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8 SUPERIOR COURT OF CALIFORNIA, COUNTY OF HUMBOLDT

11 LEO SEARS,

12 Plaintiff,

13 vs.

14 GREG DALE, JACK CRIDER, AARON
15 NEWMAN, MIKE WILSON, RICHARD
16 MARKS, PAT HIGGINS, THE
17 HUMBOLDT BAY HARBOR
18 RECREATION AND CONSERVATION
19 DISTRICT, AND DOES 1-20
20 INCLUSIVE,

21 Defendants,

Case No.:

COMPLAINT FOR DECLARATORY
RELIEF AND PRELIMINARY AND
FINAL INJUNCTIONS [GOVERNMENT
CODE §1090]

22 Plaintiff alleges:

23 1. Plaintiff Leo Sears is a citizen and resident of the County of
24 Humboldt and resides within the jurisdictional boundaries of the Humboldt Bay
25 Harbor Recreation and Conservation District (hereinafter sometimes "Harbor
26 District").

27 2. Defendant Phillip Gregory Dale (hereinafter sometimes "Greg Dale"
28 or "Mr. Dale") is a Commissioner on the Humboldt Bay Harbor Recreation and
Conservation District Board of Commissioners, representing citizens and voters
of the Second Division within the District. Greg Dale is employed by Coast

1 Seafoods Company and, according to Schedule C of his most recent California
2 Form 700 filed with the Fair Political Practice Commission (attached hereto as
3 Exhibit A), holds the management position of Operations Manager/Policy Advisor
4 and earns over \$100,000 in salary per year. Additionally, on the current
5 California Secretary of State website for Business Entity Details, the Agent for
6 Service of Process filing for Coast Seafoods Company is shown to be Phillip
7 Gregory "Sale" (which is obviously a misspelling of Mr. Dale's last name due to a
8 typographical error). See Exhibit B, attached hereto. Plaintiff is informed and
9 believes that Defendant Dale is the highest ranking officer of Coast Seafoods in
10 Humboldt County and was described in his Biographical Statement of November
11 25, 2009 as the Southwest Operations Manager for Coast Seafoods Company.

12 3. Defendant Jack Crider is the Executive Director of the Humboldt
13 Bay Harbor Recreation and Conservation District.

14 4. Defendants Aaron Newman, Mike Wilson, Richard Marks, and Pat
15 Higgins are also members of the Humboldt Bay Harbor Recreation and
16 Conservation District Board of Commissioners representing, respectively, the
17 First, Third, Fourth, and Fifth Divisions of within the District.

18 5. Defendant Humboldt Bay Harbor Recreation and Conservation
19 District (hereinafter sometimes "Harbor District" or "Harbor Commission") is a
20 public corporation created for the purposes set forth by action of the California
21 State Legislature in 1971 and approved by the voters of Humboldt County in
22 1972 with jurisdiction as described in the California Harbors and Navigation
23 Code Appendix 2.

24 6. Plaintiff is ignorant of the true names or capacities, whether
25 individual, corporate or otherwise of the defendants sued hereunder the
26 fictitious names DOEs 1-20, inclusive. Plaintiff will ask leave of the court to
27 amend the complaint to show the true names of each such defendant when their
28 identities have been ascertained. Plaintiff is informed and believes and thereon

1 alleges, that each of the DOE defendants is responsible in some manner for the
2 events, occurrences and injuries alleged in this complaint, and that each of said
3 defendants was an agent of each of the other said defendants.

4 7. Plaintiffs is informed and believes and thereon alleges that, at all
5 times herein mentioned, each and every defendant conspired with each of the
6 remaining defendants and that they had common knowledge of and agreed to a
7 plan to borrow \$1.25 million from Coast Seafoods and, in a quid pro quo bargain,
8 grant a 10-year lease extension with 4 five-year options to Coast Seafoods while
9 Defendant Greg Dale was serving on the Board of Commissioners of the
10 Humboldt Bay Harbor District. All defendants were also aware of Greg Dale's
11 capacity as an officer of Coast Seafoods, the party with which the Harbor
12 District was contracting. Said acts of all of the defendants resulted in injuries to
13 the body politic by violating Government Code §1090.

14 **THE LEASE EXTENSION AND THE \$1.25 MILLION LOAN**

15 8. On September 10, 2015, in a quid pro quo exchange for a \$1.25
16 million loan to the Harbor District from Coast Seafoods, the Harbor District
17 extended for 10 years with 4 five-year options and modified an existing lease for
18 Coast Seafoods covering approximately 1,453 acres in Humboldt Bay. The vote
19 was 4 to 0 with Defendant Dale absent. This was done in violation of California
20 Government Code §1090 which renders void any contract extension entered
21 into by a public entity while a member of the governing board (in this instance,
22 Defendant Dale) serves as an officer of the contracting party (in this instance
23 Coast Seafoods), even if said member abstains from voting or is absent from the
24 voting.

25 9. Plaintiff is further informed and believes that on September 28, 2015
26 Greg Dale told members of the public at a Fortuna Chamber of Commerce
27 luncheon that he was the person who conceived the idea of Coast Seafoods
28 loaning money to the Harbor District and that he was the one who started the

1 process of making the loan to the Harbor District.

2 10. By at least April 29, 2014, Defendant Harbor District had passed a
3 Resolution 2014-05 authorizing the incurring of an indebtedness to Coast
4 Seafoods in the amount of \$1.25 million with interest to accrue at 3.5% per
5 annum. A copy of said resolution is attached hereto as Exhibit C. Said resolution
6 was approved on a 4-0 vote with defendant Dale absent. Said resolution was
7 signed by Richard Marks, President Board of Commissioners, and attested to
8 and certified by Patrick Higgins, Vice President, for Greg Dale, Secretary of the
9 Board of Commissions.

10 11. On May 27, 2014 a Limited Obligation Note in the amount of \$1.25
11 million accruing interest at 3.5% per annum was executed by the President of
12 the Harbor District, Commissioner Richard Marks. Said Limited Obligation Note
13 is attached hereto as Exhibit D.

14 12. On May 27, 2014 President Richard Marks executed the Lease
15 Addendum Revenue as Revenue Source for Limited Obligation Note (attached
16 hereto as Exhibit E), with the Harbor District as "Lessor" and Coast Seafoods
17 Company, a Washington Corporation, referred to as "Lessee", with A. John
18 Petrie, President of Coast Seafoods Company, signing on behalf of the lessee.

19 13. The September 10, 2015 lease entitled "Coast Seafoods Company
20 Amended and Restated Tide and the Submerge Land Lease" was approved 4 to
21 0 by the Harbor District Board of Commissioners with Greg Dale absent. A copy
22 of the document approved by the Board of Commissioners on September 10,
23 2015, which was agendized as Item 11(a) for said meeting, is attached hereto as
24 Exhibit F. The Powerpoint attachment for Agenda Item 11(a) for said meeting, is
25 attached hereto as Exhibit G and consists of 7 pages describing the
26 "Consideration of Coast Seafoods Company Amended and Restated Tide and
27 Submerged Land Lease". Plaintiff is informed and believes that said lease has,
28 since September 10, 2015, been executed by Richard Marks, President of the

1 Harbor Commission, and by John Steinman on behalf of Coast Seafoods
2 Company.

3 **COMMON LAW DOCTRINE AGAINST**
4 **CONFLICTS OF INTEREST**

5 14. **General Principles.** The common law doctrine against conflicts of
6 interest is the judicial expression of the public policy against public officials
7 using their official positions for private expression of the public policy against
8 public officials using their official positions for private benefit. See Terry v.
9 Bender, 143 Cal. App. 2d 198, 206, 300 P.2d 119 (1956). This doctrine has been
10 primarily applied to require a public official to abstain from participation in
11 cases where the public official's private financial interest may conflict with his
12 or her official duties. See 64 Cal. Op. Att'y Gen. 795, 797 (1981). By virtue of
13 holding public office, an elected official is impliedly bound to exercise the
14 powers conferred on him or her with disinterested skill, zeal, and diligence and
15 primarily for the benefit of the public. See Noble v. City of Palo Alto, 89 Cal. App.
16 47, 51, 264 P. 529 (1928).

17 15. An elected official bears a fiduciary duty to exercise the powers of
18 office for the benefit of the public and is not permitted to use those powers for
19 the benefit of private interest. See Nussbaum v. Weeks, 214 Cal. App. 3d 1598,
20 1597-98, 263 Cal. Rptr. 360 (1989). Violation of the common law duty to avoid
21 conflicts of interest can constitute official misconduct and result in a loss of
22 office.

23 16. **Continuing Existence.** The Common Law Doctrine survived the
24 enactment of the Political Reform Act in 1974. See Clark v. City of Hermosa
25 Beach, 48 Cal. App. 4th 1152, 1171, 56 Cal. Rptr. 2d 223 (1996), cert. denied, 520
26 U.S. 1167, 117 S. Ct. 1430, 137 L. Ed. 2d 538 (1997).

27 **STATUTORY LAW – GOVERNMENT CODE §1090**
28 **CONFLICTS OF INTEREST – PROHIBITED CONTRACTS**

1 17. The governing statute for matters complained of herein is California
2 Government Code §1090, which reflects the common law prohibition against
3 self-dealing. Government Code §1090 reads as follows:

4 (a) Members of the Legislature, state, county, district, judicial
5 district, and city officers or employees shall not be financially
6 interested in any contract made by them in their official capacity,
7 or by any body or board of which they are members. Nor shall
8 state, county, district, judicial district, and city officers or
9 employees be purchasers at any sale or vendors at any
10 purchase made by them in their official capacity.

11 (b) An individual shall not aid or abet a Member of the Legislature or
12 a state, county, district, judicial district, or city officer or
13 employee in violating subdivision (a).

14 (c) As used in this article, “district” means any agency of the state
15 formed pursuant to general law or special act, for the local
16 performance of governmental or proprietary functions within
17 limited boundaries.

18 The provisions of Government Code §1090 were not repealed by the
19 enactment of the Political Reform Act of 1974. In any situation a person must act
20 in a manner that satisfies the requirements of both the Political Reform Act and
21 California Government Code §1090. However, if a member of a body or board
22 that authorizes a contract has a financial interest in the contract, the member
23 may avoid a violation of the Political Reform Act by abstaining from participation
24 in the decision; but such abstention will not avoid a violation of California
25 Government Code §1090, unless the member’s financial interest is a “remote” or
26 “non-interest” exception. As discussed below, Defendant Dale’s financial
27 interest is neither “remote” nor a “non-interest”.

28 18. The California Supreme Court has held that under Government
Code §1090, its provisions apply if the financially interested district official is a
member of a board or other body that actually approves or executes a contract
(in this case the Harbor Commission) and that the potential conflict prohibits the
district from entering into the proposed contract, regardless of whether or not

1 the officer participates in or abstains from the actual decision. See Thomson v.
2 Call, 38 Cal 3d 633, 649 (1985), cert denied 474 US 1057.

3 19. The Thomson v. Call case also established that virtually all
4 members, officers, employees, and consultants of a public entity are considered
5 public officials under California Government Code §1090.

6 20. In the making of contracts, the prohibition in California Government
7 Code §1090 applies to all conduct of a public official who participates in the
8 making of the contract, including preliminary discussions, negotiations,
9 compromises, reasoning, planning, drawing of plans and specifications,
10 solicitations for bids and subsequent modifications to a contract and “follow on”
11 contracts. See Millbrae Association for Residential Survival v. City of Millbrae,
12 262 Cal App 2d 222 (1968); Stigill v. City of Taft, 58 Cal 2d 565 (1962); and
13 People v. Sobel, 40 Cal App 3d 1052 (1974). A public official such as Greg Dale
14 who has recently admitted that he conceived and initiated the effort to create a
15 million dollar-plus loan from Coast Seafoods to the Harbor District, cannot
16 confer immunity on himself by being absent when the vote is taken.

17 21. Under Government Code §1090, the prohibited financial interest of
18 the public official may be either a direct or indirect interest.

19 *See People v. Deysher*, 2 Cal. 2d 141, 146, 40 P.2d 259 (1934) (a
20 “devious and winding chain” of indirect interests); *Thomson v. Call*,
21 38 Cal. 3d 633, 214 Cal. Rptr. 139 (1985) (a complex multiparty
22 transaction); *People v. Honig*, 48 Cal. App. 4th 289, 55 Cal. Rptr. 2d
23 555 (1996) (interest need not be direct or material);

24 22. Although “remote” or “non-interests” are not subject to the
25 provision of California Government Code §1090, the actions and capacity of
26 Defendant Dale do not fit within any of the lists of sample “remote” financial
27 interests set forth in California Government Code sections 1091.1, 1091.2, and
28 1091.5.

23. The provisions of Government Code §1090 are not violated if a
public official has an interest in a contract which has been entered into before

1 the official assumes office and, in that case, the contract may continue in force
2 until its expiration. However, a preexisting contract cannot be amended,
3 extended, or renegotiated during such an officials' tenure. See *City of Imperial*
4 *Beach v. Bailey*, 103 Cal App 3d 191 (1990). Here, the Harbor District lease with
5 *Coast Seafoods* was "extended" while Defendant Dale was serving on the
6 Harbor District's Board of Commissioners. The lease and the loan are therefore
7 void – and Greg Dale can no longer serve on the commission.

8 24. Even good faith reliance on the advice of a district's legal counsel
9 that one's conduct is legal will not constitute a defense. See *People v. Chacon*,
10 40 Cal 4th 558 (2007). Interestingly, according to *Chapman v. Superior Court*,
11 130 Cal App 4th (2005), an official convicted of violating California Government
12 Code §1090 cannot maintain a legal malpractice action against such a
13 government attorney.

14 25. The maximum penalty for a willful violation of Government Code
15 §1090 is a felony conviction with a maximum fine of \$1,000 or imprisonment in
16 the state prison and the official is "forever disqualified from holding any office in
17 this state". See Government Code §1097.

18 26. Also, a contract made in violation of §1090 is void and payment
19 prohibited. See California Government Code §1092 and §1095 and also
20 *Thomson v. Call*, cited above.

21 27. In determining whether Defendant Dale was possessed of a remote
22 interest regarding the lease extension on the \$1.25 million loan, it may be helpful
23 to refer to the Conflicts of Interest publication put together and placed online by
24 the California Attorney General's Office in 2010. At Page 68 therein, "Remote
25 Interests" are discussed. Since it is understood by Plaintiff that Defendant Dale
26 may choose to rely on Government Code §1091(b)(2), the Attorney General's
27 discussion of such a remote interest claim merits examination. At Page 68, the
28 authors from the Attorney General's Office state that:

1
2 ***The Remote Interests***

3
4 The term “remote interest” has a special statutory meaning in
5 section 1090. It is a term of art having an assigned meaning that is
6 not always consistent with its “common” meaning. Below is a brief
7 summary and elaboration of the remote interest exceptions...

8 **2. Employee or Agent of a Private Contracting Party – An employee
9 or agent of a private contracting party has a remote interest
10 when all of the following factors are present:**

- 11 (1) the private contracting party has 10 or more other
12 employees;
13 (2) the official/employee has been an employee or agent of
14 that party for at least 3 years prior to the initial term in
15 office;
16 (3) the officer owns less than 3 percent of the shares of
17 stock of the contracting party;
18 (4) the employee or agent is not an officer or director of
19 the contracting party; and,
20 (5) the employee or agent did not directly participate in
21 formulating the bid of the contracting party.

22 **28. Defendant Greg Dale’s claim of a remote interest fails because
23 Items 4 and 5 are not present in his situation. Rather, Greg Dale is an officer of
24 the contracting party and directly participated in proposing the \$1.25 million
25 loan.**

26 **29. On Item 5, Greg Dale has already admitted publicly that he directly
27 participated (on behalf of Coast Seafoods) when he told members of the Fortuna
28 Chamber of Commerce on September 28, 2015 that he was the person who
conceived the idea of Coast Seafoods loaning money to the Harbor District and
that he was the one who started the process of making the loan to the Harbor
District.**

CONSEQUENCES OF VIOLATING §1090

30. Among the consequences for violations of §1090, according to the
California State Attorney General, a contract made in violation of §1090 is void

1 and unenforceable. Government Code §1092(a) provides that “every contract
2 made in violation of any of the provisions of §1090 may be avoided at the
3 instance of any party except the officer interested therein. No such contract may
4 be avoided because of the interest of an officer therein unless the contract is
5 made in the official capacity of the office or by a board or body of which he or
6 she is a member.” Despite the wording “may be avoided in §1090”, case law has
7 historically interpreted contracts made in violation of §1090 to be “void”, not
8 merely “voidable”. See Thomson v. Call, 38 Cal 3d 633 (1985); Carson
9 Redevelopment Agency v. Padilla, 140 Cal App 4th 1323 (2006); and People Ex
10 Rel State of California v. Drinkhouse, 4 Cal App 4th 931(1970).

11 **VIOLATIONS OF §1090 RESULTS IN**
12 **DISGORGEMENT OF CONTRACT BENEFITS**

13 31. Contracts in violation of §1090 are contrary to the public policy of
14 California. Therefore Courts have consistently found that no recovery should be
15 had for goods and services provided to the public agency pursuant to a contract
16 that violates §1090. Further, the “agency is entitled to recovery any
17 consideration which it has paid, without restoring the benefits received under
18 the contract.” Thomson v. Call, supra, at page 646. The disgorgement remedy is
19 automatic. Carson Redevelopment Agency v. Padilla 140 Cal App 4th 1323
20 (2006). And it applies without regard to the willfulness of the violation. A person
21 who violates §1090 regardless of whether the violation is intentional, forfeits any
22 rights or interests flowing from the illegal contract.

23 32. Government Code §53235 requires ethics training for local
24 government officials including two hours of mandatory training as a basic
25 minimum. After the initial training, each official must complete a training course
26 once in each subsequent two year period. Plaintiff has not yet been able to
27 determine whether all members of the Harbor District Board of Commissioners
28 and its Executive Officer have completed the required training. However, the

1 actions of the Board of Commissioners and their Executive Officer, suggest that
2 said defendants either did not study the prohibitions set forth in Government
3 Code §1090 or that they forgot said prohibitions. Nonetheless, the violations of
4 Government Code §1090 are not required to be intentional in order to be
5 actionable.

6 33. Defendants Jack Crider, Aaron Newman, Mike Wilson, Richard
7 Marks, and Patrick Higgins all and each of them were fully aware of Defendant
8 Greg Dale's position as an officer of Coast Seafoods as Operations
9 Manager/Policy Advisor and the highest ranking officer of Coast Seafoods in
10 Humboldt County. Said defendants were also each and all aware that Defendant
11 Dale was the person who conceived the idea of Coast Seafoods loaning money
12 to the Harbor District and that Defendant Dale was the one who started the
13 process of making the loan to the Harbor District. And yet each and all said five
14 defendants aided and abetted Defendant Dale in violating subsection (a) of
15 Government Code §1090 and by doing so, themselves, and each of them,
16 violated subsection (b) of §1090.

17 34. Of assistance in understanding the significance, forcefulness,
18 breadth of impact, and application of California Government Code §1090 are
19 some four pages of excerpts taken from Chapter II – Open Government and
20 Ethics, §2.3.05 Prohibited Contracts, of page II-60 of the “California Municipal
21 Law Handbook”, published and copyrighted by the League of California Cities in
22 2009. Copies of said excerpts are attached hereto as Exhibit H.

23 **FIRST CAUSE OF ACTION**

24 **FOR INJUNCTIVE RELIEF BASED ON VIOLATIONS OF**

25 **THE COMMON LAW DOCTRINE AGAINST CONFLICTS OF INTEREST**

26 35. Plaintiff re-alleges and incorporates by reference the allegations of
27 paragraphs 1 through 34 of this complaint.

28 36. The actions of Defendant Greg Dale described herein violate a

1 constitution of the common law against conflicts of interest and constitute
2 official misconduct. Said misconduct in this case, and in Mr. Greg Dales case,
3 should result in a loss of public office. Defendant Dale bore a fiduciary duty to
4 exercise the powers of office for the benefit of the public, but instead he used
5 those powers for the benefit of a private interest, namely his employer, and
6 through his employer, for the benefit of himself.

7 Wherefore plaintiff prays for relief as hereinafter requested.

8 **SECOND CAUSE OF ACTION**

9 **VIOLATION OF GOVERNMENT CODE §1090**

10 37. Plaintiff re-alleges and incorporates by reference the allegations of
11 paragraphs 1 through 36 of this complaint.

12 38. The actions of commissioners Greg Dale, Aaron Newman, Mike
13 Wilson, Richard Marks, and Patrick Higgins, as well as the actions of the Harbor
14 Districts Chief Executive Officer Jack Crider, constitute clear violations of
15 Government Code §1090 for the reasons set forth hereinabove regarding the
16 execution of a lease extension with Coast Seafoods and the execution of a
17 Limited Obligation Note in the amount of \$1.25 million during a period of time
18 while a member of the Harbor Districts governing board (Defendant Dale)
19 served as an officer of the contracting party (Coast Seafoods). All of the
20 defendant commissioners named in this complaint as well as the Harbor
21 District's Chief Executive Officer, Defendant Jack Crider, were aware of the
22 position as an "officer" and "regional manager" that Greg Dale held with Coast
23 Seafoods while serving as a commissioner of the Harbor District. And yet, the
24 prohibitions of Government Code §1090 were ignored by all the defendants
25 herein including by Defendant public corporation, the Humboldt Bay Harbor
26 Recreation and Conservation District.

27 39. The actions of defendants hereinabove are in violation of the
28 prohibitions of Government Code §1090 and require a finding by the Court that

1 the Lease Extension and the Limited Obligation Note be declared void.
2 Additionally the violations of Government Code §1090 described hereinabove
3 require that Commissioner Greg Dale be removed from the office of
4 Commissioner of the Harbor District.

5 40. As alleged above, the interest of Defendant Dale in the lease
6 extension and the \$1.25 million loan was neither a remote interest nor a non-
7 interest. In fact, Defendant Dale's interest was direct and at least an indirect
8 interest under the cases cited above including People v. Deysher, Thomson v.
9 Call, and People v. Honig.

10 41. All defendants herein violated Government Code §1090 and should
11 be found by this Court to have done so. If any monetary damages are suffered by
12 the Defendant District as a result of the actions of the Board of Commissioners
13 and its Chief Executive Officer, said individuals should be required to reimburse
14 the District for said losses.

15 **PRAYER**

16 WHEREFORE, plaintiff prays judgment as follows:

17 1. For an order declaring and requiring that Defendant Greg Dale can
18 no longer serve in the capacity of a Commissioner of the Humboldt Bay Harbor
19 Recreation and Conservation District Board of Commissioners.

20 2. For a declaration that the lease extension and the \$1.25 million loan
21 hereinabove referred to are both void as having been made by the Humboldt Bay
22 Harbor District while a member of said public entity's Board of Commissioners
23 had a conflict of interest contrary to the prohibitions against such conflicts of
24 interest set out in Government Code §1090.

25 3. For a preliminary injunction restraining and enjoining Defendant
26 Humboldt Bay Harbor District from any further performance of any claim rising
27 under the contracts with Coast Seafoods, including the making of any payments
28 on the \$1.25 million loan pending judgment in this action.

EXHIBIT A

SCHEDULE C
Income, Loans, & Business
Positions
 (Other than Gifts and Travel Payments)

CALIFORNIA FORM 700
 FAIR POLITICAL PRACTICES COMMISSION

Name
 Phillip G. Dale

1. INCOME RECEIVED

NAME OF SOURCE OF INCOME
 Coast Seafoods Company

ADDRESS (Business Address Acceptable)
 25 Waterfront Drive

BUSINESS ACTIVITY, IF ANY, OF SOURCE
 Shellfish Farm/Producer

YOUR BUSINESS POSITION
 Operations Manager/Policy Advisor

GROSS INCOME RECEIVED
 \$500 - \$1,000 \$1,001 - \$10,000
 \$10,001 - \$100,000 OVER \$100,000

CONSIDERATION FOR WHICH INCOME WAS RECEIVED
 Salary Spouse's or registered domestic partner's income
 (For self-employed use Schedule A-2.)

Partnership (Less than 10% ownership. For 10% or greater use
 Schedule A-2.)

Sale of _____
 (Real property, car, boat, etc.)

Loan repayment

Commission or Rental Income, list each source of \$10,000 or more

 (Describe)

Other _____
 (Describe)

1. INCOME RECEIVED

NAME OF SOURCE OF INCOME
 Fortuna Union High School

ADDRESS (Business Address Acceptable)
 12 Street, Fortuna, CA

BUSINESS ACTIVITY, IF ANY, OF SOURCE
 Education

YOUR BUSINESS POSITION
 Teacher

GROSS INCOME RECEIVED
 \$500 - \$1,000 \$1,001 - \$10,000
 \$10,001 - \$100,000 OVER \$100,000

CONSIDERATION FOR WHICH INCOME WAS RECEIVED
 Salary Spouse's or registered domestic partner's income
 (For self-employed use Schedule A-2.)

Partnership (Less than 10% ownership. For 10% or greater use
 Schedule A-2.)

Sale of _____
 (Real property, car, boat, etc.)

Loan repayment

Commission or Rental Income, list each source of \$10,000 or more

 (Describe)

Other _____
 (Describe)

2. LOANS RECEIVED OR OUTSTANDING DURING THE REPORTING PERIOD

* You are not required to report loans from commercial lending institutions, or any indebtedness created as part of a retail installment or credit card transaction, made in the lender's regular course of business on terms available to members of the public without regard to your official status. Personal loans and loans received not in a lender's regular course of business must be disclosed as follows:

NAME OF LENDER* _____

ADDRESS (Business Address Acceptable) _____

BUSINESS ACTIVITY, IF ANY, OF LENDER _____

HIGHEST BALANCE DURING REPORTING PERIOD
 \$500 - \$1,000
 \$1,001 - \$10,000
 \$10,001 - \$100,000
 OVER \$100,000

INTEREST RATE _____% None

TERM (Months/Years) _____

SECURITY FOR LOAN
 None Personal residence

Real Property _____
 Street address _____
 City _____

Guarantor _____

Other _____
 (Describe)

Comments: _____



EXHIBIT B



Secretary of State Main Website Business Programs Notary & Authentications Elections Campaign & Lobbying

Business Entities (BE)

Online Services

- E-File Statements of Information for Corporations
- Business Search
- Processing Times
- Disclosure Search

Main Page

Service Options

Name Availability

Forms, Samples & Fees

Statements of Information (annual/biennial reports)

Filing Tips

Information Requests (certificates, copies & status reports)

Service of Process

FAQs

Contact Information

Resources

- Business Resources
- Tax Information
- Starting A Business

Customer Alerts

- Business Identity Theft
- Misleading Business Solicitations

Business Entity Detail

Data is updated to the California Business Search on Wednesday and Saturday mornings. Results reflect work processed through Tuesday, September 29, 2015. Please refer to **Processing Times** for the received dates of filings currently being processed. The data provided is not a complete or certified record of an entity.

Entity Name:	COAST SEAFOODS COMPANY
Entity Number:	C1875389
Date Filed:	11/08/1993
Status:	ACTIVE
Jurisdiction:	WASHINGTON
Entity Address:	16797 SE 130 AVE
Entity City, State, Zip:	CLACKAMAS OR 97015
Agent for Service of Process:	PHILLIP GREGORY SALE
Agent Address:	25 WATERFRONT DR
Agent City, State, Zip:	EUREKA CA 95501

* Indicates the information is not contained in the California Secretary of State's database.

- If the status of the corporation is "Surrender," the agent for service of process is automatically revoked. Please refer to California Corporations Code section 2114 for information relating to service upon corporations that have surrendered.
- For information on checking or reserving a name, refer to Name Availability.
- For information on ordering certificates, copies of documents and/or status reports or to request a more extensive search, refer to Information Requests.
- For help with searching an entity name, refer to Search Tips.
- For descriptions of the various fields and status types, refer to Field Descriptions and Status Definitions.

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EXHIBIT B

EXHIBIT C

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

RESOLUTION 2014-05

**RESOLUTION APPROVING SALE OF LIMITED OBLIGATION NOTE
PURSUANT TO HARBOR AND NAVIGATIONS CODE SECTION 6084.2
TO COAST SEAFOODS COMPANY**

The Humboldt Bay Harbor, Recreation and Conservation District Commission hereby finds and resolves as follows:

WHEREAS, Humboldt Bay Harbor, Recreation and Conservation District has acquired a former pulp mill site adjacent to Humboldt Bay upon which is stored pulp processing liquors; and

WHEREAS, an accidental release of said pulp processing liquors would be harmful to the waters of Humboldt Bay and to the health and safety of the general public; and

WHEREAS, the Commission finds it to be in the public interest that said pulp processing liquors be removed from the site as soon as practical and is currently working with the Environmental Protection Agency for proper removal and disposal of the pulp processing liquors; and

WHEREAS, the Humboldt Bay Harbor, Recreation and Conservation District does not have immediate readily-available cash to fund the removal of the pulp processing liquors; and

WHEREAS, Coast Seafoods Company is engaged in oyster production in Humboldt Bay and has an interest in insuring the water quality of Humboldt Bay; and

WHEREAS, Coast Seafoods Company has expressed a willingness to assist the Humboldt Bay Harbor, Recreation and Conservation District by advancing funds necessary for assisting in the removal and disposal of the pulp processing liquors in an expedient manner; and

WHEREAS, Humboldt Bay Harbor, Recreation and Conservation District is willing to sell a limited obligation note issued pursuant to California Harbors and Navigations Code section 6084.2 to acquire funds necessary for assisting in the removal and disposal of the pulp processing liquors in an expedient manner to Coast Seafoods Company and Coast Seafoods Company is willing to purchase said limited obligation note;

NOW THEREFORE, BE IT RESOLVED THAT THE HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT ACKNOWLEDGES:

1. This Resolution is adopted pursuant to California Harbors and Navigations Code section 6084.2(a); and
2. The purpose of incurring this indebtedness is to procure funds necessary for assisting in the removal and disposal of pulp processing liquors located on the Samoa pulp mill site near Humboldt Bay in an expedient manner; and
3. The estimated amount of the indebtedness is \$1.25 million (one million, two hundred fifty thousand dollars) plus interest; and
4. The maximum amount of the limited obligation note shall be \$1.25 million (one million, two hundred fifty thousand dollars) plus interest; and
5. The interest rate on the note (computed on the basis of a 360-day year, actual days elapsed) shall be three and one-half percent (3.5%) per annum, compounded annually or at the interest rate allowable under California Government Code Section 53530 et. seq., whichever is lower; and
6. The source of revenue for repayment of the limited obligation note shall be the District's lease revenue from Coast Seafoods Company, District's income from lease operations at the Field's Landing Boatyard and the Woodley Island Marina, (excluding marina dock rental income, dredging assessments, utilities and related charges); revenue derived from the anticipated sale of the Samoa pulp mill power plant/boiler and related equipment; anticipated revenue in the form of grants for removal and disposal of the pulp liquors, to the extent permitted by the grant funding; and anticipated revenue from Brownsfield loan proceeds for removal and disposal of the pulp liquors, to the extent permitted by the loan provisions and requirements; and
7. The maturity date of the obligation shall be four years after the first funds are advanced to the Humboldt Bay Harbor, Recreation and Conservation District pursuant to the limited obligation note; and
8. The form of the limited obligation note shall be substantially that as attached to this Resolution as Exhibit 1 and incorporated by reference as if set forth in full herein; and

9. This Resolution is adopted by a vote of four-fifths of all of Commissioners of the Commission as required by Harbors and Navigations Code section 6084.2(a); and

10. The President and Secretary of the Humboldt Bay Harbor, Recreation and Conservation District shall be, and hereby are, authorized to execute the limited obligation note on behalf of the District.

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 29th day of April 2014, by the following polled vote:

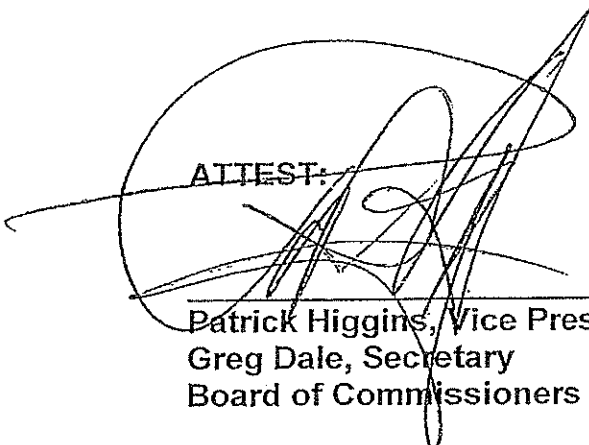
AYES: NEWMAN, MARKS, WILSON, HIGGINS

NOES:

ABSTAIN:

ABSENT: DALE

ATTEST:



Patrick Higgins, Vice President for
Greg Dale, Secretary
Board of Commissioners



Richard Marks, President
Board of Commissioners

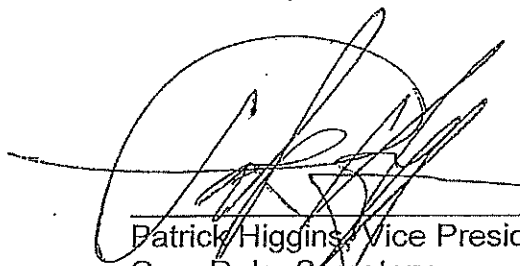
CERTIFICATE OF SECRETARY

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. 2014-05 entitled,

**RESOLUTION APPROVING SALE OF LIMITED OBLIGATION NOTE
PURSUANT TO HARBOR AND NAVIGATIONS CODE SECTION 6084.2
TO COAST SEAFOODS COMPANY**

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 29TH day of April 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 29th day of April 2014.



Patrick Higgins, Vice President for
Greg Dale, Secretary
Board of Commissioners

EXHIBIT D

LIMITED OBLIGATION NOTE
("Note")

\$1,250,000

Eureka, California
May 27, 2014

FOR VALUE RECEIVED, Humboldt Bay Harbor, Recreation and Conservation District, a public entity ("Maker"), promises to pay to the order of Coast Seafoods Company, a Washington corporation ("Payee"), the principal sum of One Million Two Hundred and Fifty Thousand Dollars and no cents (\$1,250,000.00) or so much thereof as may be outstanding under this Note, or any other of the Loan Documents plus interest on the unpaid principal balance of all such amounts from and after the later of the date of this Note or the first disbursement date of all Advances pursuant to this Note, at interest rates as provided for hereafter and on terms and conditions contained herein. (the "Loan") with interest from the date set forth above on unpaid principal at the interest rate or interest rates provided for in this Note.

1. Interest Rate. The outstanding principal balance of this Note shall bear interest (computed on the basis of a 360-day year, actual days elapsed) at three and one-half percent (3.5%) per annum, compounded annually or at the interest rate allowable under California Government Code section 53530 et. seq., whichever is lower.

2. Payments. All principal and accrued interest shall be payable on the Maturity Date.

3. Maturity Date. The maturity date of the obligation shall be four (4) years after the first funds are advanced to Maker pursuant to this Note.

4. Prepayment. Prepayment may be made without penalty by Maker at any time prior to the Maturity Date.

5. Notwithstanding any other provision of this Note, this loan is a limited obligation note of the Maker within the meaning of California Harbors and Navigation Code section 6084.2. This Note is sold to Payee in consideration for the amounts to be advanced by Payee under the terms and conditions of the Note. The purpose of this Note is to procure funds for the removal of pulp processing liquors from the Maker's property at Samoa, Humboldt County, California that was formerly the Freshwater Tissue pulp mill. The Maker's sources of revenue for repayment of the Note shall be limited to income of Maker generated by Payee's leases with Maker, the Maker's lease revenue from the Fields Landing boatyard

and related operations and the Woodley Island Marina (excluding marina dock rental income, dredging assessments, utilities and related charges), grant funding received by Maker for removal and disposal of the pulp mill liquors (to the extent such proceeds can be used to reimburse expenses incurred), revenue from an anticipated Brownsfield loan (to the extent such payment is not inconsistent with the terms of the loan), and revenue from Maker's anticipated sale of the power plant/boiler currently located on the Samoa pulp mill site. However, should such revenue be insufficient for the payment of interest and principal, Maker may make payments from other legally available revenue sources from any other funds or legally available revenue pursuant to Harbors and Navigations Code section 60804.2(f).

6. Collateral. The repayment of this Note is secured by a security interest in all of the revenue assets of Maker set forth above as may be evidenced by a Line of Credit Instrument, Security Agreement, Assignment of Leases and Rents, Fixture Filing by Maker in favor of Lender or any other instrument or documents given to evidence or further secure the payment of any obligations created hereunder are hereinafter sometimes collectively referred to as the "Loan Documents". However, no documents related to the Collateral shall be construed or effective to be inconsistent with the status of this Note as limited obligation note of the Maker within the meaning of California Harbors and Navigation Code section 6084.2.

7. Representations and Warranties of Maker. Maker hereby represents and warrants to Payee that:

7.1 The execution, delivery and performance of this Note and all other agreements and instruments required by Payee in connection with the Loan are not in contravention of any of the terms of any indenture, agreement or undertaking to which Maker is a party or by which it or any of its property is bound or affected, including, without limitation, any shareholder agreement among the shareholders of Maker.

7.2 Maker has the power and authority to execute and deliver the Note and all of the other Loan Documents executed and delivered by Maker.

7.3 Maker is not in violation with respect to any applicable laws, rules, ordinances or regulations which materially affect the operations or financial condition of Maker.

7.4 Neither the execution, delivery or performance of this Note (i) is prohibited by or requires Maker to obtain or make any consent, authorization,

approval, registration or filing under any statute, law, ordinance, regulation, rule, judgment, decree or order of any court or governmental agency, board, bureau, body, department or authority, or of any other person, (ii) will cause any acceleration of maturity of any note, instrument or other obligation to which Maker is a party or by which Maker is bound or with respect to which Maker is an obligor or guarantor or (iii) will result in the creation or imposition of any lien, claim, charge, restriction, equity or encumbrance of any kind whatsoever upon or give to any other person any interest or right (including any right of termination or cancellation) in or with respect to any of the properties, assets, business, agreements or contracts of Maker.

8. No Waiver. Upon any default, neither the failure of Payee to promptly exercise Payee's right to declare the outstanding principal balance to be immediately due and payable, nor the failure of Payee to demand strict performance of any obligation of Maker or of any person who may be liable hereunder, shall constitute a waiver of any such rights, nor a waiver of such rights in connection with any future default on the part of Maker.

9. Default. The following shall constitute default under this Note:

9.1 Maker fails to pay any amount due hereunder within ten (10) business days after delivery of a notice of default;

9.2 Maker files a bankruptcy petition, a bankruptcy petition is filed against the Maker which is not dismissed within 90 days of such filing, the Maker makes a general assignment for the benefit of creditors, or Maker fails to pay debts generally as they become due;

9.3 Maker defaults in the due performance or observance of any provision, term, covenant or condition under any of the Loan Documents, or any representation or warranty made by Maker as required by this Note proves to be false or misleading in any material respect.

10. Acceleration. If any default by Maker continues for more than ten (10) business days after notice to Maker at the address set forth below Maker's signature herein, the entire principal balance of this Note shall, at the election of Payee, become immediately due and payable. Maker agrees to pay all costs of collection, including reasonable attorneys' fees, court costs, and other costs incurred by the Payee enforcing this Note. Upon the occurrence of any default, Payee, at its option, shall have the right to apply all payments made under this Note to principal, interest, and other charges, fees, costs and expenses payable by Maker

under this Note in such order and amounts as Maker may determine in its sole and absolute discretion.

11. Late Payments.

11.1 If Payee has not received the full amount of any payment by the end of the five (5) business days after the date it is due, Maker will pay a late charge to Payee in the amount of the lesser of seven percent (7%) or twenty-five thousand dollars (\$25,000) of the overdue payment. Maker will pay this late charge only once on any late payment.

11.2 From and after the Maturity Date, or such earlier date as all sums owing on this Note become due and payable by acceleration or otherwise, all sums owing on this Note (including interest), at the option of Payee, shall bear interest from the date the payment becomes due until Maker pays in full, at five (5) percentage points above the rate at which interest would otherwise accrue under this Note.

12. Usury. All agreements herein are expressly limited so that in no contingency or event whatsoever, whether by reason of advancement of the proceeds hereof, acceleration of maturity of the unpaid principal balance hereof, or otherwise, shall the amount paid or agreed to be paid to the holders hereof for the use, forbearance or detention of the money to be advanced hereunder exceed the highest lawful rate permissible under applicable usury laws. If, from any circumstances whatsoever, the fulfillment of any provision hereof, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law which a court of competent jurisdiction may deem applicable hereto, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity and if from any circumstance the holder hereof shall ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance due hereunder and not to the payment of interest.

13. Laws. This Note shall be construed according to the laws of the State of California and venue for any legal action involving the interpretation, performance or enforcement of this Note shall be within the County of Humboldt, State of California.

14. Payments. All amounts payable under this Note are payable in lawful money of the United States. Checks constitute payment only when collected, provided that checks constituting "collected funds" (such as cashiers checks, bank

checks) shall be credited upon receipt so long as payment on same is ultimately honored. Each payment is to be applied when received first to accrued but unpaid interest and any balance shall be used to reduce the principal balance of this Note.

15. Attorneys' Fees. In the event of any dispute relating to this Note which involves litigation or arbitration, then the prevailing party in such dispute shall be entitled to recover its reasonable attorneys fees and costs, including but not limited to fees and costs incurred in connection with appellate enforcement, from the non-prevailing party.

16. Notices. Any notice, demand or request required under this Note shall be given in writing (at the addresses set forth in this instrument) by any of the following means: (a) personal service; (b) electronic communication, whether by telex, telegram or telecopying; (c) overnight courier; or (d) registered or certified, first class U.S. mail, return receipt requested, or to such other addresses as Payee and Maker may specify from time to time in writing. Any notice, demand or request sent pursuant to either subsection (a) or (b), above, shall be deemed received upon such personal service or upon dispatch by electronic means. Any notice, demand or request sent pursuant to subsection (c), above, shall be deemed received on the business day immediately following deposit with the overnight courier, and, if sent pursuant to subsection (d), above, shall be deemed received forty-eight (48) hours following deposit into the U.S. mail.

17. Waiver of Maker. Maker waives demand, notice, diligence, protest, presentment for payment, and notice of extension, dishonor, protest, demand and non-payment of this Note.

Time Is Of The Essence. Maker acknowledges and agrees that time is of the essence with respect to compliance with each and every term and provision of this Note.

MAKER:

Humboldt Bay Harbor, Recreation and Conservation District


By: 
Print Name: Richard Marks
Title: President

EXHIBIT E

**LEASE ADDENDUM REVENUE AS
REVENUE SOURCE FOR LIMITED OBLIGATION NOTE**

May 27, 2014


Humboldt Bay Harbor, Recreation and Conservation District, a California public entity (hereinafter referred to as "Lessor"), and Coast Seafoods Company, a Washington corporation formerly known as Coast Ostrea Company, a Washington corporation (hereinafter referred to as "Lessee") hereby agree as follows:

1. The parties have entered into prior agreements concerning the lease of certain premises located in Humboldt County, California, the most recent being an agreement entitled "Confirmation of Second Option of Renewal of Lease and Acknowledgement of Rent Increases" for a renewal period beginning September 8, 2010 and ending September 7, 2015.
2. Lessee has purchased a limited obligation note letter from Lessor for Lessor's funding of removal of pulp mill liquors in the amount of \$1.25 million.
3. In conjunction with the limited obligation note, Lessor has designated the lease revenues from the lease between the parties as part of the revenue to be used to repay the limited obligation note. Lessor grants to Lessee an extension of the lease term through the first to occur of (1) 40 years after September 5, 2015 or (2) until the limited obligation note is paid in full. Upon payment in full of the limited obligation note, the lease will convert to a five year lease term, commencing as of the date of the payment in full, plus an option to Lessee to renew the lease for one additional five year renewal term.
4. The parties agree that upon conversion of the 40-year extension to a five-year term upon repayment of the limited obligation note, the rent shall be calculated under the existing terms of the lease, adjusting the rent between the current rent and the date of conversion to a five year term, and including annual adjustments thereafter as set forth in the lease documents.
5. The parties agree that all prior lease documents and modifications remain in full force and effect, unless a document or provision has been expressly modified by a subsequent written agreement signed by the parties. These include the "Lease of Water Bottoms for

EXHIBIT E


Aquaculture" dated January 13, 1983; the "Lease Renewal Endorsement and First Amendment to Lease for Water Bottoms for Aquaculture" dated on or about November 12, 1987; the "Lease Renewal Endorsement and Second Amendment to Lease for Water Bottoms for Aquaculture"; the lease assignment to Coast Seafoods Company on or about February 18, 1994; the "Renewal of Lease and Third Amendment to Lease of Water Bottoms for Aquaculture" dated January 19, 1995; and the "Confirmation of Second Option of Renewal of Lease and Acknowledgement of Rent Increases" for a renewal period beginning September 8, 2010 and ending September 7, 2015.

HUMBOLDT BAY HARBOR, RECREATION AND
CONSERVATION DISTRICT



By Richard Marks, President

COAST SEAFOODS COMPANY,
A Washington Corporation



By A. John Petrie, President

EXHIBIT F

2015

11a

COAST SEAFOODS COMPANY
AMENDED AND RESTATED TIDE AND SUBMERGED LAND LEASE

This Lease is made and entered into as of the ___ day of _____, 2015, 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 COAST SEAFOODS COMPANY, a Washington corporation (hereinafter referred to as "Lessee").

Recitals

A. Lessor and Coast Oyster Company entered into a Lease of Water Bottoms for Aquaculture dated January 13, 1983 (the "Original Lease"). The Original Lease was amended by Lessor and Coast Oyster Company in a Lease Renewal Endorsement and First Amendment to Lease for Water Bottoms for Aquaculture, dated November 12, 1987.

B. Coast Oyster Company assigned its interest in the amended original lease to Lessee on May 6, 1992. Lessor and Lessee later executed two additional amendments to the Original Lease, a Lease Renewal Endorsement and Second Amendment to Lease for Water Bottoms for Aquaculture, dated August 27, 1992, and Renewal of Lease and Third Amendment to Lease of Water Bottoms for Aquaculture, dated June 22, 1995 (the "Third Lease Amendment").

C. Pursuant to the Third Lease Amendment, Lessee exercised two options to extend the term of the Lease. The final Lease extension expires on September 7, 2015.

D. Lessor and Lessee wish to amend and restate in its entirety the Tide and Submerged Lands Lease ("Lease") pursuant to the terms stated herein.

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 tideland and submerged lands located in Humboldt County, California, and more particularly described in Exhibit A attached hereto and shown generally on Exhibit B attached hereto, hereinafter referred to as the "Lease Premises," containing approximately 1,453 acres.

2. Term

2.1 The original term of this Lease shall commence as of _____, 2015 (the "Commencement Date"), and end on _____, 2025, 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 Lessee 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.

2.2 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 Public Health ("CA DPH"), California Department of Fish and Wildlife ("CA DFW"), California Fish and Game Commission ("CA FGC"), 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 Section 11.

3. Option to Renew

3.1 Option: Lessee is hereby granted four (4) options 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.

3.2 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.

3.3 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 all applicable rental amounts provided in Section 4. If Lessee is in material breach of this Agreement as defined in Section 11, 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.

3.4 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.

3.5 Repayment of Limited Obligation Note. Notwithstanding any other provision of this Lease, this Lease will be automatically extended until September 5, 2055 or until Lessor ~~pays in full the limited obligation note owed to Lessee described in that certain Lease Addendum~~ Revenue as Revenue Source for Limited Obligation Note dated May 27, 2014, whichever occurs first. Upon full payment of such limited obligation note, this Lease will be subject to the lease term and extensions provided in Sections 2 and Sections 3 above. In the event that Lessor pays the full amount of the limited obligation note with less than two (2) options to renew remaining pursuant to this Section, upon Lessor's payment in full, the Lease will convert to a new five (5) year lease term, with one additional five (5) year option to renew.

4. Rent

4.1 Annual Rent. Lessee agrees to pay to Lessor annual rent based on the following calculations, which will be updated annually:

- \$100 per acre for intertidal areas in production during any portion of the lease year.
- \$1 per square foot of raft surface area in place for any part of the lease year;
- \$15 per acre for leased areas not in production for the entire lease year.

This section supersedes Section 4 of the Lease Addendum Revenue as Revenue Source for Limited Obligation Note dated May 27, 2014, which is hereby rescinded.

4.2 Adjustments to Rent based on Consumer Price Index: For each year of this Lease, including during any extension term, the Annual Rent shall be adjusted for the next year by the difference in the change of the U.S. Department of Labor Consumer Price Index, All Urban Consumers, West Urban Area ("Index"). The most recent twelve (12) months available in the Index thirty (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 rents for the next year. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

4.3 Failure to Timely Pay Rent. If Lessee fails to pay the rent specified in this Lease within thirty (30) days of the date on which such payment is due, 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 section 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.

4.4 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.

5. Use

5.1 Use by Lessee, Improvements Authorized. Lessee agrees to use the Lease Premises for the purpose of culturing and harvesting oysters and clams, as detailed more fully in Lessee's approved Harbor District Permit, the associated environmental impact report, and as described in Lessee's Coastal Development Permit application filed with the California Coastal Commission on _____ ("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 5.5 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 Lessor.

5.2 Additional Uses. In the event Lessee desires to cultivate scallops, mussels, or other species of shellfish not authorized pursuant to Section 5.1, Lessee shall, prior to commencing cultivation, deliver to Lessor a written proposal for each animal species to be cultivated, including the estimated number of such species to be cultivated and the proposed acreage to be used, and obtain the express written consent of Lessor prior to the introduction of any such additional animal species to the Lease Premises. Lessee also may need to obtain additional approvals from other regulatory agencies prior to such proposed cultivation, and shall be responsible for obtaining any such additional required approvals.

5.3 Improvements at Lessee's Expense. 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.

5.4 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.

5.5 Regulatory Permission and Approvals. The Lease Premises are subject to regulation by a number of government agencies, including but not limited to the California Coastal Commission, the CA DFW, the CA FGC, the CA DPH, Lessor, 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 Lessor 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.

5.6 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.

6. Reservations and Encumbrances

6.1 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.

6.2 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 five (5) 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.

6.3 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 Section 6.3, Lessor will give Lessee six (6) months' notice and provide Lessee an opportunity to comment on Lessor's proposed lease or encumbrance. Notwithstanding the foregoing, leases for other aquaculture uses on the Lease Premises are considered incompatible with Lessee's use, and Lessor shall not enter into any leases authorizing aquaculture uses on the Lease Premises with any person or entity other than Lessee for the term of this Lease, including any applicable extensions.

6.4 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.

6.5 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.

6.6 Access Easement. This Lease is made and accepted by Lessee subject to all rights of navigation authorized under state or federal law. Lessor reserves to the public an easement for access across navigable waters located on the Lease Premises; however, such easement or right-of-way shall be neither inconsistent nor incompatible with the rights or privileges of Lessee under this Lease.

7. Rules, Regulations and Taxes

7.1 Possessory Interest. 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.

7.2 Taxes. In addition to the rents required to be paid pursuant to Section 4, Lessee further covenants and agrees to pay and discharge all taxes and assessments, of any name, nature and kind whatsoever, which may be fixed, charged, levied, assessed, or otherwise imposed upon the Lease Premises or upon the leasehold interest of Lessee therein, and upon any possessory right which Lessee may have in or to the Lease Premises, and upon all of Lessee's personal property, fixtures, and any and all other property owned, used or placed by Lessee in, on, or about the Lease Premises, including, among other things, Lessee's equipment, machinery, inventory, supplies, and merchandise. Lessee shall deliver to Lessor upon request copies of receipts showing the payment of such taxes, assessments, and levies.

8. Indemnification

8.1 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) directly or indirectly 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 other users of the Lease Premises or surrounding areas. Lessee shall have no obligation whatsoever to hold harmless or defend Lessor and its officers, agents, and employees, or any of them, from any claim, litigation, or attack which involves (a) the legality, validity, or sufficiency of this Lease or (b) the gross negligence or intentional misconduct of Lessor, as further described in Section 8.2.

8.2 Lessor's Indemnification of Lessee. Lessee 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, other than Lessee.

9. Insurance

9.1 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) 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.

9.2 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.

9.3 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.

9.4 Adjustment of Insurance Coverage Upon Renewal. The required amount of insurance coverage may be reset by the parties at the beginning of any renewal term hereunder upon mutual agreement of the parties.

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

10. 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.

11. 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 thirty (30) days after written notice from Lessor to Lessee.
- (b) Lessee's failure to obtain or maintain any liability insurance required under Section 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 sixty (60) days after Lessor's giving written notice; however, if the nature of Lessee's default or breach is such that more than sixty (60) 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 sixty (60) 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 subsection (b) of this Section, 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.

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

12.1 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.

12.2 Restoration of Premises. In removing any improvements, Lessee shall restore the Lease Premises as nearly as possible 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 12 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.

12.3 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.

12.4 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.

12.5 No Removal or Replacement of Fill. Lessee shall not be required to remove or replace nor shall Lessor be required to pay for any fill remaining on the Lease Premises.

12.6 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 Sections 13.1 and 13.2.

13. 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 12. 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 recordation, 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.

14. Holding Over

Any holding over by Lessee after the expiration of the Lease term, or any renewal, with or without the express or implied consent of Lessor, shall constitute a tenancy from month-to-month and shall be on terms, covenants and conditions of this Lease with rental payable in advance on the first day of each month at one-twelfth (1/12) of the total Annual Rent stated in Section 4 for such time period. 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 12 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.

15. Additional Provisions

15.1 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.

15.2 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.

15.3 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 telecopier, 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: Coast Seafoods Company
25 Waterfront Drive
Eureka, CA 95501-0375
Attn: Greg Dale
Telephone: (707) 442-2947
Facsimile: (707) 442-3776

With a copy to:

Pacific Seafood Group
Attn: Daniel Occhipinti
16797 S.E. 130th Avenue
Clackamas, OR 97015

15.4 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.

15.5 Amendment, Termination. This Lease may be terminated and its terms, covenants and conditions amended, revised or supplemented by written mutual agreement of the parties.

15.6 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.

15.7 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.

15.8 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.

15.9 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.

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

15.11 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 12 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 Section 4.4.

15.12 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.

15.13 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.

15.14 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 Richard Marks, President

Coast Seafoods Company

DATE: _____

By: Jon Steinman

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____ before me, _____, a Notary Public in and for said State, _____ personally appeared, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(This area for notary stamp)

EXHIBIT G

11.a. Consideration of Coast Seafoods Company Amended and Restated Tide and Submerged Land Lease

- General Provisions
 - 10 Year Lease with 4 Five Year Options
 - Automatic extension to September, 2055 or until District's limited obligation note with Coast Seafoods is paid
 - Rent increased based on increases in Consumer Price Index
 - Coast waived fixed rent previously attached to the limited obligation note.
- Rent
 - \$100 / Acre for intertidal areas in production
 - \$15 / Acre for areas not in production
 - \$1 / Square foot of raft surface

Current Humboldt Bay Leases

Lessee	Cost	Acres		Cost / Acre		Trustee
		Leased	Cultured	Leased	Cultured	
Humboldt Bay Oyster Company	\$3,087	358	2	\$9	\$1,543	HBHD
Humboldt Bay Oyster Company	\$4,116	56	1.5	\$74	\$2,744	HBHD
Coast Seafoods	\$12,000 + \$8,000 Royalty	1,611	88	\$12	\$227	HBHD
Coast Seafoods	\$14.356 + Royalty	1,158	82	\$12+	\$175+	Eureka
North Bay Shellfish	\$400 + 2.5% net	160	20	\$3+	\$20+	Arcata

Basis for Coast Seafoods Rent

- **Intertidal Culture Areas:** Coast's annual harvest level is approximately 43,256 oysters / acre. For this area, rent is based on the Fish and Game Commission's policy of **\$100 / acre / year** for production between 20,000-90,000 oysters / acre / year .
- **Lease Area without Culture:** District staff is unaware of any precedent for lease values within tidelands that are leased for mitigation. The District Commission Committee identified a reasonable rate of **\$15 / acre / year**.
- **Raft Culture:** Fish and Game Commission leases do not require additional rent for rafts within a lease area. However, for rafts, the District Commission Committee identified a recommended rate of **\$1 / square foot / year**.

Current Annual Rent

- Coast's current annual rent consist of \$12,000 base rent + \$0.42 / gallon shucked product and \$0.06 / dozen whole shellfish harvested. Between 2012 and 2015 Coast paid a total annual average of **\$21,671**.

New Rent Based on Current Culture

	Acres	Rate	Total
Intertidal Culture Area	76.4	\$100	\$7,640
Lease Area Not in Culture	1,375.9	\$15	\$20,639
		Sub-Total	\$28,279

	Square Feet	Rate	Total
Clam Rafts	6,000	\$1	\$6,000
Wet Storage Floats	1,600	\$1	\$1,600
		Sub-Total	\$7,600

Grand Total	\$35,879
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New Rent Based on Expanded Culture Consistent with Current Permitting Effort

	Acres	Rate	Total
Intertidal Culture Area	342.3	\$100	\$34,230
Lease Area Not in Culture	1,109.8	\$15	\$16,647
		Sub-Total	\$50,877

	Square Feet	Rate	Total
Clam Rafts	6,000	\$1	\$6,000
Wet Storage Floats	1,600	\$1	\$1,600
		Sub-Total	\$7,600

Grand Total	\$58,477
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Rent Summary

- Current annual average: \$21,671
- New annual with current culture: \$35,879
- New annual based on expanded culture consistent with current permitting effort: \$58,477

EXHIBIT H



The California Municipal Law Handbook

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EXHIBIT H

§ 2.3.05 PROHIBITED CONTRACTS.

(A) Basic Prohibition.

(1) City officers and employees may not have financial interests in contracts made by them or by any board or body of which they are members. Cal. Gov't Code § 1090. These provisions were enacted before the Political Reform Act and reflects the common law prohibition against self dealing. *See Berka v. Woodland*, 125 Cal. 119, 57 P. 777 (1899); *Stockton P. & S. Co. v. Wheeler*, 68 Cal. App. 592, 597, 229 P. 1020 (1924); *City of Oakland v. California Construction Co.*, 15 Cal. 2d 573, 576, 104 P.2d 30 (1940).

(2) The provisions of Cal. Gov't Code § 1090 were not repealed by the enactment of the PRA. *See City of Vernon v. Central Basin Water District.*, 69 Cal. App. 4th 508, 81 Cal. Rptr. 2d 650 (1999); 59 Cal. Op. Att'y Gen. 604, 617 (1976). In any situation, a person must act in a manner that satisfies the requirements of both the Public Records Act and Cal. Gov't Code § 1090. *See Cal. Gov't Code § 81013*; 59 Cal. Op. Att'y Gen. 604, 617 (1976). Consequently, if a member of a body or board that authorizes a contract has a financial interest in the contract, the member may avoid a violation of the PRA by abstaining from participation in the decision, but such abstention will not avoid a violation of Cal. Gov't Code § 1090, unless the member's financial interest is a "remote" or "non-interest" under the exception as discussed below.

(B) **When Government Code Section 1090 Applies.** The provisions of Cal. Gov't Code § 1090 apply in two basic situations. First, if the financially interested city officer or city employee is a member of a board or other body that actually approves or executes the contract (*i.e.* a city council), the potential conflict prohibits the city from entering into the proposed contract, regardless of whether or not the officer participates in or abstains from the actual decision. *See Thomson v. Call*, 38 Cal. 3d 633, 649, 214 Cal. Rptr. 139 (1985), *cert. denied*, 474 U.S. 1057, 106 S. Ct. 796, 88 L. Ed. 2d 773 (1986). Second, if a staff or advisory board member has a financial interest in a contract with the city, there is a conflict only if that staff or advisory board member actually participates in making the contract. *See Fraser Yamor Agency, Inc. v. County of Del Norte*, 68 Cal. App. 3d 201, 137 Cal. Rptr. 118 (1977); 82 Cal. Op. Att'y Gen. 126, 129 (1999). In either case, if such a contract is made, the city may void it. *See Cal. Gov't Code § 1092.*

(C) **To Whom Government Code Section 1090 Applies.** Virtually all board members, officers, employees and consultants of a public entity are considered public officials under Cal. Gov't Code § 1090. *See Thomson v. Call*, 38 Cal. 3d 633, 214 Cal. Rptr. 139 (1985), *cert. denied*, 474 U.S. 1057, 106 S. Ct. 796, 88 L. Ed. 2d 773 (1986) (council member); *City Council v. McKinley*, 80 Cal. App. 3d 204, 145 Cal. Rptr. 461 (1978) (parks and recreation board member); *People v. Vallerga*, 67 Cal. App. 3d 847, 136 Cal. Rptr. 429 (1977) (county employee); 70 Cal. Op. Att'y Gen. 271 (1987) and *Campagna v. City of Sanger*, 42 Cal. App. 4th 53, 49 Cal. Rptr. 2d 676 (1996) (contract city attorney); 46 Cal. Op. Att'y Gen. 74 (1965) (consultant); *Millbrae Association for Residential Survival v. City of Millbrae*, 262 Cal. App. 2d 222, 69 Cal. Rptr. 251 (1968) (advisory board member); *Schaefer v. Berinstein*, 140 Cal. App. 2d 278, 295 Cal. Rptr. 113 (1956) (person in advisory position to contracting agency); *California Housing Finance Agency v. Hanover/California Management & Accounting Center, Inc.*, 148 Cal. App. 4th 682, 692, 56 Cal. Rptr. 3d 92 (2007)

(attorney whose official capacity carries the potential to exert “considerable” influence over the contracting decisions of a public agency is an “employee” under Cal. Gov’t Code § 1090, regardless of whether he or she would be considered an independent contractor under common law tort principles).

(D) **Contract Making.** The prohibition in Cal. Gov’t Code § 1090 applies to all conduct of a public official who participates in making of the contract, including preliminary discussions, negotiations, compromises, reasoning, planning, drawing of plans and specifications, and solicitations for bids and subsequent modifications to a contract and “follow-on” contracts. See *Millbrae Association for Residential Survival v. City of Millbrae*, 262 Cal. App. 2d 222, 69 Cal. Rptr. 251 (1968); *Stigall v. City of Taft*, 58 Cal. 2d 565, 25 Cal. Rptr. 441 (1962); *People v. Sobel*, 40 Cal. App. 3d 1052, 115 Cal. Rptr. 532 (1974); *City Council v. McKinley*, 80 Cal. App. 3d 204, 212, 145 Cal. Rptr. 461 (1978); *City of Imperial Beach v. Bailey*, 103 Cal. App. 3d 191, 162 Cal. Rptr. 663 (1980); 81 Cal. Op. Att’y Gen. 134 (1998). However, participation in a statutorily mandated process in connection with the sale of property through eminent domain is not subject to Cal. Gov’t Code § 1090. See *Santa Clara Valley Water District v. Gross*, 200 Cal. App. 3d 1363, 1369, 246 Cal. Rptr. 570 (1988). The provisions of Cal. Gov’t Code § 1090 may serve to prohibit a former public official from benefiting from a contract after the official leaves office. 81 Cal. Op. Att’y Gen. 134 (1998); *Stigall v. City of Taft*, 58 Cal. 2d 565, 25 Cal. Rptr. 441 (1962); *City Council v. McKinley*, 80 Cal. App. 3d 204, 212, 145 Cal. Rptr. 461 (1978). *But see* 66 Cal. Op. Att’y Gen. 156 (1988); 63 Cal. Op. Att’y Gen. 868 (1980); 63 Cal. Op. Att’y Gen. 19 (1980). The Attorney General has opined that although a city council’s approval of the renewal, sale, assignment, or transfer of cable television franchise held by a city council member constitutes the making of a contract, the contract might not be prohibited if the rule of necessity could be applied under a particular set of circumstances. See 76 Cal. Op. Att’y Gen. 118 (1993); 88 Cal. Op. Att’y Gen. 106 (2005).

(E) **Financial Interest.** The financial interest of the public official may be either a direct or indirect interest. See *People v. Deysher*, 2 Cal. 2d 141, 146, 40 P.2d 259 (1934) (a “devious and winding chain” of indirect interests); *Thomson v. Call*, 38 Cal. 3d 633, 214 Cal. Rptr. 139 (1985) (a complex multiparty transaction); *People v. Honig*, 48 Cal. App. 4th 289, 55 Cal. Rptr. 2d 555 (1996) (interest need not be direct or material); *Fraser Yamor Agency, Inc. v. County of Del Norte*, 68 Cal. App. 3d 201, 137 Cal. Rptr. 118 (1977) (shareholder insulated from contract payments); *People v. Vallerga*, 67 Cal. App. 3d 847, 136 Cal. Rptr. 429 (1977) (contingent payment); *People v. Sobel*, 40 Cal. App. 3d 1046, 115 Cal. Rptr. 532 (1974) (primary shareholder in contracting party); *People v. Watson*, 15 Cal. App. 3d 28, 92 Cal. Rptr. 860 (1971) (debtor creditor relationship); *Neilsen v. Richards*, 75 Cal. App. 680, 243 Cal. Rptr. 697 (1928) (spousal property); 69 Cal. Op. Att’y Gen. 255 (1986) (spousal property); 66 Cal. Op. Att’y Gen. 376 (1983) (public officers to receive commissions); 58 Cal. Op. Att’y Gen. 670 (1975) (public official is employee of contract provider); 86 Cal. Op. Att’y Gen. 133 (2003) (council member’s law firm providing pro bono services to the city).

(F) **“Remote Interest” and “Non-interests” Exception.** “Remote” interests in a contract do not create a conflict if the officer or employee publicly discloses his or her financial interest, abstains from influencing or attempting to influence any member of the body in the making of the contract,

the interest is noted in the body's official records, and the legislative body authorizes the contract in good faith by a sufficient vote without counting the vote of the party with the remote interest. *See* Cal. Gov't Code § 1091. That section contains a long list of remote financial interests. The provisions of Cal. Gov't Code §§ 1091.1, 1091.2 and 1091.5 list circumstances which are considered "non-interests" and therefore not subject to the prohibition of Cal. Gov't Code § 1090.

(G) "Salary Exception". The receipt of salary, per diem, or reimbursement for expenses from a government entity is a non-interest "unless the contract directly involves the department of the government entity that employs the officer or employee." *See* Cal. Gov't Code § 1091.5(a)(9).

(H) **Existing Contracts.** The provisions of Cal. Gov't Code § 1090 are not violated if a public official has an interest in a contract which has been entered into before the official assumes office and the contract may continue in force until its expiration. However, the pre-existing contract cannot be amended, extended, or renegotiated, and it is unclear whether it may be assigned, if such assignment requires the consent of the legislative body. *See City of Imperial Beach v. Bailey*, 103 Cal. App. 3d 191, 162 Cal. Rptr. 663 (1980); *see also* 76 Cal. Op. Att'y Gen. 118 (1993).

(I) **Reliance on Advice.** Even good faith reliance on the advice of the city attorney that one's conduct is legal will not constitute a defense. *See People v. Chacon*, 40 Cal. 4th 558, 53 Cal. Rptr. 3d 876 (2007). Nor can an official convicted of violating Cal. Gov't Code § 1090 maintain a legal malpractice action against such government attorney. *Chapman v. Superior Court*, 130 Cal. App. 4th 261, 29 Cal. Rptr. 3d 852 (2005).

(J) **Penalties.** The maximum penalty for a willful violation is a felony conviction with a maximum fine of \$1,000 or imprisonment in the state prison and the official is "forever disqualified from holding any office in this state." *See* Cal. Gov't Code § 1097. Also, a contract made in violation of Cal. Gov't Code § 1090 is void and payment prohibited. *See* Cal. Gov't Code §§ 1092, 1095; *see also Thompson v. Call*, 38 Cal. 3d 633, 214 Cal. Rptr. 139 (1985); *cert. denied*, 474 U.S. 1057, 106 S. Ct. 796, 88 L. Ed. 2d 773 (1986).

Practice Tips: No city employee, including the city attorney, should participate on behalf of the city, in making that employee's own contract with the city. If the city requires legal advice on the city attorney's contract, the city attorney cannot provide it. As to contract city attorneys, *see* 2 Cal. Code Regs. § 18700(d)(3), the FPPC's McEwen Advice Letter No. I 92 481, the Eckis Advice Letter No. A 93 270, *Campagna v. City of Sanger*, 42 Cal. App. 4th 533, 49 Cal. Rptr. 2d 676 (1996) and *People v. Gnass*, 101 Cal. App. 4th 1271, 125 Cal. Rptr. 2d 225 (2002). These authorities consider the application of the Political Reform Act to a contract city attorney participating in the making of his or her contract with the city and participation in city decisions which could affect the amount of fees paid to that contract attorney.

(K) **Statute of Limitations.** The statute of limitations for a criminal prosecution for a violation of Cal. Gov't Code § 1090 is three years, and is tolled until the crime is discovered. *See* Cal. Penal Code §§ 801, 803(c). The courts interpret "discovery" to require reasonable diligence by persons or agencies with legal duty to report and investigate crimes. *See People v. Zamora*, 18 Cal. 3d 538, 572,

134 Cal. Rptr. 784 (1976); *see also* *People v. Honig*, 48 Cal. App. 4th 289, 55 Cal. Rptr. 2d 555 (1996); *People v. Kronmeyer*, 189 Cal. App. 3d 314, 340, 234 Cal. Rptr. 442 (1987). The statute of limitations to avoid a contract based upon a violation of Cal. Gov't Code § 1090 must be commenced within four years after the plaintiff has discovered, or in the exercise of reasonable care should have discovered, a violation. *See* Cal. Gov't Code § 1092(b).

Practice Tips: The four year statute of limitations set forth in Cal. Gov't Code § 1092(b) to avoid a contract for a violation of Cal. Gov't Code § 1090 may render obsolete the decision in *Brandenburg v. Eureka Redevelopment Agency*, 152 Cal. App. 4th 1350, 62 Cal. Rptr. 3d 339 (2007) (Cal. Gov't Code § 1090 challenge to the approval of a development and disposition agreement is subject to one year statute of limitations applicable to actions upon a "statute for a penalty or forfeiture.").

§ 2.3.10 COMMON LAW DOCTRINE AGAINST CONFLICTS OF INTEREST.

(A) **General Principles.** The common law doctrine against conflicts of interest is the judicial expression of the public policy against public officials using their official positions for private benefit. *See Terry v. Bender*, 143 Cal. App. 2d 198, 206, 300 P.2d 119 (1956). This doctrine has been primarily applied to require a public official to abstain from participation in cases where the public official's private financial interest may conflict with his or her official duties. *See* 64 Cal. Op. Att'y Gen. 795, 797 (1981). By virtue of holding public office, an elected official is impliedly bound to exercise the powers conferred on him or her with disinterested skill, zeal, and diligence and primarily for the benefit of the public. *See Noble v. City of Palo Alto*, 89 Cal. App. 47, 51, 264 P. 529 (1928). An elected official bears a fiduciary duty to exercise the powers of office for the benefit of the public and is not permitted to use those powers for the benefit of private interest. *See Nussbaum v. Weeks*, 214 Cal. App. 3d 1598, 1597-98, 263 Cal. Rptr. 360 (1989). Violation of the common law duty to avoid conflicts of interest can constitute official misconduct and result in a loss of office. *See id.*; Cal. Gov't Code §§ 3060 *et seq.*

(B) **Continuing Existence.** The Common Law Doctrine survived the enactment of the Political Reform Act in 1974. *See Clark v. City of Hermosa Beach*, 48 Cal. App. 4th 1152, 1171, 56 Cal. Rptr. 2d 223 (1996), *cert. denied*, 520 U.S. 1167, 117 S. Ct. 1430, 137 L. Ed. 2d 538 (1997). However, a more recent court decision indicates a reluctance to find a violation of the common law doctrine against conflicts of interest when statutory conflict of interest laws are not violated. *See Breakzone Billiards v. City of Torrance*, 81 Cal. App. 4th 1205, 1233, 97 Cal. Rptr. 2d 467 (2000).

§ 2.3.15 INCOMPATIBLE ACTIVITIES AND OFFICES.

(A) **Incompatible Activities.** A non-elected local agency officer or employee may not engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible or in conflict with his or her duties as a local agency officer or employee. *See* Cal. Gov't Code § 1126(a), (b); *Mazzola v. City and County of San Francisco*, 112 Cal. App. 3d 141, 169 Cal. Rptr. 127 (1980); 70 Cal. Op. Att'y Gen. 271 (1987). A local agency must adopt rules regarding