



Special Public Session of May 9, 2018

Santa Cruz Port Commission MINUTES

Commissioners Present:

Dennis Smith Chairman
Stephen Reed Vice-Chairman
Toby Goddard Commissioner
Reed Geisreiter Commissioner

Commissioners Absent:

Darren Gertler Commissioner

SPECIAL PUBLIC BUDGET SESSION – 3:00 PM

Chairman Smith brought the special public session to order at 3:00 PM at the Santa Cruz Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA 95062.

1. Pledge of Allegiance
2. Oral Communication

Chairman Smith stated that an ad hoc committee has been formed to guide the development of *Pappy Park*. Committee members are Chairman Smith and Vice-Chairman Reed. A discussion ensued regarding possible locations for the park and future phases of the project. Port Director Olin stated that the committee will provide an update on the development of *Pappy Park* at the regular public session of May 22, 2018.

3. Award of Contract for the Snorkel Fabrication Project (NTE \$150,000)

Discussion: FME Kerkes stated that the Port District's dredge, *Twin Lakes*, utilizes a suction head (snorkel), assisted by water jets to turn sediment into a slurry that can be pumped. He stated that the existing snorkel was fabricated in 1986, and has reached the end of its useful service life.

FME Kerkes stated that a Request for Proposals (RFP) was advertised commencing April 17, 2018, and one bid was received from Lighthouse Welding.

Port Director Olin stated that she is requesting authorization to execute a contact with Lighthouse Welding for fabrication of a new marine grade jet and suction snorkel in an amount not to exceed \$150,000.

FME Kerkes stated that the bid includes costs for replicating the current design and for fabrication of a new marine grade jet and snorkel. He stated that the bid also includes the following design improvements:

- Interior hardfacing of snorkel material
- Installation of new mounts on *Twin Lakes* (for snorkel attachment)
- Possible flotation system

FME Kerkes stated that all proposed modifications will improve efficiency of off-season maintenance tasks and reinforce areas of the snorkel that are subject to increased wear and tear.

FME Kerkes stated that staff is familiar with Lighthouse Welding's work and is satisfied that the contractor can fulfill the bid requirements by the deadline of September 30, 2018.

Chairman Smith asked where the fabrication work will be performed. FME Kerkes stated that Lighthouse Welding will utilize the harbor's dredge yard.

In response to a question posed by Commissioner Geisreiter, Port Director Olin confirmed that only one bid was received, noting that the project was advertised on an informal basis in accordance with procedures outlined in the California Public Contract Code.

In response to a question posed by Commissioner Goddard, FME Kerkes confirmed that Lighthouse Welding will replicate the design of the existing snorkel, noting that engineered drawings of the snorkel do not exist.

A discussion ensued regarding the process of hardfacing the interior material used to construct the new snorkel. FME Kerkes stated that Lighthouse Welding plans to hardface the interior of smaller sections of pipe, and then weld these sections together. He explained that hardfacing provides additional protection for the snorkel.

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-Chairman Reed, to authorize the Port Director to execute a contract with Lighthouse Welding for fabrication of a marine grade jet and suction snorkel in an amount not to exceed \$150,000.

Discussion: Commissioner Goddard asked if there is language in the contract addressing liquidated damages in the event the project is delayed. Port Director Olin stated that the contract does not provide for liquidated damages. FME Kerkes stated that he is confident the work will be completed by the deadline of September 30, 2018.

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-Chairman Reed, to authorize the Port Director to execute a contract with Lighthouse Welding for fabrication of a marine grade jet and suction snorkel in an amount not to exceed \$150,000.

– *Motion carried. Commissioner Gertler ABSENT.*

4. Award of Contract for Abrasive Blasting and Painting Services for *Dauntless* Workboat

Discussion: FME Kerkes stated that three bids were received for the underwater surface maintenance of *Dauntless*, which includes abrasive blasting (sandblasting), cleaning and painting services. Port Director Olin requested authorization to

execute a contract with Boat Sanding and Detail of Santa Cruz (BSD), the low bidder.

FME Kerkes stated that BSD is a registered boatyard contractor and has performed work on *Dauntless* in the past.

Port Director Olin stated that *Dauntless* will be hauled out and BSD will perform all work in the harbor's boatyard. She stated that she is supportive of completing work in the boatyard, as it significantly reduces transportation costs for the crew and improves project oversight.

FME Kerkes fielded questions from the Commission regarding the project's scope, schedule, disposal methods and the permitting process. He highlighted the following:

- BSD's bid includes costs for underwater surface maintenance of *Dauntless* (sandblasting, cleaning, and painting services);
- Other overhaul work (including A-frame fabrication), will be performed using a combination of in-house crew and contract welding, as needed;
- Staff anticipates that the proposed work will be completed in 6-7 weeks;
- Sandblasting will be performed utilizing an abrasive blasting system, which creates little to no waste and does not require a permit from the Monterey Bay Air Resources District.

Boatyard Supervisor Tim Petrick stated that *Dauntless* will be stored in one large space that is currently available, and does not anticipate that this will significantly impact boatyard revenue.

MOTION: Motion made by Vice-Chairman Reed, seconded by Commissioner Goddard, to authorize the Port Director to execute a contract with Boat Sanding and Detail of Santa Cruz in the amount of \$38,728.00, plus a 10% contingency in the amount of \$3,872 for a total contract not to exceed \$42,600.
– *Motion carried. Commissioner Gertler ABSENT.*

Chairman Smith adjourned the special public session at approximately 3:27 pm.

Dennis Smith, Chairman



Regular Public Session of May 22, 2018

**Santa Cruz Port Commission
MINUTES**

Commissioners Present:

Dennis Smith Chairman
Stephen Reed Vice-Chairman
Reed Geisreiter Commissioner
Darren Gertler Commissioner

Commissioners Absent:

Toby Goddard Commissioner

REGULAR PUBLIC SESSION – 7:00 PM

Chairman Smith brought the regular public session to order at 7:00 PM at the Santa Cruz Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA 95062.

1. Pledge of Allegiance
2. Oral Communication

Slip renter Ed Ekers expressed concern about the Port District's current fuel prices. Mr. Ekers stated that the State of California offers a gasoline tax refund program (if fuel is used for certain "off-highway" purposes), and suggested that information about this program be included in the harbor's newsletter. Chairman Smith recommended that Mr. Ekers forward information to staff.

CONSENT AGENDA

3. Approval of Minutes
 - a) Special Closed & Regular Public Session of April 24, 2018
4. Approval of O'Neill Sea Odyssey Sublease – 2222 East Cliff Drive, Suite 212 (Tenant: Public Consulting Group)
5. Approval of O'Neill Sea Odyssey Sublease – 2222 East Cliff Drive, Suite 234 (Tenant: Surfrider Foundation)
6. Approval of Month-to-Month Rental at Santa Cruz Harbor Boatyard (Tenant: Joe and Raina Stoops)
7. Approval of Nexus Wealth Advisors' Sublease Agreement – 365 B Lake Avenue (Tenant: S. Allen)

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Gertler to approve the consent agenda.

- Motion carried. Commissioner Goddard ABSENT.

REGULAR AGENDA

8. Award Contract for 2018-19 Sediment Sampling and Analysis Plan Services

Discussion: Port Director Olin stated that a Request for Proposals (RFP) for sediment sampling and analysis plan services (SAP), and the development of a dredging plan for 2018-19, was advertised commencing May 2, 2018. She stated that one bid was received from Red Hills Environmental (RHE).

Port Director Olin stated that RHE has performed sediment sampling services for the Port District for a number of years and is familiar with the harbor's dredging operations and permitting requirements.

Port Director Olin stated that the total proposed contract cost is \$45,320, including a 10% contingency. She stated that the total project cost may range from \$13,600 to \$41,200, depending on sediment testing requirements.

Chairman Smith asked how long sediment test results are valid. Port Director Olin stated that permits require that entrance channel sediment be tested bi-annually. She stated that inner-harbor sediment test results are valid for up to three years (if there is no substantial change in depth).

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Gertler to award contract to Red Hills Environmental in the amount of \$41,200, plus a 10% contingency (\$4,120), for a total contract amount of \$45,320.

Discussion: Vice-Chairman Reed stated that though he understands the testing requirements set forth by the regulatory agencies, he is not supportive of the annual costs associated with the sediment sampling and analysis plan services, commenting that the SAP is not a worthwhile expenditure as sediment test results have historically remained the same each year.

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Gertler to award contract to Red Hills Environmental in the amount of \$41,200, plus a 10% contingency (\$4,120), for a total contract amount of \$45,320.

- *Motion carried. Commissioner Smith, Geisreiter, and Gertler voting YES. Vice-Chairman Reed voting NO. Commissioner Goddard ABSENT.*

9. Introduce Ordinance Section 316 – Vessel Insurance

Discussion: Port Director Olin stated the Policy-Operations Committee met on August 16, 2017, March 13, 2018, and again on April 26, 2018, to discuss the development of a vessel insurance policy and receive stakeholder input. Policy-Operations Committee members are Chairman Smith and Commissioner Goddard.

Port Director Olin stated that the committee has formulated a recommendation on draft ordinance language, a draft policy, and policy administration tools for review and consideration by the full Commission.

Port Director Olin stated that the proposed draft ordinance language is intended to be general in nature, to allow flexibility of application. She noted that all changes can be addressed on a policy level, rather than requiring an ordinance modification.

Port Director Olin highlighted the proposed policy requirements:

- Require slip renters to provide general Liability (Protection and Indemnity) vessel insurance coverage, including wreck removal and pollution coverage, with a minimum policy limit of \$300,000;
- Require vessel insurance policies to name the Port District as additional insured;
- Require subletters to carry insurance;
- Require that all vessel partners be listed on the policy;
- Request visiting vessels provide proof of insurance but do not require for berthing privileges.

Port Director Olin stated that the proposed vessel insurance policy is not applicable to:

- Dry Storage
- Rack Storage
- Catamaran Storage
- Launched Vessels
- Human-Powered Watercraft

Port Director Olin read the proposed ordinance aloud and stated that it will be advertised accordingly on three separate occasions and presented to the Commission for approval at the regular public session in June.

Vice-Chairman Reed asked if it is feasible to charge an “uninsured vessel” fee to slip renters who are unable to provide proof of insurance, including visiting vessels. Port Director Olin stated that a surcharge may help offset costs associated with a potential claim/loss, but will not extend coverage under the District’s policy. She noted that staff will have more clarity on the number of uninsured vessels after the policy is implemented.

Commissioner Geisreiter asked if the proposed vessel insurance policy is applicable to Santa Cruz Yacht Club Dry Storage. Port Director Olin stated that Santa Cruz Yacht Club Dry Storage requires dry storage slip renters to maintain insurance in their dry storage agreement, but does not require renters to provide proof of insurance. She confirmed that Santa Cruz Yacht Club Dry Storage slip renters are excluded from the requirement per the

policy proposal, noting that other dry storage slip renters (i.e. North Harbor Dry Storage and Twin Fountains), are also excluded. Administrative Services Manager Mac Laurie added that Santa Cruz Yacht Club is required to maintain \$1 million in liability insurance, naming the Port District as additional insured, per its lease agreement.

Port Director Olin stated that the proposed ordinance will be effective August 1, 2018, and slip renters will be required to provide proof of insurance by January 1, 2019. Port Director Olin stated that an interim compliance report will be presented to the Commission in Fall 2019, which will allow staff the opportunity to evaluate best practices and determine if any administrative changes are necessary. She noted that enforcement action will be delayed until after the interim Commission review is performed.

Port Director Olin stated that the purpose of tonight's meeting is to introduce the proposed ordinance and policy and receive Commission authorization to begin legal advertisement of the proposed ordinance per the Harbors and Navigation Code section 6309.2. She stated that a public hearing will be held at the regular public session of June 26, 2018, to consider adoption of Ordinance 316 – Vessel Insurance.

Chairman Smith stated that he is supportive of legal advertisement of the ordinance as written. Chairman Smith also expressed support for the proposed ordinance and policy on behalf of Commissioner Goddard, who could not be in attendance at tonight's meeting.

Commissioner Reed thanked the Policy-Operations Committee and staff for their time and hard work throughout the development of a vessel insurance policy. Commissioner Reed stated that he is supportive of advertising Ordinance 316 – Vessel Insurance Policy. Commissioner Geisreiter agreed.

MOTION: Motion made by Vice-Chairman Reed, seconded by Commissioner Geisreiter to authorize legal advertisement of Ordinance 316 – Vessel Insurance.
- *Motion carried. Commissioner Goddard ABSENT.*

10. Approval of Easements for PG&E's Gas Pipeline Replacement Project

Discussion: Port Director Olin stated that staff and Port District counsel, Bill McClure, have been working with PG&E to develop easement agreements necessary to facilitate a PG&E pipeline replacement in the north harbor.

Port Director Olin recommended approval of the following PG&E easements:

1. Permanent Easement LD 2311-01-2854
2. Confirmation Easement LD 2311-01-2856
3. Confirm Quitclaim Easement LD 2311-01-2855

Port Director Olin stated that PG&E has accepted the Port District's counter offer and will pay \$94,271.00 for a new permanent easement (LD 2311-01-2854) for a new landside pipeline in the northwest harbor.

Port Director Olin requested that the Commission authorize her to sign the easement documents, if approved.

Port Director Olin stated that a temporary construction easement for installation of the new pipeline on the harbor's west side is also needed. The temporary construction easement is expected to be presented to the Commission for approval at the regular public session in June.

In response to a question posed by Chairman Smith, Port Director Olin stated that PG&E anticipates the work will be completed in approximately two months. She noted that PG&E will be required to pay the District accordingly if work extends beyond the contract deadline.

Commissioner Geisreiter stated that he is supportive of approval of the PG&E easements and suggested that the motion include authorization for the Port Director to sign the documents.

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-Chairman Reed to approve and authorize the Port Director to sign the following PG&E easements:

1. Proposed Easement LD 2311-01-2854
 2. Confirmation Easement LD 2311-01-2856
 3. Quitclaim Easement LD 2311-01-2855
- *Motion carried. Commissioner Goddard ABSENT.*

11. Approval of Cash / Payroll Disbursements – April 2018

MOTION: Motion made by Commissioner Gertler, seconded by Vice-Chairman Reed to approve the Cash / Payroll Disbursements for April 2018, in the amount of \$958,187.48.

- *Motion carried. Commissioner Goddard ABSENT.*

INFORMATION

12. Update on the Development of *Pappy* Park

Chairman Smith stated that an ad hoc committee has been formed for the sole purpose of finding a suitable location and identifying design concepts for *Pappy*. Committee members are Chairman Smith and Vice-Chairman Reed.

Chairman Smith stated that the committee considered various sites in the southeast harbor and developed the following site options for consideration:

- Sloped landscaped area between the concession and the launch ramp parking lots;
- Same as Area 1, but shifted east;
- East Side Information Kiosk in the concession parking lot.

A discussion ensued regarding the proposed site options for *Pappy Park*. Vice-Chairman Reed stated that it is his hope that the park be highly visible, accessible and secure. He added that he would like *Pappy* to remain operational for special events at the harbor.

In response to a question posed by slip renter Ed Ekers, Port Director Olin explained that the purpose of this agenda item is to receive preliminary input from the Commission and members of the public. The ad hoc committee will continue its work to develop a recommendation. She explained that any action to implement recommendations will be considered by the Commission in public session, to ensure stakeholder involvement.

Commissioner Geisreiter stated that he is excited about this unique opportunity and supportive of the development of *Pappy Park*, but expressed his opinion that additional site options should be explored.

Chairman Smith stated that the committee will continue to review possible site options for *Pappy Park*. He stated that the committee welcomes any input from Commissioners, staff and the public throughout this process.

13. Port Director's Report

Aldo's Seawall Project

Port Director Olin reported that an Incidental Harassment Authorization (IHA) for the Aldo's Seawall Project will be requested. She stated that project construction cannot begin until the IHA and other permits are attained (permitting process generally takes four to six months).

In response to a question posed by Vice-Chairman Reed, Port Director Olin stated that representatives from Mesiti-Miller Engineering and EcoSystems West will provide a project update (including information about the permitting process), at the regular public session of June 26, 2018. She stated that for all practical purposes this will push back construction of the seawall to 2019.

345 Lake Avenue, Suites F and G

Port Director Olin stated that Clean Oceans International (current tenant at 333 Lake Avenue, Suites D and G), has expressed interest in changing office suites and moving to the recently vacated space at 345 Lake Avenue, Suites F and G. She anticipates that approval of this month-to-month lease agreement will be presented to the full Commission at the regular public session in June.

Twin Lakes Beachfront Project Update

Port Director Olin stated that the County anticipates that two-way traffic on East Cliff Drive will be restored (with temporary traffic markers), on Friday, June 22, 2018.

U.S. Army Corps of Engineers Work Plan

Port Director Olin stated that the U.S. Army Corps of Engineers' FY 18 Work Plan and the status of the Port District's reimbursement for dredging will be published in the next few days.

Hydraulic Boom Truck

Port Director Olin stated that the District's hydraulic boom truck's lift has failed. She stated that staff plans to purchase a replacement boom truck using \$25,000 of funding available in the FY19 budget intended for replacement of a grounds vehicle.

Dock Gate Installation

Port Director Olin stated that maintenance crews will be installing new aluminum dock gates on the southeast side of the harbor (L-Dock through S-Dock), beginning Tuesday, May 29, 2018. She stated that maintenance crews anticipate that this phased installation of dock gates will be completed by the end of June.

14. Harbormaster's Report

In response to a question posed by Chairman Smith, Harbormaster Marshall confirmed that the Port District was awarded nearly \$3,500 in judgments from two small claims court cases.

15. Facilities Maintenance & Engineering Manager's (FME) Report *(There was no discussion on this agenda item)*

16. Delinquent Account Reporting *(There was no discussion on this agenda item)*

17. Review of Financial Reports

a) Comparative Seasonal Revenue Graphs

Port Director Olin noted that parking revenue is lower in April 2018. Staff will continue to monitor the trend.

18. Sea Scouts' Bi-Annual Report

Port Director Olin introduced the new Sea Scout program directors, Kevin Melrose and Ken Kohler. Mr. Melrose and Mr. Kohler provided an update on the Sea Scout program.

The Commission thanked Mr. Melrose and Mr. Kohler for their contribution.

19. Crime / Incident / Citation Report – April 2018 *(There was no discussion on this agenda item)*

20. Written Correspondence *(There was no discussion on this agenda item)*

- a) Letter from Congressman Panetta to Honorable M. Mulvaney
- b) Letter from B. O'Neill and D. Haifley to Port Commission

21. Port Commission Review Calendar / Follow-Up Items (*There was no discussion on this agenda item*)

Chairman Smith adjourned the regular public session at 8:06 pm.

Dennis Smith, Chairman

Santa Cruz Port District
135 5th Avenue
Santa Cruz, CA 95062
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PORT COMMISSIONERS:
Toby Goddard
Dennis Smith
Reed Geisreiter
Stephen Reed
Darren Gertler

TO: Port Commission
FROM: Holland Mac Laurie, Administrative Services Manager
DATE: June 7, 2018
SUBJECT: Approval of Month-to-Month Lease for 345 Lake Avenue, Suite F & G (Tenant: Clean Oceans International)

Recommendation: *Approve the month-to-month lease.*

BACKGROUND

Clean Oceans Project has held a month-to-month tenancy at 333 Lake Avenue since January 1, 2010. The tenant wishes to change office suites and move to recently vacated space at 345 Lake Avenue (Suites F and G).

ANALYSIS

Terms of lease: Month-to-Month
Tenant: Clean Oceans International (Jim Holm)
Space: 345 Lake Avenue, Suite F and G (900 SF)
Rent: \$1,485/mo.(\$1.65/SF, 30% public service discount) - Adjusted annually by CPI
Use: Office space

IMPACT ON PORT DISTRICT RESOURCES

Approval of this lease will generate an additional \$1,656 per year in concession income.

ATTACHMENTS: A. Rental Agreement – 345 Lake Avenue, Suite F & G

**SANTA CRUZ PORT DISTRICT
RENTAL AGREEMENT**

THIS AGREEMENT is made and entered into as of the Agreement date in Section 1, by and between the SANTA CRUZ PORT DISTRICT COMMISSION, a political subdivision, 135 5th Avenue, Santa Cruz, California, 95062, hereafter referred to as "Landlord," and Tenant indicated in Section 1, hereafter referred to as "Tenant."

RECITALS:

A. Landlord is the owner of that certain real property described in Section 1 and located in the City and County of Santa Cruz, State of California, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

B. Landlord desires to rent to Tenant and Tenant wishes to rent from Landlord the land and improvements as indicated in Exhibit A and described in Section 1 (the "Premises").

NOW, THEREFORE, in furtherance of the foregoing, and in consideration of the mutual covenants contained herein, Landlord and Tenant hereby agree as follows:

1. Rental of Premises. Landlord hereby rents the Premises to Tenant, and Tenant rents the Premises from Landlord, for the term, at the rental, and upon the other terms and conditions summarized in this Section and more fully described in subsequent sections:

Agreement Date: July 1, 2018 Term: Month-to-Month

Tenant: Clean Oceans International

Property: 345 Lake Avenue

Premises: Suites F & G (900 SF)

	<u>Fixed Minimum</u>	<u>Time Period</u>	<u>Percentage Rent</u>	<u>Based On</u>
Rent: \$	<u>Ste. F: \$825</u>	<u>Monthly</u>	<u> </u>	<u> </u>
	<u>Ste. G: \$660</u>	<u>Monthly</u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Rent Payable Monthly on 1st starting July 1, 2018

Rent Adjusted Annually on April 1 based on CPI

Deposit \$ 1,485 paid

Use: Office Space

Tenant Insurance Requirements: Casualty \$1 Million Liability \$1 Million

Notice of Rent Adjustment: 30 Days Notice of Termination: 30 Days

Notice Addresses: Landlord: Santa Cruz Port District Tenant: Clean Oceans International

Attn: Port Director Jim Holm

135 5th Avenue 133 Los Altos

Santa Cruz, CA 95062 Santa Cruz, CA 95060

2. Term. The term of this agreement shall be month-to-month, commencing as of the date indicated in Section 1.

3. Notice of Termination. Landlord or Tenant may terminate this agreement with advance written notice to the other party. Such written notice must be given on the first day of the calendar month and shall be in advance of its effective date by the number of days indicated in Section 1.

4. Rent.

(a) Fixed Minimum Rent. As described in Section 1, Tenant shall pay to Landlord a fixed amount of rent ("Fixed Minimum Rent") which shall be subject to periodic adjustment as described in subparagraph 4(b).

(b) Adjustment of Fixed Minimum Rent. Landlord shall notify Tenant if rent is to be adjusted as indicated in Section 1. Any adjustment shall be effective as indicated in Section 1.

(c) Payment of Fixed Minimum Rent. Fixed Minimum Rent shall be payable as indicated in Section 1, in advance, without notice, offset, or abatement. All rent and other sums payable by Tenant hereunder shall be paid to Landlord in currency of the United States of America (or by personal check unless Landlord otherwise notifies Tenant) at Landlord's address set forth in Paragraph 23 hereof, or at such other place as Landlord may from time to time designate in writing.

(d) Deposit. Tenant shall also pay the amount indicated in Section 1, to be held as security deposit.

5. Use.

(a) Permitted Uses. Tenant shall use the Premises solely for the use indicated in Section 1 and for no other uses whatsoever. Tenant acknowledges that Landlord has made no warranties or representations to Tenant regarding the suitability of the Premises for Tenant's intended use, and Tenant waives all claims against Landlord regarding the suitability of the Premises for Tenant's intended uses. Landlord reserves the right to fix and determine rates charged (per Section 72 H&N).

(b) Roof. Tenant shall have no right to use any portion of the roof of the Building for any purpose.

(c) Continuous Use. Tenant shall continuously and uninterruptedly during the Agreement term, occupy and use the Premises for the purposes permitted under this Agreement.

(d) Hazardous Materials. No goods, merchandise, or materials shall be kept, stored, or sold in such a manner as to create any unusual hazard on the Premises; and no offensive or dangerous trade, business, or occupation shall be conducted thereon, and nothing shall be done on the Premises which will cause an increase in the rate of or cause a suspension or cancellation of the insurance upon the Premises or upon adjacent properties or improvements thereon.

No machinery or apparatus shall be used or operated on the Premises which will in any way injure the Premises, or adjacent properties or improvements thereon.

Tenant shall indemnify Landlord from any damages suffered by Landlord, including, without limitation, cleanup costs, as a result of the generation, use, storage, transport or release of hazardous materials by Tenant in, on or about the Premises or the Property. For the purpose of this Agreement, the term "hazardous materials" shall mean (A) those substances listed in Title 22 section 66680 of the California Administrative Code, (B) substances within the criteria set forth in Title 22 sections 66693 through 66723 of the California Administrative Code, (C) substances which, at any time during the term hereof, are added to the list described in paragraph (A) above or which are within any future criteria described in subparagraph (B) above, (D) petroleum and all byproducts and distillates thereof, and (E) asbestos. Prior to bringing or allowing any hazardous materials to be brought onto the Premise or Property, Tenant shall notify Landlord as to the identity of said materials and the safeguards to be used in connection therewith. Landlord shall be entitled, in its sole discretion, to refuse to allow hazardous materials to be brought onto the Premises or Property. Landlord's consent to the introduction of any hazardous material onto the Property (i) shall not release Tenant from its duty to indemnify Landlord for any damages resulting from such materials, (ii) shall not be deemed to waive Landlord's right to disapprove of any subsequent introductions of hazardous materials onto the Property whether of the same or of a different nature than the material to which Landlord consented, and (iii) may be revoked at any time, in Landlord's sole discretion, whereupon Tenant shall remove such materials from the Property within five (5) days of receipt of Landlord's demand for removal. In all events, if any hazardous materials become located upon the Property for any reason other than as consented to by Landlord in accordance with the foregoing procedure, Tenant shall immediately notify Landlord as to the same.

(e) Effect on Navigable Waters. Under federal law, no construction, installation, dredging, filling, or other activity which would have an effect on navigation may be conducted in or adjoining navigable waters without a permit therefore first being issued by the Secretary of the Army. The Port Director determines whether any proposed facility of Tenant may be construed to have an effect on navigation. In the event the Port Director so determines, Tenant shall prepare at its expense a permit application for submittal by Landlord in Landlord's name to the Corps of Engineers, United States Army. The permit application shall be prepared in strict conformity with regulations published by the United States Army.

(f) Non-permitted Uses. Tenant shall not permit the Premises to be used for any purpose not described in Paragraph 5(a) or for any unlawful purpose; and Tenant shall not perform, permit, or suffer any act of omission or commission upon or about the Premises which would result in a nuisance or a violation of the laws and ordinances of the United States, State of California, or City of Santa Cruz, as the same may be now or hereafter in force and effect. Without limiting the generality of the foregoing, Tenant specifically agrees not to cause or permit generation of unreasonable levels of noise from other sources which might disturb liveaboard slip licensees or residential neighbors of the Port District from 9:00 pm until 6:00 am each day during the lease term. Tenant further specifically agrees to prevent emission from the Premises into the air of any smoke or other noxious substances, or any odors reasonably deemed offensive to personnel of Landlord, liveaboard slip licensees or residential neighbors of the Port District.

(g) Compliance with Laws. Tenant shall abide by all applicable rules, codes, regulations, resolutions, ordinances and statutes of Landlord, the City of Santa Cruz, County of Santa Cruz, California Coastal Commission, State of California, or other governmental body where applicable, respecting the use, operation, maintenance, repair or improvement of the Premises and equipment therein, and shall pay for any and all licenses or permits required in connection with the use, operation, maintenance, repair, or improvement of the Premises.

6. Ownership of Improvements. All structures, buildings, improvements, additions, and fixtures now existing or hereafter constructed, erected, or installed in or upon the Premises, and all alterations and additions thereto, shall be deemed a part of the Premises and title thereto shall be deemed vested in and remain in Landlord during the agreement term, and upon expiration or sooner termination of the agreement term shall remain upon and be surrendered with the Premises as part thereof.

7. Construction of Improvements.

(a) No Landlord Improvements. Landlord shall not be obligated to install or construct any improvements, additions, or alterations (collectively called "improvements") on the Premises during the agreement term.

(b) Tenant Improvements. Tenant may, at Tenant's expense, construct certain new additions and improvements to the Premises required in connection with the conduct of Tenant's business; provided, (a) that Tenant shall obtain, at Tenant's expense, all necessary plans and specifications for the construction of said additions and improvements, (2) that Tenant's plans and specifications shall be subject to review and prior written approval by Landlord, and (3) that Tenant shall be responsible for obtaining, at Tenant's expense, all necessary governmental permits and approvals for construction of any new additions or improvements to the Premises.

(c) Liens. Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. Tenant shall indemnify and hold Landlord harmless against liability, loss, damage, cost, and all other expenses (including but without limitation, attorneys' fees) arising out of claims of lien for work performed or materials or supplies furnished at the request of Tenant or persons claiming under Tenant.

8. Taxes and Assessments.

(a) Payable by Tenant. Tenant shall pay directly to the taxing authority during each year or partial year during the term hereof, all real and personal property taxes, general and special assessments, use and possessory taxes, environmental protection charges, and other charges of every kind or description whatsoever, foreseen or unforeseen, levied on or assessed against the Premises, improvements or personal property therein, the leasehold estate or any personal property therein, the leasehold estate or any subleasehold estate permitted by Landlord. Tenant shall pay each installment of such taxes and assessments prior to the date such installment becomes delinquent. The taxes and assessments to be paid by Tenant hereunder shall be prorated at the end of the agreement term, in order that Tenant will pay only the proportionate part of said taxes and assessments attributable to the period of the agreement term, based on the ratio of the unit's square feet to the building's total square feet.

(b) Substitute Taxes. If at any time during the agreement, under the laws of the United States of America, the State of California, or any political subdivision thereof in which the Premises are located, a tax on rent or other charge by whatever name called, is levied, assessed, or imposed against Landlord, or against the rent payable hereunder to Landlord, as a substitute in whole or in part for any of the taxes described in Paragraph 8(a), Tenant, to the extent such substitute tax or other charge relieves Tenant from the payment of taxes provided for herein, shall pay such tax or other charge in the manner provided in this Paragraph 8.

9. Insurance.

(a) Casualty Insurance. If indicated in Section 1, Landlord shall, at Tenant's expense, procure and maintain in full force and effect at all times during the term of this agreement, fire and extended coverage insurance satisfactory to Landlord covering the Premises and all improvements therein in an amount not less than ninety percent (90%) of the actual replacement cost thereof. The insurance provided for in this Paragraph 9(a) shall, in Landlord's sole discretion, provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk), including earthquake, and loss of rents covering Fixed Minimum Rent for a period of up to twelve (12) months, and shall contain an inflation endorsement. Insurance proceeds thereunder shall be payable to Landlord. Landlord shall have no obligation to insure against loss by Tenant to Tenant's leasehold improvements, fixtures, furniture, or other personal property in or about the Premises occurring from any cause whatsoever and Tenant shall have no interest in the proceeds of any insurance carried by Landlord. Landlord shall be entitled to carry any such insurance in the form of a blanket policy covering property in addition to the Premises. Tenant shall reimburse Landlord upon demand for its share of the cost to Landlord of any insurance policy or policies which Landlord may carry on the Premises in accordance with this paragraph. Such costs shall include both premiums and deductibles. Tenant's share of the cost of such insurance shall be a prorated share based upon the portion of the building square footage contained within the Premises, or if in Landlord's reasonable judgment the foregoing square footage based apportionment does not fairly apportion the insurance costs related to the building, Landlord may adjust such insurance costs as appropriate to reflect any disparity in risk level or other factors which may affect the relative cost of insurance between and among all tenants of the building; as to any blanket policy of insurance covering properties other than the building, the portion of insurance costs allocable to the building shall be as equitably determined by Landlord. The premiums for such insurance of Landlord shall be prorated as of the expiration of the agreement term so that Tenant pays only for insurance coverage attributable to the agreement term.

(b) Liability Insurance. Tenant, at Tenant's sole expense, shall provide and keep in force at all times during the term of this agreement for the benefit of Landlord and Tenant general liability insurance policies with an insurance company reasonably satisfactory to Landlord, protecting Landlord and Tenant against any and all liability occasioned by any occurrence in, on, about, or related to the Premises in an amount not less than the amount indicated in Section 1, single combined limit for personal injury and property damage. Tenant shall cause Landlord to be named as an additional insured under such policy.

(c) Workers' Compensation Insurance. Tenant shall procure, at its own expense, and shall keep in force during the agreement term, adequate insurance against liability arising on account of injuries or death to workers or employees on the Premises. Such workers' compensation insurance shall be in amounts at least equal to the maximum liability of Tenant, its agents, and contractors under the Workers' Compensation Insurance and Safety Act of the State of California or other applicable laws.

(d) Other Insurance. Tenant shall procure, at its sole cost and expense, and shall keep in force, such other insurance in amounts from time to time reasonably required by Landlord against other insurable risks if at the time they are commonly insured against for business operations similar to that of Tenant.

(e) Written Notice of Cancellation or Reduction. Each policy of insurance which Tenant is required to procure and maintain in effect shall contain the following clause:

"It is agreed that this policy shall not be cancelled nor the coverage reduced until thirty (30) days after the Port Director of Santa Cruz Port District shall have received written notice of such cancellation or reduction. The notice shall be sent by certified or registered mail and shall be deemed effective the date delivered to said Port Director, as evidenced by properly validated return receipt."

(f) Waiver of Subrogation. Tenant and Landlord each hereby waives any and all rights of recovery against the other, and against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage to the extent of the insurance proceeds actually paid in connection therewith. Tenant and Landlord shall, upon obtaining any of the policies of insurance required or desired hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of rights of recovery is contained in this agreement, and shall each use their best efforts to cause the insurer for each such policy to waive in writing any rights of subrogation it may have against the other party.

(g) Submittal of Policies. Tenant agrees to deposit with Landlord, at or before the times at which the insurance policies necessary to satisfy the insurance provisions of this agreement are required to be in effect, a copy of each such policy or policies required hereunder and to keep such insurance in effect and the policy or policies therefore on deposit with Landlord during the entire term of this agreement.

(h) Review of Coverage. Landlord shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of Landlord, the insurance provisions in this agreement do not provide adequate protection for Landlord and for members of the public using the Premises, Landlord may require Tenant to obtain (or may obtain at Tenant's expense) insurance sufficient in coverage, form and amount to provide adequate protection. Landlord's requirements shall be reasonable but shall be designed to assure protection from and against the kind and extent of the risks which exist at the time a change in insurance is required.

Landlord shall give Tenant written notice of changes in the insurance requirement and Tenant shall deposit copies of acceptable insurance policies with Landlord incorporating such changes within sixty (60) days following receipt of such notice.

The procuring of such required policy or policies of insurance shall not be construed to limit Tenant's liability hereunder nor to fulfill the indemnification provisions and requirements of this agreement. Notwithstanding said policy or policies or insurance, Tenant shall be obligated for the full and total amount of any damage, injury, or loss caused by Tenant's negligence or neglect connected with this agreement or with use or occupancy of the Premises.

(i) Landlord's Remedies. In case of failure on the part of Tenant to procure or to maintain in effect any insurance which Tenant is required to carry as provided in this Paragraph 9, Landlord may at its discretion, and in addition to any other remedies it may have upon failure of Tenant to procure or to maintain in effect any insurance which Tenant is required to carry as provided in this Paragraph 9, procure or renew such insurance and pay any and all premiums therefore and all monies so paid by Landlord shall be repaid by Tenant to Landlord upon demand.

10. Indemnification.

(a) Tenant's Hold Harmless. Tenant hereby indemnifies Landlord against and holds Landlord harmless from any and all claims, damage, cost, liability, or expense, including but not limited to attorneys' fees and costs of suit, resulting from or arising out of Tenant's use of the Premises, Tenant's default in the performance of any obligation of Tenant under this agreement, any act or failure to act of Tenant or any employees, agents, contractors, customers, or other invitees of Tenant occurring in or about the Premises, or construction of any improvements by Tenant in the Premises. Such indemnification specifically includes without limitation any damage to property or injury or death to any person arising from the use of the Premises by Tenant or from the failure of Tenant to keep the Premises in good condition, order and repair. Tenant expressly agrees to exercise due care in the handling of fuel or any other flammable materials in, on, or around the Premises. Tenant shall maintain on the Premises adequate firefighting equipment, which shall remain under the use, control, maintenance, and repair of Tenant.

(b) Tenant's Waiver of Claims. Tenant hereby waives all claims against Landlord for damage to any property, goods, wares, or merchandise of Tenant stored in, upon, or about the Premises, and for injury to persons in, upon, or about the Premises from any cause whatsoever arising at any time, except as may be caused by the active negligence or willful misconduct of Landlord. Landlord shall not be liable to Tenant for any damage caused by any act or negligence of any person, other than Landlord's personnel, in, upon, or about the Premises, whether a customer of Tenant or otherwise. Tenant expressly waives any claims against Landlord for damage to Tenant's business on the Premises or loss of goodwill or any other damage to Tenant arising from complete or partial closure of the Santa Cruz Harbor at any time and from time to time, whether such closure shall result from inclement weather, excess deposits of sand in the harbor, or any other reason whatsoever. Landlord shall have no obligation or responsibility to dredge the entrance channel of the Santa Cruz Harbor.

11. Maintenance and Repairs.

(a) Tenant's Obligations. Subject to Paragraph 15 below relating to damage and destruction, and subject to Landlord's maintenance responsibilities set forth in Paragraph 11(c) below, through the term of this agreement Tenant shall, at Tenant's sole cost and expense, maintain the Premises and every part thereof, and all fixtures, machinery and equipment located in or on the Premises and utilized in the conduct of Tenant's business in first class condition, order and repair, and in accordance with all applicable laws, rules, ordinances, orders and regulations of (1) municipal, county, state, federal, and other governmental agencies and bodies having or claiming jurisdiction of the Premises and all their respective departments, bureaus, and officials; and (2) all insurance companies insuring all or any part of the Premises or improves or both. For purposes of this paragraph, the obligation to repair includes the obligation to replace as and when reasonably necessary. Tenant hereby waives such rights as it may have under California Civil Code Sections 1941 and 1942 and any similar or successor laws that permit a tenant to perform repairs and offset the cost thereof against rent.

(b) Outside Areas. Tenant acknowledges that the cleanliness and neat and attractive appearance of the interior and exterior of the Building and all other areas of the Premises are a material concern of Landlord. Accordingly, Tenant shall continuously exercise diligence throughout the agreement term in keeping the Premises and the Outside Area in a neat, clean, sanitary, and attractive condition. Tenant shall arrange for regular and prompt disposal of garbage generated by Tenant's operations on the Premises, and shall not permit garbage or refuse to accumulate in or around the Premises. Tenant shall not cause or permit offensive odors to emanate from the Premises.

(c) Landlord's Obligations. Notwithstanding anything to the contrary contained in this Paragraph 11, and subject to the provisions of Paragraph 15 below relating to damage and destruction, Landlord shall maintain in good condition, order and repair the parking area upon the Property, the heating, ventilation and air conditioning equipment, if any, servicing the Premises, and the structural portions of the Building, including the roof, walls and foundation of the Building, except to the extent any such maintenance is necessitated by damages due to the negligence or greater culpability of Tenant, its agents, employees or invitees. Landlord shall have no obligation to maintain or repair under this Paragraph 11(c) until a reasonable period of time after receipt by Landlord of notice from Tenant of the need therefore, specifying the nature of the maintenance or repair needed.

12. Utilities. Tenant shall pay promptly as the same become due and payable its pro rata share of all bills and costs for water, gas, electricity, refuse pickup, sewer service charges, and any other utilities or services supplied to the Premises as indicated in Section 1. Tenant shall pay its pro rata share of utilities within five (5) days of receiving notice from Landlord as to the amount thereof. The parties hereby agree that Tenant's pro rata share of said utility costs shall be reasonably calculated by Landlord and conveyed to Tenant. In no event shall Landlord be liable to Tenant for any interruption or failure of any utility services to the Premises.

13. Assignment and Subletting.

(a) Landlord's Consent Required. Tenant shall not assign, sublease, mortgage, pledge, hypothecate, encumber, license, or transfer the Premises or any part thereof, or this agreement or any rights or obligations hereunder, or grant any permit to any person(s) to use the Premises for any purpose not expressly stated within this Lease without Landlord's written consent.

(b) Permitted Assignments, Subleases and Licenses. Tenant shall be entitled to sublease or assign its interest in this Lease provided it first obtains Landlord's written consent in accordance with Section 13(a), which shall not unreasonably be withheld. In this connection, Tenant must demonstrate to Landlord's reasonable satisfaction that the proposed transferee, subtenant or licensee is financially creditworthy, has sufficient business experience, and will operate a business of suitable type and quality that Landlord determines is consistent with the permitted uses under this Lease and with the mix of businesses in the harbor and in a matter that supports the good reputation and image of Port District businesses as determined by Landlord. No assignment, sublease or license respecting all or any portion of the Premises shall operate to release Tenant or any guarantor of its obligations hereunder, from liability for full performance of Tenant's obligations hereunder subsequent to the date of any assignment or sublease.

(1) Sublease Assignments and Subleases. No sublessee, licensee or assignee may sublease or assign any interest in the Lease without first obtaining Landlord's written consent thereto.

(2) Sublease Rents or License Payments. Except for a permitted assignment, sublease or license, if Tenant shall enter into an assignment, sublease or license "Transfer" hereunder,

(i) the Fixed Minimum Rent "Base Rent" specified in Section 5 (a) shall be increased, effective as of the date of such Transfer, to an amount equal to the total of the Base Rent required to be paid by Tenant pursuant to this Lease during the twelve 12 month period immediately preceding such Transfer, and

(ii) Tenant shall pay to Landlord fifty percent (50%) of any "Sublease Rents and License Payments" (as hereinafter defined). In the event of a Transfer, "Sublease Rents and License

Payments" shall mean all rent, additional rent or other consideration payable by such subtenant to Tenant or on behalf of Tenant in connection with the subletting in excess of the rent, additional rent and other sums payable by Tenant under this Lease during the term of the sublease on a per square foot basis if less than all of the Premises is subleased, less the reasonable costs actually incurred by Tenant to secure the sublease. In the event of any Transfer other than a subletting, "Sublease Rents and License Payments" shall mean any consideration paid by the assignee to Tenant in connection with such Transfer which Landlord reasonably determines is allocable to the leasehold value of this Lease, less the reasonable costs actually incurred by Tenant to secure the Transfer. Sublease Rents and License Payments shall be due and payable monthly in advance in accordance with Section 5 (d) of this Lease and shall be subject to delinquent fees in accordance with Section 5 (e). If part of the "Sublease Rents and License Payments" shall be payable by the transferee or subtenant other than in cash, then Landlord's share of such non-cash consideration shall be in such form as is reasonably satisfactory to Landlord

(c) Incorporation of Terms. Should Landlord consent to any Transfer such consent shall not constitute a waiver of any of the terms, covenants, or conditions of this agreement. Such terms, covenants, or conditions shall apply to each and every transfer hereunder and shall be severally binding upon each and every encumbrancer, assignee, transferee, subtenant, or other successor in interest of tenant. Any document to mortgage, pledge, hypothecate, encumber, transfer, sublet, or assign the Premises or any part thereof shall incorporate directly or by reference all the provisions of this agreement.

14. Damage or Destruction.

(a) Partial Damage-Insured. Subject to the provisions of Paragraphs 15(c) and 15(d), if the Premises or any improvements therein are damaged, such damage involves damage to the building to the extent of less than eighty percent (80%) of the then replacement value thereof (excluding excavations and foundations of the building), such damage was caused by an act or casualty covered under an insurance policy provided for in Paragraph 9, and the proceeds of such insurance received by Landlord are sufficient to repair the damage, Landlord shall at Landlord's expense repair such damage as soon as reasonably possible and this agreement shall continue in full force and effect.

(b) Partial Damage-Uninsured. Subject to the provisions of Paragraphs 15(c) and 15(d), if at any time during the term hereof the Premises or any improvements are damaged, such damage involves damage to the Building to the extent of less than eighty percent (80%) of the then replacement value thereof (excluding excavations and foundations of the building), and the insurance proceeds received by Landlord are not sufficient to repair such damage, or such damage was caused by an act or casualty not covered under an insurance policy, Landlord may at Landlord's option either (a) repair such damage as soon as reasonably possible at Landlord's expense, in which event this continue in full force and effect, or (b) give written notice to Tenant within thirty (30) days after the date of the occurrence of such damage of Landlord's intention to cancel and terminate this agreement as of the date of the occurrence of such damage.

(c) Total Destruction. If at any time during the term hereof either the Premises or the improvements contained therein are damaged from any cause, whether or not covered by the insurance provided for in Paragraph 9, and such damage involves damage to the Building to the extent of eighty percent (80%) or more of the replacement value thereof (excluding excavations and foundations of the Building), including any total destruction required by any authorized public authority, this Lease shall at the option of Landlord terminate as of the date of such total destruction. Landlord shall exercise its right to terminate this agreement by delivery of notice to Tenant within thirty (30) days

after the date that Tenant notifies Landlord of the occurrence of such damage. In the event Landlord does not elect to terminate this agreement, Landlord shall at Landlord's expense repair such damage as soon as reasonably possible, and this Lease shall continue in full force and effect.

(d) Damage Near End of Term. If the Premises or the improvements therein are destroyed or damaged in whole or part during the last six (6) months of the term of this agreement, Landlord may at Landlord's option cancel and terminate this agreement as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage.

(e) Abatement of Rent. Notwithstanding anything to the contrary contained elsewhere in this Lease, if the Premises are partially damaged and Landlord repairs or restores them pursuant to the provisions of this agreement Paragraph 14, the Fixed Minimum Rent payable hereunder for the period commencing on the occurrence of such damage and ending upon completion of such repair or restoration shall be abated in proportion to the degree to which Tenant's use of the Premises is impaired during the period of repair; provided that, nothing herein shall be construed to preclude Landlord from being entitled to collect the full amount of any rental loss insurance proceeds if such rental loss insurance is then carried with respect to the Premises. Except for abatement of rent, if any, Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair or restoration.

(f) Waiver. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4), and any similar or successor statutes relating to termination of agreement when the agreement term is substantially or entirely destroyed, and agrees that such event shall be governed by the terms of this agreement.

(g) Tenant's Property. Landlord's obligation to rebuild or restore shall not include restoration of Tenant's equipment, merchandise, or any improvements, alterations or additions made by Tenant to the Premises.

(h) Notice of Damage. Tenant shall notify Landlord within five (5) days after the occurrence thereof of any damage to all or any portion of the Premises. In no event shall Landlord have any obligation to repair or restore the Premises pursuant to this Paragraph 14 until a reasonable period of time after Landlord's receipt of notice from Tenant of the nature and scope of any damage to the Premises, and a reasonable period of time to collect insurance proceeds arising from such damage (unless such damage is clearly not covered by insurance then in effect covering the Premises).

(i) Replacement Cost. The determination in good faith by Landlord of the estimated cost of repair of any damage, or of the replacement cost, shall be conclusive for purposes of this Paragraph 14.

15. Eminent Domain.

(a) Termination. In the event the whole or any part of the Premises is condemned in the lawful exercise of the power of eminent domain by any public entity, then this agreement shall terminate as to the part condemned on the date possession of that part is taken.

(b) Partial Taking Renders Economically Unfeasible. If only a part of the Premises is condemned, but such taking makes it economically unfeasible for Tenant to use the remainder of the Premises for the purposes contemplated by this agreement, then Tenant may, at its option, terminate

this agreement as of the date possession of the condemned part is taken by giving written notice to Landlord of its intention within thirty (30) days following the date said possession is taken.

(c) Partial Taking with Business Continued. If only part of the Premises is condemned and this agreement terminated as set forth above, then this Lease shall, as to the condemned portion of the Premises, terminate as of the date possession of such portion is taken. The Fixed Minimum Rent shall thereupon be reduced in the same proportion that the area of the Premises taken bears to the initial total area of the Premises. Fixed Minimum Rent, as so reduced, shall continue to be subject to adjustment in accordance with Paragraph 4 hereof.

(d) Repairs. Tenant shall, at its sole cost and expense and in a prompt and expeditious manner, make all necessary repairs or alterations to the remainder of the Premises so as to make them reasonably suitable for Tenant's continued occupancy for those uses and purposes contemplated by this agreement.

(e) Compensation. All compensation awarded or paid upon the total or partial taking of the fee title to the Premises or part of the Premises, or for the taking of all or any portion of the Premises, shall belong to Landlord. The Building and other improvements made by Landlord on the Premises at Landlord's expense shall belong to Landlord. Landlord shall not be entitled to any compensation paid to Tenant for costs incurred by Tenant in removing its furniture, equipment, and trade fixtures from the condemned Premises.

16. Tenant Default. Tenant shall be deemed in default under this agreement upon occurrence of any of the following:

(a) Tenant Default

(1) Tenant fails to pay a monetary sum when due under this Lease (provided that Tenant shall not be deemed in default if Tenant pays such sum within ten (10) days after notice from Landlord that such sum is overdue; and provided further that, Tenant shall not be entitled to any such ten (10) day grace period or notice and shall be deemed in default immediately upon failure to so pay when due if Landlord has already delivered two notices of overdue payments within the immediately preceding twelve (12) month period;

(2) Tenant fails to perform any of its other obligations under this agreement provided that, if such failure is of the nature that it may be cured, Tenant shall not be deemed in default if Tenant cures such failure within twenty (20) days after notice from Landlord of such failure;

(3) Tenant's interest in the Premises or the Lease, or any part thereof, is assigned or transferred, either voluntarily or by operation of law (except as expressly permitted by other provisions of this agreement), including, without limitation, the filing of an action by or against Tenant, or by any member of Tenant if Tenant is a partnership or joint venture, under any insolvency or bankruptcy laws, or if Tenant makes a general assignment for the benefit of its creditors, or;

(4) Tenant vacates, abandons, or surrenders the Premises during the agreement term. In the event of a default by Tenant under this agreement, Landlord may pursue such remedies as it may have for such default under law or in equity, including but not limited to the remedies set forth below.

(b) Repossession. Landlord may repossess the Premises and remove all persons and property therefrom. If Landlord repossesses the Premises because of a breach of this Lease, this agreement shall terminate and Landlord may recover from Tenant:

(1) the worth at the time of award of the unpaid rent which had been earned at the time of termination including interest at ten percent (10%) per annum;

(2) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided including interest at ten percent (10%) per annum;

(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 such rental loss for the same period that Tenant proves could be reasonably avoided, computed by discounting such amount by the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%); and

(4) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this agreement or which in the ordinary course of things would be likely to result therefrom.

(c) No repossession. If Landlord does not repossess the Premises, then this agreement shall continue in effect for so long as Landlord does not terminate Tenant's right to possession and Landlord may enforce all of its rights and remedies under this agreement, including the right to recover the rent and other sums due from Tenant hereunder. For the purposes of this Paragraph 16, the following do not constitute a termination of Tenant's right to possession:

(1) Acts of maintenance or preservation by Landlord or efforts by landlord to relet the Premises; or

(2) The appointment of a receiver by landlord to protect Landlord's interest under this agreement.

17. Attorneys' Fees. If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the terms, covenants, agreements, or conditions of this agreement or for the recovery of the possession of the Premises, the prevailing party shall be entitled to recover from the other party, as a part of the prevailing party's costs, reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered. "Prevailing party" within the meaning of this paragraph shall include, without limitation, a party who brings an action against the other party after the other party's breach or default, if such action is settled or dismissed upon the payment by the other party of the sums allegedly due or performance of the covenants allegedly breached or the plaintiff obtains substantially the relief sought by it in the action.

18. Removal of Property. Tenant hereby irrevocably appoints Landlord as agent and attorney in fact of Tenant to enter upon the Premises in the event of a default by Tenant in the payment of any rent herein reserved, or in the performance of any term, covenant, or condition herein contained to be kept or performed by Tenant, and to remove any and all furniture and personal property whatsoever situated upon the Premises, and to place such property in storage for the account of and at

the expense of Tenant. In the event that Tenant shall not pay the cost of storing any such property after the property has been stored for a period of ninety (90) days or more, Landlord may sell any or all of such property, at public or private sale, in such manner and at such times and places as Landlord in its sole discretion may deem proper, without notice to Tenant or any demand upon Tenant for the payment of any part of such charge or the removal of any such property and shall apply the proceeds of such sale first to the costs and expenses of such sale, including reasonable attorneys' fees actually incurred; second, to the payment of the costs of any other sums of money which may then or thereafter be due to Landlord from Tenant under any of the terms hereof; and fourth, the balance, if any, to Tenant.

19. Subordination.

(a) Subordination of Lease. This agreement at Landlord's option, shall be subordinate to any mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon all or any portion of the Premises and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this agreement unless this agreement is otherwise terminated pursuant to its terms. If any mortgagee or trustee shall elect to have this agreement prior to the lien of its mortgage or deed of trust, and shall give written notice thereof to Tenant, this agreement shall be deemed prior to such mortgage or deed of trust, whether this agreement is dated prior or subsequent to the date of said mortgage or deed of trust or the date of recording thereof.

(b) Execution of Documents. Tenant agrees to execute any documents required to effectuate such subordination or to make this agreement prior to the lien of any mortgage or deed of trust, as the case may be, and failing to do so within ten (10) days after written demand, does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney in fact and in Tenant's name, place and stead, to do so.

20. Landlord's Right to Reenter.

(a) Peaceable Surrender. Tenant agrees to yield and peaceably deliver possession of the Premises to Landlord on the date of termination of this agreement regardless of the reason for such termination. Upon giving written notice of termination to Tenant, Landlord shall have the right to reenter and take possession of the Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the agreement and reentry of any Premises by Landlord shall in no way alter or diminish any obligation of Tenant under the Lease terms and shall not constitute an acceptance or surrender.

(b) Waiver of Redemption and Stipulated Damages. Tenant waives any and all right of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Premises for any reason or in the event Landlord reenters and takes possession of the Premises in a lawful manner.

21. Notices. All notices, statements, demands, requests, approvals or consents given hereunder by either party to the other party shall be in writing and shall be sufficiently given and served upon the other party if served personally or if sent by first class mail of the United States Postal Service, certified, return receipt requested, postage prepaid, and addressed to the parties as indicated in Section 1, or to such other address as any party may have furnished to the others as a place for the

service of notice. Notices sent by mail shall be deemed served on the date actually received, as indicated on the return receipt.

23. No Commission. Landlord and Tenant each agree that Landlord and Tenant, respectively, have not had any dealings with any realtor, broker, or agent in connection with the execution of this agreement. Tenant shall pay the commission or compensation payable to any agent or broker employed by Tenant in connection with the execution of this agreement.

24. Waiver. The waiver by Landlord or Tenant of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, or condition of this agreement, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. Landlord's acceptance of partial payments of rent or any other sum due hereunder shall not be deemed a waiver of its right to recover the full amount of such payment and shall not be deemed an accord and satisfaction whether or not the amount due is disputed by the parties.

25. Holding Over. Any holding over after the expiration of the term with the consent of Landlord shall be construed to be a tenancy from month to month on the same terms and conditions specified herein so far as applicable.

26. Parking. Tenant acknowledges that all parking areas and all other common areas within the Santa Cruz Small Craft Harbor shall remain under the operation and control of Landlord. The manner in which such areas and facilities are operated and maintained shall be at the sole discretion of Landlord, and the use of such areas and facilities shall be subject to such rules and regulations as Landlord shall make from time to time. Landlord shall have the right to regulate access and parking and to install parking meters in such parking areas.

27. Non-Discrimination. Tenant agrees in the conduct of Tenant's business not to discriminate against any person or class of persons by reason of sex, race, creed, national origin, age, or physical condition. Tenant shall make its accommodations and services available to all persons on equal and reasonable terms.

28. Entry by Landlord. Landlord and its agents shall be entitled to enter into and upon the Premises at all reasonable times, upon reasonable notice (except in the case of an emergency, in which event no notice shall be required), for purposes of inspecting or making repairs, alterations or additions to all or any portion thereof, or any other part of the Building, including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, or for the purpose of posting notices of non-responsibility for alterations, additions, or repairs, and during the one hundred eighty (180) day period prior to the expiration of this agreement to place upon the Premises any usual or ordinary "for rent" signs and exhibit the Premises to prospective tenants at reasonable hours, all without any abatement of rent and without liability to Tenant for any injury or inconvenience to or interference with Tenant's business, quiet enjoyment of the Premises, or any other loss occasioned thereby.

29. General.

(a) Entire Agreement. This agreement contains all of the terms, covenants, and conditions agreed to by Landlord and Tenant and it may not be modified orally or in any manner other than by an agreement in writing signed by all of the parties to this agreement or their respective successors in interest.

(b) Covenants and Conditions. Each term and each provision of this agreement performable by Tenant shall be construed to be both a covenant and a condition, all of which conditions shall be for the sole benefit of Landlord.

(c) Binding on Successors. The covenants and conditions hereof, subject to the provisions as to subletting and assignment, shall apply to and bind the heirs, successors, executors, administrators, sublessees, and assigns to the parties.

(d) Joint and Several Liability. All persons who have signed this agreement shall be jointly and severally liable hereunder.

(e) Gender. When the context of this agreement requires, the masculine gender includes the feminine, a corporation, or a partnership, and the singular number includes the plural.

(f) Captions. The captions of the numbered and lettered paragraphs of this agreement are for convenience only and are not a part of this agreement and do not in any way limit or amplify the terms and provisions of this agreement.

(g) Governing Law. This agreement shall be governed by and construed in accordance with the laws of the State of California.

(h) Time of Essence. Time is of the essence as to all of the provisions of this agreement.

(i) Partial Invalidity. If any term, covenant, condition, or provision of this agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

(j) Relationship. Tenant shall not be an agent of Landlord for any purpose, and nothing in this agreement shall be deemed to create a partnership relationship between Tenant and Landlord.

(k) No Recordation. Tenant shall not record either this Agreement or a short form memorandum of this agreement.

(l) Calendar Days. All references herein to "days" shall mean calendar days unless otherwise stated.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first above written.

"LANDLORD"

SANTA CRUZ PORT DISTRICT
COMMISSION,
a political subdivision

ATTEST:

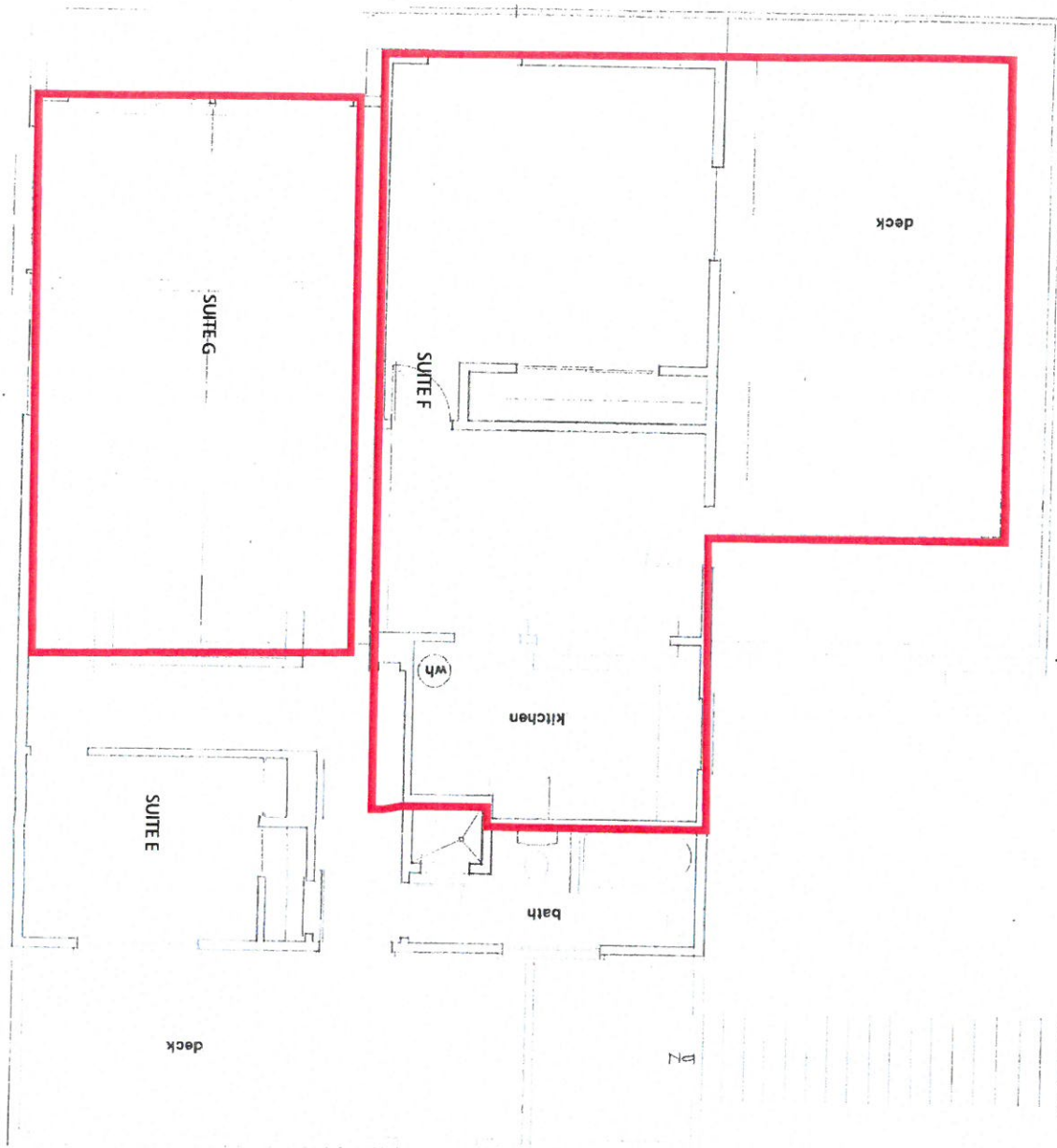
Marian Olin
Port Director

By _____

"TENANT"

By _____

05/29/18
"masters/lease.doc"



345 Lake Avenue

Santa Cruz Port District
135 5th Avenue
Santa Cruz, CA 95062
831.475.6161
831.475.9558 Fax
www.santacruzharbor.org



PORT COMMISSIONERS:
Toby Goddard
Dennis Smith
Reed Geisreiter
Stephen Reed
Darren Gertler

TO: Port Commission
FROM: Holland Mac Laurie, Administrative Services Manager
DATE: June 18, 2018
SUBJECT: Approval of Month-to-Month Lease for 333 Lake Avenue, Suite D & G (Tenant: Adventure Sports Journal)

Recommendation: *Approve the month-to-month lease.*

BACKGROUND

Adventure Sports Journal has held a month-to-month tenancy at 333 Lake Avenue, Suite H, since June 2012. The tenant wishes to change office suites and move to recently vacated space at 333 Lake Avenue (Suites D and G).

ANALYSIS

Terms of lease: Month-to-Month
Tenant: Adventure Sports Journal (Cathy Claesson)
Space: 333 Lake Avenue, Suite D and G (459 SF)
Rent: \$1,079/mo. (\$2.35/SF) – Adjusted annually by CPI
Use: Office space

IMPACT ON PORT DISTRICT RESOURCES

Approval of this lease will generate an additional \$3,300 per year in concession income.

ATTACHMENTS: A. Rental Agreement – 333 Lake Avenue, Suite D & G

**SANTA CRUZ PORT DISTRICT
RENTAL AGREEMENT**

THIS AGREEMENT is made and entered into as of the Agreement date in Section 1, by and between the SANTA CRUZ PORT DISTRICT COMMISSION, a political subdivision, 135 5th Avenue, Santa Cruz, California, 95062, hereafter referred to as "Landlord," and Tenant indicated in Section 1, hereafter referred to as "Tenant."

RECITALS:

A. Landlord is the owner of that certain real property described in Section 1 and located in the City and County of Santa Cruz, State of California, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

B. Landlord desires to rent to Tenant and Tenant wishes to rent from Landlord the land and improvements as indicated in Exhibit A and described in Section 1 (the "Premises").

NOW, THEREFORE, in furtherance of the foregoing, and in consideration of the mutual covenants contained herein, Landlord and Tenant hereby agree as follows:

1. Rental of Premises. Landlord hereby rents the Premises to Tenant, and Tenant rents the Premises from Landlord, for the term, at the rental, and upon the other terms and conditions summarized in this Section and more fully described in subsequent sections:

Agreement Date: July 1, 2018 Term: Month-to-Month

Tenant: Cathy Claesson, Adventure Sports Journal

Property: 333 Lake Avenue

Premises: Suites D and G (459 SF)

	<u>Fixed Minimum</u>	<u>Time Period</u>	<u>Percentage Rent</u>	<u>Based On</u>
Rent: \$	<u>\$1,078.65</u>	<u></u>	<u></u>	<u></u>
\$	<u></u>	<u></u>	<u></u>	<u></u>
\$	<u></u>	<u></u>	<u></u>	<u></u>
\$	<u></u>	<u></u>	<u></u>	<u></u>
\$	<u></u>	<u></u>	<u></u>	<u></u>

Rent Payable Monthly on 1st starting July 1, 2018

Rent Adjusted Annually on April 1 based on CPI

Deposit \$ \$1,504 (on file) paid June 2012

Use: Office Space

Tenant Insurance Requirements: Casualty Liability \$1 Million

Notice of Rent Adjustment: 30 Days Notice of Termination: 30 Days

Notice Addresses: Landlord: Santa Cruz Port District Tenant: Cathy Claesson

Attn: Port Director Adventure Sports Journal

135 5th Avenue PO Box 35

Santa Cruz, CA 95062 Santa Cruz, CA 95063

2. Term. The term of this agreement shall be month-to-month, commencing as of the date indicated in Section 1.

3. Notice of Termination. Landlord or Tenant may terminate this agreement with advance written notice to the other party. Such written notice must be given on the first day of the calendar month and shall be in advance of its effective date by the number of days indicated in Section 1.

4. Rent.

(a) Fixed Minimum Rent. As described in Section 1, Tenant shall pay to Landlord a fixed amount of rent ("Fixed Minimum Rent") which shall be subject to periodic adjustment as described in subparagraph 4(b).

(b) Adjustment of Fixed Minimum Rent. Landlord shall notify Tenant if rent is to be adjusted as indicated in Section 1. Any adjustment shall be effective as indicated in Section 1.

(c) Payment of Fixed Minimum Rent. Fixed Minimum Rent shall be payable as indicated in Section 1, in advance, without notice, offset, or abatement. All rent and other sums payable by Tenant hereunder shall be paid to Landlord in currency of the United States of America (or by personal check unless Landlord otherwise notifies Tenant) at Landlord's address set forth in Paragraph 23 hereof, or at such other place as Landlord may from time to time designate in writing.

(d) Deposit. Tenant shall also pay the amount indicated in Section 1, to be held as security deposit.

5. Use.

(a) Permitted Uses. Tenant shall use the Premises solely for the use indicated in Section 1 and for no other uses whatsoever. Tenant acknowledges that Landlord has made no warranties or representations to Tenant regarding the suitability of the Premises for Tenant's intended use, and Tenant waives all claims against Landlord regarding the suitability of the Premises for Tenant's intended uses. Landlord reserves the right to fix and determine rates charged (per Section 72 H&N).

(b) Roof. Tenant shall have no right to use any portion of the roof of the Building for any purpose.

(c) Continuous Use. Tenant shall continuously and uninterruptedly during the Agreement term, occupy and use the Premises for the purposes permitted under this Agreement.

(d) Hazardous Materials. No goods, merchandise, or materials shall be kept, stored, or sold in such a manner as to create any unusual hazard on the Premises; and no offensive or dangerous trade, business, or occupation shall be conducted thereon, and nothing shall be done on the Premises which will cause an increase in the rate of or cause a suspension or cancellation of the insurance upon the Premises or upon adjacent properties or improvements thereon.

No machinery or apparatus shall be used or operated on the Premises which will in any way injure the Premises, or adjacent properties or improvements thereon.

Tenant shall indemnify Landlord from any damages suffered by Landlord, including, without limitation, cleanup costs, as a result of the generation, use, storage, transport or release of hazardous materials by Tenant in, on or about the Premises or the Property. For the purpose of this Agreement, the term "hazardous materials" shall mean (A) those substances listed in Title 22 section 66680 of the California Administrative Code, (B) substances within the criteria set forth in Title 22 sections 66693 through 66723 of the California Administrative Code, (C) substances which, at any time during the term hereof, are added to the list described in paragraph (A) above or which are within any future criteria described in subparagraph (B) above, (D) petroleum and all byproducts and distillates thereof, and (E) asbestos. Prior to bringing or allowing any hazardous materials to be brought onto the Premise or Property, Tenant shall notify Landlord as to the identity of said materials and the safeguards to be used in connection therewith. Landlord shall be entitled, in its sole discretion, to refuse to allow hazardous materials to be brought onto the Premises or Property. Landlord's consent to the introduction of any hazardous material onto the Property (i) shall not release Tenant from its duty to indemnify Landlord for any damages resulting from such materials, (ii) shall not be deemed to waive Landlord's right to disapprove of any subsequent introductions of hazardous materials onto the Property whether of the same or of a different nature than the material to which Landlord consented, and (iii) may be revoked at any time, in Landlord's sole discretion, whereupon Tenant shall remove such materials from the Property within five (5) days of receipt of Landlord's demand for removal. In all events, if any hazardous materials become located upon the Property for any reason other than as consented to by Landlord in accordance with the foregoing procedure, Tenant shall immediately notify Landlord as to the same.

(e) Effect on Navigable Waters. Under federal law, no construction, installation, dredging, filling, or other activity which would have an effect on navigation may be conducted in or adjoining navigable waters without a permit therefore first being issued by the Secretary of the Army. The Port Director determines whether any proposed facility of Tenant may be construed to have an effect on navigation. In the event the Port Director so determines, Tenant shall prepare at its expense a permit application for submittal by Landlord in Landlord's name to the Corps of Engineers, United States Army. The permit application shall be prepared in strict conformity with regulations published by the United States Army.

(f) Non-permitted Uses. Tenant shall not permit the Premises to be used for any purpose not described in Paragraph 5(a) or for any unlawful purpose; and Tenant shall not perform, permit, or suffer any act of omission or commission upon or about the Premises which would result in a nuisance or a violation of the laws and ordinances of the United States, State of California, or City of Santa Cruz, as the same may be now or hereafter in force and effect. Without limiting the generality of the foregoing, Tenant specifically agrees not to cause or permit generation of unreasonable levels of noise from other sources which might disturb liveaboard slip licensees or residential neighbors of the Port District from 9:00 pm until 6:00 am each day during the lease term. Tenant further specifically agrees to prevent emission from the Premises into the air of any smoke or other noxious substances, or any odors reasonably deemed offensive to personnel of Landlord, liveaboard slip licensees or residential neighbors of the Port District.

(g) Compliance with Laws. Tenant shall abide by all applicable rules, codes, regulations, resolutions, ordinances and statutes of Landlord, the City of Santa Cruz, County of Santa Cruz, California Coastal Commission, State of California, or other governmental body where applicable, respecting the use, operation, maintenance, repair or improvement of the Premises and equipment therein, and shall pay for any and all licenses or permits required in connection with the use, operation, maintenance, repair, or improvement of the Premises.

6. Ownership of Improvements. All structures, buildings, improvements, additions, and fixtures now existing or hereafter constructed, erected, or installed in or upon the Premises, and all alterations and additions thereto, shall be deemed a part of the Premises and title thereto shall be deemed vested in and remain in Landlord during the agreement term, and upon expiration or sooner termination of the agreement term shall remain upon and be surrendered with the Premises as part thereof.

7. Construction of Improvements.

(a) No Landlord Improvements. Landlord shall not be obligated to install or construct any improvements, additions, or alterations (collectively called "improvements") on the Premises during the agreement term.

(b) Tenant Improvements. Tenant may, at Tenant's expense, construct certain new additions and improvements to the Premises required in connection with the conduct of Tenant's business; provided, (a) that Tenant shall obtain, at Tenant's expense, all necessary plans and specifications for the construction of said additions and improvements, (2) that Tenant's plans and specifications shall be subject to review and prior written approval by Landlord, and (3) that Tenant shall be responsible for obtaining, at Tenant's expense, all necessary governmental permits and approvals for construction of any new additions or improvements to the Premises.

(c) Liens. Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. Tenant shall indemnify and hold Landlord harmless against liability, loss, damage, cost, and all other expenses (including but without limitation, attorneys' fees) arising out of claims of lien for work performed or materials or supplies furnished at the request of Tenant or persons claiming under Tenant.

8. Taxes and Assessments.

(a) Payable by Tenant. Tenant shall pay directly to the taxing authority during each year or partial year during the term hereof, all real and personal property taxes, general and special assessments, use and possessory taxes, environmental protection charges, and other charges of every kind or description whatsoever, foreseen or unforeseen, levied on or assessed against the Premises, improvements or personal property therein, the leasehold estate or any personal property therein, the leasehold estate or any subleasehold estate permitted by Landlord. Tenant shall pay each installment of such taxes and assessments prior to the date such installment becomes delinquent. The taxes and assessments to be paid by Tenant hereunder shall be prorated at the end of the agreement term, in order that Tenant will pay only the proportionate part of said taxes and assessments attributable to the period of the agreement term, based on the ratio of the unit's square feet to the building's total square feet.

(b) Substitute Taxes. If at any time during the agreement, under the laws of the United States of America, the State of California, or any political subdivision thereof in which the Premises are located, a tax on rent or other charge by whatever name called, is levied, assessed, or imposed against Landlord, or against the rent payable hereunder to Landlord, as a substitute in whole or in part for any of the taxes described in Paragraph 8(a), Tenant, to the extent such substitute tax or other charge relieves Tenant from the payment of taxes provided for herein, shall pay such tax or other charge in the manner provided in this Paragraph 8.

9. Insurance.

(a) Casualty Insurance. If indicated in Section 1, Landlord shall, at Tenant's expense, procure and maintain in full force and effect at all times during the term of this agreement, fire and extended coverage insurance satisfactory to Landlord covering the Premises and all improvements therein in an amount not less than ninety percent (90%) of the actual replacement cost thereof. The insurance provided for in this Paragraph 9(a) shall, in Landlord's sole discretion, provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk), including earthquake, and loss of rents covering Fixed Minimum Rent for a period of up to twelve (12) months, and shall contain an inflation endorsement. Insurance proceeds thereunder shall be payable to Landlord. Landlord shall have no obligation to insure against loss by Tenant to Tenant's leasehold improvements, fixtures, furniture, or other personal property in or about the Premises occurring from any cause whatsoever and Tenant shall have no interest in the proceeds of any insurance carried by Landlord. Landlord shall be entitled to carry any such insurance in the form of a blanket policy covering property in addition to the Premises. Tenant shall reimburse Landlord upon demand for its share of the cost to Landlord of any insurance policy or policies which Landlord may carry on the Premises in accordance with this paragraph. Such costs shall include both premiums and deductibles. Tenant's share of the cost of such insurance shall be a prorated share based upon the portion of the building square footage contained within the Premises, or if in Landlord's reasonable judgment the foregoing square footage based apportionment does not fairly apportion the insurance costs related to the building, Landlord may adjust such insurance costs as appropriate to reflect any disparity in risk level or other factors which may affect the relative cost of insurance between and among all tenants of the building; as to any blanket policy of insurance covering properties other than the building, the portion of insurance costs allocable to the building shall be as equitably determined by Landlord. The premiums for such insurance of Landlord shall be prorated as of the expiration of the agreement term so that Tenant pays only for insurance coverage attributable to the agreement term.

(b) Liability Insurance. Tenant, at Tenant's sole expense, shall provide and keep in force at all times during the term of this agreement for the benefit of Landlord and Tenant general liability insurance policies with an insurance company reasonably satisfactory to Landlord, protecting Landlord and Tenant against any and all liability occasioned by any occurrence in, on, about, or related to the Premises in an amount not less than the amount indicated in Section 1, single combined limit for personal injury and property damage. Tenant shall cause Landlord to be named as an additional insured under such policy.

(c) Workers' Compensation Insurance. Tenant shall procure, at its own expense, and shall keep in force during the agreement term, adequate insurance against liability arising on account of injuries or death to workers or employees on the Premises. Such workers' compensation insurance shall be in amounts at least equal to the maximum liability of Tenant, its agents, and contractors under the Workers' Compensation Insurance and Safety Act of the State of California or other applicable laws.

(d) Other Insurance. Tenant shall procure, at its sole cost and expense, and shall keep in force, such other insurance in amounts from time to time reasonably required by Landlord against other insurable risks if at the time they are commonly insured against for business operations similar to that of Tenant.

(e) Written Notice of Cancellation or Reduction. Each policy of insurance which Tenant is required to procure and maintain in effect shall contain the following clause:

"It is agreed that this policy shall not be cancelled nor the coverage reduced until thirty (30) days after the Port Director of Santa Cruz Port District shall have received written notice of such cancellation or reduction. The notice shall be sent by certified or registered mail and shall be deemed effective the date delivered to said Port Director, as evidenced by properly validated return receipt."

(f) Waiver of Subrogation. Tenant and Landlord each hereby waives any and all rights of recovery against the other, and against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage to the extent of the insurance proceeds actually paid in connection therewith. Tenant and Landlord shall, upon obtaining any of the policies of insurance required or desired hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of rights of recovery is contained in this agreement, and shall each use their best efforts to cause the insurer for each such policy to waive in writing any rights of subrogation it may have against the other party.

(g) Submittal of Policies. Tenant agrees to deposit with Landlord, at or before the times at which the insurance policies necessary to satisfy the insurance provisions of this agreement are required to be in effect, a copy of each such policy or policies required hereunder and to keep such insurance in effect and the policy or policies therefore on deposit with Landlord during the entire term of this agreement.

(h) Review of Coverage. Landlord shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of Landlord, the insurance provisions in this agreement do not provide adequate protection for Landlord and for members of the public using the Premises, Landlord may require Tenant to obtain (or may obtain at Tenant's expense) insurance sufficient in coverage, form and amount to provide adequate protection. Landlord's requirements shall be reasonable but shall be designed to assure protection from and against the kind and extent of the risks which exist at the time a change in insurance is required.

Landlord shall give Tenant written notice of changes in the insurance requirement and Tenant shall deposit copies of acceptable insurance policies with Landlord incorporating such changes within sixty (60) days following receipt of such notice.

The procuring of such required policy or policies of insurance shall not be construed to limit Tenant's liability hereunder nor to fulfill the indemnification provisions and requirements of this agreement. Notwithstanding said policy or policies or insurance, Tenant shall be obligated for the full and total amount of any damage, injury, or loss caused by Tenant's negligence or neglect connected with this agreement or with use or occupancy of the Premises.

(i) Landlord's Remedies. In case of failure on the part of Tenant to procure or to maintain in effect any insurance which Tenant is required to carry as provided in this Paragraph 9, Landlord may at its discretion, and in addition to any other remedies it may have upon failure of Tenant to procure or to maintain in effect any insurance which Tenant is required to carry as provided in this Paragraph 9, procure or renew such insurance and pay any and all premiums therefore and all monies so paid by Landlord shall be repaid by Tenant to Landlord upon demand.

10. Indemnification.

(a) Tenant's Hold Harmless. Tenant hereby indemnifies Landlord against and holds Landlord harmless from any and all claims, damage, cost, liability, or expense, including but not limited to attorneys' fees and costs of suit, resulting from or arising out of Tenant's use of the Premises, Tenant's default in the performance of any obligation of Tenant under this agreement, any act or failure to act of Tenant or any employees, agents, contractors, customers, or other invitees of Tenant occurring in or about the Premises, or construction of any improvements by Tenant in the Premises. Such indemnification specifically includes without limitation any damage to property or injury or death to any person arising from the use of the Premises by Tenant or from the failure of Tenant to keep the Premises in good condition, order and repair. Tenant expressly agrees to exercise due care in the handling of fuel or any other flammable materials in, on, or around the Premises. Tenant shall maintain on the Premises adequate firefighting equipment, which shall remain under the use, control, maintenance, and repair of Tenant.

(b) Tenant's Waiver of Claims. Tenant hereby waives all claims against Landlord for damage to any property, goods, wares, or merchandise of Tenant stored in, upon, or about the Premises, and for injury to persons in, upon, or about the Premises from any cause whatsoever arising at any time, except as may be caused by the active negligence or willful misconduct of Landlord. Landlord shall not be liable to Tenant for any damage caused by any act or negligence of any person, other than Landlord's personnel, in, upon, or about the Premises, whether a customer of Tenant or otherwise. Tenant expressly waives any claims against Landlord for damage to Tenant's business on the Premises or loss of goodwill or any other damage to Tenant arising from complete or partial closure of the Santa Cruz Harbor at any time and from time to time, whether such closure shall result from inclement weather, excess deposits of sand in the harbor, or any other reason whatsoever. Landlord shall have no obligation or responsibility to dredge the entrance channel of the Santa Cruz Harbor.

11. Maintenance and Repairs.

(a) Tenant's Obligations. Subject to Paragraph 15 below relating to damage and destruction, and subject to Landlord's maintenance responsibilities set forth in Paragraph 11(c) below, through the term of this agreement Tenant shall, at Tenant's sole cost and expense, maintain the Premises and every part thereof, and all fixtures, machinery and equipment located in or on the Premises and utilized in the conduct of Tenant's business in first class condition, order and repair, and in accordance with all applicable laws, rules, ordinances, orders and regulations of (1) municipal, county, state, federal, and other governmental agencies and bodies having or claiming jurisdiction of the Premises and all their respective departments, bureaus, and officials; and (2) all insurance companies insuring all or any part of the Premises or improves or both. For purposes of this paragraph, the obligation to repair includes the obligation to replace as and when reasonably necessary. Tenant hereby waives such rights as it may have under California Civil Code Sections 1941 and 1942 and any similar or successor laws that permit a tenant to perform repairs and offset the cost thereof against rent.

(b) Outside Areas. Tenant acknowledges that the cleanliness and neat and attractive appearance of the interior and exterior of the Building and all other areas of the Premises are a material concern of Landlord. Accordingly, Tenant shall continuously exercise diligence throughout the agreement term in keeping the Premises and the Outside Area in a neat, clean, sanitary, and attractive condition. Tenant shall arrange for regular and prompt disposal of garbage generated by Tenant's operations on the Premises, and shall not permit garbage or refuse to accumulate in or around the Premises. Tenant shall not cause or permit offensive odors to emanate from the Premises.

(c) Landlord's Obligations. Notwithstanding anything to the contrary contained in this Paragraph 11, and subject to the provisions of Paragraph 15 below relating to damage and destruction, Landlord shall maintain in good condition, order and repair the parking area upon the Property, the heating, ventilation and air conditioning equipment, if any, servicing the Premises, and the structural portions of the Building, including the roof, walls and foundation of the Building, except to the extent any such maintenance is necessitated by damages due to the negligence or greater culpability of Tenant, its agents, employees or invitees. Landlord shall have no obligation to maintain or repair under this Paragraph 11(c) until a reasonable period of time after receipt by Landlord of notice from Tenant of the need therefore, specifying the nature of the maintenance or repair needed.

12. Utilities. Tenant shall pay promptly as the same become due and payable its pro rata share of all bills and costs for water, gas, electricity, refuse pickup, sewer service charges, and any other utilities or services supplied to the Premises as indicated in Section 1. Tenant shall pay its pro rata share of utilities within five (5) days of receiving notice from Landlord as to the amount thereof. The parties hereby agree that Tenant's pro rata share of said utility costs shall be reasonably calculated by Landlord and conveyed to Tenant. In no event shall Landlord be liable to Tenant for any interruption or failure of any utility services to the Premises.

13. Assignment and Subletting.

(a) Landlord's Consent Required. Tenant shall not assign, sublease, mortgage, pledge, hypothecate, encumber, license, or transfer the Premises or any part thereof, or this agreement or any rights or obligations hereunder, or grant any permit to any person(s) to use the Premises for any purpose not expressly stated within this Lease without Landlord's written consent.

(b) Permitted Assignments, Subleases and Licenses. Tenant shall be entitled to sublease or assign its interest in this Lease provided it first obtains Landlord's written consent in accordance with Section 13(a), which shall not unreasonably be withheld. In this connection, Tenant must demonstrate to Landlord's reasonable satisfaction that the proposed transferee, subtenant or licensee is financially creditworthy, has sufficient business experience, and will operate a business of suitable type and quality that Landlord determines is consistent with the permitted uses under this Lease and with the mix of businesses in the harbor and in a matter that supports the good reputation and image of Port District businesses as determined by Landlord. No assignment, sublease or license respecting all or any portion of the Premises shall operate to release Tenant or any guarantor of its obligations hereunder, from liability for full performance of Tenant's obligations hereunder subsequent to the date of any assignment or sublease.

(1) Sublease Assignments and Subleases. No sublessee, licensee or assignee may sublease or assign any interest in the Lease without first obtaining Landlord's written consent thereto.

(2) Sublease Rents or License Payments. Except for a permitted assignment, sublease or license, if Tenant shall enter into an assignment, sublease or license "Transfer" hereunder,

(i) the Fixed Minimum Rent "Base Rent" specified in Section 5 (a) shall be increased, effective as of the date of such Transfer, to an amount equal to the total of the Base Rent required to be paid by Tenant pursuant to this Lease during the twelve 12 month period immediately preceding such Transfer, and

(ii) Tenant shall pay to Landlord fifty percent (50%) of any "Sublease Rents and License Payments" (as hereinafter defined). In the event of a Transfer, "Sublease Rents and License

Payments” shall mean all rent, additional rent or other consideration payable by such subtenant to Tenant or on behalf of Tenant in connection with the subletting in excess of the rent, additional rent and other sums payable by Tenant under this Lease during the term of the sublease on a per square foot basis if less than all of the Premises is subleased, less the reasonable costs actually incurred by Tenant to secure the sublease. In the event of any Transfer other than a subletting, “Sublease Rents and License Payments” shall mean any consideration paid by the assignee to Tenant in connection with such Transfer which Landlord reasonably determines is allocable to the leasehold value of this Lease, less the reasonable costs actually incurred by Tenant to secure the Transfer. Sublease Rents and License Payments shall be due and payable monthly in advance in accordance with Section 5 (d) of this Lease and shall be subject to delinquent fees in accordance with Section 5 (e). If part of the “Sublease Rents and License Payments” shall be payable by the transferee or subtenant other than in cash, then Landlord’s share of such non-cash consideration shall be in such form as is reasonably satisfactory to Landlord

(c) Incorporation of Terms. Should Landlord consent to any Transfer such consent shall not constitute a waiver of any of the terms, covenants, or conditions of this agreement. Such terms, covenants, or conditions shall apply to each and every transfer hereunder and shall be severally binding upon each and every encumbrancer, assignee, transferee, subtenant, or other successor in interest of tenant. Any document to mortgage, pledge, hypothecate, encumber, transfer, sublet, or assign the Premises or any part thereof shall incorporate directly or by reference all the provisions of this agreement.

14. Damage or Destruction.

(a) Partial Damage-Insured. Subject to the provisions of Paragraphs 15(c) and 15(d), if the Premises or any improvements therein are damaged, such damage involves damage to the building to the extent of less than eighty percent (80%) of the then replacement value thereof (excluding excavations and foundations of the building), such damage was caused by an act or casualty covered under an insurance policy provided for in Paragraph 9, and the proceeds of such insurance received by Landlord are sufficient to repair the damage, Landlord shall at Landlord's expense repair such damage as soon as reasonably possible and this agreement shall continue in full force and effect.

(b) Partial Damage-Uninsured. Subject to the provisions of Paragraphs 15(c) and 15(d), if at any time during the term hereof the Premises or any improvements are damaged, such damage involves damage to the Building to the extent of less than eighty percent (80%) of the then replacement value thereof (excluding excavations and foundations of the building), and the insurance proceeds received by Landlord are not sufficient to repair such damage, or such damage was caused by an act or casualty not covered under an insurance policy, Landlord may at Landlord's option either (a) repair such damage as soon as reasonably possible at Landlord's expense, in which event this continue in full force and effect, or (b) give written notice to Tenant within thirty (30) days after the date of the occurrence of such damage of Landlord's intention to cancel and terminate this agreement as of the date of the occurrence of such damage.

(c) Total Destruction. If at any time during the term hereof either the Premises or the improvements contained therein are damaged from any cause, whether or not covered by the insurance provided for in Paragraph 9, and such damage involves damage to the Building to the extent of eighty percent (80%) or more of the replacement value thereof (excluding excavations and foundations of the Building), including any total destruction required by any authorized public authority, this Lease shall at the option of Landlord terminate as of the date of such total destruction. Landlord shall exercise its right to terminate this agreement by delivery of notice to Tenant within thirty (30) days

after the date that Tenant notifies Landlord of the occurrence of such damage. In the event Landlord does not elect to terminate this agreement, Landlord shall at Landlord's expense repair such damage as soon as reasonably possible, and this Lease shall continue in full force and effect.

(d) Damage Near End of Term. If the Premises or the improvements therein are destroyed or damaged in whole or part during the last six (6) months of the term of this agreement, Landlord may at Landlord's option cancel and terminate this agreement as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage.

(e) Abatement of Rent. Notwithstanding anything to the contrary contained elsewhere in this Lease, if the Premises are partially damaged and Landlord repairs or restores them pursuant to the provisions of this agreement Paragraph 14, the Fixed Minimum Rent payable hereunder for the period commencing on the occurrence of such damage and ending upon completion of such repair or restoration shall be abated in proportion to the degree to which Tenant's use of the Premises is impaired during the period of repair; provided that, nothing herein shall be construed to preclude Landlord from being entitled to collect the full amount of any rental loss insurance proceeds if such rental loss insurance is then carried with respect to the Premises. Except for abatement of rent, if any, Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair or restoration.

(f) Waiver. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4), and any similar or successor statutes relating to termination of agreement when the agreement term is substantially or entirely destroyed, and agrees that such event shall be governed by the terms of this agreement.

(g) Tenant's Property. Landlord's obligation to rebuild or restore shall not include restoration of Tenant's equipment, merchandise, or any improvements, alterations or additions made by Tenant to the Premises.

(h) Notice of Damage. Tenant shall notify Landlord within five (5) days after the occurrence thereof of any damage to all or any portion of the Premises. In no event shall Landlord have any obligation to repair or restore the Premises pursuant to this Paragraph 14 until a reasonable period of time after Landlord's receipt of notice from Tenant of the nature and scope of any damage to the Premises, and a reasonable period of time to collect insurance proceeds arising from such damage (unless such damage is clearly not covered by insurance then in effect covering the Premises).

(i) Replacement Cost. The determination in good faith by Landlord of the estimated cost of repair of any damage, or of the replacement cost, shall be conclusive for purposes of this Paragraph 14.

15. Eminent Domain.

(a) Termination. In the event the whole or any part of the Premises is condemned in the lawful exercise of the power of eminent domain by any public entity, then this agreement shall terminate as to the part condemned on the date possession of that part is taken.

(b) Partial Taking Renders Economically Unfeasible. If only a part of the Premises is condemned, but such taking makes it economically unfeasible for Tenant to use the remainder of the Premises for the purposes contemplated by this agreement, then Tenant may, at its option, terminate

this agreement as of the date possession of the condemned part is taken by giving written notice to Landlord of its intention within thirty (30) days following the date said possession is taken.

(c) Partial Taking with Business Continued. If only part of the Premises is condemned and this agreement terminated as set forth above, then this Lease shall, as to the condemned portion of the Premises, terminate as of the date possession of such portion is taken. The Fixed Minimum Rent shall thereupon be reduced in the same proportion that the area of the Premises taken bears to the initial total area of the Premises. Fixed Minimum Rent, as so reduced, shall continue to be subject to adjustment in accordance with Paragraph 4 hereof.

(d) Repairs. Tenant shall, at its sole cost and expense and in a prompt and expeditious manner, make all necessary repairs or alterations to the remainder of the Premises so as to make them reasonably suitable for Tenant's continued occupancy for those uses and purposes contemplated by this agreement.

(e) Compensation. All compensation awarded or paid upon the total or partial taking of the fee title to the Premises or part of the Premises, or for the taking of all or any portion of the Premises, shall belong to Landlord. The Building and other improvements made by Landlord on the Premises at Landlord's expense shall belong to Landlord. Landlord shall not be entitled to any compensation paid to Tenant for costs incurred by Tenant in removing its furniture, equipment, and trade fixtures from the condemned Premises.

16. Tenant Default. Tenant shall be deemed in default under this agreement upon occurrence of any of the following:

(a) Tenant Default

(1) Tenant fails to pay a monetary sum when due under this Lease (provided that Tenant shall not be deemed in default if Tenant pays such sum within ten (10) days after notice from Landlord that such sum is overdue; and provided further that, Tenant shall not be entitled to any such ten (10) day grace period or notice and shall be deemed in default immediately upon failure to so pay when due if Landlord has already delivered two notices of overdue payments within the immediately preceding twelve (12) month period;

(2) Tenant fails to perform any of its other obligations under this agreement provided that, if such failure is of the nature that it may be cured, Tenant shall not be deemed in default if Tenant cures such failure within twenty (20) days after notice from Landlord of such failure;

(3) Tenant's interest in the Premises or the Lease, or any part thereof, is assigned or transferred, either voluntarily or by operation of law (except as expressly permitted by other provisions of this agreement), including, without limitation, the filing of an action by or against Tenant, or by any member of Tenant if Tenant is a partnership or joint venture, under any insolvency or bankruptcy laws, or if Tenant makes a general assignment for the benefit of its creditors, or;

(4) Tenant vacates, abandons, or surrenders the Premises during the agreement term. In the event of a default by Tenant under this agreement, Landlord may pursue such remedies as it may have for such default under law or in equity, including but not limited to the remedies set forth below.

(b) Repossession. Landlord may repossess the Premises and remove all persons and property therefrom. If Landlord repossesses the Premises because of a breach of this Lease, this agreement shall terminate and Landlord may recover from Tenant:

(1) the worth at the time of award of the unpaid rent which had been earned at the time of termination including interest at ten percent (10%) per annum;

(2) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided including interest at ten percent (10%) per annum;

(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 such rental loss for the same period that Tenant proves could be reasonably avoided, computed by discounting such amount by the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%); and

(4) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this agreement or which in the ordinary course of things would be likely to result therefrom.

(c) No repossession. If Landlord does not repossess the Premises, then this agreement shall continue in effect for so long as Landlord does not terminate Tenant's right to possession and Landlord may enforce all of its rights and remedies under this agreement, including the right to recover the rent and other sums due from Tenant hereunder. For the purposes of this Paragraph 16, the following do not constitute a termination of Tenant's right to possession:

(1) Acts of maintenance or preservation by Landlord or efforts by landlord to relet the Premises; or

(2) The appointment of a receiver by landlord to protect Landlord's interest under this agreement.

17. Attorneys' Fees. If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the terms, covenants, agreements, or conditions of this agreement or for the recovery of the possession of the Premises, the prevailing party shall be entitled to recover from the other party, as a part of the prevailing party's costs, reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered. "Prevailing party" within the meaning of this paragraph shall include, without limitation, a party who brings an action against the other party after the other party's breach or default, if such action is settled or dismissed upon the payment by the other party of the sums allegedly due or performance of the covenants allegedly breached or the plaintiff obtains substantially the relief sought by it in the action.

18. Removal of Property. Tenant hereby irrevocably appoints Landlord as agent and attorney in fact of Tenant to enter upon the Premises in the event of a default by Tenant in the payment of any rent herein reserved, or in the performance of any term, covenant, or condition herein contained to be kept or performed by Tenant, and to remove any and all furniture and personal property whatsoever situated upon the Premises, and to place such property in storage for the account of and at

the expense of Tenant. In the event that Tenant shall not pay the cost of storing any such property after the property has been stored for a period of ninety (90) days or more, Landlord may sell any or all of such property, at public or private sale, in such manner and at such times and places as Landlord in its sole discretion may deem proper, without notice to Tenant or any demand upon Tenant for the payment of any part of such charge or the removal of any such property and shall apply the proceeds of such sale first to the costs and expenses of such sale, including reasonable attorneys' fees actually incurred; second, to the payment of the costs of any other sums of money which may then or thereafter be due to Landlord from Tenant under any of the terms hereof; and fourth, the balance, if any, to Tenant.

19. Subordination.

(a) Subordination of Lease. This agreement at Landlord's option, shall be subordinate to any mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon all or any portion of the Premises and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this agreement unless this agreement is otherwise terminated pursuant to its terms. If any mortgagee or trustee shall elect to have this agreement prior to the lien of its mortgage or deed of trust, and shall give written notice thereof to Tenant, this agreement shall be deemed prior to such mortgage or deed of trust, whether this agreement is dated prior or subsequent to the date of said mortgage or deed of trust or the date of recording thereof.

(b) Execution of Documents. Tenant agrees to execute any documents required to effectuate such subordination or to make this agreement prior to the lien of any mortgage or deed of trust, as the case may be, and failing to do so within ten (10) days after written demand, does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney in fact and in Tenant's name, place and stead, to do so.

20. Landlord's Right to Reenter.

(a) Peaceable Surrender. Tenant agrees to yield and peaceably deliver possession of the Premises to Landlord on the date of termination of this agreement regardless of the reason for such termination. Upon giving written notice of termination to Tenant, Landlord shall have the right to reenter and take possession of the Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the agreement and reentry of any Premises by Landlord shall in no way alter or diminish any obligation of Tenant under the Lease terms and shall not constitute an acceptance or surrender.

(b) Waiver of Redemption and Stipulated Damages. Tenant waives any and all right of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Premises for any reason or in the event Landlord reenters and takes possession of the Premises in a lawful manner.

21. Notices. All notices, statements, demands, requests, approvals or consents given hereunder by either party to the other party shall be in writing and shall be sufficiently given and served upon the other party if served personally or if sent by first class mail of the United States Postal Service, certified, return receipt requested, postage prepaid, and addressed to the parties as indicated in Section 1, or to such other address as any party may have furnished to the others as a place for the

service of notice. Notices sent by mail shall be deemed served on the date actually received, as indicated on the return receipt.

23. No Commission. Landlord and Tenant each agree that Landlord and Tenant, respectively, have not had any dealings with any realtor, broker, or agent in connection with the execution of this agreement. Tenant shall pay the commission or compensation payable to any agent or broker employed by Tenant in connection with the execution of this agreement.

24. Waiver. The waiver by Landlord or Tenant of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, or condition of this agreement, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. Landlord's acceptance of partial payments of rent or any other sum due hereunder shall not be deemed a waiver of its right to recover the full amount of such payment and shall not be deemed an accord and satisfaction whether or not the amount due is disputed by the parties.

25. Holding Over. Any holding over after the expiration of the term with the consent of Landlord shall be construed to be a tenancy from month to month on the same terms and conditions specified herein so far as applicable.

26. Parking. Tenant acknowledges that all parking areas and all other common areas within the Santa Cruz Small Craft Harbor shall remain under the operation and control of Landlord. The manner in which such areas and facilities are operated and maintained shall be at the sole discretion of Landlord, and the use of such areas and facilities shall be subject to such rules and regulations as Landlord shall make from time to time. Landlord shall have the right to regulate access and parking and to install parking meters in such parking areas.

27. Non-Discrimination. Tenant agrees in the conduct of Tenant's business not to discriminate against any person or class of persons by reason of sex, race, creed, national origin, age, or physical condition. Tenant shall make its accommodations and services available to all persons on equal and reasonable terms.

28. Entry by Landlord. Landlord and its agents shall be entitled to enter into and upon the Premises at all reasonable times, upon reasonable notice (except in the case of an emergency, in which event no notice shall be required), for purposes of inspecting or making repairs, alterations or additions to all or any portion thereof, or any other part of the Building, including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, or for the purpose of posting notices of non-responsibility for alterations, additions, or repairs, and during the one hundred eighty (180) day period prior to the expiration of this agreement to place upon the Premises any usual or ordinary "for rent" signs and exhibit the Premises to prospective tenants at reasonable hours, all without any abatement of rent and without liability to Tenant for any injury or inconvenience to or interference with Tenant's business, quiet enjoyment of the Premises, or any other loss occasioned thereby.

29. General.

(a) Entire Agreement. This agreement contains all of the terms, covenants, and conditions agreed to by Landlord and Tenant and it may not be modified orally or in any manner other than by an agreement in writing signed by all of the parties to this agreement or their respective successors in interest.

(b) Covenants and Conditions. Each term and each provision of this agreement performable by Tenant shall be construed to be both a covenant and a condition, all of which conditions shall be for the sole benefit of Landlord.

(c) Binding on Successors. The covenants and conditions hereof, subject to the provisions as to subletting and assignment, shall apply to and bind the heirs, successors, executors, administrators, sublessees, and assigns to the parties.

(d) Joint and Several Liability. All persons who have signed this agreement shall be jointly and severally liable hereunder.

(e) Gender. When the context of this agreement requires, the masculine gender includes the feminine, a corporation, or a partnership, and the singular number includes the plural.

(f) Captions. The captions of the numbered and lettered paragraphs of this agreement are for convenience only and are not a part of this agreement and do not in any way limit or amplify the terms and provisions of this agreement.

(g) Governing Law. This agreement shall be governed by and construed in accordance with the laws of the State of California.

(h) Time of Essence. Time is of the essence as to all of the provisions of this agreement.

(i) Partial Invalidity. If any term, covenant, condition, or provision of this agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

(j) Relationship. Tenant shall not be an agent of Landlord for any purpose, and nothing in this agreement shall be deemed to create a partnership relationship between Tenant and Landlord.

(k) No Recordation. Tenant shall not record either this Agreement or a short form memorandum of this agreement.

(l) Calendar Days. All references herein to "days" shall mean calendar days unless otherwise stated.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first above written.

"LANDLORD"

SANTA CRUZ PORT DISTRICT
COMMISSION,
a political subdivision

ATTEST:

Marian Olin
Port Director

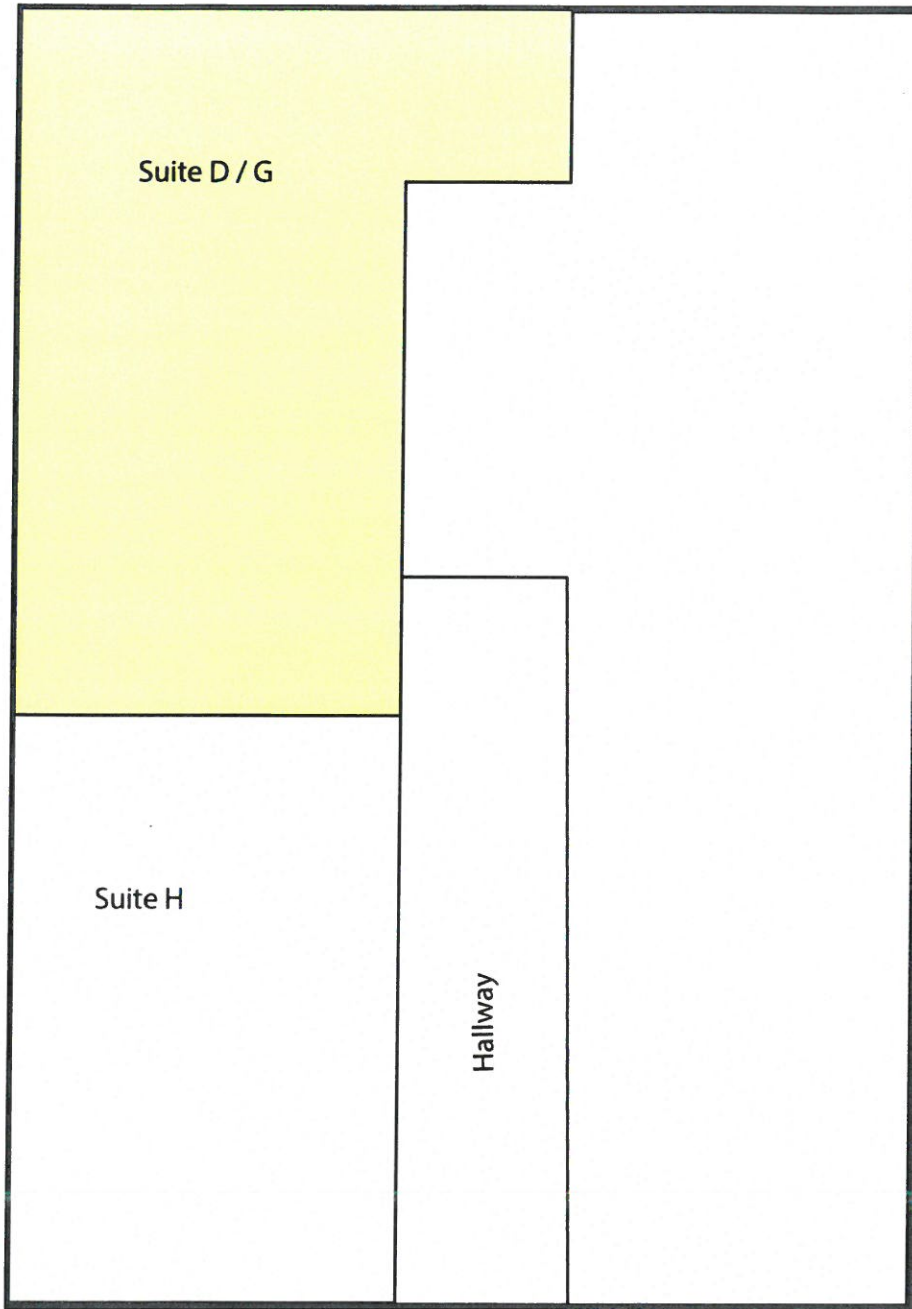
By _____

"TENANT"

By  _____

05/29/18
"masters/lease.doc"

Lake Avenue



333 Lake Avenue

Upstairs

NOT TO SCALE

EXHIBIT A

Santa Cruz Port District
135 5th Avenue
Santa Cruz, CA 95062
831.475.6161
831.475.9558 Fax
www.santacruzharbor.org



PORT COMMISSIONERS:
Toby Goddard
Dennis Smith
Reed Geisreiter
Stephen Reed
Darren Gertler

TO: Port Commission
FROM: Marian Olin, Port Director
DATE: June 18, 2018
SUBJECT: Presentation of Final Design Plans for Aldo's Seawall

INFORMATION

Dale Hendesbee of Mesi-Miller Engineering will present the final design plans for replacement of the seawall at Aldo's Restaurant at the Port Commission's regular public meeting on June 26, 2018.

Erin McGinty of EcoSystems West will also be present at the meeting to review the permit process and expected timelines.

The Port District anticipates bidding the seawall project in late-2018, and awarding a contract in early-2019.

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PORT COMMISSIONERS:
Toby Goddard
Dennis Smith
Reed Geisreiter
Stephen Reed
Darren Gertler

TO: Port Commission
FROM: Marian Olin, Port Director
DATE: June 7, 2018
SUBJECT: Public Hearing to Approve Resolution 18-06, Amending the Port District Ordinance to Include Section 316 – *Vessel Insurance*

Recommendation: *Conduct public hearing to approve Resolution 18-06, adopting Santa Cruz Port District Ordinance Section 316.*

BACKGROUND

On May 22, 2018, the Port Commission introduced an ordinance establishing requirements for slip renters to maintain and provide proof of vessel liability insurance. The text of the ordinance has been publicly advertised as required by Harbors and Navigation Code Section 6309.2.

ANALYSIS

Staff has prepared the final version of the ordinance for adoption. If the Port Commission approves the resolution, the ordinance will become effective August 1, 2018.

IMPACT ON PORT DISTRICT RESOURCES

There is no cost to the Port District associated with approval of this resolution.

ATTACHMENTS: A – Resolution 18-06

Santa Cruz Port District
Resolution 18-06
June 26, 2018

ON THE MOTION OF _____

SECONDED BY _____

A resolution amending the Santa Cruz Port District Ordinance by adopting an addition to Article III, Berthing Regulations, adding Section 316 – *Vessel Insurance*.

WHEREAS, the Port Commissioners of the Santa Cruz Port District have deemed it necessary to amend a certain portion of its District Ordinances; and,

WHEREAS, in accordance with Harbors and Navigation Code Section 6309.2, said proposed amendments were published in their entirety in the Santa Cruz Sentinel on June 1, June 8, and June 15, 2018; and,

WHEREAS, the Port Commission of the Santa Cruz Port District has deemed it necessary to adopt the following ordinance as an amendment to its District Ordinance for the proper administration of the District, effective August 1, 2018.

Section 316 – *Vessel Insurance*

All vessels must be insured in accordance with Port District policies to retain slip license.

NOW, THEREFORE, BE IT RESOLVED that the Santa Cruz Port Commission does approve and adopt Ordinance 316.

PASSED AND ADOPTED by the Santa Cruz Port Commission at a public hearing conducted, this 26th day of June, 2018, by the following vote:

AYES _____

NOES _____

ABSENT _____

APPROVED BY:

Dennis Smith, Chairman
Santa Cruz Port Commission



TO: Port Commission
FROM: Marian Olin, Port Director
DATE: June 18, 2018
SUBJECT: Approval of Resolution 18-07, Authorizing a Temporary Construction Easement with Pacific Gas and Electric Company

Recommendation *Approve Resolution 18-07, approving the Temporary Construction Easement between the Santa Cruz Port District and Pacific Gas and Electric Company, and authorize the Port Director to execute the TCE Agreement.*

BACKGROUND

The Santa Cruz Port Commission approved three easement agreements for a Pacific Gas and Electric (PG&E) gas transmission pipe line replacement project at its public meeting on May 22, 2018:

1. Permanent Easement LD 2311-01-2854
2. Confirmation Easement LD 2311-01-2856
3. Quitclaim Easement LD 2311-01-2855

The project will replace and abandon vintage gas pipeline, shifting the new pipe line easement north, underneath the west side access road from approximately the G-2 gate to north of the G-3 gate, then west up the embankment and along the southern boundary of Frederick Street Park.

At the time of approval, it was noted that a temporary construction easement (TCE) for installation of the new pipeline on the harbor's west side would be needed and was expected to be presented to the Commission for approval at the regular June meeting.

The TCE Agreement (Attachment A), which depicts the area needed by PG&E during construction, and Resolution 18-07 (Attachment B) authorizing the TCE, are appended.

ANALYSIS

The Port Commission met in closed session on April 24, 2018, to review the easement proposals by PG&E and provide input on negotiations.

PG&E's initial offer for the TCE was based on an appraisal completed by Associated Right of Way Services, Inc. in February 2018. Though the area needed by PG&E was not yet defined, the appraisal proposed to reduce compensation for parking spaces used during construction by a factor of 50%, based on the Santa Cruz Harbor Parking Management Plan by Watry Design, Inc., which estimated parking areas in the marina are less than 50% full at any given time.

Staff countered PG&E's offer, and requested parking be reimbursed at full value, with no diminution. PG&E has accepted the Port District's counter, and will to pay the Port District \$18,941.00 for the first month of the TCE and then \$611 per day (\$18,941.00/31) for any days thereafter. Additionally, while PG&E antitipates that parking will only be disrupted during daytime working hours, the TCE authorizes compensating the Port District for any overnight parking used during construction at the full rate (\$30.00 per parking space used overnight).

PG&E also agreed to the Port District's request to increase the term of notice from 48 hours to 5 days.

District Counsel Bill McClure has reviewed and provided input on the TCE Agreement.

IMPACT ON PORT DISTRICT RESOURCES

The \$18,941.00 compensation for the first month of construction, plus compensation subsequently earned on a daily basis, is unanticipated revenue in the FY19 budget. The Commission may wish to consider allocating this unanticipated revenue into a reserve fund or a capital improvement project at a future date.

- ATTACHMENTS:
- A. Temporary Construction Easement
 - B. Resolution 18-07 Authorizing Execution of Temporary Easement Agreement

TEMPORARY CONSTRUCTION EASEMENT

THE SANTA CRUZ PORT DISTRICT, a political subdivision of the State of California, hereinafter called Grantor, hereby grants to PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called Grantee, a temporary construction easement, as defined below and hereinafter referred to as "TCE." This TCE is to be used in connection with Grantee's gas transmission pipe line replacement project, upon, over, under, and across that certain real property in the City of Santa Cruz, State of California, identified as 425 Brommer Street, Santa Cruz County Assessor's Parcel Number 011-181-03.

The purpose of the TCE is defined as follows:

to use the area shaded in purple on the map attached hereto as Exhibit A and made a part hereof as a working, laydown and staging area, including the right to park vehicles belonging to Grantee, its employees and contractors, as well as the right to locate related construction equipment and materials and portable restrooms thereon. Grantee, its employees and contractors may provide security to the area during the term of use if necessary.

The area designated above and in Exhibit A is hereafter referred to as the "easement area."

1. **Existing Rights** - Grantee obtained the rights to install and maintain gas transmission facilities across Grantors' real property under and by virtue of Volume ___ of Official Records, page ___ [recording information for the confirmation Easement and the new Easement to be inserted here], easements executed by _____ and recorded ___[Date]___ in the Official Records of the County of Santa Cruz (PG&E Land Document Numbers 2311-01-2854 and 2311-01-2856).
2. **Term** - The term of this TCE shall be for a period of two (2) months commencing no sooner than July 1, 2018 and terminating no later than December 31, 2019. Grantee shall provide not less than five (5) days' prior notice, except in the event of an emergency, to Grantor prior to commencing construction. Grantee shall have the right, subject to the terms herein, to extend the term of this TCE by giving the Grantor written notice of its intention to do so not less than ten (10) days prior to the expiration of the second month.
3. **Compensation** - Within 30 days of the execution of this document and upon Grantee's receipt from Grantor of an executed IRS W-9 Form, Grantee will pay Grantor a total payment of Eighteen Thousand, Nine Hundred Forty-One Dollars (\$18,941.00) as compensation for one month of the TCE. Grantor shall provide a completed IRS W-9 Form for processing payment of the compensation at the same time it executes the TCE document. If Grantee occupies the property for longer than one month, Grantee will pay Grantor Six Hundred Eleven Dollars (\$611.00) per day as compensation for the TCE, and shall continue thereafter per day or for any portion thereof. If Grantee is required to use any parking spot within the easement area outside of working hours for overnight staging, Grantee will pay Grantor Thirty Dollars (\$30.00) per night per parking spot. Within 30 days of the completion of its gas pipeline replacement project and restoration, Grantee will pay Grantor any additional compensation due as described above.

4. **Ingress/Egress, Fencing** - During the term of this instrument, Grantee shall have the exclusive right to use the easement area, along with the right of ingress and egress thereto, except that Grantee shall allow space for traffic around staging areas as planned and coordinated with Grantor. Grantee shall have the further right to erect and maintain temporary fencing and gates with a locking device to enclose the easement area, and shall remove such fencing and gates at the end of the term of this TCE. Grantee recognizes that Grantor is an active public harbor and operates a public beach, and Grantee, its representatives and contractors will make every reasonable effort to minimize disruptions to Grantor's operations. The TCE hereunder will be irrevocable during the term of this agreement, except in the case of a material breach of the terms of this agreement.
5. **Indemnification** - Grantee agrees to indemnify Grantor against any loss and damage which shall be caused by any wrongful or negligent act or omission of Grantee or of its agents or employees in the course of their employment, provided, however, that this indemnity shall not extend to that portion of such loss or damage that shall have been caused by Grantor's comparative negligence or willful misconduct.
6. **Compliance with Laws** - In exercising the rights granted under this TCE, Grantee shall comply with all laws, ordinances, and regulations pertaining to its use. Grantee is required under State and local law to re-stabilize any disturbed project location in order to control soil erosion and sediment runoff, in accordance with applicable project permits. Interpretation and enforcement of the TCE shall be governed by the laws of the State of California.
7. **Restoration** - Upon completion of its gas pipeline replacement project, Grantee shall repair and mitigate any damage and restore the easement area to a condition as nearly as practicable to its condition prior to its use by Grantee. Grantee shall remove all personal property.
8. **Insurance** - Grantee certifies it is insured under a major risk management program with large self-insured retentions, with the minimum amount of \$1,000,000.00 covering Grantee's use of the easement area under this TCE.
9. **Entire Agreement** - This TCE supersedes all previous oral and written agreements between and representation by or on behalf of the parties and constitutes the entire agreement of the parties with respect to the subject matter hereof.
10. **Authority of Signatory** - Each party to this TCE warrants to the other that it has the right and authority to enter into and consummate this Temporary Easement and all related documents.
11. **Successors, Heirs, and Assigns** - The Rights provided for herein shall inure to successors, heirs and assigns of the respective parties hereto, and all covenants shall apply to and run with the land.
12. **Execution in Counterparts** - This TCE may be signed in identical counterpart copies, (including copies sent to a party by facsimile transmission or as a "pdf" file attached to an

electronic mail transmission) each of which shall be an original, but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this instrument as of the date set forth below each signature, effective upon the date first written above.

Dated this _____ day of _____, 2018.

SANTA CRUZ PORT DISTRICT

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT A

Santa Cruz County Assessor's Parcel Number 011-181-03
Santa Cruz Harbor, 425 Brommer Street Santa Cruz, CA 95062
Contact: Marian Olin – Port Director
Phone: (831) 475-6161, ext. 21; Email: MOlin@santacruzharbor.org



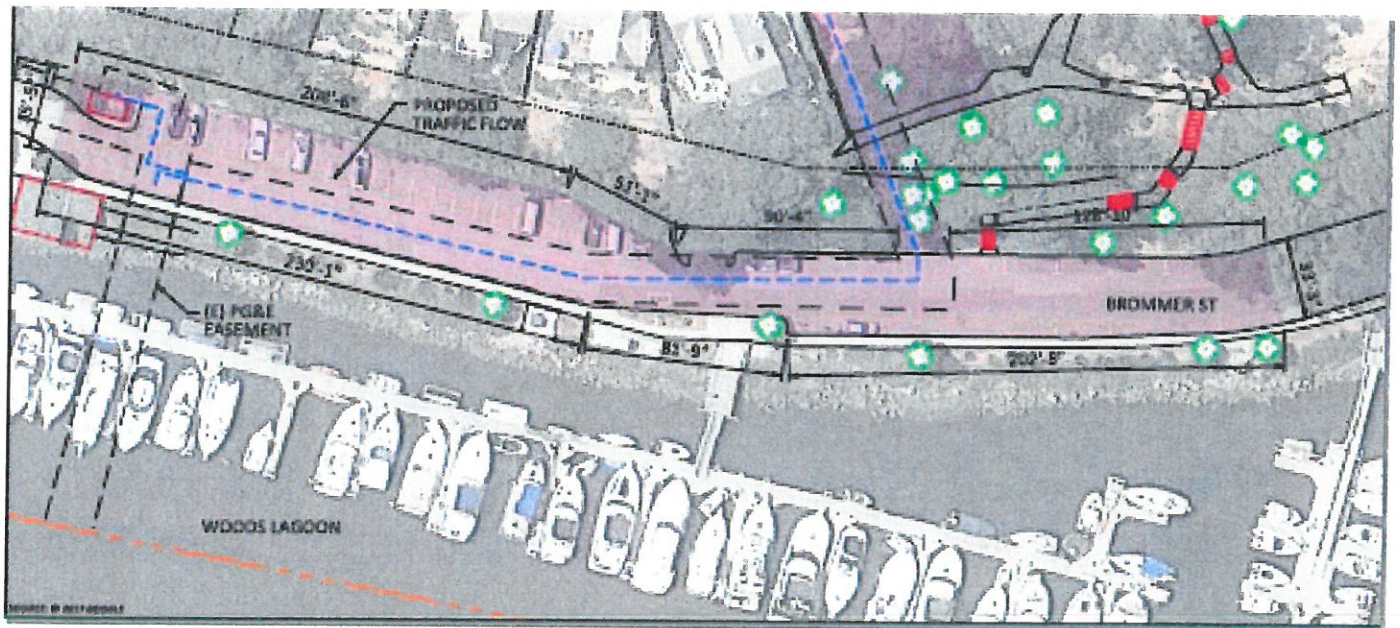
Easement Area: approximately 23,000 square feet
(approximately 14,500 square feet net of permanent easements)



Permanent Easement Area (see separate Easement Deed and confirmation Easement for more information)



Potential pipeline path (should not be relied upon for digging or construction purposes)



Santa Cruz Port District
Resolution 18-07
June 26, 2018

ON THE MOTION OF _____

SECONDED BY _____

A resolution authorizing the Port Director to execute a Temporary Construction Easement agreement with Pacific Gas and Electric Company (PG&E) to accommodate construction activities associated with a gas transmission pipe line replacement project (Project), upon, over, under, and across that certain real property owned by Santa Cruz Port District in the City of Santa Cruz, State of California, identified as 425 Brommer Street, Santa Cruz County Assessor's Parcel Number 011-181-03.

WHEREAS, the Santa Cruz Port District Commission approved Easement Agreement LD 2311-01-2854 with PG&E at its public meeting on May 22, 2018, authorizing placement of a new gas transmission pipe line on the northwest side of Santa Cruz Harbor; and,

WHEREAS, a TCE is needed by PG&E for working, laydown and staging areas, parking and other temporary facilities and storage of equipment needed during construction; and,

WHEREAS, the term of the TCE is anticipated to be for a period of two (2) months, commencing no sooner than July 1, 2018, and terminating no later than December 31, 2019; and,

WHEREAS, the Project will result in abandonment of vintage pipeline and placement of a new gas transmission line, improving the safety and serviceability of PG&E's gas transmission pipe line in the vicinity of Santa Cruz Harbor; and,

WHEREAS, the Project will displace parking between G-2 and H dock gates on the harbor's northwest side during construction; and

WHEREAS, the PG&E is compensating the Port District for the full value of parking used during the construction project:

NOW, THEREFORE, BE IT RESOLVED that the Santa Cruz Port District Commission hereby:

1. approves the attached Temporary Construction Easement for a gas transmission pipe line replacement project as part of Easement Agreement LD 2311-01-2854 between Santa Cruz Port District and PG&E, subject to all conditions of the TCE Agreement.

2. Authorizes the Port Director to execute the final TCE Agreement.

PASSED AND ADOPTED by the Santa Cruz Port Commission, this 26th day of June, 2018, by the following vote:

AYES _____

NOES _____

ABSENT _____

APPROVED BY:

Dennis Smith, Chairman
Santa Cruz Port Commission



TO: Port Commission
 FROM: Matt Kerkes, Facilities Maintenance & Engineering Manager
 DATE: June 18, 2018
 SUBJECT: Authorization to Purchase Card Key System for Harbor Shower Rooms, Restroom Facilities, and Dock Gates (NTE \$144,720)

Recommendation: *Authorize the Port Director to execute a contract with All Access Data and Security (dba MarinaWare) to provide access control to harbor shower rooms, restroom facilities, and dock gates; authorize a budget adjustment for an amount not to exceed \$189,720.*

BACKGROUND

The Commission has discussed the transition to an electronic key system as part of overall harbor security upgrades on several occasions. Phase I of the project, which provided electronic access to all shower facilities, was completed in FY15. Phase II of the project, which includes providing electronic access to restroom doors and dock gates was planned to follow.

At its regular public session of April 24, 2018, the Commission discussed the feasibility of moving forward with Phase II of the project and reviewed the project's scope, cost and schedule. The Commission directed staff to move forward with soliciting a Request for Quotations.

Phase II of the project was advertised on an informal basis in accordance with the procedures contained in the California Public Contract Code, commencing May 11, 2018. One bid was received. All Access Data and Security (dba MarinaWare) submitted a base bid of \$137,819.60.

ANALYSIS

Staff is familiar with the quality and service provided by All Access Data and Security (dba MarinaWare), as the proprietor is the current supplier of the District's marina management software system. Staff has checked the bidder's proposal and qualifications, and is satisfied that the contractor can fulfill the bid requirements in a timely manner.

Based on the final detailed site survey and conversations with staff, All Access Data and Security (dba MarinaWare) submitted a proposal for the following:

Components Purchase ¹	\$126,524.60
Operator Training, Maintenance & Support ²	<u>\$ 11,295.00</u>
Base Bid	\$137,819.60
Contingency (5%)	\$6,900.00
System Purchase Not to Exceed Amount	\$144,719.60

¹ Includes all software, hardware, communication modules, and sales tax.

² Installation not included.

The purchase of the system does not include labor for installation. Staff estimates that maintenance crews can complete all of the installation work within six weeks at an approximate cost of \$45,000.

Implementation

Staff will provide information and outreach to all slip licensees informing them of the upcoming conversion to an electronic key system. Prior to implementing the new system, staff will develop and present a phasing plan to the Policy-Operations Committee for initial review. The phasing plan recommended by the committee will be presented to the full Commission for deliberation and approval.

IMPACT ON PORT DISTRICT RESOURCES

The FY19 Capital Improvement Plan (CIP) budget included a \$45,000 contribution for Harbor Security Upgrades, bringing the total available CIP funding to approximately \$124,845. Additionally, the CIP fund currently includes \$211,236 in unallocated funds.

Staff recommends the Port Commission authorize a transfer of \$20,000 from unallocated CIP funds to cover the not to exceed amount of the purchase, and up to \$45,000 from unallocated CIP funds to cover the labor costs for installation. Following project completion, The remaining balance of unallocated CIP funds is estimated to be \$146,236.



TO: Port Commission

FROM: Marian Olin, Port Director

DATE: June 18, 2018

SUBJECT: Review / Consideration of Capital Improvement Project Financing Options
 (Approximately \$3,350,000)

Recommendation: *Review preliminary financing proposals from BBVA Compass Bank and The Weist Law Firm and provide direction to staff.*

BACKGROUND

At its public meeting of March 27, 2018, the Port Commission considered whether to move forward with financing two upcoming Capital Improvement Projects, the Aldo's Seawall Replacement Project and the Pile Repair and Replacement Project. The staff report from the March meeting is appended as Attachment E.

For purposes of assessing principal and interest costs, the total financing package was estimated to be \$3,350,000:

CAPITAL IMPROVEMENT PROJECT	ASSET LIFE EXPECTANCY	COST ESTIMATE
Aldo's Seawall Replacement Project	50+ years	\$1,600,000
Pile Repair and Replacement Project	35 to 50 years for new concrete piles ¹	\$1,750,000
TOTAL		\$3,350,000

The topic was continued to the June meeting due to lack of a quorum following a vote on this item at the March meeting.

ANALYSIS

Preliminary financing proposals were solicited from BBVA Compass Bank, the bank currently servicing our long-term debt, and The Weist Law Firm, a local firm that served as bond counsel for the 2013 debt refinance proceeding.

BBVA has updated the previously provided term sheets and amortization schedules to reflect market pricing as of June 15, 2018. The loan proposal remains within BBVA's pre-approved timeline window.

¹ An alternative to replacement is epoxy-coated steel sleeves, which can extend the life expectancy of existing piles by 10 to 15+ years.

The Weist Law Firm has provided an analysis of the financing options available to the Port District (Weist previously provided only general rates and terms).

The proposed financing options from both entities are attached (Attachment 'A'-- BBVA Compass Bank Preliminary Terms Sheet and Attachment 'B' – The Weist Law Firm Financing Options). While both proposals increase long-term debt and debt service, the options offer varying terms and rates.

Financing the seawall and pile projects would preserve unrestricted cash-on-hand. Cash available as of June 15, 2018, is approximately \$2.64 million. This accounts for all FY19 fund balance contributions, including a contribution to the CIP in the amount of \$2,654,400 to provide funding for the Aldo's Seawall Project, the Pile Replacement Project and other projects. If project financing is obtained, the CIP funding allocated to the Pile Replacement Project and the Aldo's Seawall Project (approximately \$2.54 million) would be released, increasing unrestricted cash to approximately \$5.18 million.

Staff is seeking direction from the Commission on whether to pursue financing for the seawall and pile projects. If the Commission elects to finance all or a portion of the projects, it is recommended that a Reimbursement Resolution be adopted, which would provide a 60-day look back for financing project-related expenditures.

If financing is not obtained, based on current contracts and cost estimates the Port District has adequate cash reserves to proceed with the Pile Repair and Replacement Project and the Aldo's Seawall Replacement Project.

Debt Service Coverage Ratio

A projected debt service ratio (DSCR) including estimated new debt service principal and interest payments is appended as Attachment C. It applies estimated debt service to FY17 audited results, FY18 projected results and the FY19 budget. The projected DSCR's for FY17 and FY18 meet and exceed debt covenant requirements. The FY19 projection, which is based on more conservative budget estimates, exceeds the 1.25 required DSCR.

Future Capital Improvement Plan Needs

Future capital project needs and financing needs were briefly discussed during the March deliberations on this topic. An excerpt from the FY19-23 Capital Improvement Plan (CIP) is appended as Attachment D. The Port District's reserve policy sets an annual funding goal of \$500,000 for the CIP. While the projects funded in in the 5-year window are subject to change based on evolving priorities, anticipated CIP funding needed in FY20 is in the \$1.5 million range. In the harbor's marine environment, CIP funding needs FY21 and beyond are expected to continue to grow.

Future replacement or repair of the west side seawall was also discussed during the March deliberations on this topic. The seawall, which lies north of the Aldo's seawall, is of similar vintage and construction. A corrosion study was completed in 1988, and Mesiti-Miller Engineering has

studied the condition of the seawall several times since 1991, and found that while no catastrophic failure is anticipated, the seawall will require repair or replacement in the future. The only question is when. If the current construction estimate for Aldo's seawall is applied to the west side seawall, the cost of replacement approaches \$20 million. This estimate, however, does not anticipate construction methodologies which may differ from the Aldo's seawall, or economies of scale which may be achieved with a larger project. When repaired or replaced at some point in the future, the west side seawall project will undoubtedly require financing.

IMPACT ON PORT DISTRICT RESOURCES

The financing proposals present various rate and term options for consideration by the Commission. If the Commission directs staff to pursue financing of the Aldo's Seawall Replacement Project and Pile Repair and Replacement Project, an analysis of the fiscal impact will be presented at the time the financing packet is authorized.

- ATTACHMENT –
- A. BBVA Compass Bank Preliminary Terms Sheet
 - B. Weist Law General Financing Options
 - C. Projected Debt Service Coverage Ratio
 - D. Capital Improvement Plan FY19-23 Excerpt
 - E. Staff Report dated March 19, 2018



Santa Cruz Port District, California
Summary of Non-Binding Indicative Terms and Conditions
for the Proposed Tax Exempt Term Loan
June 15, 2018

This summary of indicative terms and conditions is not a commitment to lend, purchase or to provide any other service related to a financing and does not impose any other obligation on Lender. Any such commitment or undertaking will be issued only in writing subject to appropriate documentation, the terms of which are not limited to those set forth herein. This summary of indicative terms and conditions is intended as an outline of certain of the material terms of a proposed financing and is not intended to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documents, and is subject to, among other things, completion of due diligence and final credit approval by Lender.

Borrower: Santa Cruz Port District, California (the "Borrower").

Lender: BBVA Compass d/b/a Compass Bank, an Alabama banking corporation (the "Lender" or the "Bank").

Steven Zari, Senior Vice President
 Northern California Commercial Banking
 1490 Stone Point Drive, Suite 250
 Roseville, CA 95661
 Ph: (916) 945-3844
steven.zari@bbva.com

James Manning, Senior Vice President
 Government & Institutional Banking
 2850 E. Camelback Rd., Ste 140
 Phoenix, AZ 85016
 Ph: (602) 778-0795
james.manning@bbva.com

Obligation Type: Tax Exempt Bank Qualified Term Loan.

Obligation Amount: Up to \$1,600,000 (the "Obligation" or "Financing").

Purpose: To finance the Aldo's Seawall replacement project. This will repair and replace the seawall at the southwest side of the port, the portion of seawall essentially in front of and bordering Aldo's restaurant.

Option 1:

Maturity: 08/01/2033 or approximately 15 years from closing.

Repayment: The Obligation will amortize over 15 years, calling for semi-annual principal and interest payments due on each 02/01 and 08/01 over the Obligation's tenor.

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This term sheet does not represent a commitment to lend and may not be relied upon as such.



Interest Rate:	<p>Tax Exempt Fixed Rate of 3.61% fixed for the full tenor of the Obligation.** This rate is indicative and subject to change daily depending on market conditions. Upon formal credit approval and at the Borrower's option, subject to break-funding, fixed rate may be locked up to 30 days prior to closing.</p> <p>** Indexed to 129 bps over 79% of the prevailing 7-year LIBOR swap rate. Based on the current rate of 2.94% for the swap index as of 6/15/2018, the interest rate on funded balances today would be 3.61%.</p>
Option 2:	
Maturity:	08/01/2029 or approximately 11 years from closing.
Repayment:	The Obligation will amortize 11 years, calling for semi-annual principal and interest payments due on each 02/01 and 08/01 over the Obligation's tenor.
Interest Rate:	<p>Tax Exempt Fixed Rate of 3.48% fixed for the full tenor of the Obligation.** This rate is indicative and subject to change daily depending on market conditions. Upon formal credit approval and at the Borrower's option, subject to break-funding, fixed rate may be locked up to 30 days prior to closing.</p> <p>** Indexed to 116 bps over 79% of the prevailing 7-year LIBOR swap rate. Based on the current rate of 2.94% for the swap index as of 6/15/2018, the interest rate on funded balances today would be 3.48%.</p>
Covenants:	<p>Covenants to mirror existing covenants with BBVA Compass, including but not limited to the following:</p> <ul style="list-style-type: none"> • Parity Debt Test of 1.40x; • Rate and Coverage Covenant of 1.25x; • Industry standard debt service reserve fund fully funded at closing at the lesser of 1)10% of par amount, 2) maximum annual debt service, or 3) 125% of average annual debt service.
Financial Reporting:	<ul style="list-style-type: none"> • Annual audited financial statements due within 210 days of fiscal year end. • Annual approved operating budget due within 30 days of fiscal year end. • Borrower shall furnish at Lender's request such additional information that Lender may from time to time reasonably request. <p>Annual disclosure information may be provided via EMMA.</p>
Tax Exempt Status / Yield Adjustment Event:	The quoted tax exempt interest rate will be subject to gross-up upon an event of taxability.

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- Closing Costs:** Borrower will pay all reasonable, out-of-pocket costs and expenses incurred by Lender in connection with due diligence and the preparation of documentation, regardless of whether or not the Obligation is closed, including but not limited to, financial advisory and placement agent fees if applicable, bond counsel, Lender's counsel, UCC searches, and CDIAC fees. It is anticipated that lender's counsel will be reviewing documents prepared by district engaged bond counsel. If District would like lender's counsel to also draft the documents, please let the bank know and we can provide a quote. Lender's counsel limited to \$7,500.
- Conditions Precedent:** Prior to the consummation of the Credit Facility, the following conditions precedent shall have occurred, all of which shall be in form and substance satisfactory to the Lender and its counsel.
- Formal credit approval from the Bank.
 - Satisfactory review of applicable Insurance Policies.
 - Opinion addressed to the Bank, from counsel to Borrower reasonably acceptable to the Bank, setting forth such opinions as the Bank may require, including opinions concerning the legal status of Borrower, the due authorization, execution and delivery of the Obligation documents, the enforceability of the private placement/lease documents, no conflict with law, no litigation, and the receipt of all necessary governmental approvals.
 - Tax Opinion addressed to the Bank from counsel reasonably acceptable to the Bank that interest payable with respect to the debt service payments is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Service Code and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for purposes of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings.
 - Properly executed documents in form and substance satisfactory to Bank and/or Bank's counsel evidencing or supporting the Credit Facility.
 - Additional conditions precedent that Bank considers customary and reasonably appropriate for the Credit Facility, including further information disclosures.
- Ancillary Business:** The structure, pricing, and terms contained herein are conditioned upon the establishment of a banking relationship that includes the opportunity to reasonably bid on ancillary financial services in good faith.
- Governing Law:** This transaction shall be governed by and construed in accordance with the laws of the State of California.
- Expiration:** This term sheet shall expire by 4:00pm on 07/02/2018 unless previously accepted.

This term sheet is issued in reliance on the accuracy of all information, representations, schedules, and other data and materials submitted by Borrower, all of which are deemed material. This term sheet does not contain all of the terms and conditions or other provisions that may be included in the final documents evidencing the Obligation, and is issued at a time before Lender has undertaken a full business, credit, and legal analysis of Borrower and the Obligation.

*The terms and provisions of this correspondence are **confidential** and may not be disclosed by Borrower to any other person or entity. However, the foregoing restrictions on disclosure shall not apply to disclosure(s): (i) to Borrower's legal*

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counsel or financial advisor for purposes of advising Borrower with respect hereto and provided, however, that such counsel and financial advisor agree to preserve the confidentiality of this correspondence; or (ii) in response to any properly issued subpoena from any court or other governmental authority with jurisdiction over Borrower, provided that Lender has been furnished reasonable advance notice of the intended disclosure and the opportunity to prevent or limit the scope of any such disclosure.

Lender is providing the information contained in the document for discussion purposes only in connection with a proposed arm's-length commercial banking transaction between Borrower and Lender. This information is provided to you pursuant to and in reliance upon the "independent municipal investment advisor exemption" or "request for proposals exemption" provided under the municipal advisor rules of the Securities and Exchange Commission, 17 C.F.R. § 240.15Ba1-1 et seq. (the "Municipal Advisor Rules").


Lender is acting for its own interest and has financial or other interests that differ from yours. Lender is not acting as a municipal advisor or financial advisor, and has no fiduciary duty to you or any other person pursuant to Section 15B of the Securities Exchange Act of 1934 or otherwise. The information provided in this document is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934 and the Municipal Advisor Rules.

Lender is not recommending that you take any action with respect to the information contained in this document. Before acting on this information, you should discuss it with your own financial and/or municipal, legal, accounting, tax, and other advisors as you deem appropriate. If you would like a municipal advisor in this transaction that has legal fiduciary duties to you, then you are free to engage a municipal advisor to serve in that capacity.

Lender does not provide legal, compliance, tax or accounting advice. Accordingly, any statements contained herein as to tax matters are not intended by Lender to be used and cannot be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed on such taxpayer.

This term sheet is intended for the sole and exclusive benefit of Borrower and Lender and may not be relied upon by third parties.

Sincerely,
BBVA COMPASS

By: 
Steven Zari, Relationship Manager

AGREED AND ACCEPTED:

By: _____

Title: _____ Date: _____, _____

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Break-Funding Fee Calculation

If Borrower elects to not go through with the Financing after rate lock other than due to a Force Majeure Event (as defined below), Borrower shall pay to Bank a break-funding fee equal to the Annual Yield Differential (as defined below) multiplied by the Percent Being Prepaid (as defined below), multiplied by the Average Remaining Outstanding Principal Amount (as defined below) multiplied by the number of days the Financing was to be outstanding (the "Maturity Date"), divided by 360.

The "Annual Yield Differential" is the difference (but not less than zero) between the U.S. Treasury yield (from the Federal Reserve daily H.15 report) on the maturity closest to the final maturity of the note at time of rate lock, and the U.S. Treasury yield (from the Federal Reserve daily H.15 report) on the maturity closest to the final maturity of the note at the date of notification of election to not enter into the Financing. The Average Remaining Outstanding Principal Amount of the loan is defined as the simple average of the original principal loan balance and the loan balance due at the maturity date. The Percent Being Prepaid shall be determined by dividing the principal amount being prepaid by the existing principal loan amount.

If treasury rates are equal or higher, the customer will incur no charge. The Federal Reserve H.15 report for treasury rates can be accessed from the Fed's website currently @ <http://www.federalreserve.gov/releases/h15/current/default.htm>.

Loan amount at origination: \$5.0 million
 Final maturity: 15 years
 Amount Remaining at Maturity: \$0.0
 15-year US Treasury Rate at time of rate lock: 2.50%

Scenario: 15 days prior to closing and funding, the customer elects to not enter into the financing after previously locking the rate. 15-year Treasury rate at the time of notification is 2.45%.

Prepayment Fee Calculation:

Annual Yield Differential = 5 bps (2.50% - 2.45%)

Percent Being Prepaid = 100%

Average Remaining Outstanding Principal Amount = \$2.5 million (average of existing \$5.0 million and \$0 at maturity)

Days to Maturity / 360 = 15.21 ((15 x 365)/360)

Break Funding Fee = .05% * 100% * \$2.5 million * 15.21 = \$19,010.42

"Force Majeure Event" means acts of God; acts of public enemies; orders of any kind of the government of the United States of America or the State of California or any political subdivision thereof, or any of their departments, agencies or officials; any outbreak of civil or military insurrections, riots or epidemics; landslides; lightning; earthquake; fire; hurricanes; tornadoes; floods; or any other cause or event not insurable or reasonably within the control of Borrower which makes Borrower unable to consummate the Financing or perform its obligations thereunder.

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Santa Cruz Port District - 15 year

\$1,600,000 Tax Exempt Loan

Dated August 1, 2018

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/01/2018	-	-	-	-	-
02/01/2019	40,659.00	3.610%	28,880.00	69,539.00	-
06/30/2019	-	-	-	-	69,539.00
08/01/2019	41,392.00	3.610%	28,146.11	69,538.11	-
02/01/2020	42,140.00	3.610%	27,398.98	69,538.98	-
06/30/2020	-	-	-	-	139,077.09
08/01/2020	42,900.00	3.610%	26,638.35	69,538.35	-
02/01/2021	43,675.00	3.610%	25,864.01	69,539.01	-
06/30/2021	-	-	-	-	139,077.36
08/01/2021	44,463.00	3.610%	25,075.67	69,538.67	-
02/01/2022	45,265.00	3.610%	24,273.12	69,538.12	-
06/30/2022	-	-	-	-	139,076.79
08/01/2022	46,083.00	3.610%	23,456.08	69,539.08	-
02/01/2023	46,914.00	3.610%	22,624.29	69,538.29	-
06/30/2023	-	-	-	-	139,077.37
08/01/2023	47,761.00	3.610%	21,777.49	69,538.49	-
02/01/2024	48,623.00	3.610%	20,915.40	69,538.40	-
06/30/2024	-	-	-	-	139,076.89
08/01/2024	49,501.00	3.610%	20,037.76	69,538.76	-
02/01/2025	50,394.00	3.610%	19,144.26	69,538.26	-
06/30/2025	-	-	-	-	139,077.02
08/01/2025	51,304.00	3.610%	18,234.65	69,538.65	-
02/01/2026	52,230.00	3.610%	17,308.61	69,538.61	-
06/30/2026	-	-	-	-	139,077.26
08/01/2026	53,173.00	3.610%	16,365.86	69,538.86	-
02/01/2027	54,133.00	3.610%	15,406.09	69,539.09	-
06/30/2027	-	-	-	-	139,077.95
08/01/2027	55,110.00	3.610%	14,428.99	69,538.99	-
02/01/2028	56,104.00	3.610%	13,434.25	69,538.25	-
06/30/2028	-	-	-	-	139,077.24
08/01/2028	57,117.00	3.610%	12,421.58	69,538.58	-
02/01/2029	58,148.00	3.610%	11,390.61	69,538.61	-
06/30/2029	-	-	-	-	139,077.19
08/01/2029	59,198.00	3.610%	10,341.04	69,539.04	-
02/01/2030	60,266.00	3.610%	9,272.52	69,538.52	-
06/30/2030	-	-	-	-	139,077.56
08/01/2030	61,354.00	3.610%	8,184.72	69,538.72	-
02/01/2031	62,461.00	3.610%	7,077.28	69,538.28	-
06/30/2031	-	-	-	-	139,077.00
08/01/2031	63,589.00	3.610%	5,949.86	69,538.86	-
02/01/2032	64,737.00	3.610%	4,802.08	69,539.08	-
06/30/2032	-	-	-	-	139,077.94
08/01/2032	65,905.00	3.610%	3,633.57	69,538.57	-

Santa Cruz Port District - 15 year

\$1,600,000 Tax Exempt Loan

Dated August 1, 2018

Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/01/2033	67,095.00	3.610%	2,443.99	69,538.99	-
06/30/2033	-	-	-	-	139,077.56
08/01/2033	68,306.00	3.610%	1,232.92	69,538.92	-
06/30/2034	-	-	-	-	69,538.92
Total	\$1,600,000.00	-	\$486,160.14	\$2,086,160.14	-

Yield Statistics

Bond Year Dollars	\$13,467.04
Average Life	8.417 Years
Average Coupon	3.6100000%
Net Interest Cost (NIC)	3.6100000%
True Interest Cost (TIC)	3.6100000%
Bond Yield for Arbitrage Purposes	3.6100000%
All Inclusive Cost (AIC)	3.6100000%

IRS Form 8038

Net Interest Cost	3.6100000%
Weighted Average Maturity	8.417 Years



**Santa Cruz Port District, California
Summary of Non-Binding Indicative Terms and Conditions
for the Proposed Tax Exempt Term Loan
June 15, 2018**

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- Borrower:** Santa Cruz Port District, California (the "Borrower").
- Lender:** BBVA Compass d/b/a Compass Bank, an Alabama banking corporation (the "Lender" or the "Bank").
- Steven Zari, Senior Vice President
Northern California Commercial Banking
1490 Stone Point Drive, Suite 250
Roseville, CA 95661
Ph: (916) 945-3844
steven.zari@bbva.com
- James Manning, Senior Vice President
Government & Institutional Banking
2850 E. Camelback Rd., Ste 140
Phoenix, AZ 85016
Ph: (602) 778-0795
james.manning@bbva.com
- Obligation Type:** Tax Exempt Bank Qualified Term Loan.
- Obligation Amount:** Up to \$1,750,000 (the "Obligation" or "Financing").
- Purpose:** To finance the pile removal and replacement project which will replace up to 220 worn and aging piles.
- Option 1:**
- Maturity:** 08/01/2033 or approximately 15 years from closing.
- Repayment:** The Obligation will amortize over 15 years, calling for semi-annual principal and interest payments due on each 02/01 and 08/01 over the Obligation's tenor.

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This term sheet does not represent a commitment to lend and may not be relied upon as such.



Interest Rate:	<p>Tax Exempt Fixed Rate of 3.61% fixed for the full tenor of the Obligation.** This rate is indicative and subject to change daily depending on market conditions. Upon formal credit approval and at the Borrower's option, subject to break-funding, fixed rate may be locked up to 30 days prior to closing.</p> <p>** Indexed to 129 bps over 79% of the prevailing 7-year LIBOR swap rate. Based on the current rate of 2.94% for the swap index as of 6/15/2018, the interest rate on funded balances today would be 3.61%.</p>
Option 2:	
Maturity:	08/01/2029 or approximately 11 years from closing.
Repayment:	The Obligation will amortize 11 years, calling for semi-annual principal and interest payments due on each 02/01 and 08/01 over the Obligation's tenor.
Interest Rate:	<p>Tax Exempt Fixed Rate of 3.48% fixed for the full tenor of the Obligation.** This rate is indicative and subject to change daily depending on market conditions. Upon formal credit approval and at the Borrower's option, subject to break-funding, fixed rate may be locked up to 30 days prior to closing.</p> <p>** Indexed to 116 bps over 79% of the prevailing 7-year LIBOR swap rate. Based on the current rate of 2.94% for the swap index as of 6/15/2018, the interest rate on funded balances today would be 3.48%.</p>
Covenants:	<p>Covenants to mirror existing covenants with BBVA Compass, including but not limited to the following:</p> <ul style="list-style-type: none"> • Parity Debt Test of 1.40x; • Rate and Coverage Covenant of 1.25x; • Industry standard debt service reserve fund fully funded at closing at the lesser of 1)10% of par amount, 2) maximum annual debt service, or 3) 125% of average annual debt service.
Financial Reporting:	<ul style="list-style-type: none"> • Annual audited financial statements due within 210 days of fiscal year end. • Annual approved operating budget due within 30 days of fiscal year end. • Borrower shall furnish at Lender's request such additional information that Lender may from time to time reasonably request. <p>Annual disclosure information may be provided via EMMA.</p>
Tax Exempt Status / Yield Adjustment Event:	The quoted tax exempt interest rate will be subject to gross-up upon an event of taxability.

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- Closing Costs:** Borrower will pay all reasonable, out-of-pocket costs and expenses incurred by Lender in connection with due diligence and the preparation of documentation, regardless of whether or not the Obligation is closed, including but not limited to, financial advisory and placement agent fees if applicable, bond counsel, Lender's counsel, UCC searches, and CDIAAC fees. It is anticipated that lender's counsel will be reviewing documents prepared by district engaged bond counsel. If District would like lender's counsel to also draft the documents, please let the bank know and we can provide a quote. Lender's counsel limited to \$7,500.
- Conditions Precedent:** Prior to the consummation of the Credit Facility, the following conditions precedent shall have occurred, all of which shall be in form and substance satisfactory to the Lender and its counsel.
- Formal credit approval from the Bank.
 - Satisfactory review of applicable Insurance Policies.
 - Opinion addressed to the Bank, from counsel to Borrower reasonably acceptable to the Bank, setting forth such opinions as the Bank may require, including opinions concerning the legal status of Borrower, the due authorization, execution and delivery of the Obligation documents, the enforceability of the private placement/lease documents, no conflict with law, no litigation, and the receipt of all necessary governmental approvals.
 - Tax Opinion addressed to the Bank from counsel reasonably acceptable to the Bank that interest payable with respect to the debt service payments is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Service Code and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for purposes of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings.
 - Properly executed documents in form and substance satisfactory to Bank and/or Bank's counsel evidencing or supporting the Credit Facility.
 - Additional conditions precedent that Bank considers customary and reasonably appropriate for the Credit Facility, including further information disclosures.
- Ancillary Business:** The structure, pricing, and terms contained herein are conditioned upon the establishment of a banking relationship that includes the opportunity to reasonably bid on ancillary financial services in good faith.
- Governing Law:** This transaction shall be governed by and construed in accordance with the laws of the State of California.
- Expiration:** This term sheet shall expire by 4:00pm on 07/02/2018 unless previously accepted.

This term sheet is issued in reliance on the accuracy of all information, representations, schedules, and other data and materials submitted by Borrower, all of which are deemed material. This term sheet does not contain all of the terms and conditions or other provisions that may be included in the final documents evidencing the Obligation, and is issued at a time before Lender has undertaken a full business, credit, and legal analysis of Borrower and the Obligation.

*The terms and provisions of this correspondence are **confidential** and may not be disclosed by Borrower to any other person or entity. However, the foregoing restrictions on disclosure shall not apply to disclosure(s): (i) to Borrower's legal*

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counsel or financial advisor for purposes of advising Borrower with respect hereto and provided, however, that such counsel and financial advisor agree to preserve the confidentiality of this correspondence; or (ii) in response to any properly issued subpoena from any court or other governmental authority with jurisdiction over Borrower, provided that Lender has been furnished reasonable advance notice of the intended disclosure and the opportunity to prevent or limit the scope of any such disclosure.

Lender is providing the information contained in the document for discussion purposes only in connection with a proposed arm's-length commercial banking transaction between Borrower and Lender. This information is provided to you pursuant to and in reliance upon the "independent municipal investment advisor exemption" or "request for proposals exemption" provided under the municipal advisor rules of the Securities and Exchange Commission, 17 C.F.R. § 240.15Ba1-1 et seq. (the "Municipal Advisor Rules").


Lender is acting for its own interest and has financial or other interests that differ from yours. Lender is not acting as a municipal advisor or financial advisor, and has no fiduciary duty to you or any other person pursuant to Section 15B of the Securities Exchange Act of 1934 or otherwise. The information provided in this document is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934 and the Municipal Advisor Rules.

Lender is not recommending that you take any action with respect to the information contained in this document. Before acting on this information, you should discuss it with your own financial and/or municipal, legal, accounting, tax, and other advisors as you deem appropriate. If you would like a municipal advisor in this transaction that has legal fiduciary duties to you, then you are free to engage a municipal advisor to serve in that capacity.

Lender does not provide legal, compliance, tax or accounting advice. Accordingly, any statements contained herein as to tax matters are not intended by Lender to be used and cannot be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed on such taxpayer.

This term sheet is intended for the sole and exclusive benefit of Borrower and Lender and may not be relied upon by third parties.

Sincerely,
BBVA COMPASS

By: 
Steven Zari, Relationship Manager

AGREED AND ACCEPTED:

By: _____

Title: _____ Date: _____, _____

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Break-Funding Fee Calculation

If Borrower elects to not go through with the Financing after rate lock other than due to a Force Majeure Event (as defined below), Borrower shall pay to Bank a break-funding fee equal to the Annual Yield Differential (as defined below) multiplied by the Percent Being Prepaid (as defined below), multiplied by the Average Remaining Outstanding Principal Amount (as defined below) multiplied by the number of days the Financing was to be outstanding (the "Maturity Date"), divided by 360.

The "Annual Yield Differential" is the difference (but not less than zero) between the U.S. Treasury yield (from the Federal Reserve daily H.15 report) on the maturity closest to the final maturity of the note at time of rate lock, and the U.S Treasury yield (from the Federal Reserve daily H.15 report) on the maturity closest to the final maturity of the note at the date of notification of election to not enter into the Financing. The Average Remaining Outstanding Principal Amount of the loan is defined as the simple average of the original principal loan balance and the loan balance due at the maturity date. The Percent Being Prepaid shall be determined by dividing the principal amount being prepaid by the existing principal loan amount.

If treasury rates are equal or higher, the customer will incur no charge. The Federal Reserve H.15 report for treasury rates can be accessed from the Fed's website currently @ <http://www.federalreserve.gov/releases/h15/current/default.htm>.

Loan amount at origination: \$5.0 million
 Final maturity: 15 years
 Amount Remaining at Maturity: \$0.0
 15-year US Treasury Rate at time of rate lock: 2.50%

Scenario: 15 days prior to closing and funding, the customer elects to not enter into the financing after previously locking the rate. 15-year Treasury rate at the time of notification is 2.45%.

Prepayment Fee Calculation:

Annual Yield Differential = 5 bps (2.50% - 2.45%)

Percent Being Prepaid = 100%

Average Remaining Outstanding Principal Amount = \$2.5 million (average of existing \$5.0 million and \$0 at maturity)

Days to Maturity / 360 = 15.21 ((15 x 365)/360)

Break Funding Fee = .05% * 100% * \$2.5 million * 15.21 = \$19,010.42

"Force Majeure Event" means acts of God; acts of public enemies; orders of any kind of the government of the United States of America or the State of California or any political subdivision thereof, or any of their departments, agencies or officials; any outbreak of civil or military insurrections, riots or epidemics; landslides; lightning; earthquake; fire; hurricanes; tornadoes; floods; or any other cause or event not insurable or reasonably within the control of Borrower which makes Borrower unable to consummate the Financing or perform its obligations thereunder.

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Santa Cruz Port District - 15 year

\$1,750,000 Tax Exempt Loan

Dated August 1, 2018

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/01/2018	-	-	-	-	-
02/01/2019	44,470.00	3.610%	31,587.50	76,057.50	-
06/30/2019	-	-	-	-	76,057.50
08/01/2019	45,273.00	3.610%	30,784.82	76,057.82	-
02/01/2020	46,090.00	3.610%	29,967.64	76,057.64	-
06/30/2020	-	-	-	-	152,115.46
08/01/2020	46,922.00	3.610%	29,135.71	76,057.71	-
02/01/2021	47,769.00	3.610%	28,288.77	76,057.77	-
06/30/2021	-	-	-	-	152,115.48
08/01/2021	48,631.00	3.610%	27,426.54	76,057.54	-
02/01/2022	49,509.00	3.610%	26,548.75	76,057.75	-
06/30/2022	-	-	-	-	152,115.29
08/01/2022	50,403.00	3.610%	25,655.11	76,058.11	-
02/01/2023	51,313.00	3.610%	24,745.34	76,058.34	-
06/30/2023	-	-	-	-	152,116.45
08/01/2023	52,239.00	3.610%	23,819.14	76,058.14	-
02/01/2024	53,182.00	3.610%	22,876.23	76,058.23	-
06/30/2024	-	-	-	-	152,116.37
08/01/2024	54,142.00	3.610%	21,916.29	76,058.29	-
02/01/2025	55,119.00	3.610%	20,939.03	76,058.03	-
06/30/2025	-	-	-	-	152,116.32
08/01/2025	56,114.00	3.610%	19,944.13	76,058.13	-
02/01/2026	57,127.00	3.610%	18,931.27	76,058.27	-
06/30/2026	-	-	-	-	152,116.40
08/01/2026	58,158.00	3.610%	17,900.13	76,058.13	-
02/01/2027	59,208.00	3.610%	16,850.38	76,058.38	-
06/30/2027	-	-	-	-	152,116.51
08/01/2027	60,276.00	3.610%	15,781.67	76,057.67	-
02/01/2028	61,364.00	3.610%	14,693.69	76,057.69	-
06/30/2028	-	-	-	-	152,115.36
08/01/2028	62,472.00	3.610%	13,586.07	76,058.07	-
02/01/2029	63,599.00	3.610%	12,458.45	76,057.45	-
06/30/2029	-	-	-	-	152,115.52
08/01/2029	64,747.00	3.610%	11,310.49	76,057.49	-
02/01/2030	65,916.00	3.610%	10,141.81	76,057.81	-
06/30/2030	-	-	-	-	152,115.30
08/01/2030	67,106.00	3.610%	8,952.02	76,058.02	-
02/01/2031	68,317.00	3.610%	7,740.76	76,057.76	-
06/30/2031	-	-	-	-	152,115.78
08/01/2031	69,550.00	3.610%	6,507.64	76,057.64	-
02/01/2032	70,806.00	3.610%	5,252.26	76,058.26	-
06/30/2032	-	-	-	-	152,115.90
08/01/2032	72,084.00	3.610%	3,974.21	76,058.21	-

Santa Cruz Port District - 15 year

\$1,750,000 Tax Exempt Loan

Dated August 1, 2018

Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+i	Fiscal Total
02/01/2033	73,385.00	3.610%	2,673.10	76,058.10	-
06/30/2033	-	-	-	-	152,116.31
08/01/2033	74,709.00	3.610%	1,348.50	76,057.50	-
06/30/2034	-	-	-	-	76,057.50
Total	\$1,750,000.00	-	\$531,737.45	\$2,281,737.45	-

Yield Statistics

Bond Year Dollars	\$14,729.57
Average Life	8.417 Years
Average Coupon	3.6099998%
Net Interest Cost (NIC)	3.6099998%
True Interest Cost (TIC)	3.6099998%
Bond Yield for Arbitrage Purposes	3.6099998%
All Inclusive Cost (AIC)	3.6099998%

IRS Form 8038

Net Interest Cost	3.6099998%
Weighted Average Maturity	8.417 Years

June 20, 2018

Sent via Email

Ms. Marian Olin
Port Director
Santa Cruz Port District
135 5th Avenue
Santa Cruz, CA 95062

Re: General Financing Options - Update

Dear Marian:

As requested, we reached out to several banks and conveyed your desire to obtain indicative pricing information for a potential \$3.5 million, fixed-rate, 15-year fully amortizing "loan." One bank stood out from the rest by providing the following 15-year options.

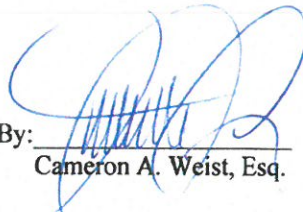
1. Rate of 3.00%. Payment approx. \$290k /year. **Noncallable.**
2. Rate of 3.06%. Payment approx. \$292k /year. **Callable after 10 years.**
2. Rate of 3.25%. Payment approx. \$296k /year. **Callable after 5 years.**

Sample amortization schedules for each of the options are attached to this letter for reference.

I plan on attending the June 26th Board Meeting to answer any questions the Board may have pertaining to this financing opportunity. In the meantime, please let me know if you have any questions or further requests. Thank you.

Respectfully submitted,

THE WEIST LAW FIRM



By: _____
Cameron A. Weist, Esq.

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\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.00% Rate & Non-Callable
PRELIMINARY

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SOURCES AND USES OF FUNDS

\$3,500,000
 SANTA CRUZ PORT DISTRICT
 2018 Port Revenue Bonds (15Y)
 3.00% Rate & Non-Callable
 PRELIMINARY

Dated Date 08/01/2018
 Delivery Date 08/01/2018

Sources:

Bond Proceeds:	
Par Amount	3,500,000.00
	3,500,000.00

Uses:

Other Uses of Funds:	
Additional Proceeds	3,500,000.00
	3,500,000.00

BOND PRICING

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.00% Rate & Non-Callable
PRELIMINARY

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bonds:					
	02/01/2019	93,000	3.000%	3.000%	100.000
	08/01/2019	95,000	3.000%	3.000%	100.000
	02/01/2020	96,000	3.000%	3.000%	100.000
	08/01/2020	98,000	3.000%	3.000%	100.000
	02/01/2021	99,000	3.000%	3.000%	100.000
	08/01/2021	100,000	3.000%	3.000%	100.000
	02/01/2022	102,000	3.000%	3.000%	100.000
	08/01/2022	104,000	3.000%	3.000%	100.000
	02/01/2023	105,000	3.000%	3.000%	100.000
	08/01/2023	107,000	3.000%	3.000%	100.000
	02/01/2024	108,000	3.000%	3.000%	100.000
	08/01/2024	110,000	3.000%	3.000%	100.000
	02/01/2025	112,000	3.000%	3.000%	100.000
	08/01/2025	113,000	3.000%	3.000%	100.000
	02/01/2026	115,000	3.000%	3.000%	100.000
	08/01/2026	117,000	3.000%	3.000%	100.000
	02/01/2027	118,000	3.000%	3.000%	100.000
	08/01/2027	120,000	3.000%	3.000%	100.000
	02/01/2028	122,000	3.000%	3.000%	100.000
	08/01/2028	124,000	3.000%	3.000%	100.000
	02/01/2029	126,000	3.000%	3.000%	100.000
	08/01/2029	127,000	3.000%	3.000%	100.000
	02/01/2030	129,000	3.000%	3.000%	100.000
	08/01/2030	131,000	3.000%	3.000%	100.000
	02/01/2031	133,000	3.000%	3.000%	100.000
	08/01/2031	135,000	3.000%	3.000%	100.000
	02/01/2032	137,000	3.000%	3.000%	100.000
	08/01/2032	139,000	3.000%	3.000%	100.000
	02/01/2033	141,000	3.000%	3.000%	100.000
	08/01/2033	144,000	3.000%	3.000%	100.000
		3,500,000			

Dated Date	08/01/2018	
Delivery Date	08/01/2018	
First Coupon	02/01/2019	
Par Amount	3,500,000.00	
Original Issue Discount		
Production	3,500,000.00	100.000000%
Underwriter's Discount		
Purchase Price	3,500,000.00	100.000000%
Accrued Interest		
Net Proceeds	3,500,000.00	

BOND SUMMARY STATISTICS

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.00% Rate & Non-Callable
PRELIMINARY

Dated Date	08/01/2018
Delivery Date	08/01/2018
Last Maturity	08/01/2033
Arbitrage Yield	3.000000%
True Interest Cost (TIC)	3.000000%
Net Interest Cost (NIC)	3.000000%
All-In TIC	3.000000%
Average Coupon	3.000000%
Average Life (years)	8.302
Duration of Issue (years)	7.191
Par Amount	3,500,000.00
Bond Proceeds	3,500,000.00
Total Interest	871,680.00
Net Interest	871,680.00
Bond Years from Dated Date	29,056,000.00
Bond Years from Delivery Date	29,056,000.00
Total Debt Service	4,371,680.00
Maximum Annual Debt Service	292,140.00
Average Annual Debt Service	291,445.33
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bonds	3,500,000.00	100.000	3.000%	8.302
	3,500,000.00			8.302

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,500,000.00	3,500,000.00	3,500,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense			
- Other Amounts			
Target Value	3,500,000.00	3,500,000.00	3,500,000.00
Target Date	08/01/2018	08/01/2018	08/01/2018
Yield	3.000000%	3.000000%	3.000000%

BOND DEBT SERVICE

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.00% Rate & Non-Callable
PRELIMINARY

Dated Date 08/01/2018
Delivery Date 08/01/2018

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2019	93,000	3.000%	52,500	145,500	
03/31/2019					145,500
08/01/2019	95,000	3.000%	51,105	146,105	
02/01/2020	96,000	3.000%	49,680	145,680	
03/31/2020					291,785
08/01/2020	98,000	3.000%	48,240	146,240	
02/01/2021	99,000	3.000%	46,770	145,770	
03/31/2021					292,010
08/01/2021	100,000	3.000%	45,285	145,285	
02/01/2022	102,000	3.000%	43,785	145,785	
03/31/2022					291,070
08/01/2022	104,000	3.000%	42,255	146,255	
02/01/2023	105,000	3.000%	40,695	145,695	
03/31/2023					291,950
08/01/2023	107,000	3.000%	39,120	146,120	
02/01/2024	108,000	3.000%	37,515	145,515	
03/31/2024					291,635
08/01/2024	110,000	3.000%	35,895	145,895	
02/01/2025	112,000	3.000%	34,245	146,245	
03/31/2025					292,140
08/01/2025	113,000	3.000%	32,565	145,565	
02/01/2026	115,000	3.000%	30,870	145,870	
03/31/2026					291,435
08/01/2026	117,000	3.000%	29,145	146,145	
02/01/2027	118,000	3.000%	27,390	145,390	
03/31/2027					291,535
08/01/2027	120,000	3.000%	25,620	145,620	
02/01/2028	122,000	3.000%	23,820	145,820	
03/31/2028					291,440
08/01/2028	124,000	3.000%	21,990	145,990	
02/01/2029	126,000	3.000%	20,130	146,130	
03/31/2029					292,120
08/01/2029	127,000	3.000%	18,240	145,240	
02/01/2030	129,000	3.000%	16,335	145,335	
03/31/2030					290,575
08/01/2030	131,000	3.000%	14,400	145,400	
02/01/2031	133,000	3.000%	12,435	145,435	
03/31/2031					290,835
08/01/2031	135,000	3.000%	10,440	145,440	
02/01/2032	137,000	3.000%	8,415	145,415	
03/31/2032					290,855
08/01/2032	139,000	3.000%	6,360	145,360	

BOND DEBT SERVICE

\$3,500,000
 SANTA CRUZ PORT DISTRICT
 2018 Port Revenue Bonds (15Y)
 3.00% Rate & Non-Callable
 PRELIMINARY

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2033	141,000	3.000%	4,275	145,275	
03/31/2033					290,635
08/01/2033	144,000	3.000%	2,160	146,160	
03/31/2034					146,160
	3,500,000		871,680	4,371,680	4,371,680

BOND DEBT SERVICE

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.00% Rate & Non-Callable
PRELIMINARY

Dated Date 08/01/2018
Delivery Date 08/01/2018

Period Ending	Principal	Coupon	Interest	Debt Service
03/31/2019	93,000	3.000%	52,500	145,500
03/31/2020	191,000	3.000%	100,785	291,785
03/31/2021	197,000	3.000%	95,010	292,010
03/31/2022	202,000	3.000%	89,070	291,070
03/31/2023	209,000	3.000%	82,950	291,950
03/31/2024	215,000	3.000%	76,635	291,635
03/31/2025	222,000	3.000%	70,140	292,140
03/31/2026	228,000	3.000%	63,435	291,435
03/31/2027	235,000	3.000%	56,535	291,535
03/31/2028	242,000	3.000%	49,440	291,440
03/31/2029	250,000	3.000%	42,120	292,120
03/31/2030	256,000	3.000%	34,575	290,575
03/31/2031	264,000	3.000%	26,835	290,835
03/31/2032	272,000	3.000%	18,855	290,855
03/31/2033	280,000	3.000%	10,635	290,635
03/31/2034	144,000	3.000%	2,160	146,160
	3,500,000		871,680	4,371,680

GENERAL INFORMATION EXCLUSION DISCLAIMER

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.00% Rate & Non-Callable
PRELIMINARY

GENERAL INFORMATION EXCLUSION

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\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.06% Rate & 10Y Call Feature
PRELIMINARY

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SOURCES AND USES OF FUNDS

\$3,500,000
 SANTA CRUZ PORT DISTRICT
 2018 Port Revenue Bonds (15Y)
 3.06% Rate & 10Y Call Feature
 PRELIMINARY

Dated Date 08/01/2018
 Delivery Date 08/01/2018

Sources:

Bond Proceeds:	
Par Amount	3,500,000.00
	3,500,000.00

Uses:

Other Uses of Funds:	
Additional Proceeds	3,500,000.00
	3,500,000.00

BOND PRICING

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.06% Rate & 10Y Call Feature
PRELIMINARY

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bonds:					
	02/01/2019	93,000	3.060%	3.060%	100.000
	08/01/2019	94,000	3.060%	3.060%	100.000
	02/01/2020	96,000	3.060%	3.060%	100.000
	08/01/2020	97,000	3.060%	3.060%	100.000
	02/01/2021	99,000	3.060%	3.060%	100.000
	08/01/2021	100,000	3.060%	3.060%	100.000
	02/01/2022	102,000	3.060%	3.060%	100.000
	08/01/2022	103,000	3.060%	3.060%	100.000
	02/01/2023	105,000	3.060%	3.060%	100.000
	08/01/2023	106,000	3.060%	3.060%	100.000
	02/01/2024	108,000	3.060%	3.060%	100.000
	08/01/2024	110,000	3.060%	3.060%	100.000
	02/01/2025	111,000	3.060%	3.060%	100.000
	08/01/2025	113,000	3.060%	3.060%	100.000
	02/01/2026	115,000	3.060%	3.060%	100.000
	08/01/2026	116,000	3.060%	3.060%	100.000
	02/01/2027	118,000	3.060%	3.060%	100.000
	08/01/2027	120,000	3.060%	3.060%	100.000
	02/01/2028	122,000	3.060%	3.060%	100.000
	08/01/2028	124,000	3.060%	3.060%	100.000
	02/01/2029	126,000	3.060%	3.060%	100.000
	08/01/2029	128,000	3.060%	3.060%	100.000
	02/01/2030	130,000	3.060%	3.060%	100.000
	08/01/2030	131,000	3.060%	3.060%	100.000
	02/01/2031	133,000	3.060%	3.060%	100.000
	08/01/2031	136,000	3.060%	3.060%	100.000
	02/01/2032	138,000	3.060%	3.060%	100.000
	08/01/2032	140,000	3.060%	3.060%	100.000
	02/01/2033	142,000	3.060%	3.060%	100.000
	08/01/2033	144,000	3.060%	3.060%	100.000
		3,500,000			

Dated Date	08/01/2018	
Delivery Date	08/01/2018	
First Coupon	02/01/2019	
Par Amount	3,500,000.00	
Original Issue Discount		
Production	3,500,000.00	100.000000%
Underwriter's Discount		
Purchase Price	3,500,000.00	100.000000%
Accrued Interest		
Net Proceeds	3,500,000.00	

BOND SUMMARY STATISTICS

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.06% Rate & 10Y Call Feature
PRELIMINARY

Dated Date	08/01/2018
Delivery Date	08/01/2018
Last Maturity	08/01/2033
Arbitrage Yield	3.060000%
True Interest Cost (TIC)	3.060000%
Net Interest Cost (NIC)	3.060000%
All-In TIC	3.060000%
Average Coupon	3.060000%
Average Life (years)	8.316
Duration of Issue (years)	7.183
Par Amount	3,500,000.00
Bond Proceeds	3,500,000.00
Total Interest	890,674.20
Net Interest	890,674.20
Bond Years from Dated Date	29,107,000.00
Bond Years from Delivery Date	29,107,000.00
Total Debt Service	4,390,674.20
Maximum Annual Debt Service	293,434.80
Average Annual Debt Service	292,711.61
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bonds	3,500,000.00	100.000	3.060%	8.316
	3,500,000.00			8.316

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,500,000.00	3,500,000.00	3,500,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense			
- Other Amounts			
Target Value	3,500,000.00	3,500,000.00	3,500,000.00
Target Date	08/01/2018	08/01/2018	08/01/2018
Yield	3.060000%	3.060000%	3.060000%

BOND DEBT SERVICE

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.06% Rate & 10Y Call Feature
PRELIMINARY

Dated Date 08/01/2018
Delivery Date 08/01/2018

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2019	93,000	3.060%	53,550.00	146,550.00	
03/31/2019					146,550.00
08/01/2019	94,000	3.060%	52,127.10	146,127.10	
02/01/2020	96,000	3.060%	50,688.90	146,688.90	
03/31/2020					292,816.00
08/01/2020	97,000	3.060%	49,220.10	146,220.10	
02/01/2021	99,000	3.060%	47,736.00	146,736.00	
03/31/2021					292,956.10
08/01/2021	100,000	3.060%	46,221.30	146,221.30	
02/01/2022	102,000	3.060%	44,691.30	146,691.30	
03/31/2022					292,912.60
08/01/2022	103,000	3.060%	43,130.70	146,130.70	
02/01/2023	105,000	3.060%	41,554.80	146,554.80	
03/31/2023					292,685.50
08/01/2023	106,000	3.060%	39,948.30	145,948.30	
02/01/2024	108,000	3.060%	38,326.50	146,326.50	
03/31/2024					292,274.80
08/01/2024	110,000	3.060%	36,674.10	146,674.10	
02/01/2025	111,000	3.060%	34,991.10	145,991.10	
03/31/2025					292,665.20
08/01/2025	113,000	3.060%	33,292.80	146,292.80	
02/01/2026	115,000	3.060%	31,563.90	146,563.90	
03/31/2026					292,856.70
08/01/2026	116,000	3.060%	29,804.40	145,804.40	
02/01/2027	118,000	3.060%	28,029.60	146,029.60	
03/31/2027					291,834.00
08/01/2027	120,000	3.060%	26,224.20	146,224.20	
02/01/2028	122,000	3.060%	24,388.20	146,388.20	
03/31/2028					292,612.40
08/01/2028	124,000	3.060%	22,521.60	146,521.60	
02/01/2029	126,000	3.060%	20,624.40	146,624.40	
03/31/2029					293,146.00
08/01/2029	128,000	3.060%	18,696.60	146,696.60	
02/01/2030	130,000	3.060%	16,738.20	146,738.20	
03/31/2030					293,434.80
08/01/2030	131,000	3.060%	14,749.20	145,749.20	
02/01/2031	133,000	3.060%	12,744.90	145,744.90	
03/31/2031					291,494.10
08/01/2031	136,000	3.060%	10,710.00	146,710.00	
02/01/2032	138,000	3.060%	8,629.20	146,629.20	
03/31/2032					293,339.20
08/01/2032	140,000	3.060%	6,517.80	146,517.80	

BOND DEBT SERVICE

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.06% Rate & 10Y Call Feature
PRELIMINARY

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2033	142,000	3.060%	4,375.80	146,375.80	
03/31/2033					292,893.60
08/01/2033	144,000	3.060%	2,203.20	146,203.20	
03/31/2034					146,203.20
	3,500,000		890,674.20	4,390,674.20	4,390,674.20

BOND DEBT SERVICE

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.06% Rate & 10Y Call Feature
PRELIMINARY

Dated Date 08/01/2018
Delivery Date 08/01/2018

Period Ending	Principal	Coupon	Interest	Debt Service
03/31/2019	93,000	3.060%	53,550.00	146,550.00
03/31/2020	190,000	3.060%	102,816.00	292,816.00
03/31/2021	196,000	3.060%	96,956.10	292,956.10
03/31/2022	202,000	3.060%	90,912.60	292,912.60
03/31/2023	208,000	3.060%	84,685.50	292,685.50
03/31/2024	214,000	3.060%	78,274.80	292,274.80
03/31/2025	221,000	3.060%	71,665.20	292,665.20
03/31/2026	228,000	3.060%	64,856.70	292,856.70
03/31/2027	234,000	3.060%	57,834.00	291,834.00
03/31/2028	242,000	3.060%	50,612.40	292,612.40
03/31/2029	250,000	3.060%	43,146.00	293,146.00
03/31/2030	258,000	3.060%	35,434.80	293,434.80
03/31/2031	264,000	3.060%	27,494.10	291,494.10
03/31/2032	274,000	3.060%	19,339.20	293,339.20
03/31/2033	282,000	3.060%	10,893.60	292,893.60
03/31/2034	144,000	3.060%	2,203.20	146,203.20
	3,500,000		890,674.20	4,390,674.20

GENERAL INFORMATION EXCLUSION DISCLAIMER

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.06% Rate & 10Y Call Feature
PRELIMINARY

GENERAL INFORMATION EXCLUSION

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 SANTA CRUZ PORT DISTRICT
 2018 Port Revenue Bonds (15Y)
 3.25% Rate & 5Y Call Feature
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SOURCES AND USES OF FUNDS

\$3,500,000
 SANTA CRUZ PORT DISTRICT
 2018 Port Revenue Bonds (15Y)
 3.25% Rate & 5Y Call Feature
 PRELIMINARY

Dated Date 08/01/2018
 Delivery Date 08/01/2018

Sources:

Bond Proceeds:	
Par Amount	3,500,000.00
	3,500,000.00

Uses:

Other Uses of Funds:	
Additional Proceeds	3,500,000.00
	3,500,000.00

BOND PRICING

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.25% Rate & 5Y Call Feature
PRELIMINARY

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bonds:					
	02/01/2019	92,000	3.250%	3.250%	100.000
	08/01/2019	93,000	3.250%	3.250%	100.000
	02/01/2020	94,000	3.250%	3.250%	100.000
	08/01/2020	96,000	3.250%	3.250%	100.000
	02/01/2021	98,000	3.250%	3.250%	100.000
	08/01/2021	99,000	3.250%	3.250%	100.000
	02/01/2022	101,000	3.250%	3.250%	100.000
	08/01/2022	102,000	3.250%	3.250%	100.000
	02/01/2023	104,000	3.250%	3.250%	100.000
	08/01/2023	106,000	3.250%	3.250%	100.000
	02/01/2024	107,000	3.250%	3.250%	100.000
	08/01/2024	109,000	3.250%	3.250%	100.000
	02/01/2025	111,000	3.250%	3.250%	100.000
	08/01/2025	113,000	3.250%	3.250%	100.000
	02/01/2026	115,000	3.250%	3.250%	100.000
	08/01/2026	117,000	3.250%	3.250%	100.000
	02/01/2027	118,000	3.250%	3.250%	100.000
	08/01/2027	120,000	3.250%	3.250%	100.000
	02/01/2028	122,000	3.250%	3.250%	100.000
	08/01/2028	124,000	3.250%	3.250%	100.000
	02/01/2029	126,000	3.250%	3.250%	100.000
	08/01/2029	128,000	3.250%	3.250%	100.000
	02/01/2030	130,000	3.250%	3.250%	100.000
	08/01/2030	133,000	3.250%	3.250%	100.000
	02/01/2031	135,000	3.250%	3.250%	100.000
	08/01/2031	137,000	3.250%	3.250%	100.000
	02/01/2032	139,000	3.250%	3.250%	100.000
	08/01/2032	141,000	3.250%	3.250%	100.000
	02/01/2033	144,000	3.250%	3.250%	100.000
	08/01/2033	146,000	3.250%	3.250%	100.000
		3,500,000			

Dated Date	08/01/2018	
Delivery Date	08/01/2018	
First Coupon	02/01/2019	
Par Amount	3,500,000.00	
Original Issue Discount		
Production	3,500,000.00	100.000000%
Underwriter's Discount		
Purchase Price	3,500,000.00	100.000000%
Accrued Interest		
Net Proceeds	3,500,000.00	

BOND SUMMARY STATISTICS

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.25% Rate & 5Y Call Feature
PRELIMINARY

Dated Date	08/01/2018
Delivery Date	08/01/2018
Last Maturity	08/01/2033
Arbitrage Yield	3.250000%
True Interest Cost (TIC)	3.250000%
Net Interest Cost (NIC)	3.250000%
All-In TIC	3.250000%
Average Coupon	3.250000%
Average Life (years)	8.351
Duration of Issue (years)	7.148
Par Amount	3,500,000.00
Bond Proceeds	3,500,000.00
Total Interest	949,910.00
Net Interest	949,910.00
Bond Years from Dated Date	29,228,000.00
Bond Years from Delivery Date	29,228,000.00
Total Debt Service	4,449,910.00
Maximum Annual Debt Service	297,526.25
Average Annual Debt Service	296,660.67
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bonds	3,500,000.00	100.000	3.250%	8.351
	3,500,000.00			8.351

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,500,000.00	3,500,000.00	3,500,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense			
- Other Amounts			
Target Value	3,500,000.00	3,500,000.00	3,500,000.00
Target Date	08/01/2018	08/01/2018	08/01/2018
Yield	3.250000%	3.250000%	3.250000%

BOND DEBT SERVICE

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.25% Rate & 5Y Call Feature
PRELIMINARY

Dated Date 08/01/2018
Delivery Date 08/01/2018

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2019	92,000	3.250%	56,875.00	148,875.00	
03/31/2019					148,875.00
08/01/2019	93,000	3.250%	55,380.00	148,380.00	
02/01/2020	94,000	3.250%	53,868.75	147,868.75	
03/31/2020					296,248.75
08/01/2020	96,000	3.250%	52,341.25	148,341.25	
02/01/2021	98,000	3.250%	50,781.25	148,781.25	
03/31/2021					297,122.50
08/01/2021	99,000	3.250%	49,188.75	148,188.75	
02/01/2022	101,000	3.250%	47,580.00	148,580.00	
03/31/2022					296,768.75
08/01/2022	102,000	3.250%	45,938.75	147,938.75	
02/01/2023	104,000	3.250%	44,281.25	148,281.25	
03/31/2023					296,220.00
08/01/2023	106,000	3.250%	42,591.25	148,591.25	
02/01/2024	107,000	3.250%	40,868.75	147,868.75	
03/31/2024					296,460.00
08/01/2024	109,000	3.250%	39,130.00	148,130.00	
02/01/2025	111,000	3.250%	37,358.75	148,358.75	
03/31/2025					296,488.75
08/01/2025	113,000	3.250%	35,555.00	148,555.00	
02/01/2026	115,000	3.250%	33,718.75	148,718.75	
03/31/2026					297,273.75
08/01/2026	117,000	3.250%	31,850.00	148,850.00	
02/01/2027	118,000	3.250%	29,948.75	147,948.75	
03/31/2027					296,798.75
08/01/2027	120,000	3.250%	28,031.25	148,031.25	
02/01/2028	122,000	3.250%	26,081.25	148,081.25	
03/31/2028					296,112.50
08/01/2028	124,000	3.250%	24,098.75	148,098.75	
02/01/2029	126,000	3.250%	22,083.75	148,083.75	
03/31/2029					296,182.50
08/01/2029	128,000	3.250%	20,036.25	148,036.25	
02/01/2030	130,000	3.250%	17,956.25	147,956.25	
03/31/2030					295,992.50
08/01/2030	133,000	3.250%	15,843.75	148,843.75	
02/01/2031	135,000	3.250%	13,682.50	148,682.50	
03/31/2031					297,526.25
08/01/2031	137,000	3.250%	11,488.75	148,488.75	
02/01/2032	139,000	3.250%	9,262.50	148,262.50	
03/31/2032					296,751.25
08/01/2032	141,000	3.250%	7,003.75	148,003.75	

BOND DEBT SERVICE

\$3,500,000
 SANTA CRUZ PORT DISTRICT
 2018 Port Revenue Bonds (15Y)
 3.25% Rate & 5Y Call Feature
 PRELIMINARY

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2033	144,000	3.250%	4,712.50	148,712.50	
03/31/2033					296,716.25
08/01/2033	146,000	3.250%	2,372.50	148,372.50	
03/31/2034					148,372.50
	3,500,000		949,910.00	4,449,910.00	4,449,910.00

BOND DEBT SERVICE

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.25% Rate & 5Y Call Feature
PRELIMINARY

Dated Date 08/01/2018
Delivery Date 08/01/2018

Period Ending	Principal	Coupon	Interest	Debt Service
03/31/2019	92,000	3.250%	56,875.00	148,875.00
03/31/2020	187,000	3.250%	109,248.75	296,248.75
03/31/2021	194,000	3.250%	103,122.50	297,122.50
03/31/2022	200,000	3.250%	96,768.75	296,768.75
03/31/2023	206,000	3.250%	90,220.00	296,220.00
03/31/2024	213,000	3.250%	83,460.00	296,460.00
03/31/2025	220,000	3.250%	76,488.75	296,488.75
03/31/2026	228,000	3.250%	69,273.75	297,273.75
03/31/2027	235,000	3.250%	61,798.75	296,798.75
03/31/2028	242,000	3.250%	54,112.50	296,112.50
03/31/2029	250,000	3.250%	46,182.50	296,182.50
03/31/2030	258,000	3.250%	37,992.50	295,992.50
03/31/2031	268,000	3.250%	29,526.25	297,526.25
03/31/2032	276,000	3.250%	20,751.25	296,751.25
03/31/2033	285,000	3.250%	11,716.25	296,716.25
03/31/2034	146,000	3.250%	2,372.50	148,372.50
	3,500,000		949,910.00	4,449,910.00

GENERAL INFORMATION EXCLUSION DISCLAIMER

\$3,500,000
SANTA CRUZ PORT DISTRICT
2018 Port Revenue Bonds (15Y)
3.25% Rate & 5Y Call Feature
PRELIMINARY

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**Santa Cruz Port District
Debt Service Coverage Projection
for Financing Options Review -- June 26, 2018**

	2017 <i>Audited</i>	2018 <i>Projected</i>	2019 <i>Budget</i>
Operating Revenues			
Charges for berthing and services	\$ 6,799,847	\$ 7,065,755	\$ 6,985,206
Rent and concessions	\$ 1,694,869	\$ 2,008,276	\$ 1,854,060
Total Operating Revenues	\$ 8,494,716	\$ 9,074,031	\$ 8,839,266
Operating Expenses			
Depreciation and Amortization	\$ 1,781,839	\$ 1,680,018	\$ 1,681,013
Dredging Operations	\$ 1,259,287	\$ 1,234,628	\$ 1,314,884
Administrative Services	\$ 1,016,517	\$ 687,698	\$ 727,018
Operating and Security	\$ -		
Maintenance	\$ -		
Grounds	\$ 656,439	\$ 622,547	\$ 700,736
Fuel Services	\$ 331,742	\$ 349,985	\$ 478,065
Harbor Patrol	\$ 621,569	\$ 626,050	\$ 635,630
Property Management	\$ 429,040	\$ 403,613	\$ 439,637
Marina Management	\$ 461,217	\$ 494,033	\$ 445,119
Buildings	\$ 238,023	\$ 269,943	\$ 282,080
Parking Services	\$ 345,904	\$ 360,054	\$ 355,034
Docks, Piers, Marine Structures	\$ 263,642	\$ 245,779	\$ 266,610
Debt issuance costs	\$ -		
Finance & Purchasing	\$ 170,809	\$ 164,583	\$ 191,294
Environmental & Permitting	\$ 156,750	\$ 131,649	\$ 205,654
Utilities	\$ 84,314	\$ 83,227	\$ 124,940
Aeration	\$ 42,498	\$ 44,830	\$ 54,263
Rescue Services	\$ 90,519	\$ 80,274	\$ 101,958
Boatyard Operations	\$ 239,953	\$ 218,238	\$ 253,158
Port Commission Support	\$ 50,183	\$ 48,011	\$ 51,189
Capital Projects	\$ 1,024	\$ 445,130	\$ 437,601
Events	\$ 32,531	\$ 31,851	\$ 42,844
Fishery Support	\$ 5,042	\$ 2,418	\$ 18,935
Total Expenses	\$ 8,278,842	\$ 8,224,559	\$ 8,807,662
Non-Operating Revenue (Expenses)			
County revenues for public services	\$ 11,243	\$ 36,228	\$ 23,725
Grants and Other Income	\$ 65,560	\$ 25,595	\$ 17,000
Dredging Reimbursement USACE	\$ 400,000	\$ 485,000	\$ 385,000
Interest Income	\$ 46,245	\$ 96,293	\$ 53,950
Interest Expense	\$ (476,817)	\$ (444,040)	\$ (418,104)
Other Income (Expenses)	\$ (74,482)	\$ 89,905	\$ 30,000
Total Non-Operating Income (Expenses)	\$ (28,251)	\$ 288,981	\$ 91,571
Extraordinary Items			
Losses related to tsunami damage, net of reimbursements	\$ (17,088)	\$ -	\$ -
OE3 Trust Fund withdrawal liability			
Grants recognized in excess of current expenses related to tsunami damage			
Total Extraordinary Items	\$ (17,088)	\$ -	\$ -
Debt Service Coverage Calculation			
(+) Gross Revenues	\$ 8,494,716	\$ 9,074,031	\$ 8,839,266
(-) Maintenance and operating expenses	\$ (8,278,842)	\$ (8,224,559)	\$ (8,807,662)
(+) Depreciation and Amortization	\$ 1,781,839	\$ 1,680,018	\$ 1,681,013
(=) Net Operating Income	\$ 1,997,713	\$ 2,529,490	\$ 1,712,617
(+) Interest Income	\$ 46,245	\$ 96,293	\$ 53,950
(+) Non-operating Income	\$ 65,560	\$ 126,133	\$ 53,725
(+) Grants	\$ 11,243	\$ 25,595	\$ 17,000
(+) Dredging Reimbursement USACE	\$ 400,000	\$ 485,000	\$ 385,000
(=) Net Revenues Available for Debt Service	\$ 2,520,761	\$ 3,262,511	\$ 2,222,292
(+) Current Portion Long Term Debt	\$ 1,015,120	\$ 997,454	\$ 1,030,896
(+) Interest Expense	\$ 476,817	\$ 444,040	\$ 418,104
(+) New Debt Service P+I Payments	\$ 295,000	\$ 295,000	\$ 295,000
(=) Total Debt Service	\$ 1,786,937	\$ 1,736,494	\$ 1,744,000
Debt Service Coverage Ratio (DSCR) w/ new debt service	1.41x	1.88x	1.27x
DSCR without New Debt Service	1.69x	2.26x	1.53x
Required DSCR	1.25x	1.25x	1.25x

*Assumes 15-year term \$3.35 million loan. Rounded up based on BBVA projected amortization schedules
Projected P+I costs do not reflect any offset due to tenant reimbursement

CAPITAL IMPROVEMENT PROJECTS FY19-FY23

Category	FY19	FY20	FY21	FY22	FY23	TOTAL
Docks, Piers & Marine Structures						
Piling Replacement Program ¹	554,400	750,000	250,000	-	-	1,554,400
Dock Upgrades Project	50,000	50,000	30,000	30,000	30,000	190,000
Pier Rehabilitation Project	-	6,000	10,000	-	25,000	41,000
West Side Seawall Reconstruction ²	1,600,000	-	-	-	-	1,600,000
Boatyard Marine Ways Inspection / Upgrades ³	-	20,000	TBD	TBD	TBD	20,000
TOTAL	\$ 2,204,400	\$ 826,000	\$ 290,000	\$ 30,000	\$ 55,000	\$ 3,405,400

1. Phase 1 project to re-bid for FY19 construction. FY19 contribution brings available funding to \$750K. Explore funding options
2. Funding in FY19 for engineering design, permitting & replacement of Aldo's seawall. Project cost sharing under negotiations with tenant. Explore funding options
3. Funding in FY20 for structural engineering inspection and potential design work for repairs/upgrades for future year.

Buildings						
Minor Building Restoration Projects	80,000	50,000	80,000	50,000	50,000	310,000
Restroom Building Rehabilitation	25,000	22,000	22,000	22,000	22,000	113,000
Walton Lighthouse Repainting	-	-	-	-	15,000	15,000
Harbormaster Office Remodel	-	-	75,000	-	-	75,000
Harbor Office Building Improvements	-	20,000	-	-	20,000	40,000
TOTAL	\$ 105,000	\$ 92,000	\$ 177,000	\$ 72,000	\$ 107,000	\$ 553,000

Landside Infrastructure						
Ice Machine Upgrades	-	20,000	-	-	-	20,000
Harbor Roads and Parking Lots Pavement Management ¹	58,000	75,000	60,000	60,000	60,000	313,000
Parking Pay Stations	30,000	30,000	30,000	30,000	TBD	120,000
Parking Upgrades	-	5,000	5,000	5,000	5,000	20,000
LPR Parking Enforcement System	-	175,000	-	-	-	175,000
Pappy Park	20,000	-	-	-	-	20,000
Sidewalk & Plaza Restoration	-	10,000	10,000	10,000	10,000	40,000
TOTAL	\$ 108,000	\$ 315,000	\$ 105,000	\$ 105,000	\$ 75,000	\$ 708,000

1. Ongoing paving needs. FY19 contribution brings total available funds to approx \$76K

CAPITAL IMPROVEMENT PROJECTS FY19-FY23

Category	FY19	FY20	FY21	FY22	FY23	TOTAL
Utility Systems						
Sanitary Sewer Lift Station Upgrades ¹	150,000	150,000	150,000	200,000	TBD	650,000
Aeration System Upgrades	10,000	10,000	10,000	10,000	10,000	50,000
Boatyard Sump Pump Replacement	36,000	-	-	-	-	36,000
Storm Drain System Repairs and Maintenance	-	20,000	20,000	20,000	20,000	80,000
Water and Sewer System Repairs and Maintenance	-	40,000	40,000	40,000	40,000	160,000
TOTAL	\$ 196,000	\$ 220,000	\$ 220,000	\$ 270,000	\$ 70,000	\$ 976,000

1. FY19 contribution brings total available funding to approx \$275,800

Planning Projects & Studies						
Commercial Fishery/Marine Services Center Upgrades ¹	-	TBD	TBD	TBD	TBD	-
West Side Master Plan	-	TBD	TBD	TBD	TBD	-
Aldo's Restaurant Reconstruction Project Management - Engineering Oversight	-	40,000	0	0	0	40,000
Murray Street Bridge Dock Reconfigurations ²	-	TBD	TBD	TBD	TBD	-
7th & Brommer Master Plan ³	10,000	TBD	TBD	TBD	TBD	10,000
SH Revetment and Seawall	-	TBD	TBD	TBD	TBD	-
Arana Gulch Grade Control Structure Feasibility Study	-	-	-	40,000	-	40,000
TOTAL	\$ 10,000	\$ 40,000	\$ -	\$ -	\$ -	\$ 90,000

1. Phase I, funded \$10K in FY13, was planned to involve outreach, preliminary planning and grant funding for a feasibility analysis. Project on hold

2. Funding for management of engineering consultants and miscellaneous costs. Reimbursable by City of Santa Cruz.

3. \$20,649 redistribution of CIP funding brings total available funding to \$10K

CAPITAL IMPROVEMENT PROJECTS FY19-FY23

Category	FY19	FY20	FY21	FY22	FY23	TOTAL
Other/Miscellaneous						
Harborwide Sign Study & Standards	-	10,000	-	-	-	10,000
Harborwide Topographic Survey	-	10,000	10,000	-	-	20,000
Harbor Security Infrastructure Upgrades ¹	45,000	TBD	TBD	TBD	TBD	45,000
West Side Seawall Assessment	0	50,000	TBD	TBD	TBD	50,000
West Jetty Walkway Project	TBD	TBD	TBD	TBD	TBD	-
TOTAL	\$ 45,000	\$ 70,000	\$ 10,000	\$ -	\$ -	\$ 125,000

1. Shower rekeying completed during FY16. Gate and restroom rekeying pending RFP process and new gate fabrication
 Total available funding approx. \$126,500

						GRAND TOTAL
FISCAL YEAR TOTALS	\$ 2,668,400	\$ 1,563,000	\$ 802,000	\$ 477,000	\$ 307,000	\$ 5,857,400

Santa Cruz Port District
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PORT COMMISSIONERS:
 Toby Goddard
 Dennis Smith
 Reed Geisreiter
 Stephen Reed
 Darren Gertler

TO: Port Commission
 FROM: Marian Olin, Port Director
 DATE: March 19, 2018
 SUBJECT: Review / Consideration of Capital Improvement Project Financing Options
 (Approximately \$3,350,000)

Recommendation: *Review preliminary financing proposals from BBVA Compass Bank and Weist Law and provide direction to staff.*

BACKGROUND

The Port District is currently carrying approximately \$11,893,631 million in long-term taxable and non-taxable debt with BBVA Compass Bank. The taxable loan will be paid off in FY27 (November 2026); the non-taxable loan will be paid off in FY30 (August 2029). The original issuance in 2013 was approximately \$16.8 million. In addition to providing funding for acquisition of the dredge *Twin Lakes*, the refinancing package paid off pre-existing loans to lessen the burden of the debt on future rate payers, and enhance the District's long-term financial viability. The Port District's FY19 annual principal and interest payments on the taxable and non-taxable debt total approximately \$1.45 million.

The Port District has two significant Capital Improvement Projects that are anticipated to be constructed over the next 2 to 3 years. The anticipated cost and life expectancy of the infrastructure projects are shown below:

CAPITAL IMPROVEMENT PROJECT	ASSET LIFE EXPECTANCY	COST ESTIMATE
Aldo's Seawall Replacement Project	50+ years	\$1,600,000
Pile Repair and Replacement Project	35 to 50 years for new concrete piles ¹	\$1,750,000
TOTAL		\$3,350,000

While the Port District has adequate cash reserves to proceed with both of these projects, the Commission has directed staff to present preliminary financing options for these long-term infrastructure projects for review / consideration.

¹ An alternative to replacement is epoxy-coated steel sleeves, which can extend the life expectancy of existing piles by 10 to 15+ years.

ANALYSIS

Preliminary financing proposals were solicited from BBVA Compass Bank, the bank currently servicing our long-term debt, and Weist Law, a local firm that served as bond counsel for the 2013 debt refinance proceeding. The proposed financing options from both entities are attached (Attachment 'A'-- BBVA Compass Bank Preliminary Terms Sheet and Attachment 'B' -- Weist Law Firm General Financing Options). While both proposals increase long-term debt and debt service, the options offer varying terms and rates. Financing the seawall and pile projects would preserve cash-on-hand, which is summarized below:

Fund Balances at 3/19/18	Est. Balance	Description
Local Agency Investment Fund	\$ 9,280,506	<i>LAIF</i>
BBVA Compass Bank (Restricted)	726,374	
Comerica Bank	447,750	
TOTAL CASH	\$ 10,454,630	
Restricted Cash	(\$ 726,374)	<i>Held at BBVA Compass</i>
Fund Balances	(3,435,056)	<i>Dredge Intermediate Fund, Reserve Fund, PEMHCA Fund, Capital Improvement Fund; Election Fund</i>
Unrestricted Cash	\$ 6,293,200	

Staff is seeking direction from the Commission on whether to pursue financing for the seawall and pile projects.

IMPACT ON PORT DISTRICT RESOURCES

The financing proposals present various rate and term options for consideration by the Commission. If the Commission directs staff to pursue financing of the Aldo's Seawall Replacement Project and Pile Repair and Replacement Project, an analysis of the fiscal impact will be presented at the time the financing packet is authorized.

- ATTACHMENT – A. BBVA Compass Bank Preliminary Terms Sheet
 B. Weist Law General Financing Options



**Santa Cruz Port District, California
Summary of Non-Binding Indicative Terms and Conditions
for the Proposed Tax Exempt Term Loan
March 19, 2018**

This summary of indicative terms and conditions is not a commitment to lend, purchase or to provide any other service related to a financing and does not impose any other obligation on Lender. Any such commitment or undertaking will be issued only in writing subject to appropriate documentation, the terms of which are not limited to those set forth herein. This summary of indicative terms and conditions is intended as an outline of certain of the material terms of a proposed financing and is not intended to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documents, and is subject to, among other things, completion of due diligence and final credit approval by Lender.

Borrower: Santa Cruz Port District, California (the "Borrower" or the "County").

Lender: BBVA Compass d/b/a Compass Bank, an Alabama banking corporation (the "Lender" or the "Bank").

Steven Zari, Senior Vice President
Northern California Commercial Banking
1490 Stone Point Drive, Suite 250
Roseville, CA 95661
Ph: (916) 945-3844
steven.zari@bbva.com

James Manning, Senior Vice President
Government & Institutional Banking
2850 E. Camelback Rd., Ste 140
Phoenix, AZ 85016
Ph: (602) 778-0795
james.manning@bbva.com

Obligation Type: Tax Exempt Bank Qualified Term Loan.

Obligation Amount: Up to \$1,750,000 (the "Obligation" or "Financing").

Purpose: To finance the pile removal and replacement project which will replace up to 220 worn and aging piles.

Option 1:

Maturity: 05/01/2033 or approximately 15 years from closing.

Repayment: The Obligation will amortize over 15 years, calling for semi-annual principal and interest payments due on each 11/01 and 05/01 over the Obligation's tenor.

CONFIDENTIAL

This term sheet does not represent a commitment to lend and may not be relied upon as such.



Interest Rate:	<p>Tax Exempt Fixed Rate of 3.53% fixed for the full tenor of the Obligation.** This rate is indicative and subject to change daily depending on market conditions. Upon formal credit approval and at the Borrower's option, subject to break-funding, fixed rate may be locked up to 30 days prior to closing.</p> <p>** Indexed to 128 bps over 79% of the prevailing 7-year LIBOR swap rate. Based on the current rate of 2.85% for the swap index as of 3/19/2018, the interest rate on funded balances today would be 3.53%.</p>
Option 2:	
Maturity:	05/01/2029 or approximately 11 years from closing.
Repayment:	The Obligation will amortize over 11 years, calling for semi-annual principal and interest payments due on each 11/01 and 05/01 over the Obligation's tenor.
Interest Rate:	<p>Tax Exempt Fixed Rate of 3.38% fixed for the full tenor of the Obligation.** This rate is indicative and subject to change daily depending on market conditions. Upon formal credit approval and at the Borrower's option, subject to break-funding, fixed rate may be locked up to 30 days prior to closing.</p> <p>** Indexed to 110 bps over 79% of the prevailing 7-year LIBOR swap rate. Based on the current rate of 2.85% for the swap index as of 3/19/2018, the interest rate on funded balances today would be 3.38%.</p>
Covenants:	<p>Covenants to mirror existing covenants with BBVA Compass, including but not limited to the following:</p> <ul style="list-style-type: none"> • Parity Debt Test of 1.40x; • Rate and Coverage Covenant of 1.25x; • Industry standard debt service reserve fund fully funded at closing at the lesser of 1)10% of par amount, 2) maximum annual debt service, or 3) 125% of average annual debt service.
Financial Reporting:	<ul style="list-style-type: none"> • Annual audited financial statements due within 210 days of fiscal year end. • Annual approved operating budget due within 30 days of fiscal year end. • Borrower shall furnish at Lender's request such additional information that Lender may from time to time reasonably request. <p>Annual disclosure information may be provided via EMMA.</p>
Tax Exempt Status / Yield Adjustment Event:	The quoted tax exempt interest rate will be subject to gross-up upon an event of taxability.

CONFIDENTIAL

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Closing Costs: Borrower will pay all reasonable, out-of-pocket costs and expenses incurred by Lender in connection with due diligence and the review of documentation, regardless of whether or not the Obligation is closed, including but not limited to, financial advisory and placement agent fees if applicable, bond counsel, Lender's counsel, UCC searches, and CDIAAC fees. It is anticipated that lender's counsel will be reviewing documents prepared by district engaged bond counsel. If District would like lender's counsel to also draft the documents, please let the bank know and we can provide a quote. Lender's counsel limited to \$7,500.

Conditions Precedent: Prior to the consummation of the Credit Facility, the following conditions precedent shall have occurred, all of which shall be in form and substance satisfactory to the Lender and its counsel.

- Formal credit approval from the Bank.
- Satisfactory review of applicable Insurance Policies.
- Opinion addressed to the Bank, from counsel to Borrower reasonably acceptable to the Bank, setting forth such opinions as the Bank may require, including opinions concerning the legal status of Borrower, the due authorization, execution and delivery of the Obligation documents, the enforceability of the private placement/lease documents, no conflict with law, no litigation, and the receipt of all necessary governmental approvals.
- Tax Opinion addressed to the Bank from counsel reasonably acceptable to the Bank that interest payable with respect to the debt service payments is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Service Code and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for purposes of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings.
- Properly executed documents in form and substance satisfactory to Bank and/or Bank's counsel evidencing or supporting the Credit Facility.
- Additional conditions precedent that Bank considers customary and reasonably appropriate for the Credit Facility, including further information disclosures.

Ancillary Business: The structure, pricing, and terms contained herein are conditioned upon the establishment of a banking relationship that includes the opportunity to reasonably bid on ancillary financial services in good faith.

Governing Law: This transaction shall be governed by and construed in accordance with the laws of the State of California.

Expiration: This term sheet shall expire by 4:00pm on 04/2/2018 unless previously accepted.

This term sheet is issued in reliance on the accuracy of all information, representations, schedules, and other data and materials submitted by Borrower, all of which are deemed material. This term sheet does not contain all of the terms and conditions or other provisions that may be included in the final documents evidencing the Obligation, and is issued at a time before Lender has undertaken a full business, credit, and legal analysis of Borrower and the Obligation.

CONFIDENTIAL

This term sheet does not represent a commitment to lend and may not be relied upon as such.

Santa Cruz Port District - 15 year

\$1,750,000 Tax Exempt Loan

Dated May 1, 2018

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/01/2018	-	-	-	-	-
11/01/2018	44,748.00	3.530%	30,887.50	75,635.50	-
05/01/2019	45,538.00	3.530%	30,097.70	75,635.70	-
06/30/2019	-	-	-	-	151,271.20
11/01/2019	46,341.00	3.530%	29,293.95	75,634.95	-
05/01/2020	47,159.00	3.530%	28,476.03	75,635.03	-
06/30/2020	-	-	-	-	151,269.98
11/01/2020	47,992.00	3.530%	27,643.68	75,635.68	-
05/01/2021	48,839.00	3.530%	26,796.62	75,635.62	-
06/30/2021	-	-	-	-	151,271.30
11/01/2021	49,701.00	3.530%	25,934.61	75,635.61	-
05/01/2022	50,578.00	3.530%	25,057.39	75,635.39	-
06/30/2022	-	-	-	-	151,271.00
11/01/2022	51,470.00	3.530%	24,164.69	75,634.69	-
05/01/2023	52,379.00	3.530%	23,256.24	75,635.24	-
06/30/2023	-	-	-	-	151,269.93
11/01/2023	53,303.00	3.530%	22,331.75	75,634.75	-
05/01/2024	54,244.00	3.530%	21,390.95	75,634.95	-
06/30/2024	-	-	-	-	151,269.70
11/01/2024	55,202.00	3.530%	20,433.55	75,635.55	-
05/01/2025	56,176.00	3.530%	19,459.23	75,635.23	-
06/30/2025	-	-	-	-	151,270.78
11/01/2025	57,167.00	3.530%	18,467.72	75,634.72	-
05/01/2026	58,176.00	3.530%	17,458.73	75,634.73	-
06/30/2026	-	-	-	-	151,269.45
11/01/2026	59,203.00	3.530%	16,431.92	75,634.92	-
05/01/2027	60,248.00	3.530%	15,386.99	75,634.99	-
06/30/2027	-	-	-	-	151,269.91
11/01/2027	61,312.00	3.530%	14,323.61	75,635.61	-
05/01/2028	62,394.00	3.530%	13,241.45	75,635.45	-
06/30/2028	-	-	-	-	151,271.06
11/01/2028	63,495.00	3.530%	12,140.20	75,635.20	-
05/01/2029	64,616.00	3.530%	11,019.51	75,635.51	-
06/30/2029	-	-	-	-	151,270.71
11/01/2029	65,756.00	3.530%	9,879.04	75,635.04	-
05/01/2030	66,917.00	3.530%	8,718.45	75,635.45	-
06/30/2030	-	-	-	-	151,270.49
11/01/2030	68,098.00	3.530%	7,537.36	75,635.36	-
05/01/2031	69,300.00	3.530%	6,335.43	75,635.43	-
06/30/2031	-	-	-	-	151,270.79
11/01/2031	70,523.00	3.530%	5,112.29	75,635.29	-
05/01/2032	71,768.00	3.530%	3,867.56	75,635.56	-
06/30/2032	-	-	-	-	151,270.85

Santa Cruz Port District - 15 year

\$1,750,000 Tax Exempt Loan

Dated May 1, 2018

Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/01/2032	73,034.00	3.530%	2,600.85	75,634.85	-
05/01/2033	74,323.00	3.530%	1,311.80	75,634.80	-
06/30/2033	-	-	-	-	151,269.65
Total	\$1,750,000.00	-	\$519,056.80	\$2,269,056.80	-

Yield Statistics

Bond Year Dollars	\$14,704.16
Average Life	8.402 Years
Average Coupon	3.5300000%
Net Interest Cost (NIC)	3.5300000%
True Interest Cost (TIC)	3.5300000%
Bond Yield for Arbitrage Purposes	3.5300000%
All Inclusive Cost (AIC)	3.5300000%

IRS Form 8038

Net Interest Cost	3.5300000%
Weighted Average Maturity	8.402 Years

Santa Cruz Port District - 11 year

\$1,750,000 Tax Exempt Loan

Dated May 1, 2018

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/01/2018	-	-	-	-	-
11/01/2018	66,335.00	3.380%	29,575.00	95,910.00	-
05/01/2019	67,456.00	3.380%	28,453.94	95,909.94	-
06/30/2019	-	-	-	-	191,819.94
11/01/2019	68,596.00	3.380%	27,313.93	95,909.93	-
05/01/2020	69,755.00	3.380%	26,154.66	95,909.66	-
06/30/2020	-	-	-	-	191,819.59
11/01/2020	70,934.00	3.380%	24,975.80	95,909.80	-
05/01/2021	72,133.00	3.380%	23,777.02	95,910.02	-
06/30/2021	-	-	-	-	191,819.82
11/01/2021	73,352.00	3.380%	22,557.97	95,909.97	-
05/01/2022	74,592.00	3.380%	21,318.32	95,910.32	-
06/30/2022	-	-	-	-	191,820.29
11/01/2022	75,852.00	3.380%	20,057.71	95,909.71	-
05/01/2023	77,134.00	3.380%	18,775.82	95,909.82	-
06/30/2023	-	-	-	-	191,819.53
11/01/2023	78,438.00	3.380%	17,472.25	95,910.25	-
05/01/2024	79,763.00	3.380%	16,146.65	95,909.65	-
06/30/2024	-	-	-	-	191,819.90
11/01/2024	81,111.00	3.380%	14,798.65	95,909.65	-
05/01/2025	82,482.00	3.380%	13,427.88	95,909.88	-
06/30/2025	-	-	-	-	191,819.53
11/01/2025	83,876.00	3.380%	12,033.93	95,909.93	-
05/01/2026	85,293.00	3.380%	10,616.43	95,909.43	-
06/30/2026	-	-	-	-	191,819.36
11/01/2026	86,735.00	3.380%	9,174.98	95,909.98	-
05/01/2027	88,201.00	3.380%	7,709.15	95,910.15	-
06/30/2027	-	-	-	-	191,820.13
11/01/2027	89,691.00	3.380%	6,218.56	95,909.56	-
05/01/2028	91,207.00	3.380%	4,702.78	95,909.78	-
06/30/2028	-	-	-	-	191,819.34
11/01/2028	92,748.00	3.380%	3,161.38	95,909.38	-
05/01/2029	94,316.00	3.380%	1,593.94	95,909.94	-
06/30/2029	-	-	-	-	191,819.32
Total	\$1,750,000.00	-	\$360,016.75	\$2,110,016.75	-

Santa Cruz Port District - 11 year

\$1,750,000 Tax Exempt Loan

Dated May 1, 2018

Debt Service Schedule

Part 2 of 2

Yield Statistics

Bond Year Dollars	\$10,651.38
Average Life	6.087 Years
Average Coupon	3.3800000%
Net Interest Cost (NIC)	3.3800000%
True Interest Cost (TIC)	3.3800000%
Bond Yield for Arbitrage Purposes	3.3800000%
All Inclusive Cost (AIC)	3.3800000%

IRS Form 8038

Net Interest Cost	3.3800000%
Weighted Average Maturity	6.087 Years



**Santa Cruz Port District, California
Summary of Non-Binding Indicative Terms and Conditions
for the Proposed Tax Exempt Term Loan
March 19, 2018**

This summary of indicative terms and conditions is not a commitment to lend, purchase or to provide any other service related to a financing and does not impose any other obligation on Lender. Any such commitment or undertaking will be issued only in writing subject to appropriate documentation, the terms of which are not limited to those set forth herein. This summary of indicative terms and conditions is intended as an outline of certain of the material terms of a proposed financing and is not intended to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documents, and is subject to, among other things, completion of due diligence and final credit approval by Lender.

Borrower: Santa Cruz Port District, California (the "Borrower" or the "County").

Lender: BBVA Compass d/b/a Compass Bank, an Alabama banking corporation (the "Lender" or the "Bank").

Steven Zari, Senior Vice President
Northern California Commercial Banking
1490 Stone Point Drive, Suite 250
Roseville, CA 95661
Ph: (916) 945-3844
steven.zari@bbva.com

James Manning, Senior Vice President
Government & Institutional Banking
2850 E. Camelback Rd., Ste 140
Phoenix, AZ 85016
Ph: (602) 778-0795
james.manning@bbva.com

Obligation Type: Tax Exempt Bank Qualified Term Loan.

Obligation Amount: Up to \$1,600,000 (the "Obligation" or "Financing").

Purpose: To finance the Aldo's Seawall replacement project. This will repair and replace the seawall at the southwest side of the port, the portion of seawall essentially in front of and bordering Aldo's restaurant.

Option 1:

Maturity: 05/01/2033 or approximately 15 years from closing.

Repayment: The Obligation will amortize over 15 years, calling for semi-annual principal and interest payments due on each 11/01 and 05/01 over the Obligation's tenor.

CONFIDENTIAL

This term sheet does not represent a commitment to lend and may not be relied upon as such.

BBVA Compass

Interest Rate: Tax Exempt Fixed Rate of 3.53% fixed for the full tenor of the Obligation.** This rate is indicative and subject to change daily depending on market conditions. Upon formal credit approval and at the Borrower's option, subject to break-funding, fixed rate may be locked up to 30 days prior to closing.

** Indexed to 128 bps over 79% of the prevailing 7-year LIBOR swap rate. Based on the current rate of 2.85% for the swap index as of 3/19/2018, the interest rate on funded balances today would be 3.53%.

Option 2:

Maturity: 05/01/2029 or approximately 11 years from closing.

Repayment: The Obligation will amortize over 11 years, calling for semi-annual principal and interest payments due on each 11/01 and 05/01 over the Obligation's tenor.

Interest Rate: Tax Exempt Fixed Rate of 3.38% fixed for the full tenor of the Obligation.** This rate is indicative and subject to change daily depending on market conditions. Upon formal credit approval and at the Borrower's option, subject to break-funding, fixed rate may be locked up to 30 days prior to closing.

** Indexed to 110 bps over 79% of the prevailing 7-year LIBOR swap rate. Based on the current rate of 2.85% for the swap index as of 3/19/2018, the interest rate on funded balances today would be 3.38%.

Covenants:

Covenants to mirror existing covenants with BBVA Compass, including but not limited to the following:

- Parity Debt Test of 1.40x;
- Rate and Coverage Covenant of 1.25x;
- Industry standard debt service reserve fund fully funded at closing at the lesser of 1)10% of par amount, 2) maximum annual debt service, or 3) 125% of average annual debt service.

Financial Reporting:

- Annual audited financial statements due within 210 days of fiscal year end.
- Annual approved operating budget due within 30 days of fiscal year end.
- Borrower shall furnish at Lender's request such additional information that Lender may from time to time reasonably request.

Annual disclosure information may be provided via EMMA.

Tax Exempt Status / Yield Adjustment Event:

The quoted tax exempt interest rate will be subject to gross-up upon an event of taxability.

CONFIDENTIAL

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Closing Costs: Borrower will pay all reasonable, out-of-pocket costs and expenses incurred by Lender in connection with due diligence and the review of documentation, regardless of whether or not the Obligation is closed, including but not limited to, financial advisory and placement agent fees if applicable, bond counsel, Lender's counsel, UCC searches, and CDIAAC fees. It is anticipated that lender's counsel will be reviewing documents prepared by district engaged bond counsel. If District would like lender's counsel to also draft the documents, please let the bank know and we can provide a quote. Lender's counsel limited to \$7,500.

Conditions Precedent: Prior to the consummation of the Credit Facility, the following conditions precedent shall have occurred, all of which shall be in form and substance satisfactory to the Lender and its counsel.

- Formal credit approval from the Bank.
- Satisfactory review of applicable Insurance Policies.
- Opinion addressed to the Bank, from counsel to Borrower reasonably acceptable to the Bank, setting forth such opinions as the Bank may require, including opinions concerning the legal status of Borrower, the due authorization, execution and delivery of the Obligation documents, the enforceability of the private placement/lease documents, no conflict with law, no litigation, and the receipt of all necessary governmental approvals.
- Tax Opinion addressed to the Bank from counsel reasonably acceptable to the Bank that interest payable with respect to the debt service payments is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Service Code and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for purposes of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings.
- Properly executed documents in form and substance satisfactory to Bank and/or Bank's counsel evidencing or supporting the Credit Facility.
- Additional conditions precedent that Bank considers customary and reasonably appropriate for the Credit Facility, including further information disclosures.

Ancillary Business: The structure, pricing, and terms contained herein are conditioned upon the establishment of a banking relationship that includes the opportunity to reasonably bid on ancillary financial services in good faith.

Governing Law: This transaction shall be governed by and construed in accordance with the laws of the State of California.

Expiration: This term sheet shall expire by 4:00pm on 04/2/2018 unless previously accepted.

This term sheet is issued in reliance on the accuracy of all information, representations, schedules, and other data and materials submitted by Borrower, all of which are deemed material. This term sheet does not contain all of the terms and conditions or other provisions that may be included in the final documents evidencing the Obligation, and is issued at a time before Lender has undertaken a full business, credit, and legal analysis of Borrower and the Obligation.

CONFIDENTIAL

This term sheet does not represent a commitment to lend and may not be relied upon as such.

Santa Cruz Port District - 15 year

\$1,600,000 Tax Exempt Loan

Dated May 1, 2018

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/01/2018	-	-	-	-	-
11/01/2018	40,912.00	3.530%	28,240.00	69,152.00	-
05/01/2019	41,634.00	3.530%	27,517.90	69,151.90	-
06/30/2019	-	-	-	-	138,303.90
11/01/2019	42,369.00	3.530%	26,783.06	69,152.06	-
05/01/2020	43,117.00	3.530%	26,035.25	69,152.25	-
06/30/2020	-	-	-	-	138,304.31
11/01/2020	43,878.00	3.530%	25,274.24	69,152.24	-
05/01/2021	44,652.00	3.530%	24,499.79	69,151.79	-
06/30/2021	-	-	-	-	138,304.03
11/01/2021	45,441.00	3.530%	23,711.68	69,152.68	-
05/01/2022	46,243.00	3.530%	22,909.65	69,152.65	-
06/30/2022	-	-	-	-	138,305.33
11/01/2022	47,059.00	3.530%	22,093.46	69,152.46	-
05/01/2023	47,889.00	3.530%	21,262.87	69,151.87	-
06/30/2023	-	-	-	-	138,304.33
11/01/2023	48,735.00	3.530%	20,417.63	69,152.63	-
05/01/2024	49,595.00	3.530%	19,557.45	69,152.45	-
06/30/2024	-	-	-	-	138,305.08
11/01/2024	50,470.00	3.530%	18,682.10	69,152.10	-
05/01/2025	51,361.00	3.530%	17,791.31	69,152.31	-
06/30/2025	-	-	-	-	138,304.41
11/01/2025	52,267.00	3.530%	16,884.78	69,151.78	-
05/01/2026	53,190.00	3.530%	15,962.27	69,152.27	-
06/30/2026	-	-	-	-	138,304.05
11/01/2026	54,129.00	3.530%	15,023.47	69,152.47	-
05/01/2027	55,084.00	3.530%	14,068.09	69,152.09	-
06/30/2027	-	-	-	-	138,304.56
11/01/2027	56,056.00	3.530%	13,095.86	69,151.86	-
05/01/2028	57,046.00	3.530%	12,106.47	69,152.47	-
06/30/2028	-	-	-	-	138,304.33
11/01/2028	58,053.00	3.530%	11,099.61	69,152.61	-
05/01/2029	59,077.00	3.530%	10,074.97	69,151.97	-
06/30/2029	-	-	-	-	138,304.58
11/01/2029	60,120.00	3.530%	9,032.26	69,152.26	-
05/01/2030	61,181.00	3.530%	7,971.15	69,152.15	-
06/30/2030	-	-	-	-	138,304.41
11/01/2030	62,261.00	3.530%	6,891.30	69,152.30	-
05/01/2031	63,360.00	3.530%	5,792.39	69,152.39	-
06/30/2031	-	-	-	-	138,304.69
11/01/2031	64,478.00	3.530%	4,674.09	69,152.09	-
05/01/2032	65,616.00	3.530%	3,536.05	69,152.05	-
06/30/2032	-	-	-	-	138,304.14

Santa Cruz Port District - 15 year

\$1,600,000 Tax Exempt Loan

Dated May 1, 2018

Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/01/2032	66,774.00	3.530%	2,377.93	69,151.93	-
05/01/2033	67,953.00	3.530%	1,199.37	69,152.37	-
06/30/2033	-	-	-	-	138,304.30
Total	\$1,600,000.00	-	\$474,566.45	\$2,074,566.45	-

Yield Statistics

Bond Year Dollars	\$13,443.81
Average Life	8.402 Years
Average Coupon	3.52999999%
Net Interest Cost (NIC)	3.52999999%
True Interest Cost (TIC)	3.53000000%
Bond Yield for Arbitrage Purposes	3.53000000%
All Inclusive Cost (AIC)	3.53000000%

IRS Form 8038

Net Interest Cost	3.52999999%
Weighted Average Maturity	8.402 Years

Santa Cruz Port District - 11 year

\$1,600,000 Tax Exempt Loan

Dated May 1, 2018

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/01/2018	-	-	-	-	-
11/01/2018	60,649.00	3.380%	27,040.00	87,689.00	-
05/01/2019	61,674.00	3.380%	26,015.03	87,689.03	-
06/30/2019	-	-	-	-	175,378.03
11/01/2019	62,716.00	3.380%	24,972.74	87,688.74	-
05/01/2020	63,776.00	3.380%	23,912.84	87,688.84	-
06/30/2020	-	-	-	-	175,377.58
11/01/2020	64,854.00	3.380%	22,835.03	87,689.03	-
05/01/2021	65,950.00	3.380%	21,738.99	87,688.99	-
06/30/2021	-	-	-	-	175,378.02
11/01/2021	67,065.00	3.380%	20,624.44	87,689.44	-
05/01/2022	68,198.00	3.380%	19,491.04	87,689.04	-
06/30/2022	-	-	-	-	175,378.48
11/01/2022	69,350.00	3.380%	18,338.49	87,688.49	-
05/01/2023	70,523.00	3.380%	17,166.48	87,689.48	-
06/30/2023	-	-	-	-	175,377.97
11/01/2023	71,714.00	3.380%	15,974.64	87,688.64	-
05/01/2024	72,926.00	3.380%	14,762.67	87,688.67	-
06/30/2024	-	-	-	-	175,377.31
11/01/2024	74,159.00	3.380%	13,530.22	87,689.22	-
05/01/2025	75,412.00	3.380%	12,276.94	87,688.94	-
06/30/2025	-	-	-	-	175,378.16
11/01/2025	76,687.00	3.380%	11,002.47	87,689.47	-
05/01/2026	77,983.00	3.380%	9,706.46	87,689.46	-
06/30/2026	-	-	-	-	175,378.93
11/01/2026	79,300.00	3.380%	8,388.55	87,688.55	-
05/01/2027	80,641.00	3.380%	7,048.38	87,689.38	-
06/30/2027	-	-	-	-	175,377.93
11/01/2027	82,003.00	3.380%	5,685.55	87,688.55	-
05/01/2028	83,389.00	3.380%	4,299.70	87,688.70	-
06/30/2028	-	-	-	-	175,377.25
11/01/2028	84,799.00	3.380%	2,890.42	87,689.42	-
05/01/2029	86,232.00	3.380%	1,457.32	87,689.32	-
06/30/2029	-	-	-	-	175,378.74
Total	\$1,600,000.00	-	\$329,158.40	\$1,929,158.40	-

Santa Cruz Port District - 11 year

\$1,600,000 Tax Exempt Loan

Dated May 1, 2018

Debt Service Schedule

Part 2 of 2

Yield Statistics

Bond Year Dollars	\$9,738.42
Average Life	6.087 Years
Average Coupon	3.3799997%
Net Interest Cost (NIC)	3.3799997%
True Interest Cost (TIC)	3.3799997%
Bond Yield for Arbitrage Purposes	3.3799997%
All Inclusive Cost (AIC)	3.3799997%

IRS Form 8038

Net Interest Cost	3.3799997%
Weighted Average Maturity	6.087 Years

March 19, 2018

Sent via Email

Ms. Marian Olin
Port Director
Santa Cruz Port District
135 5th Avenue
Santa Cruz, CA 95062

Re: General Financing Options

Dear Marian:

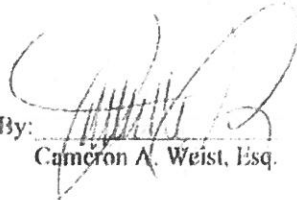
As requested, set forth below are general rates and terms associated with a potential \$3.5mm financing. Based upon present market conditions (and rate estimates that we received from various banks and underwriters) we estimate the following options are available to the District:

1. 15-Year Fully Amortizing Loan. Rate approx. 3.85%. Payment approx. \$309k /year.
2. 20-Year Fully Amortizing Loan. Rate approx. 4.00%. Payment approx. \$255k /year.
3. 25-Year Fully Amortizing Loan. Rate approx. 4.05%. Payment approx. \$230k /year.
4. 30-Year Fully Amortizing Loan. Rate approx. 4.00%. Payment approx. \$200k /year.

This letter is meant to provide you with a very brief general description of the financing opportunity that will hopefully serve to elicit productive discussion and possible direction from the Board. If the Board determines that this is a matter worth pursuing, I would be delighted to provide you with more comprehensive information, and/or make a presentation to you or your Board, if desirable.

Respectfully submitted,

THE WEIST LAW FIRM

By: 
Cameron A. Weist, Esq.



TO: Port Commission

FROM: Ad Hoc Committee Members
-- *Chairman Dennis Smith*
-- *Vice-Chairman Steve Reed*

Port Director Marian Olin

DATE: June 19, 2018

SUBJECT: Development of *Pappy* Park

Recommendation: *Authorize staff to utilize Capital Improvement Plan Funding allocated for "Pappy Park" for a Phase 1 project to retain the services of a graphic designer to create a display for the East Side Information Booth honoring Ed Larson.*

BACKGROUND

As previously reported, an ad hoc committee was formed to identify design concepts for a display honoring the vessel *Pappy* and its former owner, author and harbor docent Ed Larson. The committee has been working to develop a vision and location for the display.

ANALYSIS

The following summarizes the revised concepts developed by the ad hoc committee. The concepts are summarized below:

Phase 1 Project ~ Display Honoring Ed Larson

- Create and dedicate a point of public interest honoring Ed Larson. Hire a professional designer to create durable and well-designed graphics. The east side information booth has been identified as an ideal location for a display.

Phase 2 Project ~ *Pappy*

- The ad hoc committee has considered several location options for display of the vessel *Pappy* and has initially identified a preferred site near the harbor office, on the island area between the concession and launch ramp parking lots (Attachment A). The ad hoc committee has requested staff provide input on the feasibility / desirability of displaying *Pappy* in that location.
- If displayed, the ad hoc committee does not recommend *Pappy* remain operational. This will reduce capital costs associated with design / build of a support system that would accommodate moving the vessel, as well as ongoing costs for operation and maintenance.

- If display of *Pappy* is deemed feasible / desirable, the committee will further develop the concept for consideration by the full Commission, including:
 - Concept development for design/build of a support system for *Pappy*;
 - Committee assessment of its preferred site and other potential sites considered during the process;
 - Assessment of security needs and ongoing maintenance needs;
 - Whether fundraising may be desirable and/or necessary to supplement project funding and build community support.

- Alternatives to display of the vessel that memorialize and honor *Pappy* may also be considered (e.g., bronze plaque).

The committee is recommending the Commission authorize staff to move forward with a Phase 1 project as quickly as possible. While Phase 1 is underway, the committee will continue its work to refine the design concept for a Phase 2 project and welcomes input from the Commission and members of the public that will direct conceptual design development.

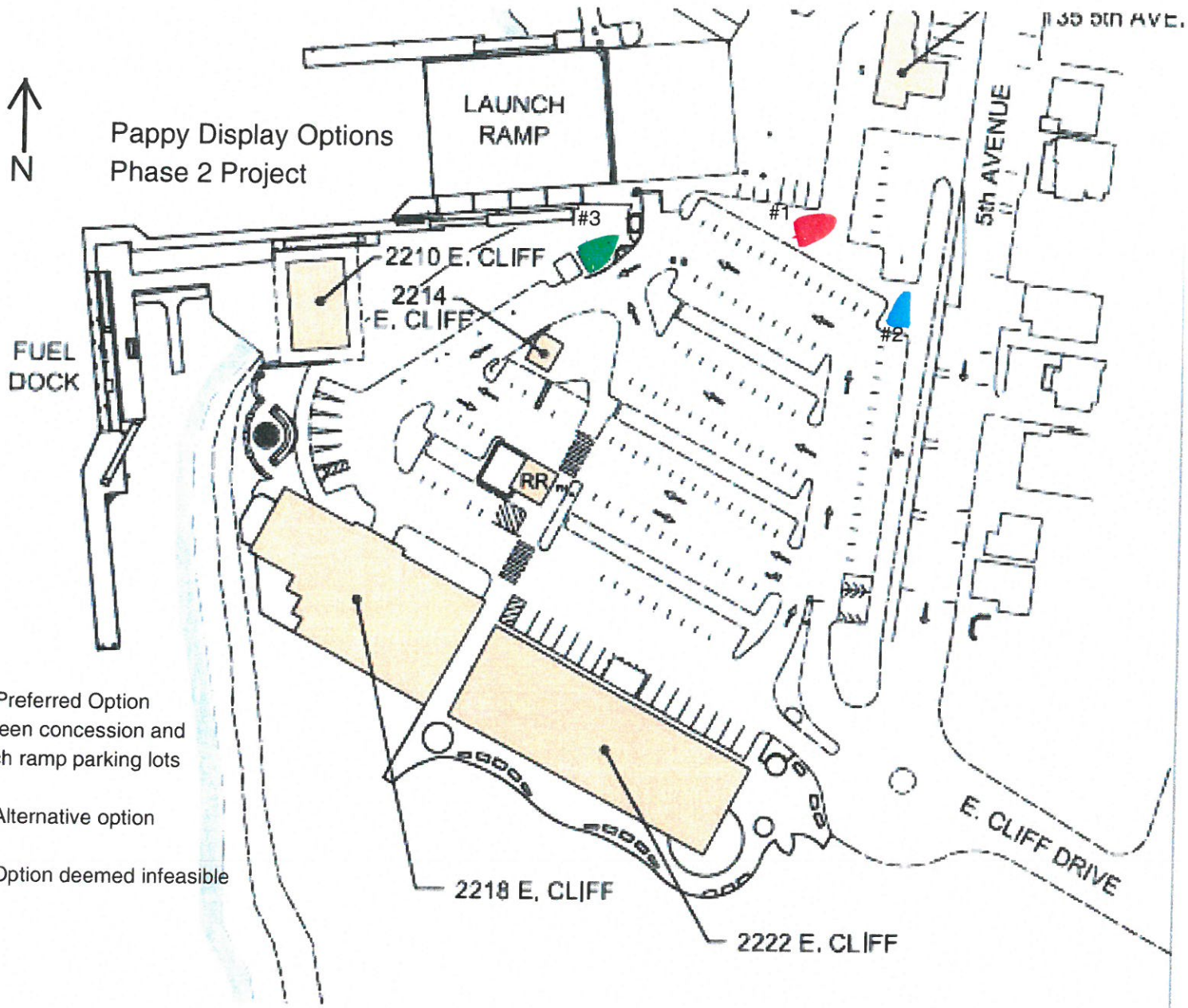
IMPACT ON PORT DISTRICT RESOURCES

The FY19 Capital Improvement Plan allocated \$20,000 toward development of *Pappy* Park. The available funding is deemed sufficient to hire a designer to develop concepts and cost estimates for a Phase 1 project to re-design the information booth to create a public display honoring Ed Larson.

ATTACHMENTS: A. *Pappy* Display Site Options



Pappy Display Options
Phase 2 Project



- #1 - Preferred Option
Between concession and
launch ramp parking lots
- #2 - Alternative option
- #3 - Option deemed infeasible

Santa Cruz Port District
Accounts Payable Monthly Check Register
 May 2018

Date	No.	Vendor	Description	Amount
5/4/2018	49735	Matheson Tri-Gas, Inc.	Welding Gas	1,906.45
5/4/2018	49736	San Lorenzo Lumber	Hinges for Jib Crane	61.02
5/10/2018	49737	BSD OF SANTA CRUZ	Abrasive Blasting & Painting Services for <i>Dauntless</i> (50% Deposit)	19,364.00
5/10/2018	49738	Rasmussen Equipment Company	Skagit Winch (30% Deposit)	27,795.00
5/14/2018	49739	Payroll Record - Employee #244	Employee Final Wages	82.89
	49740- 49747	VOID		
5/4/2018	49748	Adobe Systems Incorporated	Adobe Software Licensing	69.99
5/4/2018	49749	Allied Administrators for Delta Dental	Delta Dental Insurance	1,836.11
5/4/2018	49750	ANDREW D SMITH	Security Deposit Refund	202.97
5/4/2018	49751	Aqua Safaris	SCUBA Training & Dive Equipment	286.57
5/4/2018	49752	AT&T	Telephone	1,723.50
5/4/2018	49753	AT&T	Long Distance Telephone	302.73
5/4/2018	49754	Bay Plumbing Supply, Inc.	Plumbing Supplies	120.94
5/4/2018	49755	Bayside Oil II, Inc.	Waste Oil Removal	253.00
5/4/2018	49756	Big Creek	Plywood, Drill Bit, Sand Paper	124.71
	49757	VOID		
5/4/2018	49758	California State Disbursement Unit	Wage Garnishment (Payroll Deduction)	250.00
5/4/2018	49759	Citi Cards	Breakroom Supplies	110.21
5/4/2018	49760	CLEARY, BRIAN	Security Deposit Refund	281.04
5/4/2018	49761	Comcast	Business Internet Service	387.63
5/4/2018	49762	Comerica Card member Services	Sales Tax for Parking Tablets, Aerator Pump Impellers & Hardware, Ramp Hinge Hardware, CPR/First Aid Training, Employee Recognition, Breath Alcohol Test Device, Port Commission Meeting Refreshments, Employment Advertising, Dredge Pipe Gaskets, Buoy Foam, Signage	3,779.46
5/4/2018	49763	CONSIGLIO, MICHAEL	Security Deposit Refund	294.00
5/4/2018	49764	County of Santa Cruz Auditor	Citation Tax (March 2018)	1,787.50
5/4/2018	49765	County of Santa Cruz DPW	901 7th Avenue Lease	800.00
5/4/2018	49766	Crow's Nest Restaurant	1/2 Concession Lot Garbage & Compactor Lease (Tenant Reimbursable)	2,364.34
5/4/2018	49767	Darco Printing & Paper	Printing	67.31

5/4/2018	49768	Fastenal Company	Silicone for Pipe, Drinking Water	676.34
5/4/2018	49769	FedEx Office	Shipping	130.59
5/4/2018	49770	Flyers Energy, LLC	Fuel for Beach Equipment	669.76
5/4/2018	49771	GENE LAMB	Security Deposit Refund	236.30
5/4/2018	49772	Hammond Glass Engraving	Employee Recognition Plaques	237.42
5/4/2018	49773	HOADE, MALACHI	Security Deposit Refund	280.08
5/4/2018	49774	Home Depot Credit Services	Work Gloves, Cleaning Supplies, Saw Blades, Corded Planer	417.92
5/4/2018	49775	Hose Shop	Caps & Hose for Crane	633.91
5/4/2018	49776	Hub Parking Technology	Concession Parking Lot Gate Repair	389.31
5/4/2018	49777	JAMES GOMES	Credit Balance Refund	21.32
5/4/2018	49778	JAY PENNOCK	Security Deposit Refund	916.80
5/4/2018	49779	Johnson Hicks Marine Electronics	Replacement Dome for <i>Almar</i>	1,168.96
5/4/2018	49780	Lawson	Stock Hydraulic Parts	831.91
5/4/2018	49781	Lockton Insurance Brokers, LLC	Automobile Insurance Policy	792.76
5/4/2018	49782	MICHAEL BROWN	Security Deposit Refund	93.00
5/4/2018	49783	Microflex Corporation	Latex Gloves	126.75
5/4/2018	49784	Mid County Auto Supply	Oil for <i>Squirt</i> , Supplies for Maintenance Truck Repair	1,308.14
5/4/2018	49785	Mission Uniform Service	Uniform Cleaning	387.17
5/4/2018	49786	Moore & Sons Outboard Motors, Inc.	Water Taxi Maintenance	925.96
5/4/2018	49787	Neopost USA Inc.	Postage	500.00
5/4/2018	49788	Pacific Gas & Electric Company	Utilities	29,458.77
5/4/2018	49789	Palace Art & Office Supply	Office Supplies	269.69
5/4/2018	49790	PAUL MURPHY	Security Deposit Refund	421.20
5/4/2018	49791	Peterson	Coolant for <i>Twin Lakes</i>	626.78
5/4/2018	49792	PIERRE BOETTNER	Security Deposit Refund	363.00
5/4/2018	49793	RAY, MICHAEL	Security Deposit Refund	348.90
5/4/2018	49794	Ross Recreation Equipment, Inc.	Memorial Bench (Donor Reimbursable)	1,246.05
	49795	VOID		
5/4/2018	49796	Santa Cruz County Environmental Health Service	Hazardous Materials Management Plan Permit for Boatyard	416.00
5/4/2018	49797	Santa Cruz Municipal Utilities	Utilities	7,055.64
5/4/2018	49798	SC Fuels	Gasoline & Diesel for Fuel Dock	22,140.85
5/4/2018	49799	Staples Credit Plan	Office Supplies	50.82

5/4/2018	49800	SWRCB	Industrial Stormwater Permit	2,800.00
5/4/2018	49801	Supply Works	Janitorial Supplies	1,014.13
5/4/2018	49802	Svendsen's Boat Works	Boatyard Retail Items	443.36
5/4/2018	49803	The UPS Store	Shipping	28.95
5/4/2018	49804	Valero Marketing & Supply Company	Fuel for Fleet Vehicles	1,635.14
5/4/2018	49805	Verizon Wireless	Cell Phone & Tablet Service	313.03
5/4/2018	49806	West Marine Pro	Wiper Blades for <i>Almar</i>	65.06
5/15/2018	49807	Santa Cruz Sheriff's Office	Civil Service Fee	80.00
5/16/2018	49808	Taquitos Nayarit	Employee Recognition Luncheon	550.00
5/18/2018	49809	Ace Portable Services	Portable Toilet Rental	96.30
5/18/2018	49810	AT&T	Telephone	2,212.83
5/18/2018	49811	CIT	Telephone System Lease	337.76
5/18/2018	49812	Bay Plumbing Supply, Inc.	Plumbing & Janitorial Supplies	98.96
5/18/2018	49813	Big Creek	Concession Parking Lot Lattice Repairs, Clamps, Supplies	208.04
5/18/2018	49814	Blueprint Express of Santa Cruz	Printing	18.75
5/18/2018	49815	Bobby's Pit Stop, Inc.	Harbor Patrol Vehicle Maintenance	77.09
5/18/2018	49816	Bow Wow Pet Waste Products	Pet Waste Station Bags	261.53
5/18/2018	49817	Brass Key Locksmith, Inc.	Lock Box, Restroom Door Handle, Locks, Latches, Rekey 790 Mariner Park Way	4,173.84
5/18/2018	49818	Burke, Williams & Sorensen, LLP	Legal Consultation	61.00
5/18/2018	49819	Carpi Clay & Smith	Washington Representation	800.00
5/18/2018	49820	Central Coast Systems	Fire Alarm Quarterly Monitoring	210.00
5/18/2018	49821	Central Home Supply	Supplies for Westside Retaining Wall	3,436.94
5/18/2018	49822	Comcast	Business Internet Service	52.17
5/18/2018	49823	Complete Mailing Service	Statement Mailing & Postage	523.26
5/18/2018	49824	Computer Technical Specialists, Inc.	Computer Technical Support, New Computer for Operations Staff, E-mail Scanning & Backup Services, Maintenance on Dredge Monitor Laptop & Software Installation, Webcam Repair & Maintenance, Calypix Software Subscription	9,929.59
5/18/2018	49825	Crestor, Inc.	Sales Tax for Printing of 2018 Parking Permits	84.15
5/18/2018	49826	Darco Printing & Paper	Printing	130.47
5/18/2018	49827	Data Ticket, Inc.	Citation Processing Fees	300.00
5/18/2018	49828	DAVID RUMMENS	Credit Balance Refund	150.83
5/18/2018	49829	DENNIS HARVEY	Security Deposit Refund	20.00
5/18/2018	49830	Elevator Service Company	Elevator Contract Service (\$218.40 Tenant Reimbursable)	420.00

5/18/2018	49831	FANCHER, LYMAN	Security Deposit Refund	60.00
5/18/2018	49832	Ferguson Enterprises, Inc.	Hose Adapters	42.20
5/18/2018	49833	First Alarm Security & Patrol, Inc.	Security Patrol	4,442.53
5/18/2018	49834	Flyers Energy, LLC	Fuel for Beach Equipment	1,253.59
5/18/2018	49835	FRANK RIBEIRO	Rope for <i>Twin Lakes & Dauntless</i>	2,400.00
5/18/2018	49836	Garda CL West, Inc.	Deposit Courier Service & Excess Items Fee	249.38
5/18/2018	49837	Geo. H. Wilson, Inc.	Quarterly Boiler Maintenance	335.00
5/18/2018	49838	GIBBS, RYAN	Security Deposit & Credit Balance Refund	235.38
5/18/2018	49839	Grainger	Work Gloves, Power Cord for <i>Dauntless</i> , Anchor Shackle for <i>Dauntless</i> , Sunscreen, Key Rings, Ear Plugs, Boots, Hand Sanitizer	1,072.94
5/18/2018	49840	Greg Amundson	Training Expense Reimbursement (Law Enforcement Chaplain Course)	1,109.00
5/18/2018	49841	Henderson Marine Supply, Inc.	Painting Supplies	746.88
5/18/2018	49842	Hub Parking Technology	Concession Parking Lot Gate Repairs	831.20
5/18/2018	49843	Independent Electric Supply, Inc.	Electrical Connectors, Bushings, 600V Fuse	152.46
5/18/2018	49844	JACQUELINE ANNIGONI	Blue Key Fobs & Printing (2018 Tenant Parking Permits)	860.95
5/18/2018	49845	Jeff Winham	Trash Collection & Compaction	1,750.00
5/18/2018	49846	Jorgensen, Siegel, McClure & Flegel, LLP	Legal Consultation	619.00
5/18/2018	49847	Kelly-Moore Paint Company, Inc.	Painting Supplies	409.94
5/18/2018	49848	Large's Metal Fabrication, Inc.	Aluminum for Dock Gates	31,428.77
5/18/2018	49849	Latisha Marshall	Mileage Expense Reimbursement	80.50
5/18/2018	49850	Lawson	Hydraulic Fittings for <i>Twin Lakes</i>	17,941.18
5/18/2018	49851	Lighthouse Welding	Snorkel Fabrication for <i>Twin Lakes</i> (35% Deposit)	52,500.00
5/18/2018	49852	Long Distance Consolidated Billing	Long Distance Telephone	109.49
5/18/2018	49853	Matheson Tri-Gas, Inc.	Welding Supplies, Meter, Flap Disks, Superglaze	369.13
5/18/2018	49854	MBS Business Systems	Quarterly Copy Machine Charges	1,146.37
5/18/2018	49855	McCampbell Analytical, Inc.	Stormwater Testing	298.00
5/18/2018	49856	MCVAY, JOAN	Credit Balance Refund	48.25
5/18/2018	49857	Mesiti-Miller Engineering, Inc.	Consulting Services - Aldo's Seawall Design & Engineering Services	11,225.16
5/18/2018	49858	MICHAEL HOOPER	Security Deposit Refund	423.70
5/18/2018	49859	Mid County Auto Supply	Vehicle Fluids, Filter & Hoses for <i>Twin Lakes</i> , Maintenance Truck Repairs, Windshield Solution for <i>Almar</i>	729.91
5/18/2018	49860	MIKE HUDSON	Security Deposit Refund	20.00
5/18/2018	49861	Mission Uniform Service	Uniform Cleaning	387.17

5/18/2018	49862	Moore & Sons Outboard Motors, Inc.	Almar Service	1,994.49
5/18/2018	49863	Operating Engineers Local Union No. 3	OE3 Union Dues (Payroll Deduction)	315.00
5/18/2018	49864	Pacific Gas & Electric Company	Utilities	1,624.82
5/18/2018	49865	PIERRE BOETTNER	Security Deposit Refund	80.00
5/18/2018	49866	Lumenature	LED Light Fixture	819.39
5/18/2018	49867	Riverside Lighting & Electric	Breaker & Receptacle Cover	58.14
5/18/2018	49868	Santa Cruz Municipal Utilities	Utilities	8,793.83
5/18/2018	49869	SC Fuels	Gasoline & Diesel for Fuel Dock	20,972.36
5/18/2018	49870	Silver & Katz	Union Representation (Payroll Deduction)	490.00
5/18/2018	49871	SDRMA	Workers' Compensation Insurance	94,426.99
5/18/2018	49872	Supply Works	Janitorial Supplies	570.07
5/18/2018	49873	Svensden's Boat Works	Boatyard Retail Items	51.02
5/18/2018	49874	Triton Construction	Fuel Tank Maintenance & Inspection	75.00
5/18/2018	49875	UNUM Life Insurance Co. of America	Life, LTD & AD&D Insurance	1,144.27
5/18/2018	49876	US Relay	Monthly Webcam Service (2 Cameras)	484.00
5/18/2018	49877	West Marine Pro	Boatyard Retail Items	34.81
5/25/2018	49878	Payroll Record - Employee #24	Benefit Cashout - Vacation	1,140.65
5/25/2018	49879	Payroll Record - Employee #202	Payroll Advance	300.00
5/5/2018	4755-4773	Various Employees	4/16/18-4/30/18 Net Payroll Checks	21,395.65
5/18/2018	4774-4792	Various Employees	5/1/18-5/15/18 Net Payroll Checks	21,940.07
5/2/2018	EFT	ChargeltPro	Front Desk Credit Card Fees	1,362.75
5/3/2018	EFT	ElectronicPayments	Fuel Dock Credit Card Fees	608.23
5/3/2018	EFT	Transaction Express	Online Billpay ACH Fees	242.32
5/4/2018	EFT	CalPERS	Health Insurance Premiums	33,550.20
5/4/2018	EFT	PAYCHEX	Payroll Fees	394.14
5/4/2018	EFT	CalPERS	CalPERS Retirement	6,625.77
5/4/2018	EFT	CalPERS	CalPERS Retirement	667.86
5/4/2018	EFT	CalPERS	CalPERS Retirement	6,591.25
5/4/2018	EFT	Empower Retirement	457 Savings Plan (Payroll Deduction)	2,526.03
5/5/2018	EFT	Various Employees	4/16/18-4/30/18 Net Payroll Direct Deposit	49,959.76
5/5/2018	EFT	PAYCHEX	4/16/18-4/30/18 Payroll Taxes	30,641.71
5/9/2018	EFT	Comerica Bank	Bank Fees	1,202.19

5/10/2018	EFT	Merchant Services	CALE Parking Machine Credit Card Fees (8 Machines)	1,539.29
5/10/2018	EFT	Merchant Services	Online Billpay Credit Card Fee	101.38
5/10/2018	EFT	Merchant Services	Boatyard Credit Card Fees	340.53
5/10/2018	EFT	ChargeltPro	Front Desk Credit Card Gateway Fee	15.00
5/11/2018	EFT	PAYCHEX	Time & Labor Online Fees	268.00
5/18/2018	EFT	PAYCHEX	Payroll Processing Fees	394.14
5/18/2018	EFT	CalPERS	Unfunded Accrued Liability	13.05
5/18/2018	EFT	CalPERS	Unfunded Accrued Liability	32.76
5/18/2018	EFT	CalPERS	Unfunded Accrued Liability	15,163.92
5/18/2018	EFT	Various Employees	5/1/18-5/15/18 Net Payroll Direct Deposit	44,991.38
5/18/2018	EFT	PAYCHEX	5/1/18-5/15/18 Payroll Taxes	28,869.98
5/21/2018	EFT	CalPERS	Retirement (Partial Payroll Deduction)	6,455.95
5/21/2018	EFT	CalPERS	Retirement (Partial Payroll Deduction)	552.54
5/21/2018	EFT	CalPERS	Retirement (Partial Payroll Deduction)	6,591.76
5/21/2018	EFT	Empower Retirement	457 Plan (Payroll Deduction)	2,497.10
Total May 2018 Disbursements				720,114.28



Harbormaster's Report

Regular Public Session of June 26, 2018

Boatyard Report:

Service	May 18'	April 18'	Mar 18'
Haul outs	25	20	18
Hang in straps	10	10	11
Haul from water onto trailer	0	0	0
Splash	22	20	21
To/From Trailer	0	1	1
Crane Ops	3	1	4
Masts	0	0	0
Trailerred Boats (No Lift)	0	0	0

Santa Cruz Harbor Boatyard offered two specials in May – a commercial fishermen's special and a hydrocoat paint special. Vessels from as far away as Bodega Bay have been visiting the Boatyard to take advantage of the specials offered.

Harbor Activities/Events/News:

The summer's first Crow's Nest Beach Barbecue began on Thursday, May 31, 2018. Harbor staff will work closely with the Crow's Nest to minimize neighborhood complaints, increase security, and facilitate parking during the events.

The inner-harbor water taxi was put into service over Memorial Day weekend. The water taxi operates Thursday evenings (during the Crow's Nest Beach Barbecues), weekends and holidays.

The City of Santa Cruz began providing contracted lifeguard services for Harbor Beach in early May. Lifeguard services are provided daily, from 11:00 AM to approximately 6:00 PM (tower closure is weather dependent). Harbor staff welcomes them to our team and looks forward to working with them this season.

The Port District hosted an all-staff luncheon to kick-off the beginning of the summer season. The luncheon provided an opportunity for new, seasonal employees to become acquainted with existing staff.

The Port District has been awarded nearly \$2,401 in judgments from two small claims court cases, related to "bad debt"/unpaid customer accounts. The Port District has filed new small claims cases, totaling \$4,257.

Santa Cruz Yacht Club hosted several special racing events during the past month, which included: Made in Santa Cruz Race Week, Made in Santa Cruz Builders and Designers Special Event, Spinnaker Cup, SC 27 nationals and the Moore 24 Regatta.

Staff is proud to announce that a Port District chaplain will be available for any necessary services. Chaplains offer assistance in grief counseling and general guidance for anyone suffering a crisis. Reserve Deputy Harbormaster Amundson recently completed a Basic Law Enforcement Chaplain Course and is currently attending Western Seminary.

Training/Conferences:

During the past month, harbor staff participated in the following training:

Cal OES Tsunami Awareness Training

Staff participated in a tsunami awareness training presented by Cal OES. Topics presented included: coastal hazard mitigation guidance, evacuation (including elevation-based evacuations), analytical tools for emergency responders and coordination with local agencies.

Exigent Circumstances Training

All Deputy Harbormasters participated in an exigent circumstances training. Topics presented included: immediate action, imminent danger to a person, investigative threats, intrusiveness of response, community caretaking, and vacating and reentry.

Water Taxi Operations Training

All water taxi skippers and crew participated in water taxi operation training, which included side tow, underway operations and vessel equipment.

Offshore Area Familiarization Training

All Deputy Harbormasters participated in an offshore area familiarization training, which included a field study of various landmarks.

Operating with Radar in Restricted Vision Conditions Training

All Deputy Harbormasters participated in a training on how to operate the *Almar* patrol boat in restricted vision conditions (i.e. heavy fog), using only radar.

Basic Law Enforcement Chaplain Course

One Reserve Deputy Harbormaster completed a 40-hour, POST certified Basic Law Enforcement Chaplain Course. Topics presented included: philosophy of chaplaincy, core values, roles and responsibilities, legal and ethical issues, communication, stress management, crisis intervention, grief and bereavement, suicide and death notification, multi-cultural competency and self-care.

Fuel Prices

Unleaded	\$4.14
Commercial Unleaded	\$3.94
Diesel	\$3.59
Commercial Diesel	\$3.49



Facilities and Engineering Manager's Report

Public Meeting of June 26, 2018

Twin Lakes Move

Crews successfully moved *Twin Lakes* to her off-season mooring in the north harbor. The move began at approximately 4:00 AM on Thursday, May 31, 2018, to correspond with the low tide. Once she was secured in her mooring, crews installed the rear spud. The move was completed in approximately three hours and went smoothly.

Snorkel Fabrication

Crews removed *Twin Lakes*' snorkel and moved it to the dredge yard, where it will be pressure washed and measured for replacement.

Off-Season Dredge Operations

Crews are actively completing off-season maintenance tasks, including cleaning and organizing the dredge yard and refurbishing buoys. *Twin Lakes* was cleaned and detailed in preparation for the USACE and Ancil Taylor visits. Crews have begun constructing a new hydraulic room for *Twin Lakes* at the maintenance yard.

Maintenance

Dock Gate Installation

Crews have installed five aluminum dock gates in the north harbor to date. Crews continue to work on the dock gate installation as time permits.

Dock Ramp Paint Restoration

Crews have begun scraping, priming and recoating the dock ramps with non-skid paint. This project will continue through the end of June.

J-Dock Fingers

Crew reinstalled the fingers on J-Dock that were removed to facilitate north harbor dredging operations.

Miscellaneous

Pile Repair and Replacement Project

Bellingham Marine is currently mobilizing equipment needed for the pile repair and replacement project. The crane was delivered on June 19, 2018, and assembled on June 20, 2018. The barge is scheduled to be delivered on June 26, 2018, and will be assembled the same day. The barge will be berthed on Q-Dock during pile driving operations in the south harbor. The first pile is scheduled to be driven on July 5, 2018.

Brow Piers

Staff discovered that the brow piers in the southeast harbor are failing due to the weight of the steel ramps on the cantilevered joist. Staff is currently researching how to fix the issue. This issue delayed installation of new aluminum dock gates in the southeast harbor.

Sale of Loader

Staff sold the loader for \$32,500.00. After three failed attempts to sell it on public auction, staff listed the loader for sale on Craigslist, and it sold within a matter of days.

Purchase of Backhoe

Staff visited the Richie Bros. Auctioneers in Dunnigan, California, and successfully purchased a 2012 Terex 4x4 Loader/Backhoe for \$22,500.00. The backhoe has 722 operating hours and is in great condition. Staff also purchased an extended warranty for the backhoe.

Santa Cruz Port District
135 5th Avenue
Santa Cruz, CA 95062
831.475.6161
831.475.9558 Fax
www.santacruzharbor.org



PORT COMMISSIONERS:
Toby Goddard
Dennis Smith
Reed Geisreiter
Stephen Reed
Darren Gertler

TO: Port Commission

FROM: Marian Olin, Interim Port Director
Matt Kerkes, Facilities Maintenance and Engineering Manager

DATE: June 20, 2018

SUBJECT: Dredging Season Report 2017-18

FEDERAL ENTRANCE CHANNEL DREDGING

The 2017-18 dredge season marked *Twin Lakes'* second season of operation dredging the federal entrance channel. She operated consistently well, without the mechanical issues experienced in her first, start-up season. The crew is very familiar with all systems and maintenance requirements. The dredge manufacturer, Dredging Supply Company (DSC), and the dredge consultant, Ancil Taylor of Callan Marine, have provided technical and mechanical support for dredging and equipment-related issues, as needed.

Dredging of the federal entrance channel began on November 13, 2017, and ended on April 30, 2018. This is the first time since the 2014-15 dredge season that the dredging operation did not require an emergency extension of the season.

The post-dredge entrance survey, dated May 2, 2018, and most recent survey, dated June 14, 2018, are included (Attachment A).

Due to impacts from the County of Santa Cruz's Twin Lakes Beachfront Project, the Port District operated under a modified permit issued by the Monterey Bay Air Resources District (MBARD), which allowed hydrogen sulfide readings to be taken from a fixed location versus mounting the hydrogen sulfide instrument atop a vehicle and repositioning it as needed throughout the day. The Port District did not field any odor complaints, or other complaints, about the dredging disposal operation in 2017-18. Stationary monitoring of hydrogen sulfide lessens the District's impact on the beach during disposal operations, while continuing to provide monitoring of nuisance level odor and safety spotting for dozer operations. Stationary monitoring also reduces the required monitoring personnel staffing from three to two. Staff has reached out to MBARD to see if this permit modification can be extended to the 2018-19 season.

Twin Lakes is outfitted with a density meter, which measures dredged volume. As reported last year, the meter recorded 65,904 cubic yards dredged from the entrance channel in the 2016-17 season, which is 26% of the District's annual historic seasonal average of 256,000 cubic yards. As of April 30, 2018, the density meter reported 25,681 cubic yards of material dredged in the 2017-18 season, or 10% of the historic seasonal average. Prior to the 2016-17 dredge season when the density meter was implemented, dredge volumes were estimated using pump curve assumptions, actual pump time and engine RPM's (which produced an estimated average production rate of 600 cubic yards per hour). The discrepancy over historic volumes may be multifactorial, including but not limited to how the density meter measures sediment; differences in the sediment composition in

different areas of the channel; the presence of organic material in sediment; assumptions used in converting gross tonnage measured by the density meter to cubic yards; or, equipment malfunction.

Staff retained Moffat & Nichol (M&N) to prepare an analysis of the 2016-17 dredge season volumes and historic volumes. Based on controlled dredging and survey operations performed in April 2018, the report found that actual volumes dredged were consistently larger (by at least twice) than density meter recordings. M&N's report found an average volume of 250 cubic yards per hour was achieved during control dredging and survey operations conducted in April 2018. M&N recommended an inspection and recalibration of the density meter. The District's dredge consultant, Ancil Taylor, performed an inspection of the equipment and discovered loose valve that may have interfered with readings. Mr. Taylor will develop additional recommendations to increase the accuracy of dredge volume calculations. M&N's report is available on the harbor's website at <https://www.santacruzharbor.org/dredging-scientific-studies-reports/>.

Using the conservative 250 per cubic yard production average calculated by M&N, entrance channel volumes were corrected for the 2016-17 and 2017-18 seasons to approximately 134,243 CY and 122,980 CY (Attachment B). Mr. Ancil Taylor has confirmed that the dredge *Twin Lakes*' production capability is 500 to 600 cubic yards per hour when operating in ideal weather conditions and sandy shoal areas free of debris.

INNER HARBOR DREDGING

Permits authorized up to 15,736 CY of material to be dredged in the inner-harbor, which includes the north harbor area and south harbor area (D dock). Dredging of the X/J channel was identified to be a priority.

Twin Lakes was scheduled to begin dredging in the north harbor's X/J channel on October 2, 2017. Issues with repair of the jet pump and a plugged pipeline delayed the start to October 16, 2017. *Twin Lakes* dredged the X/J channel from October 16 – October 27, 2017. Dredging operations ended prematurely, after a breaker (still under warranty), failed. Following repair, the crew needed to take advantage of optimal low tide conditions and move *Twin Lakes* under the bridge to the entrance, so dredging of the X/J channel using *Twin Lakes* ended. Design depth of the X/J channel is 16' + 2' overdepth, which is not achievable using the District's 8" dredge, *Squirt*. Achieving design depth in the X/J channel may be feasible using the Toyo submersible pump (Toyo); however, current deployment options (land-based crane) limit its utility.

Squirt continued dredging the X/J channel and berthing areas beginning December 4, 2017, and continued through April 30, 2018.

The Toyo was deployed for the first time since it was acquired using the LinkBelt crane and dredged the culvert area from March 13, 2018, to March 23, 2018. The Toyo uses the same 8" disposal pipe as *Squirt* so they cannot operate simultaneously. The crew was pleased with the performance of the Toyo. Staff is researching new deployment options (e.g., barge mounted), to increase its utility for inner-harbor dredging.

Based on production volume, only the X/J channel was dredged in 2017-18. Up to 10,521 CY was authorized for dredging in the X/J channel; approximately 4,081 CY of material was dredged (Attachment C).

Squirt is presumed to have a production rate of approximately 75 cubic yards per hour; however, actual volumes achieved are lower. Staff is researching whether mechanical issues may be causing low production, and is engaging the services of dredge consultant Ancil Taylor, to troubleshoot possible causes. *Squirt's* new John Deere engine and the pump are in sync and have been ruled out as a possible cause. The intake pipe is failing and may be constricting flow, and a new water service pump with higher pressure and flow volume is recommended. The crew will implement recommended changes prior to next season's dredging operation, which we anticipate will increase production.

EQUIPMENT AND MAINTENANCE

The following highlights major equipment and maintenance issues dealt with this season:

TWIN LAKES

- Electrical breaker
- Hydraulic leak

PIPELINE

- Replacement of 120' section steel pipe on beach
- Replacement of 18' elbow for offshore pipe
- Repaired offshore pipe twice

DAUNTLESS

- Steering

SQUIRT

- Pilot bushing on the Rockford PTO

OFF-SEASON PROJECTS PLANNED

The following highlights some of the projects that will be completed before dredging resumes for the 2018-19 season:

TWIN LAKES

- Fabricate new snorkel
- Replace cables
- Remove jet pump for annual rebuilding
- Install 16" check valve

DAUNTLESS

A major overhaul of *Dauntless* including:

- Fendering system
- Sandblast, repair and paint hull and deck
- Replace Skagit Winch
- Replace any damaged steel that is revealed by the blasting
- Replace the on board welder
- Replace the props and shafts

SQUIRT / BOOSTER PUMP

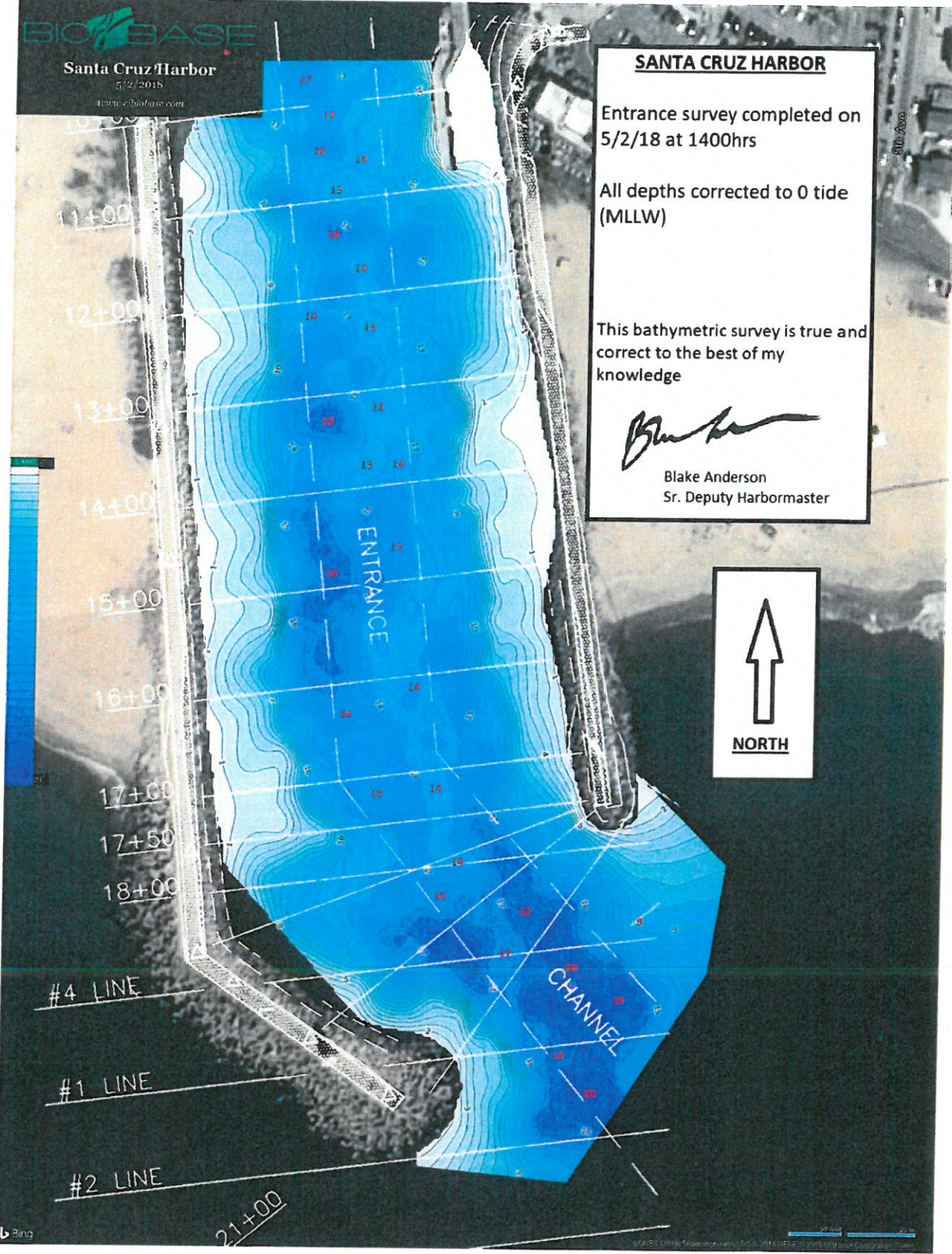
- Replace 8" discharge check valve
- Replace the stern discharge flex hose
- Replace the forward suction hose
- Upgrade the service water pump to allow the Dredge to be ran at a higher RPM
- Weld on teeth on the cutter head
- Inspect and change out any worn hydraulic lines

Summary

Twin Lakes was reliable and performed very well in her second season. Installation of the seachest duplex strainer last season was a major improvement, though the presence of debris continues to impact production. Debris can clog the impeller and pump, but this situation is not unique to *Twin Lakes*.

Crews intend to resume north harbor dredging on October 1, 2018, and entrance dredging on November 1, 2018.

- ATTACHMENT –
- A. Post-Dredge and Current Bathymetric Surveys of the Harbor Entrance (May 2, 2018 and June 14, 2018)
 - B. Federal Entrance Channel Volume Summary
 - C. Inner-Harbor Volume Summary



SANTA CRUZ HARBOR

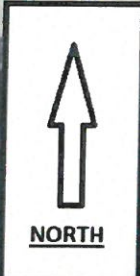
Entrance survey completed on
5/2/18 at 1400hrs

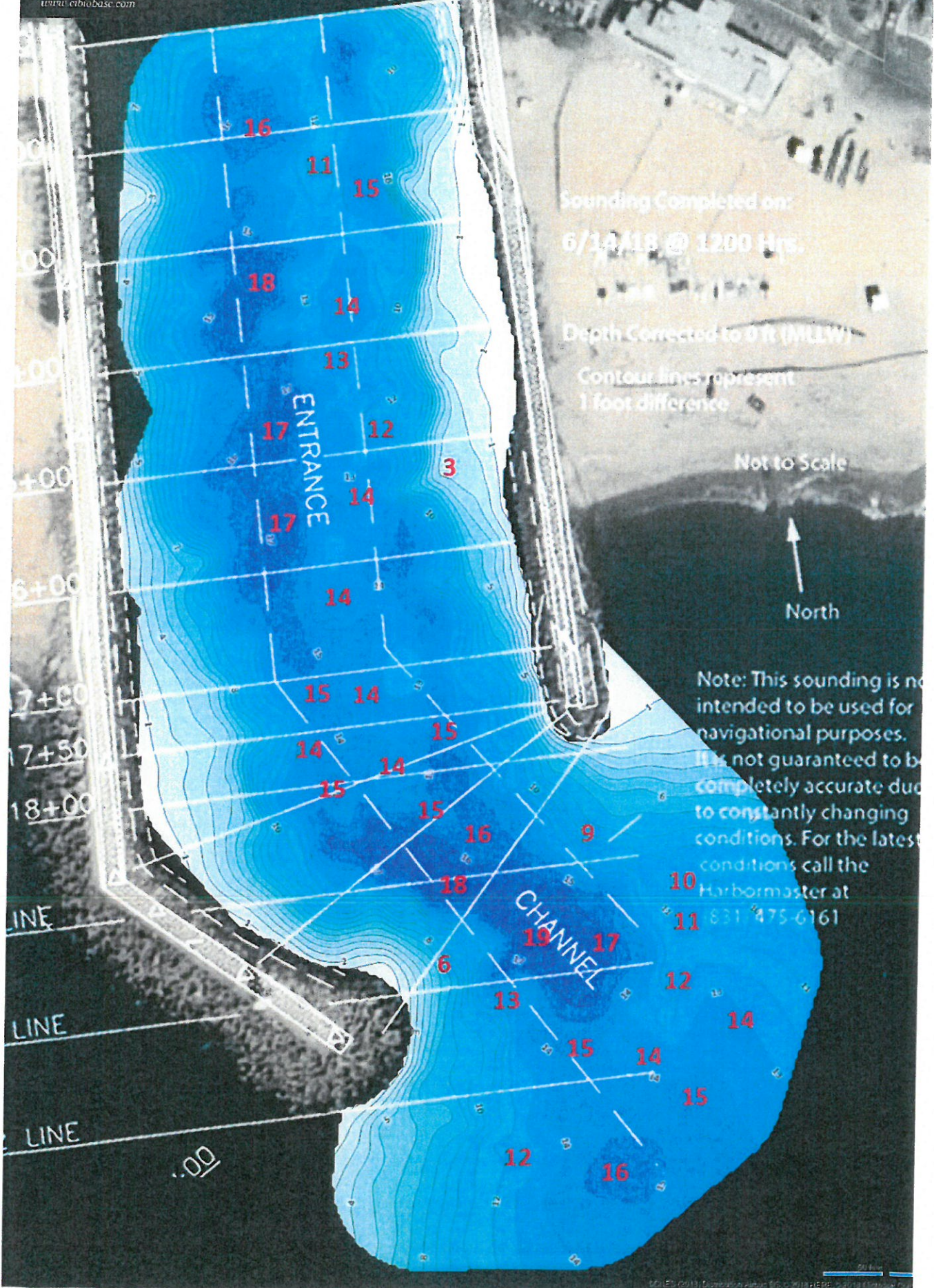
All depths corrected to 0 tide
(MLLW)

This bathymetric survey is true and
correct to the best of my
knowledge

Blake Anderson

Blake Anderson
Sr. Deputy Harbormaster





Sounding Completed on:
6/14/18 @ 1200 Hrs.

Depth Corrected to 0 ft (MLLW)
Contour lines represent
1 foot difference

Not to Scale

North

Note: This sounding is not intended to be used for navigational purposes. It is not guaranteed to be completely accurate due to constantly changing conditions. For the latest conditions call the Harbormaster at 831-475-6161

Santa Cruz Harbor Maintenance Dredging
 Federal Entrance Channel
VOLUME SUMMARY
 USACE 10-Year Permit #2011-00015S - November 1, 2012 to April 30, 2022

ALLOWABLE ENTRANCE VOLUME OVER 10-YEAR PERMIT (CY) **2,560,000**

Season	Commenced	Completed	Extension (Y/N)	Volume (CY)
2012-13	12/3/2012	4/30/2013	No	185,684
2013-14	12/10/2013	4/22/2014	No	111,952
2014-15	11/17/2014	4/22/2015	No	222,865
2015-16	11/23/2015	6/10/2016	Yes (2)	483,465
2016-17	11/8/2016	5/12/2017	Yes (1)	134,243 *
2017-18	11/13/2017	4/30/2018	No	122,980 *
2018-19				
2019-20				
2020-21				
2021-22				

CUMULATIVE ENTRANCE VOLUME DREDGED (CY) **1,261,189**

DIFFERENCE **1,298,811**

* Volume correction based on Moffatt & Nichol's Review of Dredged Volumes in the 2016-17 Dredging Season, produced for the Santa Cruz Port District, dated June 2018

Santa Cruz Harbor Maintenance Dredging
INNER-HARBOR VOLUME SUMMARY
 USACE 10-Year Permit #2010-000155 - November 1, 2012 to April 30, 2022

ALLOWABLE NEARSHORE DISPOSAL VOLUME OVER 10-YEAR PERMIT (ANNUAL NTE 20,000 CY / <80% SAND ANNUAL NTE 10,000 CY/YR)							200,000
Season	Commenced	Completed	Location	Volume <80% Sand	Volume 80% or Greater Sand	Total Volume	
2012-13	10/23/2012	11/19/2012	NH X/J Channel, Culvert, Berths	907	1,751	2,658	
2013-14	12/30/2013	2/6/2014	I Dock Fairways/Berths	1,276	429	1,705	
2014-15	No Dredging	No Dredging	NA	0	0	0	
2015-16	1/14/2016	2/18/2016	NH X/J Channel, X1	1,042	1,439	2,481	
2016-17	10/13/2016	4/22/2017	NH X/J Channel	543	2,256	2,799	
2017-18	10/16/2017	4/30/2018	NH X/J Channel, Culvert	3,055	1,026	4,081	
2018-19						0	
2019-20						0	
2020-21						0	
2021-22						0	
CUMULATIVE INNER-HARBOR VOLUME DREDGED / DISPOSED IN THE NEARSHORE							13,724
DIFFERENCE							186,276

ALLOWABLE UPLAND/SF-14/OTHER DISPOSAL VOLUME OVER 10-YEAR PERMIT							350,000
Season	Commenced	Completed	Location	Method (Upland / SF-14 / Other)	Volume <80% Sand	Volume >80% Sand	Total Volume
2012-13	NA	NA			0	0	0
2013-14	NA	NA			0	0	0
2014-15	NA	NA			0	0	0
2015-16	NA	NA			0	0	0
2016-17	NA	NA			0	0	0
2017-18	NA	NA					0
2018-19	NA	NA					0
2019-20							0
2020-21							0
2021-22							0
CUMULATIVE INNER-HARBOR VOLUME DREDGED / DISPOSED UPLAND/SF-14/OTHER							0
DIFFERENCE							350,000



To: Port Commission
 From: Holland Mac Laurie, Administrative Services Manager
 Date: April 9, 2018
 Subject: 2017 Vessel Use List Review

BACKGROUND

Port District Ordinance Section 302.1 – *Regular Use of Vessel* requires all slip licensees to make continuous personal use of their vessel on a regular basis. Continuous personal use is defined as taking of the boat out of the slip and harbor for any length of time on at least ten separate days during any twelve month period.

Each year, staff identifies and places various licensees on the “Vessel Use List,” to verify the ocean-going use of their vessel. Licensees are required to check-in with the harbor office to confirm and log each use. If the minimum use requirement is not met, the licensee is subject to the slip revocation process.

This review covers the period of January 1, 2017 – December 31, 2017. The 2018 vessel use list was cancelled, pending committee review of associated policies.

ANALYSIS

In total, 19 licensees were placed on the vessel use list for 2017. A breakdown of the statistics is below:

STATISTICS:	NORTH HARBOR	SOUTH HARBOR
Total Number of Slips:	452 ¹	388 ²
Number of people on 2017 use list:	8	11
Number of people who met ten minimum uses:	3	8
Number of slips voluntarily released (from use list):	0	1
Number of extensions issued (through 6/30/18):	1	0
Number of medical waivers:	2	0
Number of slips revoked :	2	2

IMPACT ON PORT DISTRICT RESOURCES

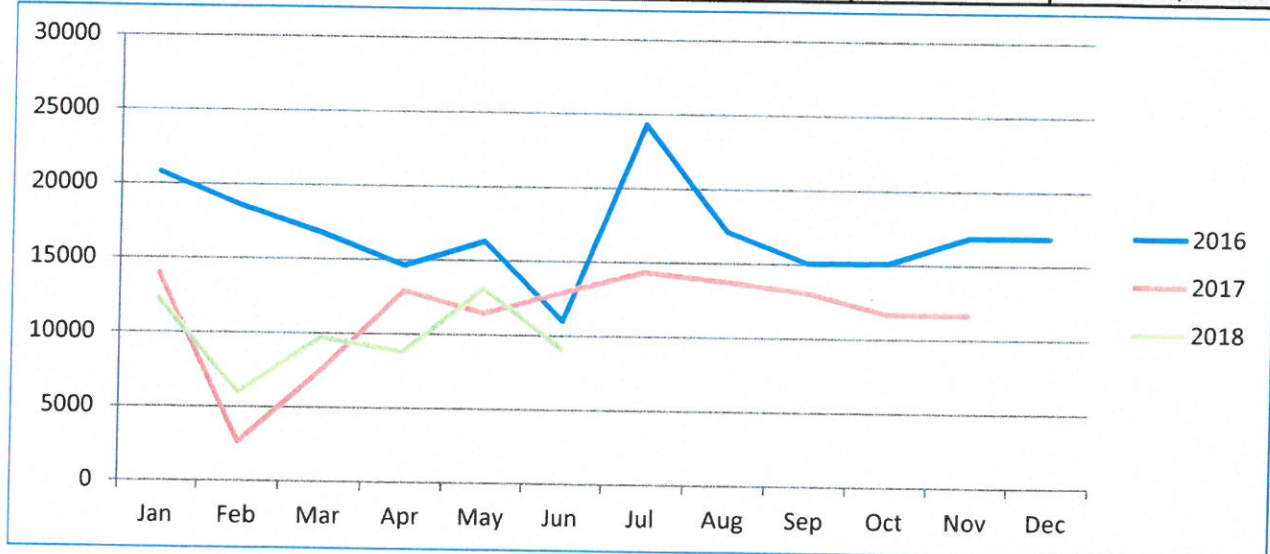
There are no impacts to Port District resources in reviewing this report.

¹ Excludes inside and dory tie slips.
² Includes fishery and multi-hull slips.

Santa Cruz Port District
60 DAY DELINQUENT ACCOUNTS

The following accounts have balances 60 days delinquent as of May 19, 2018.

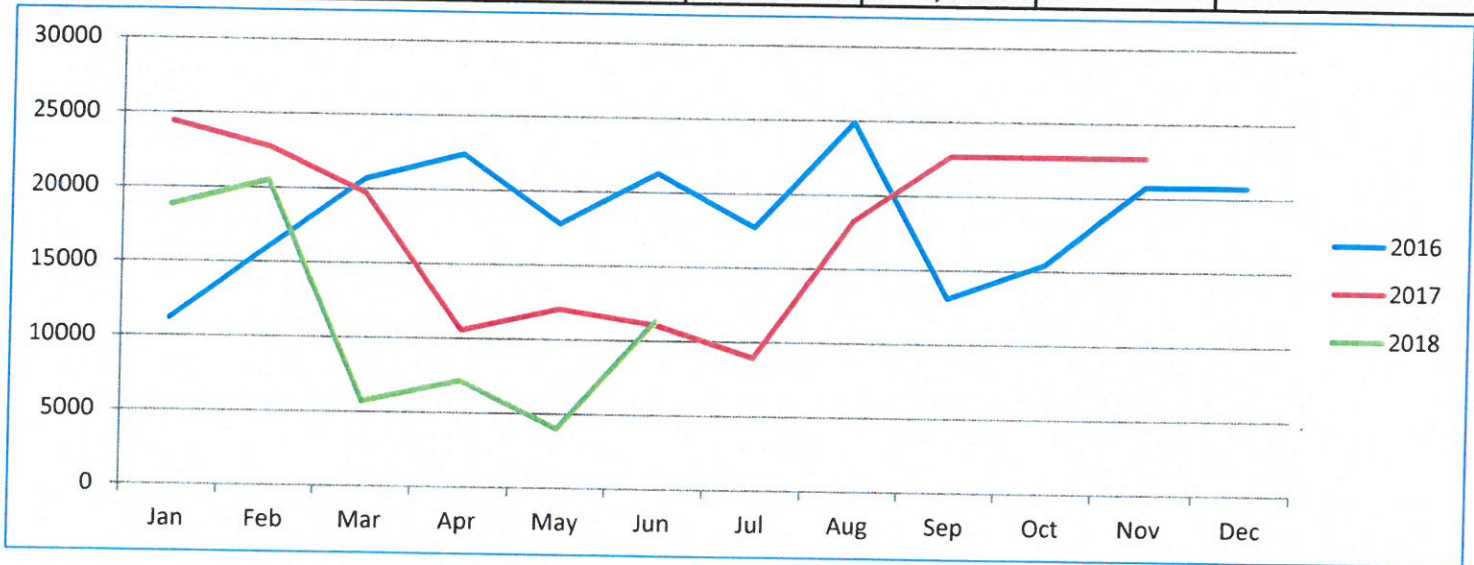
Account Number	Current Month	30 Day Balance	60 Day Balance	90 Day Balance	Total Balance
3578	685.78	660.55	517.34	0.00	1,863.67
3804	503.44	499.52	470.60	0.00	1,473.56
4076	472.89	411.35	156.66	0.00	1,040.90
55646	424.80	357.17	39.65	0.00	821.62
47821	391.02	335.04	27.96	0.00	754.02
3083	269.44	317.16	95.06	0.00	681.66
56386	235.27	233.54	206.82	0.00	675.63
2883	330.07	327.55	6.00	0.00	663.62
2617	0.00	316.26	116.07	0.00	432.33
56360	87.95	87.44	59.85	0.00	235.24
48034	81.38	80.92	55.46	0.00	217.76
57049	0.00	0.00	215.45	0.00	215.45
Total:	3,482.04	3,626.50	1,966.92	0.00	9,075.46



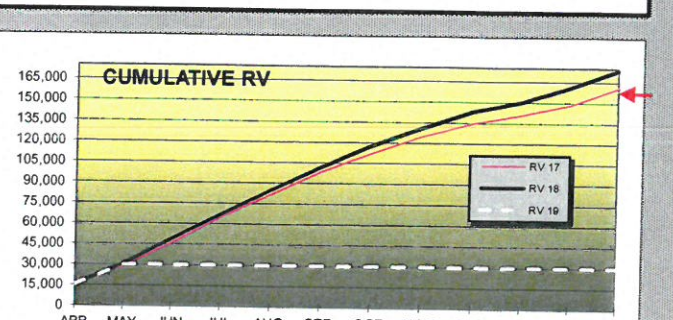
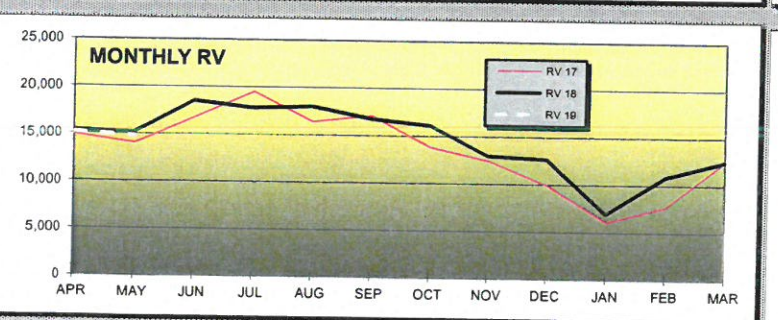
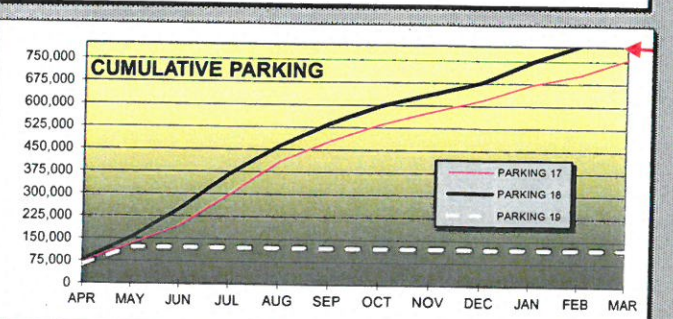
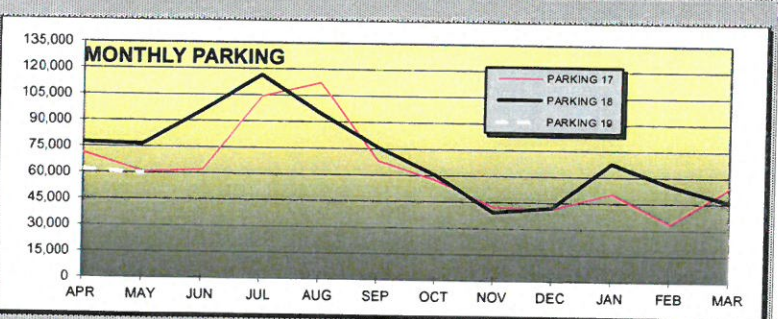
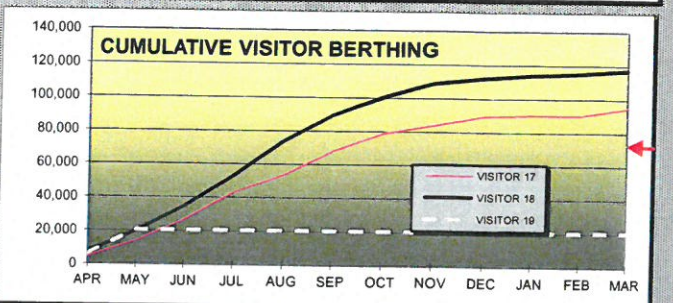
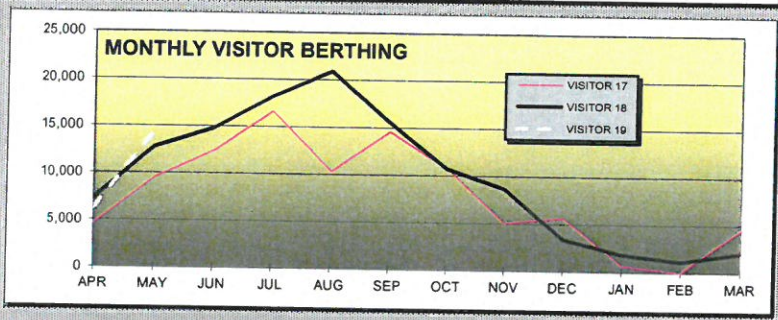
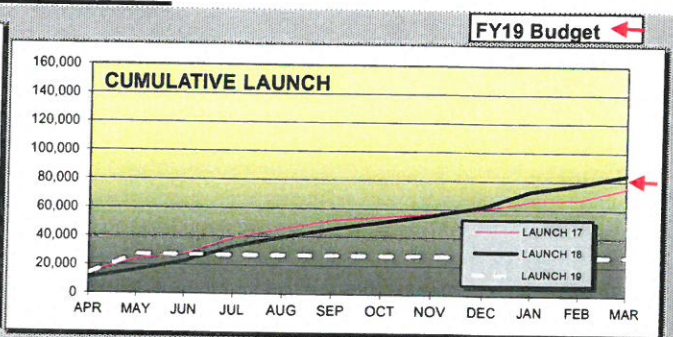
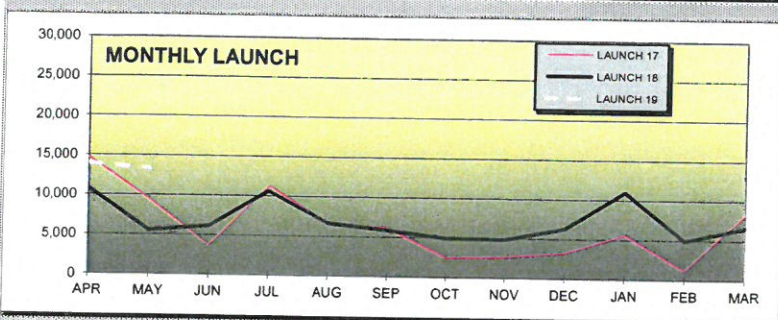
Santa Cruz Port District
90+ DAY DELINQUENT ACCOUNTS

The following accounts have balances 90 days delinquent or greater as of June 19, 2018.

Account Number	Current Month	30 Day Balance	60 Day Balance	90+ Day Balance	Total Balance	Commercial Slip	Action
2210	1180.67	1278.66	1314.17	391.50	4,165.00	X	Revoke effective 6/30/18
55583	712.54	432.23	428.91	737.81	2,311.49		Revoked/Liened
55885	453.81	450.32	418.70	376.20	1,699.03		Revoke effective 6/30/19
45545	342.09	339.53	336.97	629.43	1,648.02		Revoked/Liened
47262	260.98	264.87	262.91	231.36	1,020.12	X	Revoke effective 6/30/19
56994	0.00	87.85	87.36	300.99	476.20		Revoked/Liened
TOTAL:	2,950.09	2,853.46	2,849.02	2,667.29	11,319.86		



SEASONAL INCOME





TO: Port District Commission
FROM: Latisha Marshall, Harbormaster
DATE: June 8, 2018
SUBJECT: Crime/Incident/Citation Report May 2018

Crime Reports, Assists Outside Department and Incident Reports:

- 05/15/18 Harbor Patrol took an incident report after a harbor tenant received several harassing text messages from a former employee, while at work.
- 05/22/18 Harbor Patrol responded to a report of a small oil spill in the area of E-Dock. After a thorough investigation, staff was unable to identify the source of the spill. Harbor Patrol reported the incident to the U.S. Coast Guard Sector San Francisco.
- 05/23/18 Harbor Patrol responded to a report of a physical altercation in the area of J-Dock. The two suspects fled the area, and Harbor Patrol identified and stopped the vehicle in the area of 7th Avenue. While Santa Cruz Police Department was en route, Harbor Patrol detained and identified the two suspects. One suspect was transported to county jail and the other subject was transported to Juvenile Hall. The suspect's vehicle was towed.

Search/Rescue/Recovery:

- 05/16/18 Harbor Patrol responded to a report of a swimmer in distress in the area of Opal Cliff Drive. A rescue swimmer assisted the victim on to the *Almar* patrol boat, and Harbor Patrol transported the subject to the harbor. The subject was transported to Dominican Hospital for further treatment.
- 05/17/18 Harbor Patrol responded to a report of a kite surfer in distress in the area of Woodrow Avenue and West Cliff Drive. A rescue swimmer assisted the victim on to the *Almar* patrol boat, and Harbor Patrol transported the subject to the harbor. No injuries were reported.
- 05/21/18 Harbor Patrol responded to a report of a swimmer in distress near the Santa Cruz Wharf. Once on scene, the call was determined to be unfounded. Harbor Patrol returned to the harbor without further incident.
- 05/27/18 Harbor Patrol responded to a report of a swimmer in distress in the area of Panther State Beach. Prior to Harbor Patrol's arrival, the swimmer self-rescued.
- 05/30/18 Harbor Patrol responded to a report of a kite surfer in distress in the area of Stockton Avenue and West Cliff Drive. Harbor Patrol assisted the victim on to the *Almar* patrol boat and transported him to the harbor. No injuries were reported.

05/31/18 Harbor Patrol responded to a report of a kite surfer in distress near the cement ship at Seacliff State Beach. Prior to Harbor Patrol's arrival, rescue swimmers assisted the subject safely to shore. Harbor Patrol returned to the harbor without further incident.

May Parking Citations: 340



May, 17, 2018

Congratulations!

Your Facility has demonstrated that you are encouraging boaters and employees to follow Best Management Practices to protect the environment and prevent or reduce pollution of our waterways.

Display the newly designed Clean Marine Flag or Burgee with pride at your facility.

On behalf of the entire Board of Directors of the Clean Marine Program I wish to recognize your accomplishments and thank you for your commitment to the Clean Marine Program.

Sincerely,

Mary Kuhn
President, Clean Marine Program

5/22/18

Santa Cruz Port District
Board of Directors

Members of the Board,

I rent an inside tie at G14A. I have been in that location for over 3 years. In the past, I have had no difficulty exiting and entering the entrance to the side ties along G dock. This year the water has become so shallow (less than 2' deep) at minus tides I can neither exit or return to my side tie within an hour or more on either side of a minus tide.

Today, Sunday 5/21, there was a minus 0.9 tide at 9:38 am. At 11:00 am I was still unable to return to my side tie without running aground with the motor fully tilted up out of the water.

This has become very inconvenient and has restricted the use of my boat on those days with a minus tide.

Is it possible to deepen the side tie channel from the south end of G dock to approximately the first side tie?

Thanks for your consideration.



Michael Routh
4590 Crystal St
Capitola, Ca. 95010

831-297-2206

Santa Cruz Port District
135 5th Avenue
Santa Cruz, CA 95062
831.475.6161
831.475.9558 Fax
www.santacruzharbor.org



PORT COMMISSIONERS:
Toby Goddard
Dennis Smith
Reed Geisreiter
Stephen Reed
Darren Gertler

June 4, 2018

Michael Routh
4590 Crystal Street
Capitola, CA 95010

Dear Mr. Routh:

I am in receipt of your letter to the Santa Cruz Port Commission concerning the shallow conditions at inside-tie at G14A. I regret the inconvenience you are experiencing during minus tides.

Inside-tie berthing areas are often shallow and more difficult to access, which is why there is no paid waiting list and they are charged on a per-foot basis. However, if you know you will be using your boat during a low or minus tide, I encourage you to contact deputy harbormaster staff. They will try to find you temporary accommodations to ensure you can enjoy the use of your boat. Another option is to request a trade to a more suitable inside-tie, as depths vary by space and location. If you are interested in moving your vessel, please complete the enclosed Slip Trade Request Form and submit it to the harbor office. Your name will then be placed on the slip trade waiting list. Please be aware that wait times for a trade within the inside-tie category are difficult to predict as turnover can be scarce.

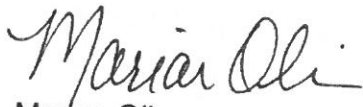
In addition to the trade request, you may want to consider signing up for the waitlist in the North Harbor 20' category. The monthly rate is approximately \$35 more per month at current rates, but will alleviate any depth-related difficulties. Wait times in the North Harbor 20' category are more predictable and it is likely you will be offered a slip well before you are offered a suitable trade in the inside-tie category.

The Port Commission and staff are well aware of the shallow conditions that exist in many areas of the north harbor. The January – February 2017 storm events brought in additional sediment from the watershed. The 2017 storm events are the subject of a disaster recovery grant with the California Office of Emergency Services and the Federal Emergency Management Agency. However, only a relatively small portion of the material shoaling the north harbor is related to the disaster, so areas are prioritized for dredging in consideration of permitted volume limits and available resources. Unfortunately, the inside-tie at G-dock is not a high priority area at this time.

Thank you for taking the time to share your concerns. Your letter and my reply will be presented to the Commission in the June 26, 2018, agenda packet as "Written Correspondence."

For more information about a temporary berthing assignment, slip trade or the slip waiting list, please contact Deputy Harbormaster Sean Rothwell at the harbor office, tel. (831) 475-6161, extension 28.

Sincerely,

A handwritten signature in cursive script that reads "Marian Olin".

Marian Olin
Port Director

Port Commission Review Calendar 2018-19

2018

January-March

- ✓ Committee assignments for 2018
- ✓ Sea Scouts' bi-annual report
- ✓ Slip vacancy bi-annual report / waiting list statistics
- ✓ FY 19 Budget
- ✓ Review 5-year CIP
- ✓ Ethics Training Update
- ✓ Form 700 Filing (due by 03/31 each year)

April-June

- ✓ Intero lease exp. 5/31/18 (no option)
- Dredge Report 2017-18
- 2017 Vessel Use List Review

July-September

- ___ Review of O'Neill Sea Odyssey slip rent reduction / charter fee. PC action of 07/07
- ___ Sea Scouts' bi-annual report
- ___ Slip vacancy bi-annual report / waiting list statistics
- ___ Review / amend conflict of interest code

October-December

- ___ Annual review of business use of slips
- ___ Ethics training (Dec 2018)
- ___ Port Commission officers for 2019
- ___ Update on Murray Street Bridge Project
- ___ Biennial Update to Conflict of Interest Code

Committee Review Items (timeline not specified)

- ___ Review sublet fee structure, partnership fee structure, vessel use list and monthly end-tie rates (Business-Finance Committee)
- ___ Review of vessel use list policies (Policy/Operations Committee)
- ✓ Discuss insurance requirements for licensees (Policy/Operations Committee) review in process; future public workshop scheduled April 26, 2018

2019

January-March

- ___ Committee assignments for 2019
- ___ Sea Scouts' bi-annual report
- ___ Slip vacancy bi-annual report / waiting list statistics
- ___ FY 20 Budget
- ___ Review 5-year CIP
- ___ Ethics Training Update
- ___ Form 700 Filing (due by 03/31 each year)
- ___ Bi-annual Anti-Harassment/Anti-Discrimination Training

April-June

- ___ Dredge Report 2018-19
- ___ Vessel Use List Review

July-September

- ___ Review of O'Neill Sea Odyssey slip rent reduction / charter fee. PC action of 07/07
- ___ Sea Scouts' bi-annual report
- ___ Slip vacancy bi-annual report / waiting list statistics

October-December

- ___ Annual review of business use of slips
- ___ Port Commission officers for 2020
- ___ Nexus Wealth Advisors lease exp. 11/30/19 (2) 3 year options

Future Calendar

- ABC End-Tie review after Murray Street Bridge Retrofit
- March 2020 Marc Kraft PY&S sublease extension (2 years)

Updated 06/20/18
Progress/CommissionReviewCalendar-2018.doc

Key

- ___ Pending
- In process
- ✓ Done