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

DATE: May 18, 2017
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 54957(b)(1) (Public Employee Performance Evaluation), 54956.9 (a) (Existing Litigation) and 54956.8 (Conference with Real Property Negotiators)

   1) Public Employee Performance Evaluation
      Title: Executive Director (Annual Evaluation and Contract renewal)

   2) Conference with legal counsel--Existing Litigation from National Audubon Society and California Waterfowl Association v. Humboldt Bay Harbor, Recreation and Conservation District, pending in Humboldt County Superior Court.

   3) Conference with Real Property Negotiators
      Agency Negotiator: Board President, Executive Director and District Counsel
      Property Purchase- Dog Ranch

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 meeting minutes for April 27, 2017.

8. Communications and Reports
   a. Executive Director Report
   b. Staff Reports
   c. District Counsel, District Planner, District Engineer and District Treasurer Reports
Agenda for May 18, 2017 Special Board Meeting

d. Commissioner and Committee Reports
e. Other

9. Non Agenda

10. Unfinished Business

   a. Consideration to establish lease rates for pre-permitting subtidal areas 1, 2 and 3.

11. New Business

   a. Consideration of Exclusive Right to Negotiate agreement with Perciformes Group.
   b. Preliminary Budget review and adoption FY 2017/18.
   c. Resolution 17-07 Consideration of Certification of Acceptance in real property conveyed by Pacific Gas and Electric Company for the King Salmon Fisherman's Channel.
   d. Consideration of property purchase commonly known as Dog Ranch and agree to be named as purchaser in multiple grant applications.
   e. Consideration of contract amendment with Merkel & Associates.
   g. Consideration of leases of subtidal areas 1 and 2 with: Starbird Mariculture, Aqua Rodeo Farms, Humboldt Bay Oyster Company and Dale Family Farm.
   h. Consideration of contract renewal for Executive Director Jack Crider.

12. Administrative and Emergency Permits

13. Adjournment
The Humboldt Bay Harbor, Recreation, and Conservation District met in regular session on the above date, 6:00 P.M. Closed Session, 7:00 P.M. Open Session, at the Woodley Island Marina Meeting Room, 601 Startare Drive, Eureka, CA 95501.

1) CLOSED SESSION - 6:00 P.M.

The Commission met in closed session to discuss the following items:

a) Move to Executive Closed Session pursuant to the provisions of the California Government Code Section 54957(b)(1) (Public Employee Performance Evaluation), 54956.9 (a) (Existing Litigation) and 54956.8 (Conference with Real Property Negotiators)

1. Public Employee Performance Evaluation
   Title: Executive Director (Annual Evaluation and Contract renewal)

2. Conference with legal counsel—Existing Litigation from National Audubon Society and California Waterfowl Association v. Humboldt Bay Harbor, Recreation and Conservation District, pending in Humboldt County Superior Court.

3. Conference with Real Property Negotiators
   Agency Negotiator: Board President, Executive Director and District Counsel
   Pre-permitting subtidal and intertidal lease agreement rates.

2) ADJOURN EXECUTIVE CLOSED SESSION

3) OPEN SESSION – 7:05 P.M.

ROLL CALL:

PRESENT: HIGGINS
         MARKS
         KULLMANN
         DOSS
         DALE

ABSENT: NONE.

QUORUM: Yes

4) PLEDGE OF ALLEGIANCE

5) REPORT ON EXECUTIVE CLOSED SESSION

1) Nothing to report out on.

2) Not discussed. No recent developments to report.

3) Commissioner Dale recused himself. Commission discussed pre-permitting subtidal and intertidal lease agreement rates. No action to report out on, but the topic is on this meeting's agenda, to be discussed under item 11b.

6) PUBLIC COMMENT: NONE.

The following individuals addressed the Commission regarding subject matters not on this meeting's agenda:
Joan Romo.

7) CONSENT CALENDAR:

a. Consideration of approval of Board meeting minutes for March 23, 2017

b. Consideration of approval of Board meeting minutes for April 13, 2017

   COMMISSIONER HIGGINS MOVED FOR THE APPROVAL OF THE CONSENT CALENDAR. COMMISSIONER DALE SECONDED.
II. Chair Marks then opened up public comment on the item. Seeing no members of the public wishing to speak, Chair Marks then moved the discussion back to the Commission.

VOICE VOTE WAS CALLED, MOTION CARRIED WITHOUT DISSENT.
Ayes: MARKS, HIGGINS, DOSS, KULLMANN, DALE
Noes: NONE
Absent: NONE
Abstain: NONE

8) COMMUNICATIONS AND REPORTS:

a. Executive Director, Jack Crider Report:
   - Meeting Schedules-
     a) May 25 regular meeting
     b) May 16th-18th annual meeting at Shelter Cove?
   - PG&E funded Amendment 1 agreement- next, need to transfer property.
   - Agency dredge meeting 4/26 and public meeting 5/3
   - Meeting with Peninsula CSD (currently Samoa Peninsula FPD, reorganizing into a CSD) and Samoa Pacific group on using the outfall pipe at RMTII.
     a) Samoa Pacific Group concerned outfall usage fee ($82,000) would increase rates too high
   - Scheduled to relocate Coast Guard to Dock B next month, will have 4 ft. minimum draft clearance
   - Pre-permitting subtidal and intertidal eelgrass, SHN starts looking at setbacks next month. $20k
   - Coastal Commission RMTII tour June 6th or 7th, CDI- July or August.

b. Staff Reports
   - Director of Harbor Operations, Tim Petrusha:
     a) Attended Seatrade Cruise Global Show
        1. Made connections and received requests for 4 berths in spring of 2019
     b) Chip Ship at CA. Redwood. Took half a load due to current draft restriction
     c) USAGE dredge on schedule to arrive mid to late June
        1. Completed yearly inspection with USACE

   - Director of Facility Maintenance: NONE.

c. District Counsel, District Planner, District Treasurer and District Engineer Reports
   - District Counsel: NONE.
   - District Planner, George Williamson:
     - Current projects include:
       a) Mariculture Intertidal Pre-permitting & Yeung Oyster Farm EIR- Will produce a report for the 4/18/17 Scoping Meeting.
       b) Shelter Cove facility- County CDP
       c) Woodley Island- CDP modifications
       d) LCL1091 vessel- permanent site CDP
       e) Draft FY 2017-18 Budget
       f) Eelgrass Management Plan
       g) Permitting, various projects: Chevron air sparge wells repair, levee repairs, restoration
       h) Redwood Marine Terminal II prospective tenants/CDI
       i) District/City dredge disposal options
       j) Website management, minutes, employment ads, and Facebook posts.

   - District Treasurer, Mark Wetzel:
     a) Cash flow analysis sent to Commission- March’s full report will be available next week.
     b) April- property taxes and PG&E funds will come in April, will increase cash available.
Minutes (subject to approval)
Regular Meeting of the Board of Commissioners
Humboldt Bay Harbor, Recreation, and Conservation District
April 27, 2017

o District Engineer, Mike Foget:
  a) RMT II- Humboldt County grant permitting for WWTP & sewer
  b) Stormwater- Fields Landing- ERA Level 2 status July 1. Plan due 1/2018
  c) Permitting- Intertidal Eelgrass survey starts in May
  d) Dredge- Conducted early season botanical and wetland surveys for Superbowl disposal site
  e) Preparing Sampling and Analysis Plan for Fisherman's Channel Mitigation Area
  f) Shelter Cove phase 1 concrete slab design coming up

d. Commissioner and Committee Reports

  o Commissioner Higgins
    o Upcoming visit from aquaculture group. Closed aquaculture system, possibly to grow black cod, at RMTII. They will tour the facility the first week of May.
    o Encouraged the public to attend upcoming Dredge Spoil Options Meeting on May 3rd

  o Commissioner Kullmann
    o Microgrid ceremony out at Blue Lake Rancheria

  o Commissioner Marks
    a) Attended meeting for Peninsula FPD reorganization to a CSD
    b) Attended Agency Meeting discussing dredging options

  o Commissioner Dale
    a) Nothing to add, to the above-mentioned events

  o Commissioner Doss
    a) Discussed reflection on Aquaculture Pre-Permitting Scoping meeting

e. Other NONE.

9) NON-AGENDA: NONE.

10) UNFINISHED BUSINESS: Chevron Marine Fuel Terminal 1001093 Air Sparge Wells Replacement/Rehabilitation Project

  a. CONSIDERATION OF ADOPTING RESOLUTION 2017-06 WHICH ESTABLISHES FINDINGS RELATIVE TO THE PROJECT.
     I. District Planner Williamson presented information regarding the item
     II. COMMISSIONER HIGGINS MOVED TO ADOPT RESOLUTION 2017-06. COMMISSIONER DALE SECONDED THE MOTION.
     III. The Commission briefly discussed the item.
     IV. Chair Marks then opened up public comment on the item: Seeing no members of the public wishing to speak, Chair Marks then moved the discussion back to the Commission.
     V. ROLE_CALL VOTE WAS CALLED, MOTION CARRIED WITHOUT DISSENT.
        Ayes: MARKS, HIGGINS, KULLMANN, DOSS, DALE
        Noes: NONE
        Absent: NONE
        Abstain: NONE

  b. CONSIDERATION OF GRANTING TO CHEVRON PERMIT 17-01, FOR THE PROJECT.
     I. District Planner Williamson presented information regarding the item
     II. COMMISSIONER DOSS MOVED TO APPROVE PERMIT 17-01. COMMISSIONER DALE SECONDED THE MOTION.
     III. The Commission briefly discussed the item.
IV. Chair Marks then opened up public comment on the item: Seeing no members of the public wishing to speak, Chair Marks then moved the discussion back to the Commission.

V. VOICE VOTE WAS CALLED, MOTION CARRIED WITHOUT DISSENT.
   Ayes: MARKS, HIGGINS, KULLMANN, DOSS, DALE
   Noes: NONE
   Absent: NONE
   Abstain: NONE

11) NEW BUSINESS:

A. PRELIMINARY BUDGET REVIEW AND ADOPTION FY 2017/18

   I. Director of Harbor Operations, Time Petrusha presented the item:
      a. Presented budget format, overview, financial highlights, and budget schedule.
         i. Updated Schedule:
            o April 13- Preliminary budget prepared and presented
            o April 27- Preliminary budget review
            o May 18- Preliminary budget adoption
            o May 19-30-day public notice period begins
            o June 22- Public input
            o June 29- Final budget public hearing and budget adoption
      b. The Commission discussed the item. Chair Marks then opened up public comment on the item. Public commenters included: Ted Romo. Seeing no other members of the public wishing to speak, Chair Marks then closed the item with no action taken, noting it will again be on the next meeting's agenda.

B. CONSIDERATION OF COMMERCIAL LEASE WITH REINCKE MARINE FABRICATION AT FIELDS LANDING BOAT YARD

   I. Director of Harbor Operations, Tim Petrusha presented information regarding the item:
   II. The Commission discussed the item.
   III. COMMISSIONER HIGGINS MOVED TO APPROVE COMMERCIAL LEASE WITH REINCKE MARINE FABRICATION AT FIELDS LANDING BOAT YARD. COMMISSIONER KULLMANN SECONDED THE MOTION.
   IV. District Counsel recommended an amendment to section 1.3 of the permit, for renewal options, to define the length of optional renewal terms. It should be amended to read: "tenant shall have the option to renew this lease for two successive three-year terms as follows". COMMISSIONER HIGGINS ACCEPTED THIS CHANGE AS A FRIENDLY AMENDMENT TO THE MOTION.
   V. A representative of Reincke Marine then spoke regarding the permit.
   VI. Chair Marks then opened up public comment on the item: Seeing no members of the public wishing to speak, Chair Marks then moved the discussion back to the Commission.
   VII. VOICE VOTE WAS CALLED, MOTION CARRIED WITHOUT DISSENT.
       Ayes: MARKS, HIGGINS, KULLMANN, DOSS, DALE
       Noes: NONE
       Absent: NONE
       Abstain: NONE

C. CONSIDERATION TO ESTABLISH LEASE RATES FOR PRE-PERMITTING SUBTIDAL AREAS 1, 2 AND 3

   I. Commissioner Dale recused himself and left the room.
   II. Executive Director Crider presented the item.
   III. The Commission then briefly discussed the item. The Commission then directed staff to continue to work on lease rates and negotiate with interested parties. This item will come back before the Commission at some future date to approve the lease rates.
   IV. Chair Marks then opened up public comment on the item. Public commenters included: Ted Romo. Seeing no other members of the public wishing to speak, Chair Marks then moved the discussion back to the Commission. Seeing no further comment, Chair Marks closed the item with no action taken.

12) ADMINISTRATIVE AND EMERGENCY PERMITS: NONE
13) ADJOURNMENT

APPROVED BY

__________________________
Patrick Higgins
Secretary

RECORDED BY:

__________________________
George Williamson
District Planner
EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT

This Agreement is entered into this 18th of May 2017 (“Commencement Date”), by and between the Humboldt Bay Harbor, Recreation, and Conservation District (“District”), a California governmental entity, and Perciformes Group LLC, a Texas State LLC and the District are sometime collectively referred to as the “Parties” and each, individually, may be referred to as a “Party.”

1. RECITALS. The Parties enter into this Agreement in light of the following facts and objectives:

A. Perciformes Group seeks to lease space described in Exhibit “A” attached, and seeks to enter into an agreement with District to conduct exclusive negotiations with District regarding the Property.

B. The Parties acknowledge that the Project will require certain entitlements, including without limitation discretionary approvals from the District, California Coastal Commission, U.S. Army Corps of Engineers, California State Land Commission, all of which will require environmental review pursuant to the California Environmental Quality Act (“CEQA”) or National Environmental Policy Act. The parties contemplate that a negotiated lease will include reduced rent for the time period required for obtaining the necessary agency permits and approvals and for construction of the improvements that will be necessary for Perciformes Group operations.

2. TERM

A. Term. The term of this Agreement shall be for the shorter of 12 months (360 days), or as otherwise provided in Section 12, commencing on the date of this Agreement (the “Term”) or signature to the Port Lease. B. Extensions. At the option of the Parties, the Term may be extended for an additional two (2) three (12) month periods by mutual written consent of District and Perciformes Group. The Executive Director is authorized to approve such extensions on behalf of District. Additionally, in the event that Perciformes Group has fully performed under the terms and conditions of this Agreement in a timely manner, and in the event that the Parties have negotiated a preliminary lease agreement over which the Parties have reached agreement about its terms, District shall extend the Term by the amount of time necessary to complete the legal review of the lease agreement.

C. Additional Extensions. Notwithstanding Sections 2.B and 11, if District determines that it is in the best interests of District, District may extend the time for Perciformes Group performance of any of the terms and conditions of this Agreement. District shall have sole discretion to grant such additional extensions to Perciformes Group and in no event shall this provision be construed so as to convey any right or entitlement to an additional extension for performance to Perciformes Group.

3. NEGOTIATIONS
A. District and Perciformes Group shall negotiate diligently and in good faith during the Term towards a lease agreement providing for the leasing by District to Perciformes Group, of all or part of the Property. The good faith negotiations agreed to between the Parties requires each to reasonably communicate with the other. This will include all methods of communication including via telecommunications (fax, phone, e-mail, etc.), face-to-face meetings between the Parties’ representatives, and written correspondence. Nothing in this Agreement shall be construed to require Perciformes Group or District to ultimately agree to specific terms for a lease, and both Parties have the discretion to decide not to enter a lease if the Parties do not reach agreement on the details for the lease agreement.

B. District shall not negotiate with any other person or entity regarding long-term leasing or other long-term use authorization of the Property or any portion of the Property, or solicit or entertain bids or proposals to do so, during the Term, without the written consent of Perciformes Group. Any such negotiations would require that the contemplated or potential use of any third party not interfere with the contemplated potential uses of Perciformes Group.

C. District and Perciformes Group will engage in good faith efforts to prepare the necessary documents to allow the District’s Board of Commissioners (“Board”) to determine whether it wishes to approve the CEQA documents, Project entitlements, and lease.

D. Each Party agrees that any and all data, reports and documentation supplied by one Party (“Disclosing Party”), or its affiliates or third parties on its behalf, to the other Party under this Agreement (“Receiving Party”), which are confidential, to the extent permitted by the California Public Records Act, cannot be disclosed or otherwise disseminated by the Receiving Party without the consent of the Disclosing Party. If District is challenged regarding a document that Perciformes Group deems confidential, then Perciformes Group shall defend, indemnify and hold harmless District and its officers, officials, employees and agents against and from such challenge.

4. RIGHT OF ENTRY

A. Perciformes Group, its agents, and independent contractors shall have the right to enter on the Property, upon reasonable prior notice to District, to perform, at Perciformes Group expense, any and all structural, soil, hydrological, archaeological, or environmental site assessments, and to conduct any surveys, title work, planning, and any other investigations as Perciformes Group deems appropriate in its sole and absolute discretion. District will cooperate and provide reasonable assistance to Perciformes Group and its representatives in carrying out its inspection.

B. Perciformes Group shall indemnify and hold District, its elected officials, agents, directors, staff, volunteers and designated representatives, harmless from any lien, loss, claim, liability, damage, or expense, including reasonable attorneys’ fees and costs, that District may suffer or incur, arising out of or in connection with Perciformes Group’s entry upon and inspection of the Property, including, without limitation, any loss, damage, or
liability that District may suffer or incur by reason of any injury to any person or property caused by Perciformes Group, its agents, employees, independent contractors, consultants, or invitees. Perciformes Group shall also require that all third parties performing investigation on the site to have and maintain liability insurance with minimum coverage of $1,000,000 for general commercial liability. Perciformes Group shall require written proof of insurance and shall provide copies to District at District’s request. Upon the completion by Perciformes Group of any and all such investigations of the Property, Perciformes Group shall restore the Property to substantially the same condition existing prior to such investigations. Notwithstanding anything to the contrary provided in this paragraph, Perciformes Group shall not be obligated to remediate, restore or indemnify District for incidental or consequential damages with respect to any environmental or physical condition that is merely discovered, as opposed to caused, by Perciformes Group. Perciformes Group obligations hereunder shall survive termination of this Agreement or, if applicable, any lease agreement.

5. **EQUIPMENT STORAGE.** Perciformes Group or its designees may store equipment necessary for site investigation purposes, for the time period such equipment is reasonably necessary for site investigation purposes, on the Property during the Term provided the equipment is in operating condition and currently licensed (if appropriate). Perciformes Group or its designees shall store equipment only in areas approved by District. District shall not be responsible for any damage or theft of equipment stored on the Property by Perciformes Group or its designees. In the event of termination of this Agreement, Perciformes Group shall remove stored equipment from the Property within ten (10) days of the date of termination of this Agreement. If not removed within ten (10) days after the date of termination, stored equipment will be removed, sold or destroyed by District at Perciformes Group expense.

6. **CONSIDERATION.** The Parties agree to strictly comply with the recitals and mutual covenants and conditions contained in this Agreement. Further, within five (5) days of the Commencement Date, Perciformes Group shall pay to the District the sum of Five Thousand Dollars ($5,000) for the exclusive right and initial services of District staff and administration during the Term and $2,500 for any extension. If a lease agreement is executed arising out of negotiations pursuant to this Agreement, these amounts shall be credited to the initial lease payment(s). The parties acknowledge that due to the unknown contingencies that may occur in exploring issues related to a potential lease the actual costs to the District may exceed $5,000 in the initial term and $2,500 in the extensions. Should the District incur additional staff time and expenses related to a potential lease during the initial term or in extensions Inyo shall reimburse the District for said additional expenses and costs. District shall document any such expenses and costs and provide to Perciformes Group in writing prior to incurring these expenses. If the parties cannot reach agreement on reimbursement the issue shall be resolved by arbitration pursuant to paragraph 11 D. of this agreement. Any costs and expenses incurred by the District in excess of the specific initial term and/or extension payments shall not be credited to the initial lease payment.

7. **SCHEDULE OF PERFORMANCE**

   A. **Project Submissions**
Within sixty (60) days of the Commencement Date, Perciformes Group shall provide to District the following information:

1. The name and identification of the type of legal entity with which District would contact.

2. Name and person (or persons) who will represent Perciformes Group in negotiations with District.

3. A narrative description of the development proposed, including a description of its physical characteristics, potential leasehold improvements and number of proposed employees.

4. Funding sources and proposed uses for the Project, including all anticipated development costs.

5. Estimated development and pre-development schedule including time required for all design and permit processing including but not limited to compliance with CEQA.

6. Executed copies of any contracts which Perciformes Group has entered into with its consultants for the Project pertaining to architectural, engineering, environmental analysis, and soil analysis.

7. Proposed site plans for the Project showing the site layout, legal description of the proposed lease area, proposed leasehold improvements, access points, and parking layout areas. The plan should show adjacent land uses to illustrate the Project’s relationship to the surrounding area.

B. District Approval. Within thirty (30) days after District receives any information or documents required to be submitted to it by Perciformes Group pursuant to this section, District shall advise Perciformes Group of its acceptance or rejection of the information or documents. If District rejects any information or documents submitted to it by Perciformes Group, Perciformes Group may revise its submission and resubmit to District. District shall advise Perciformes Group of its acceptance or rejection of any revised submission within thirty (30) days of its receipt of the revised submission from Perciformes Group.

8. PERMITS REQUIRED. Perciformes Group understands and agrees it is solely responsible for obtaining a permit from District and all other applicable governmental approvals for the Project, at Perciformes Group sole expense. District agrees that it will provide any documentation or authorization necessary for Perciformes Group to proceed with the process of obtaining any and all required governmental approvals for the Project, including, without limitation, authorization for Perciformes Group to act as District’s agent with respect to those governmental approvals.

9. NEGOTIATION OF LEASE AGREEMENT. Subject to Perciformes Group has performing all of the requirements in Section 7.A above in a timely manner, District shall deliver to Perciformes Group a draft form of lease. Perciformes Group and District shall negotiate
diligently and in good faith until a lease is agreed upon, unless the Term has expired, or the Parties terminate this Agreement.

10. **DISTRICT RESPONSIBILITIES.** Perciformes Group understands and acknowledges that any lease agreement resulting from the negotiations arising from this Agreement must be considered and approved by the Board at a regular Board meeting. The Board is the only entity for District with the power and authority to enter into any agreement on behalf of District. District staff, including but not limited to the Executive Director and District Counsel, may negotiate on behalf of District for proposed terms they believe will be acceptable to the Board, but approval by the Board is not guaranteed.

11. **FAILURE TO PERFORM UNDER THIS AGREEMENT**

   A. **Time is of the Essence.** District and Perciformes Group hereby acknowledge that time is of the essence to this Agreement, such that the Parties’ failure to fully perform according to the terms and conditions of this Agreement shall be considered a material breach of this Agreement (a “Default”).

   B. **Notice of Default.** Should there be a Default in performance by a Party, the non-defaulting Party must give written notice of such Default to the defaulting Party. Such notice must specify the nature of the event or deficiency giving rise to the Default; the action required to cure the deficiency, if an action to cure is possible; and a date not less than thirty (30) calendar days from the date of the notice within which action to cure must be taken.

   C. **Cure.** Notwithstanding anything to the contrary, a Default does not constitute cause to terminate this Agreement if the defaulting Party cures, corrects, or remedies the Default within the time period required in the notice or other agreement between the Parties. In the case of a Default by either Party, the alleged defaulting Party shall promptly commence to cure the identified Default and shall complete the cure within thirty (30) days after receipt of the notice of Default. The thirty (30) day cure period for a Default shall be extended as reasonably necessary to remedy such Default, provided that the alleged defaulting Party commences such cure promptly after receiving the notice of Default and continuously and diligently pursues such remedy at all times until such Default is cured.

   D. **Arbitration.** Any disputes between the parties concerning or arising out of this Agreement shall be resolved by binding arbitration. The parties shall mutually agree on the arbitrator, who shall have the authority to determine procedural and substantive issues relating to the dispute, to the extent the parties are unable to agree. If the parties cannot agree on an arbitrator, the parties shall request the judge of the Humboldt County, California Superior Court who has primary responsibility for civil cases, or the presiding judge of that Court, to appoint an arbitrator. The arbitration shall take place in Humboldt County, California unless the parties agree to a different venue. The parties shall equally in the cost of the arbitration.

12. **TERMINATION.** This Agreement may terminate under the following circumstances:

   A. By either Party upon the uncured Default of the other Party;
B. By Perciformes Group upon giving District thirty (30) days prior written notice of its intent to terminate this Agreement;

C. Upon expiration of the Term and any extensions;

D. Upon the latest of (i) all of the Project entitlements being approved and deemed final or (ii) entering into a lease agreement between the Parties.

13. INDEMNIFICATION. Perciformes Group hereby covenants, on behalf of itself, its successors and assigns, to indemnify, save and hold harmless and defend District, its elected officials, agents, directors, staff, volunteers and designated representatives, from any action brought by a third party challenging the validity of this Agreement or seeking damages which may arise directly or indirectly from the negotiation, formation, execution, enforcement or termination of this Agreement. Nothing in this section shall be construed to mean that Perciformes Group is required to hold District harmless and/or defend it from any claims arising from, or alleged to arise from, the negligent acts, or negligent failure to act, on the part of District. District agrees that it will fully cooperate with Perciformes Group in the defense of any matter in which Perciformes Group is defending and/or holding District harmless.

14. LIMITATIONS. By its execution of this Agreement, District is not committing to itself to or agreeing to undertake (a) commitment or reservation of public funds, revenues or reserves to the Project; (b) approval of the Project by District; or (c) any other acts or activities requiring the subsequent independent exercise of discretion by District. Execution of this Agreement by District is merely an agreement to enter into a period of exclusive negotiations according to the terms of this Agreement, and the Board reserves final discretion and approval by District as to any lease agreement and all proceedings and decisions in connection with any lease agreement. This Agreement also shall not prevent District from providing any person or entity with any information regarding the Property that is contained in public records, as that term is defined by California Government Code Section 6252, which is not exempt from disclosure under the California Public Records Act.

15. NOTICES

Notices for District shall be addressed to:

Jack Crider
Executive Director
Humboldt Bay Harbor, Recreation, and Conservation District
601 Startare Drive
Eureka, CA 95501
E-Mail Address:jcrider@humboldtbay.org

Copied to:

Paul A. Brisso
Mitchell, Brisso, Delaney & Vrieze LLP
814 Seventh Street
Eureka, CA 95501
E-mail: pbrisso@mitchelllawfirm.com

Notices for Perciformes Group shall be addressed to:

Dr. Tim T. Aberson  
Perciformes Group, LLC.  
307 S. Center Street PO Box 441  
Paullina, Ia 51046  
E-mail: tagaberson@gmail.com

Stephen C. LaPointe  
Perciformes Group, LLC.  
3204 Tower Oaks Boulevard, Suite 170  
Rockville, Maryland 20852  
E-mail: scl.gbt@gmail.com

16. ASSIGNMENT. This Agreement cannot be assigned by Perciformes Group without District’s prior written approval, except that approval shall not be required for a successor-in-interest formed by Perciformes Group for the express purpose of fulfilling the obligations set forth in this Agreement.

17. INTERPRETATION/VENUE. This Agreement and its performance will be governed, interpreted, construed, and regulated by the laws of the State of California. Exclusive venue for any action arising from this Agreement will be in Humboldt County Superior Court.

18. ENTIRE AGREEMENT. This Agreement, and its attachments, sets forth the entire understanding of the Parties as to the matters covered in this Agreement. There are no other understandings, terms or other agreements expressed or implied, oral or written.

19. SEVERABILITY. If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, then such portion will be deemed modified to the extent necessary in the opinion of the court to render such portion enforceable and, as so modified, such portion and the balance of this Agreement will continue in full force and effect.

20. CONSTRUCTION. This Agreement shall be construed as a whole and in accordance with its fair meaning and without regard to any presumption or other rule requiring construction against the Party preparing this Agreement. This Agreement is the result of negotiations between the Parties who are each represented by an attorney. This Agreement shall be interpreted as though it was jointly drafted by the Parties, and it shall not be construed against a Party based upon the Party that drafted any particular section, phrase or word of the Agreement.

21. COUNTERPARTS. This Agreement may be executed in any number or counterparts, each of which will be an original, but all of which together will constitute one instrument executed on the same date.
IN WITNESS WHEREOF the Parties hereto have executed this contract the day and year first hereinabove written.

DISTRICT:

HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

Patrick Higgins, President
Board of Commissioners

ATTEST:

Paul Brisso, District Counsel

Perciformes Group, LLC:

Dr. Tim T. Aberson
President/CEO

EXHIBIT A

DESCRIPTION OF PROPERTY

1. 30-40,000 sq. ft of existing warehouse space

2. Yard space to construct greenhouse, storage tanks, and intake filtration systems
Perciformes Bullet Points

- Perciformes Group is a sister company of Global Blue Technologies who has the largest 0% discharge, recirculating aquaculture shrimp production systems.
- Perciformes core values is the triple bottom line mentality of profitability, social responsibility, and most importantly environmental responsibility.
- Perciformes goal is to culture high value marine finfish, free of any hormones or chemicals, in an environmentally friendly manner.
- Current research and development conducted by Perciformes on sablefish showed above average growth and survival. We are ready for commercial production.
- Perciformes will develop a clean, healthy, and environmentally sustainable product.
- We will be able to provide green jobs to the Eureka area and provide a great opportunity of employment for students of Humboldt State University.
- Perciformes plan is the construct the only truly closed recirculating aquaculture system that incorporates aquaponics to help purify the water used at the facility.
Item 11b.

Humboldt Bay Harbor, Recreation & Conservation District

DRAFT FY 2017/18 Budget Report

May 2017
Contents

Budget Overview and Summary ................................................................................................................... 1
  District Financial Highlights .................................................................................................................. 1
  Budget Summary ............................................................................................................................... 1
  Budget Process ................................................................................................................................. 1

The District ................................................................................................................................................ 2
  History and Overview ....................................................................................................................... 2
  District Today ..................................................................................................................................... 3

Budget ....................................................................................................................................................... 4
  Three Year Financial Summary Annual Comparison ........................................................................ 4
  District Revenue ............................................................................................................................... 4
  District Expenditures ......................................................................................................................... 8
  Grants Summary ............................................................................................................................... 12
  Capital Expenses ............................................................................................................................. 13
  Debt .................................................................................................................................................... 15

Appendix

Appendix A - Revenue Details by Type/Facility
Budget Overview and Summary

This budget represents the Humboldt Bay Harbor, Recreation and Conservation District’s (District) financial plan for the upcoming fiscal year. An updated budget format is proposed for FY 2017/18 that in addition to the expense and revenues itemization, provides the community with more information on priorities, issues and the budget process. The purpose of this budget document is to provide a comprehensive picture of proposed operations, ongoing maintenance, and capital improvements for the budget year.

District Financial Highlights

- Redwood Marine Terminals (RMT) I and II Improvements for expanded tenant base
- RMT II grid-connected photovoltaic solar energy license payments
- Dredging Infrastructure – Vessels, motors, pipes
- Shelter Cove – New fish cleaning facility design and operations (Ocean Protection Council Grant)
- Cutterhead dredge operations revenue from City of Eureka and District Dredging
- Mariculture Leases for both sub-tidal and intertidal culturing
- Woodley Island – seafood market, fuel dock, dry RV parking and second restaurant permitting
- Fields Landing – new boat repair and fabrication tenant and boat sales
- King Salmon property acquisition with funding of mitigation efforts
- Revenue from fiber optic cable use of ocean outfall will be used to pay off Coast Seafoods Loan in FY 2017/18

Budget Summary

<table>
<thead>
<tr>
<th></th>
<th>GENERAL</th>
<th>MARINA</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Revenue</td>
<td>$1,884,676</td>
<td>$1,040,000</td>
<td>$2,924,676</td>
</tr>
<tr>
<td>Non-Operating Revenue</td>
<td>$3,227,326</td>
<td>$90,000</td>
<td>$3,317,326</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$5,112,002</td>
<td>$1,130,000</td>
<td>$6,242,002</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$2,157,680</td>
<td>$651,120</td>
<td>$2,808,800</td>
</tr>
<tr>
<td>Non-Operating Expenses</td>
<td>$2,777,989</td>
<td>$234,217</td>
<td>$3,012,206</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$4,935,669</td>
<td>$885,337</td>
<td>$5,821,006</td>
</tr>
<tr>
<td><strong>EXCESS REVENUES OVER (UNDER) EXPENSES</strong></td>
<td>$176,333</td>
<td>$244,663</td>
<td>$420,996</td>
</tr>
</tbody>
</table>

Budget Process

The Budget is prepared annually under direction of the Executive Director. In March, the Board of Commissioners approves the budget schedule for the next fiscal year’s budget at a regularly scheduled
Commission meeting and appoints a Budget Committee. The Budget Committee of two Commissioners works with staff to develop a preliminary budget and review the current year’s budget and forecast. With the departure of the Director of Administrative Services, the District Planner has been tasked to assist with the FY 2017/18 budget preparation.

The preliminary budget is presented at a Commission workshop/meeting where District staff receives input from the Commission. Staff revises the budget as necessary and presents the preliminary budget for adoption at a Commission meeting on or before June 15 (in accordance with CA Harbors and Navigation Code Section 6093). A public notice is published stating: preliminary budget adoption, where the budget is available to review, and the time and place the Commission will meet to adopt the final budget.

Commissioners hear public input on the preliminary budget at the May or June meeting. Based on this comment and Commission direction, staff revises the Budget and presents it to the Commissioners. The final budget is adopted at a public hearing no later than August first of each year (per CA Harbors and Navigation Code Section 6093.3). The FY 2017/18 Budget preparation and adoption schedule follows.

### FY 2017/18 Budget Schedule

<table>
<thead>
<tr>
<th>ACTION ITEM</th>
<th>DATE (2017)</th>
<th>MEETING TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget format update presented and Budget Committee appointed</td>
<td>March 23</td>
<td>regular</td>
</tr>
<tr>
<td>Preliminary budget prepared, presented, and reviewed</td>
<td>April 13 &amp; 27</td>
<td>special / workshop</td>
</tr>
<tr>
<td>Preliminary budget adoption</td>
<td>May 18</td>
<td>special</td>
</tr>
<tr>
<td>30-day public notice period begins</td>
<td>May 19</td>
<td>n/a</td>
</tr>
<tr>
<td>Public Input</td>
<td>June 22</td>
<td>regular</td>
</tr>
<tr>
<td>Final budget public hearing and adoption</td>
<td>June 29</td>
<td>special</td>
</tr>
</tbody>
</table>

Note: Budget Committee meetings scheduled separately.

**Short-Term Factors Influencing Decisions**

Short-term factors influencing District decisions and projections include both internal and external factors, some of which are outside the control of the District. Factors include impact of outside economic factors, ability to receive permits from regulatory agencies, changes in land use laws that allow development, and internal resources (funding/staff) available to support District operations and maintenance. Nation-wide and State-wide economic trends that affect the financial condition of the District appear to be slowly improving.

### The District

#### History and Overview

The Humboldt Bay Harbor, Recreation and Conservation District was created in 1973 to address the diverse management needs of Humboldt County’s tidelands, bays, and estuaries. The District oversees planned development of the harbors and ports within its boundaries, as well as protection of the natural resources located here. It is a countywide agency with permit jurisdiction over all tide, submerged and other lands granted to the District, including all of Humboldt Bay. District operations focus on three primary areas: commercial use, recreational use, and conservation. These operations are managed by staff and governed by an elected board of commissioners.
District Today

Harbor/ Port
The District oversees and promotes many port development projects and programs. These include dredging, retention and improvement of commercial fishing facilities, improvement of transportation and maritime facilities, pilotage licensing, Oil Spill Co-op coordination, erosion control, shoreline protection projects, port marketing, mariculture, aquaculture and permitting for development.

Recreation
Development of recreational facilities is an important function of the District. Woodley Island Marina, King Salmon beach, and the Shelter Cove boat launching facility are examples of the District's commitment to recreational development. In addition, the District works on planning and improvements to other boat launch facilities, trails, water trails, and interpretive signage throughout its jurisdiction.

Conservation
The District is involved in many conservation activities including managing several wildlife areas, participating in or coordinating many natural resource research projects, serving as California Environmental Quality Act (CEQA) lead agency, and participating in or sponsoring many bay awareness educational events. In addition to its ongoing conservation programs, the District also manages and maintains three wildlife areas in the Humboldt Bay area.

Facilities and Services
- Woodley Island Marina
- Fields Landing Boat Yard
- Redwood Marine Terminals I and II
- Shelter Cove Boat Launch & Facilities
- King Salmon
- Mariculture Leases
- Development Permits
- Dredging
- Pilotage
- Safety and Environmental Clean-up Coordination
- Public bay access facilities and maintenance
- Wildlife area management

Staffing
Budget

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues of the District are charges to customers for rents and tidelands leases and harbor improvement surcharges. Operating expenses include the cost of maintaining the marina and tidelands, general and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Other government grants represent non-operating revenues received from other agencies related to harbor projects and other initiatives. Capital improvement projects and debt payments are reported as non-operating expenses.

Three Year Financial Summary Annual Comparison

<table>
<thead>
<tr>
<th>Revenue</th>
<th>FY 2015/16 Actual</th>
<th>FY 2016/17 Budget</th>
<th>FY 2016/17 Projected</th>
<th>FY 2017/18 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>$1,714,338</td>
<td>$2,490,011</td>
<td>$2,442,483</td>
<td>$2,924,676</td>
</tr>
<tr>
<td>Non-Operating</td>
<td>$1,779,303</td>
<td>$1,567,609</td>
<td>$1,710,734</td>
<td>$3,317,326</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$3,493,641</td>
<td>$4,057,620</td>
<td>$4,153,217</td>
<td>$6,242,002</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td>$2,603,410</td>
<td>$2,383,305</td>
<td>$2,732,834</td>
<td>$2,808,800</td>
</tr>
<tr>
<td>Non-Operating</td>
<td>$1,739,976</td>
<td>$1,652,647</td>
<td>$741,046</td>
<td>$3,012,206</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$4,343,386</td>
<td>$4,035,952</td>
<td>$3,473,880</td>
<td>$5,821,006</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>$(849,745)</td>
<td>$21,668</td>
<td>$679,337</td>
<td>$420,996</td>
</tr>
</tbody>
</table>

District Revenue

The Harbor District's principal sources of income include a small portion of Humboldt County property taxes; tideland leases from dock operators and mariculture operations; rents and leases from Woodley Island Marina, Woodley Island commercial spaces, the Fields Landing Boat Yard, and Redwood Marine Terminals I and II; permitting fees; and other service charges including the Harbor Improvement Surcharge—a general charge levied on cargo and deep draft vessels. In addition, the Harbor District supplements its principal revenue by securing grant funds from various sources to further its mission.

The FY 2017/18 revenues below include tenant expansion at District facilities including at RMT I and II; and ‘Other Non-Operating Revenue’ includes revenue from fiber optic cable use of the RMT II ocean outfall pipe ($1.25 million). The table and chart below show revenue sources by type, followed by revenue details, which are further described in the Revenue Narrative.
FY 2017/18 Revenue by Type

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moorage</td>
<td>750,000</td>
</tr>
<tr>
<td>Sales, Permits, Other Service Charges</td>
<td>430,000</td>
</tr>
<tr>
<td>Leases and Rents</td>
<td>1,699,676</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>45,000</td>
</tr>
<tr>
<td>Grant Revenue</td>
<td>512,326</td>
</tr>
<tr>
<td>Property Tax Revenue</td>
<td>965,000</td>
</tr>
<tr>
<td>Interest</td>
<td>170,000</td>
</tr>
<tr>
<td>Other Non-Operating Revenue</td>
<td>1,670,000</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$ 6,242,002</td>
</tr>
</tbody>
</table>

Revenue by Type

- Moorage: 12%
- Sales, Permits, Other Service Charges: 7%
- Leases and Rents: 27%
- Other Operating Revenue: 1%
- Grant Revenue: 8%
- Property Tax Revenue: 15%
- Other Non-Operating Revenue: 27%
- Interest: 3%
## Revenue (R) Narrative

**R1 - Property Tax Revenue**
Property Tax Revenue apportionment received from County of Humboldt - District's portion of property taxes paid.

**R2 - Sales and Permit Fees**
General - Estimated income from permit fees.

Marina - Estimated income from coin-operated showers, washers, and dryers, vending machines, ice machine, charter service, permits for fish sales and other business permits and forklift fees.
R3 - Harbor Surcharge
Anticipated Harbor Improvement Surcharge generated revenues. The Harbor District collects a Harbor Surcharge Fee for each commercial vessel transiting the bay based on draft and tonnage. With new contracts in place, expectations from terminal operators and continued facility improvements the District expects tonnage volumes to increase in 2017. Using estimates from the dock operators along with historical fuel import estimates, Humboldt Bay cargo volumes are anticipated to be approximately 1,000,000 metric tons in 2017.

R5 - Slip Rentals
Estimated income from the rental of slips at Woodley Island Marina.

R6 - Transient Slip Rentals
Estimated income from transient slips rentals at Woodley Island Marina.

R7 - Woodley Island Marina Maintenance Dredging Surcharge
Charge assessed toward Woodley Island Marina maintenance dredging.

R8 - Woodley Island Marina Float Replacement
Charge for all Woodley Island Marina tenants/transients, deposited into a specifically designated dock/float replacement fund.

R9 - Tenant Utilities Reimbursement
Revenue received from the metering of electrical use by Harbor District facilities tenants.

R10 - Fields Landing
Revenue received from storage (boats and trailers) utilities, forklift, and equipment rentals, building space rent, and Traveltip haul out fees and usage.

R11 - Redwood Marine Terminal I (RMT I)
Revenue received from building space rent, terminal lease, wharfage, dock use, forklift fees, unloading live crab/eels, dockage fees, and crab pots/other storage.

R12 - Redwood Marine Terminal II (RMT II)
Revenue estimated to be received from the property tenants including, but not limited to: Taylor Mariculture, DG Power and Coast Seafoods Company. Also revenue from solar license fee.

R13 - Shelter Cove
Revenue from tractor launches, storage (proposed fee increase), and parking. New ice and bait sales revenue anticipated for FY 2017-18.

R14 - Rents and Concessions
Money to be received by the District for rents and concessions including: Café Marina Restaurant; office spaces; work yard rent/ storage on Woodley Island; and proposed dry RV parking use.

R15 - Tideland Leases
Money to be received by the District for tidelands leases held throughout the Humboldt Bay area including new subtidal mariculture tenants.

R16 - Late Fees and Interest on Delinquent Accounts
Late fees and interest collected on delinquent accounts.

R17 - Other Operating Revenue
Revenue received from Secretarial Services for Harbor Safety Committee, Chevron’s payment for the PORTS O&M costs, other government agencies and miscellaneous operating revenue. Also monies received for fire boat operation and maintenance support.
R18 – Investment Interest
Interest earned by the District on monies presently deposited in the Humboldt County Treasury and interest income related to the New Market Tax Credit.

R19 - Grant Revenue
Monies from grant-funded projects expected to be received in FY 2017/18. See projected grant activity in ‘Grants Summary’ section below.

R20 - Mitigation Reimbursement
Monies received for payment of mitigation expenses for Fisherman’s Channel dredging project.

R21 - Dredging Revenue
Revenue received from reimbursement of dredging expenses by City of Eureka for dredging 50,000 cubic yards @ $7/yd.

R22 - Other Non-Operating Revenue
Revenue received from other non-operating sources. Includes FY2017-18 revenue from fiber optic cable placement in and use of ocean outfall pipe ($1.25 million from Inyo Networks).

District Expenditures
Salaries, wages, benefits, services and supplies are almost 50% of the District’s expenses. FY 2017/18 debt payments include paying off the Coast Seafoods Loan as further discussed in the debt section. The table and chart below show expenses by type, followed by expense details; which are further described in the Operating and Non-Operating Expenses Narratives.

<table>
<thead>
<tr>
<th>FY 2017/18 Expenses by Type</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, Wages, Benefits</td>
<td>1,499,400</td>
</tr>
<tr>
<td>Services and Supplies</td>
<td>1,309,400</td>
</tr>
<tr>
<td>Grant Expenses</td>
<td>519,338</td>
</tr>
<tr>
<td>Capital Expenses</td>
<td>793,000</td>
</tr>
<tr>
<td>Debt Payments</td>
<td>1,699,868</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$ 5,821,006</td>
</tr>
</tbody>
</table>

Expenses by Type

- Salaries, Wages, Benefits: 26%
- Services and Supplies: 22%
- Capital Expenses: 14%
- Grant Expenses: 9%
- Debt Payments: 29%
## EXPENSES

<table>
<thead>
<tr>
<th>Line #</th>
<th>Operating Expenses</th>
<th>2015-16 Actual</th>
<th>2016-17 Audited</th>
<th>2016-17 Total Budget</th>
<th>2017-18 Proposed Budget</th>
<th>General</th>
<th>Marina</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2016-17 Proposed Budget</td>
<td>2017-18 Projected</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E1</td>
<td>Salaries/Wages</td>
<td>1,331,465</td>
<td>911,242</td>
<td>849,672</td>
<td>720,000</td>
<td>220,000</td>
<td>940,000</td>
<td></td>
</tr>
<tr>
<td>E2</td>
<td>Commish Fees</td>
<td>25,400</td>
<td>25,200</td>
<td>24,600</td>
<td>17,780</td>
<td>7,620</td>
<td>25,400</td>
<td></td>
</tr>
<tr>
<td>E3</td>
<td>Temp SVCs</td>
<td>-</td>
<td>20,000</td>
<td>-</td>
<td>45,000</td>
<td>-</td>
<td>45,000</td>
<td></td>
</tr>
<tr>
<td>E4</td>
<td>Payroll Burden</td>
<td>398,122</td>
<td>429,100</td>
<td>375,000</td>
<td>35,000</td>
<td>3,000</td>
<td>38,000</td>
<td></td>
</tr>
<tr>
<td>E5</td>
<td>Advert/Promo</td>
<td>9,828</td>
<td>7,000</td>
<td>9,211</td>
<td>6,000</td>
<td>3,000</td>
<td>9,000</td>
<td></td>
</tr>
<tr>
<td>E6</td>
<td>Auto/Vessel</td>
<td>51,781</td>
<td>61,000</td>
<td>35,790</td>
<td>30,000</td>
<td>5,000</td>
<td>35,000</td>
<td></td>
</tr>
<tr>
<td>E7</td>
<td>Communications</td>
<td>12,811</td>
<td>14,000</td>
<td>11,376</td>
<td>7,000</td>
<td>6,000</td>
<td>13,000</td>
<td></td>
</tr>
<tr>
<td>E8</td>
<td>Conf/Mtgs</td>
<td>25,204</td>
<td>28,000</td>
<td>30,911</td>
<td>25,000</td>
<td>3,000</td>
<td>28,000</td>
<td></td>
</tr>
<tr>
<td>E9</td>
<td>Dues/Subs</td>
<td>34,725</td>
<td>34,000</td>
<td>54,820</td>
<td>40,000</td>
<td>10,000</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>E10</td>
<td>Elect/Gov. Fees</td>
<td>24,461</td>
<td>25,000</td>
<td>45,399</td>
<td>20,000</td>
<td>5,000</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>E11</td>
<td>Insurance</td>
<td>52,012</td>
<td>62,500</td>
<td>56,577</td>
<td>30,000</td>
<td>30,000</td>
<td>60,000</td>
<td></td>
</tr>
<tr>
<td>E12</td>
<td>Office Expense</td>
<td>49,767</td>
<td>41,000</td>
<td>42,349</td>
<td>25,000</td>
<td>16,000</td>
<td>41,000</td>
<td></td>
</tr>
<tr>
<td>E13</td>
<td>Oper Supplies</td>
<td>8,882</td>
<td>7,000</td>
<td>17,952</td>
<td>6,000</td>
<td>6,000</td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td>E14</td>
<td>Security Guards</td>
<td>2,640</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>E15</td>
<td>Legal Services</td>
<td>184,583</td>
<td>30,000</td>
<td>40,178</td>
<td>55,000</td>
<td>5,000</td>
<td>60,000</td>
<td></td>
</tr>
<tr>
<td>E16</td>
<td>Acctg/Audit</td>
<td>44,093</td>
<td>48,000</td>
<td>40,050</td>
<td>40,000</td>
<td>10,000</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>E17</td>
<td>Planner</td>
<td>40,000</td>
<td>included below</td>
<td>100,000</td>
<td>-</td>
<td>100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E18</td>
<td>Engineer</td>
<td>-</td>
<td>-</td>
<td>60,000</td>
<td>-</td>
<td>60,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E19</td>
<td>Prof. / Outside Svs</td>
<td>6,240</td>
<td>60,000</td>
<td>198,831</td>
<td>75,000</td>
<td>10,000</td>
<td>85,000</td>
<td></td>
</tr>
<tr>
<td>E20</td>
<td>Utilities</td>
<td>164,817</td>
<td>185,000</td>
<td>160,258</td>
<td>60,000</td>
<td>150,000</td>
<td>210,000</td>
<td></td>
</tr>
<tr>
<td>E21</td>
<td>Repairs and Maintn</td>
<td>131,113</td>
<td>107,490</td>
<td>79,033</td>
<td>70,000</td>
<td>50,000</td>
<td>120,000</td>
<td></td>
</tr>
<tr>
<td>E22</td>
<td>Fields Landing</td>
<td>58,476</td>
<td>56,000</td>
<td>63,482</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>E23</td>
<td>Shelter Cove</td>
<td>81,992</td>
<td>61,000</td>
<td>39,394</td>
<td>30,000</td>
<td>-</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>E24</td>
<td>King Salmon</td>
<td>-</td>
<td>7,000</td>
<td>4,194</td>
<td>5,000</td>
<td>-</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>E25</td>
<td>RMT Berth I</td>
<td>-</td>
<td>45,000</td>
<td>11,573</td>
<td>10,000</td>
<td>-</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>E26</td>
<td>RMT Berth II</td>
<td>301,199</td>
<td>90,000</td>
<td>350,813</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>E27</td>
<td>HBDA - RMT II Rent</td>
<td>-</td>
<td>137,025</td>
<td>185,400</td>
<td>185,400</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E28</td>
<td>Marcltre Lse Fee</td>
<td>-</td>
<td>19,751</td>
<td>-</td>
<td>20,000</td>
<td>-</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>E29</td>
<td>Other Operating Expenses</td>
<td>5,721</td>
<td>-</td>
<td>246</td>
<td>500</td>
<td>500</td>
<td>1,000</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL OPERATING EXPENSES**

|        | 2,603,410 | 2,383,305 | 2,732,834 | 2,157,680 | 651,120 | 2,808,800 |

## Non-Operating Expenses

<table>
<thead>
<tr>
<th>Line #</th>
<th>Non-Operating Expenses</th>
<th>2015-16 Actual</th>
<th>2016-17 Audited</th>
<th>2016-17 Total Budget</th>
<th>2017-18 Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2016-17 Proposed Budget</td>
<td>2017-18 Projected</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOE1</td>
<td>Grant Expense</td>
<td>197,099</td>
<td>365,528</td>
<td>150,000</td>
<td>519,338</td>
</tr>
<tr>
<td>NOE2</td>
<td>Capital Expenses</td>
<td>981,276</td>
<td>726,500</td>
<td>30,000</td>
<td>688,000</td>
</tr>
<tr>
<td>NOE3</td>
<td>Debt Payments</td>
<td>559,224</td>
<td>560,619</td>
<td>559,214</td>
<td>1,570,651</td>
</tr>
<tr>
<td>NOE4</td>
<td>Other Non-Operating Expense</td>
<td>2,377</td>
<td>-</td>
<td>1,832</td>
<td>-</td>
</tr>
</tbody>
</table>

**TOTAL NON-OPERATING EXPENSES**

|        | 1,739,976 | 1,652,647 | 741,046 | 2,777,989 | 234,217 | 3,012,206 |

**TOTAL EXPENSES**

|        | 4,343,386 | 4,035,952 | 3,473,880 | 4,935,669 | 885,337 | 5,821,006 |
Operating Expenses (E) Narrative

E1 - Salaries and Wages
Salaries and wages paid to Harbor District employees. Includes the negotiated increase (COLA) for the District's represented employees. Includes hiring HMWIII-Dredge Captain ($90,000) in FY2017-18.

E2 - Commissioners Fees
Fees paid for the service of Commissioners on the Board.

E3 - Temporary Services
Expenses paid for additional temporary services as needed; includes seasonal dredge crew ($25,000) and seasonal administrative assistant ($20,000).

E4 - Payroll Burden
Payroll Burden consists of employer-paid taxes and employer-paid benefits and insurances provided for in the District’s Personnel Policy. The Employer Contribution Rate for PERS for FY 2017/18 is 8.418% for employees hired prior to January 1, 2013 and 6.533% for employees hired on or after January 1, 2013, plus $2,850 per month for PERS unfunded liability.

E5 - Advertising and Promotion
General - Allocation for the printing of legal notices in the local newspapers required by laws and permit procedures of the State and the District. This line item also funds the printing and distribution of notices to inform the public of special interest items concerning the District’s meeting and projects. There is also an amount included for the publication and for additional port, Marina and District marketing and promotional materials.

Marina – Allocation for the printing of notices, newsletters, Marina advertisements etc. to inform the Marina tenants and/or the general public of items which may be of special interest to them.

E6 - Automotive Expense
Cost of maintaining and fueling the District’s automobiles, vessels, electric trucks, security vehicles, forklift, and other operating equipment.

E7 - Communications
Telephones and Cell Phones - This amount includes the costs for the FAX, modem, E-mail and Website hosting, offsite Web link, wifi and cell phones.

E8 - Conferences & Meetings
Approves travel expenses for attendance at the following up to the total budget amount: (1) CMANC conferences; (1) legislative trips to Washington DC; (1) CSDA training conference, (1) Pacific Coast Congress of Harbor Masters, (1) Northern Area Port Security meetings, and (4) Conservation-related meetings. Additional conferences or travel that would exceed the budget require individual approval by the Board.

E9 - Dues & Subscriptions
This category includes dues for membership in the following organizations: California Marine Affairs and Navigation Conference, California Association of Port Authorities, California Special District Association, Association of California Water Agencies, Pacific Coast Congress of Harbor Managers and Port Masters, California Association of Harbor Masters and Port Captains, Fishing News, Pacific Fishing, Costco and various other subscriptions. Dues/Subscription costs vary by a variety of factors and amounts shown are estimated. Dues and subscriptions expenses that would exceed the budget require individual approval by the Board.

E10 - Elections and Fees Paid to Other Governmental Entities
There are no Board seats slated for election for the District in FY 2017/18. Also includes property tax administration fees.
E11 - Insurance
The Special Districts Risk Management Authority (SDRMA) policy combines several of the individual property, liability, bonds and other miscellaneous policies into one, plus the Marina Operator’s Liability policy. The CAPA excess insurance through Alliant Insurance Services is still in order. The District’s Fireboat and Port Security/Work boat are insured through Poseidon Insurance. Insurance for RMT II is also included. Insurance expenses that would exceed the budget require individual approval by the Board.

E12 - Office Expense
Expenses include office supplies, postage and other expenses necessary for the operation of the office.

E13 - Operating Supplies
Expenses for janitorial and other operating supplies.

E14 - Security Guards

E15 - Legal Services
Fees paid to District Counsel Paul Brisso, Michell Brisso Delaney & Vrieze LLP, for work in connection with the Woodley Island Marina and other District legal assistance. Including, but not limited to, reviewing/preparing ordinances, permits, agreements, leases etc. between the District and other agencies/entities, attending Commissioner meetings, and all other general legal and litigation work needed by the District.

E16 - Accounting/Auditing Services
Fees paid for the services of District Treasurer Mark Wetzel, David Mooney LLP, for service in a controllership capacity, supervision of bookkeeping functions, statements and reports and monitoring all District cash transactions. Fees paid to independent accounting firm to perform the District’s annual certified audit.

E17 - District Planner Services
Fees paid for the services of District Planner George Williamson, Planwest Partners Inc., for service in all aspects of planning associated with District projects. Also provides administrative support services.

E18 - District Engineer
Fees paid for the services of District Engineer Mike Foget, SHN, for service in all aspects of engineering associated with District projects.

E19 - Professional/Outside Services
This account includes funds for website revision, appraisal services, engineering and environmental consultant services required and transportation (marine/roads/rail) study support that have not been covered in any other category. Professional services may be hired to assist with Ordinance revisions, asset inventory, and dredging-related projects.

E20 - Utilities
Expenses for electricity, gas, water, sewer and refuse for the District office, Marina docks, lights, office spaces, and buildings. This expense will be offset by revenue received from water and electrical meter installation and billing.

E21 - Repairs and Maintenance
Estimated expenses for repairs and maintenance to Marina docks, light fixtures, compressor, miscellaneous equipment, facilities and roof repairs to the main building, as well as other District facilities. Also includes all tools less than $2,500 and annual maintenance agreements on office equipment.

E22 - Fields Landing Expense
This is to cover any expenses of the District for the repair and maintenance of the District's Fields Landing property including storm water filters, repairs to buildings and yard lighting. Also included are insurance, utilities, water, sewer, refuse, and telephone service.
E23 - Shelter Cove Expense
Expenses/miscellaneous items needed for the repair and maintenance of the District's facilities at Shelter Cove (includes Insurance Expense). Also includes repairs to breakwater, roads, fencing and new fish cleaning station expenses.

E24 - King Salmon Expense
Estimated expenses for maintaining the King Salmon Beach area, including replacing signage, vegetation maintenance, and breakwater repair.

E25 - Redwood Marine Terminal Berth I Expense
Estimated expenses for maintaining the Redwood Dock/Berth 1 property (planking, roadway upgrade, power).

E26 - Redwood Marine Terminal Berth II Expense
Estimated expenses for maintaining the Redwood Marine Terminal II property, utilities and minor repairs.

E27 - HBDA - RMT II Rent
Rent paid to Humboldt Bay Development Association (HBDA) for RMT II.

E28 - Mariculture Lease Fees
Fees paid to private tidelands owners for mariculture leases.

E29 - Other Operating Expenses
Other miscellaneous operating expenses.

Non-Operating Expenses (NOE) Narrative

NOE1 - Grant Expense
Expenses associated with grant-funded projects expected to occur in FY 2017/18 are summarized in ‘Grants Summary’ section below.

NOE2 - Capital Expenses
Capital improvement expenditures are summarized and described in the ‘Capital Projects’ section below.

NOE3 - Debt Payments
Debt payments are summarized and described in ‘Debt’ section below.

Grants Summary

The table below summarizes projected FY 2017/18 grant activity. Grant revenue varies from year to year based on available grant funding.

<table>
<thead>
<tr>
<th>Title</th>
<th>Grant Total</th>
<th>FY17/18 Revenue</th>
<th>FY17/18 Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Army Corps of Engineers - Spartina control</td>
<td>$299,000</td>
<td>$135,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Natural Resources Agency - Spartina control*</td>
<td>$180,000</td>
<td>$26,067</td>
<td>$11,079</td>
</tr>
<tr>
<td>Natural Resources Agency - Shelter Cove</td>
<td>$228,072</td>
<td>$63,000</td>
<td>$70,000</td>
</tr>
<tr>
<td>CA Dept. Fish &amp; Wildlife - Secretariat Service*</td>
<td>$23,274</td>
<td>$23,274</td>
<td>$23,274</td>
</tr>
<tr>
<td>EPA Humb. Bay Eel Grass Management Plan*</td>
<td>$89,874</td>
<td>$64,985</td>
<td>$64,985</td>
</tr>
<tr>
<td>Sediment Management Plan*</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>TOTALS</td>
<td>$1,020,220</td>
<td>$512,326</td>
<td>$519,338</td>
</tr>
</tbody>
</table>

*Grants end during fiscal year 2017-2018. The rest are ongoing.
Capital Expenses

Estimated expenses for FY 2017/18 capital projects are summarized by facility in the table below and itemized in the following section.

<table>
<thead>
<tr>
<th>Facility/Project</th>
<th>FY 2017/18 Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woodley Island Facility Improvement</td>
<td>$ 105,000</td>
</tr>
<tr>
<td>Dredging Expenses</td>
<td>$ 390,000</td>
</tr>
<tr>
<td>Fields Landing Boat Yard</td>
<td>$ 20,000</td>
</tr>
<tr>
<td>Redwood Marine Terminal Berth I Improvement</td>
<td>$ 25,000</td>
</tr>
<tr>
<td>Redwood Marine Terminal II - Property Improvement</td>
<td>$ 60,000</td>
</tr>
<tr>
<td>King Salmon</td>
<td>$ 48,000</td>
</tr>
<tr>
<td>Shelter Cove</td>
<td>$ 35,000</td>
</tr>
<tr>
<td>Mariculture Pre-Permitting (Subtidal and Intertidal)</td>
<td>$ 75,000</td>
</tr>
<tr>
<td>Harbor District Economic Impact Analysis</td>
<td>$ 20,000</td>
</tr>
<tr>
<td>Humboldt Bay Management Plan Update</td>
<td>$ 15,000</td>
</tr>
<tr>
<td><strong>Total Capital Expenses</strong></td>
<td><strong>$ 793,000</strong></td>
</tr>
</tbody>
</table>

**Woodley Island Facility Improvement**

1) Roof repairs and Coast Guard deck $ 15,000  
2) Float replacement $ 50,000  
3) Bilge system repairs $ 10,000  
4) Oyster Bar and Fish Market permitting $ 10,000  
5) 30 dry RV parking spaces in existing lots $ 20,000  

Total Costs $ 105,000

**Dredging Expenses**

1) Electric booster pump variable drive $ 20,000  
2) Booster pump engine $ 40,000  
3) 5,000 feet of dredge pipe $ 40,000  
4) RMTII electrical connections $ 5,000  
5) Booster pump rental $ 20,000  
6) Permitting (District share, includes ITP) $ 115,000  
7) District dredging costs of 50K cu.yds. @ $3/yd $ 150,000  

Total Costs $ 390,000
Fields Landing Boat Yard

1) Stormwater sprinkler system $ 10,000
2) Yard sweeper $ 10,000

Total Cost $ 20,000

Redwood Marine Terminal Berth I Improvement

1) Terminal building improvements $ 10,000
2) Electrical upgrades- pump $ 5,000
3) Dock repairs- lumber, CalFire $ 10,000

Total Cost $ 25,000

Redwood Marine Terminal II - Property Improvement

1) Warehouse Lighting $ 20,000
2) Warehouse added doors $ 10,000
3) Road improvements, tarmac and rock $ 10,000
4) Permitting CDI and new tenants $ 20,000

Total Costs $ 60,000

King Salmon

1) Clam Island mitigation site, ISM sampling $ 20,000
2) Dredging and mitigation permits $ 20,000
3) Railroad Ave. dredge pipe culvert $ 3,000
4) Breakwater repairs $ 5,000

Total Costs $ 48,000
Shelter Cove

1) Fish Cleaning Station 30'x40' concrete slab $ 30,000
2) 20 ft. freezer and cooler $ 50,000
3) Electrical, plumbing & solid waste separator $ 20,000
4) Lighting $ 5,000

Total $ 105,000
Less grant contribution $ (70,000)
Net Cost to General Fund $ 35,000

Mariculture Pre-Permitting (Subtidal and Intertidal)
Estimated expenses for red tank dock improvements ($5,000), subtidal mitigation - 21 pilings removal ($20,000), and intertidal permitting ($50,000).

Harbor District Economic Impact Analysis
Humboldt Bay Harbor District Economic Impact Analysis ($20,000).

Humboldt Bay Management Plan Update
Humboldt Bay Management Plan Update ($15,000).

Harbor Improvement
Payments for harbor improvement projects such as channel deepening, shoreline protection, shoal abatement and navigation aid improvement. None anticipated in FY 2017/18.

Property Acquisition
None anticipated in FY 2017/18.

Recreational Enhancements
None anticipated in FY 2017/18.

Conservation Enhancements
None anticipated in FY 2017/18.

Auto/Operating Equipment
None anticipated in FY 2017/18.

Office Equipment
None anticipated in FY 2017/18.

Debt
The table below shows the debt payments summary for FY 2015/16, FY 2016/17, and FY 2017/18. The following narrative provides a discussion and projected pay down amounts for each loan/lease.
## DEBT PAYMENTS SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>2015/16 Actual</th>
<th>2016/17 Budget</th>
<th>2016/17 Projected</th>
<th>2017-18 Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>General</td>
</tr>
<tr>
<td>Refunding Bonds: Series 2014</td>
<td>307,570</td>
<td>307,570</td>
<td>307,570</td>
<td>208,570</td>
</tr>
<tr>
<td>Tri-Counties Bank - Electric Meters Loan</td>
<td>45,920</td>
<td>45,920</td>
<td>45,920</td>
<td></td>
</tr>
<tr>
<td>Tractor Lease – Shelter Cove</td>
<td>5,387</td>
<td>5,387</td>
<td>5,387</td>
<td>5,387</td>
</tr>
<tr>
<td>Coast Seafood Repay</td>
<td>39,600</td>
<td>39,600</td>
<td>39,600</td>
<td>1,195,957</td>
</tr>
<tr>
<td>Compass BBVA Bank - NMTC Loan repay</td>
<td>160,747</td>
<td>160,747</td>
<td>160,737</td>
<td>160,737</td>
</tr>
<tr>
<td>TOTAL DEBT PAYMENTS</td>
<td>559,224</td>
<td>566,006</td>
<td>526,395</td>
<td>1,570,651</td>
</tr>
</tbody>
</table>

### Debt Payments Narrative

**Refunding Bonds: Series 2014**

In FY 2014/15, the District completed a Bond refinance to reduce the District’s total debt service. The District issued revenue bonds to pay off CA Dept. of Boating and Waterways loans that were originally incurred to build Woodley Island Marina and dry stack storage and to pay for the deepening of Humboldt Bay’s bar and entrance channel. The following table presents the projected pay down amounts:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>June 30</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td>179,648</td>
<td>127,922</td>
<td>307,570</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td>187,089</td>
<td>120,481</td>
<td>307,570</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td>194,838</td>
<td>112,732</td>
<td>307,570</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td>202,909</td>
<td>104,661</td>
<td>307,570</td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td>211,313</td>
<td>96,257</td>
<td>307,570</td>
</tr>
<tr>
<td>2022 to 2026</td>
<td></td>
<td>1,195,335</td>
<td>342,515</td>
<td>1,537,850</td>
</tr>
<tr>
<td>2027 to 2030</td>
<td></td>
<td>993,387</td>
<td>82,074</td>
<td>1,075,461</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>3,164,519</td>
<td>986,642</td>
<td>4,151,161</td>
</tr>
</tbody>
</table>

**Electric Meter Loan Payments**

Monthly payments on the Woodley Island Marina electric meter loan. In February 2013, the District obtained a loan from Tri Counties Bank (formerly North Valley Bank) for $200,000, at a fixed interest rate of 5.5%, due February 2018. The following table presents the projected pay down amounts:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>June 30</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td>43,002</td>
<td>2,918</td>
<td>45,920</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td>29,166</td>
<td>1,051</td>
<td>30,217</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>72,168</td>
<td>3,969</td>
<td>76,137</td>
</tr>
</tbody>
</table>
Shelter Cove Tractor Lease
In FY 2015/16 the District assumed responsibility for the operations of the boat launching facility in Shelter Cove, California, to maintain access to fishing and recreation in the Shelter Cove area. The District entered into a capital lease for the purchase of a tractor for the Shelter Cove boat launching operation. The lease requires four annual payments of $5,387 at 5.5% annual interest. The following table presents the projected pay down amounts:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$4,588</td>
<td>$799</td>
<td>$5,387</td>
</tr>
<tr>
<td>2018</td>
<td>4,840</td>
<td>547</td>
<td>5,387</td>
</tr>
<tr>
<td>2019</td>
<td>5,107</td>
<td>281</td>
<td>5,388</td>
</tr>
<tr>
<td>Total</td>
<td>$14,535</td>
<td>$1,627</td>
<td>$16,162</td>
</tr>
</tbody>
</table>

Coast Seafoods Repayment
Repayment of loan to Coast Seafoods for the trucking of the liquor from Redwood Terminal 2 to KapStone. The primary purpose of this letter of credit was to finance the trucking of the hazardous materials from the Humboldt Bay Region to a pulp mill in the state of Washington, which began in April 2014 and completed in September 2014. As of June 30, 2016, the District had borrowed $1.16 million from Coast Seafoods Company, at 3.5% annual interest. The District intends to use a portion of the projected fiber optic cable revenue to pay off the remaining Coast Seafoods loan in FY 2017/18.

Compass BBVA Bank Loan - New Market Tax Credits Program
The District obtained funding through the New Market Tax Credit (NMTC) program to complete restoration and renovation of the buildings on the RMT II site. The NMTC program will result in an estimated $5 million in renovation and improvements to the site by the Humboldt Bay Development Association (HBDA) a not-for-profit entity. The District entered into a long-term ground lease with the HBDA for leasing RMT II. During the year ended June 30, 2016, the District borrowed $1,560,000 from Compass BBVA Bank, at a 5.99% annual interest rate to fund its required contribution to the transaction. Payments of principal and interest are due semi-annually with the first payment due July 1, 2016. The following table presents the projected pay down amounts:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$86,212</td>
<td>$74,525</td>
<td>$160,737</td>
</tr>
<tr>
<td>2018</td>
<td>73,542</td>
<td>87,195</td>
<td>160,737</td>
</tr>
<tr>
<td>2019</td>
<td>78,013</td>
<td>82,724</td>
<td>160,737</td>
</tr>
<tr>
<td>2020</td>
<td>82,756</td>
<td>77,981</td>
<td>160,737</td>
</tr>
<tr>
<td>2021</td>
<td>87,787</td>
<td>72,950</td>
<td>160,737</td>
</tr>
<tr>
<td>2022 to 2026</td>
<td>525,787</td>
<td>277,896</td>
<td>803,683</td>
</tr>
<tr>
<td>2027 to 2030</td>
<td>625,903</td>
<td>97,411</td>
<td>723,314</td>
</tr>
<tr>
<td>Total</td>
<td>$1,560,000</td>
<td>$770,682</td>
<td>$2,330,682</td>
</tr>
</tbody>
</table>
## Appendix A - Revenue Details by Type/Facility

### TIDELAND LEASES (Annual) - Revenue

<table>
<thead>
<tr>
<th>Facility</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>DG Fairhaven Power</td>
<td>$83,000</td>
</tr>
<tr>
<td>Chevron</td>
<td>$37,580</td>
</tr>
<tr>
<td>Humboldt Bay Forest Products</td>
<td>$20,180</td>
</tr>
<tr>
<td>Sequoia Investments Dock</td>
<td>$27,600</td>
</tr>
<tr>
<td>California Redwood</td>
<td>$61,200</td>
</tr>
<tr>
<td>Redwood Marine Terminal 2 tenants</td>
<td>$75,800</td>
</tr>
<tr>
<td>No name Dock Tenants</td>
<td>$2,000</td>
</tr>
<tr>
<td>Red Tank Dock Tenants</td>
<td>$4,000</td>
</tr>
<tr>
<td>Pre-Permitting Tenants</td>
<td>$50,000</td>
</tr>
<tr>
<td>Coast Seafood</td>
<td>$36,400</td>
</tr>
<tr>
<td>Taylor Mariculture (Kuiper)</td>
<td>$2,300</td>
</tr>
<tr>
<td>Humboldt Bay Oyster</td>
<td>$7,900</td>
</tr>
<tr>
<td>Hog Island</td>
<td>$7,426</td>
</tr>
<tr>
<td>PG&amp;E</td>
<td>$690</td>
</tr>
<tr>
<td>Pacific Bell</td>
<td>$375</td>
</tr>
<tr>
<td><strong>Total Tideland Leases (Non-marina)</strong></td>
<td><strong>$416,251</strong></td>
</tr>
</tbody>
</table>

### REDWOOD MARINE TERMINAL II - Revenue

<table>
<thead>
<tr>
<th>Item</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenants</td>
<td>$230,500</td>
</tr>
<tr>
<td>Utility rebill</td>
<td>$90,000</td>
</tr>
<tr>
<td>Solar License Fee</td>
<td>$250,000</td>
</tr>
<tr>
<td><strong>Total RMT II</strong></td>
<td><strong>$570,500</strong></td>
</tr>
</tbody>
</table>

### WOODLEY ISLAND MARINA - Revenue

<table>
<thead>
<tr>
<th>Item</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Café Marina</td>
<td>$110,000</td>
</tr>
<tr>
<td>US Army Corp. Engineers</td>
<td>$22,500</td>
</tr>
<tr>
<td>US Coast Guard</td>
<td>$17,700</td>
</tr>
<tr>
<td>Ship Shack</td>
<td>$2,600</td>
</tr>
<tr>
<td>Fisherman Storage</td>
<td>$8,500</td>
</tr>
<tr>
<td>Permits</td>
<td>$2,500</td>
</tr>
<tr>
<td>Kayak Storage</td>
<td>$1,200</td>
</tr>
<tr>
<td>RV Parking 480 unit/days@ $20/day</td>
<td>$9,600</td>
</tr>
<tr>
<td><strong>Woodley Island Rents subtotal</strong></td>
<td><strong>$174,600</strong></td>
</tr>
<tr>
<td>Moorage</td>
<td>$750,000</td>
</tr>
<tr>
<td><strong>Total Woodley Island Marina</strong></td>
<td><strong>$924,600</strong></td>
</tr>
</tbody>
</table>

### SHELTER COVE - Revenue

<table>
<thead>
<tr>
<th>Item</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launch services</td>
<td>$70,000</td>
</tr>
<tr>
<td>Boat storage (includes increase)</td>
<td>$30,000</td>
</tr>
<tr>
<td>Charter Boat Fees</td>
<td>$16,000</td>
</tr>
<tr>
<td>Commercial Fisherman lb fees</td>
<td>$875</td>
</tr>
<tr>
<td>Ice and Bait sales (new)</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>Total Shelter Cove</strong></td>
<td><strong>$121,875</strong></td>
</tr>
</tbody>
</table>

### Dredging Revenue

<table>
<thead>
<tr>
<th>Item</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Eureka 50K cuys @ $7/yard</td>
<td>$350,000</td>
</tr>
</tbody>
</table>

### FIELDS LANDING LEASES - Revenue

<table>
<thead>
<tr>
<th>Item</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reincke Marine</td>
<td>$30,000</td>
</tr>
<tr>
<td>T-Mobile</td>
<td>$22,250</td>
</tr>
<tr>
<td>MSRC</td>
<td>$7,200</td>
</tr>
<tr>
<td>Storage (30)</td>
<td>$41,000</td>
</tr>
<tr>
<td>Travel lift services</td>
<td>$230,000</td>
</tr>
<tr>
<td>Building rental</td>
<td>$15,000</td>
</tr>
<tr>
<td><strong>Total Fields Landing Leases</strong></td>
<td><strong>$345,450</strong></td>
</tr>
</tbody>
</table>

### REDWOOD MARINE TERMINAL I - Revenue

<table>
<thead>
<tr>
<th>Item</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hag Fish Corp. lease</td>
<td>$27,000</td>
</tr>
<tr>
<td>Hag Fish Corp. poundage fee</td>
<td>$12,000</td>
</tr>
<tr>
<td>Fisherman storage</td>
<td>$18,500</td>
</tr>
<tr>
<td>Humboldt Seafood Unloaders lb fee</td>
<td>$3,500</td>
</tr>
<tr>
<td><strong>Total RMT I</strong></td>
<td><strong>$61,000</strong></td>
</tr>
</tbody>
</table>
CERTIFICATE OF ACCEPTANCE
(Pursuant to Government Code section 27281)

This is to certify that the interest in real property conveyed Pacific Gas and Electric Company, a California Corporation, by the Grant Deed attached to this Certificate as Exhibit A dated May 9, 2016 to the Humboldt Bay Harbor, Recreation and Conservation District, a California public entity ("HBHRCD"), is hereby accepted on May ______, 2017, by the undersigned officer or agent on behalf of HBHRCD pursuant to authority conferred by resolution of the HBHRCD Board adopted on __________________, 20__ , and the grantee consents to the recordation of said document thereof by its duly authorized officer in the Office of the Recorder of Humboldt County, State of California.

Dated: May ______, 2017

By: __________________________________________

Richard Marks, President
Humboldt Bay Harbor, Recreation
And Conservation District Commission

[Signature must be notarized]
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

RESOLUTION No. 2017-07

RESOLUTION ACCEPTING
TRANSFER OF FISHERMAN’S CHANNEL

WHEREAS, Pacific Gas & Electric Co. (PG&E) is the owner of record of certain real property surrounding its Humboldt Bay Power Plant located in Humboldt County, California, commonly known as the Fisherman’s Channel, and lands southwesterly of King Salmon Avenue; and

WHEREAS, Fisherman’s Channel had been utilized by PG&E for many years as the once through cooling water source for the Humboldt Bay Power Plant, which is being decommissioned; and

WHEREAS, PG&E no longer requires a cooling water source for its Humboldt Bay Power operations and desires to return the depth of Fisherman’s Channel to a depth adequate for reasonably anticipated use by dredging and disposal of the dredging materials; and

WHEREAS, the Humboldt Bay Harbor, Recreation and Conservation District is committed to the operation and maintenance of navigable waters in the Humboldt Bay; and

WHEREAS, the District and PG&E entered into an agreement on March 6, 2014 to the effect that PG&E would obtain permits necessary for the dredging and pay consideration to the District for the one-time dredging and disposal of dredging materials, and then transfer the property to the District; and

WHEREAS, on May 9, 2016 PG&E executed a Grant Deed to transfer the property to the District; and

WHEREAS, subsequently PG&E and the District encountered problems with the permit process for the dredging due to the necessity of mitigating impact to eelgrass in the area to be dredged, which resulted in a delay to the finalization of the permitting and the May 9, 2016 deed remained unrecorded; and

WHEREAS, PG&E and the District entered into an amended agreement on March 15, 2017 in which the District agreed to assume responsibility for eelgrass mitigation in return for additional compensation;

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the Humboldt Bay Harbor, Recreation District as follows:
--The District accepts the transfer of property pursuant to the Grant Deed dated May 9, 2016, a copy of which is attached to this Resolution as Exhibit A and is incorporated by reference as if set forth in full herein; and

--Richard Marks, President of the Board of Commissioners, is hereby authorized to execute a Certificate of Acceptance pursuant to Government Code section 27281 to permit recordation of the deed, and the District accepts the property.

**PASSED AND ADOPTED** by the Board of Commissioners of the Humboldt Bay Harbor, Recreation and Conservation District at a duly called meeting held on May 18, 2017 by the following polled vote:

**AYES:**

**NOES:**

**ABSTAINS:**

**ABSENT:**

**RECUSED:**

___________________________________
RICHARD MARK, PRESIDENT
BOARD OF COMMISSIONERS

ATTEST

________________________________
Secretary, Board of Commissioners
In 2005 Friends of the Dunes and the Conservancy were hoping to secure the Poovey property for FOD conservation/access ownership in 2005/2006 but instead, Mr Poovey sold his properties to Robin Arkley. Mr Arkley is now willing to sell the properties to ‘agencies and/or an NPO’s. This is an exciting opportunity for the community to see these properties into public benefit ownership. In November 2015, the Conservancy, USFWS, DFW, and BLM met with the listing realtor to tour the properties and discuss possible acquisition for conservation and public access. In 2016, Mr Arkley paid for appraisals of each property and also paid for California State Department of General Services review (and approval) of the appraisals.

Since late 2016, the agencies have been holding semi-regular phone meetings to strategize project funding and ownership structure. Beginning in February we have scheduled monthly calls to discuss progress. The agencies have also reached out to Wiyot to join our discussions in the future.

The agencies are attempting to pull funding together from a variety of possible sources: Coastal Conservancy, Bureau of Land Management, USFWS Coastal Wetlands Conservation Grant Program (NCWC), Wildlife Conservation Board (via DFW application), the Conservancy, and Environmental Enhancement and Mitigation Program (for mitigation of transportation facility impacts).

The Dog Ranch and the Poovey Track each have been appraised separately. It is possible that there could be two different entities who take long-term, permanent ownership. However, two factors require us to seek an interim owner of both.

1) One of the funding sources the agencies may seek, NCWC, prohibits federal ownership unless the property is on the Federal list for acquisition. Neither of the properties is on that list. If the agencies seek this funding for Poovey (mostly wetlands), we need someone to hold the property until a local NPO or non-federal agency is able to take permanent ownership. The agencies have reached out to a few local organizations. Due to current capacity, two are not positioned to take on additional ownership in the near future; the third organization is interested, but cannot act as quickly as the Harbor District is able. The District, with its familiarity with the Conservancy and other agencies, and its existing capacity as an owner of lands, can step in ready to negotiate and execute a Purchase and Sale agreement.

2) The agencies expect a federal agency to be the long-term owner of the larger property, Dog Ranch. This property would be acquired with funds other than the NCWC grant program, and so is not restricted as to ownership. But, based on past experience, the process to transfer the property to the federal agency could be quite long. An interim owner, with capacity and ability, such as the Harbor District, would be needed to hold the property while the federal agency process runs its due course.

The agencies expect grant funds to be awarded to the Conservancy in early 2018; the transaction may not occur until summer 2018; Mr Arkley is aware of this time line and would expect a PSA to be in place in by mid-August, 2017.
Property information

Dog Ranch (205.69 +/- acres) – see Dog Ranch Map and Aerial Views, attached
1400 New Navy Base Road
Vested owner (as of 4/2016): Sequoia Investments XI, LLC
APNs
401-011-001
401-021-029
401-031-045

Poovey Track (aka Samoa Dunes I & II) (160.69 +/- acres) – see Poovey Map and Aerial Views, attached
1155 Vance Avenue
Vested owner (as of 4/2016): Samoa Dunes I, LLC, and Samoa Dunes II, LLC
APNs
401-011-010
401-011-012
401-011-018
401-011-020
401-011-023
401-011-028
401-021-011
401-021-018
401-021-027

Some property description

The proposed project area consists of two habitat types: upland and wetland/tidal land, separated by the Samoa Road (see attached Wetlands Map) It is anticipated that the upland property will have a formal system of low impact trails with signage through the forest to the dunes, while the bay front property could be developed for loop trails with bay overlook viewing.

The properties encompasses approximately 365 acres over several parcels on the north spit of Humboldt Bay in Samoa. It is adjacent to the Manila Dunes Recreation Area (MDRA), acquired by the Manila Community Services District in 1991. The site. The property is part of the ancient dunes systems on the north spit of Humboldt Bay and includes one of the two largest remaining tracts of maritime forest/salt marsh/dunes systems in the northwest. It is comprised of upland and wetland, the former being comprised of maritime forest, salt marsh and dunes, and the latter of dry, intertidal and submerged land. The upland property provides habitat for migrating tropical birds, and the endangered botanical Beach Layia and Menzies wallflower; the bay front parcels include intertidal wetlands which include eelgrass habitat. Each offer ideal recreational and restoration opportunities.
This Contract Amendment No. 1 is issued to reflect the following changes in your contract, dated 02/25/2016, for the Humboldt Bay Eelgrass Management Plan Development Project.

1. SCOPE OF SERVICES
The Humboldt Bay Harbor, Recreation, and Conservation District (Harbor District) wishes to amend the existing Humboldt Bay Eelgrass Management Plan contract with Merkel & Associates, Inc. to include the design and implementation of the eelgrass mitigation and monitoring program for the King Salmon Fisherman’s Channel Maintenance Dredging Project. The Humboldt Bay Eelgrass Management Plan is currently being developed to provide improved guidance relating to eelgrass conservation and management as well as greater consistency and efficiency in the application eelgrass regulatory policy within Humboldt Bay. The plan has the capabilities to provide a structure that extends beyond guidance and into regulatory function in a manner that benefits the District.

Currently, eelgrass regulatory policy in Humboldt Bay is guided by the California Eelgrass Mitigation Policy and Implementing Guidelines (CEMP; NOAA Fisheries 2014), which requires eelgrass transplant mitigation to be conducted at an up-front ratio of 4.82:1 to achieve a final success criteria of 1.2:1, but does not support capture or retention of credit for projects that ultimately result in the creation of surplus eelgrass habitat. While the Eelgrass Management Plan is anticipated to benefit the Harbor District, regulatory agencies, and project applicants by providing better guidance tailored to the unique conditions of Humboldt Bay’s eelgrass population, its ultimate utility is currently limited as a result of lacking an implementation component that incorporates establishment of an eelgrass mitigation action in conjunction with a programmatic permitting mechanism.

The Harbor District has contemplated multiple strategies and project configurations to achieve eelgrass mitigation for the Fisherman’s Channel Project. Parallel discussions and analysis driven by the Eelgrass Management Plan collaborative meeting process have indicated that transplant mitigation would be the most cost effective and likely to succeed approach to conducting eelgrass
mitigation for a project of this scale. Additionally, the collaborative meeting process has illuminated the benefit of establishing a regulatory permitting mechanism (e.g. Regional General Permit for maintenance activities and small-scale development within the harbor and working waterfront through the U.S. Army Corps of Engineers) that can serve to retain surplus eelgrass mitigation credit when a mitigation action’s performance exceeds the requirement for a particular project impact. Further, in cases where eelgrass mitigation can be accomplished/established in advance of a project impact, the final eelgrass mitigation ratio falls to 1:1.

By pursuing a regulatory permitting mechanism through the Eelgrass Management Plan that captures surplus eelgrass mitigation that is anticipated as a result of implementing the Fisherman’s Channel eelgrass mitigation program, the Harbor District stands to incur substantial long-term cost savings by retaining surplus eelgrass mitigation credit that could be carried over and applied to future project impacts. Additionally, the Eelgrass Management Plan would provide greater benefit to the Harbor District, permitting agencies, and project applicants, if the ultimate outcome of the plan advances a strategy for more efficient permitting and execution of eelgrass mitigation within Humboldt Bay. For these reasons, the Harbor District stands to benefit dramatically from tying the Fisherman’s Channel eelgrass mitigation program to the Humboldt Bay Eelgrass Management Plan process. Merkel & Associates is recognized as the leader in eelgrass restoration and management in the State and has many more successful restoration projects than any other entity. Because of the tie-in to the Eelgrass Management Plan and our long-term strategy to get ahead of eelgrass issues we are proposing to leverage the existing contract for the implementation elements of work.

2. TERM OF CONTRACT
CONTRACTOR is retained on a non-exclusive basis to render services commencing on Effective Date of Agreement. All work to be performed in accordance with this agreement as shown in Attachment B shall be completed by December 31st, 2024.

The project specifications subject to this Agreement may only be amended in writing by mutual agreement of the DISTRICT and the CONTRACTOR.

3. INVOICES AND PAYMENT
DISTRICT will pay CONTRACTOR for the services hereunder a fee on a Time & Expenses basis. Time and Expenses will be paid as shown in Attachment B.
and are not to exceed a total amount of $393,651, thus bringing the total contract value to $483,219.

There are no other changes to the Terms and Conditions of this Contract.

IN WITNESS HEREOF, the parties hereto have executed this Agreement as of the day and year first stated above.

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>CONTRACTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>By: _________________________</td>
<td>By: ________________________</td>
</tr>
<tr>
<td>Name: Jack Crider</td>
<td>Name: Keith Merkel</td>
</tr>
<tr>
<td>Title: Executive Director</td>
<td>Title: Principal</td>
</tr>
<tr>
<td>Date: ________________________</td>
<td>Date: ______________________</td>
</tr>
</tbody>
</table>
Mr. Jack Crider  
Executive Director  
Humboldt Bay Harbor Recreation & Conservation District  
601 Starlare Dr.  
Eureka, CA 95501

Re: Fisherman’s Channel Dredging Eelgrass Mitigation Expanded Information on Transplant Task 3.

Dear Jack:

Per your request, this letter is to provide you with additional information on the cost of transplanting as was provided in Task 3 of the previously submitted January 12, 2017 proposal. The scope of work submitted was for four discrete tasks as follows:

<table>
<thead>
<tr>
<th>TASK</th>
<th>COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task 1: Document Review and Preliminary Eelgrass Survey</td>
<td>$13,786</td>
</tr>
<tr>
<td>Task 2: Develop Preliminary Mitigation Plan, Alternatives and Estimated Costs</td>
<td>$31,882</td>
</tr>
<tr>
<td>Task 3: Follow-up Consultations and Mitigation Alternative Selection</td>
<td>$281,440</td>
</tr>
<tr>
<td>Task 4: 5-Year Monitoring and Reporting Program</td>
<td>$66,543</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$393,651</td>
</tr>
</tbody>
</table>

You have requested a greater level of information on Task 3 – Eelgrass Mitigation Transplant. This task includes completion of pre-dredging and post-dredging surveys, review and acceptance of the mitigation plan as suitable to plant, and completion of the transplant implementation. The assumption for this planting is that 6.12 acres of eelgrass will be planted. While the planting on the shoal across Hookton Channel from Fisherman’s Channel creates some unique planting staging constraints, planting multiple different areas creates similar logistical issues, if not more so. As a result, these are considered to be equal in complexity and therefore cost. Eelgrass restoration would require approximately 3 weeks following site preparation and stabilization to a level suitable to accept transplant units. If the site is prepared and ready to accept eelgrass plantings prior to July 15, it would be planted in 2017. If it is not ready until after this period, planting would be delayed and initiated the following spring 2018.

The estimated cost breakdown for this task is illustrated in the following cost worksheet. We trust this provides the level of information you need. Again, we look forward to supporting you on this effort.

Sincerely,

Keith W. Merkel  
Principal Consultant
DATE OF ESTIMATE: 1/25/2017

CLIENT: HBHRCD

PROJECT: King Salmon Fisherman’s Channel dredging eelgrass mitigation

PREPARED BY: KWM/WAG

<table>
<thead>
<tr>
<th>TASK 3</th>
<th>Conduct mitigation transplanting</th>
</tr>
</thead>
</table>

### PART I: DIRECT SERVICES

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CPM/HR</th>
<th>HRS</th>
<th>COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRINCIPAL ECOLOGIST</td>
<td>K MERKEL</td>
<td>$ 244.00</td>
<td>48</td>
</tr>
<tr>
<td>SENIOR BIOLOGIST/PROJECT MANAGER</td>
<td>W GILKERSO</td>
<td>$ 123.00</td>
<td>232</td>
</tr>
<tr>
<td>PROJECT ADMINISTRATOR</td>
<td></td>
<td>$ 104.00</td>
<td>48</td>
</tr>
<tr>
<td>GIS/ACOUSTIC ANALYST</td>
<td></td>
<td>$ 95.00</td>
<td>24</td>
</tr>
<tr>
<td>SENIOR BIOLOGIST</td>
<td></td>
<td>$ 123.00</td>
<td>0</td>
</tr>
<tr>
<td>ASSOCIATE BIOLOGIST</td>
<td></td>
<td>$ 105.00</td>
<td>816</td>
</tr>
<tr>
<td>MARINE TECHNICIAN</td>
<td></td>
<td>$ 95.00</td>
<td>598</td>
</tr>
<tr>
<td>REVEGETATION CREW LEADER</td>
<td></td>
<td>$ 92.00</td>
<td>192</td>
</tr>
<tr>
<td>GRAPHICS/GIS TECHNICIAN</td>
<td></td>
<td>$ 84.00</td>
<td>0</td>
</tr>
<tr>
<td>CLERICAL</td>
<td></td>
<td>$ 68.00</td>
<td>0</td>
</tr>
<tr>
<td>REVEGETATION TECHNICIAN</td>
<td></td>
<td>$ 66.00</td>
<td>384</td>
</tr>
<tr>
<td><strong>TOTAL DIRECT LABOR</strong></td>
<td></td>
<td><strong>2342</strong></td>
<td><strong>233,018</strong></td>
</tr>
</tbody>
</table>

### PART II: OTHER DIRECT COSTS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMT</th>
<th>COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERFEROMETRIC SIDESCAN SONAR</td>
<td>$ 750</td>
<td>2</td>
</tr>
<tr>
<td>ROV/UAV</td>
<td>$ 600</td>
<td>0</td>
</tr>
<tr>
<td>LARGE WORK VESSEL</td>
<td>$ 500</td>
<td>18</td>
</tr>
<tr>
<td>MEDIUM VESSEL</td>
<td>$ 450</td>
<td>0</td>
</tr>
<tr>
<td>SCUBA GEAR</td>
<td>$ 62</td>
<td>96</td>
</tr>
<tr>
<td>MILEAGE</td>
<td>$ 0.57</td>
<td>1766</td>
</tr>
<tr>
<td>EELGRASS TRANSPLANT TABLE-SETUP</td>
<td>$ 200.00</td>
<td>16</td>
</tr>
<tr>
<td>EELGRASS UNIT ANCHORS</td>
<td>$ 0.40</td>
<td>24,768</td>
</tr>
<tr>
<td>DIFFERENTIAL GPS UNIT</td>
<td>$ 110.00</td>
<td>0</td>
</tr>
<tr>
<td>LODGING</td>
<td>$ 112.00</td>
<td>96</td>
</tr>
<tr>
<td>MEALS</td>
<td>$ 74</td>
<td>96</td>
</tr>
<tr>
<td><strong>SUBTOTAL ODCs</strong></td>
<td><strong>$ 48,422</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL FEE/SUPPORT SERVICES</strong></td>
<td><strong>$ 48,422</strong></td>
<td></td>
</tr>
<tr>
<td><em><strong><strong>GRAND TOTAL FEE</strong></strong></em></td>
<td><strong>$ 281,440</strong></td>
<td></td>
</tr>
</tbody>
</table>
May 10, 2017

Humboldt Bay Harbor, Recreation and Conservation District
ATTN: Jack Crider, Executive Director
P.O. Box 1030,
Eureka, CA 95502-1030

Re: Proposal to Provide Audit Services

Dear Jack Crider and Evaluation Committee Members,

Harshwal & Company, LLP is pleased to respond to your request for proposal to provide audit services to the Humboldt Bay Harbor, Recreation and Conservation District for the fiscal years ending June 30, 2017 through June 30, 2019, with the option to extend the contract an additional two (2) fiscal years ending 2020 and 2021. Our proposal is based upon the guidelines set forth by the District as well as our current understanding of the District's operations and service needs.

We acknowledge that we will be responsive to your needs because of the experience we have in auditing state and local governments, housing authorities, state agencies, and not-for-profit organizations etc. You will find that key members of our staff have extensive experience in audits of state & local governments, tribes and tribal governments, housing authorities, state agencies, and not-for-profit organizations, and are quite familiar with the District's auditing and reporting requirements. We feel that with this experience and expertise, our firm is well qualified to complete this engagement with the best professional results possible.

Acquisition and Merger: Harshwal & Company has acquired Patel & Associates, LLP a CPA firm, located in Oakland, California, conducting 100s of state and local governments, not for profit organizations' audits in California since 1993. Vargas & Company, a CPA firm, located in San Jose, California merged with Patel & Associates, LLP, and was conducting governmental and not for profit audits since 1978.

Understanding of the Work to be Done:
We understand that you require us to perform audit services of Humboldt Bay Harbor, Recreation and Conservation District for the fiscal years ending June 30, 2017 through June 30, 2019 in accordance with generally accepted governmental auditing standards set forth by the American Institute of Certified Public Accountants, Government Auditing Standards Issued by the Comptroller General of the United States; and the State Controller's minimum requirements for California Special Districts. Our audit engagement will include all of the District's funds.

Our proposal is a firm and irrevocable offer for one hundred and twenty (120) days.
Why Harshwal & Company, LLP:

- Extensive Partner involvement on each engagement
- Presence of a Manager and/or Partner always on site during fieldwork
- Consistent and experienced staff
- Timeliness of communications
- Proactive approach in addressing complex issues early in the engagement
- Availability to clients as a specialized resource
- Professionalism with understanding

Ability to Perform the Work within Provided Time Frame:

Harshwal & Company, LLP is benchmarked for providing the work within the time framed. Our team is committed to completing the audit on time, as they are fully equipped with contemporary technology, which will add value to a successful and timely audit. We are responsive and solution oriented; provide quick responses on matters that require immediate attention hence enhancing the quality of our audit. We focus on staff continuity, which enables us to develop and maintain in-depth understanding of your operations, management style, and operating practices, which ultimately allows us to offer you experienced resources, value-added services, specialization and overall better personal service which again unequivocally results in a timely submission of the Audit Report.

Our engagement partner, Mr. Sanwar Harshwal, is authorized to represent the firm. He can be reached at 266, 17th Street, Suite 200, Oakland, California 94612; Phone No. (858) 784-1622, Fax No. (510) 452-3432 or by email at sanwar@harshwal.com.

Harshwal & Company, LLP is a small business enterprise, and a 100% minority owned CPA firm.

We thank you in anticipation that you will provide us with a chance to serve your esteemed organization with our value added services.

Sincerely,

Harshwal & Company, LLP
Certified Public Accountants

Sanwar Harshwal, CPA, CIA, CISA, CFE
Engagement Partner
May 10, 2017

Mr. Jack Crider, CEO and Executive Director
Humboldt Bay Harbor, Recreation and Conservation District
601 Startare Drive
Eureka, CA 95501

Dear Mr. Crider:

Marcum LLP (“Marcum” or the “Firm”) is pleased to respond to your request for proposal (“RFP”) to provide audit services to the Humboldt Bay Harbor, Recreation and Conservation District (the “District”).

Over our 60 year history, Marcum has provided professional services to the public sector, including counties, local governments, government pension plans, charter schools, community redevelopment agencies, special districts and other governmental entities.

As outlined in our proposal, we will conduct an audit of the financial statements of the District for a three (3) year period beginning with the fiscal year ending June 30, 2017, with the option of auditing the District’s financial statements for each of the two (2) subsequent fiscal years. We commit to perform the work within the time period defined in the RFP.

Marcum is independent of the District as defined by generally accepted auditing standards and the U.S. General Accounting Office’s Government Auditing Standards.

THE MARCUM DIFFERENCE

TRANSITION EXPERIENCE: Our team offers a great deal of experience with transitioning to new clients and our process streamlines the transition while minimizing the disruption to you during the auditor change. As a result of having a new team with a new approach, we offer you a different look at your systems with no pre-disposition to those systems.

EXPERIENCE IN GOVERNMENT: Marcum’s public sector services is one of its industry practice groups and focuses on local governments or other governmental entities. We serve more than 100 of such organizations nationally. We are committed to this industry sector.

LOCAL FIRM SERVICE PHILOSOPHY/NATIONAL FIRM RESOURCES: Being a National firm with 28 offices and approximately 1,550 professionals, we serve as a strategic alternative to the much larger firms. The partners and managers with whom you will develop relationships, drive all major decisions; possessing both the appropriate resources and decision making authority. Our local firm approach provides hands-on service and timely communication, resulting in the District receiving the best of both worlds.

SPECTRUM OF SERVICES: Our spectrum of services include Assurance Services, Advisory Services, Tax Services and Technology Assurance Services. Marcum is a leader with an outstanding reputation at the national and regional levels. Appendix A of our proposal provides our peer review report.
For this proposed engagement Marcum has assembled an audit team whose skills and experience match the requirements of the District. The issues of audit quality and technical proficiency are important matters for consideration. Equally important is a firm’s commitment to continuing communications and providing a high caliber of professional service in a timely manner. Accounting firms, like people, have distinctive personalities. Perhaps the quality that best describes Marcum is our ability to go beyond the routine, to provide an extra dimension in quality, effort and service to our clients. Marcum members are always accessible and are sensitive to your needs. We will be available to answer questions, discuss audit issues, and provide solutions to such issues throughout the year as they arise. We believe that this commitment and performance, as well as our commitment to ongoing communication with you, sets Marcum apart from other firms.

Our technical competencies will be essential over the next several years with the implementation of new significant Governmental Accounting Standards Board pronouncements. This assistance will be provided at no additional cost to the District.

We welcome the opportunity to answer any questions and to provide further information regarding our services and experience. Thank you for your consideration.

Sincerely,

Nina Quarequio, CPA,
Partner-in-Charge, San Francisco
nina.quarequio@marcumllp.com

MARCUM
ACCOUNTANTS • ADVISORS
May 3, 2017

Humboldt Bay Harbor, Recreation and Conservation District
Attn: Jack Crider, Executive Director
601 Statdare Drive
Eureka, California 95501

We are pleased to respond to your request to provide a proposal for audit services of Humboldt Bay Harbor, Recreation and Conservation District for the fiscal years ending June 30, 2017, 2018, 2019 and optional renewals for 2020 and 2021. We propose to audit the financial statements of the District in accordance with generally accepted auditing standards, Government Auditing Standards; the State Controller’s Minimum Audit Requirements for California Special Districts; and applicable laws and regulations. If necessary, we will perform single audit procedures in accordance with the OMB Compliance Supplement (Uniform Guidance). In addition, we will submit the District’s Financial Transaction Report to the State Controller.

We have been providing audit and consulting services to special districts since 1988. We have performed over 300 special district audits and issued 20 CAFRS in the last five years. An extensive background and commitment to the industry allows us to bring to you an audit which goes beyond the minimum statutory requirements. Our depth of experience in this industry means that we bring creative and practical solutions to assist you in meeting the challenges that you face in your day-to-day operations and recommendations that are tailored to your unique needs. We provide hands-on service not only just identifying issues but also in actively assisting you in resolving them. We are committed to assisting the Humboldt Bay Harbor, Recreation and Conservation District with any accounting related questions throughout the year. A quick telephone call or email to our office is all that’s needed to receive a timely response, at no additional cost to you. We consider this year-round availability, an important part of our relationship with you.

The following additional services are included at no charge:

- Evaluation and consulting for closing entries
- Assistance in the preparation of Annual Financial Statements
- Assistance in the implementation of new accounting standards
- Assistance with new federal or state compliance standards
- Year-round availability for consultation on accounting and audit topics

Please be assured that if we are accepted for this engagement, we will commit the resources necessary for the successful and timely completion of the work. The proposal is a firm offer for sixty (60) days from the due date of the proposal. Please do not hesitate to contact me or James Marta, Partner (jmarta@jpmcpa.com), if we can provide any additional information.

Sincerely,

David Becker, CPA
Partner
dbecker@jpmcpa.com
(916) 993-9494 ext 20
EXECUTIVE SUMMARY

As a full service audit, tax and management consulting firm, we pride ourselves in our ability to serve the diverse needs of California Special Districts and other governmental agencies in a rapidly changing environment. We feel our firm is uniquely qualified for the following reasons:

- Over 29 years of experience auditing and accounting for California Special Districts and other government agencies.
- Experience with community service, parks and recreation, airport, fire, water, sewer and sanitation agencies.
- Experience providing accounting and controller services to a variety of special districts.
- Experience with debt financing, refinancing, and arbitrage calculations.
- Specialized training in audits of Special Districts and Governmental Entities.
- Experience in auditing federal programs in accordance with Uniform Guidance.
- Experience in preparing the Comprehensive Annual Financial Report in accordance with GFOA standards.
- Experience preparing, reviewing and submitting the Annual Report of Financial Transactions required by the State Controller’s Office.
- Member and presenter for California Special Districts Association at conferences and webinars throughout the year.
- Experience in calculating Other Postemployment Benefits Liability using the Alternative Measurement Method in accordance with GASB Statement No. 45.
- All staff in the firm are trained, experienced and qualified to audit governmental agencies.
- Experience providing training to California Special Districts on Compliance, Internal Controls, Fraud Prevention and Detection, Accounting, Auditing and Board Governance Responsibility and Accountability.
- Presenter for California Special District’s Association Leadership Academy – Board’s Role in Finance and Fiscal Accountability.
- Year-round resource to you at no additional cost.
This Lease is made and entered into as of the 1st day of June, 2017 by and between the
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
(hereinafter referred to as "Lessor"), a California public entity acting pursuant to Harbors and
Navigation Code Appendix II, and Starbird Mariculture, a California corporation
(hereinafter referred to as "Lessee").

1: Description of Lease Premises

1.1 Lessor hereby leases to Lessee and Lessee leases from Lessor, on the terms,
covenants and conditions set forth herein, those certain subtidal areas located in
Humboldt County, California, and more particularly described in Exhibit A
attached hereto, hereinafter referred to as the "Lease Premises." Lessee retains
the right to expand within Exhibit A subject to amendment of existing permit
attached as Exhibit B.

1.2 Lessee will have access to the Lessor’s Red Tank dock to accommodate
Lessee’s operation and may install utilities on the dock after approval is given
by Lessor. The Red Tank dock is a common area for Lessor’s tenants and
lessee’s operation may not interfere with other tenant use. Any damage to the
Red Dock caused by Lessee’s use will be lessee’s responsibility.

2. Term

2.1 The original term of this Lease shall commence as of June 1, 2017 (the
"Commencement Date"), and end on May 31, 2022, unless sooner terminated pursuant to any
provision hereof. This lease is subject to the California Environmental Quality Act (CEQA), and
conditional upon compliance with the CEQA process. This lease is further conditioned upon
Lessor obtaining the necessary permits and authorizations from other agencies, including but not
limited to the California Coastal Commission and U.S. Army Corps of Engineers. If the CEQA
compliance process or obtaining the necessary permits and authorizations from other agencies is
completed after the anticipated commencement for the term of this Lease, the parties will adjust
the term of the lease accordingly.

2.2 If Lessor, after all reasonable efforts, is unable to secure all necessary permits and
authorizations from other agencies required to commence the uses described in Paragraph 5.1
within one (1) year of the Commencement Date, it shall have the option to terminate this Lease,
without any additional payment of rent or other penalty or remedy permitted pursuant to
Paragraph 11.

2.3 Should the Lease Premises become impaired as a shellfish growing area as
evidenced by the loss of or the imposition of a limitation on the ability to grow shellfish based
upon a determination by the California Department of Food and Agriculture, California
Department of Fish and Wildlife, California Fish and Game Commission, or any other state or federal agency with such regulatory authority that the Lease Premises are not suitable for shellfish cultivation, harvesting, or growing, and, further, should such determination result from actions or agencies beyond the control of Lessee, the obligations of the parties under this Lease shall be subject to termination at the option of the Lessee, upon thirty (30) days' written notice to Lessor, without any additional payment of rent or other penalty or remedy permitted pursuant to Paragraph 11.
Option to Renew

2.4 Option: Lessee is hereby granted one (1) option to extend this Lease for a term of five (5) years from and after the expiration of the original term or upon the expiration of any extensions exercised pursuant to this Section 3, upon the same terms and conditions of the original Lease except for the establishment of a new rent for the additional five-year period, using the guidelines set forth in Paragraph 4.2 of this Lease.

2.5 Lessee's Exercise of Option: To exercise the option to renew, Lessee shall give written notice to Lessor of Lessee's exercise of the option no later than twelve (12) months prior to the expiration of the original Lease term.

2.6 Extension Subject to Terms of Lease: The extension of this Lease for any of the five (5) year renewal periods is subject to all covenants, terms, conditions, reservations, restrictions, time limitations, and other provisions of this Lease, including the new rental amount. If Lessee is in material breach of this Agreement as defined in Section 11 hereafter, at the time of exercising the option to renew or at the commencement of the extended term, Lessee's right to exercise the option to renew shall be waived and forfeited and the Lease shall terminate as of the termination date of the original term or any extended term, and Lessee shall no longer have the right to renew this Lease for an additional five (5) year term.

2.7 Lease Deemed Renewed Upon Notice. The parties agree that upon Lessee giving written notice of exercise of its written option to renew the original Lease for an additional five (5) year period, this Lease shall be deemed renewed and the rent established for the additional five (5) year period, pursuant to the provisions of Paragraph 4.2.

3. Rent

3.1 Payment of Rent. Subject to Paragraph 5.2.1, Lessee agrees to pay to Lessor at such place as Lessor may designate in writing and without deduction, offset, prior notice, or demand, as rent for the Lease Premises during the first year, the sum of $3,000 per year in lawful money of the United States of America, payable in advance on or before the first business day of each year during the term hereof commencing July 1, 2017. Lessee may make arrangements with Lessor to pay annual payment monthly or quarterly.

3.2 Utilities. Lessee will be responsible for their own utilities at the site which will be separately metered and billed monthly.

3.3 Adjustments of Rent: Each year of this Lease, including during any extension term, the rent shall be adjusted for the next year by difference in the change of the U.S. Department of Labor Consumer Price Index, All Urban Consumers, West Urban Area. The most recent 12 months available in the Index 30 days prior to the start of the lease year will be used to calculate the increase. If there is a reduction in the index over the applicable period, there will be no increase or decrease in the rental amount for the next year.

3.4 Failure to Timely Pay Rent. If Lessee fails to pay the rent specified in this Lease by the fifteenth day of the month Lessee shall pay to Lessor a late charge of forty-five dollars ($45) in addition to the accrued and unpaid rental, and, in addition to such charge, Lessee shall pay to Lessor interest at the rate of five sixths of 1 percent (0.8335%) per month
upon the sum
due from the date on which such rental becomes due and payable to and including the date of payment in full. The Lessor shall apply any monies received from Lessee first to any penalty and interest charges and then to any rental or other sums then due. The penalty and interest charges provided by this paragraph are in addition to all other remedies that Lessor may have that are provided by this Lease or otherwise by law, to enforce payment of any rental or other sum that has become due and has not been paid.

3.5 **Damage or Destruction of Premises.** It is specifically agreed that in the event of the termination of this Lease by Lessor due to an uncured material default, prior to the expiration date of this original term, or prior to the expiration date of any renewal period, no portion of the rent paid in advance shall be refundable. It is specifically agreed that in the event the Lease Premises shall be damaged or destroyed by fire, the elements or an act of God such as an earthquake or tsunami that renders the Lease Premises substantially unusable by Lessee for the purposes for which the Lease Premises are devoted, Lessee shall have the right to terminate this Lease upon written notice to Lessor within thirty (30) days after the date of such fire, the elements or act of God such as an earthquake or tsunami that renders the Lease Premises substantially unusable by Lessee for the purposes for which the Lease Premises are devoted, and be entitled to a pro rata refund of the annual rental paid in advance from the date of such termination.

4. **Land Use**

4.1 **Use by Lessee, Improvements Authorized.** Lessee agrees to use the Lease Premises as a mariculture facility and related uses as detailed more fully in Lessee's approved Harbor District Permit, (Exhibit B), as described in the Coastal Development Permit application filed with the California Coastal Commission on May 26, 2016 ("Approved Uses"). Lessee is hereby authorized to install mariculture equipment and associated improvements on the Lease Premises so long as such equipment and improvements are consistent with all required regulatory permissions and approvals (See Section 5.4 below). Lessee agrees to give reasonable notice to Lessor regarding construction and improvement activities to be undertaken at the Lease Premises, and will coordinate such activities with the Lessor and adjacent users of Lessor's property.

5.2 **Improvements at Lessee's Expense.** Subject to Paragraph 5.2.1, Lessee shall, at its own expense, maintain and keep the Lease Premises and all improvements in good order and repair and sound condition. All approved equipment and other personal property brought, placed or erected on the Lease Premises by Lessee shall be and remain the property of Lessee.

5.3 **Alteration of Lease Premises.** No alteration of the Lease Premises shall be undertaken during the term of this Lease and any renewal term thereof without prior written permission from Lessor, with the exception of the alterations as specified in the Approved Uses.

5.4 **Regulatory Permission and Approvals.** The Lease Premises are subject to regulation by a variety of government agencies, including but not limited to the County of Humboldt, the Coastal Commission, the Regional Water Quality Control Board, the Harbor District, and the U.S. Army Corps of Engineers. Approval of this Lease does not authorize any
activities or improvements on the Lease Premises that have not received all required regulatory permissions and approvals. Approval of this Lease by the Harbor District is separate from the issuance of a Harbor District Use Permit. Lessee shall be responsible for all necessary permits and compliance with all applicable requirements and regulations.

5.5 **Access, Compatible Use of Surrounding Areas.** Lessee acknowledges that the surrounding premises may be leased by Lessor to other parties for other uses, and Lessor agrees that such uses will be compatible and will not interfere with Lessee’s use of the Lease Premises.

5.6 **Non-Discrimination.** Lessee in its use of the Lease Premises shall not discriminate against any person or class of persons on the basis of race, color, creed, national origin, sex, age or physical disability.

5.7 **Residential Structures.** Improvements on the Lease Premises shall not be used as a residence or for the purpose of mooring a floating residence.

5. **Reservations and Encumbrances**

5.1 **Mineral Rights Reserved to the State of California.** Lessor and Lessee acknowledge that all deposits of minerals, including oil and gas, on the Lease Premises have been reserved to the State of California pursuant to the Harbors and Navigation Code Appendix II, Section 78(g). Lessor furthermore expressly reserves all other natural resources in or on the Lease Premises, including but not limited to sand, gravel and inert earth. In no event shall any minerals or other natural resources be removed from the Lease Premises without the prior consent of Lessor. No dredge spoils materials shall be removed from the Lease Premises without Lessor's written consent which shall not be unreasonably withheld.

5.2 **Lessor's Right of Entry.** Lessor shall have the right to go on the Lease Premises during normal business hours and in groups of not more than three people and upon not less than 24 hours’ notice for purposes of inspecting the Lease Premises or showing the same to prospective lenders or lessees.

5.3 **Lessor's Right to Encumber Lease Premises.** Lessor expressly reserves the right to lease or encumber the Lease Premises, in whole or in part, during the Lease term for any purpose not inconsistent nor incompatible with the rights and privileges of Lessee under this Lease and provided that such lease or encumbrance does not interfere with Lessee's right to use and quiet enjoyment of the Lease Premises. Prior to leasing or encumbering the Lease Premises in whole or in part consistent with this Paragraph 6.3, Lessor will give Lessee six (6) months' notice and provide Lessee an opportunity to comment on Lessor's proposed lease or encumbrance.

5.4 **Lease Subject to Pre-Existing Contracts: No Warranty of Fitness.** This Lease, may be subject to pre-existing contracts, leases, licenses, easements, encumbrances and claims and it is made without warranty by Lessor of condition of fitness of the land for the stated or intended use.
5.5 **Lessee’s Right to Exclude Persons from Lease Premises.** Nothing in this Lease shall preclude Lessee from excluding persons from the Lease Premises when their presence or activity constitute a material interference with Lessee's use and quiet enjoyment of the Lease Premises as provided under this Lease.

6. **Rules, Regulations and Taxes**

The Lessee is hereby notified by Lessor that the possessory interest created hereunder may be subject to a possessory interest tax or property taxation when created, pursuant to Sections 107 to 107.6 of the California Revenue and Taxation Code or other applicable law, and that Lessee and/or the party in whom the possessory interest is vested may be subject to the payment of property taxes levied on such interests. Lessee agrees and acknowledges that it has actual notice pursuant to Section 107.6 of the California Revenue and Taxation Code that it may be required to pay a possessory interest tax as a result of this Lease and the letting to Lessee of the Lease Premises. Lessee hereby acknowledges that it has actual knowledge of the possible existence of a possessory interest tax and has read the provisions of Sections 107 to 107.6 of the California Revenue and Taxation Code. Lessee shall pay all possessory interest taxes levied by any governmental agencies by reason of this Lease or Lessee's possession of the Lease Premises.

7. **Indemnification**

7.1 **Lessee’s Indemnification of Lessor.** Lessor shall not be liable for and Lessee hereby agrees to indemnify, defend, hold harmless and to release Lessor, its Board of Commissioners, officers, agents and employees from and against any and all claims, demands, losses, fines, penalties, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including reasonable attorneys’ fees) arising directly or indirectly, in whole or in part, or in any way connected with the breach of this Lease or Lessee's use of the Lease Premises. Nothing herein shall be construed as an assumption of liability by Lessee for pre-existing environmental conditions, known or unknown at execution of this Lease, caused by prior tenants or users of the Lease Premises or surrounding areas. Lessee does not assume nor does the Lessor assign to Lessee any liability or responsibility for environmental conditions that exist at the Lease Premises prior to the term of this Agreement, including but not limited to liability for Hazardous Substances, as that term is defined under relevant California State and Federal Law, that have come to be located at the Lease Premises.

7.2 **Lessor's Indemnification of Lessee.** Lessor shall not be liable for and Lessor hereby agrees to indemnify, defend and hold harmless and to release Lessee, its Board of Directors, officers, agents and employees from and against any and all claims, demands, losses, fines, penalties, liabilities, actions, lawsuits and other proceedings, judgments and awards and costs and expenses (including reasonable attorneys’ fees) caused by the gross negligence or intentional misconduct of Lessor or Board of Commissioners, officers, agents and employees. Lessor agrees to indemnify and hold harmless Lessee for pre-existing environmental conditions, known or unknown at the execution of this Lease, caused by prior tenants or users of the Lease Premises or surrounding areas.
8. Insurance

8.1 Liability Insurance Required. Lessee shall obtain, at its own expense and keep in full force and effect during the Lease term with an insurance company acceptable to Lessor, comprehensive, commercial general liability insurance providing bodily injury and property damage coverage, and shall include products liability and personal injury coverage with liability limits of not less than Two Million Dollars ($2,000,000.00) combined single limit insuring Lessee and Lessor and their authorized representatives, against any and all claims or liability, including but not limited to liability for injuries to persons and property, and for the death of any person or persons occurring in or about the Lease Premises, arising out of the use, occupancy, condition or maintenance of the Lease Premises and all improvements thereon. Lessee shall be the named insured. Lessee agrees that Lessor, its officers, agents and employees, including members of the Board of Commissioners of the Lessor, shall be named as an additional insured under such liability policy. Such insurance shall be primary to any insurance maintained by the Lessor.

8.2 Provision of Certificate of Insurance. Lessee shall provide Lessor with a certificate of such insurance and shall keep such certificate current. The certificate evidencing such insurance shall be filed with the Lessor upon the commencement of the term of this Lease and said certificate shall provide that such insurance coverage shall not be cancelled or reduced without at least thirty (30) days' written notice to Lessor. Within thirty (30) days of the renewal of any such policy, Lessee shall provide to Lessor a certificate showing that such coverage has been renewed.

8.3 Insurance in Effect at All Times. The liability insurance coverage specified in this Lease shall be in effect at all times during the Lease term including any and all renewal periods and subsequently until all of the Lease Premises has been accepted by Lessor as restored after completion by Lessee of the dismantling and removal of the improvements thereon pursuant to Section 13 of this Lease.

8.4 Adjustment of Insurance Coverage Upon Renewal. The required amount of insurance coverage may be increased by Lessor at the beginning of any renewal term if the amount of the insurance required by this lease is no longer commercially reasonable.

8.5 Performance of Indemnification Provision. All public liability insurance, property damage insurance and products liability insurance required by this Section 9 shall insure performance of the indemnity provisions of Section 8 of this Lease of the Lease Premises and the policy shall contain cross-liability endorsements.

9. Assignment

Lessee shall not either voluntarily or by operation of law assign, transfer, mortgage, pledge, hypothecate or encumber this Lease and shall not sublet the Lease Premises, in whole or in part, without the prior written approval of Lessor, which approval Lessor shall not unreasonably withhold. All assignments, transfers and subleases of this Lease, and each of them,
shall be subject to all the covenants, terms, conditions, reservations, restrictions, time limitations and other provisions of this Lease.

10. Default and Remedies

11.1 The occurrence of any one or more of the following events shall constitute a default or breach of this Lease by Lessee:

(a) Lessee's failure to make any payment of rental or other consideration as required under this Lease, where such failure continues for three (3) days after written notice from Lessor to Lessee.

(b) Lessee's failure to obtain or maintain any liability insurance required under Paragraph 9.1.

(c) Lessee's failure to observe or perform any other term, covenant, or condition of this Lease to be observed or performed by the Lessee when such failure shall continue for a period of thirty (30) days after Lessor's giving written notice; however, if the nature of Lessee's default or breach is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default or breach if Lessee commences such cure within such thirty (30) day period and diligently proceeds with such cure to completion.

11.2 Other Remedies. In the event of a default or breach by Lessee and Lessee's failure to cure such default or breach, Lessor may, at any time and with or without notice in addition to every other remedy given Lessor by law or equity, do any one or more of the following:

(a) Continue this Lease in effect by not terminating Lessee's right to possession of said Lease Premises, in which event Lessor shall be entitled to enforce all Lessor's rights and remedies under this Lease including the right to recover the rent specified in this Lease as it becomes due under this Lease;

(b) Terminate this Lease and recover from Lessee:

(1) The worth at the time of award of the unpaid rent which has been earned at the time of termination of the Lease;

(2) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination of the Lease until the time of award exceeds the amount of rental loss that Lessee proves could have been reasonably avoided;

(3) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that Lessee proves could be reasonably avoided; and
(4) Any other amount necessary to compensate Lessor for all detriment proximately caused by Lessee's failure to perform its obligations under this Lease; or

(c) Terminate the Lease and, in addition to any recoveries Lessee may seek under subparagraph (b) of this Paragraph, bring an action to reenter and regain possession of said Lease Premises in the manner provided by the laws of unlawful detainer of the State of California then in effect.

(d) Exercise any other rights or remedy which Lessor may have at law or in equity.

13. Removal of Improvements and Restoration of the Lease Premises Upon Expiration of Lease or Termination and Surrender of Lease Premises

13.1 Upon expiration or sooner termination of this Lease, Lessor may accept all or any portion of the Lease Premises; however, Lessee shall have the right to remove any improvements installed by Lessee or personal property owned by Lessee on the Lease Premises within thirty (30) days after such expiration or termination of this Lease. Lessor may also, in Lessor's absolute discretion, require Lessee to remove all or any portion of such improvements at Lessee's sole expense and risk, provided, however, that Lessee shall be required to remove only such improvements as Lessor shall identify in writing to Lessee no later than thirty (30) days after expiration or earlier termination date of this Lease and Lessee shall only be required to remove entire structures or all such portions of a structure as are located on the Lease Premises; or, if Lessee refuses, Lessor may itself remove or have removed all or any portion of such improvements at Lessee's sole expense. Lessor shall not be required to actually pay for removal in order to be entitled to recover from Lessee the reasonable cost of removal of the improvements.

13.2 Restoration of Premises. In removing any improvements, Lessee shall restore the Lease Premises as nearly as possibly to the conditions existing prior to their installation or construction, and shall complete all obligations of this Lease; provided that, nothing in the foregoing requirement shall be construed as expanding in any way the limitations of Lessee's indemnification obligations in Section 8 hereof. All such removal and restoration of the Lease Premises, required pursuant to this Section 13 of this Lease shall be commenced by Lessee no later than sixty (60) days and completed no later than one (1) year after the expiration or sooner termination of this Lease or any extension thereof. The deadlines for restoration of the premises shall be extended by the time that is required to obtain all necessary regulatory permits and approvals, provided that Lessee timely files applications for such permits and approvals. All such removal and restoration shall be to the reasonable satisfaction of Lessor.

13.3 Refusal to Timely Remove Improvements at end of Lease. If Lessee refuses or fails to timely dismantle and remove the improvements or portion of improvements designated by Lessor to be dismantled and removed from the Lease Premises and restore the Lease Premises as nearly as possible to its condition existing prior to the installation of the structures, buildings and facilities so placed thereon, Lessor may itself or may hire third parties to dismantle and remove such improvements and place the Lease Premises in a condition as near as possible to the condition of the Lease Premises existing prior to the installation of the structures, buildings and
Facilities, thereon at Lessee's sole expense and Lessee shall reimburse Lessor for all costs and expenses thereof of the dismantling and removal of improvements and restoration of the Lease Premises by Lessor or such parties designated by Lessor. Nothing in this provision shall be interpreted to preclude Lessor from bringing legal action for breach of contract and seeking damages in the form of anticipated cost of removal, even if said improvements have not actually been removed prior to the legal process.

13.4 Permits Required. In removing all improvements Lessee will be required to obtain any permits or any other governmental approval as may then be required by lawful authority.

13.5 No Removal or Replacement of Fill. Lessee shall not be required to remove or replace nor shall Lessor be required to pay for any legally-placed fill remaining on this Lease Premises.

13.6 Surrender of Premises. Lessee agrees that on the expiration or sooner termination of this Lease or any renewal thereof Lessee shall responsibly leave and surrender the Lease Premises to Lessor in a state of good order, condition, repair and restoration, as provided in and subject to the time periods in Paragraphs 13.1 through 13.2.

14. Quitclaim

Lessee shall, within ninety (90) days of the expiration or sooner termination of this Lease, execute and deliver to Lessor in a form provided by Lessor, a good and sufficient quitclaim of all rights under this Lease, subject to Lessee's right to occupy those portions of the Lease Premises necessary for removal of structures pursuant to Section 13. Should Lessee fail or refuse to deliver such a quitclaim, a written notice by Lessor reciting such failure or refusal shall, from the date of its recoradation, be conclusive evidence against Lessee and all other claimants of the termination of this Lease and any rights or interests of Lessee in the Lease Premises and improvements thereon.

15. Holding Over

Any holding over by Lessee after the expiration of the Lease term, or any renewal term, with or without the express or implied consent to Lessor, shall constitute a tenancy from month-to-month and shall be on terms, covenants and conditions of this Lease with rental, royalty or other consideration payable in advance on the first day of each month at the monthly rental rate equal to 150 percent of the monthly rent immediately prior to the holdover. Upon expiration or sooner termination of the Lease, Lessee shall not be required to pay the full rent to Lessor during the period when Lessee occupies the required portion of the Lease Premises necessary for the purposes of removal of the improvements and restoration of the Premises, pursuant to the provisions of Section 13 of this Lease, except to the extent that Lessee's continued occupancy interferes with the use of the Lessor or Lessor's assignees, or otherwise restricts the Lessor's ability to lease or rent the property. In no event shall the rent for this period be less than one-third of the last rental amount rate.

16.1 No Waiver. The failure to enforce any right hereunder, or the waiver by either party of any default or breach of any covenant, term, condition, restriction or time limitation herein shall not constitute a waiver of the future exercise of any such right or of any other default or breach, whether of the same or any other covenant, term, condition, restriction or time limitation herein regardless of such party's knowledge of such other defaults or breaches. The subsequent acceptance of monies hereunder by Lessor shall not constitute a waiver of any preceding default or breach of any covenant, term, condition, restriction or time limitation, other than the failure of Lessee to pay the particular monies so accepted, regardless of Lessor's knowledge of such preceding default or breach at the time of acceptance of such monies, nor shall acceptance of monies after termination constitute a reinstatement, extension or renewal of this Lease or revocation of any notice or other act by Lessor.

16.2 Time is of the Essence. Time is of the essence of this Lease and each and all of its terms, covenants or conditions in which performance is a factor.

16.3 Notice. All notices, requests and communications required or permitted hereunder shall be in writing and shall be sufficiently given and deemed to have been received upon personal delivery by messenger, overnight courier or telex, or, if mailed, upon the first to occur of actual receipt of forty-eight (48) hours after being placed in the United States mail, postage prepaid, registered or certified mail, with return receipt requested, addressed to the parties as follows:

Lessor: Humboldt Bay Harbor, Recreation and Conservation District
        Post Office Box 1030
        Eureka, CA 95502-1030
        Attn: Executive Director
        Telephone: (707) 443-0801
        Facsimile: (707) 443-0800

Lessee: Starbird Mariculture
        Chris Starbird
        P.O. Box 7
        Dillon Beach, CA 94926

16.4 Consent. Where a party's consent is required under this Lease, its consent for one transaction or event shall not be deemed to be consent to any subsequent occurrence of the same or any other transaction event.

16.5 Amendment, Termination. This Lease may be terminated and its terms, covenants and conditions amended, revised or supplemented by written mutual agreement of the parties.
16.6 **Binding on Successors and Assigns.** The terms, covenants and conditions of this Lease shall extend to and be binding upon and inure to the benefit of the successors and assigns of the respective parties.

16.7 **Severability.** If any term, covenant or condition of this Lease is judicially determined to be invalid, it shall be considered deleted and shall not invalidate any of the remaining terms, covenants and conditions.

16.8 **Counterparts.** This Lease may be executed in any number of counterparts, each of which shall be a valid and binding original, but all of which together shall constitute one and the same instrument. Faxed or scanned signatures shall be accepted as valid in lieu of originals.

16.9 **Jurisdiction.** Lessor and Lessee consent to and agree that in the event any disputes or legal actions are commenced and litigated between Lessor and Lessee regarding the terms, conditions, rights, duties and obligations of the parties pursuant to the terms of this Lease, the Superior Court of California, County of Humboldt shall have exclusive jurisdiction of such disputes and/or legal actions. The parties further agree that this lease is entered into in Humboldt County, California, the place where the Lease Premises is located. This lease shall be construed and interpreted in accordance with the laws of the State of California.

16.10 **Attorney’s Fees and Costs:** In the event of legal proceedings arising out of the terms and conditions of this Agreement, the prevailing party shall be entitled to recover reasonable attorney’s fees and other costs of litigation.

16.11 **Termination of Rights.** Lessee agrees that on the expiration or termination of this Lease, Lessee shall responsibly leave and surrender the Lease Premises to Lessor in a state of good order, condition, repair upon removal by Lessee of the improvements thereon and restoration of the Lease Premises as provided for in Section 13 of this Lease. The exercise of any right of termination shall not release Lessee from liability for any unpaid but accrued rental or any other consideration which may be due under this Lease or from any other obligations still applicable under the Lease. No portion of any rental paid by Lessee in advance shall be refunded except as provided in Paragraph 4.3.

16.12 **Survival.** Notwithstanding anything to the contrary contained in this Lease, the provisions (including, but not limited to, covenants, agreements, representations, warranties, obligations and liabilities described herein) of this Lease which from their sense and context are intended to survive the expiration or earlier termination of this Lease (whether or not such provision expressly provides as such) shall survive such expiration or earlier termination of this Lease and continue to be binding upon the applicable party.

16.13 **Entire Agreement.** This Lease supersedes any prior understanding or written or oral agreements between the parties hereto respecting the within subject matter and contains the entire understanding between the parties with respect thereto.
16.14 Negation of Agency. Each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Lease. No partnership, joint venture or other association of any kind is formed by this Lease.

In witness whereof, the parties have executed this Lease at Eureka, Humboldt County, California, as of the date specified immediately adjacent to their respective signatures.

HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

DATE: 

By:  

Starbird Mariculture

DATE: 

By:  

EMPLOYMENT AGREEMENT
With
Jack Crider

THIS AGREEMENT, made this 1st day of May, 2017 between the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, a public entity, located in Humboldt County, California, herein referred to as "District", and Jack Crider, herein referred to as "Employee".

The parties recite that:

A. District is a public entity with legal duties, powers and obligations set forth in Sections 1 through 83 of Appendix 2 of the Harbors and Navigation Code of the State of California.

B. Employee is willing to be employed by District, and District is willing to employ Employee in the unclassified, at-will position of Executive Director on the terms and conditions hereinafter set forth.

C. The position of Executive Director is an unclassified service employee as defined in Section 73 of Appendix 2 of the Harbors and Navigation Code. Said position is an "At Will" position terminable at the will of either the employer or the employee.

FOR THE REASONS SET FORTH ABOVE, AND IN CONSIDERATION OF THE MUTUAL COVENANTS AND PROMISES OF THE PARTIES HERETO, DISTRICT AND EMPLOYEE COVENANT AND AGREE AS FOLLOWS:

1. Pursuant to this Agreement, Employee is employed as Executive Director for the Humboldt Bay Harbor, Recreation and Conservation District effective May 1, 2017, and Employee hereby accepts and agrees to such employment.

2. Employee shall perform and complete the services and tasks set forth by the District Board of Commissioners.

3. Employee shall at all times faithfully, industriously, and to the best of his ability, experience, and talent perform all duties that may be required pursuant to the expressed and implicit terms as set forth by the Commission of the District. Such duties shall be rendered in Humboldt County, California and at such other place or places as District shall in good faith require or the interest, and needs or requests of District shall require or make advisable.

4. Employee shall serve in the position of Executive Director at the will and pleasure of the Commission of District. The Commission of the District or Employee may terminate this Agreement and terminate Employee’s employment with or without cause at any time. In the event Employee desires to terminate employment with the District as Executive Director, it is expected that Employee shall give to District a minimum of thirty (30) days written notice of said intention to terminate. Employee shall be compensated for accrued benefits to the date of termination in accordance with the provisions of the Personnel Policy.

5. District shall pay Employee and Employee agrees to accept from District, in full payment of Employee’s services for his position as Executive Director
hereunder, a salary of $___________ with four (4) weeks of paid vacation and a flexible schedule and office location, that allows for 10 days on and 4 days off.

In addition to the foregoing, Employee shall receive the employee benefits for full time employees as now established by the District's Personnel Policy, or different employee benefits as may be modified or established by the District in the future. However, nothing in this section or any other part of this Agreement shall be interpreted as preventing or precluding the District from rescinding, amending or otherwise modifying the existing Personnel Policy or from adopting additional personnel policies or procedures concerning the employment, including but not limited to modifications of the benefits of employment.

6. Employee's salary, job duties and performance shall be reviewed in April of each year by the Commission of the District. The annual performance review may be used to adjust Employee's salary based upon performance and/or cost of living, as negotiated and approved by the Board of Commissioners. However, nothing in this section shall be construed as a promise or commitment by the District to increase compensation, or concerning the amount of any such increase.

7. The effective date of appointment of Employee as Executive Director shall be May 1, 2017 and unless renewed, will terminate on April 30, 2018. In the event the Employee is terminated without cause or the Employee's contract is not renewed, Employee will be given the opportunity to retire.

8. Employee shall devote his full time, attention, knowledge and skill solely and exclusively as Executive Director, solely and exclusively to the business and interest of the District. The position is considered to be an exempt position within the meaning of the California Labor Code for the purposes of wage and hour provisions. Employee's workweek is not necessarily limited to 40 hours per week. Employee may be expected to work in excess of 40 hours per week if required to perform his duties as Executive Director at the regular monthly salary with no provision for overtime pay.

9. Employee is an unclassified employee as Executive Director. The position of Executive Director is not entitled to participate as a member of the International Longshoremen's and Warehousemen's Union AFL/CIO Local 14, Unit A, pursuant to the Union Contract with District and Executive Director is not included as a member of the bargaining unit represented by the Union.

10. Employee shall abide by all applicable provisions of District's Personnel Policy as amended and with all other District policies and procedures currently in force or as may be implemented during the term of employment.

11. This written Agreement contains the sole and entire agreement between the parties. It supersedes any and all other agreements between the parties. The parties acknowledge and agree that neither of them has made any representation with respect to the subject matter of this Agreement or any representations including the execution and delivery hereof except such representations as are specifically set forth herein, and each party acknowledges that he/she or it has relied on his/her or its own judgment in entering into this Agreement. The parties further acknowledge that any statements or representations that may have heretofore been made by either
of them to the other are void and of no effect and that neither of them has relied thereon in connection with his or its dealings with the other.

12. No waiver of modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith.

13. This Agreement and performance hereunder and all suits and special proceedings hereunder shall be construed in accordance with the laws of the State of California. In any action, special proceeding, or other proceedings that may be brought arising out of, in connection with, or by reason of this Agreement, the laws of the State of California shall be applicable and shall govern to the exclusion of the law of any other form. Any legal proceedings or actions arising out of this agreement shall be venued in Humboldt County, California.

Executed at Humboldt County, California, on the date first above written.

HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

By ____________________

Jack Crider- Employee