

AGENDA
REGULAR MEETING OF THE BOARD OF DIRECTORS
HUMBOLDT BAY DEVELOPMENT ASSOCIATION, INC.

DATE: Thursday, July 27, 2017
TIME: 5:00 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 Regular Meeting at 5:00 P.M. and Roll Call**
2. **Pledge of Allegiance**
3. **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.

4. **Consent Calendar**

5. **Unfinished Business**

- a. CDI interim use – Coastal Commission August 9-11th.
- b. June 30, 2017 Year to date financial update and reporting compliance- Suzanne Dockal

6. **New Business**

- a. Consideration of approval of FY 2017/18 budget.
- b. Consideration of approval to hire Novogradac & Company for FY 2016/17 Audit for \$7,500.
- c. Consideration of approval to hire David L. Moonie & Company for FY 2016/17 Form 990 tax return, not to exceed \$2,000.

7. **Adjournment**

Appeal by Sharon Lai on behalf of Seacliff Ocean Bluffs Association of Santa Cruz County decision granting permit with conditions to Kelly and Doug Britt for construction of 140 sq.ft. entryway addition, demolition of 170 sq.ft. detached carport, roof modifications, replacement of doors and windows, and lot line adjustment at 355 Coates Dr. in Seacliff area of Aptos, Santa Cruz County. (RG-SC)

North Coast District

13. Deputy Director's Report

14. Consent Calendar (removed from Regular Calendar)

15. Local Coastal Programs (LCPs)

a. **County of Del Norte County LCP Amendment No. LCP-1-DNC-16-0036-2 (Residential Height Limits) Time Extension**

Public hearing and action to extend the time limit for action to up to one year for certification of Del Norte County's request to amend certified Implementation Plan to increase the maximum building height for residences in a number of residential zones from 25 feet to 30 feet. (CK-A)

b.

County of Humboldt County LCP Amendment No. LCP-1-HUM-16-0040-1 (Coastal Dependent Industry Interim Uses)

Public hearing and action on request by Humboldt County to amend certified Land Use Plan and Implementation Plan to allow for temporary, short-term, conditionally-permitted interim noncoastal-dependent uses on coastal-dependent industrial lands around Humboldt Bay. (MBK-A)



**NOVAGRADAC
& COMPANY** LLP®
CERTIFIED PUBLIC ACCOUNTANTS

July 7, 2017

Jack Crider
Humboldt Bay Development Association, Inc.
P.O. Box 1030
Eureka, California 95502-1030

RE: 2016 Audit for Humboldt Bay Development Association, Inc.

Dear Mr. Crider:

We are pleased to confirm our understanding of the services we are to provide for Humboldt Bay Development Association (the "Company") for the period from March 1, 2016 to June 30, 2017 (the "Engagement Period"). If the Company agrees to the terms set forth below, please sign a copy of this letter (the "Engagement Letter") at the space provided below and return it to me.

Audit

We will audit the financial statements of the Company, which comprise the balance sheet as of the end of the Engagement Period, and the related statements of operations, changes in capital, and cash flows for the Engagement Period, and the notes to the financial statements.

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America ("GAAS"). We will issue a written report upon completion of our audit of the Company's financial statements. Our report will be addressed to the management of the Company. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report, or we may withdraw from this engagement in accordance with this Engagement Letter.

Audit Procedures – General

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the audit. At the conclusion of our audit, we will require you to make written representations about the financial statements and related matters. These representations from you are in the form of a letter attesting to the completeness and truthfulness of your financial statements and the representations and disclosures you made to us during the course of our work. You agree that we will rely upon these representations in conducting our audit and that false representations could cause us to expend unnecessary efforts or could cause a material error or a fraud to go undetected by our procedures. In view of the foregoing, you agree that we shall not be

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responsible for any misstatements in the Company's financial statements that we may fail to detect as a result of your or the Company's knowing misrepresentations to us.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the Company or to acts by management or employees acting on behalf of the Company.

We will not perform a detailed examination of all transactions. Due to the inherent limitations of an audit, combined with the inherent limitations of internal control, there is a risk that material misstatements may exist and not be detected by us even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any prior or later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Company and its environment, including internal control, sufficient to assess the risks of material misstatement in the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you, and those charged with governance, internal control related matters that came to our attention that are required to be communicated under professional standards.

Management Responsibilities

You are responsible for: establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles.

You must provide all financial records and related information to us and you are responsible for the accuracy and completeness of that information. You must provide us with access to all information that is relevant to the preparation and fair presentation of the financial statements. You must also provide us any additional information that we may request for the purpose of the audit and unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence.

If we assist you in the preparation of your depreciation calculations and assembly of the financial statements and the related notes (collectively, "Assistive Services"), the responsibility for the Assistive Services remains with you. You also agree to assume all management responsibilities for the Assistive Services, and any other nonattest services we provide; oversee the services by designating an individual,

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preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We are not responsible for ensuring that you employ adequate staff possessed with sufficient knowledge and employ proper procedures to maintain proper accounting, management and other business systems, practices and policies or telling you how to properly run your Company.

You are responsible for establishing and maintaining internal controls, including the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Company involving management and also for any employees who have significant roles in internal control. In addition, you must inform us of any fraud by anyone if the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, regulators or others. In addition, you are responsible for identifying and ensuring that the Company complies with applicable laws and regulations.

By signing this Engagement Letter, you confirm that the audit described herein is not to be used to satisfy the "Custody Rule" requirements¹ of any Registered Investment Advisor (a "Custody Rule Audit"). If that is not the case, you must instead contact us to request a separate engagement letter that is appropriate for a Custody Rule Audit. You further agree that, unless we explicitly consent in writing, no reports or other work product that we provide to you may be used for purposes of "crowdfunding" and other similar methods of raising capital under authority granted by Securities and Exchange Commission Regulation A+, implementing the "JOBS Act."

Engagement Administration and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

In order for us to meet those deadlines we need to receive your final trial balance and provided-by-client schedules by eight weeks before the final audit due date. We consider a final trial balance to be a trial balance that includes all prior and current year-end adjusting and closing entries. If there are more than two client-proposed entries to the final trial balance, then we will not consider that to be a final trial balance; in circumstances resulting in substantial changes to the trial balance being discovered during the course of the audit, we cannot ensure that the reports will be issued by the aforementioned due dates. In addition, failure to provide the proper documentation or support for testing when requested may further delay delivery of the reports by the aforementioned due dates. Exhibit A details the documentation we will need to complete our procedures.

Based on our testing, we may have further questions or require additional information. Our ability to complete the engagement by the aforementioned due dates is contingent upon your timely cooperation with such follow-up requests.

¹ Investment Advisers Act Rules §206(4)-2(d)(1).

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We will provide copies of our audit reports to you, and management is responsible for further distribution of the reports and the financial statements.

Our audit engagement ends on delivery of an approved audit report. This engagement does not include general consulting and advisory services, other than as set forth in this Engagement Letter ("Consulting Services"). The terms and conditions of any Consulting Services or follow-up services other than those set forth in this Engagement Letter must be mutually agreed upon in a separate written engagement letter.

Expected Fees

Our fee for the audit will be \$7,500. Our fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If additional time and effort is necessary to obtain documentation required by applicable professional standards ("Unanticipated Services"), we will notify you with a revised fee quote and not perform additional work until you have given us your authorization to proceed. You agree and acknowledge that it may be necessary for us to disengage prior to completion of this engagement if we cannot satisfy our professional standards without performing Unanticipated Services that you decline to approve. You will also be billed for travel and other out-of-pocket costs such as report production, typing, postage, etc. If we are compelled to respond to a subpoena or other enforceable order for document production, deposition or other testimony related to this engagement, you agree to pay us for all time and out-of-pocket costs we incur in complying with such requirements. The preceding sentence shall apply regardless of how much time has elapsed since we completed our engagement, and regardless of whether you are the party compelling us to produce documents or appear for testimony.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation and must be paid before our work product is delivered. After 30 days, a late charge will be imposed on unpaid fees at a rate of 10% per annum, assessed monthly based on 0.83% of the account's balance of past due invoices. Work may be suspended if your account is not paid and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, nonapproval of Unanticipated Services or because our professional standards require disengagement, our engagement will be deemed to have been completed upon notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended, and to reimburse us for all out-of-pocket expenditures through the date of termination.

Limitation on Damages

Unless otherwise prohibited by law or regulation, the maximum amount of damages you may receive as a result of any determination that some or all of the services we performed under this and/or other mutual engagement letters between us and you were deficient, or for breach of contract, nonfeasance or negligence, shall be the fees paid to us for the disputed services. Similarly, the maximum amount of damages you can receive related to services you assert or believe we were required to perform, but which we did not perform, shall be the fees paid to us for said non-performed services. You and we agree that, because of the difficulty of determining and/or quantifying damages for breach of this Engagement Letter or for our negligence, said amount shall constitute liquidated damages for any claims you may assert arising from or related to this Engagement Letter. In no event shall we be liable for the consequential, special, incidental, or punitive loss, damage or expense caused to you or to any third party (including without limitation, lost profits, opportunity costs, etc.).

Limitations Period on Actions

To the fullest extent permitted by law, no controversy, claim, suit or action, regardless of nature or form, relating to or arising out of this engagement, may be brought by or on behalf of the Company and/or its Board of Managers, Board of Directors, Board committees, similar governing bodies, members, partners, principals, stockholders, principals, employees, agents, affiliates, and/or subsidiaries, against Novogradac & Company LLP, or its members, partners, principals, managers, employees, agents, affiliates, or subsidiaries, more than one (1) year after the cause of action accrues. The foregoing period of limitation shall not be subject to tolling of any kind. Nothing contained within this Engagement Letter shall operate to extend, lengthen, or toll any applicable statutory limitations period of less than one year or any accrual point for any cause of action provided by law.

Confidentiality and Working Paper Ownership

The working papers prepared in conjunction with this engagement are the property of our firm, constitute confidential information and will be retained by us in accordance with our firm's policies and procedures in accordance with applicable regulatory requirements. The Company must maintain its own copy of documents provided to, or received from, us during the course of this engagement. The preceding sentence shall apply even if we have established a "client portal" within which you have the ability to upload, download or reference certain documents related to the services we have provided to you. Please note that documents on our client portal are generally purged automatically within a year of being posted to the portal, although certain archival copies of final deliverables may be retained for longer periods of time at our sole discretion.

Before providing us with any documents that contain credit card or individuals' social security numbers, please first mask or redact such numbers. If you choose to send any type of confidential information to us electronically, we strongly recommend that you use the secure transmission and/or client portal features of our ShareFile system, or you may use your own encrypted email service if you prefer. Our ShareFile service can be found at <https://novoco.sharefile.com/>. The signature block of our emails contains a link that will allow you to easily send documents to one of our personnel. We would also be pleased to create a client portal for your use. If you choose to electronically send us confidential information by any unsecure means, including without limitation unencrypted email, you agree to bear all risks and damages that may result if the communication is intercepted.

Third Party and Internal Use of Data and Reports

Any facsimile, Internet or other e-mail communication is tentative and preliminary and any work product is not final until received in signed form. As such, you agree not to act upon any information received in a facsimile, Internet or other e-mail communication until, and unless, you receive such information in signed form. You agree to obtain our written permission before providing copies of the work product from this engagement to third parties. If you fail to obtain such permission from us, you agree to reimburse us for any costs and expenses we may incur as a result of your provision of the work product to one or more third parties.

Aggregated and otherwise anonymous financial data are used by accounting professionals for a variety of benchmarking, valuation and other research-related purposes. For example, benchmark data for similar entities are used in performing analytical review procedures to help identify potential anomalies in clients' financial statements. We will not disclose owner and/or investor identities. By signing this Engagement Letter, you consent to the non-identifiable use of your financial data. If you do not wish to have your data used in this manner, please contact us rather than sign this Engagement Letter.

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Governing Law, Venue and Jurisdiction

All matters related to, concerning, or arising out of the professional relationship between the parties, or arising out of this Engagement Letter or the services provided or to be provided hereunder, shall be governed by, and construed in accordance with, the laws of the State of New York, with respect to all procedural and substantive issues, without giving effect to New York's conflict of laws rules. Any claim or action related to, concerning, or arising out of the aforementioned matters shall be brought and maintained exclusively with the United States District Court, Southern District of New York ("SDNY"), located in New York County, the State of New York. For any dispute or proceeding for which SDNY denies jurisdiction, such matters shall instead be brought before the Supreme Court of the State of New York, New York County, located in New York County, the State of New York. The parties expressly and irrevocably submit to the jurisdiction of the aforementioned courts for the purpose of any such claim or action and expressly and irrevocably waive, to the fullest extent permitted by law, any rights, defenses, and objections which it may have or hereafter may have to the laying of venue in the aforementioned courts, including but not limited to any claim that such forum is inconvenient.

Severability

Should any term or provision of this Engagement Letter, or part thereof, be declared or be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby and said illegal, unenforceable or invalid part, term or provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth in this Engagement Letter.

Some of the services described in this Engagement Letter may be provided by partners of an affiliate controlled by Novogradac & Company LLP. We believe this Engagement Letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this Engagement Letter, please sign the enclosed copy and return it to us so that we may begin work on this engagement. If we do not receive this executed Engagement Letter (and any required retainer) in our office within thirty days of the date of this Engagement Letter, our offer to perform these professional services is automatically withdrawn. If we do agree in writing to extend the timeframe for execution of this Engagement Letter, please be aware that late initiation of the engagement will affect the timeframe for delivery of draft and final work products. We appreciate the opportunity to be of service to you.

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Please feel free to contact me at (562) 256-2325 if you have any questions or concerns.

Very truly yours,
NOVOGRADAC & COMPANY LLP



by:

Bryan Hung

RESPONSE:

This Engagement Letter correctly sets forth our understanding for the services to be provided, and I am fully authorized to execute this Engagement Letter and bind the Company:

**Accepted by:
Humboldt Bay Development Association, Inc.**

By: _____

Date: _____

EXHIBIT A
DOCUMENT REQUEST LIST FOR THE AUDIT PERIOD 3/1/16 TO 6/30/17

Please provide us the following documents for the Company

Financial Documents

- Trial Balances dated as of June 30, 2017 (in excel)
- General Ledgers for the period from March 1, 2016 to June 30, 2017 (in excel)

Cash

- June 2017 and July 2017 bank statements for all cash accounts
- Bank reconciliations for each account for June 30, 2017
- Check register/list of transactions through the date in which you provide this information
- A list of bank transfers from June 26, 2017 – July 5, 2017
- Contact information for all financial institutions, including name, address, phone number, fax number, and email

Receivables

- Schedule of accounts receivable as of June 30, 2017
- Supporting detail on any allowance of doubtful accounts (if applicable)
- Detailed schedule of prepaid expenses including detail on your calculation of each account, if any

Fixed Assets

- Schedule of fixed assets as of June 30, 2017

Intangibles

- Schedule of intangible assets as of June 30, 2017

Payables

- Accounts payable detail as of June 30, 2017
- Detailed lists of all accruals as of June 30, 2017
- Aged accounts payable schedule as of June 30, 2017
- Interest payable detail as of June 30, 2017

Related parties

- A schedule of related party transactions

Notes Payable

- Lender statements of loan balance as of June 30, 2017, if applicable
- Schedules of loans payable, interest payable, and interest expense
- Loan documents associated with all loans
- Amortization schedules for all loans
- Contact information for all loans payable, including name, address, phone number, fax number, and email

Please provide us the following documents for the Company (cont.)

Capital

- A schedule of any member contributions made during the period along with supporting detail, i.e. bank statements
- A list of changes in members in the current period as well as any new documents relating to that change, i.e. changes of address or transfer of member interests
- A schedule of member distributions made during the period detailing distributions by member along with supporting detail, i.e. copies of checks or bank statements

Profit and Loss

- A list of tenants and provide lease agreements (if applicable)
- A schedule detailing the amount of rental income by tenant received during the period
- Detailed schedule for all legal and insurance expenses incurred during the period
- Supporting information for any other significant income or revenue items (i.e. invoices, agreements, calculation schedules)

Other Documents

- Include any agreements and/or amendments to agreements that have been executed during the period, such as:
 - Operating agreements
 - Lease agreements
 - Management agreements
 - Loan agreements
 - Developer's fee agreements
 - Correspondence with investors concerning the above agreements
 - Any other relevant agreements

Jack Crider

From: Mark Wetzel <MWetzel@dln-cpa.com>
Sent: Tuesday, June 20, 2017 8:52 AM
To: 'Suzanne Dockal'; 'Jack Crider'
Subject: RE: Novo audit service

I don't think the audit fee is out of line. Even though there are not a lot of transactions, I think the financial statement note disclosures alone will be a time-consuming factor. Plus their experience with the NMTC would be hard to duplicate.

If you wanted to stay with our firm to do the Form 990, I would estimate our fee would not exceed \$2,000.

Mark Wetzel, CPA
David L. Moonie & Co., LLP
325 Second Street, Suite 301
Eureka, CA 95501
Phone: (707) 442-1737
Fax: (707) 442-5298

This communication and any accompanying documents are confidential and privileged. They are intended for the sole use of the addressee. If you receive this transmission in error, you are advised that any disclosure, copying, distribution, or the taking of any action in reliance upon this communication is strictly prohibited. Moreover, any such disclosure shall not compromise or waive the attorney-client, accountant-client, or other privileges as to this communication or otherwise. If you have received this communication in error, please contact me at the above email address. Thank you.

From: Suzanne Dockal [mailto:dockal@suddenlink.net]
Sent: Monday, June 19, 2017 7:00 PM
To: 'Jack Crider'; Mark Wetzel
Subject: RE: Novo audit service

Jack

I think this is very expensive for the volume of transactions that have to be audited...

Mark, what do you think?

Suzanne

From: Jack Crider [mailto:jcrider@humboldtby.org]
Sent: Monday, June 19, 2017 4:40 PM
To: 'Mark Wetzel'; 'Suzanne Dockal'
Subject: FW: Novo audit service

Jack Crider

Executive Director
Humboldt Bay Harbor District
707-443-0801 Phone
707-834-1108 Cell

