

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

9 March 2006

PRESENT:

Commissioner Pellegrini
Commissioner Curless
Commissioner Wilson
Commissioner Hunter
Commissioner Ollivier

The Closed Session was called to order at 6:02 p.m. Closed Session adjourned at 6:50 p.m.

The regular meeting of the Board of Commissioners was called to order by President Pellegrini at 7:01 p.m.

President Pellegrini led those present in the Pledge of Allegiance.

District Counsel reported on the items discussed during Closed Session: real property negotiations regarding the Samoa Shops property and an Exclusive Right to Negotiate with CUE IV, LLC; real property negotiations and potential liability regarding the lease with Evergreen Pulp and the Louisiana-Pacific tideland leasehold improvement removal; personnel matter – CEO's evaluation was discussed briefly and at the end of tonight's Open Session, the Board of Commissioners will reconvene to Closed Session to complete their discussion of negotiations with the employee's labor union. No action was taken on the items of discussion.

PUBLIC COMMENT

Pete Oringer invited everyone to the Timber Heritage Association's fundraiser on April 1st. The organization is planning to bring a tourist train to the North Coast. Mr. Oringer stated a tourist train will have economic attributes for the North Coast because it will be a popular tourist attraction.

Marcus Brown reiterated Mr. Oringer's statements. He also stated that the viability of the port and the railroad are tied together. He said a tourist train would be an economic boost for Humboldt County.

Moss Bittner reported he traveled to Healdsburg with Commissioner Ollivier and City of Eureka Mayor LaVallee to attend a NCRA meeting. He said he also attended a recent conference in Long Beach and the sentiment is that the State's existing infrastructure is not adequate to handle current or future volumes of goods movement. Mr. Bittner also said that with the goods movement prices increasing, the Port of Humboldt Bay would be a very competitive player. However, he said there is more interest in large port modernization than in small or underutilized port modernization. Mr. Bittner also said he would be attending the California Transportation Commission hearing on March 16th to support NCRA in their attempt to get funds that have been allocated previously through statute released to their agency.

David Elsebusch said he is not in favor of the Chinese investing \$100 million in the Port of Humboldt Bay for a marine terminal since foreign investment and control has not been a good idea on the East Coast. He said foreign investment is a poor choice. Commissioner Ollivier responded that only 5% of the ports on the West Coast are owned by US companies – most American firms were out of business by the early 1970's. He said foreign investment and control are nothing new in the port industry.

Commissioner Wilson stated that at the last meeting, Mr. Elsebusch requested the minutes appear on the District's website and they have been for quite a while.

Ron Fritzsche shared an article from the Wall Street Journal regarding foreign port investments and stated that the Port of Oakland has had foreign-owned facilities for years. Mr. Fritzsche also stated in 1995 he co-wrote a book, [Guide to Fishes of Humboldt Bay](#). He said he has been encouraged to re-write the book with updated information and Conservation Specialist has offered to help Mr. Fritzsche. It was decided an advisory committee would meet with Mr. Fritzsche and Conservation Specialist to decide how the District might participate.

CONSENT CALENDAR

COMMISSIONER CURLLESS MOVED FOR THE APPROVAL OF THE CONSENT CALENDAR.
COMMISSIONER HUNTER SECONDED. MOTION CARRIED WITHOUT DISSENT.

CEO REPORT

Since CEO is in Washington DC attending CMANC and PNWA meetings, President Pellegrini read his trip update memo written to the Board of Commissioners.

DISTRICT COUNSEL'S REPORT: None

STAFF REPORT: None

COMMISSIONER REPORTS

Commissioner Curlless reported Fortuna is continuing the celebration of their 100th year anniversary. This Saturday at the Fortuna Fire Hall there will be taste-testing of recipes from the last 100 years. Commissioner Curlless urged anyone who has a favorite family recipe that has been handed down over generations to bring the product for sampling and the recipe will be included in a cookbook to be printed.

Commissioner Wilson stated he was not at the last Board meeting because he was touring the bays of Costa Rica and Nicaragua.

Commissioner Wilson reported there is a social mixer for the Humboldt Bay Trails Trust at the Humboldt Area Foundation on March 30th from 5:30 – 7:00 p.m.

Commissioner Wilson said he spoke with Earl Moranda of the RCD 768 regarding maintenance of the levy.

Commissioner Wilson gave an update on the water trails project and reported he also met with Conservation Specialist today.

President Pellegrini reported on March 12th the youth group of the First Covenant Church would hold a fund-raising crab feed from 5:30 – 7:00 p.m. for a price of \$20 per adult.

President Pellegrini stated she had given several more China Trip Presentations and is scheduled to give more presentations to various service organizations.

President Pellegrini asked the status of the vessel Yankee Girl's removal from the Fields Landing Boat Yard. District Counsel stated that currently Lawrence Badgley is in default of his agreement with the Harbor District to remove the boat from the Harbor District's prior by March 1st. However Dr. Badgley has communicated with the District staff and Nick Kloeppel from District Counsel's office on the options for removal and he has continued to pay the daily rent at the boat yard.

ADVISORY COMMITTEE REPORTS

Commissioner Hunter reported the HR advisory committee met to discuss CEO's evaluation and union negotiations.

Commissioner Hunter stated throughout the years many different committees have been formed: standing, advisory, project-defined. He recommended an advisory committee be formed to look at the current committee structure and he offered to participate. Commissioner Wilson volunteered to work with Commissioner Hunter on the Advisory Committees Advisory Committee.

a) Port of Oakland Advisory Committee Update

Commissioner Wilson stated in his packet were letters thanking Danny Walsh, Kurt Kramer and Rob Arkley for assisting the representatives of Port of Oakland with their travel arrangements. President

Pellegrini stated that Omar Benjamin, Kenneth Katzoff and Wilson Lacy from the Port of Oakland were also thanked for making the trip to meet with the Port of Oakland Advisory Committee. Commissioner Wilson responded that in order to maintain transparency, he wanted it known that there were others involved in helping the Port of Oakland representatives to get here.

President Pellegrini reported that plans were still being made for the Port of Oakland Board to come here to meet with the Board of Commissioners and for the Port of Oakland Advisory Committee to travel to Oakland to meet with their Board.

b) Long-Term Sediment Management Study Update: None

OTHER: None

NON-AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS

A. CONSIDERATION OF SETTLEMENT, RELEASE AND INDEMNIFICATION AGREEMENT TO LEASE PRC 4600.1 (AKA CHEMICAL DOCK) BETWEEN THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT AND LOUISIANA-PACIFIC.

District Counsel reported in 1999 the Harbor District lease property to Louisiana-Pacific Samoa, 80% tidelands and 20% upland; and Louisiana-Pacific, the parent company, signed the guaranty. On July 1, 2004 the lease expired and Louisiana-Pacific Samoa was required to remove the tideland leasehold improvements (the dock) or leave the improvements and the Harbor District would be responsible to pay the fair market value of the improvements (\$400,000-\$500,000) to Louisiana-Pacific. At one point, Evergreen Pulp was considering using the dock as well as the uplands; but then decided they were only interested in the upland portion of the lease. The Board of Commissioners gave Louisiana-Pacific notice to remove the improvements since the Harbor District had no current use for them. District Counsel reported Louisiana-Pacific has agreed to pay the Harbor District \$948,000 in lieu of removing the leasehold improvements.

COMMISSIONER HUNTER MOVED FOR THE APPROVAL OF SETTLEMENT, RELEASE AND INDEMNIFICATION AGREEMENT TO LEASE PRC 4600.1 (AKA CHEMICAL DOCK) BETWEEN THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT AND LOUISIANA-PACIFIC. COMMISSIONER CURLESS SECONDED.

Commissioner Wilson asked about long-term maintenance costs for the dock. Commissioner Ollivier replied the dock is in very good condition. The dock was used for exporting chips and was the anchor for the chip conveyor. It was not used for loaders, logging trucks, forklifts and other heavy equipment.

Commissioner Hunter stated this brings to a close a chapter of Humboldt Bay history and he commended District Counsel for his work and foresight to turn around a situation where instead of the Harbor District paying Louisiana-Pacific for the dock, the reverse will be true.

Pete Oringer stated this will allow the Harbor District options in the future to market the industrial assets of the bay to existing customers or new ones.

Commissioner Hunter suggested the name of the Chemical Dock be changed since it is not indicative of the current use and suggested the public submit names.

MOTION CARRIED WITHOUT DISSENT.

B. CONSIDERATION OF LEASE AGREEMENT AND GUARANTY FOR A PORTION OF LEASE 4600.1 (AKA CHEMICAL DOCK) BETWEEN THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT; EVERGREEN PULP AND ABLE ADVANCE INTERNATIONAL LIMITED.

District Counsel reported this is the upland portion of the lease area discussed in the previous item that Evergreen Pulp is interested in leasing. The 1999 lease revenue was \$89,500/yr and the \$948,000 that will be paid by Louisiana-Pacific will offset the loss of the annual revenue. However, Evergreen Pulp will pay \$18,000/yr for the upland portion. District Counsel suggested since the signed lease has not been returned, this item should be tabled until next meeting.

C. CONSIDERATION OF AMENDMENT NO. 2 TO PERMIT AND AGREEMENT FOR HUMBOLDT YACHT CLUB TO OPERATE DINGHY DOCK AT WOODLEY ISLAND MARINA.

COMMISSIONER OLLIVIER MOVED FOR THE APPROVAL OF AMENDMENT NO. 2 TO PERMIT AND AGREEMENT FOR HUMBOLDT YACHT CLUB TO OPERATE DINGHY DOCK AT WOODLEY ISLAND MARINA. COMMISSIONER HUNTER SECONDED. MOTION CARRIED WITHOUT DISSENT.

D. CONSIDERATION OF APPROVAL OF AN EXCLUSIVE RIGHT TO NEGOTIATE WITH CUE IV, LLC ON THE SAMOA SHOPS PROPERTY.

District Counsel reported that this property was acquired by the Harbor District in a way similar to the acquisition of the Chemical Dock – Simpson did not want to remove the leasehold improvements (buildings) when they terminated their lease and the Harbor District has discretion over the potential uses and disposition. CUE IV, LLC has expressed an interest in a portion of the property to renovate the shops and relocate Blue Ox Millworks. Timber Heritage Association is also interested in locating a rail museum on this property with Blue Ox Millworks.

District Counsel stated the shops buildings will require major repair and the property CUE IV, LLC is interested in is not level, contains dunes and is not readily usable by the Harbor District. The Harbor District will convey to CUE IV, LLC approximately 5.5 acres in return for property south and contiguous to the Redwood Dock property. The ERTN allows for \$10,000 for reimbursement of the property appraisal. District Counsel also stated normally the ERTN would mean the Harbor District could not talk to anyone else about interest in the property for the duration of the ERTN (120 days); however, CUE IV, LLC has agreed to discuss potential accommodations with the Timber Heritage Association.

Fred Griffith, representing CUE IV, LLC, stated the current site of Blue Ox Millworks has spread to the adjoining property now owned by Security National, the parent corporation of CUE IV, LLC. The Master Plan for Blue Ox Millworks consists of a 19-acre parcel. Currently Security National and Dan Johnson and Lane DeVries have a contract whereby Security National is purchasing acreage contiguous to the Redwood Dock, which would be the parcel they would transfer to the Harbor District in exchange for the 5.5 acres.

COMMISSIONER HUNTER MOVED FOR THE APPROVAL OF AN EXCLUSIVE RIGHT TO NEGOTIATE WITH CUE IV, LLC ON THE SAMOA SHOPS PROPERTY. COMMISSIONER CURLESS SECONDED.

Marcus Brown said he was heartened by the solution to find a way to work incorporate the Timber Heritage Association in the planning process. He said it was recommended that the Samoa site would be the only feasible site for a tourist train since the demise of the Balloon Track.

MOTION CARRIED WITHOUT DISSENT.

ADMINISTRATIVE AND EMERGENCY PERMITS: None

The Regular Meeting of the Board of Commissioners adjourned at 8:05 p.m.

The Closed Session reconvened at 8:15 p.m. and adjourned at 9:08 p.m.

APPROVED BY:

RECORDED BY:

____Signature on File_____
Roy Curless, Secretary

____Signature on File_____
Patricia L. Tyson, Admin. Assistant