

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

DATE: February 14, 2013

TIME: 6:00 p.m. Executive Closed Session
7:00 p.m. Regular Session

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 24 hours in advance of the meeting.

1. Call to Order at 6:00 p.m.

A. Move to Executive Closed Session pursuant to the provisions of the California Government Code Section 54956.8 (Conference with Real Property Negotiator)

1. Conference with Real Property Negotiator
Negotiating Parties: Paul Brisso, District Counsel; Mike Wilson, Board President; Jack Crider, Chief Executive Officer

Under Negotiation:

- ❖ Freshwater Tissue Company property purchase negotiations

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 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

Note: All matters listed under the Consent Calendar are considered to be routine by the Board of Commissioners and will be enacted by one motion. There will be no separate discussion of these items. If discussion is required, that item will be removed from the Consent Calendar and considered separately.

- a. Consideration of approval of minutes from the December 13, 2012 Board meeting.
- b. Consideration of approval of minutes from the January 10, 2013 Board meeting

Agenda for February 14, 2013 Regular Board Meeting

8. Communications and Reports

- a. Chief Executive Officers Report
- b. Staff Reports
- c. District Counsel's and District Treasurer's Reports
- d. Commissioner and Committee Reports
- e. Other

9. Non Agenda

10. Unfinished Business

11. New Business

- a. Consideration of Harbor Maintenance Trust Fund Bill support letter.
- b. Consideration of authorizing Chief Executive Officer to sign Notice of Merger from Samoa Properties Inc. to California Redwood Company.
- c. Consideration of adoption of Resolution 2013-01, A Resolution Designating Business Matters, Appointment and Authorization for the Humboldt Bay Harbor, Recreation and Conservation District for Calendar Year 2013.
- d. Consideration of adoption of Resolution 2013-02, A Resolution to Borrow Monies and Pledge Personal Property as Collateral.
- e. Consideration of a letter expressing interest in the "Alternative Rail Route Feasibility Study" proposal.
- f. Consideration of approval of travel expenses for Board President Wilson and CEO Crider to travel to Washington DC to meet with Legislators and Agency representatives.
- g. Consideration of approval of travel expenses for Board President Wilson to attend the April 17, 2013 Association of Pacific Ports Spring Fly-In "Building Sustainable Ports" in Seattle, WA.

12. Administrative and Emergency Permits

13. Adjournment

7a

**MINUTES (Subject to Approval)
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT**

December 13, 2012

PRESENT

Commissioner Newman
Commissioner Dale
Commissioner Wilson
Commissioner Marks
Commissioner Higgins

President Wilson called the Executive Closed Session to order at 12:00 p.m.

President Wilson adjourned the Executive Closed Session at 1:00 p.m.

President Wilson called the Regular Meeting of the Board of Commissioners to order at 1:14 p.m.

President Wilson led those present in the Pledge of Allegiance.

District Counsel reported out of the Executive Closed Session as follows: Freshwater Tissue Company property purchase negotiations – no action to report, although it is the subject of New Business Item 7a.

PUBLIC COMMENT: None

NEW BUSINESS

A. CONSIDERATION OF EXCLUSIVE RIGHT TO NEGOTIATE WITH FRESHWATER TISSUE COMPANY FOR PROPERTY PURCHASE.

CEO said this provides a period of negotiation between the two parties until January 31, 2013; the right to extend beyond that date exists if both parties agree.

COMMISSIONER DALE MOVED FOR APPROVAL OF EXCLUSIVE RIGHT TO NEGOTIATE WITH FRESHWATER TISSUE COMPANY FOR PROPERTY PURCHASE. COMMISSIONER DALE SECONDED.

Reweti Wiki stated Humboldt State University is very excited to work with the District on the aquaculture project, which will be located on the property.

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF CONTRACT WITH LACO ASSOCIATES TO DO PHASE 1 ENVIRONMENTAL STUDY ON FRESHWATER TISSUE COMPANY PROPERTY, NOT TO EXCEED \$16,510.

COMMISSIONER HIGGINS MOVED FOR APPROVAL OF CONTRACT WITH LACO ASSOCIATES TO DO PHASE 1 ENVIRONMENTAL STUDY ON FRESHWATER TISSUE COMPANY PROPERTY, NOT TO EXCEED \$16,510. COMMISSIONER MARKS SECONDED.

CEO reported any time a public agency wants to acquire property an environmental study must be done as the first step. Mr. Crider said the District has a few sources of potential funding in the form of grants and that the cost will not come out of the District's General Fund
Commissioner Higgins reported this is one of the sites that needs the study most in the County.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF EXTENSION OF CONTRACTS WITH PLANWEST PARTNERS INC., KELLY-O'HERN ASSOCIATES AND LACO ASSOCIATES FOR SERVICES RELATED TO THE SAMOA INDUSTRIAL WATERFRONT TRANSPORTATION ACCESS PLAN.

COMMISSIONER HIGGINS MOVED FOR APPROVAL OF EXTENSION OF CONTRACTS WITH PLANWEST PARTNERS INC., KELLY-O'HERN ASSOCIATES AND LACO ASSOCIATES FOR SERVICES RELATED TO THE SAMOA INDUSTRIAL WATERFRONT TRANSPORTATION ACCESS PLAN. COMMISSIONER MARKS SECONDED.

CEO said all these contracts are expiring at the same time on December 31 a six-month extension is requested.

MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF SUBMITTAL OF A GRANT APPLICATION TO CALTRANS TO SUPPORT THE ONGOING EFFORTS TO CONTROL THE INVASIVE SALT MARSH CORD GRASS *SPARTINA DENSIFLORA*.

Director of Conservation stated CalTrans has an ongoing environmental enhancement and mitigation program to address *Spartina densiflora*; Joel Gerwein of the State Coastal Conservancy has been working on keeping the Spartina elimination program going and has written a pre-application for the grant. Mr. Berman reported the District will be the administrator and the final application would come before the Board for approval.

COMMISSIONER MARKS MOVED FOR SUBMITTAL OF A GRANT APPLICATION TO CALTRANS TO SUPPORT THE ONGOING EFFORTS TO CONTROL THE INVASIVE SALT MARSH CORD GRASS *SPARTINA DENSIFLORA*. COMMISSIONER NEWMAN SECONDED. MOTION CARRIED WITHOUT DISSENT.

E. CONSIDERATION OF LEASE WITH WILD PLANET FOR USE OF REDWOOD MARINE TERMINAL BERTH 1.

CEO stated Wild Planet has decided to delay a decision on this lease; but there are other companies existing that may need the space. Mr. Crider reported there are out-of-town processors interested in expanding into this area and although he knows local processors will not be happy about the competition, the District is a public agency with public docks. CEO said once the Redwood Marine Terminal Building 14 is demolished, it opens up the south side of the dock, which is the best side.

Ted Kuiper arrived late and President Wilson allowed him to make public comment due to the change of the regular meeting time. Mr. Kuiper reported he spent some time looking at potential rental rates for the Freshwater Tissue Company property if the District is successful in the purchase. He has received information from Port Hueneme and several aquaculture innovation centers. Mr. Kuiper said there are at least four companies that would like more acreage for their aquaculture operations; other areas are interested in the results of the District's pre-permitting process.

President Wilson adjourned the Special Meeting of the Board of Commissioners at 1:36 p.m.

APPROVED BY:

RECORDED BY:

Patrick Higgins
Secretary

Kim Farrell
Clerk

**MINUTES (Subject to Approval)
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT**



January 10, 2013

PRESENT

Commissioner Newman
Commissioner Wilson
Commissioner Marks
Commissioner Higgins

ABSENT

Commissioner Dale

President Wilson called the Executive Closed Session to order at 6:00 p.m.

President Wilson adjourned the Executive Closed Session at 7:00 p.m.

President Wilson called the Regular Meeting of the Board of Commissioners to order at 7:04 p.m.

District Counsel reported on the Executive Closed Session as follows: Freshwater Tissue Company property purchase negotiations – no action to report.

President Wilson asked Susan Penn to lead those present in the Pledge of Allegiance.

PUBLIC COMMENT

Ken Bates of the Humboldt Fishermen's Marketing Association thanked Commissioner Wilson for talking to the Association today; he said if anyone took offense for the wording of the letter to the District from the Association, he apologized. Mr. Bates asked that those interested re-read the letter in a different light; he reported the Proposed Woodley Island RV Park has gotten the attention of the fishing fleet.

Susan Penn stated she has concerns with the new RV Park report recently received.

Commissioner Wilson said Mr. Bates and Ms. Penn are on the RV Park Subcommittee and asked that they make their concerns known there as well.

Commissioner Higgins reported the RV Park Subcommittee will meet next week.

Carol Krueger stated the District should initiate dialogue with other agencies to get their feedback; she said George Williamson of PlanWest Partners has not done that.

Randy Lowell, new State Aquaculture Coordinator for the California Department of Fish and Wildlife, introduced himself to the Board and said his involvement with aquaculture started 30 years ago. Mr. Lowell reported there are many exciting things happening in Humboldt Bay regarding aquaculture; he offered his assistance.

Commissioner Higgins stated he is glad the position has been filled; he said he knows a few other people that will be happy to hear the news.

CONSENT CALENDAR

COMMISSIONER HIGGINS MOVED FOR APPROVAL OF THE CONSENT CALENDAR.
COMMISSIONER MARKS SECONDED. MOTION CARRIED WITHOUT DISSENT.

CHIEF EXECUTIVE OFFICER REPORT

- ❖ Gave tours of Freshwater Tissue Company property to Humboldt State University and aquaculture representatives.
- ❖ Took his first vacation in five years to Santa Fe.
- ❖ Made a presentation to Humboldt Bay Municipal Water District and said they are supporting the proposed purchase of the Freshwater Tissue Company property.
- ❖ Attended a dredging meeting; said the City of Eureka is about four years away from shoaling problems similar to the District's.
- ❖ Has a meeting with TJS next week to talk about tanker costs to Longview.
- ❖ Working on the Purchase Agreement and Phase 1 Study for the Freshwater Tissue Company property.
- ❖ Presented Marina costs figures to show the necessary rate increases for boat slips if the District does not find another source of revenue.

STAFF REPORT

Director of Conservation

- ❖ Has been working with the Coastal Conservancy to submit a grant application to CalTrans to assist with Spartina eradication.
- ❖ Reported the highest King Tides in 2012 were in December; stated Humboldt Baykeeper organized photo committees for the event.
- ❖ Said the Building 14 demolition is complete.
- ❖ Has been working on a Permit for levee repair near Liscom Slough; reported it will go out for public comment soon.
- ❖ Stated Pacific Gas and Electric has put out a report regarding the potential dredging of King Salmon Canal; they are accepting comments through the end of January. Mr. Berman said the King Salmon community has been very excited, even though the residents would have to contribute financially to the dredging of the finger channels.
- ❖ Reported the District has exchanged a series of letters with CalTrans asking them to review information regarding the billboards on District tidelands; said CalTrans responded to the first two letters asking the District to deal directly with the offending company. CalTrans is no longer responding to the District's requests.

Commissioner Wilson asked staff to set up a meeting with CalTrans representatives.

Ken Bates reported in the past two years, there were two storms with tides higher than the King Tides that came in January.

Bar Pilot Tim Petrusha

- ❖ Stated there is a Harbor Safety meeting next week.
- ❖ Said NOAA is in town to finish the PORTS system.
- ❖ Has been working with PG&E regarding Redwood Dock Berth 1 power and possible electricity for Berths 1 & 2.
- ❖ Has been working on Marina soundings and the dredge committee.
- ❖ Has done some ongoing training on the fire boat.
- ❖ Said a cruise ship is due in February.
- ❖ Has heard rumors about aggregate export from Humboldt Bay.
- ❖ Towed some derelict vessels from Woodley Island Marina to Fields Landing Boat Yard to make room for the expanding crab fleet.

DISTRICT COUNSEL REPORT: None

DISTRICT TREASURER REPORT

District Treasurer reported December is the month the District gets its first payment of property taxes.

COMMISSIONER AND COMMITTEE REPORTS

Commissioner Newman

- ❖ Said commercial crab season should begin on January 15; the meetings for price negotiations have begun.

Commissioner Wilson

- ❖ Attended a dredge committee meeting last week.
- ❖ Attended the presentation the CEO made at the Humboldt Bay Municipal Water District (HBMWD) regarding the Freshwater Tissue Company purchase.
- ❖ Met with the railroad committee to review information received.
- ❖ Attended the Fishermen's Marketing Association meeting today to go over the intentions of the Board regarding the RV Park; It would be an additional source of revenue for the District and would serve to keep Marina rates stable. Said some businesses have had positive comments.

Commissioner Marks

- ❖ Attended the CEO's presentation at HBMWD regarding the Freshwater Tissue Company purchase; said this project will serve to increase jobs and help the local economy.
- ❖ Wishes the commercial crabbers well.

Commissioner Higgins

- ❖ Stated HSU is interested in the Freshwater Tissue Company project as well.
- ❖ Fished on the Reel Steel and caught ten crab; Captain Tim Klassen pointed out shoaling on the inside of the Humboldt Bay Bar. Reported the shoaling is good for surfers and bad for mariners.
- ❖ Said a North Coast Local Agency Coastal Coordination Committee meeting has been scheduled for January 24; a topic for discussion will be the MPA Monitoring Enterprise.
- ❖ Reported the District was scheduled for bankruptcy in 2014.

OTHER

- ❖ Presentation by Adam Wagschal, HT Harvey & Associates, on the *Spartina densiflora* management plan Programmatic Environmental Impact Report (PEIR).

NON AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS

A. CONSIDERATION OF RECEIVING AND FILING THE ANNUAL AUDIT FOR THE FISCAL YEAR ENDING JUNE 30, 2012.

Kim McReynolds of DeMello, McAuley, McReynolds and Holland LLP, said she has made the recommendation to the District for a few years to create an inventory control list; stated all reimbursements to employees should always have a receipt. Ms. McReynolds reported this year there were problems locating grant invoices and that filing should be more consistent. Ms. McReynolds said the District's cash is down \$700,000 from last year's figures.

COMMISSIONER MARKS MOVED FOR RECEIVING AND FILING THE ANNUAL AUDIT FOR THE FISCAL YEAR ENDING JUNE 30, 2012. COMMISSIONER HIGGINS SECONDED. MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF EXTENSION OF PERMIT NO. 11-01 TO TAYLOR MARICULTURE LLC FOR THE TAYLOR MARICULTURE BERTH 2 FACILITY.

COMMISSIONER MARKS MOVED FOR EXTENSION OF PERMIT NO. 11-01 TO TAYLOR MARICULTURE LLC FOR THE TAYLOR MARICULTURE BERTH 2 FACILITY. COMMISSIONER HIGGINS SECONDED.

Director of Conservation stated this Item is for a standard Permit extension; and due to delays, Taylor Mariculture is just getting started.

MOTION CARRIED WITHOUT DISSENT.

C. CONSIDERATION OF RECEIVING HEADWATER FUNDS OF \$70,000.00 FOR THE HUMBOLDT AQUACULTURE INNOVATION CENTER GRANT.

COMMISSIONER MARKS MOVED FOR RECEIVING HEADWATER FUNDS OF \$70,000.00 FOR THE HUMBOLDT AQUACULTURE INNOVATION CENTER GRANT. COMMISSIONER HIGGINS SECONDED.

CEO reported Ted Kuiper and Erika Blackwell have been working very hard on the aquaculture innovation project; these funds will help secure additional staff to help with the project.

Erika Blackwell said she is very excited about the project and thinks the District is the best agency to accept the funds; stated she is thrilled about the pulp mill site.

Commissioner Wilson reported the timing is good on this project and that it does not only involve pilot projects, but includes a tenancy aspect. He said the consultants hired for the project have experience refurbishing a pulp mill.

Sid Berg of the Humboldt Building Trades Council stated he has questions about how the money is being applied and if jobs are being created.

CEO reported three consultants will be helping with the re-purposing of the pulp mill; it also helps Taylor Shellfish expand their operation. Mr. Crider asked Mitch White, Operations Manager of Taylor Mariculture LLC, to talk about the possibility of job creation.

Mitch White said this facility will open up the opportunity to expand operations; while the Berth 2 Taylor Mariculture operation has been designed to fit into the space they now occupy, the initial Permit included eight to ten jobs. Mr. White stated there are no exact numbers yet on how many jobs will be created if they are able to use warehousing.

Todd Van Herpe of Humboldt Bay Oyster reported he is happy about the expansion.

Ted Kuiper said after speaking with many people and consultants involved in the processes the District is interested in creating at Freshwater Tissue, the project has the possibility of creating many jobs.

Sid Berg asked if the facility would be compatible with future shipping requirements.

Commissioner Higgins stated it is a large facility and a dock could be efficient.

MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF AWARD OF CONTRACT AND APPROVAL OF POWER INSTALLATION AGREEMENT WITH ROBERT COLBURN ELECTRIC INC. FOR THE INSTALLATION OF POWER AT REDWOOD MARINE TERMINAL BERTH 1.

COMMISSIONER HIGGINS MOVED FOR AWARD OF CONTRACT AND APPROVAL OF POWER INSTALLATION AGREEMENT WITH ROBERT COLBURN ELECTRIC INC. FOR THE INSTALLATION OF POWER AT REDWOOD MARINE TERMINAL BERTH 1. COMMISSIONER NEWMAN SECONDED.

District Counsel reported he suggested a minor change to the motion to add incorporating a prevailing wage into the contract.

COMMISSIONER HIGGINS ACCEPTED THE FRIENDLY AMENDMENT. COMMISSIONER NEWMAN SECONDED.

Sid Berg asked if this project had gone out for public bid and said he must have missed it; Mr. Berg encouraged the prevailing contractor to hire local apprentices and said it is up to local agencies to enforce this.

Commissioner Wilson asked Mr. Berg to bring a copy of the desired language to Commissioner Marks to possibly be placed in future contracts; Commissioner Marks is the Union representative for the Commission.

MOTION CARRIED WITHOUT DISSENT.

E. CONSIDERATION OF AWARD OF CONTRACT AND APPROVAL OF THE WOODLEY ISLAND MARINA POWER PEDESTAL PURCHASE AGREEMENT WITH DOCK BOXES UNLIMITED.

COMMISSIONER MARKS MOVED FOR AWARD OF CONTRACT AND APPROVAL OF THE WOODLEY ISLAND MARINA POWER PEDESTAL PURCHASE AGREEMENT WITH DOCK BOXES UNLIMITED. COMMISSIONER HIGGINS SECONDED.

Commissioner Higgins said the purchase of the power pedestals should lead to tenant's conservation of electricity.

MOTION CARRIED WITHOUT DISSENT.

F. CONSIDERATION OF ENTERING INTO AN AGREEMENT FOR SERVICES WITH THE COASTAL ECOSYSTEMS INSTITUTE OF NORTHERN CALIFORNIA TO SUPPORT DISTRICT ENGAGEMENT WITH THE HUMBOLDT BAY SEA LEVEL RISE ADAPTATION PLANNING PROJECT.

COMMISSIONER MARKS MOVED FOR ENTERING INTO AN AGREEMENT FOR SERVICES WITH THE COASTAL ECOSYSTEMS INSTITUTE OF NORTHERN CALIFORNIA TO SUPPORT DISTRICT ENGAGEMENT WITH THE HUMBOLDT BAY SEA LEVEL RISE ADAPTATION PLANNING PROJECT. COMMISSIONER MARKS SECONDED.

Director of Conservation stated the Coastal Conservancy awarded a grant to Coastal Ecosystems, a non-profit that began from the Humboldt Bay Initiative; the District will help coordinate multi-agency meetings with this project. Mr. Berman reported the District is receiving some funds from the grant to cover Staff time; Agenda Item G puts Trinity Associates as lead coordinator; and Agenda Item H is a Memorandum of Understanding with Humboldt County to help with planning.

Commissioner Higgins reported he is glad to see progress being made with such an important issue on the Coast.

G. CONSIDERATION OF APPROVAL OF A PROFESSIONAL SERVICES AGREEMENT WITH TRINITY ASSOCIATES TO ASSIST WITH THE HUMBOLDT BAY SEA LEVEL RISE ADAPTATION PLANNING PROJECT.

COMMISSIONER HIGGINS MOVED FOR APPROVAL OF A PROFESSIONAL SERVICES AGREEMENT WITH TRINITY ASSOCIATES TO ASSIST WITH THE HUMBOLDT BAY SEA LEVEL RISE ADAPTATION PLANNING PROJECT. COMMISSIONER MARKS SECONDED.

Aldaron Laird said this project has been a team effort with Director of Conservation and Hank Seeman from the County of Humboldt. Mr. Laird stated he believes Humboldt Bay has developed more than any other area on the West Coast regarding Sea Level Rise.

MOTION CARRIED WITHOUT DISSENT.

H. CONSIDERATION OF APPROVAL OF A MEMORANDUM OF UNDERSTANDING WITH HUMBOLDT COUNTY TO SUPPORT COUNTY ENGAGEMENT WITH THE HUMBOLDT BAY SEA LEVEL RISE ADAPTATION PLANNING PROJECT.

COMMISSIONER HIGGINS MOVED FOR APPROVAL OF A MEMORANDUM OF UNDERSTANDING WITH HUMBOLDT COUNTY TO SUPPORT COUNTY ENGAGEMENT WITH THE HUMBOLDT BAY SEA LEVEL RISE ADAPTATION PLANNING PROJECT. COMMISSIONER MARKS SECONDED.

Director of Conservation said he has not received the County's copy yet, and asked if the Motion could be framed to where minor changes can be made by District Staff.

COMMISSIONER HIGGINS ACCEPTED THE FRIENDLY AMENDMENT. COMMISSIONER MARKS SECONDED.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

President Wilson adjourned the Regular Meeting of the Board of Commissioners at 8:47 P.M.

APPROVED BY:

RECORDED BY:

Patrick Higgins
Secretary

Kim Farrell
Clerk



RECEIVED
JAN 23 2013
H.B.H.R. & C.D.

January 17, 2013

Mr. Jack Crider, Chief Executive Officer
Humboldt Bay Harbor Recreation & Conservation District
P.O. Box 1030
Eureka, CA 95502-1030

Re: Notice of Merger, California Redwood Company

Dear Mr. Crider,

Pursuant to an unrecorded Lease Agreement dated December 6, 2007 (the "Lease") with the Humboldt Bay Harbor, Recreation, and Conservation District (the "District"), Samoa Properties, Inc., a Washington corporation ("Samoa"), is the lessee of certain tidelands in Humboldt Bay, California. When the Lease was created, Samoa was a wholly-owned subsidiary of California Redwood Company, a Washington corporation, which is a guarantor on the Lease.

By operation of a merger under Washington State law, effective on December 31, 2012, Samoa was merged into California Redwood Company, which has succeeded to all property, interests, and obligations of Samoa, including the Lease. Enclosed herewith is a true and correct copy of the Certificate of Merger issued by the Secretary of State for the State of Washington.

Although California Redwood Company has assumed all interests and obligations of Samoa by operation of merger, we have also prepared and executed an Assignment and Assumption Agreement transferring the Lease from Samoa to California Redwood Company. Enclosed for your records is a copy of the Assignment and Assumption Agreement.

This notice is provided to you in duplicate original letters. Please acknowledge your receipt of this notice and recognition of California Redwood Company as the lessee under the Lease by signing this letter in the location provided below and returning one original to me.

Thank you for your attention to this request.

Sincerely,

Galen G. Schuler
Vice President, General Counsel

This Notice of Merger and Assignment/Assumption of Lease is hereby acknowledged and accepted.

Humboldt Bay Harbor Recreation & Conservation District

Jack Crider, Chief Executive Officer

Dated

Enclosures: (1) Certificate of Merger; (2) Assignment and Assumption Agreement

Cc: Paul Brisso, Mitchell, Brisso, Delaney, and Vrieze (w/enc.)
Carl Schoenhofer, Vice President, General Manager (w/enc.)

UNITED STATES OF AMERICA

The State of  Washington

Secretary of State

CERTIFICATE OF MERGER

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal, hereby certify that documents meeting statutory requirements have been filed and processed with the Secretary of State merging the listed "Merging Entities" into:

CALIFORNIA REDWOOD COMPANY

WA Profit Corporation

UBI: 602-664-360

Filing Date: December 10, 2012

Effective Date: December 31, 2012

Merging Entities:

601-875-430

602-128-041

603-101-956

SAMOA PROPERTIES, INC.

ARCATA REDWOOD COMPANY, LLC

CRC DISTRIBUTION, LLC



Given under my hand and the Seal of the State
of Washington at Olympia, the State Capital

Sam Reed, Secretary of State

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this “Assignment and Assumption Agreement”) is made and entered into as of December 31, 2012 by and among, **SAMOA PROPERTIES, INC.**, a Washington corporation (“Assignor”), and **CALIFORNIA REDWOOD COMPANY**, a Washington corporation (“Assignee”).

RECITALS

A. Pursuant to a Lease Agreement dated December 6, 2007 (the “Lease”), the Humboldt Bay Harbor, Recreation, and Conservation District, a California public entity (the “District”), leased to Assignor certain tidelands located in Humboldt Bay, California, and described in Exhibit A hereto, where Assignor owns and operates a chip loading dock facility (the “Premises”).

B. Pursuant to a Plan of Merger approved by Assignor and Assignee on December 10, 2012, and effective on December 31, 2012 (the “Plan of Merger”), Assignee has succeeded to all of Assignor’s interest in the Lease and all of Assignee’s other assets including the chip dock improvements erected on the Premises.

AGREEMENT

NOW, THEREFORE, for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Effective as of December 31, 2012 (the “Effective Date”), Assignee has succeeded to all property and interests of Assignor and Assignor hereby assigns to Assignee all of Assignor’s right, title and interest in and to the Lease and chip dock improvements on the Premises. Assignee hereby accepts the foregoing assignment and agrees to perform all of the obligations of Assignor under the Lease.
2. Assignor shall indemnify, defend and hold harmless Assignee from any claim, loss or liability arising under the Lease.

[Signatures on the Following Page]

EXHIBIT A
LEGAL DESCRIPTION
(Attached Hereto)

EXHIBIT A

Those parcels of tide and submerged land lying in Humboldt Bay, Humboldt County, State of California, more particularly described as follows:

PARCEL A:

COMMENCING at U. S. Monument No. 20 on the U. S. Harbor Base Line and running thence N 18° 06' 47" E along said Harbor Base Line 277.75 feet to the north line of the Town of Fairhaven according to the map thereof filed in the office of the County Recorder of said County in Book 1 of Maps at Page 21; thence along said north line S 71° 53' 13" E 438.14 feet more or less to the east line of Tideland Survey No. 75, said Survey being patented November 29, 1871, by the State of California to George M. and Nathan Fay, and the TRUE POINT OF BEGINNING of the hereindescribed parcel; thence from said true point of beginning along the east line of said Tideland Survey No. 75 S 10° 18' 47" W 280 feet to the southeast corner of Lot 2 of Block 1 of said Town of Fairhaven referred to above; thence S 73° 51' 35" E at right angles to the U. S. Pierhead line 540 feet to a point which is 120 feet easterly of said Pierhead line; thence N 16° 08' 25" E parallel with and 120 feet easterly of, measured at right angles, said Pierhead line 1290 feet to a point which bears S 73° 51' 35" E from the most northeasterly corner of North Coast Export, Inc, lands; thence N 73° 51' 35" W 600 feet to said northeast corner and the east line of Tideland Survey No. 75; thence S 26° 03' 47" W 171.5 feet along said Tideland Survey to an angle point thereon; thence S 10° 18' 47" W 837.22 feet to the true point of beginning.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark.

ADDITIONALLY EXCEPTING THEREFROM:

That parcel of tide and submerged land lying in Humboldt Bay, Humboldt County, State of California, more particularly described as follows:

COMMENCING at U.S. Monument No. 20 on the U.S. Harbor Base Line and running thence N 18° 06' 47" E along said Harbor Base Line 277.75 feet to North line of the Town of Fairhaven according to the map thereof filed in the Office of the County Recorder of said County in Book 1 of Maps at Page 21;
thence along said North line S 71° 53' 13" E, 438.14 feet more or less to the East line of Tideland Survey No. 75, said Survey being patented November 29, 1871, by the State of California to George M. and Nathan Fay, and the TRUE POINT OF BEGINNING of the hereindescribed parcel;

thence from said true point of beginning along the East line of said Tideland Survey No. 75, S 10° 18' 47" W, 283.94 feet to the Easterly prolongation of the South line of Lot 2 of Block 1 of said Town of Fairhaven referred to above;
thence S 73° 51' 35" E at right angles to the U.S. Pierhead line 119.16 feet;
thence N 16° 08' 25" E, 310.32 feet;
thence N 73° 51' 35" W, 150.83 feet to the East line of said Tideland Survey No. 75;
thence S 10° 18' 47" W, along said East line of Tideland Survey No. 75, 27.99 feet to the TRUE POINT OF BEGINNING;

The basis of bearings for this description is based on the U.S. Army Corps of Engineers "Map of Harbor Lines of Humboldt Bay, August 1, 1957".

The basis of bearings for these descriptions is based upon the U.S. Army Corps of Engineers "Map of Harbor Lines of Humboldt Bay", August 1, 1957.

END OF DESCRIPTION

11c

**HUMBOLDT BAY HARBOR, RECREATION
AND CONSERVATION DISTRICT**

RESOLUTION NO. 2013-01

**A RESOLUTION DESIGNATING BUSINESS MATTERS,
APPOINTMENT AND AUTHORIZATION FOR THE HUMBOLDT BAY HARBOR,
RECREATION AND CONSERVATION DISTRICT FOR CALENDAR YEAR 2013.**

BE IT RESOLVED THAT the Board of Commissioners for the Humboldt Bay Harbor, Recreation and Conservation District hereby appoints and/or authorizes the following Business Matters for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013 for all divisions of the Humboldt Bay Harbor, Recreation and Conservation District:

OFFICERS FOR THE BOARD OF COMMISSIONERS:

President -	Mike Wilson
Vice President -	Richard Marks
Secretary -	Patrick Higgins
Commissioner -	Aaron Newman
Commissioner -	Greg Dale

ENABLING LEGISLATION:

Appendix II of the State of California Harbors and Navigation Code: Humboldt Bay Harbor, Recreation and Conservation District, Recreation and Conservation District

FINANCIAL:

1. Auditors – to be determined through public RFQ process
2. Budget Officer – Director of Administrative Services
3. Custodians of Funds – District Treasurer, Chief Executive Officer and Director of Administrative Services
4. Investment of Surplus Funds – Custodians of Funds
5. Custodians of State, Federal and other funds, whether loans or grants, to make application for, receive and expend – Custodians of Funds and Director of Conservation
6. Expenditures:
 - a. Checks require any two signatures of the following: Current Commissioner, District Treasurer, Chief Executive Officer and Director of Administrative Services
 - b. Expenditures over \$5,000 shall follow § 36 of Appendix II of the State of California Harbors and Navigation Code: Humboldt Bay Harbor, Recreation and Conservation District, Recreation and Conservation District

- c. Purchase Order for non-recurring, single expenditures over \$300.00
- d. Board approval of any expenditure over \$5,000.00
- 7. Authorized Revenue Facilities:
 - a. Local Bank Checking, Money Market & Savings Accounts – North Valley Bank, Eureka Branch
 - b. Humboldt County Treasurer to receive Humboldt County imposed tax revenues and other collected revenues for disbursement to the Humboldt Bay Harbor, Recreation and Conservation District

LEGAL NOTICE DESIGNATIONS:

- 1. Official Notice posting sites:
 - a. District Conference Room – aside main door on outside wall
 - b. District website: www.humboldtby.org
- 2. The Times-Standard (newspaper of general circulation) as the newspaper for legal publications
- 3. Email notification to News Media: The Times-Standard, North Coast Journal, The Arcata Eye, Ferndale Enterprise, McKinleyville Press, KEET-TV, KIEM-TV, KMUD Radio, KINS Radio, and KHUM Radio
- 4. Email notification to:
 - a. Cities: Eureka, Fortuna, Arcata
 - b. Counties: Humboldt
 - c. Chambers of Commerce: Eureka, Arcata

REGULAR MONTHLY BOARD MEETINGS:

- 1. Location: Humboldt Bay Harbor, Recreation and Conservation District; 601 Startare Drive; Eureka, CA
- 2. Time: Closed Session: 6:00 p.m. PST; Regular Session: 7:00 p.m. PST
- 3. When: 2nd and 4th Thursdays of each month January – October; 2nd Thursday in November; 1st and 3rd Thursdays in December

SPECIAL BOARD MEETINGS:

- 1. Location: Humboldt Bay Harbor, Recreation and Conservation District; 601 Startare Drive; Eureka, CA
- 2. When: As needed

OTHER BUSINESS:

- 1. Election Officer – Chief Executive Officer
- 2. Filing of Bonds - Chief Executive Officer
- 3. Legal Counsel – Paul Brisso of Mitchell, Brisso, Delaney & Vrieze, LLC Authorized to contract as necessary – Chief Executive Officer
- 4. Insurance Agent of Record – Special Districts Risk Management Authority (Property, Liability, Workers Compensation, Marina Operators Liability)

5. Recognize the Humboldt Bay Harbor, Recreation and Conservation District as an equal opportunity employer.
6. Designation of registered office and agent:
Office: 601 Startare Drive; Eureka, CA 95501
Agent: Chief Executive Officer
7. Custodian of Public Records: Chief Executive Officer and/or Director of Administrative Services

PASSED AND ADOPTED by the Board of Commissioners of the Humboldt Bay Harbor, Recreation and Conservation District at a duly called meeting held on the 14th day of February 2014, by the following polled vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

**MIKE WILSON, President
Board of Commissioners**

ATTEST:

**PATRICK HIGGINS, Secretary
Board of Commissioners**

CERTIFICATE OF SECRETARY

The undersigned, duly qualified and acting Secretary of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, does hereby certify that the attached Resolution is a true and correct copy of RESOLUTION NO. 2013-01 entitled,

**A RESOLUTION DESIGNATING BUSINESS MATTERS,
APPOINTMENT AND AUTHORIZATION FOR THE HUMBOLDT BAY HARBOR,
RECREATION AND CONSERVATION DISTRICT FOR CALENDAR YEAR 2013**

as regularly adopted at a legally convened meeting of the Board of Commissioners of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, duly held on the 14TH day of February 2014; and further, that such Resolution has been fully recorded in the Journal of Proceedings in my office, and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of February 2014.

PATRICK HIGGINS, Secretary
Board of Commissioners

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**HUMBOLDT BAY HARBOR, RECREATION
AND CONSERVATION DISTRICT**

Resolution 2013-02

**A RESOLUTION TO BORROW MONIES AND PLEDGE
PERSONAL PROPERTY AS COLLATERAL**

WHEREAS, the Board of Commissioners of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, is empowered by the provisions of Section 31 of Appendix II of the California Harbors and Navigation Code to borrow money and incur indebtedness; and

WHEREAS, the Board of Commissioners desires to borrow monies in the form of a loan from North Valley Bank (hereinafter referred to as "Bank"), not to exceed the sum of two hundred thousand dollars (\$200,000); and

WHEREAS, the Board of Commissioners will pledge personal property in the form of one (1) Port Authority Security boat purchased as part of Homeland Security Grant for FY 2008/09; and

WHEREAS, upon receipt of the funds to be reimbursed by the State of California for the purchase of these aforementioned items of personal property, the Board of Commissioners will refund the indebtedness.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, that,

1. The President of the Board of Commissioners is hereby authorized to act on behalf of the Humboldt Bay Harbor, Recreation and Conservation District to borrow the sum not to exceed two hundred thousand dollars (\$200,000) from North Valley Bank on the terms set out in the loan instrument attached to the minutes of this meeting; and
2. The President of the Board of Commissioners is authorized to sign and execute the loan instrument document and whatever other documents as necessary or required by said Bank to evidence indebtedness of the Humboldt Bay Harbor, Recreation and Conservation District to Bank; and the Secretary of the Humboldt Bay Harbor, Recreation and Conservation District is to provide said Bank with a certified copy of these resolutions.

**PASSED AND ADOPTED THIS 14TH DAY OF FEBRUARY 2013, BY THE
FOLLOWING POLLED VOTE:**

AYES:

NOES:

ABSENT:

ATTEST:

**MIKE WILSON, President
Board of Commissioners**

**PATRICK HIGGINS, Secretary
Board of Commissioners**

CERTIFICATE OF SECRETARY

The undersigned, duly qualified and acting Secretary of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, does hereby certify that the attached Resolution is a true and correct copy of RESOLUTION NO. 2013-02 entitled,

**A RESOLUTION TO BORROW MONIES AND PLEDGE
PERSONAL PROPERTY AS COLLATERAL**

as regularly adopted at a legally convened meeting of the Board of Commissioners of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, duly held on the day of 14th day of February 2013; and further, that such Resolution has been fully recorded in the Journal of Proceedings in my office, and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of February 2013.

PATRICK HIGGINS, Secretary
Board of Commissioners

Letter Expressing Interest in the "Alternative Rail Route Feasibility Study" proposal.

To: Lance Madsen, UpState RailConnect Committee
Cc: City Manager, City of Eureka
CEO, County of Humboldt
Director, HCAOG

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This letter is to express our interest in the results of a study of alternative railroad routes to Humboldt Bay advocated by the UpState RailConnect Committee. The Harbor District has, since its inception, consistently been a supporter of operation, reestablishment and preservation of a rail line connection to the Port of Humboldt Bay. We recognize that type of infrastructure as potentially important to our local and regional economy. We applaud your intentions and efforts towards this end.

While we support the general concept your group is promoting to the district, we would like to take this opportunity to make some recommendations and requests that we believe will further your efforts.

The Harbor District recommends that before expending significant resources on comprehensive environmental, geotechnical, jurisdictional, and engineering analysis that a capital, market and operational cost models be used to conduct a fundamental economic and financial review of the proposed concept. This would help our district, and regional planning agencies to be strategic and effective in how we prioritize our financial, staff and political resources to achieve the desired connectivity. If this initial review of the data should suggest likely success then more detailed studies mentioned above could be warranted.

Historically and currently the Harbor District's policies have been focused on the restoration and preservation of rail service along the State-owned 300 mile long North Western Pacific Railroad from the Port of Humboldt Bay south to its connection with the national rail system near northern San Francisco Bay. There has been significant public investment and many years of effort towards this end. Efforts related to establishing alternative rail routes to Humboldt Bay could significantly impact these efforts. In addition, the existing NCRA line is the reference point by which this community and the Harbor District would evaluate any alternative route either economically and/or environmentally. We believe that a balanced understanding of the issues and consistency with established policies requires that the alternatives study include a direct comparative analysis with restoration of the existing NCRA line.

As an agency with direct jurisdictional interest in Humboldt Bay transportation, we request that any information gathered in this effort to return rail be shared with the Harbor District, so that we can account for that information and avoid duplication in our planning and management efforts to efficiently manage and promote bay related commerce. Due to the competitive nature of project funding and so that our interests

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and concerns are not mistakenly misrepresented, the Harbor District requests that you involve us in your future funding requests. Therefore we request that support letters for grants and other funding sources be requested from the Harbor District on a case by case basis.

We look forward to hearing about your progress and being included in future communications.

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