to Eureka to be sold as crab bait. The Offal could be used as fertilizer.

The Conceptual Budget would be as follows (and most likely changed in the full proposal): Ocean Protection Council: Electrical, plumbing, operations and maintenance, equipment and supplies - $225,657; Harbor District: monitoring, permitting, grant administration and planning - $77,437.

Kent Sawatzky said he told one of the speakers, who is a fertilizer producer, at the City Council meeting to talk to the Harbor District relative to Shelter Cove.
E. CONSIDERATION OF ADOPTION OF RESOLUTION 2015-16, A RESOLUTION COMMENDING AARON NEWMAN FOR HIS SERVICE AS COMMISSIONER OF THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT.
COMMISSIONER HIGGINS MOVED FOR THE ADOPTION OF RESOLUTION 2015-16, A RESOLUTION COMMENDING AARON NEWMAN FOR HIS SERVICE AS COMMISSIONER OF THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT. COMMISSIONER DALE SECONDED.

President Marks read the resolution aloud.

Kent Sawatzky said he considered Aaron Newman to be a friend and thanked him for his service.

Larry Doss thanked Commissioner Newman for his years of service. He said he will work hard to keep up the same passion and efforts.

Leroy Zerfang thanked Commissioner Newman very much. He said Commissioner Newman was a pleasure to work with and that he made a huge difference on the Board.

President Marks presented Commissioner Newman with his framed resolution.

Commissioner Newman said it has been an honor to be a Harbor District Commissioner. He said this Board has created what should be a role model as to how Boards should work together. It has been great hanging out with his fellow Commissioners.

Commissioner Higgins said Commissioner Newman is such a committed Board member, a great volunteer.

Commissioner Wilson said Commissioner Newman’s dedication to people and the organization is amazing.

Commissioner Dale said he has learned a lot about fisheries and he appreciates Commissioner Newman’s friendship.

ADMINISTRATIVE AND EMERGENCY PERMITS: None
The Regular Meeting of the Board of Commissioners adjourned at 8:47 p.m.

APPROVED BY: 

Greg Dale
Secretary

RECORDED BY:

Patricia Tyson
Director of Administrative Services
**PROFORMA INVOICE**

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**RUBONDT BAY HARBOR**  
RECREATION & CONSERV DIST  
PO BOX 1030  
EUREKA, CA 95502-1030  

**SHIP TO**  
HUMBOLDT BAY HARBOR  
RECREATION & CONSERV DIST  
601 STARTARE DRIVE  
WOODLEY ISLAND MARINA  
EUREKA CA 95501

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**PO # 1049**

**TERMS**  
**TBD**

Order Line Value: 8,845.00

- Quote valid one month from the quotation date.  
- Sales tax not included in quoted total.  
- Freight quote and proforma invoice available on request.
The Honorable Jared Huffman
U.S. House of Representatives
317 Third Street, Suite 1
Eureka, CA 95501

Dear Congressman Huffman,

The Humboldt Bay Harbor - Recreation & Conservation District is grateful for your work protecting our water resources, fisheries and recreation opportunities.

We are writing to you to encourage the protection and restoration of public lands within our region.

One of California’s most pristine estuarine environments, Humboldt Bay is the second-largest natural bay in the state. It presents a wide variety of unique habitats and is home to approximately half of California’s eelgrass population, supports 120 species of fish, 251 species of marine birds, 550 species of marine invertebrates, 80 species of algae, and numerous resident and visiting marine mammals. We are collectively engaged in the protection and enhancement of these habitats and the wildlife that calls this beautiful and unique place home.

Governed by an elected board of commissioners, our operations focus on three primary areas: commercial use, recreational use, and conservation. These multiple objectives require thoughtful management and policy decisions in support of enhancing our local economy, supporting recreation and protecting the unique biodiversity of Humboldt Bay.

We all know that protection and restoration of public lands in our region helps to meet these same goals of supporting our local economy, enhancing recreational opportunities, and preserving the unique biodiversity of our region. We encourage you to introduce legislation that provides protection for unique watersheds and biologically important places in our public lands, while also restoring damaged areas that can expand economic benefits.

Thank you again for being a strong voice for the Humboldt Bay region.

Sincerely,

Richard Marks, President
Humboldt Bay Harbor - Recreation & Conservation District
Northwest California is without question one of the most beautiful and special places on earth. From the fog-shrouded redwood forests of Humboldt County to the sunny oak woodlands and grasslands of Mendocino, and from the soaring peaks of the Trinity Alps Wilderness to the turquoise waters of the Wild & Scenic Smith River, our region is home to some of the world’s most spectacular landscapes.

Visitors from around the globe come to fish the mountain streams, run the river rapids, hike the backcountry trails and find solitude in primeval redwood groves - all of which benefit our local economy. Our mountains and rivers are also among the most biologically diverse areas on the planet, home to thousands of different plants and animals.

We now have a remarkable opportunity to restore our forests and protect Northwest California’s last wild mountains and rivers. Please join us to ensure that the unique landscapes and natural treasures we cherish are passed on to future generations.

What Is It?
Mountains & Rivers is a proposal of draft legislation to be presented to our Congressman, Jared Huffman, to protect these special places, restore watersheds and fisheries, support economic development, enhance recreational opportunities, and protect communities from catastrophic fire.

Conserving special places
Many of our ancient forests, clear streams and rugged mountains lack permanent protection and are open to activities that could destroy their wild character. From the headwaters of the Eel River to the edges of the Trinity Alps Wilderness, to the largest stand of unprotected old growth forest in northern California, this proposal will permanently protect these and other special places.

Restoring lands and waters
Past forest management has left many forests and rivers in dire need of restoration. This proposal will aim to establish the South Fork Trinity River Restoration Area to restore the forests, habitat, and fisheries in this essential watershed. The proposal will also help restore fire-resilient forests in wilderness areas and clean up public lands that have been damaged by illegal trespass marijuana grows.

Supporting local economies
Public lands are the backbone of our region’s economy. These lands help create desirable surrounding communities to live in, and also support jobs in recreation and tourism. This proposal will strengthen our local economy and provide jobs by creating new opportunities for recreation and tourism, and putting people to work restoring degraded lands.

Enhancing recreational opportunities
Part of why we love living here is because our region is rich with recreational opportunities. Whether you enjoy hiking in wilderness, fishing the Trinity River, or riding a four-wheeler, Northwest California has it all. This proposal would protect recreational opportunities and access, and secure new trail expansion and opportunities.

Protecting local communities
This proposal will require new fire management plans and strategies that will protect communities and create healthier, fire-resilient forests.

To Get Involved – Please visit the website, write a support letter, and join the mailing list.

info@mountainsandrivers.org – www.mountainsandrivers.org
Mountains & Rivers – FAQs

What is Mountains & Rivers?
Mountains & Rivers is draft potential legislative language to be presented to our Congressman, Jared Huffman, in hopes that he will introduce it in Congress. We are made up of a coalition of conservation organizations, business owners, land owners, biologists, Native Americans tribes, hunters, anglers and other community members working together to protect special places, restore watersheds and fisheries, support economic development, enhance recreational opportunities, and protect communities.

What would the proposed legislation do?
This proposal would protect new Wilderness areas and Wild & Scenic rivers; restore the South Fork Trinity River watershed; require new fire management planning to protect communities and establish fire-resilient forests; provide new recreational opportunities; and help clean up public lands impacted by illegal trespass marijuana grows.

How is this going to help the fish?
The proposal will protect the watersheds, headwaters, and rivers and streams that fish rely on, ensuring that fish have the clean, cold water they need to survive. The proposal will also restore water quality and aquatic habitat within the South Fork Trinity River watershed, which is vital fish habitat.

How will this impact fire management on public lands?
The proposal will require the Forest Service and Bureau of Land Management to work with local residents to create new fire management plans for all Wilderness areas in the region. These plans will help protect communities from the threat of catastrophic wildfire, and restore healthy, more fire-resilient forests.

How will this effect recreation?
This proposal will preserve and expand trail access and recreational opportunities, both within and outside Wilderness.

Does it address trespass marijuana grows?
The proposal will help clean up public lands and waters impacted by trespass marijuana grows on public lands by creating a local, state, and federal partnership to coordinate activities and provide resources and expertise.

Will the proposal benefit our local economies?
The proposal will strengthen local economies and provide jobs by creating new opportunities for recreation and tourism, and putting people to work restoring degraded lands.

Can I still hunt in Wilderness Areas?
Yes. Hunting, hiking, fishing, camping, horseback riding, skiing, snowshoeing, rock climbing, and many other activities are all allowed in designated Wilderness Areas. Hunting is not permitted in National or State Parks.

What does Wild & Scenic River status mean?
Federal land management agencies (USFS, BLM, etc.) must develop management plans along protected river segments that flow through public lands. This also explicitly prohibits the federal government from licensing, permitting, or funding new hydroelectric dams or major diversions on protected stream segments.

Will the proposal close any roads?
No, all legally open roads will be unaffected.

Does this affect private property?
No, this proposal only includes public lands. Private property will not be affected, except to potentially increase the value of those lands adjacent to protected public lands.

info@mountainsandrivers.org – www.mountainsandrivers.org
RESOLUTION NO. 2016 - 01

A RESOLUTION AUTHORIZING THE FINANCING OF CERTAIN CAPITAL IMPROVEMENTS AND APPROVING AND DIRECTING THE EXECUTION AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT AND RELATED DOCUMENTS; APPOINTING THE WEIST LAW FIRM AS BOND COUNSEL IN CONNECTION THERewith; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

The Humboldt Bay Harbor, Recreation and Conservation District Board of Commissioners hereby finds and resolves as follows:

WHEREAS, the Board of Commissioners, after due investigation and deliberation, hereby determines that it is in the public interests of the District to provide for the long-term financing (the “Financing”) of certain capital improvements (the “Project”), pursuant to terms and conditions of an Installment Sale Agreement (the “Installment Sale Agreement”) related to the District’s Harbor Enterprise (the “Harbor Enterprise”), dated as of January 1, 2016, by and between the District and Compass Bank, and Alabama banking corporation (the “Bank”), a copy of which has been presented at this meeting and is on file with the Secretary to the Board (the “Secretary”); and

WHEREAS, the Installment Sale Agreement provides for the issuance of the District’s “Humboldt Bay Harbor, Recreation and Conservation District, Series 2016 Harbor Enterprise Revenue Obligation (Humboldt Harbor Improvement Project)” (the “2016 Obligation”); and

WHEREAS, pursuant to the Installment Sale Agreement, the District will make installment payments (the “Installment Payments”) from the net revenues of its Harbor Enterprise operations, sufficient in amount to pay back the debt service on the 2016 Obligation, as more particularly set forth in the Installment Sale Agreement; and

WHEREAS, the Board of Commissioners, with the aid of its staff, has reviewed the Installment Sale Agreement, the form of which is on file with the Secretary, and the Board of Commissioners wishes at this time to approve the foregoing document as being within the public interests of the District; and

WHEREAS, in order to efficiently accomplish execution and delivery of the 2016 Obligation, the District desires to appoint The Weist Law Firm as bond counsel to provide the necessary professional services in connection therewith; and
WHEREAS, this action does not constitute a "Project" under California Environmental Quality Act (CEQA) Guidelines Section 15378; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such Financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such Financing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Humboldt Bay Harbor, Recreation and Conservation District, as follows:

Section 1. Findings and Determinations. The Board of Commissioners (the "Board") hereby specifically finds and declares that each of the statements, findings and determinations of the District set forth in the recitals set forth above, and in the preambles of, and elsewhere in the documents approved herein, are true and correct. The District's execution and delivery of the Installment Sale Agreement is hereby authorized and approved, and this Board does hereby consent to the application of the proceeds of the 2016 Obligation for the purposes contemplated by the District, as provided for in the Installment Sale Agreement.

Section 2. Authorized Representatives. The President, Vice President, Chief Executive Officer, Director of Administrative Services, Secretary and any other person authorized by the Board to act on behalf of the District shall each be an "Authorized Representative" of the District for the purposes of structuring and providing for the execution and delivery of the Installment Sale Agreement and any other documents in connection therewith requested by bond counsel or the Bank, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the District, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the consummation of the 2016 Obligation, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Board has approved in this Resolution.

Section 3. Approval of Installment Sale Agreement. The Board hereby authorizes and approves the 2016 Obligation pursuant to the terms and conditions of the Installment Sale Agreement. The Board hereby approves the Installment Sale Agreement in substantially the form on file with the Secretary, together with any additions thereto or changes therein (including, but not limited to, the final amount of the 2016 Obligation, the final installment payment schedules, and prepayment provisions) deemed necessary or advisable by an Authorized Representative of the District. Any Authorized Representative of the District is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Installment Sale Agreement for and in the name and on behalf of the District, and the
execution thereof shall be conclusive evidence of the Board’s approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Installment Sale Agreement.

Section 4. Appointment of Bond Counsel. The District hereby appoints The Weist Law Firm as Bond Counsel in connection with the execution and delivery of the 2016 Obligations described in this Resolution. An Authorized Representative is authorized and directed to execute an agreement with The Weist Law Firm in the form on file with the Secretary.

Section 5. Direction to Consummate 2016 Obligation. The President, Vice President, Chief Executive Officer, Director of Administrative Services, Secretary and all other officers of the District are each authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by this Resolution and the Installment Sale Agreement. Whenever any officer of the District is authorized to execute or countersign any document or take any action contemplated by this Resolution or the Installment Sale Agreement, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

AND ADOPTED by the Board of Commissioners of the Humboldt Bay Harbor, Recreation and Conservation District at a duly called meeting held on the ___th day of January 2016, by the following polled vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

______________________________
Richard Marks, President
Board of Commissioners

ATTEST:

______________________________
Greg Dale, Secretary
Board of Commissioners
CERTIFICATE OF SECRETARY

The undersigned, duly qualified and acting Secretary of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, does hereby certify that the attached Resolution is a true and correct copy of RESOLUTION NO. 2016-01 entitled,

A RESOLUTION AUTHORIZING THE FINANCING OF CERTAIN CAPITAL IMPROVEMENTS AND APPROVING AND DIRECTING THE EXECUTION AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT AND RELATED DOCUMENTS; APPOINTING THE WEIST LAW FIRM AS BOND COUNSEL IN CONNECTION THEREWITH; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

as regularly adopted at a legally convened meeting of the Board of Commissioners of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, duly held on the day of 14th day of January 2016; and further, that such Resolution has been fully recorded in the Journal of Proceedings in my office, and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of January 2016.

GREG DALE, Secretary
Board of Commissioners
AGREEMENT FOR BOND COUNSEL SERVICES

THIS AGREEMENT is made and entered into as of this ___ day of January, 2016 by and between the Humboldt Bay Harbor, Recreation & Conservation District (the "District"), whose address is 601 Startare Dr, Eureka, CA 95501, and The Weist Law Firm (the "Bond Counsel"), whose address is 108 Whispering Pines Drive, Suite 235, Scotts Valley, CA 95066.

WITNESSETH:

WHEREAS, the District desires to arrange for the procurement of privately placed taxable bond obligations in connection with the proposed financing of certain repairs and maintenance to buildings and utilities at Redwood Marine Terminal II (the "Project"); and

WHEREAS, the District desires to retain Bond Counsel to do the necessary consulting, legal work hereinafter outlined, upon the terms and conditions hereinafter set forth, to structure, issue and deliver said privately placed taxable bond obligations (the "2016 Obligations"), the proceeds of which will be used to finance the Project; and

WHEREAS, Bond Counsel is specifically trained and experienced in the conduct of proceedings required for the issuance of the 2016 Obligations, and hereby represents that it is ready, willing and able to perform said work in a timely and professional manner; and

NOW, THEREFORE, in consideration of the covenants and premises herein contained and other good and valuable consideration, the parties hereto agree as follows:

Section 1. Scope of Services.

Bond Counsel Services: Bond Counsel shall provide the following legal services in connection with the preparation of the resolutions, documents and certifications necessary for the sale and delivery of the 2016 Obligations. Such services shall include the following:

1. Consulting with representatives of the District, including the Chief Executive Officer, Treasurer, Secretary, as well as the District’s attorneys, engineers, consultants, and others, with respect to the timing, terms and legal structure of the proposed issuance of 2016 Obligations.

2. Preparing all resolutions, ordinances, notices, affidavits, Depository Trust Company agreements, escrow agreements, indentures, installment sale agreements, lease or loan agreements, and other legal documents customarily prepared by Bond Counsel, as required for the issuance of 2016 Obligations (the "Principle Documents").

3. Reviewing documents prepared by District staff, advisors, and/or consultants, including audit reports and budgets, project descriptions, rate setting documents, the purchase contract(s) to be derived therefrom.

4. Preparing documentation with respect to any bond provisions, parity debt provisions and reserve fund policy provided or required in connection with the 2016 Obligations, if any.
5. Reviewing and evaluating the various financing structures that may be available to the District for the securing of the 2016 Obligations.

6. Reviewing the financing plan for the Project and the issuance of 2016 Obligations.

7. Attending such meetings or hearings of the Business/Finance Committee and District Board of Commissioners (the “Board”), and working group meetings or conference calls as the District may request, and as Bond Counsel deems prudent and necessary.

8. Advising as to the prudence of seeking a rating and/or bond insurance. If the District chooses to proceed with a rating and/or bond insurance or other form of credit enhancement, we will be proactive in the process of obtaining the best rating and terms possible.

9. Preparing all final closing papers required to effect delivery of the 2016 Obligations, and coordinate the closing of the 2016 Obligations.

10. Rendering Bond Counsel’s customary final legal opinion as to the validity of the taxable 2016 Obligations.

11. Preparing the required reports to the California Debt and Investment Advisory Commission (pursuant to section 8855 et seq. of the Government Code) respecting the sale of the 2016 Obligations.

12. Preparing a complete transcript of the proceedings, containing originally signed copies of all resolutions, ordinances, legal agreements, disclosure statements, certificates and notices. Copies shall be provided to the District and certain members of the financing team, not to exceed four total copies.

Excluded Services Bond Counsel’s services are limited to those specifically set forth above. Bond Counsel’s services do not include representation of the District or any other party to the transaction in any litigation or other legal or administrative proceeding involving any of the 2016 Obligations, the Project or any other matter. Bond Counsel’s services also do not include compliance with the California Environmental Quality Act, the National Environmental Policy Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Hazardous Material Transportation Act, the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the Porter-Cologne Water Quality Control Act, the Safe Drinking Water and Toxic Enforcement Act of 1986, the Hazardous Substance Account Act, the Hazardous Waste Control Act, or any determinations pertaining to completion and readiness for acceptance.

Bond Counsel’s services also do not include any responsibility for compliance with state blue sky, continuing disclosure undertakings, environmental, land use, real estate or similar laws or for title to or perfection of security interests in real or personal property, including the acquisition of interests in real property, whether through gift, negotiation or the exercise of the power of eminent domain. Bond Counsel’s services also do not include any responsibility the negotiation or preparation of joint powers agreements with other agencies. Bond Counsel will not be responsible for the services performed or acts or omissions of any other participant. Also, Bond Counsel’s services will not extend past the date of issuance of the 2016 Obligations and will not, for example, include services related to on-going administration, annexation, rebate
compliance or continuing disclosure or otherwise related to the 2016 Obligations, proceeds of the 2016 Obligations or a refunding after issuance of the 2016 Obligations.

Bond Counsel may be willing to perform such excluded services on such terms as might be mutually agreed to at the time of need. The performance by Bond Counsel of services excluded by the above paragraph, if required by the District, shall be under separate written agreement.

Section 2. Compensation.

A. Legal Fees for Bond Counsel Services. For all bond counsel services rendered in connection with the issuance of the 2016 Obligations offered on a private placement basis, our fee shall be a flat fee of $37,500.

B. Out-of-Pocket Expenses. In addition to the legal fees, Bond Counsel shall be reimbursed its normal and customary out-of-pocket expenses, including travel (which includes an out of office fee of $750 for each day of travel) and customary mileage rates; parking charges and bridge tolls as incurred, photocopies at forty-five cents per page, transcript preparation and distribution; telephone and facsimile charges as incurred, and postage and express delivery charges as incurred, with a cap of $2,750.

Section 3. Termination of Agreement and Legal Services.

This Agreement and all legal services to be rendered under it may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for adoption or execution by the District, shall, at the option of the District, become its property and shall be delivered to it or to any party it may designate; provided that Bond Counsel shall have no liability whatsoever for any subsequent use of such documents. In the event of termination by the District, Bond Counsel shall nevertheless be entitled to receive compensation for all work performed up to the point of termination. This continuing, but contingent, right to receive compensation for the work performed up to the point of termination shall survive the term of this Agreement. If not sooner terminated as aforesaid, this Agreement and all legal services to be rendered under it shall terminate upon final issuance of the 2016 Obligations. Upon termination, Bond Counsel shall have no future duty of any kind to or with respect to the 2016 Obligations or the District.

Section 4. Insurance.

Bond Counsel specifically represents that it maintains errors and omissions insurance of a minimum of $1,000,000/$2,000,000 aggregate applicable to the Bond Counsel services to be rendered under this Agreement.

Section 5. Nature of Engagement.

The District acknowledges that Bond Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters. Bond Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, banks, lenders, contractors, suppliers, financial and other consultants/advisors, accountants, investment providers/brokers, providers/brokers of derivative products and others who may have a
role or interest in the Project proceedings or the financing of 2016 Obligations or that may be involved with or adverse to the District in this or some other matter.

Bond Counsel agrees not to represent any such entity in connection with the 2016 Obligations, during the term of this Agreement, without the consent of the District. Given the special, limited role of Bond Counsel described above, the District acknowledges that no conflict of interest exists or would exist, and waives any conflict of interest that might appear actually or potentially to exist, now or in the future, by virtue of this Agreement or any such other attorney-client relationship that Bond Counsel may have had, have or enter into, and the District specifically consents to any and all such relationships.


Bond Counsel and every employee thereof shall provide their services, advice and any reports in full compliance with all applicable law and professional standards. Bond Counsel represents that it is specially trained, experienced, expert and competent to perform the services required under this Agreement, and that each individual providing legal services is a member in good standing of the State Bar and is licensed to practice in California.

Bond Counsel certifies that it will not accept representation in any matters, including litigation, under this Agreement if it or any employee thereof has any personal or financial interest therein. Bond Counsel certifies that it accepts this retention because it has the time, energy, skills and ability necessary to perform the duties required in an efficient, trustworthy, professional and businesslike manner.

It is understood that the services under this Agreement must be provided immediately, and that they are time-critical. Bond Counsel is engaged by District for its unique qualifications and skills. Bond Counsel agrees that it will comply with all ethical duties, will maintain the integrity of the Bond Counsel-client relationship, and will take all steps available to preserve all applicable legal privileges, confidences, and records from disclosure; however, it is hereby understood and agreed that proceedings related to the 2016 Obligations are public in nature, and the District hereby waives its right to confidential communications, and protecting of records from disclosure.

Section 7. Independent Contractor.

Bond Counsel and District understand and agree that Bond Counsel is an independent contractor and that the District shall not be liable for Workers’ Compensation, retirement or unemployment benefits for Bond Counsel or Bond Counsel’s agents, partners or employees.

Section 8. No Guarantee of Outcome.

District hereby acknowledges and agrees that this is a best efforts undertaking, and that no guarantee of success or outcome has been, or can be, made by Bond Counsel.

Section 9. Arbitration.

Any controversy, claim or dispute arising out of or relating to this Agreement, shall be settled solely and exclusively by binding arbitration in San Francisco, California. Such arbitration shall be conducted in
accordance with the then prevailing commercial arbitration rules of JAMS/Endispute ("JAMS"), with the following exceptions if in conflict: (a) one arbitrator shall be chosen by JAMS; (b) each party to the arbitration will pay its pro rata share of the expenses and fees of the arbitrator, together with other expenses of the arbitration incurred or approved by the arbitrator; and (c) arbitration may proceed in the absence of any party if written notice (pursuant to the JAMS’ rules and regulations) of the proceedings has been given to such party. Each party shall bear its own attorneys fees and expenses.

The parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive. All such controversies, claims or disputes shall be settled in this manner in lieu of any action at law or equity; provided however, that nothing in this Section shall be construed as precluding the bringing an action for injunctive relief or other equitable relief. The arbitrator shall not have the right to award punitive damages or speculative damages to either party and shall not have the power to amend this Agreement. The arbitrator shall be required to follow applicable law. IF FOR ANY REASON THIS ARBITRATION CLAUSE BECOMES NOT APPLICABLE, THEN EACH PARTY submits to the ongoing jurisdiction of the state of California and/or the United States District Court for THE ENFORCEMENT HEREOF.

Section 10. Entire Agreement.

This Agreement contains the entire understanding between Bond Counsel and District. All previous proposals, offers and communications relative to the Project and this Agreement, whether oral or written, are hereby superseded except to the extent that they have been incorporated into this Agreement.

No future waiver of or exception to any of the terms, conditions, and provisions of this Agreement shall be considered valid unless specifically agreed to in writing by both Bond Counsel and District. No oral agreement or implied covenant shall be held to vary the provisions of this Agreement.

This Agreement shall bind and inure to the benefit of the parties to this Agreement and any subsequent successors or assigns as may be permitted pursuant to the provisions of this Agreement.

Section 11. Modification.

Both District and Bond Counsel understand that it may be desirable or necessary during the execution of this Agreement for Bond Counsel or District to modify the scope of services provided for under this Agreement. Any material extension or change in the scope of work shall be discussed with District and all changes and their cost shall be memorialized in a written amendment to this original Agreement prior to the performance of the additional work.

Until a written change order is so executed, District shall not be responsible to pay any charges Bond Counsel may incur in performing such additional services, and correspondingly Bond Counsel shall not be required to perform any such additional services.
Section 12. Severability.

All sections and subsections of this Agreement are severable, and the unenforceability or invalidity of any of the sections or subsections of this Agreement shall not affect the validity or enforceability of the remaining sections or subsections of this Agreement, but such remaining sections or subsections shall be interpreted and construed in such a manner as to carry out fully the intention of the parties.

Therefore, if any part, term, or provision of this Agreement shall be held illegal, unenforceable, or in conflict with any law of a federal, state, or local government having jurisdiction over this Agreement, the validity of the remaining portions or provisions shall not be effected by such holding and shall nevertheless continue in full force without being impaired or invalidated in any way.

Section 13. Waiver.

The waiver by either party of a default or breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent default or breach of the same or of a different provision of that party. No waiver or modification of this Agreement or of any covenant condition, or limitation contained in this Agreement shall be valid unless in writing and duly executed by the party or parties to be charged therewith.

Section 14. Counterparts.

This Agreement may be executed in any number of counterparts and each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

* * * * * * *
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers and representatives thereto duly authorized, all as of the day and year first above written.

HUMBOLDT BAY HARBOR, RECREATION & CONSERVATION DISTRICT

By: ____________________________  
    Jack Crider, Chief Executive Officer

THE WEIST LAW FIRM

By: ____________________________  
    Cameron A. Weist, Esq.
INSTALLMENT SALE AGREEMENT

Dated as of January 1, 2016

By and Between

HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

And

COMPASS BANK

Providing for the

$1,540,000.00
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
SERIES 2016 HARBOR ENTERPRISE REVENUE OBLIGATION
(HUMBOLDT HARBOR IMPROVEMENT PROJECT)
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INSTALLMENT SALE AGREEMENT

THIS INSTALLMENT SALE AGREEMENT, (this “Installment Sale Agreement”), dated for convenience as of January 1, 2016, is by and between COMPASS BANK, an Alabama banking corporation, with all right and authority to conduct business in the State of California (the “Bank”), and the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, a duly organized and validly existing political subdivision of the State of California (the “District”);

WITNESSETH:

WHEREAS, the District presently owns and operates certain facilities and property for its harbor enterprise and recreation system (the “Enterprise”) and desires and intends to finance the Project (as defined herein) (the “Financing”); and

WHEREAS, the District has determined that it is in the public interest at this time to provide for the execution and delivery of its “Humboldt Bay Harbor, Recreation and Conservation District, Series 2016 Harbor Enterprise Revenue Obligation (Humboldt Harbor Improvement Project)” (the “2016 Obligation”), pursuant to terms and conditions of this Installment Sale Agreement, the proceeds of which will be used to provide the Financing; and

WHEREAS, the principal of and interest and redemption premium (if any) on the 2016 Obligation, and any bonds or other obligations issued on a parity therewith as provided herein, will be payable from and secured by a pledge of and lien on the Net Revenues derived from the Enterprise, as expressly set forth in this Installment Sale Agreement; and

WHEREAS, in order to provide for the execution and delivery of this Installment Sale Agreement, to establish and declare the terms and conditions upon which the 2016 Obligation is to be made and secured, and to secure the payment of the principal thereof, premium (if any) and interest thereon, the District has authorized the execution and delivery of this Installment Sale Agreement; and

WHEREAS, all things necessary to make the 2016 Obligation when issued, executed and delivered, the valid and binding obligation of the District, and to constitute this Installment Sale Agreement as a valid pledge of the revenues herein pledged to the payment of the principal of, prepayment premium, if any, and interest on the 2016 Obligation have been done and performed, as required by law, and the District is now fully authorized to enter into this Installment Sale Agreement, subject to the terms hereof; and

NOW, THEREFORE, THIS INSTALLMENT SALE AGREEMENT WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on the 2016 Obligation at any time outstanding under this Installment Sale Agreement, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the 2016 Obligation is premised, and in consideration of the premises and of the mutual covenants herein contained, and for other valuable considerations, the receipt whereof is hereby
acknowledged, the District does hereby covenant and agree, for the benefit of the Bank from
time to time of the 2016 Obligation, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this
section shall for all purposes hereof and of any amendment hereof or supplement hereto and of
any report or other document mentioned herein or therein have the meanings defined herein, the
following definitions to be equally applicable to both the singular and plural forms of any of the
terms defined herein.

"Acquisition" or "Acquisition and Construction" means, with respect to any portion of
the Project, the acquisition, construction, improvement, installation, equipping, renovation,
remodeling or reconstruction thereof.

"Additional Revenues" means, with respect to the issuance of any Parity Obligations, any
or all of the following amounts:

(a) An allowance for Net Revenues from any additions or improvements to or extensions
of the Enterprise to be made with the proceeds of such Parity Obligations and also for Net
Revenues from any such additions, improvements or extensions to the Enterprise which have
been made from moneys from any source but in any case which, during all or any part of the
latest Fiscal Year or for any more recent consecutive twelve (12) month period selected by the
District, were not in service, all in an amount equal to ninety percent (90%) of the estimated
additional average annual Net Revenues to be derived from such additions, improvements and
extensions for the first thirty-six (36) month period in which each addition, improvement or
extension is respectively to be in operation, all as shown by the certificate or opinion of an
Independent Engineer.

(b) An allowance for Net Revenues arising from any increase in the charges made for
service from the Enterprise which has become effective (or adopted but not yet effective) prior to
the incurring of such Parity Obligations but which, during all or any part of the latest Fiscal Year
or for any more recent consecutive twelve (12) month period selected by the District, was not in
effect, in an amount equal to the total amount by which the Net Revenues would have been
increased if such increase in charges had been in effect during the whole of such Fiscal Year or
twelve (12) month period, all as shown by the certificate or opinion of an Independent Financial
Consultant.

"Assignee" means any entity to whom the rights of the Bank shall be lawfully assigned
hereunder.

"Authorized Representative" means the District's President, Vice President, Executive
Director, Director of Administrative Services, Secretary, or any other person designated as an
Authorized Representative of the District by a Certificate of the District signed by its

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President, Vice President, Executive Director or Director of Administrative Services and filed with the Bank.

"Bank" means (a) initially, Compass Bank, an Alabama banking corporation, or (b) any Assignee of Bank's right, title or interest in this Installment Sale Agreement and other amounts due hereunder. Whenever in this Installment Sale Agreement any reference is made to the Bank and such reference concerns rights which the Bank has assigned to the Assignee, such reference shall be deemed to refer to the Assignee.

"Board" or "Board of Directors" means the Board of Directors of the District.

"Bond Counsel" means (a) The Weist Law Firm, and (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to municipal obligations similar to the 2016 Obligation.

"Business Day" means a day other than a Saturday, Sunday or legal holiday, on which banking institutions in the State of California are not closed.

"Certificate," "Request" and "Requisition" of the District means a written certificate, request or requisition signed in the name of the District by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Executive Director" means the Executive Director of the District, or any other person designated by the Executive Director to act on behalf of the Executive Director.

"Closing Date" means the date on which the 2016 Obligation is funded by the Bank.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury regulations, including temporary and proposed regulations relating to each such section that are applicable to the Parity Obligations or the use of the proceeds thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the District relating to the execution and delivery of this Installment Sale Agreement, including but not limited to filing and recording costs, CDIAC fees, settlement costs, printing costs, reproduction and binding costs, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, and fees for execution, transportation and safekeeping of this Installment Sale Agreement and charges and fees in connection with the foregoing.

"County" means the County of Humboldt, California.

"Debt Service" means, for any Fiscal Year, the sum of (l) the interest falling due during such Fiscal Year on all Parity Obligations that are outstanding under the documents or agreements pursuant to which they were issued, assuming that all outstanding serial Parity Obligations are retired as scheduled and that all outstanding term Parity Obligations are
redeemed from sinking fund payments as scheduled (except to the extent that such interest has been fully capitalized and is invested in Federal Securities that mature at times and in such amounts as are necessary to pay the interest to which such amounts are pledged), (2) the principal amount of all serial Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued) falling due by their terms during such Fiscal Year, and (3) the minimum principal amount of term Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued) required to be paid or called and redeemed during such Fiscal Year, together with the redemption premiums, if any, thereon; provided that, (A) whenever interest as described herein accrues at other than a fixed rate, such interest shall be assumed to be a rate equal to the greater of (i) the actual rate on the date of calculation, or if the Parity Obligations are not yet outstanding, the initial rate (if established and binding), (ii) if the Parity Obligations have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Obligations is excludable from gross income under the applicable provisions of the Code, the most recently published The Bond Buyer Revenue Bond Index (or comparable index if no longer published) plus one hundred fifty (150) basis points, or (y) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities, plus one hundred fifty (150) basis points, and (B) for purposes of calculating the Debt Service on any Parity Obligation requiring a balloon payment at maturity, such interest shall be assumed to be a rate equal to the greater of (i) the actual rate on the date of calculation, or (ii) six percent (6%), and the principal shall be assumed to be fully amortized, solved for substantially level debt service, over a period of fifteen (15) years from the date of calculation.

“Default Rate” means a rate of interest equal to the interest rate set forth in Section 4.2 (as may be adjusted from time to time pursuant to Section 5.3(c)) plus five percent (i.e., 500 basis points), or any lesser maximum rate as may be required by law.

“District” means the Humboldt Bay Harbor, Recreation and Conservation District, a duly organized and validly existing political subdivision of the State of California.

“Enterprise,” “Harbor Enterprise” or “Harbor System” means, collectively, the entire works, properties and facilities now owned or leased by the District, or hereafter acquired by the District and determined to be a part of the Harbor Enterprise, including, but not limited to, any and all properties and assets, real and personal, tangible and intangible, of the District, now or hereafter existing, used or pertaining to its commercial harbor and recreational facilities, comprising all harbor works and facilities of the District, including all slips and docks, wharfs, buildings, parking and boat launch facilities, electrical and lighting facilities, fueling facilities, towage facilities, equipment and watercraft owned, controlled or operated by the District in or upon or pertaining to the lands, improvements and waters of the District used or useful for, or necessary for or incidental to, the development and operation of the District and the provision of District Services, together with all improvements to such works, property and facilities or any part thereof hereafter acquired or constructed by the District.

“Event of Default” means an event described in Section 6.1 hereof.
“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; and (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are fully, unconditionally and directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the District in accordance with California law, as applicable, as its official fiscal year period.

“Funded Debt” means all outstanding liabilities of the District for borrowed money and other interest-bearing liabilities, including current and long term debt and the stated amount of any letter of credit (other than a letter of credit that is cash secured) issued for the account of the District.

“Generally Accepted Accounting Principles” means the generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Governmental Authority” means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the District that is independent according to the Statement of Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Independent Engineer” means any registered engineer or firm of engineers generally recognized to be well-qualified in engineering matters relating to water systems similar to the Enterprise, appointed and paid by the District, and who or each of whom:

(1) is in fact independent and not under the domination of the District;

(2) does not have a substantial financial interest, direct or indirect, in the District; and

(3) is not connected with the District as a board member, officer or employee of the District, but may be regularly retained to make reports to the District.
"Independent Financial Consultant" means a financial consultant qualified in the field of municipal finance, appointed and paid by the District, and who:

(1) is in fact independent and not under the domination of the District or any member thereof;
(2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
(3) is not connected with the District as an officer or employee of the District or any member thereof, but may be regularly retained to audit the accounting records of and make reports thereon to the District.

"Installment Sale Agreement" means this Installment Sale Agreement, dated as of January 1, 2016, between the Bank and the District.

"Installment Payments" means all payments required to be paid by the District, as such is set forth on Exhibit A hereto, on each Installment Payment Date pursuant to Section 4.2, and including any prepayment thereof pursuant to Section 3.4 or 3.5 hereof.

"Insurance Consultant" means any nationally recognized independent actuary, insurance company or broker that has actuarial personnel knowledgeable with respect to insurance carried, by, required for and available to special districts operating facilities similar to the Enterprise, including a pooled self-insurance program in which premiums are established on the basis of the recommendation of an actuary of national reputation.

"Interest Account" means the account by that name in the Revenue Fund established pursuant to Section 4.3 hereof.

"Interest Component" means the portion of each Installment Payment designated as Interest Component, as such is set forth on Exhibit A hereto.

"Installment Payment Date" or "Payment Date" means July 1 and January 1 of each year, commencing July 1, 2016, and continuing to and including the date on which the Installment Payments have been paid in full, provided that if any Installment Payment Date shall fall on a non-Business Day, the Installment Payment Date shall be the next succeeding Business Day and interest on such payment shall accrue to and including such next succeeding Business Day.

"Maintenance and Operation Costs" means the reasonable and necessary costs and expenses paid or incurred by the District for maintaining and operating the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including but not limited to (a) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Enterprise in good repair and working order, (b) the reasonable administrative costs of the District attributable to the operation and maintenance of the Enterprise, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and (c) all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms hereof or of any resolution authorizing the issuance of any Parity Obligations or of such Parity Obligations, such as compensation, reimbursement and indemnification of the trustee for any such Parity Obligations and fees and expenses of
Independent Certified Public Accountants and independent engineers, but in all cases excluding (i) debt service payable on obligations incurred by the District with respect to the Enterprise, (ii) depreciation, replacement and obsolescence charges or reserves therefor, and (iii) amortization of intangibles or other bookkeeping entries of a similar nature.

"Material Adverse Effect" means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District, (b) the ability of the District to carry out its business in the manner conducted as of the date of this Installment Sale Agreement or to meet or perform its obligations under this Installment Sale Agreement on a timely basis, or the (c) the validity or enforceability of this Installment Sale Agreement.

"Material Litigation" means any action, suit, proceeding, inquiry or investigation against the District in any court or before any arbitrator of any kind or before or by any Governmental Authority, of which the District has notice or knowledge and which, (i) if determined adversely to the District, may have a Material Adverse Effect, (ii) seek to restrain or enjoin any of the transactions contemplated hereby, or (iii) may adversely affect the ability of the District to perform its obligations under this Installment Sale Agreement.

"Maximum Annual Debt Service" means the greatest amount of Debt Service with respect to the Parity Obligations to which reference is made coming due in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year.

"Net Proceeds" means insurance proceeds or an eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Project or the Enterprise, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

"Net Revenues" means for any period, all of the Revenues during such period less all of the Maintenance and Operation Costs during such period.

"2014 Obligation" means the outstanding amount of the Humboldt Bay Harbor, Recreation and Conservation District, Series 2014 Harbor Enterprise Revenue Refunding Loan (2014 Debt Consolidation and Refunding Project), Bank Qualified, approved pursuant to Resolution No. 2014-11, adopted by the Board of Commissioners of the District on December 4, 2014, and executed and delivered pursuant to the 2014 Obligation Document.

"2016 Obligation" means the $1,540,000.00 Humboldt Bay Harbor, Recreation and Conservation District, Series 2016 Harbor Enterprise Revenue Obligation (Humboldt Harbor Improvement Project), made pursuant to this Installment Sale Agreement.

"2014 Obligation Document" means the Loan Agreement, dated as of December 1, 2014, by and between Compass Bank and the District securing the 2014 Obligation.

"2016 Obligation Proceeds" means the $1,540,000.00 amount received by the District from the Bank on the Closing Date.
“Parity Obligations” means the 2014 Obligation, 2016 Obligation and corresponding Installment Payments, and all other bonds, notes, loan agreements, installment sale agreements, leases, or other obligations of the District payable from and secured by a pledge of and lien upon any of the Net Revenues incurred on a parity with the 2016 Obligation, issued in accordance with Section 5.13 hereof.

“Parity Obligations Documents” means, collectively, the 2014 Obligation Document, this Installment Sale Agreement and any indenture of trust, trust agreement, installment sale agreement, loan agreement or other document authorizing the issuance of any Parity Obligations or any securities which evidence Parity Obligations.

“Parity Payments” means all payments scheduled to be paid by the District under Parity Obligations.

“Permitted Investments” means any of the following which at the time of investment are determined by the District to be legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(a) Federal Securities;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, and Federal Housing Administration;

(c) bonds, notes or other evidences of indebtedness rated AAA by S&P and Aaa by Moody’s issued by the Fannie Mae or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(d) U.S. dollar denominated deposit accounts, secured or unsecured certificates of deposit, demand deposits, including interest bearing money market accounts, trust deposits, trust accounts, time deposits, overnight bank deposits, interest-bearing deposits, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of A-1 or A-1+ by S&P and P-1 by Moody’s, and maturing no more than 360 days after the date of purchase;

(e) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody’s and which matures not more than 270 days after the date of purchase;

(f) investments in a money market mutual fund, rated at the time of purchase AAAm or AAAm-G or better by S&P;

(g) Repurchase and reverse repurchase agreements collateralized with Federal Securities;
(h) any pre-refunded bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, at the time of purchase, based on the refunding escrow, in the highest rating category of S&P and Moody's or (ii)(A) which are fully secured as to principal and interest and redemption premium (if any) by a fund consisting only of cash or Federal Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium (if any) in such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates under such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by an Independent Accountant, to pay principal of and interest and redemption premium (if any) on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(i) investment agreements, which are rated, at the time of investment, in the highest rating category of S&P and Moody's;

(j) the Local Agency Investment Fund established under Section 16429.1 of the Government Code of the State of California; and

(k) any other investment permitted under Section 53601 of the California Government Code.

"Principal Account" means the account by that name in the Revenue Fund established pursuant to Section 4.3 hereof.

"Principal Component" means the portion of each Installment Payment designated as Principal Component, as such is set forth on Exhibit A hereto.

"Project" means, collectively, the facilities, improvements and other property constituting part of the Enterprise, the acquisition and construction of which are financed with the proceeds of the 2016 Obligation, as described more fully in Exhibit B attached hereto, as such description may be amended by the District from time to time pursuant to and in accordance with the terms hereof.

"Project Costs" means all costs of the acquisition, construction and installation of the Project which are paid from moneys on deposit in the Project Fund, including but not limited to: (a) all costs required to be paid to any person under the terms of any agreement for or relating to the Acquisition and Construction of the Project; (b) obligations incurred for labor and materials in connection with the Acquisition and Construction of the Project; (c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the Acquisition and Construction of the Project; (d) all preliminary costs of the Project, including but not limited to design, environmental, engineering and architectural services, costs for testing, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees and costs for supervising construction, as well as for the performance of all other duties required by or consequent to the proper
Acquisition and Construction of the Project; (e) any sums required to reimburse the District for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the Acquisition and Construction of the Project; and (f) all financing costs incurred in connection with the Acquisition and Construction of the Project.

“Project Fund” means the fund by that name established and held by the District under Section 4.4 hereof.

“Purchase Price” means the principal amount plus interest thereon owed by the District to the Bank under the terms hereof as provided in Section 4.1.

“Rate Stabilization Fund” means the fund by that name established and maintained pursuant to Section 5.3(d) hereof.

“Request of the District” or “Written Request” means a request in writing signed by the President, Vice President, Executive Director, Secretary or by any other officer of the District duly authorized for that purpose.

“Reserve Fund” means the fund by that name established pursuant to Section 3.8.

“Reserve Requirement” means, initially zero ($0.00). In the event Net Revenues fail to exceed Debt Service by 125% (based on the audited financial statements of the preceding Fiscal Year, as tested each July 1st, or as soon thereafter as audited financial statements first become available, hereafter the “Test Date”), the District is required to increase the Reserve Fund to the lesser of (i) 10% of the original par amount of the 2016 Obligation, (ii) 100% of maximum annual debt service on the 2016 Obligation, or (iii) 125% of average annual debt service on the 2016 Obligation; provided, however, that, so long as the Reserve Fund is fully funded within 60 calendar days from the pertinent Test Date and remains funded for a cure period to the next succeeding Test Date, and assuming (i) no Event of Default shall have been triggered, (ii) no outstanding Material Adverse Change, (iii) no outstanding Material Litigation, (iv) no incidence of outstanding past due payments; and (v) Net Revenues exceed Debt Service by 125% (on a trailing twelve (12) month basis), the Reserve Fund shall be allowed to return to zero ($0.00).]

“Resolution” means the Resolution No. 2016-01, adopted by the Board of Directors of the District on January 14, 2016, authorizing the execution and delivery of this Installment Sale Agreement, and otherwise providing for the execution and delivery of the 2016 Obligation.

“Revenue Fund” means the fund by that name established and maintained pursuant to Section 4.3 hereof.

“Revenues” means all gross income and revenue received or receivable by the District from the ownership and operation of the Enterprise, calculated in accordance with Generally Accepted Accounting Principles, including all rates, fees, taxes, charges, surcharges, insurance proceeds and condemnation awards received by the District and all other income and revenue howsoever derived by the District from the Enterprise, including grant revenues to the extent that such grant revenues are either (a) a reimbursement for costs and expenses accounted for in the District’s audited financial statements as Maintenance and Operation Costs, or (b) otherwise
generally available to the District, and not designated by the grantor for a specific Enterprise purpose; provided, however, that (i) customers’ water related deposits or any other Enterprise related deposits subject to refund until such deposits have become the property of the District, and (ii) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the District for the purpose of paying special assessment bonds or special tax obligations of the District relating to the Enterprise, are not Revenues and are not subject to the lien hereof. Notwithstanding the foregoing, there shall be deducted from Revenues any amounts (of Revenues) transferred into the Rate Stabilization Fund as contemplated by Section 5.3(d) hereof, and there shall be added to Revenues any amounts transferred out of the Rate Stabilization Fund and into the Revenue Fund, as contemplated by Section 5.3(d) hereof.

“State” means the State of California.

“Subordinate Debt” means indebtedness or other obligations (including but not limited to leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues subordinate to the pledge and lien securing the Parity Obligations.

“Term” or “Term of this Installment Sale Agreement” means the time during which this Installment Sale Agreement is in effect, as provided in Section 3.3 hereof.

Section 1.2. Liability of District Limited to Net Revenues and Reserve Fund. Notwithstanding anything to the contrary contained in this Installment Sale Agreement, the District shall not be required to advance any money derived from the proceeds of any taxes collected for the use and benefit of the District, or from any source of income other than the Net Revenues and the Reserve Fund, for the payment of the principal of or interest or prepayment premiums, if any, on the 2016 Obligation or for the performance of any covenants herein contained, nor for the maintenance and operation of the Enterprise from any source of income other than the Revenues. The District may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring any indebtedness. The 2016 Obligation shall be payable exclusively from the Net Revenues and the Reserve Fund, as applicable, as provided in this Installment Sale Agreement. The credit or taxing power of the District is not pledged for the payment of the 2016 Obligation or its interest. The Bank shall never have the right to compel the exercise of the taxing power of the District. The principal of and interest on the 2016 Obligation and any prepayment premiums upon the prepayment thereof shall not be a debt of the District, nor a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the District or any of its income, receipts, or revenues, except the Net Revenues and the Reserve Fund pledged to the payment thereof as provided in this Installment Sale Agreement.

Section 1.3. Benefits of Installment Sale Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District and the Bank any right, remedy or claim under or pursuant hereto. Any agreement or covenant required herein to be performed by or on behalf of the District shall be for the sole and exclusive benefit of the Bank.
Section 1.4. Successor Is Deemed Included in all References to Predecessor. Whenever the District is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District, and all agreements and covenants required hereby to be performed by or on behalf of the District shall bind and inure to the benefit of the successors thereof whether so expressed or not.

Section 1.5. Waiver of Personal Liability. No member of the Board and no officer, agent, or employee of the District, or of any department or agency thereof, shall be individually or personally liable for the payment of the principal of or interest on the 2016 Obligation, but nothing contained herein shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or hereby.

Section 1.6. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. Words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to this Installment Sale Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 1.7. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or the 2016 Obligation; but the Bank shall retain all the rights and benefits accorded to it under any applicable provisions of law. The District hereby declares that it would have adopted, authorized and executed this Installment Sale Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 2.1. Covenants, Representations and Warranties of the District. The District makes the following covenants, representations and warranties to the Bank as of the date of the execution and delivery of this Installment Sale Agreement:

(a) The District is a duly organized and validly existing political subdivision of the State of California.

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(b) The District has full legal right, power and authority under the laws of the State to adopt the Resolution and to enter into this Installment Sale Agreement and to enter into the transactions contemplated herein, and to carry out its obligations hereunder and the transactions contemplated herein, as well as the obligations under the Resolution.

(c) With the exception of the pledge of the Net Revenues relating to the 2014 Obligation under the 2014 Obligation Document, and the 2016 Obligation made hereunder, the Net Revenues have not otherwise been pledged and there are no other liens against the Net Revenues, senior to, or on parity with the Installment Payments.

(d) By all necessary official action, the District has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, this Installment Sale Agreement, and the consummation by it of all other transactions contemplated by this Installment Sale Agreement and the Resolution. When executed and delivered by the District, this Installment Sale Agreement and the 2016 Obligation will be in full force and effect and will constitute legal, valid and binding agreements or obligations of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(e) The District’s audited financial statements for the period ended June 30, 2015, presents fairly the financial condition of the District and the Enterprise as of the date hereof and the results of operation for the period covered thereby. Except as has been disclosed to the Bank, there has been no change in the financial condition of the District or the Enterprise since June 30, 2015, that will materially impair its ability to perform its obligations under this Installment Sale Agreement. All information provided by the District to the Bank with respect to the financial performance of the Enterprise is accurate in all material respects as of its respective date and does not omit any information necessary to make the information provided not misleading.

(f) As currently conducted, the District’s activities with respect to the Enterprise are in all material respects in compliance with all applicable laws, administrative regulations of the State of California and of the United States and any agency or instrumentality of either, and any judgment or decree to which the District is subject.

(g) As long as the 2016 Obligation is outstanding, the District will notify the Bank or its designee, within 30 days, following the date of an event that (i) could cause a default on any obligation of the District, (ii) might reasonably be anticipated to cause a Material Adverse Change, (iii) might reasonably be anticipated to result in Material Litigation, and (iv) could have a negative material impact on the financial condition of the District.

(h) The District is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a
party or to which the District or any of its property or assets is otherwise subject (including, without limitation, the Resolution and this Installment Sale Agreement), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Resolution, the execution and delivery of the 2016 Obligation and the execution and delivery of this Installment Sale Agreement and compliance with the District’s obligations herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instruments, except as provided by the Resolution and this Installment Sale Agreement.

(i) No action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the District’s knowledge, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the making, execution or delivery of the 2016 Obligation or this Installment Sale Agreement or the application of the proceeds of the 2016 Obligation; (iii) in any way contesting or affecting, as to the District, the validity or enforceability of the Resolution, the 2016 Obligation or this Installment Sale Agreement; (iv) in any way contesting the powers of the District or its authority with respect to the execution or delivery of the 2016 Obligation, the adoption of the Resolution, or the execution and delivery of this Installment Sale Agreement; or (v) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the District to perform and satisfy its obligations under the 2016 Obligation or this Installment Sale Agreement; nor to the best of the District’s knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Bond Law, the proceedings authorizing the Resolution, the 2016 Obligation or this Installment Sale Agreement or the performance by the District of its obligations thereunder, or the authorization, execution, delivery or performance by the District of the 2016 Obligation, the Resolution or this Installment Sale Agreement.

(j) The District is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(k) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the making or accepting of the 2016 Obligation and the execution, delivery of and performance of this Installment Sale Agreement
Agreement by the District have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the 2016 Obligation, as to which no representation is made).

(i) The District has the legal authority to apply and will apply, or cause to be applied, the proceeds from the 2016 Obligation as provided in and subject to all of the terms and provisions of the Bond Law, the Resolution and this Installment Sale Agreement.

(m) Any certificate, signed by any official of the District authorized to do so in connection with the transactions described in this Installment Sale Agreement, shall be deemed a representation and warranty by the District to the Bank as to the statements made therein.

(n) Since the most current date of the information, financial or otherwise, supplied by the District to the Bank:

(i) There has been no change in the assets, liabilities, financial position or results of operations of the District which might reasonably be anticipated to cause a Material Adverse Effect;

(ii) The District has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect; and

(iii) The District has not (A) incurred any material indebtedness, other than the 2016 Obligation Payments and trade accounts payable arising in the ordinary course of the District's business and not past due, or (B) guaranteed the indebtedness of any other person or entity.

Section 2.2. Covenants, Representations and Warranties of the Bank. The Bank makes the following covenants, representations and warranties to the District as of the date of the execution and delivery of this Installment Sale Agreement:

(a) The Bank has been duly organized and is validly existing as a banking corporation under the laws of the State of Alabama with full corporate power to enter into and undertake its duties and obligations hereunder and has sufficient knowledge and experience in financial and business matters, including purchase and ownership of taxable municipal obligations, to be able to evaluate the economic risks and merits of the investment represented by the 2016 Obligation.

(b) The execution, delivery and performance of this Installment Sale Agreement has been duly authorized by all necessary corporate actions on the part of the Bank and do not require any further approvals or consents.

(c) The execution, delivery and performance of this Installment Sale Agreement does not and will not result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which the Bank is a party by which it or its property is bound.
(d) There is no pending or, to the knowledge of the Bank, threatened action or proceeding before any court or administrative agency which will materially adversely affect the ability of the Bank to perform its obligations under this Installment Sale Agreement.

(e) The Bank will deliver to the District a certificate substantially in the form set forth in Exhibit C attached hereto.

ARTICLE III

TERMS OF THE 2016 OBLIGATION

Section 3.1. Installment Sale; Purchase Price; Acquisition of Project.

(a) Installment Sale. As consideration for the District’s agreement to make Installment Payments in accordance with Section 4.2 hereof, the Bank hereby sells and conveys the Project to the District, and the District hereby purchases the Project from the Bank. All right, title and interest in each component of the Project shall vest in the District immediately upon Acquisition and Construction thereof. Such vesting shall occur without further action by the Bank or the District and the Bank shall, if requested by the District, or if necessary to assure such automatic vesting, deliver any and all documents required to assure such vesting.

(b) Purchase Price. The Purchase Price to be paid by the District to the Bank is the sum of the principal amount of the District’s obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the Term hereof, subject to prepayment as provided in Sections 3.4 and 3.5 hereof.

(c) Acquisition and Construction of the Project. The Bank hereby appoints the District as its agent to carry out all phases of the Acquisition and Construction of the Project under and in accordance with the provisions hereof. The District hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Bank regarding the Acquisition and Construction of the Project. As agent of the Bank hereunder, the District shall enter into, administer and enforce all purchase orders or other contracts relating to the Project.

Payment of Project Costs shall be made by the District from amounts held in the Project Fund in accordance with the provisions of Section 4.4 of this Installment Sale Agreement. If and to the extent the amounts on deposit in the Project Fund are insufficient to enable the District to complete the Project in full, the District has the sole responsibility for completing the Project and the District will finance such completion from any source of legally available funds of the District. The District hereby agrees to diligently supervise and provide for, or cause to be diligently supervised and provided for, the Acquisition and Construction of the Project in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the District under all applicable requirements of law. All contracts for, and all work relating to, the Acquisition and Construction of the Project are subject to all applicable provisions of law relating to the acquisition and construction of public works by the District, including, but not limited to, California Environmental Quality Act and prevailing labor code laws.
The District has the right to specify the exact scope, nature and identification of the Project and the respective components thereof, and to modify the description of the Project or any component thereof. The District shall have the right from time to time in its sole discretion to amend the description of the Project. In the event of such amendment to the description of the Project, the District shall file with the Bank an amended Exhibit D hereto.

The failure to complete the Project by its estimated completion date does not constitute an Event of Default hereunder or a grounds for termination hereof, nor will any such failure result in the diminution, abatement or extinguishment of the obligations of the District hereunder to pay the Installment Payments when due. Nothing contained herein shall be deemed to be waiver of the Bank’s rights and remedies should the District fail to complete the Project and to complete other improvement and modification of the Project as represented, warranted and covenanted herein. All amounts in the Project Fund not required for payment of future Project Costs will be applied by the District to pay the Installment Payments next coming due and payable.

It is hereby expressly understood and agreed that the Bank shall be under no liability of any kind or character whatsoever for the payment of any cost of the Project and that all such costs and expenses shall be paid by the District.

Section 3.2. Deposit and Application of 2016 Obligation Proceeds. The 2016 Obligation Proceeds shall be made available by the Bank to the District in immediately available funds on the Closing Date. On the Closing Date, the Bank shall transfer a portion of the 2016 Obligation Proceeds in the amount of $______ to the District for deposit in the Project Fund. The Bank hereby agrees to apply the balance of the 2016 Obligation Proceeds in the amount of $______ to pay the costs incurred in connection with the Financing, as directed in writing by the District.

Section 3.3. Term of the Installment Sale Agreement. The Term of this Installment Sale Agreement shall commence on the Closing Date, and shall end on the date on which the 2016 Obligation shall be paid in full or provision for such payment shall be made as provided herein.

Section 3.4. Optional Prepayment. The Principal Components of the 2016 Obligation maturing on or before January , 2026, are not subject to optional redemption prior to their respective stated maturity dates. At its option, and upon thirty (30) days’ notice to the Bank, the District may prepay the Principal Components maturing on or after January , 2027, in whole or in part in integral multiples of $25,000, pro rata among Principal Components, from any source of available funds, on any date on or after January , 2026, at a redemption price equal to the principal amount of the Principal Components to be redeemed, plus accrued interest thereon to the date fixed for prepayment, without premium. The District shall give the Bank notice of its intention to exercise its option not less than thirty (30) days in advance of the date of exercise.

Section 3.5. Prepayment upon Casualty Loss or Governmental Taking. At the District’s option, and upon thirty (30) days’ prior written notice to the Bank, the 2016 Obligation shall be subject to prepayment as a whole or in part on any date, from the Net Proceeds of casualty insurance or a governmental taking of the Enterprise or portions thereof by eminent domain.
proceedings, under the circumstances and upon the conditions and terms prescribed herein, at a prepayment price equal to the sum of the principal prepaid plus accrued interest thereon to the date fixed for prepayment, without premium.

Section 3.6. Execution of this Installment Sale Agreement. The execution of this Installment Sale Agreement by an Authorized Representative shall constitute conclusive evidence of such officers’ and the Board’s approval hereof, including any changes, insertions, revisions, corrections, or amendments as may have been made hereto.

Section 3.7. Assignment by the Bank. The Bank may assign its rights, title and interests herein, but no such assignment will be effective as against the District unless and until the Bank has filed with the District at least five Business Days’ prior written notice thereof and an executed copy of an investor’s letter addressed to the District and the Bank substantially in the form of the letter delivered by the Bank on the Closing Date attached hereto as Exhibit C. The District shall pay all Installment Payments hereunder to the Bank, as provided in Section 4.2 hereof, or under the written direction of the assignee named in the most recent assignment or notice of assignment filed with the District. During the term of this Installment Sale Agreement, the District and Bank shall each keep a complete and accurate record of all such notices of assignment.

Section 3.8. Establishment and Application of Reserve Fund. The District shall establish, maintain and hold in trust a separate fund designated as the “Reserve Fund” which shall be held with the Bank or a depository approved in writing by the Bank, and shall be invested in Permitted Investments. The District, on or before the fifteenth (15th) day of each month next succeeding the determination of a deficiency in the Reserve Fund, shall transfer for deposit in the Reserve Fund an amount of money in the Revenue Fund (or other authorized deposit of security, as contemplated by the definition of Reserve Requirement) necessary to restore the amount in the Reserve Fund to the Reserve Requirement; provided, that no deposit of money from the Revenue Fund need be made into the Reserve Fund so long as there shall be on deposit therein an amount of money equal to the Reserve Requirement. All money in the Reserve Fund shall be used and withdrawn by the District solely for the purpose of replenishing the Interest Account or the Principal Account (in such order) in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the 2016 Obligation in the event that no other money of the District is lawfully available therefor, but shall not be made available for any other purpose, including payment with respect to any Parity Obligations.

Section 3.9. Closing Conditions. The Bank has entered into this Installment Sale Agreement in reliance upon the representations and warranties of the District contained in this Installment Sale Agreement and to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the District of the obligations of the District pursuant to this Installment Sale Agreement at or prior to the Closing Date. Accordingly, the obligation of Bank to consummate the 2016 Obligation and execute this Installment Sale Agreement is subject to the fulfillment to the reasonable satisfaction of the Bank of the following conditions:
(a) The representations and warranties of the District contained in this Installment Sale Agreement shall be true, complete and correct on the Closing Date.

(b) All representations, warranties and covenants made herein, and in certificates or other instruments delivered pursuant hereto or in connection herewith, shall be deemed to have been relied upon by the Bank notwithstanding any investigation heretofore or hereafter made by the Bank or on their behalf.

(c) On the Closing Date, the Resolution and this Installment Sale Agreement shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(d) On the Closing Date, the District will have adopted and there will be in full force and effect such resolutions as in the opinion of Bond Counsel and counsel to the Bank shall be necessary in connection with the transactions contemplated by this Installment Sale Agreement, and all necessary action of the District relating to the issuance of the 2016 Obligation will have been taken, will be in full force and effect and will not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(e) At or prior to the Closing Date, the Bank will have received the following documents:

   (i) the approving opinion of Bond Counsel, dated the Closing Date and addressed to the Bank, to the effect that the Installment Sale Agreement has been duly authorized, executed and delivered by the District and is a legal, valid and binding obligation of the District, enforceable in accordance with its terms, subject to customary exceptions for bankruptcy and judicial discretion;

   (ii) a certificate or certificates, dated the date of the Closing and signed on behalf of the District by an Authorized Representative, to the effect that (I) the representations and warranties contained in this Installment Sale Agreement are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the Closing Date; (II) no litigation of any nature is then pending or, to his or her knowledge, threatened, seeking to restrain or enjoin the issuance and delivery of the 2016 Obligation or the levy or collection of revenues to pay the principal thereof and interest thereon, questioning the proceedings and authority by which such pledge is made, affecting the validity of the 2016 Obligation or contesting the existence or boundaries of the District or the title of the present officers to their respective offices; (III) no authority or proceedings for the issuance of the 2016 Obligation has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the 2016 Obligation has been filed with or received by the District; and (IV) the District has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the Closing Date;

   (iii) a conformed certified copy of the Resolution;

   (iv) the items required by the Resolution as conditions for execution and
delivery of the 2016 Obligation;

(v) the opinion of the General Counsel to the District, dated the Closing Date, addressed to the Bank and Bond Counsel, to the effect that:

(A) the District is a duly organized and validly existing political subdivision of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Resolution, and to enter into, execute, deliver and perform its covenants and agreements under this Installment Sale Agreement; (b) to make, execute and deliver the 2016 Obligation; (c) to pledge the Net Revenues as contemplated by this Installment Sale Agreement; and (d) to carry on its activities as currently conducted;

(B) the Resolution has been duly adopted at a regular meeting of the governing body of the District on January, 2016, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, is in full force and effect, and, except as expressly otherwise provided, has not been amended, modified, or supplemented;

(C) the adoption of the Resolution, and the execution, delivery, and performance by the District of the Installment Sale Agreement, and the compliance with the provisions thereof on the terms and conditions therein, to the best of such counsel’s knowledge after due inquiry, will not conflict with or violate or contravene any order or decree of any California constitutional, statutory or regulatory provision, court, tribunal, governmental authority, bureau, or agency, or violate or cause a default under any mortgage, trust agreement, contract, or other agreement to which the District is a party or that is binding upon it or any of its respective property;

(D) the Installment Sale Agreement has been duly authorized, executed, and delivered by the District and, assuming due authorization and execution by any other applicable parties thereto, constitutes the valid and binding obligation of the District, enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, or other laws affecting the enforcement of creditors’ rights generally and the application of equitable principles if equitable remedies are sought;

(E) to the best of such counsel’s knowledge after due inquiry (1) there are no actions, suits, proceedings, inquiries, or investigations, at law or in equity, before or by any court, governmental agency, public board, or body, pending or threatened against either the District, in any way affecting the titles of the officials of the District to their respective positions, or seeking to restrain or enjoin the execution and delivery of the Installment Sale Agreement, the collection or application or the Net Revenues, or the payment of principal of and interest on the 2016 Obligation, or in any way contesting the validity or enforceability of the Installment Sale Agreement, or in any way questioning the proceedings and authority by which the pledge of Net Revenues is made, affecting the validity of
the Installment Sale Agreement; and (2) no authority or proceedings for the execution and delivery of the Installment Sale Agreement has been repealed, revoked or rescinded, and no petition or petitions to revoke or alter the authorization to execute and deliver the Installment Sale Agreement or to make the 2016 Obligation, has been filed with or received by the District;

(F) to the best of such counsel’s knowledge after due inquiry, no authorization, approval, consent or other order of the State or any other government entity, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the District of the Installment Sale Agreement;

(G) To the best of such counsel’s knowledge after due inquiry, the District is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any 2016 Obligation agreement, trust agreement, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default would materially adversely affect the District’s ability to enter into or perform its obligations under the Installment Sale Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the District’s ability to enter into or perform its obligations under the Installment Sale Agreement; and

(vi) such additional legal opinions, certificates, instruments and other documents as the Bank or its counsel may reasonably request to evidence the truth and accuracy, as of the date of this Installment Sale Agreement and as of the Closing Date, of the representations, warranties, agreements and covenants of the District contained herein and the due performance or satisfaction by the District at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the District.

ARTICLE IV
SECURITY

Section 4.1. Pledge of Net Revenues. The District hereby irrevocably pledges all of the Net Revenues and amounts on deposit in the Revenue Fund to the punctual payment of the Installment Payments. This pledge shall constitute a first lien on the Net Revenues for the payment of the 2016 Obligation in accordance with the terms hereof, which lien is on parity with the lien on Net Revenues that secures the payment of Parity Obligations. The Net Revenues will not be used for any other purpose while any of the Installment Payments are unpaid.

Section 4.2. Repayment of the 2016 Obligation. The District hereby agrees to repay the 2016 Obligation from Net Revenues in the aggregate principal amount of $1,540,000.00 together with interest (calculated at the taxable fixed rate of 6.23%, on the basis of a 360-day year of twelve 30-day months—as may be adjusted from time to time pursuant to Section 5.3(c)) on the unpaid principal balance thereof, payable in semi-annual Installment Payments in the
respective amounts and on the respective Installment Payment Dates specified in Exhibit A hereto, and by this reference made a part hereof.

So long as the 2016 Obligation is owned by Compass Bank, all principal and interest payments with respect to the 2016 Obligation shall be made by wire transfer using the following wiring instructions (unless the District shall receive subsequent wiring instructions from Compass Bank or Assignee, as the case may be):

Payments by wire:
Compass Bank
ABA#: 113-010-547
For Credit to: 90124099
BBI: DO NOT POST. CONTACT LDFC
LDFCPublicFinance.us@BBVA.com
Reference: 2016 Obligation # Humboldt Bay Harbor, Recreation and Conservation District

Section 4.3. Revenues: Establishment and Application of Revenue Fund. The District hereby covenants and agrees to establish, maintain and hold in trust a separate special trust fund to be designated the “Revenue Fund” (herein referred to as the “Revenue Fund”) so long as the 2016 Obligation remains outstanding. Within the Revenue Fund the District shall establish and maintain a separate Interest Account, Principal Account and Redemption Account therein. The Revenue Fund shall be kept separate and apart from all other funds and accounts held by the District and shall be administered as provided herein. The District hereby covenants and agrees that all Revenues, when and as received, will be received and held by the District in trust for the benefit of the Bank and owners of any Parity Obligations, and will be allocated and deposited by the District in the Revenue Fund. All Revenues shall be disbursed, allocated and applied solely to the uses and purposes set forth as follows:

(a) All Revenues in the Revenue Fund shall be set aside or used by the District or deposited by the District with the trustee or fiscal agent with respect to Parity Obligations, as the case may be, as follows and in the following order of priority:

1) Maintenance and Operation Costs. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants to pay all Maintenance and Operation Costs of the Enterprise from the Revenue Fund as they become due and payable. The District shall annually prepare a budget for Maintenance and Operation Costs.

(b) All Net Revenues remaining in the Revenue Fund (after payment of all Maintenance and Operation Costs) on each Installment Payment Date, shall transferred by the District from the Revenue Fund and allocated to the following respective accounts (each of which the District shall establish and maintain within the Revenue Fund), the following amounts in the following order of priority, the requirements of each such account (including the funding of any deficiencies in any such account resulting from insufficient Net Revenues necessary to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

INSTALLMENT SALE AGREEMENT
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(1)  **Interest Account.** On each Installment Payment Date, the District shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Installment Payment Date on all outstanding Parity Obligations. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all outstanding Parity Obligations on such Installment Payment Date. All moneys in the Interest Account shall be used and withdrawn by the District solely for the purpose of paying interest on the Parity Obligations as it shall become due and payable (including accrued interest on any Parity Obligations purchased or redeemed prior to maturity pursuant to this Installment Sale Agreement). In the event that the amounts on deposit in the Interest Account on any Installment Payment Date are insufficient for any reason to pay the aggregate amount of interest then becoming due and payable on the outstanding Parity Obligations, the District shall apply such amounts to the payment of interest on each of the outstanding Parity Obligations on a pro rata basis.

(2)  **Principal Account.** On each Installment Payment Date on which the principal of Parity Obligations is payable, the District shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Parity Obligations coming due and payable on such Installment Payment Date, the amount of principal becoming due and payable on any mandatory sinking account payment due on all outstanding Parity Obligations, if any. All moneys in the Principal Account shall be used and withdrawn by the District solely for the purpose of paying the principal of the Parity Obligations at the maturity date or upon early redemption, as the case may be. In the event that the amounts on deposit in the Principal Account on any Installment Payment Date are insufficient for any reason to pay the aggregate amount of principal then becoming due and payable on the outstanding Parity Obligations, the District shall apply such amounts to the payment of principal on each of the outstanding Parity Obligations on a pro rata basis.

(3)  **Redemption Account.** The District shall establish and maintain a Redemption Account, amounts in which shall be used and withdrawn by the District solely for the purpose of paying the principal, interest and premium (if any) on the Principal Components to be redeemed pursuant to Section 3.4 or 3.5, as applicable.

(4)  **Reserve Accounts.** Payments required to replenish (i) the Reserve Fund, to the extent of the Reserve Requirement, and (ii) any debt service reserve accounts established for Parity Obligations, which replenishment shall be made in accordance with the terms hereof and such Parity Obligations Documents, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(5)  **Subordinate Debt Repayment.** Payments relating to principal and interest on or with respect to Subordinate Debt in accordance with the terms of such Subordinate Debt, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.
(6) **Subordinate Debt Reserve Accounts.** To make payments required with respect to Subordinate Debt to replenish reserve accounts established therefor in accordance with the terms of such Subordinate Debt, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(7) **General Expenditures.** For any lawful purpose of the District, including, but not limited to, any costs of capital improvements to the Enterprise.

Section 4.4. **Project Fund.** The District shall establish, maintain and hold in trust a separate fund to be known as the "Project Fund." There shall be deposited in the Project Fund the amounts indicated in Section 3.2.

Except as otherwise provided herein, moneys in the Project Fund shall be used solely for the payment of the Project Costs. The Trustee shall disburse moneys in the Project Fund from time to time to pay Project Costs (or to reimburse the District for payment of Project Costs) upon receipt by the Trustee of a Requisition of the District, substantially in the form attached hereto as Exhibit D, which: (A) states with respect to each disbursement to be made (i) the requisition number; (ii) the name and address of the person, firm or corporation to whom payment will be made; (iii) the amount to be disbursed; (iv) that each obligation mentioned therein is a proper charge against the Project Fund and has not previously been disbursed by the District from amounts in the Project Fund; (v) that all conditions precedent set forth in this Installment Sale Agreement with respect to such disbursement have been satisfied; and (vi) that the amount of such disbursement is for a Project Cost; (B) specifies in reasonable detail the nature of the obligation; and (C) is accompanied by a bill or statement of account (if any) for each obligation.

The District shall invest proceeds in the Project Fund in investments authorized by California law and the District’s investment policy.

Upon the filing with the Bank of a written certificate of the District stating that the Project has been completed or that all Requisitions intended to be filed by the District have been filed, the District shall withdraw all amounts then on deposit in the Project Fund and transfer such amounts to the Revenue Fund, and the Project Fund shall be closed.

Section 4.5. **Special Obligation of the District; Obligations Absolute.** The District’s obligation to pay the Installment Payments shall be a special obligation of the District limited solely to Net Revenues and amounts on deposit in the Revenue Fund and the Reserve Fund. Under no circumstances shall the District be required to advance moneys derived from any source of income other than Net Revenues and other sources specifically identified herein for the payment of the Installment Payments, nor shall any other funds or property of the District be liable for the payment of the Installment Payments. Notwithstanding the foregoing provisions of this Section, however, nothing herein is intended to prohibit the District voluntarily from making any payment hereunder from any source of available funds of the District.

The obligations of the District to pay the Installment Payments from Net Revenues, and to perform and observe the other agreements contained herein, shall be absolute and
unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the District, the Bank of any obligation to the District or otherwise with respect to the Enterprise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Bank. Until such time as all of the Installment Payments shall have been fully paid or prepaid, the District (a) will not suspend or discontinue payment of any Installment Payments, (b) will perform and observe all other agreements contained in this Installment Sale Agreement, and (c) will not terminate this Installment Sale Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Enterprise, sale of the Enterprise, the taking by eminent domain of title to or temporary use of any component of the Enterprise, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Bank to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Installment Sale Agreement.

Section 4.6. Reduction upon Partial Prepayment. In the event the District prepays less than all of the remaining Principal Components of the Installment Payments pursuant to Sections 3.4 or 3.5 hereof, the amount of such prepayment shall be applied by the Bank to the outstanding Principal Components in inverse order of maturity, unless otherwise requested by District and agreed to by Bank in its reasonable discretion.

Section 4.7. Rate on Overdue Installment Payments. In the event the District should fail to make any of the Installment Payments required in Section 4.2 hereof on or before the due date therefor, the Installment Payment in default shall continue as an obligation of the District until the amount in default shall have been fully paid and the District agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the Default Rate.

ARTICLE V

COVENANTS OF THE DISTRICT

Section 5.1. Operation and Maintenance of the Enterprise. The District will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner and will pay all Maintenance and Operation Costs of the Enterprise as they become due and payable.

Section 5.2. Against Sale or other Disposition of Property. The District will not encumber, sale, lease, pledge, or otherwise encumber or dispose of the Enterprise or any part thereof essential to the proper operation of the Enterprise or to the production and/or maintenance of the Revenues without the prior written consent of the Bank first had and obtained, which consent shall not be unreasonably withheld. The District further covenants that it will not lease space to operations related to the marijuana industry.

Furthermore, the District will not enter into any agreement or lease that impairs the operation of the Enterprise or any part thereof necessary to secure adequate Revenues for the payment of the 2016 Obligation or that would otherwise impair the rights of the District with
respect to the Revenues or the operation of the Enterprise. Any real or personal property that has become nonoperative or that is not needed for the efficient and proper operation of the Enterprise, or any material or equipment that has become worn out, may be sold at not less than the fair market value thereof. The District shall deposit the proceeds of such sale in the Revenue Fund.

Section 5.3. Rates, Fees, and Charges. (a) The District will, at all times while the 2016 Obligation remains outstanding, fix, prescribe and collect rates, fees and charges in connection with the Enterprise so as to yield Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts in the order set forth below:

1. All Maintenance and Operation Costs of the Enterprise;

2. The Debt Service payments and all other payments (including payments under reimbursement agreements) with respect to all Parity Obligations as they become due and payable;

3. All amounts, if any, required to restore the balance in any reserve accounts established for Parity Obligations in accordance with the terms of such Parity Obligations Documents, without preference or priority; and

4. All payments required to meet any other obligations of the District that are charges, liens, encumbrances upon, or which are otherwise payable from the Revenues during such Fiscal Year.

(b) Furthermore, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year which are sufficient to yield estimated Net Revenues which are at least equal to one hundred twenty-five percent (125%) of the aggregate amount of Debt Service on all Parity Obligations payable from Net Revenues coming due and payable during such Fiscal Year. The District may make adjustments, from time to time, in its rates, fees and charges as it deems necessary, but shall not reduce its rates, fees and charges below those in effect unless the Net Revenues resulting from such reduced rates, fees and charges shall at all times be sufficient to meet the requirements set forth in this paragraph.

(c) If the District violates the covenants set forth in subsections (a) or (b) hereof, such violation shall not, in and of itself, be a default under this Installment Sale Agreement and shall not give rise to a declaration of an Event of Default so long as (i) Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from the Rate Stabilization Fund pursuant to subsection (d) below), are at least equal to the Maximum Annual Debt Service coming due and payable during such Fiscal Year, and (ii) within 120 days after the date such violation is discovered (which is measured and commenced as of the last day of applicable annual report revealing the violation), the District either (y) transfers enough moneys from the Rate Stabilization Fund sufficient to yield estimated Net Revenues which are at least equal to one hundred twenty-five percent (125%) of the aggregate amount of Debt Service on all Parity Obligations payable from Net Revenues coming due and payable during such Fiscal Year.
in compliance with subsection (b) hereof, or (z) hires an Independent Financial Consultant to review the revenues and expenses of the Enterprise, and abides by such consultant’s recommendations to revise the schedule of rates, fees, expenses and charges, and to revise any Maintenance and Operation Costs insofar as practicable, and to take such other actions as are necessary so as to produce Net Revenues to cure such violation for future compliance; provided, however, that, if the District does not, or cannot, transfer from the Rate Stabilization Fund the amount necessary to comply with subsection (b) hereof, or otherwise cure such violation within twelve (12) months after the date such violation is discovered, an Event of Default shall be deemed to have occurred under Section 6.1(a)(2) hereof. However, anything in this Installment Sale Agreement to the contrary notwithstanding, in the event that Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from the Rate Stabilization Fund pursuant to subsection (d) below), fall below one hundred twenty-five percent (125%) of the aggregate amount of Debt Service on all Parity Obligations, the interest rate on the 2016 Obligation shall increase by 30 basis points until the next Test Date that the produces results demonstrating that Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from the Rate Stabilization Fund pursuant to subsection (d) below), exceed one hundred twenty-five percent (125%) of the aggregate amount of Debt Service on all Parity Obligations.

(d) There is hereby created a separate fund to be known as the “Rate Stabilization Fund,” to be held and maintained by the District. The Rate Stabilization Fund is not pledged to secure payment of the Installment Payments. Amounts in the Rate Stabilization Fund shall be applied solely for the uses and purposes set forth in this subsection (d). The District shall have the right to deposit into the Rate Stabilization Fund from time to time any amount of funds which are legally available therefor; provided that deposits for each Fiscal Year may be made until (but not after) one hundred twenty (120) days following the end of such Fiscal Year.

For the purpose of computing the amount of Revenues for any Fiscal Year for purposes of the preceding subsection (a), or the amount of Net Revenues for any Fiscal Year for purposes of the preceding subsection (b), the District shall be permitted to transfer amounts on deposit in the Rate Stabilization Fund to the Revenue Fund, such transfers to be made until (but not after) one hundred twenty (120) days after the end of such Fiscal Year. In addition, the District shall be permitted to withdraw amounts on deposit in the Rate Stabilization Fund for any other lawful purpose. The Rate Stabilization Fund is not pledged to secure payment of the Installment Payments.

Section 5.4. Collection of Rates and Charges. The District will have in effect at all times rules and regulations requiring each consumer or customer located on any premises connected with the Enterprise to pay the rates, fees and charges applicable to such premises and providing for the billing thereof and for a due date and a delinquency date for each bill. Except in connection with (i) the receipt of federal or State funding, (ii) the property use rights provided to the State of California by statute, and (iii) the waivers or other forgiveness measures provided by District ordinance, the District will not permit any part of the Enterprise or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State of California and any city, county, district, political subdivision, public corporation or agency of any thereof).
Section 5.5. Competitive Facilities. The District will not, to the extent permitted by law, acquire, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, authority, city, or political subdivision or any person whomsoever to acquire, maintain or operate within the District any harbor or waterway system competitive with the Enterprise; provided, however, that the District may, with the written consent of the Bank, assign all or a portion of the Enterprise to another entity, provided such entity assumes the obligations of the District hereunder.

Section 5.6. Insurance. (a) The District will procure and maintain insurance on the Enterprise with commercial insurers or through participation in a joint powers insurance authority, in such amounts, with such deductibles and against such risks (including accident to or destruction of the Enterprise) as are usually insurable in accordance with industry standards with respect to similar enterprises.

In the event of any damage to or destruction of the Enterprise caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of the Enterprise. The District shall cause such repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible, and shall pay out of the proceeds of such insurance all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the Enterprise shall be free and clear of all liens and claims. If the proceeds received by reason of any such loss shall exceed the costs of such repair, reconstruction or replacement, the excess shall be applied to prepay the 2016 Obligation and any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such Parity Obligations.

Alternatively, if the proceeds of such insurance are sufficient to enable the District to retire all outstanding Parity Obligations and all other amounts due hereunder, the District may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Enterprise, and thereupon such proceeds shall be applied to the prepayment of such Parity Obligations and to the payment of all other amounts due hereunder, and as otherwise required by the documents pursuant to which other Parity Obligations were issued.

(b) The District will procure and maintain commercial general liability insurance covering claims against the District for bodily injury or death, or damage to property, occasioned by reason of the ownership or operation of the Enterprise, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar enterprises.

(c) The District will procure and maintain workers’ compensation insurance against liability for compensation under the Workers’ Compensation Insurance and Safety Act of California, or any act hereafter enacted as an amendment or supplement or in lieu thereof; such insurance to cover all persons employed in connection with the Enterprise.
(d) The District will ensure that all policies of insurance required to be maintained herein shall provide that the Bank shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

(e) In lieu of obtaining insurance coverage as required by this Section, such coverage may, with the prior written consent of the Bank, be maintained by the District in the form of self-insurance. The District shall certify to the Bank that (i) the District has segregated amounts in a special insurance reserve meeting the requirements of this Section; (ii) an Insurance Consultant certifies annually, on or before January 1 of each year in which self-insurance is maintained, in writing to the Bank that the District’s general insurance reserves are actuarially sound and are adequate to provide the necessary coverage; and (iii) such reserves are held in a separate trust fund by an 'independent' trustee. Any statements of self-insurance shall be delivered to the Bank. The District shall pay or cause to be paid when due the premiums for all insurance policies required hereby.

The District shall cause the Bank to be named as an additional insured with respect to the District’s liability insurance, and as a loss payee with respect to any property damage insurance. The District shall not allow any insurance to expire without thirty (30) days prior written notice to the Bank.

Section 5.7. Eminent Domain. If all or any part of the Enterprise shall be taken by eminent domain proceedings, the resulting Net Proceeds thereof shall be applied as follows:

(a) If (1) the District delivers to the Bank a Certificate of the District showing (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Enterprise proposed to be acquired by the District from any Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) on the basis of such certificate, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive); then the District shall promptly proceed with the acquisition of such additions, betterments, extensions or improvements substantially in accordance with such Certificate of the District and such Net Proceeds shall be applied for the payment of the costs of such acquisition, and any balance of such Net Proceeds not required by the District for such purpose shall be applied to prepay the Principal Components and the principal amount of any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such other Parity Obligations.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied to prepay the Principal Components of the 2016 Obligation and the principal amounts of any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such other Parity Obligations.
Section 5.8. **Additional Information.** The District agrees to furnish to the Bank, promptly, from time to time, such information regarding the operations, financial condition and property of the District and the Enterprise as the Bank may reasonably request.

Section 5.9. **Compliance with Law and Contracts.** The District will faithfully comply with, keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on its operation of the Enterprise by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board, or commission having jurisdiction or control.

Section 5.10. **Punctual Payment.** The District will punctually pay the principal and interest to become due in respect of the 2016 Obligation, in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not rescind this Installment Sale Agreement for any cause.

Section 5.11. **Reserved.**

Section 5.12. **Protection of Security and Rights of the Bank.** The District will preserve and protect the security of the 2016 Obligation and the rights of the Bank and will warrant and defend the Bank’s rights against all claims and demands of all persons. From and after the Closing Date, the 2016 Obligation shall be incontestable by the District.

Section 5.13. **Parity Obligations.**

(a) So long as the 2016 Obligation is outstanding, the District shall not issue or incur any obligations payable from Revenues or Net Revenues secured by a lien thereon which is senior or superior to the payment of Debt Service on the 2016 Obligation. The District may, with the prior written consent of the Bank (which shall not unreasonably be withheld), at any time issue Parity Obligations payable from Net Revenues on a parity with Debt Service on the 2016 Obligation to provide financing or refinancing for the Enterprise in such principal amount as shall be determined by the District. The District may issue or incur any such Parity Obligations subject to the following specific conditions (in addition to the written consent of the Bank), which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations:

1. No Event of Default shall have occurred and be continuing; and

2. The Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from the Rate Stabilization Fund pursuant to Section 5.3(d) hereof), calculated in accordance with Generally Accepted Accounting Principles, either (i) as shown by the books of the District for the latest Fiscal Year, as verified by a certificate of an Authorized Representative of the District, or (ii) as shown by the books of the District for any more recent twelve (12) month period selected by the District, as verified by a certificate or opinion of an Independent Certified Public Accountant employed by the District, plus in either case (at the option of the District, with the prior written consent of the Bank, which shall not be unreasonably withheld) the Additional Revenues, shall be at least equal to one hundred twenty-five percent (125%) of the

**INSTALLMENT SALE AGREEMENT**

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amount of Maximum Annual Debt Service on all outstanding Parity Obligations and the Parity Obligations to be issued.

The provisions of subsection (2) of this Section shall not apply to any Parity Obligations if, and to the extent that (i) all of the proceeds of such Parity Obligations (other than proceeds applied to pay costs of issuing such Parity Obligations and to make any reserve fund deposit required pursuant thereto) shall be deposited in an irrevocable escrow held in cash or invested in Federal Securities for the purpose of paying the principal of and interest and premium (if any) on other outstanding Parity Obligations, and (ii) at the time of the incurring of such Parity Obligations, the District certifies in writing that maximum annual debt service on such Parity Obligations will not exceed Maximum Annual Debt Service on the outstanding Parity Obligations being refunded, and (iii) the final maturity of such Parity Obligations is not later than the final maturity of the Parity Obligations being refunded.

(b) In order to maintain the parity relationship of debt service payments on all Parity Obligations permitted hereunder, the District covenants that all payments in the nature of principal and interest or reserve account replenishment with respect to any Parity Obligations, will be structured to occur semi-annually on July 1 and January 1, in each year as such payments are due with respect to the Debt Service payments, and reserve account (if any) replenishment with respect to any Parity Obligations will be structured to occur within one year, and to otherwise structure the terms of such Parity Obligations to ensure that they are in all respects payable on a parity with the Debt Service payments on the 2016 Obligation and all Parity Obligations, and not prior thereto.

(c) The District may at any time execute contracts or issue bonds or other indebtedness payable from Net Revenues or the Revenue Fund payable on a subordinated basis to the payment of the Debt Service payments on Parity Obligations.

Section 5.14. Against Encumberances. The District hereby covenants and agrees that it shall not incur any obligations that are secured by a pledge and lien on the Net Revenues that is senior to the pledge and lien on the Net Revenues contained herein. The District will not make any pledge of or place any lien on the Net Revenues except as provided herein. The District may pledge Net Revenues to secure Parity Obligations issued in accordance with Section 5.13 hereof. The District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose that are payable from and secured by a pledge of and lien on Net Revenues that is subordinate in all respects to the pledge of and lien on the Net Revenues provided herein.

Section 5.15. Further Assurances. The District will adopt, make, execute and deliver any and all further resolutions, instruments, and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Bank of the rights and benefits provided to it hereunder.

Section 5.16. Financial Reports. Promptly upon receipt by the District and in no event later than one hundred eighty (180) days after the close of each Fiscal Year (unless otherwise agreed in writing by the Bank), the District will furnish, or cause to be furnished, to the Bank an audit report of an Independent Certified Public Accountant with respect to such Fiscal Year, covering the operations of the Enterprise for said Fiscal Year. Such audit report shall include
statements of the status of each account pertaining to the Enterprise, showing the amount and source of all deposits therein, the amount and purpose of the withdrawals therefrom and the balance therein at the beginning and end of said Fiscal Year.

Each such audit, in addition to whatever matters may be considered proper by the Independent Certified Public Accountant to be included therein, shall include a statement as to whether or not the Net Revenues for such Fiscal Year were equal to at least 1.25 times the Debt Service for such Fiscal Year, calculated as provided in Section 5.3 hereof.

Section 5.17. Budget. The District hereby covenants to take such action as may be necessary to include all Installment Payments and all other amounts due hereunder in its annual budget and to make the necessary annual appropriations for all such Installment Payments and all other amount due hereunder.

The District shall deliver to the Bank, not later than August 1 of each year, commencing August 1, 2016, a copy of the District’s adopted budget for the then current Fiscal Year. The District shall also deliver to the Bank a copy of any update to the District’s budget adopted for a Fiscal Year with thirty (30) days of the adoption of such updated budget.

Section 5.18. Observance of Laws and Regulations. The District will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the District, including the District’s right to exist and carry on business as a harbor, recreation and conservation district, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 5.19. Notices. The District shall provide to the Bank:

(a) Immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Installment Sale Agreement, together with a detailed statement by an Authorized Representative of the steps being taken by the District to cure the effect of such Event of Default.

(b) Prompt written notice (i) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court or other governmental authority, domestic or foreign, against the District or the Enterprise or the Revenues which involve claims equal to or in excess of $500,000 or that seeks injunctive relief, or (ii) of any loss or destruction of or damage to any portion of the Enterprise in excess of $500,000.

(c) Prompt written notice of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority with respect to any matter that relates to or could impact any Revenues.

(d) Promptly upon notice thereof, any termination or cancellation of any insurance policy which the District is required to maintain, or any uninsured or partially
uninsured loss through liability or property damage, or through fire, theft or any other cause affecting the District property in excess of an aggregate of $500,000.

(e) With reasonable promptness, such other information respecting the District, Enterprise, and the operations, affairs and financial condition of the District as the Bank may from time to time reasonably request.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.1. Events of Default and Remedies.

(a) Events of Default. The following shall be Events of Default hereunder:

(1) Failure by the District to pay any Principal Component or Interest Component on the 2016 Obligation within ten (10) days of an applicable Installment Payment Date.

(2) Failure by the District to observe and perform any covenant, condition or agreement on its part contained herein pertaining to the Enterprise, other than in clause (1) of this subsection, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Bank; provided, however, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such thirty (30) day period, the Bank shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within such thirty (30) day period and diligently pursued until the default is corrected.

(3) Default by the District under any Parity Obligation (or Subordinate Debt which requires or permits the immediate acceleration thereof).

(4) Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any law providing for the appointment of a receiver, liquidator, trustee, or similar official of the District or of all or substantially all of its assets, by or with the consent of the District, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty (60) days, or agreement by the District with the District’s creditors to effect a composition or extension of time to pay the District’s debts, or request by the District for a reorganization or to effect a plan of reorganization, or for a readjustment of the District’s debts, or a general or any assignment by the District for the benefit of the District’s creditors.

(5) Any statement, representation or warranty made by the District in or pursuant to this Installment Sale Agreement or its execution, delivery or performance proves to have been false, incorrect, misleading, or breached in any material respect on the date made, and is continuing for a period of thirty (30) days after written notice
specifying such misrepresentation or breach and requesting that it be remedied has been given to the District by the Bank; provided, however, that the Bank and the District may agree that action by the District to cure such failure may be extended beyond such thirty-day period.

(6) This Installment Sale Agreement or any material provision of this Installment Sale Agreement shall at any time for any reason cease to be the legal, valid and binding obligation of the District or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the District, or the District shall renounce the same or deny that it has any further liability hereunder.

(7) Dissolution, termination of existence or insolvency of the District.

(8) Any court of competent jurisdiction with jurisdiction to rule on the validity of any provision of this Installment Sale Agreement shall find or rule that this Installment Sale Agreement is not valid or not binding on the District.

(b) Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Bank shall have the right, at its option upon notice to the District, to declare the unpaid aggregate Principal Components of the 2016 Obligation, and the interest accrued thereon, to be immediately due and payable, whereupon the same shall immediately become due and payable.

The Bank shall also have the right, at its option upon notice to the District, to (i) apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require officials of the District to charge and collect rates for services provided by the District and the Enterprise sufficient to meet all requirements of this Installment Sale Agreement, and (ii) take whatever action at law or in equity as may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of this Installment Sale Agreement, or enforce performance and observance of any obligation, agreement or covenant of the District under this Installment Sale Agreement, subject to the following paragraph.

Notwithstanding any provision of this Installment Sale Agreement, the District’s liability to pay the Installment Payments and other amounts hereunder shall be limited solely to Net Revenues as provided in Article IV hereof and moneys deposited in the Reserve Fund. In the event that Net Revenues and moneys deposited in the Reserve Fund shall be insufficient at any time to pay a Principal Component and/or Interest Component in full, the District shall not be liable to pay or prepay such delinquent Installment Payment other than from Net Revenues and moneys deposited in the Reserve Fund.

Section 6.2. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 6.1, all Net Revenues thereafter received by the District shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Net Revenues ratably without any discrimination or preference, of
the fees, costs and expenses of the Bank if any, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel; and

Second, to the payment of the entire unpaid aggregate Principal Components of the 2016 Obligation and the unpaid principal amount of any other Parity Obligations secured by the Net Revenues and the accrued interest thereon, with interest on the overdue payments at the rate or rates of interest applicable to the 2016 Obligation and such other Parity Obligations if paid in accordance with their respective terms.

Section 6.3. Other Remedies of the Bank. The Bank shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform and carry out its or his duties under the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Bank; or

(c) by suit in equity upon the happening of an Event of Default to require the District and its Board members, officers and employees to account as the trustee of an express trust.

Section 6.4. Non-Waiver. Nothing in this article or in any other provision hereof, or in the 2016 Obligation, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the 2016 Obligation to the Bank when due, as herein provided, out of the Net Revenues herein pledged for such payment, or shall affect or impair the right of the Bank, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in this Installment Sale Agreement.

A waiver of any default or breach of duty or contract by the Bank shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Bank to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Bank by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Bank. If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Bank, the District and the Bank shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 6.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Bank is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.
Section 6.6. Prosecution and Defense of Suits. The District shall promptly, upon request of the Bank or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Enterprise whether now existing or hereafter arising and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose.

ARTICLE VII

NOTICES

Section 7.1. Notices. All written notices under this Installment Sale Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice is effective either (a) upon transmission by facsimile transmission, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in any other case, upon actual receipt. The District or the Bank may, by written notice to the other parties, from time to time modify the address or number to which communications are given hereunder.

If to the District: Humboldt Bay Harbor, Recreation and Conservation District
P.O. Box 1030
Eureka, California 95502-1030
Attention: Executive Director
Fax: (707) 443-0800

If to the Bank: BBVA Compass Bank
1490 Stone Point Drive
Suite 250
Roseville, CA 95661
Attention: Mr. Steven Zari
Fax: (916) 945-3844

With a copy to: Compass Bank
201 N. Hwy 183 (overnight delivery only)
Leander, TX 78641
Attention: Susan Boswell

ARTICLE VIII

AMENDMENTS; DISCHARGE; GENERAL AUTHORIZATION; EFFECTIVE DATE

Section 8.1. Amendments Permitted. (a) This Installment Sale Agreement and the rights and obligations of the District and of the Bank may be modified or amended at any time by a written supplemental agreement entered into by the District and the Bank.

(b) From and after the time any supplemental agreement becomes effective pursuant to this Article, this Installment Sale Agreement shall be deemed to be modified and
amended in accordance therewith, and the respective rights, duties, and obligations under this Installment Sale Agreement and the Bank shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental agreement shall be deemed to be part of the terms and conditions of this Installment Sale Agreement for any and all purposes.

Section 8.2. Discharge of Installment Sale Agreement. (a) If the District shall pay or cause to be paid or there shall otherwise be paid to the Bank the principal of and the interest and the prepayment premium, if any, on this Installment Sale Agreement at the times and in the manner stipulated herein, then all agreements, covenants and other obligations of the District to the Bank hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) This Installment Sale Agreement shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case this Installment Sale Agreement is to be prepaid on any date prior to its final principal payment date, the District shall have mailed a notice of prepayment to the Bank, (2) there shall have been deposited with the Bank, or an escrow agent reasonably acceptable to the Bank, either money in an amount that shall be sufficient or direct obligations of the United States of America that are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money that, together with the money, if any, deposited with the Bank or such escrow agent at the same time, shall be sufficient to pay when due the interest to become due on this Installment Sale Agreement on and prior to the final principal payment date or prepayment date thereof, as the case may be, and the principal of and prepayment premiums, if any, on this Installment Sale Agreement on and prior to the final principal payment date or the prepayment date thereof, as the case may be, and (3) if this Installment Sale Agreement is not subject to prepayment within the next succeeding sixty (60) days, the District shall have mailed a notice to the Bank that the deposit required by clause (2) above has been made with the Bank or such escrow agent and that this Installment Sale Agreement is deemed to have been paid in accordance with this section and stating the principal payment dates or prepayment date, as the case may be, upon which money is to be available for the payment of the principal of and prepayment premiums, if any, on this Installment Sale Agreement.

Section 8.3. General Authorization. The Authorized Representatives of the District, and each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the District, to execute and deliver any and all documents, to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, in order to consummate the financing and to effect the purposes of this Installment Sale Agreement. All actions heretofore taken by officers, employees, and agents of the District that are in conformity with the purposes and intent of this Installment Sale Agreement are hereby approved, confirmed, and ratified.

Section 8.4. Binding Effect. This Installment Sale Agreement shall inure to the benefit of and shall be binding upon the Bank and the District and their respective successors and assigns.
Section 8.5. Severability. In the event any provision of this Installment Sale Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.6. Further Assurances and Corrective Instruments. The Bank and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Installment Sale Agreement.

Section 8.7. Applicable Law. This Installment Sale Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8. Captions. The captions or headings in this Installment Sale Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Installment Sale Agreement.

Section 8.9. Agreement to Pay Attorneys’ Fees and Expenses. The District will pay the Bank its reasonable attorney fees incurred subsequent to an Event of Default.

Section 8.10. Partial Invalidity. THE BANK MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OF THE PROJECT OR ANY PART THEREOF, OR AS TO THE FITNESS FOR ANY PARTICULAR USE OF THE PROJECT OR ANY PART THEREOF OR AS TO THE FITNESS OF THE PROJECT FOR THE USE CONTEMPLATED BY THE DISTRICT OR ANY PART THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT THERETO. THE DISTRICT ACKNOWLEDGES THAT THE BANK IS NOT A CONTRACTOR OF THE PROJECT, THAT THE DISTRICT PURCHASES THE PROJECT "AS-IS," IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. IN NO EVENT SHALL THE BANK BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE ACQUISITION, CONSTRUCTION, EXISTENCE, FURNISHING, FUNCTIONING OR THE DISTRICT'S USE OF ANY ITEM OR PRODUCTS OR SERVICES PROVIDED FOR IN THIS AGREEMENT. THE DISTRICT ACKNOWLEDGES THAT IT IS SOLELY RESPONSIBLE FOR DETERMINING THE SUITABILITY OF THE PROJECT FOR ITS INTENDED USE.

Section 8.11. Execution in Counterparts. This Installment Sale Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

***************

[Signature page to follow]
IN WITNESS WHEREOF, the Bank has caused this Installment Sale Agreement to be executed in its corporate name by its duly authorized officer; and the District has caused this Installment Sale Agreement to be executed in its name by its Executive Director, as of the date first above written.

COMPASS BANK,
an Alabama banking corporation

By: __________________________

Name: _________________________

Title: __________________________

HUMBOLDT BAY HARBOR, RECREATION
AND CONSERVATION DISTRICT

By: __________________________

Jack Crider, Executive Director
<table>
<thead>
<tr>
<th>Installment Payment Date</th>
<th>Principal Component</th>
<th>Interest Component</th>
<th>Total Installment Payment</th>
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**Totals**
EXHIBIT B

DESCRIPTION OF PROJECT

The Project consists of the acquisition and construction of certain improvements to the District’s existing Enterprise, which will specifically include the acquisition and construction of part or all of the following improvement projects, together with all environmental, design, hydrology, engineering, and other related costs:
EXHIBIT C

CERTIFICATE OF BANK

The undersigned hereby states and certifies, for and on behalf of, Compass Bank, an Alabama banking corporation, (the “Bank”), that it has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other taxable obligations, similar to the above-captioned $1,540,000.00 aggregate principal amount of the Humboldt Bay Harbor, Recreation and Conservation District, Series 2016 Enterprise Revenue Obligation (Humboldt Harbor Improvement Project) (the “2016 Obligation”), approved pursuant to Resolution No. (the “Resolution”), adopted by the Board of Commissioners of the Humboldt Bay Harbor, Recreation and Conservation District (the “District”) on January 14, 2016, and executed and delivered pursuant to an Installment Sale Agreement, dated as of January 1, 2016, by and between the Bank and the District (the “Installment Sale Agreement”), and as such, in connection with said making of the 2016 Obligation, the undersigned hereby acknowledges and represents that:

(i) the Bank is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated or formed and has the full legal right, power and authority to make the 2016 Obligation and to enter into the Installment Sale Agreement;

(ii) the Bank has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other taxable obligations similar to the 2016 Obligation, to be able to evaluate the risks and merits of the investment represented by the 2016 Obligation and is able to bear the economic risks of such investment;

(iii) the Bank understands that neither the 2016 Obligation nor the Installment Sale Agreement have been registered with any federal or state securities agency or commission; and further understands that the 2016 Obligation and the Installment Sale Agreement (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state; (b) will not be listed in any stock or other securities exchange; and (c) will not carry a rating from any rating service;

(iv) the Bank acknowledges that it has either been supplied with or has been given access to information to which a reasonable investor would attach significance in making investment decisions, and the Bank has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the legal, physical and fiscal condition of the District and the District’s Enterprise, as well as the insurance, security and prepayment arrangements set forth in the Installment Sale Agreement and the 2016 Obligation, so that, as a reasonable investor, the Bank has been able to make an informed investment decision to enter into the Installment Sale Agreement for the making of the 2016 Obligation;

(v) the Bank understands and acknowledges that no official statement, offering memorandum or any disclosure document has been prepared, nor is any contemplated to be prepared;

(vi) the Bank acknowledges that at Closing there is no reserve fund required for the 2016 Obligation, however the Installment Sale Agreement provides for the funding of a Reserve Fund under certain circumstances, as set forth in the Installment Sale Agreement;
(vii) the Bank understands and acknowledges it is making the 2016 Obligation on a private placement basis, and it is not intended that the transaction be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), and therefore the District has not undertaken, other than as provided in the Installment Sale Agreement, to provide to or for the benefit of holders of the 2016 Obligation financial or operating data or any other information with respect to the District or the 2016 Obligation on an ongoing basis;

(viii) the Bank has made its own inquiry and analysis with respect to the 2016 Obligation and the security therefore, and other material factors affecting the security and payment of the 2016 Obligation;

(ix) the Bank is either:

(a) an “accredited investor” as such term is defined in Rule 501(a) promulgated under the Securities Act of 1933, as amended (the “Securities Act”);

(b) a “qualified institutional buyer” as such term is defined in Rule 144A promulgated under the Securities Act; or

(c) a bank, savings institution or insurance company (whether acting in a trustee or custodial capacity for any qualified institutional buyer or on its own behalf);

(x) the Bank is making the 2016 Obligation for its own account and not with a view to, and with no intention of, selling, pledging, transferring, conveying, hypothecating, mortgaging, disposing, reoffering, distributing, or reselling the 2016 Obligation, or any part or interest thereof;

(xi) the Bank recognizes that an investment in the 2016 Obligation involves significant risks, there is no established market for the 2016 Obligation and that none is likely to develop and, accordingly, the Bank must bear the economic risk of an investment in the 2016 Obligation for an indefinite period of time;

(xii) the Bank agrees that its right, title and interest in and to the Installment Sale Agreement and the 2016 Obligation, with notice to the District, may be assigned and reassigned in whole (but not in part) to one or more assignees or subassignees by Bank, without the necessity of obtaining the consent of District, pursuant to the requirements of the Installment Sale Agreement;

(xiii) the Bank further acknowledges that it is responsible for consulting with its advisors concerning any obligations, including, but not limited to, any obligations pursuant to federal and state securities and income tax laws it may have with respect to subsequent assignments or assignees of the 2016 Obligation and when any such future disposition of the 2016 Obligation may occur; and

(xiv) the Bank acknowledges that The Weist Law Firm ("Bond Counsel") is acting as bond counsel to the District, that Bond Counsel has no attorney-client relationship with the Bank, and that the Bank has sought legal advice from its own counsel to the extent it concluded legal advice was necessary.

Capitalized terms shall have the meaning set forth in the Installment Sale Agreement.
IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the 14th day of January, 2016.
EXHIBIT D

$1,540,000.00

HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

SERIES 2016 HARBOR ENTERPRISE REVENUE OBLIGATION

(HUMBOLDT HARBOR IMPROVEMENT PROJECT)

FORM OF REQUISITION
FOR DISBURSEMENT FROM PROJECT FUND

The undersigned, as Executive Director of the Humboldt Bay Harbor, Recreation and Conservation District ("the District"), in connection with the issuance, sale and delivery by the District of the above-captioned $1,540,000.00 aggregate principal amount of the Humboldt Bay Harbor, Recreation and Conservation District, Series 2016 Harbor Enterprise Revenue Obligation (Humboldt Harbor Improvement Project) (the "2016 Obligation"), issued in accordance with the Installment Sale Agreement, dated as of January 1, 2016 (the "Installment Sale Agreement"), by and between the District and Compass Bank, an Alabama banking corporation, (the "Bank"), does hereby certify that:

(i) the undersigned is a duly Authorized Representative (as defined in the Indenture) with authority to act on behalf of the District as necessary in connection with disbursements of Project Costs, and as such, is authorized to disburse money from the Project Fund for the 2016 Obligation (the "Project Fund");

(ii) an obligation in the not-to-exceed amount stated for each of the payees set forth on Exhibit "A" has been properly incurred as a Project Cost under and pursuant to the Installment Sale Agreement, and each such obligation is a proper charge against the Project Fund;

(iii) no amount set forth in the requisition was included in any requisition requesting disbursement previously filed with the District pursuant to Section 4.4 of the Installment Sale Agreement;

(iv) that all conditions precedent set forth in the Installment Sale Agreement with respect to such disbursement have been satisfied;

(v) that pursuant to the Installment Sale Agreement, the undersigned, on behalf of the District, intends to disburse from the Project Fund to the payees set forth on Exhibit A attached hereto, upon receipt of an invoice, an amount not to exceed the sum set forth opposite each such payee, for the purpose identified therein; and

(vi) there has not been filed with or served upon the District a stop notice or any other notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable to the person named in this Requisition which has not been released or will not be released with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law; and

(vii) all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Exhibit A attached hereto or in invoices submitted in accordance herewith.
Dated: January 14, 2016

HUMBOLDT BAY HARBOR,
RECREATION AND CONSERVATION DISTRICT

By: __________________________
    Jack Crider, Executive Director
Redwood Terminal 2
Permanent Installation of Natural Gas and Water Supply and Expansion of Existing Restrooms

THIS AGREEMENT, MADE THIS 14th Day OF JANUARY 2016, by and between the Humboldt Bay Harbor, Recreation and Conservation District, hereinafter called the "DISTRICT" and JZ Contracting doing business as (an individual), or (a partnership), or (a corporation), hereinafter called “CONTRACTOR.”

WITNESSETH: That for and in consideration of payments and agreements hereinafter mentioned:

1. Subject to available funding, DISTRICT will issue a Notice to Proceed allowing materials orders to be placed.

2. CONTRACTOR will commence and complete the Redwood Terminal 2 Permanent Installation of Natural Gas and Water Supply and Expansion of Existing Restrooms as described in Exhibit A, which is incorporated by reference as part of this Agreement.

3. CONTRACTOR’S Bid Proposals for Redwood Terminal 2 Permanent Installation of Natural Gas and Water Supply and Expansion of Existing Restrooms dated December 29, 2015 is hereby incorporated by reference as part of this Agreement as Exhibit B.

4. CONTRACTOR will furnish all of the material, supplies, tools, equipment, labor and other services necessary for the Redwood Terminal 2 Permanent Installation of Natural Gas and Water Supply and Expansion of Existing Restrooms as described in Exhibit A.

5. CONTRACTOR will commence with materials orders for the Redwood Terminal 2 Permanent Installation of Natural Gas and Water Supply and Expansion of Existing Restrooms immediately after the Notice to Proceed is issued and will complete the same on or before 5:00 PM, 120 calendar days after the issue date of the Notice to Proceed unless the period for completion is extended otherwise by agreement of the DISTRICT.

6. CONTRACTOR agrees to perform all of the work described in the Bid Specifications, (Exhibit A) and comply with terms therein for the sum not to exceed $157,576.00. Bid amount will include applicable taxes.

7. CONTRACTOR will bill DISTRICT monthly progress invoices. Final payment will be made within 30 days of complete replacement and acceptance by the DISTRICT.
8. CONTRACTOR is required to comply with the State of California prevailing wage laws in effect at the time of execution of this Agreement. See California Labor Code sections 1770 et. seq. and related legal provisions. CONTRACTOR will be required to comply with any changes in these wage rates as they are updated by the State of California at no additional cost to DISTRICT.

9. All work is to be done in accordance with DISTRICT’S specifications as described in Exhibit A in a manner and subject reasonably acceptable by DISTRICT. It is understood that the CONTRACTOR will perform hereunder will be in its professional capacity as an independent entity; and that at no time shall CONTRACTOR be deemed an employee or agent of DISTRICT, nor shall it have the authority to obligate DISTRICT in any manner.

10. CONTRACTOR assumes full and exclusive responsibility for the payment of all compensation and expenses of CONTRACTOR’S employees and for all state and federal income tax, unemployment insurance, Social Security, disability Insurance and other applicable withholdings, measured by the wages, salaries or other remuneration paid CONTRACTOR’S employees; and CONTRACTOR further agrees to comply with all rules and regulations applicable thereto.

11. The standard of care applicable to CONTRACTOR’S services will be the degree of skill and diligence normally employed by others performing the same or similar services. CONTRACTOR shall not assign any interest in this contract without prior written approval of DISTRICT. CONTRACTOR shall correct any defective work subsequently discovered on all Incomplete, inaccurate, or defective work rendered by CONTRACTOR and shall be remedied by CONTRACTOR on demand without cost to DISTRICT for a period of three (3) years commencing on the date of acceptance by DISTRICT.

12. CONTRACTOR will ensure DISTRICT will receive the manufacturers’ warranties on products used.

13. In the performance of this agreement, CONTRACTOR shall comply with all applicable local, state, and federal laws, rules, regulations, and ordinances including those relating to the environment, toxic or hazardous materials, and occupational health and safety. CONTRACTOR shall be responsible for the proper handling, control and disposal of any hazardous materials or waste that may be discovered, generated or utilized in the performance of this Agreement.

14. With respect to operations performed under or incident to this agreement, CONTRACTOR agrees to obtain and maintain the following insurance with coverages listed below:
   a) Worker’s compensation insurance meeting statutory limits and employers liability insurance in an amount not less than $1,000,000 for all employees engaged in this Project;
   b) Professional and General liability insurance that provide protection for claims which may arise out of or result from operations or performance under this agreement. Liability insurance coverages shall be not less than a single limit
coverage of $1,000,000;

c) Comprehensive automobile liability insurance covering all owned, hired, and
otherwise operated non-owned vehicles with a minimum combined single limit of
$1,000,000 each occurrence (or the equivalent) for bodily injury and property
damage.

d) All insurance certificates shall list DISTRICT as additionally insured and include
an Endorsement.

Any and all deductible amounts are the responsibility of the CONTRACTOR.

In the event that the CONTRACTOR contracts the services of other consultants
(subconsultants) as part of the work covered by this Agreement, it shall be the
CONTRACTOR’S responsibility to require and confirm that each subconsultant meets
the minimum insurance requirements specified above.

15. All permits required by law will be the responsibility of the CONTRACTOR and will be
obtained at CONTRACTOR’S expense except those permits expressly provided by
DISTRICT.

16. DISTRICT shall have the right, at any time, in its sole discretion and with or without
cause, by ten (10) days written notice to CONTRACTOR, to cancel this Agreement.
CONTRACTOR shall stop work immediately upon receipt of a notice of termination.

If District exercises its right to terminate the Agreement, upon termination
DISTRICT will reimburse CONTRACTOR within thirty (30) days for the services which
were performed prior to termination, based upon an invoice submitted to DISTRICT
describing the services completed prior to termination and an itemization of time
spent and expenditures incurred. Such sums shall in no event exceed the total
amount described in this Agreement.

17. CONTRACTOR shall be responsible for all injuries or deaths to persons and all
damage to property of DISTRICT or others caused by or resulting from the
negligence of CONTRACTOR, its employees, agents, or subcontractors during the
progress of or connected with rendition of services herein rendered, and shall
defend and hold harmless and indemnify DISTRICT and all its officers and
employees of DISTRICT from all costs and payments for damages for injuries or
deaths arising out of the negligence of performance of work of CONTRACTOR or its
subcontractors under this Agreement.

18. Contractors are required by law to be licensed and regulated by the Contractor’s
State License Board. Any questions concerning a Contractor may be referred to the
Registrar, Contractor’s State License Board, 9821 Business Park Drive, P.O. Box
26000, Sacramento, CA 95826.

19. This Agreement represents the entire agreement between DISTRICT AND
CONTRACTOR and supersedes all prior negotiations, representations or agreements,
either written or oral. In the event any provision of this Agreement shall be
determined to be void or unenforceable by any court of competent jurisdiction, then
such determination shall not affect any other provision of this Agreement and all
such other provisions shall remain in full force and effect.
This Agreement shall be binding upon all parties hereto and their respective heirs, executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement in quadruplicate, each of which shall be deemed and original on the date first above written.

Humboldt Bay Harbor, Recreation & Conservation District

By ____________________________
RICHARD MARKS, President
Board of Commissioners

GREG DALE, Secretary
Board of Commissioners

Contractor (Seal)

By ____________________________
Jordan Zizza

PO Box 6245 Eureka CA 95502
Address

HBHRCRD RT2 Permanent Installation of Natural Gas and Water Supply and Expansion of Existing Restrooms
EXHIBIT A:

BID SPECIFICATIONS
Redwood Terminal 2
Permanent Installation of Natural Gas and Water Supply and
Expansion of Existing Restrooms

SECTION I. SCOPE OF WORK

The CONTRACTOR will provide labor, materials and equipment to complete the
Permanent Installation of Natural Gas and Water Supply and Expansion of Existing
Restrooms on the Redwood Terminal 2 buildings.

SECTION II. LOCATION OF THE WORK

Redwood Terminal 2 is located at 364 Vance Avenue, Samoa CA 95564.

SECTION III. TIME OF COMPLETION

The CONTRACTOR shall diligently prosecute the work under this contract to
completion 120 days from issuance of Notice to Proceed, unless extended by written
agreement of both parties, and the liquidated damages shall be the sum of Two
Hundred Dollars ($200) per day for each and every day's delay in finishing the work
beyond the time prescribed herein unless approved in writing by DISTRICT.

SECTION IV. INSURANCE

A. Public Liability

The CONTRACTOR shall take out and maintain, throughout the period of this contract
comprehensive general liability insurance with minimum limits $1,000,000 combined
single limit (CSL), or $1,000,000 bodily injury per occurrence and $1,000,000 property
damage per occurrence, covering all bodily injury and property damage arising out of its
operation under this agreement.

B. Automobile

The CONTRACTOR shall provide automobile insurance covering all bodily injury and
property liability incurred during the performance of this contract with minimum
coverage of $1,000,000 for property damage per accident, $1,000,000 for bodily injury for each person, and not less than $1,000,000 for bodily injury per accident: or
$1,000,000 per accident combined single limit (CSL).

C. Worker's Compensation

The CONTRACTOR shall, throughout the period of this contract, maintain in full force and affect a policy of workers compensation insurance covering all its employees and volunteers.

D. Additional Insured Notices

Said policies shall name the DISTRICT as an additional insured and shall constitute primary insurance as to the DISTRICT, its officers, agents and employees, so that any other policies held by the DISTRICT shall not contribute to any loss under said insurance. Said policies shall provide for thirty- (30) days prior written notice to the DISTRICT of cancellation or material change.

The CONTRACTOR shall not execute this contract until certificates, or other sufficient proof of compliance with these insurance provisions (as stated in Section IV. A, IV. B and IV. C of this Agreement) are filed with the DISTRICT.

If the CONTRACTOR does not keep such insurance in full force and effect, the DISTRICT may take out the necessary insurance, and the CONTRACTOR agrees to pay the cost of said insurance.

SECTION V. EXAMINATION OF THE SITE

It shall be the responsibility of the CONTRACTOR to examine the job site before submitting this bid. No allowance will be made in the CONTRACTOR'S behalf for any extra expense he may incur due to his failure to acquaint himself with the extent of work to be done and the conditions under which the work is to be performed.

SECTION VI. CONTROL OF TRAFFIC

The CONTRACTOR shall furnish, erect and maintain all barricades, lights or other warning devices as necessary in order to insure the safe movement of vehicles and pedestrians as they may come into contact with hazards resulting from the execution of this contract. The CONTRACTOR shall not block traffic lanes on adjacent streets without the expressed consent of the DISTRICT. When traffic lanes on adjacent streets are to be blocked, the CONTRACTOR shall notify the DISTRICT of the specific times during which the street(s) will be blocked.

SECTION VII. SAFETY

The CONTRACTOR is hereby specifically informed that under the contract he has the sole responsibility for the safety of his work, including his workers, equipment and that of subcontractors or of the general public as they may come in contact with the work. The Engineer or Inspector has specifically not been hired to review CONTRACTOR'S safety or methods of operation.

HBHRCR DT2 Permanent Installation of Natural Gas and Water Supply and Expansion of Existing Restrooms
The Contractor shall be responsible for all injuries or deaths to persons and all damage to property of DISTRICT or others caused by or resulting from the negligence of CONTRACTOR, its employees, agents, or subcontractors during the progress of, or connected with, rendition of services herein rendered. The Contractor shall defend and hold harmless and indemnify DISTRICT and all its officers and employees of DISTRICT from all costs and payments for damages for injuries or deaths arising out of the negligence of performance of work of the CONTRACTOR or its subcontractors under this Agreement.

SECTION VIII. PAYMENT

CONTRACTOR will bill DISTRICT monthly progress invoices. Final payment will be made within 30 days of complete replacement and acceptance by the DISTRICT. The contract price paid for the said work shall be considered as full compensation for furnishing all labor, materials, tools and equipment necessary to perform the work as specified herein.

SECTION IX. SECURITY REQUIRED

All bids shall be presented under sealed cover and shall be accompanied by a bidder’s security in an amount not less than 10 percent of the bid in one of the forms authorized by California Public Contract Code section 20724, i.e., cash, a cashier’s check payable to the District, a certified check payable to the District, or a bidder’s bond executed by an admitted surety insurer, made payable to the District. Additionally, if the bid amount is in excess of $25,000 then a payment bond will be required before performance of the work pursuant to Civil Code Section 3247.

SECTION X. EQUIPMENT/TECHNIQUE SPECIFICATION

1. Locate for existing utilities prior to potholing as need be for utility locations.
2. Dig 18”x18” trench for new water line.
3. Saw cut+/-2500’ of asphalt ditch.
4. Haul away asphalt to recycle, leave dirt spoils onsite in location determined by owner.
5. Install+/-2500’ of 2” SCH40PVC waterline underground from existing 6” domestic water pipe that is located near the 2,000,000 gallon water storage tank to warehouse 2 building.
6. Run lateral water line from termination point inside warehouse for tenants use with meter.
7. Install 1300’+/- of 2’ gas piping underground from PG&E main in shared trench to warehouse.
8. Run lateral gas line inside warehouse for tenants use with meter. (See attached map)
9. Run second lateral hard pipe water line inside office/store rooms for tenants use with meter. (See attached map)
10. Place bedding sand with locator wire over new water/gas line, backfill with base rock and patch pave asphalt.
11. Stub out gas and water pipes from lateral in warehouse 2 and 3 for future tenants use. (See attached map).
12. Construct ADA-compliant women and men bathrooms in the bailing line warehouse at existing bathroom area and using adjacent office for expansion. Reference to Americans with Disabilities Act Guidelines for Buildings and Facilities. (See detail attachment)

13. Test and flush pipe lines.

14. Provide 'as built' drawings after construction.
**HUMBOLDT BAY**
**HARBOR, RECREATION AND CONSERVATION DISTRICT**

P.O. BOX 1030
Eureka, California 95502
(707) 443-0801
(707) 443-0800 fax

**Date Filed:**

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<tr>
<th>General Information</th>
<th>For Commission Use</th>
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| **1.) Name & Address of Developer, Project Sponsor and Legal Owner**  
Humboldt Bay Harbor, Recreation and Conservation District  
601 Startare Drive  
Eureka, California, 95501 | **A. Application No. 16-01**  
**Application Type:**  
- Franchise  
- Permit  
- Lease |
| **2.) Address of Project and Assessor’s block, lot and Parcel Number**  
King Salmon Avenue, Eureka  
305-131-28 and -32 (dredging); 307-101-02, 307-111-03 (eelgrass mitigation site) | **B. Date Received by Harbor District**  
**C. Date Accepted for filing by BOC**  
**D. Date of Public Notice**  
**E. Date of Acceptance EIR or Negative Declaration**  
**F. Date of Public Notice**  
**G. Date of Public Hearings**  
**H. Date of Approval**  
Disapproval  
Conditional Approval  
Approval |
| **3.) Name, Address and Telephone No. of Person to be contacted concerning this Project**  
Adam Wagschal, Deputy Director  
HBHRCD  
601 Startare Avenue  
Eureka, California  
(707) 443-0801 | **I. Expiration Date**  
**Comments** |
| **4.) Attach list of names and addresses of all adjoining property owners:**  
See attached list. | |
| **5.) List and Describe any other related Permits & Other Public Approvals required for this Project, including those required by City, Regional, State & Federal Agencies.**  
See Table 1, Summary of Anticipated Approvals and Permits | |
| **6.) Existing Zoning District:**  
Commercial Recreation, Coastal Resource Dependent | |
| **7.) Proposed Use of Site (Title of Project for which this form is filed)**  
Fisherman’s Channel Dredging and Beneficial Reuse Pilot Project | |
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<th>Permit/Approval</th>
<th>Notes</th>
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<td>Harbor District Permit</td>
<td>Lead agency for California Environmental Quality Act compliance.</td>
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<td>Encroachment permit</td>
<td>Access to railroad right-of-way for slurry pipeline route.</td>
</tr>
</tbody>
</table>

*Note: Deposition of dredged sediments at the Humboldt Bay National Wildlife Refuge (HBNWR) is covered by the HBNWR’s Section 404 permit for their White Slough Tidal Wetlands Restoration Project.*

**Describe in detail the proposed project:**

Please see attached Application Supplement and Project Description document titled "Fisherman's Channel Dredging and Beneficial Reuse Pilot Project" for a detailed project description and the answers to the following questions.
Answer all questions completely on a separate sheet of paper. If the question does not apply to your project, so indicate by marking N.A. If you have questions, please contact the Harbor District Office.

**Project Description**

8. Site Size
9. Square Footage
10. Number of floors of construction
11. Amount of off-street parking provided
12. Attach plans
13. Proposed scheduling
14. Associated projects
15. Anticipated incremental development
16. If residential, include the number of units, schedule of unit sizes, range of sale prices or rents, and type of household size expected.
17. If commercial, indicate the type, whether neighborhood, city or regionally oriented, square footage of sales area, and loading facilities
18. If industrial, indicate type, estimated employment per shift, and loading facilities.
19. If institutional, indicate the major function, estimated employment per shift, estimated occupancy, loading facilities, and community benefits to be derived from the project.
20. If the project involves a variance, conditional use or recognizing application, state this and indicate clearly why the application is required.

Are the following items applicable to the project or its effects? Answer yes or no. Discuss all items answered yes.

21. Change in existing features of any bays, tidelands, beaches, lakes or hills, or substantial alteration of ground contours.

22. Change in scenic views or vistas from existing residential areas or public lands or roads.

23. Change in pattern, scale or character of general area of project.

24. Significant amounts of solid waste or litter.

25. Change in dust, ash, smoke, fumes or odors in vicinity.

26. Change in ocean, bay, lake, stream or ground water quality or quantity, or alteration of existing drainage patterns.

27. Substantial change in existing noise or vibration levels in the vicinity.
   A. During Construction
   B. During Project Utilization

28. Site on filled land or on slope of 10% or more.

29. Use of disposal or potentially hazardous materials, such as toxic substances, flammable or explosives.

30. Substantial change in demand for municipal services (police, fire, water, sewage, etc.)
31. Substantially increase fossil fuel consumption (electricity, oil, natural gas, etc.).

32. Relationship to larger project or series of projects

ENVIRONMENTAL SETTING:

33. Describe the project site as it exists before the project including information on topography, soil stability, plants and animals, and any cultural, historical, or scenic aspects. Describe any existing structures on the site and the use of the structures. Attach photographs of the site. Snapshots or polaroid photos will be accepted.

34. Describe the surrounding properties, including information on plants and animals and any cultural, historical, or scenic aspects. Indicate the type of land use (residential, commercial, etc.) intensity of land use (one-family, apartment houses, shops, department stores, etc.) and the scale of development (height, frontage, set-back, rear yard, etc.) Attach photographs of the vicinity. Snapshots or polaroid photos will be accepted.

--------------------------------- Questions 35; 36 and 39 MUST BE ANSWERED! ---------------------------------

35. How will the proposed use or activity promote the public health, safety, comfort, and convenience?

36. How is the requested grant, permit, franchise, lease, right, or privilege required by the public convenience and necessity?

37. Financial statement:
   A. Estimated cost of the project.
   B. How will the project be financed.

38. Describe fully directions necessary to arrive at project site.

39. Will the Applicant agree that as a condition of the permit being issued to Applicant, to indemnify and hold harmless the Humboldt Bay, Harbor Recreation and Conservation District from any and all claims, demands, or liabilities for attorneys' fees obtained from or against demands for attorney's fees, costs of suit, and costs of administrative records made against District by any and all third parties as a result of third party environmental actions against District arising out of the subject matter of this application and permit, including, but not limited to, attorney’s fees, costs of suit, and costs of administrative records obtained by or awarded to third parties pursuant to the California Code of Civil Procedure Section 1021.5 or any other applicable local, state, or federal laws, whether such attorneys’ fees, costs of suit, and costs of administrative records are direct or indirect, or incurred in the compromise, attempted compromise, trial, appeal, or arbitration of claims for attorneys’ fees and costs of administrative records in connection with the subject matter of this application and permit?
NOTE

The District hereby advises the Applicant that, under California Public Resources Code Section 21089, the District when a lead agency under the Environmental Quality Act of 1970, as amended, pertaining to an Environmental Impact Report (EIR) or a Negative Declaration may charge and collect from the Applicant a reasonable fee in order to recover the estimated costs incurred by the District in preparing an Environmental Impact Report (EIR) or Negative Declaration for the project and the procedures necessary to comply with the provisions of the public resources code on the Applicant’s project. In the event your project contains an analysis of issues pertaining to the Environmental Quality Act of 1970, as amended, for which District staff is not competent to independently review, or District requires the same in preparation of an Environmental Impact Report (EIR) or Negative Declaration for the project, the District may retain a reviewing consultant to evaluate the content of the Administrative-Draft EIR and Final EIR or Negative Declaration with respect to these issues. The cost of such reviewing consultant services shall be borne by the Applicant.

CERTIFICATION: I hereby certify that the statements furnished above and in the attached exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented are true and correct to the best of my knowledge and belief.

Dated: ____________________________

Jack Crider, Director
Fisherman’s Channel Dredging
and
Beneficial Reuse Pilot Project

Humboldt Bay Harbor,
Recreation and Conservation District
Humboldt County, California

January 2016
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<td>C Biological Resources Evaluation</td>
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<td>Acronym</td>
<td>Definition</td>
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<tr>
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<tr>
<td>°F</td>
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<td>acre</td>
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<td>Agriculture Exclusive</td>
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<td>BMP</td>
<td>best management practice</td>
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<td>California Coastal Commission</td>
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<td>California Native Plant Society</td>
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<td>CO</td>
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<td>CO₂e</td>
<td>carbon dioxide equivalent</td>
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<td>ESU</td>
<td>Evolutionary Significant Unit</td>
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<td>ft</td>
<td>feet</td>
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<td>FSC</td>
<td>Federal species of concern</td>
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<td>FT</td>
<td>Federally threatened</td>
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<tr>
<td>fps</td>
<td>feet per second</td>
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<td>GHG</td>
<td>greenhouse gas</td>
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<td>Harbor District</td>
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<td>HBHRCDC</td>
<td>Humboldt Bay Harbor, Recreation, and Conservation District</td>
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<td>HBGS</td>
<td>Humboldt Bay Generating Station</td>
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<td>NBNWR</td>
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<td>ISFSI</td>
<td>Independent Spent Fuel Storage Installation</td>
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<td>Definition</td>
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<td>ISM</td>
<td>Incremental Sampling Methodology</td>
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<td>m</td>
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<td>MCL</td>
<td>Maximum Contaminant Levels</td>
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<td>miles</td>
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<td>MLLW</td>
<td>mean lower low water</td>
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<td>NCUAQMD</td>
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<td>NCRWQCB</td>
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<td>NMFS</td>
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<td>NOAA</td>
<td>National Oceanic and Atmospheric Administration</td>
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<tr>
<td>PAH</td>
<td>polycyclic aromatic hydrocarbons</td>
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<td>NO₂</td>
<td>nitrogen dioxide</td>
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<td>PG&amp;E</td>
<td>Pacific Gas and Electric Company</td>
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<td>PM10</td>
<td>particulate matter with aerodynamic diameter less than or equal to 10 microns</td>
</tr>
<tr>
<td>PM2.5</td>
<td>particulate matter with aerodynamic diameter less than or equal to 2.5 microns</td>
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<tr>
<td>ppm</td>
<td>parts per million</td>
</tr>
<tr>
<td>RSL</td>
<td>Response Screening Level</td>
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<td>Regional Water Quality Control Board</td>
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<td>SO₂</td>
<td>sulfur dioxide</td>
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<td>Screening Quick Reference Tables</td>
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<td>SWPPP</td>
<td>stormwater pollution prevention plan</td>
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<td>TAC</td>
<td>toxic air contaminants</td>
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<td>US 101</td>
<td>U.S. Highway 101</td>
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<td>USACE</td>
<td>U.S. Army Corps of Engineers</td>
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<td>USEPA</td>
<td>United States Environmental Protection Agency</td>
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<td>USFWS</td>
<td>US Fish and Wildlife Service</td>
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<td>USGS</td>
<td>U.S. Geological Survey</td>
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<td>WSTWRP</td>
<td>White Slough Tidal Wetlands Restoration Project</td>
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<tr>
<td>yd³</td>
<td>cubic yard</td>
</tr>
</tbody>
</table>
SECTION 1
Project Information

1. Project Title:
Fisherman's Channel Dredging and Beneficial Reuse Pilot Project

2. Lead Agency Name and Address:
Adam Wagschal, Deputy Director
Humboldt Bay Harbor, Recreation and Conservation District (Harbor District)
601 Startare Drive
Eureka, CA 95502-1030
707-443-0801
awagschal@humboldtbay.org

Contact Person and Phone Number:
Adam Wagschal, Deputy Director, Harbor District
(707) 443-0801

3. Project Location:
The Fisherman's Channel dredging site is approximately 2.5 miles southwest of Eureka, California (see Figures 1-1 and 1-2 [figures appear at the end of the section in which they are first referenced]). The Fisherman's Channel is owned by the Harbor District. The project area is located in Sections 7, 8, 17 and 18 of Township 4 North, Range 1 West, of the Fields Landing, California, U.S. Geological Survey (USGS) 7.5-minute topographic quadrangle.

4. The White Slough beneficial reuse site (Figure 1-3) is located on the Humboldt Bay National Wildlife Refuge approximately 5 miles south of Eureka in Section 29 of Township 4 North, Range 1 West, of the Fields Landing quadrangle.

5. General Plan Designation:
The General Plan designation for the Fisherman's Channel dredging site is Resource Dependent / Industrial Coastal Dependent (MR/MC).

The General Plan designation for the White Slough beneficial reuse site is Agriculture Exclusive (AE).

The General Plan designations for the dredge slurry pipeline alignment, which will extend from Fisherman’s Channel to White Slough, are Resource Dependent/Commercial Recreation (MR/CR), Natural Resources (NR), Industrial / Coastal Dependent (MC), and (Railroad).

The General Plan designations for the Fields Landing eelgrass mitigation site are Industrial/Coastal Dependent (MC) and Natural Resources (NR).

6. Zoning:
The zoning districts for the Fisherman’s Channel dredging site are Commercial Recreation (CR) with Coastal Resource Dependent (C), Flood Hazard (F), and Coastal Wetland (W) combining districts.

The zoning districts for the White Slough beneficial reuse site are Agriculture Exclusive, minimum lot size 60 acres (AE/60) with Coastal Wetland (W), Design Review (D), Flood Hazard (F), Streams and Riparian Corridor Protection (R), and Transitional Agricultural Lands (T) combining districts.
The zoning districts for the dredge slurry pipeline alignment are Commercial Recreation (CR) with Coastal Resource Dependent (C), Coastal Wetlands (W) and Flood Hazard Areas (F) combining districts, Natural Resources (NR) with Coastal Wetlands (W) combining district, Industrial Coastal Dependent (MC), Industrial Coastal Dependent (MC) with Natural Resource (NR) and Coastal Wetland (W) combining districts, Railroad, and Agriculture Exclusive, minimum lot size 60 acres (AE/60) with Coastal Wetland (W), Design Review (D), Flood Hazard (F), Streams and Riparian Corridor Protection (R), and Transitional Agricultural Lands (T) combining districts.

The zoning districts for the Fields Landing eelgrass mitigation site are Industrial Coastal Dependent (MC) and Industrial Coastal Dependent (MC) with Natural Resource (NR) and Coastal Wetland (W) combining districts.

7. Description of Project:

Currently, Fisherman’s Channel is inaccessible to larger vessels at a lower low tide due to a bar that has formed at the channel entrance. Dredging the mouth of Fisherman’s Channel and the main channel are proposed to take place as one project to facilitate improved navigation in the channel and beneficial reuse of dredged sediment at the White Sough receiving site. This project involves four components:

- Dredging of the Fisherman’s Channel.
- Transfer of dredge sediment through a pipeline to the White Slough Unit of the Humboldt Bay National Wildlife Refuge (Refuge).
- Placement and dewatering of the dredge material at the White Slough Unit. The Refuge White Slough Tidal Wetlands Restoration Project is fully permitted, including the deposition of sediments for beneficial reuse. Once the sediments are placed at the White Slough Unit and dewatered, the Refuge will determine and implement their disposition for ecosystem restoration.
- Eelgrass habitat restoration mitigation program at Fields Landing that involves removal of abandoned pier pilings and gravels to create suitable habitat conditions for eelgrass colonization.

For a detailed project description, see Section 2, Project Description and Appendix A, Site Plans.

8. Surrounding Land Uses and Setting:

The dredge pipeline passes through industrial land and along a railroad line surrounded by wetlands. The White Slough beneficial reuse area is located within the Refuge. Humboldt Bay is located to the north and west. Marshlands of the Refuge are located to the south and U.S. Highway 101 and upland areas beyond are to the east.

The Fields Landing restoration project is adjacent to a property owned by the Harbor District, which consists of a boat yard and open space.

9. Other Public Agencies Whose Approval Is Required (for example, permits, financing approval, or participation agreement):

Participating agencies and their required authorizations will include the following:

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<tr>
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<th>Permit/Approval</th>
<th>Notes</th>
</tr>
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</tbody>
</table>

*Note: Deposition of dredged sediments at the Refuge is covered by the Refuge’s Clean Water Act Section 404 permit for their White Slough Tidal Wetlands Restoration Project.
FIGURE 1-3
Slurry Pipeline Route to White Slough
Fisherman's Channel Dredging and Beneficial Reuse Pilot Project
Humboldt Bay Harbor, Recreation and Conservation District, Eureka, California
SECTION 2
Project Description

Maintenance dredging in Humboldt Bay is vital to maintaining safe and navigable access. The Harbor District participates in dredging outside of the federally dredged channels within the Bay. The Harbor District manages several Humboldt Bay channels that connect communities, support commercial fishing, enhance recreational access, and provide access to docks.

The Harbor District is the proponent for the proposed Fisherman’s Channel Dredging and Beneficial Reuse Pilot Project in Humboldt Bay, California. Fisherman’s Channel is located in King Salmon, California, approximately three miles south of the City of Eureka along Humboldt Bay (Figure 1-1). Fisherman’s Channel is currently inaccessible to larger vessels at lower low tide due to a sandbar that has formed at the channel entrance. The areas to be dredged are shown in Figure 1-2.

Dredging the mouth and main channel of Fisherman’s Channel will facilitate improved navigation in the channel and beneficial reuse of dredged sediment at the Refuge White Slough Unit receiving site. The sediment is needed at the White Slough site to restore historic elevations that supported tidal salt marsh habitat and will be conveyed to White Slough via a temporary slurry pipeline connecting Fisherman’s Channel with White Slough that runs mostly along roadways and an abandoned railroad line.

The project also includes, as a mitigation measure for the dredging project’s effects on eelgrass habitat, an eelgrass restoration component. New eelgrass habitat will be created by removal of dilapidated former pier pilings and cobbles and gravel substrates near the Harbor District’s Fields Landing Boat Yard.

Dredging activities for the King Salmon residential canals that connect with the Fisherman’s Channel are not part of this project because the feasibility, funding, and timeline for dredging the residential canals are unknown at this time.

2.1 Project Purpose and Scope

This project is configured as a pilot project for future dredging and beneficial reuse projects in Humboldt Bay. It provides an opportunity to use the Harbor District’s recently acquired and retrofitted dredge to remove accumulated sediments from Fishermen’s Channel and beneficially reuse the sediments for salt marsh restoration at Refuge. Lessons learned from completion of this project will inform future dredging and beneficial reuse projects within Humboldt Bay.

2.1.1 Project Objectives

Project objectives:

- Dredge the Fisherman’s Channel to restore safe and consistent boat navigation at all tidal heights
- Provide dredged material to the White Sough Unit of the Refuge for beneficial reuse by the USFWS for salt marsh restoration
- Carryout a pilot project for future dredging operations to provide regulatory agencies with information that will facilitate future dredge and beneficial reuse design, permitting, and implementation elsewhere in Humboldt Bay
- Conduct water quality monitoring that will guide future dredging operations elsewhere within Humboldt Bay
- Implement and monitor success of eelgrass (Zostera marina) and longfin smelt (Spirinchus thaleichthys) mitigation
• Establish an acceptable standard protocol for sediment sampling methods and analysis for future dredging to focus on Constituents of Concern (COC) and possibly reduce redundancy in sampling suites
• Provide Harbor District staff with dredging and beneficial reuse experience particularly to address boat navigation, habitat restoration and sea level rise issues within Humboldt Bay
• Inform a Humboldt Bay Sediment Master Plan

2.1.2 Background

Fisherman’s Channel and the King Salmon Residential Canals were created in 1947 by dredging in an existing sand spit extending south of Buhne Hill. In 1952, PG&E purchased the property that is now the Humboldt Bay Power Plant (HBPP) and constructed a cooling water intake canal as an extension of the Fisherman’s Channel. PG&E also took ownership of the Fisherman’s Channel at that time.

The Fisherman’s Channel was historically maintained by PG&E through routine maintenance dredging. The last maintenance dredging was done in 1982, removing 21,000 cubic yards of sediment. The intake canal is no longer used by PG&E since the HBPP ceased operations in 2010. The new Humboldt Bay Generating Station (HBGS), which replaced HBPP’s electrical generation, does not require water from the intake canal for cooling. Since the last dredging event, sediment has accumulated in Fisherman’s Channel, hindering navigation.

2.2 Project Elements

This project involves four major components, which are discussed in turn below:
• Dredging of the Fisherman’s Channel
• Transfer of dredge sediment through a slurry pipeline to the White Slough Unit of the Refuge for beneficial reuse
• Placement and dewatering of the dredge material at White Slough
• Eelgrass habitat restoration mitigation program at Fields Landing involving removal of dilapidated former pier pilings and cobbles and gravels to create suitable habitat for eelgrass colonization, and shoreline stabilization after piling and cobble removal

2.2.1 Fisherman’s Channel Dredging

This section describes the Fisherman’s Channel Dredging site, discusses a sampling and analysis program carried out to determine the suitability of the dredged materials for beneficial reuse at White Slough, and the dredging equipment and process.

2.2.1.1 Fisherman’s Channel Dredging Site

Fisherman’s Channel is located in King Salmon, California, approximately 2.5 miles south of the City of Eureka along Humboldt Bay (Figure 1-1). Access from the residential docks in King Salmon to Humboldt Bay is by way of Fisherman’s Channel. It is approximately 2,625 feet from the Fisherman’s Channel entrance to the eastern King Salmon Avenue Bridge where the channel transitions to the intake canal leading to the former HBPP. Side canals extend from the northwest side of the main channel to allow access to resident’s docks and properties. Fisherman’s Channel and the residential canals are subject to the tides. The community of King Salmon, for the most part defined by the residential canals, supports a mixture of residential, light commercial, and industrial development.

The Fisherman’s Channel entrance is adjacent to Fields Landing Channel in Humboldt Bay. The entrance is protected by a rock breakwater to the north and a wooden breakwater to the south. Missing, damaged and deteriorated materials on the wooden breakwater were recently repaired/replaced by the Harbor District.
The *Gill’s by the Bay* restaurant dock facility is located inside the northern bank of the channel entrance. There are numerous private dock facilities along the northwestern bank of the channel (Figure 2-1). The southeastern bank is a narrow vegetated levee/breakwater. The main channel provides access to the residential canals.

The residential canals are lined with private dock facilities and surrounded by houses. The residential canals may be dredged as a separate future project whereby the King Salmon community may be the project proponent. Schedule, funding for implementation, and design details are unknown at this time and, therefore, it is not part of the proposed project.

2.2.1.2 Sampling and Analysis for Beneficial Reuse

In preparation for planned maintenance dredging of Fisherman’s Channel, the sediment proposed for dredging was sampled and analytically tested, according to a final approved *Workplan for Sediment Sampling and Analysis (SAP) Prior to Dredging* (GHD 2012). The purpose of the sampling was to determine whether contaminants are present in the material to be dredged, in order to determine compatibility with the proposed White Slough receiving site.

The sampling and analysis methods originally proposed and submitted for regulatory agency approval are detailed in the 2012 Workplan. The sediment sampling results were summarized and discussed in the *Report of Findings Sediment Sampling and Analysis Fisherman’s Channel* (GHD 2013). Additional sediment sampling and analysis was performed between September 21 and September 28, 2015 to implement the Incremental Sampling Methodology (ISM), at the request of the NCRWQCB.

Sediment quality/composition results from the Fisherman’s Channel were compared to baseline conditions documented utilizing ISM at the Refuge White Slough receiving site. Per consultation with the NCRWQCB, a *Workplan for Fisherman’s Channel Dredge Sediment Sampling for Beneficial Reuse* was prepared (GHD 2015). Sampling was conducted as follows:

Thirty (30) soil samples from the dredge area with three replicates per the ISM protocol, analyzed for total constituents listed in the Workplan. (A subsample of sediment collected from ISM was submitted for benthic testing lab analysis).

**Sampling Results**

The Report of Findings of the 2015 Workplan presents laboratory results and statistical analysis of the ISM sampling program. Soil sediment results were compared to White Slough ISM baseline conditions as well as to United States Environmental Protection Agency (USEPA) Maximum Contaminant Levels (MCLs), or residential Regional Screening Levels (RSLs). Results were compared to National Oceanic and Atmospheric Administration (NOAA) Screening Quick Reference Tables (SQuiRTs) for marine sediments to document evaluation of potential risks from contaminated sediment and provide a basis for determining the need to also conduct benthic organism testing.

The 2015 Report of Findings concludes that the proposed Fisherman’s Channel dredge sediments are suitable for beneficial reuse at the White Slough restoration area. This finding is based on statistical comparison of Fisherman’s Channel ISM sediment sampling results with White Slough baseline concentrations and benthic acute toxicity testing. A summary of sediment characterization, based on the ISM sampling follows; and is discussed in detail in the Report of Findings.

- Benthic analysis indicates that the Fisherman’s Channel sediment samples are not acutely toxic to amphipods or polychaetes.
- Laboratory analysis of ISM samples indicates that the following constituent concentrations either are above the USEPA Residential RSLs: arsenic, cobalt, vanadium and that the following have the potential to be above RSLs (where laboratory reporting limits were not achievable to match the respective RSLs):
Toxaphene samples were non-detect. Laboratory detection limit was 0.66 milligram per kilogram (mg/kg) which is above the residential RSL of 0.49 mg/kg.

Benzo(a)pyrene and dibenz(a,h)anthracene samples were non-detect. Laboratory detection limits of 0.058 mg/kg and 0.061 mg/kg were above the residential RSLs of 0.0016 mg/kg for benzo(a)pyrene and 0.016 mg/kg for dibenz(a,h)anthracene.

PCB-1221, PCB-1232, PCB-1242, PCB-1248, PCB-1254, and PCB-1260 samples were non-detect. Laboratory detection limits of 0.32 mg/kg and 0.33 mg/kg were above the residential RSLs for PCBs which range from 0.12 mg/kg (PCB-1254) to 0.23 mg/kg (PCB-1242 and PCB-1248).

- Of the above constituents, the value for Benzo(a)pyrene exceeds the White Slough baseline; however, benthic analysis confirmed that this constituent does not pose acute toxicity to benthic organisms.

- Leachability analysis for metals and polyaromatic hydrocarbons (PAHs) indicates concentrations below the NCRWQCB Water Quality Objectives (WQOs) for Bays and Estuaries with the following exceptions:
  - Arsenic (FC-Replicates 1, 2, and 3)
  - PAHs: benzo(a)anthracene, benzo(a)pyrene, benzo(b)fluoranthene, benzo(k) fluoranthene, chrysene, and dibenz(a,h)anthracene

- Due to the low potential human exposure to soil or sediment containing dioxins, PAHs, PCBs, arsenic, cobalt, and vanadium from the reuse of Fisherman’s Channel sediments for wetland restoration at White Slough, inhalation, ingestion, and direct contact exposure to recreational users is not likely.

- Constituent concentrations that exceeded the Residential RSLs for the 2015 Fisherman’s Channel ISM samples were similar to those reported for the 2013 samples collected from the channel.

- Statistical analysis of White Slough and Fisherman’s Channel concentrations identified one constituent (cobalt) where Fisherman’s Channel concentrations were higher than White Slough concentrations, and the 95UCL results indicated that the Fisherman’s Channel data were above the applicable water quality standard. In each of the other constituents, concentrations reported in White Slough replicates were either higher than, or no different from, those observed in Fisherman’s Channel replicates, or were below the water quality standards considered. The Fisherman’s Channel value of 11 parts per million (ppm) for cobalt is slightly higher than the values ranging between 7.8 ppm and 8.6 ppm reported for White Slough.

Suitability for Beneficial Reuse

On December 2, 2015, NCRWQCB Staff conveyed that from their regulatory perspective, the sediment characterized is suitable for beneficial reuse at the White Slough Unit at the Refuge. This finding was based on the NCRWCB’s review of the ISM Report of Findings for Fisherman’s Channel sediment sampling and analysis results. Specifically, NCRWQCB Staff (e-mail from Gil Falcone) indicated:

In accordance with Attachment 1 of the Humboldt Bay National Wildlife Refuge – White Slough Restoration Project 401 Water Quality Certification, our analysis of the Report of Findings identified constituent levels that are slightly elevated higher than the baseline of ISM sampled soils at White slough include: Metals (Barium, Cadmium and Cobalt), PCP, and a number of PAHs. All of the elevated constituents were additionally analyzed to ascertain what, if any soluble concentrations might leach out of the sediment if placed at White Slough and potentially impact Bay and Estuary Waters. Analysis of the results of the DI-WET test for these constituents show that none are expected to be elevated above Water Quality Objectives for Bays and Estuaries. Though Dioxin levels of some congeners within the sediments found at Fisherman’s’ Channel were slightly different populations than those at White Slough, of critical interest 2,3,7,8 TCDD TEQ was nearly identical at both sites and not likely mobile. Further, the sediment exposure toxicity test results showed no significant acute toxicity to benthic marine organisms representative of sensitive ecological receptor
species for what will become salt marsh habitat. This satisfies an important narrative Water Quality Objective to maintain water free of toxic substances in concentrations that are toxic to human, plant, animal or aquatic life.

The White Slough receiving site will become primarily waters of the US, so in this situation it is of most importance to the Regional Water Board to look at these results with respect to White Slough receiving site constituent levels, Bay and Estuary Water Quality Objectives, constituent mobility and toxicity rather than RSLs.

2.2.1.3 Dredging Process

Hydraulic dredging is the most appropriate method for the Fisherman’s Channel sediment removal, based upon site-specific characteristics that include substrate type, water quality, site bathymetry, tidal influences, dredging depth, desired dredging rate (i.e., cubic yards per hour), disposal method, disposal site location, and levels of COC.

The project dredging plan is to remove two sediment shoals—one located just outside and one located just inside the mouth of Fisherman’s Channel—and additional areas within the main channel. The two shoals at the entrance are proposed to be dredged to -8 feet MLLW because sediments have accumulated at that location more rapidly than in other areas of Fisherman’s Channel. The main channel dredge depth will be to the slightly higher depth of -6 feet MLLW, which will minimize impacts on eelgrass, provide bottom depths conducive to rechlorionization by eelgrass, and reduce dredge sediment volume while providing an adequate depth for boat movement. Eelgrass impacts and mitigation are summarized below and discussed in detail in Appendix B, the Eelgrass Mitigation Plan. Based on survey data from 2012 and accounting for additional material that has accumulated in the channel since then, it is anticipated that a total of approximately 4,150 cubic yards of sediment will be removed from Fisherman’s Channel.

The Harbor District’s hydraulic dredge Nehalem (Figure 2-2) uses a cutter head attached to a 12-inch hydraulic pipeline. A cutter head is a mechanical device that has rotating blades or teeth to break up or loosen the bottom material so that it can be suctioned through the dredge. Cutter head-pipeline dredges work best in areas where the cutter head is buried in the sediment. The dredge has onboard pumps that suction material through the intake pipe, and push it out to the discharge pipeline. Because cutter head-pipeline dredges pump directly to pipeline, they can operate continuously and more efficiently than other types of dredges and can complete the dredging operation in a shorter period of time. This minimizes disruption to the marine environment.

The Harbor District dredge, its support boat, Barfly, and sediment transport pipes, will be moved into position from their location at the Fields Landing Boat Yard. The dredge will be anchored near the channel entrance, where the cutter head will be lowered into position for dredging. The dredge will move along the length of the channel to complete the main channel dredging.

2.2.2 Dredge Slurry Pipeline

Sediment from the dredging of Fisherman’s Channel will be pumped through a pipe that will transport the sediment slurry approximately 2.3 miles to the White Slough North Basin beneficial reuse area, partly along an abandoned railroad right-of-way (Figures 1-3 and 2-3). Dredged material will be transported from the Nehalem through a 12-inch-diameter pipe made of durable plastic material (styrene-rubber 17). The pipe will be floated above the water surface for approximately 0.2 miles (the floats are 2’ x 4’ x 8’ plywood boxes with Styrofoam interiors). Approximately 10 floats will be attached to the pipeline and anchored in the bay using five 11” x 24” x 40” anchors (two floats per anchor). The pipeline will come onto land over an existing dock and then extend 0.75 miles along the side of an existing private roadway and cross Railroad Avenue before reaching the Fields Landing Boat Yard. At the Boat Yard, a 12-inch Thomas Simplicity booster pump will be placed in the line. From the Boat Yard, the pipe will extend another 0.5 miles along an old roadway...
on Harbor District property and then 0.7 miles along an abandoned railroad track (Figure 2-3) to the White Slough receiving site. Some removal of vegetation along the railroad right-of-way will be necessary to allow pipeline passage.

A 5-foot buffer on either side of the pipeline will be subject to vegetation control as needed to provide access for installation and maintenance during dredging activities. Placement of the pipe will involve fusing two to three 40-foot pipe sections together, placing them along the alignment, and clamping these longer pipeline sections together. Workers will use trucks, a bobcat and necessary fusing equipment to install and connect the pipeline from the dredge to the receiving site. A winch may be used to pull the pipeline into place where access is limited due to dense vegetation. A portion of the receiving cell will be designated for equipment staging at White Slough. Mobilization will take approximately seven to ten days.

2.2.3 White Slough Beneficial Reuse Site

Dredged materials from Fisherman’s Channel will be placed for beneficial reuse in the White Slough Unit, which is located in the south-eastern region of Humboldt Bay within the Refuge. The dredged material will be used as part of the White Slough Tidal Wetlands Restoration Project (WSTWRP), which will restore tidal salt marsh in an area that consists of diked former salt marsh. These diked baylands have compacted by as much as three feet due to the oxidation of organics from the former salt marsh soil during a former period of dewatering and agricultural use. The restoration plan involves the placement by the HBNWR of fill to raise the elevation of the diked wetlands by more than three feet, and then re-establishing full tidal inundation to enable the passive re-establishment of salt marsh vegetation. Tidal channels will also be maintained or created within the restoration area to restore tidal flow. The WSTWRP specifically identifies dredged materials as one of several fill material sources that are appropriate for use in the restoration of salt marsh, as long as contaminant levels meet the standards set by the NCRWQCB for White Slough. As described above, Fisherman’s Channel sediments have been sampled and analyzed per NCRWQCB protocols and found to meet the criteria for reuse at White Slough. The WSTWRP is a project of the USFWS HBNWR and the restoration activities, including the addition of fill from external projects such as the Fisherman’s Channel Dredging Project, have been authorized in the USFWS permits for the project.

The White Slough Unit is composed of three sub-units. The proposed use of Fisherman’s Channel dredged materials will take place in the western sub-unit, the site of the tidal wetlands restoration project. This sub-unit has been physically sub-divided into three basins, and the Refuge will place the Fisherman’s Channel dredged materials in the North Basin. The North Basin is approximately 8.4 acres in size and is adjacent to Humboldt Bay (Figure 2-4). An actively eroding earthen dike that ranges in elevation from 8.0 to 9.5 feet separates the North Basin from the Bay. As illustrated in Figure 2-5, the White Slough Unit is in need of sediments to raise the elevation of the area to protect tidal wetlands from levee failure and future sea level rise. The dredging and beneficial reuse project will help to meet this objective.

The Refuge has constructed a “tidal ridge” inland from the diked shoreline to ensure that, should the perimeter dike breach, the remainder of the Basin will not be prematurely tidally inundated. It ranges in elevation from 8 to 9 feet and is currently being used for vehicular access. A naturally occurring upland area forms the northeastern boundary of the North Basin. The North Basin has the remnants of an in-board ditch and former slough channel that drain the Basin to the south. A tide gate drains the Basin to the Bay.

The restoration plan for the North Basin will involve placing fill to design elevations to support salt marsh vegetation while retaining existing drainage channels, reducing the elevation of the perimeter dike to 8 feet, removing the tide gate, and breaching the dike to restore full tidal flow to the Basin (see Appendix A for engineering drawings of the beneficial reuse/restoration area). The Basin will contain both salt marsh habitat and an inter-tidal channel network. The restoration of salt marsh habitat will provide benefits for fish and wildlife, flood protection, and shoreline protection for U.S. Highway 101, as well as allowing for increased carbon sequestration in restored salt marshes. Placement of the dredged material in the north
Basin as a sub-layer that will be covered by other imported soils will help facilitate meeting one of the Project's objectives.

The area in the North Basin that will be used to deposit sediment is approximately 2.5 acres. Daily dredging operations will produce approximately 1,400 cubic yards of slurry sediment material per hour. At 6 hours of operation per day, 8,400 cubic yards of sediment slurry will be transported to White Slough per day, which will result in 840 cubic yards of dredged sediment per day. At this discharge rate the depth of the slurry could reach 2.1 feet.

When dredged material is initially placed in the North Basin, it will occupy approximately 2.5 acre-feet because of the high water content. The settling process will occur over time by percolation and evaporation, with the sediment eventually consolidating as it dries. The dredged sediment containment area will be sized so as to contain both the original volume of sediment to be dredged and water transported during dredging and placement. The size of the containment will be sufficient to cause the sediment to form a shallow sheet of dried sediment. The existing ground in the area naturally slopes to the south and water from the dredged material will flow south towards a constructed containment berm approximately 4.5 feet tall. The location and orientation of the containment berm and silt fences will avoid existing drainage channels in the North Basin.

As the slurry flows to the west and south, the partially permeable containment berm will retain sediment in suspension while allowing water to percolate through. The berm will be constructed of #3 rock (1-inch to 2.5-inches in diameter) and will be approximately 240 feet long and 4 feet in height (360 cubic yards of rock). The berm will be located to avoid existing wetted channels in the North Basin. A 25-foot section near the center of the berm will be lined with a permeable filter fabric, through which the water will pass. The remainder of the berm facing the deposition area (215 linear feet) will be lined and impermeable. Gravels in the containment berm will be beneficially reused as base layer for future sediment deposition at the Refuge after the project is complete.

A series of six wire-backed silt fences west of the berm will further filter the water before it reaches the existing drainage channels in the North Basin that drain via a tide gate to the Bay (See Appendix A). The silt fences will be of increasingly finer mesh further from the berm, and will be arrayed in a series, 15 feet apart, downslope of the berm, to gradually filter the discharge from the deposition area. The filtered slurry water will drain through vegetated areas and discharge to the Bay via a tide gate. Turbidity will be monitored periodically to ensure sufficient sediment removal. If necessary, additional silt fences will be installed.

The dredged material will be deposited in the receiving site through a grizzly screen to remove debris and refuse. The grizzly screens will be made of inclined metal bars spaced 2-3 inches apart. The slurry will pour onto the top of the rack and debris will slide down to the bottom for collection. The debris will be collected by hand and placed in a bin for proper disposal. Temporary orange construction fencing may be placed around the perimeter of the receiving site to exclude public access.

A series of pipes and couplings will be used to create a section of articulated pipe that will increase the angle of movement. The flexible couplings will allow the pipe to be relocated side to side approximately 60 degrees. The relocation of the terminal end of the pipe will be performed using an excavator or other appropriate piece of earthwork equipment. Relocation of the slurry pipe will allow dredging material to be deposited more uniformly. Any excess sediment buildup in the area of the pipe outfall will be leveled using a bulldozer or excavator. If necessary, the pipe outfall area will be dressed with rock slope protection to reduce scouring from the dredge sediments. The water and sediment slurry will be distributed evenly across the receiving site due to the high water content of the slurry mix (90:10 ratio approximately). Water placed in the North Basin will percolate into the ground, evaporate, or discharge through a 24-inch-diameter tide gate to the Bay.
Monitoring will be conducted during the dredging, transport, placement, and dewatering operations and the dredging rate adjusted, as needed, to ensure an effective rate of placement and dewatering at the reuse site. Based on preliminary filtration estimates, a majority of the water will infiltrate through the constructed berm and silt fences overnight, prior to the next day’s dredging.

A Bobcat or dozer may be used to spread out material once it has dewatered a sufficient amount. Dredging the channel entrance and main channel will take approximately two weeks (14 days). The silt fences will be removed at the end of the project.

2.2.4 Eelgrass Habitat Restoration

Portions of the Fisherman’s Channel have been colonized by eelgrass, which is a “Habitat Area of Particular Concern” under the Magnuson-Stevens Fishery Conservation and Management Act and a “species of special biological significance” pursuant to the California Coastal Act. Eelgrass serves as rearing habitat for estuarine species, including listed species such as longfin smelt. Dredging will disrupt eelgrass habitat and so the project’s impacts to eelgrass will require mitigation.

2.2.4.1 Overview

Dredging activities for this project will result in the loss of 1.2 acres of eelgrass habitat in the Fisherman’s Channel. The eelgrass mitigation program described in detail in Appendix B will restore approximately 1.44 acres of eelgrass habitat at the HBHRCD’s Fields Landing Boat Yard property (mitigation ratio of 1.2:1). The project’s eelgrass mitigation plan involves the removal of dilapidated former pier pilings and cobble and gravel fill material at the site of an abandoned saw mill located adjacent to the HBHRCD’s property in Fields Landing, about a mile south-southwest of Fisherman’s Channel. With the removal of the pilings and substrate, eelgrass will naturally recolonize this area. The eelgrass mitigation program will thus increase the quality and quantity of rearing habitat for listed estuarine species, including longfin smelt. These habitat improvements will result in higher quality rearing conditions, more cover from predators, and increased survival rates over the current condition. Increased survival rates will help with the recovery of populations of this species. The increased habitat area and survival rates will fully mitigate for the very low risk of take associated with the project.

The eelgrass restoration area is the site of a former dock that was part of a saw mill located on the HBHRCD’s Fields Landing property. The saw mill and the top deck of the dock have been removed, leaving the pilings in the bay and approximately 2 to 3 ft of eroded gravel/cobble fill that was deposited on top of the native clay soil layer along the shoreline. The eelgrass restoration program involves removing approximately 500 dilapidated pilings and excavating approximately 4,600 yd³ of gravel/cobble fill over a 1.44-area in the vicinity of the Fields Landing Boat Yard (Figure 2-6). The pilings and gravel/cobble fill on the site limit the available growing space for eelgrass and the pilings limit the amount of sunlight available to the eelgrass that is currently growing at the edge of the mitigation area. Removing the closely-spaced pilings and gravel/cobble will increase the available habitat for eelgrass and improve growing conditions for the existing eelgrass. Removing the pilings, which may have been treated with creosote, will also remove a source of potential water quality contamination from Humboldt Bay.

2.2.4.2 Piling Removal Methods

To remove the pilings, a vibratory hammer will be mounted on a land-based crane that will operate from the shoreline, per USEPA (2007) guidelines. The operation requires using the vibratory hammer break the skin friction bond between the piling and adjacent sediments to facilitate removal. Once the piling has been pulled out, it will be placed in a contained storage site on the Fields Landing property prior to disposal at a landfill that is licensed to handle possible creosote-contaminated waste. Piling removal will take place at low tide and a turbidity curtain will be placed outside the pilings, both of which will minimize the production and dispersal of turbid water.
If the entire piling cannot be removed with the vibratory hammer (i.e., the piling breaks off or is already broken), then it will be cut below the mud line using a pneumatic underwater chainsaw or shears. Pilings that are exposed at low tide and not within eelgrass beds may be excavated 1 to 2 ft below the sediment surface and cutoff with a hydraulic saw or shears. The pilings will be cut off at the mud line if the mud line is subtidal, to minimize disturbance of the sediment, and pilings in intertidal areas will be cut off at least one foot below the mud line where the work can be accomplished during periods of low tide.

2.2.4.3 Gravel and Cobble Substrate Removal Methods

Once the pilings are removed, an excavator will remove approximately 1,400 linear feet of cobble and gravel fill to create conditions favorable to eelgrass colonization. The excavation area is between the pilings to be removed and the shore. This area is currently covered with gravel/cobble fill that has eroded from adjacent uplands and covered the original clay and bay mud layers. This fill material was originally used to create the base for a former sawmill operation. The excavation area will be lowered in a two-step process to reach an elevation of -1.0 to 0 ft MLLW to create the conditions suitable for natural eelgrass recolonization. Excavation will occur during low tidal cycles to eliminate potential excavation-related direct impacts on coho salmon and longfin smelt.

An estimated 4,600 cubic yards of material will be removed using an excavator positioned on the top of the bank. The sediment will be placed in a truck and moved to a different part of the HBRHCD Fields Landing property for storage or some other use on the site. Potential uses may include improvements to the existing road, shoreline stabilization, and/or leveling of non-wetland areas on the property. Erosion control BMPs will be implemented to minimize movement of sediment and/or water into wetlands and waters of the state.

The excavator will then be used to remove the bay mud/clay to elevations conducive for eelgrass recolonization. Sediment removed during this step will be stockpiled on the Fields Landing site while waiting final disposition. Potential future uses may include beneficial reuse at the White Slough Unit. Erosion control BMPs will be installed at the site to minimize movement of sediment and/or water into wetlands and waters of the state.

2.2.4.4 Shoreline Stabilization

The shoreline in the restoration area will require stabilization following removal of the pilings, cobbles, and gravel to reduce wave-induced erosion that may otherwise increase due to lowering of the current wave slope. The following three alternatives are under consideration for shoreline stabilization. The proposed stabilization method will be chosen after additional engineering and biological analyses:

- Installation of rock riprap along the exposed shoreline
- Placement of a plastic sheet pile wall along the shoreline
- Excavation to create a new shoreline edge approximately 15 to 20 ft back from the current bank edge

2.2.5 Project Implementation

2.2.5.1 Staging, Laydown, and Storage Areas

Staging and laydown areas will be located at the Harbor District Boat Yard and vacant lot in Fields Landing, and in and adjacent to the deposition area. Actual sequencing of construction will be determined by the construction contractor and the laydown area chosen will be determined at the time of construction planning. Wetlands and native vegetation will be avoided.

2.2.5.2 Workforce

The project is expected to require a maximum of 10 people onsite daily during construction. Work shifts will generally be eight hours per day, five days per week. Nighttime activities are not planned or anticipated.
2.2.5.4 Demobilization
Demobilization and cleanup will include flushing the pipeline with clean water, collecting the floats, decoupling the pipe sections, and moving the dredge and piping back to the Fields Landing Boat Yard. Demobilization of the pipeline will take approximately seven days. The infiltration berm at the receiving site will be dismantled and the rock buried, spread out, or used onsite. Rock will not be hauled offsite.

2.2.5.5 Project Schedule
Following site preparation activities, construction is currently planned to occur between July and October of 2016. Actual construction schedules will be determined by the construction contractor at the time of construction planning and could be different. The project will begin by implementing the pier piling and gravel removal elements of the eelgrass restoration program and then proceed with dredging and beneficial reuse of dredge sediments.

2.3 Avoidance and Minimization Measures/BMPs
Environmental impact avoidance and minimization measures have been designed to limit the risk of project-related impacts:

Fisherman’s Channel Dredging
- Minimize impacts on eelgrass to the extent possible by reducing the original -8 ft MLLW dredge footprint that encompassed the entire bottom of Fisherman’s Channel to the current plan’s -6 ft MLLW and a narrow footprint. Only the mouth of Fisherman’s Channel will have a -8 ft MLLW dredge depth. That change in dredging depth and width resulted in a reduction of the direct impacts on eelgrass from 1.1 ha (2.8 ac) to 0.48 ha (1.2 ac).
- In water work is scheduled to be implemented between July 1 and October 1 when no salmonids (or other anadromous fish) are expected to be present within Fisherman’s Channel, thereby avoiding impacts on these species.
- Dredge pump will be primed close to the bottom of the channel to reduce potential for longfin smelt entrainment.
- Monitoring the cutter head location so that it maintains contact with the bay floor
- No dredging will occur along the side slopes outside of the designated dredge footprint, which will facilitate the retention of eelgrass in Fisherman’s Channel, which will provide a source for recolonization of the dredged area.

Slurry Pipeline
- Bird nesting surveys will be conducted for any activities (i.e. vegetation removal along pipeline route) that may disturb nests during the breeding season.
- Wetlands will be identified and flagged by a qualified biologist and avoided.

White Slough Beneficial Reuse Area
- A berm and silt fences will be constructed/deployed in the White Slough beneficial reuse area to contain and filter water that will eventually be delivered to the bay during dredge spoils dewatering.
- Trash/debris contained in the dredge slurry will be screened and removed at the receiving site.

Fields Landing Eelgrass Restoration Area
- Wetlands near the pipeline route and Fields Landing eelgrass mitigation area will be identified and flagged by a qualified biologist and avoided.
• Any frogs observed on site will be captured by a qualified biological monitor and relocated into suitable wetland habitat along the east side of the Fields Landing property.

• Special-status plant species will be flagged by a qualified biological monitor for avoidance prior to the initiation of project activities in the Fields Landing area.

• Silt fences and/or straw waddles will be constructed/deployed around the sediment storage and placement locations at the Fields Landing mitigation area.

General

• A biological monitor will be present during pipeline deployment and on call during dredging operations.

• Implement a hydrocarbon spill prevention and clean-up plan to minimize the potential for project-related hydrocarbon contamination of bay waters. The dredge and support facilities will contain spill kits.

• Adaptive management measures (i.e., monitoring to determine whether dredging/placement rate needs to be adjusted based on efficacy of dewatering)

• Fugitive dust control measures to prevent generation of dust (due to concentrations of metals) during drying of the sediments.

• Traffic control measures during slurry placement/dewatering.

2.4 References Cited


Figure 2-1. Fisherman’s Channel, looking southwest towards entrance

Figure 2-2. Dredge Nehalem

Fisherman’s Channel Dredging and Beneficial Reuse Pilot Project
Figure 2-3. Slurry pipeline route along railroad right-of-way

Figure 2-4. Beneficial Reuse Site, Humboldt Bay National Wildlife Refuge, White Slough Unit

Fisherman's Channel Dredging and Beneficial Reuse Pilot Project
Figure 2-5. White Slough and Humboldt Bay at King Tide

Figure 2-6. Field's Landing eelgrass restoration site

Fisherman's Channel Dredging and Beneficial Reuse Pilot Project.
SECTION 3
Detailed Responses to Application Questions

The following are responses to individual questions posed on the Harbor District's permit application form that take additional space for a response (per the application instructions)

3.1 Project Description Questions (8–32)

Note: Questions 1 through 7 are answered in the permit application form.

8. Site Size
   
   **Response:** The dredging footprint at Fisherman's Channel is approximately 1.62 acres. The North Basin deposition at White Slough is approximately 2.5 acres in area. The Fields Landing eelgrass mitigation area will cover approximately 1.6 acres.

9. Square Footage
   
   **Response:** See response to item #8. The surface area of sediment to be removed will be approximately 70,570 square feet. The surface area of the eelgrass mitigation area is approximately 91,475. Laydown and soil stockpile areas will involve additional site area, but will not involve new construction or permanent fill.

10. Number of floors of construction
   
   **Response:** NA

11. Amount of off-street parking provided
   
   **Response:** Parking for dredge operations and construction staff will be within the existing HBRCBD's Field's Landing Boat Yard.

12. Attach plans.
   
   **Response:** See Appendix A for plans of the berm and silt fencing system at White Slough

13. Proposed scheduling
   
   **Response:** Following site preparation activities, construction is currently planned to occur between July and October of 2016.

14. Associated projects
   
   **Response:** The Harbor District proposes this as a pilot project for future dredging activities within Humboldt Bay that are not yet planned or scheduled.

15. Anticipated incremental development
   
   **Response:** N/A

16. If residential, include the number of units, schedule of unit sizes, range of sale prices or rents, and type of household size expected.
   
   **Response:** Not residential.

17. If commercial, indicate the type, whether neighborhood, city or regionally oriented, square footage of sales area, and loading facilities.
   
   **Response:** Not commercial.
18. If industrial, indicate type, estimated employment per shift, and loading facilities.
   Response: Not industrial

19. If institutional, indicate the major function, estimated employment per shift, estimated occupancy, loading facilities, and community benefits to be derived from the project.
   Response: Not institutional.

20. If the project involves a variance, conditional use or recognizing application, state this and indicate clearly why the application is required.
   Response: Humboldt County has indicated that a conditional use permit would be required to temporarily install the slurry pipeline from Fisherman's Channel to White Slough. The County does not consider this use to be a Principal Permitted use in the Agriculture Exclusive (AE) or Natural Resources (NR) zoning district.

   Are the following items applicable to the project or its effects: Answer yes or no. Discuss all items answered yes.

21. Change in existing features of any bays, tidelands, beaches, lakes, or hills, or substantial alteration of ground contours
   Response: Yes. The project will result in a minor change to the Fisherman's Channel by removing sediment in the channel that impedes navigation. Deposition of the sediment at White Slough for beneficial tidal wetlands restoration reuse would also cause a minor change to an existing landform. This area will become restored tidelands as a result of the use of the dredged sediments at White Slough as part of the WSTWRP.
   Removal of pier pilings and gravels will require the installation of a shoreline protection system to prevent bank erosion at Fields Landing.

22. Change in scenic views or vistas from existing residential areas or public lands or roads
   Response: No. Although the dredge equipment and slurry pipeline will be visible from residential areas and roadways, this effect will be temporary and insignificant.

23. Change in pattern, scale or character of general area of project
   Response: No. The deposition of sediments as part of the WSTWRP will help in restoring a portion of Humboldt Bay to tidelands.

24. Significant amounts of solid waste or litter
   Response: No.

25. Change in dust, ash, smoke, fumes, or odors in vicinity
   Response: Yes. There may be minor increases in fumes from the dredge equipment, slurry pumps, and other construction vehicles. These would be temporary.

26. Change in ocean, bay, lake, stream, or groundwater quality or quantity, or alteration of existing drainage patterns
   Response: No.

27. Substantial change in existing noise or vibration levels in the vicinity
   a. During Construction
Response: No. During construction, some large equipment, such as the dredge and slurry pumps and equipment used to remove the pier piles for the eelgrass mitigation site, will be in use, increasing the noise levels in the immediate vicinity of the project. In addition, the additional noise associated with this project will be temporary.

b. During Project Utilization

Response: No. There will be no uses of the project after completion that will generate substantial amounts of noise.

28. Site on filled land or on slope of 10 percent or more

Response: No.

29. Use of disposal or potentially hazardous materials, such as toxic substances, flammable or explosives

Response: No.

30. Substantial change in demand for municipal services (police, fire, water, sewage, etc.)

Response: No.

31. Substantially increase fossil fuel consumption (electricity, oil, natural gas, etc.)

Response: No. The project involves temporary construction activity to remove and beneficially reuse accumulated sediments.

32. Relationship to larger project or series of projects

Response: Yes. This project is considered a pilot project for future, currently undefined maintenance dredging projects in Humboldt Bay.

3.2 Environmental Setting Questions (33–39)

33. Describe the project site as it exists before the project including information on topography, soil stability, plants and animals, and any cultural, historical, or scenic aspects. Describe any existing structures on the site and the use of the structures. Attach photographs of the site. Snapshots or Polaroid photos will be accepted.

Response: Fisherman’s Channel and the King Salmon Residential Canals were created in 1947 by dredging in an existing sand spit extending south of Buhne Hill. In 1952, PG&E purchased the property that is now the HBPP and constructed the intake canal as an extension of the Fisherman’s Channel, as part of the original power plant’s cooling water operations. PG&E also took ownership of the Fisherman’s Channel at that time.

The Fisherman’s Channel was historically maintained by PG&E through routine maintenance dredging. The last maintenance dredging was done in 1982, removing 21,000 cubic yards of sediment. The intake canal is no longer used by PG&E since the HBPP ceased operations. The new HBGS, which replaced HBPP’s electrical generation and began operation in 2010, does not require water from the intake canal for cooling. Since the last dredging event, sediment has built up in Fisherman’s Channel, hindering navigation.

Biological field reviews were conducted at the project site on:
- August 26 to 29, 2011 - Eelgrass survey of Fisherman’s Channel and Residential fingers
- March 1, 2013 - Special-status species habitat assessment
- August 12, 2014 - Eelgrass survey of mouth of Fisherman’s Channel; rare plant survey along banks of Fisherman’s Channel
- January 22, 2015 - Special-status species habitat assessment
May 21, 2015 and June 4, 2015 - Special-status plant survey at Fields Landing site
These summarized in detail in Appendix C, Biological Resources Evaluation.

There are no structures on the Fisherman’s Channel site that will be affected by the project. Abandoned pier pilings are present at the Fields Landing eelgrass mitigation site and will be removed.

34. Describe the surrounding properties, including information on plants and animals and any cultural, historical, or scenic aspects. Indicate the type of land use (residential, commercial, etc.) intensity of land use (one-family, apartment houses, shops, department stores, etc.) and the scale of development (height, frontage, set-back, rear yard, etc.). Attach photographs of the vicinity. Snapshots or Polaroid photos will be accepted.

Response: Surrounding areas to the north of the Fisherman’s Channel include the unincorporated community of King Salmon, which consists of homes with docks for access to the Fisherman’s Channel and Humboldt Bay. Some fishing chartering companies are also located in this area. To the north/northeast is the site of the former HBPP as well as the newer HBGS and the Humboldt Bay Power Plant substation. Large tidal salt marshes are found to the south of the Fisherman’s Channel. Buhne Point is a forested hill east and north of the Fisherman’s Channel.

The White Slough beneficial reuse site is part of and surrounded by former tidal marshes of the Refuge and Humboldt Bay proper to the north. To the east is U.S. 101 and a sparsely populated, forested area. College of the Redwoods is located nearby to the south and east.

The Fields Landing eelgrass mitigation site is adjacent to Humboldt Bay, south of the Harbor District’s boat maintenance yard and dock. The property immediately onshore of the mitigation area is currently unused open space and was formerly the site of a saw mill.

35. How will the proposed use or activity promote the public health, safety, comfort, and convenience?

Response: The dredging of Fisherman’s Channel will restore access to Humboldt Bay by marine vessel to the residents of King Salmon and others at lower low tides and prevent the blockage of navigation in the Fisherman’s Channel from further deterioration.

36. How is the requested grant, permit, franchise, lease, right, or privilege required by the public convenience and necessity?

Response: The dredging project is necessary to maintain public vessel access to the Fisherman’s Channel.

37. Financial statement:

a. Estimated cost of the project.

Response: Capital cost for this project is under development.

b. How will the project be financed?

Response: HBHRD will finance the project. Permitting of the project is being financed by PG&E as a community benefit.

38. Describe full directions necessary to arrive at project site.

Response: From Highway 101, exit King Salmon Avenue heading northwest and proceed 0.35 miles to the King Salmon Avenue bridge over Fisherman’s Channel/HBPP Intake Canal.
39. Will the Applicant agree that as a condition of the permit being issued to Applicant, to indemnify and hold harmless the Humboldt Bay, Harbor recreation and Conservation District from any and all claims, demands, or liabilities for attorneys' fees obtained from or against demands for attorney's fees, costs of suit, and costs of administrative records made against District by any and all third parties as a result of third party environmental actions against District arising out of the subject matter of this application and permit, including, but not limited to attorney's fees, costs of suit, and costs of administrative records obtained by or awarded to third parties pursuant to the California Code of Civil Procedure Section 1021.5 or any other applicable local, state, or federal laws, whether such attorneys' fees, costs of suit, and costs of administrative records are direct or indirect, or incurred in the compromise, attempted compromise, trial, appeal, or arbitration of claims for attorneys' fees and costs of administrative records in connection with the subject matter of this application and permit?

Response: The Harbor District is the Applicant.
Date: December 18, 2015
To: Board of Directors of Independent Special Districts
From: George Williamson, Executive Officer
Subject: CALL FOR NOMINATIONS – Humboldt LAFCo Independent Special District Member

The term of office for one of the special district members on LAFCo, currently held by Bruce Rupp of the Humboldt Bay Municipal Water District, expires on June 30, 2016. The basic process for selecting special district members to LAFCo is set forth in Government Code Section 56332. This provides for a meeting to be convened among representatives from each of the 48 independent special districts in Humboldt County, unless the Executive Officer determines that a meeting is not feasible. Based on Government Code Section 56332, it has been determined that a meeting of this "Independent Special District Selection Committee" for the purpose of selecting a special district member is not feasible due to the likelihood that a quorum would not be achieved. As such, both the nominating process and the election itself will be conducted by mail.

Your district is encouraged to participate in this election process. A schedule is enclosed together with a list of the 48 independent special districts in Humboldt County that are eligible to participate. If your district wishes to nominate a Board member to be a candidate for the LAFCo district member, the nomination procedures are as follows:

1. Each district may nominate one person; Nominees must be board members, not staff.
2. All nominations must be accompanied with a completed nomination form approved by a majority of your Board (enclosed).
3. The nomination form and a candidate’s statement or letter of interest and qualifications must be returned to Humboldt LAFCo, 1125 16th Street, Suite 202, Arcata, CA 95521, or faxed 707-825-9181.
4. Upon receipt of nominations, LAFCo will prepare and send a ballot to each district. The ballot will state the return date and how successful candidates will be notified.

The deadline for submitting nominations is Friday, February 19, 2016. Any nomination that is submitted after the deadline will not be considered.

General information about LAFCo is available at the Humboldt LAFCo website at www.humboldtlafco.org. The Commission is comprised of seven regular and four alternate members representing the county, cities, independent special districts, and general public. All terms are four years and end on June 30. Regular meetings are held at 9:00 a.m. on the third Wednesday of every other month in the Humboldt County Board of Supervisors Chamber, with special meetings held as needed.

If you have any questions, please contact LAFCo staff at 707-445-7508.

RECEIVED
DEC 21 2015
H.B.H.R. & C.D.
### Election Schedule

<table>
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<tr>
<th>Event Description</th>
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<td>LAFCo call for nominations letter mailed via certified mail</td>
<td>Friday, December 18, 2015</td>
</tr>
<tr>
<td>Nominations due to LAFCo</td>
<td>By 5:00 p.m., Friday, February 19, 2016</td>
</tr>
<tr>
<td>Ballots mailed from LAFCo via certified mail</td>
<td>No later than Friday, March 4, 2016</td>
</tr>
<tr>
<td>Election Day – Ballots due to LAFCo</td>
<td>By 5:00 p.m., Friday, May 6, 2016</td>
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<tr>
<td>Election results mailed from LAFCo via certified mail</td>
<td>No later than Friday, May 20, 2016</td>
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### Current Special District Terms

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<th>Current Member</th>
<th>Term of Office</th>
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<tr>
<td>Regular Member</td>
<td>Bruce Rupp, Humboldt Bay Municipal Water District</td>
<td>2012 - 2016</td>
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<tr>
<td>Regular Member</td>
<td>Troy Nicolini, Samoa Peninsula Fire District</td>
<td>2014 - 2018</td>
<td></td>
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<tr>
<td>Alternate Member</td>
<td>Frank Scolari, Humboldt Community Services District</td>
<td>2014 - 2018</td>
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### Independent Special Districts

- Big Lagoon Community Services District
- Briceland Community Services District
- Carlotta Community Services District
- Fieldbrook-Glendale Community Services District
- Humboldt Community Services District
- Loleta Community Services District
- Manila Community Services District
- McKinleyville Community Services District
- Miranda Community Services District
- Orick Community Services District
- Orleans Community Services District
- Palmer Creek Community Services District
- Patrick Creek Community Services District
- Phillipsville Community Services District
- Redway Community Services District
- Riverside Community Services District
- Scotia Community Services District
- Weott Community Services District
- Westhaven Community Services District
- Willow Creek Community Services District
- Aiderpoint County Water District
- Hydesville County Water District
- Jacoby Creek County Water District
- Humboldt Bay Municipal Water District
- Garberville Sanitary District
- Resort Improvement District No. 1
- Arcata Fire Protection District
- Blue Lake Fire Protection District
- Briceland Fire Protection District
- Bridgeville Fire Protection District
- Ferndale Fire Protection District
- Fruitland Ridge Fire Protection District
- Garberville Fire Protection District
- Humboldt No. 1 Fire Protection District
- Kneeland Fire Protection District
- Myers Flat Fire Protection District
- Petrolia Fire Protection District
- Redway Fire Protection District
- Rio Dell Fire Protection District
- Samoa Peninsula Fire District
- Telegraph Ridge Fire Protection District
- Willow Creek Fire Protection District
- Humboldt Bay Harbor, Recreation and Conservation District
- Humboldt County Resource Conservation District
- North Humboldt Recreation and Park District
- Southern Humboldt Community Healthcare District
- Fortuna Cemetery District
- Petrolia Cemetery District
Special District Member Nomination Form

Name of District: ________________________________

Address: ________________________________

Telephone: ________________________________

The Board hereby nominates ________________________________ to fill the term beginning on June 30, 2016 and expiring June 30, 2020 as a regular member of the Humboldt Local Agency Formation Commission representing independent special districts of Humboldt County.

Board action taken on the ________ day of ________________, 2016, by the following vote:

AYES: ________________________________

NOSE: ________________________________

ABSTAIN: ________________________________

ABSENT: ________________________________

District Representative:

______________________________
Signature

______________________________
Printed Name
Special District Member Candidate Information Sheet

Providing this form or a letter of interest and qualifications is voluntary. It will be kept on file at the LAFCo offices and made available on request. It will not be distributed with the ballots.

Candidate Name: ____________________________________________________________________________

Address: __________________________________________________________________________________

Phone: _____________________________________________________________________________________

E-mail: _____________________________________________________________________________________

District: ___________________________________________________________________________________

Title: _____________________________________________________________________________________

Length of service with District:

Present Occupation:

Personal and Professional Background:

Summarize your interest in serving on LAFCo:

Summarize your qualifications for serving on LAFCo:

List local government and/or civic organization involvement:

List special interests: