



AGENDA

Oversight Board of the Successor Agency to the former Capitola Redevelopment Agency

Thursday, August 28, 2014
3:00 PM

1. CALL TO ORDER/ROLL CALL

Katie Cattan – Employee Representative of the Former Capitola Redevelopment Agency
Zach Friend – Santa Cruz County Board of Supervisors
Mary Hart – Santa Cruz County Office of Education
Jeff Maxwell – Central Fire Protection District
Gayle Ortiz – Santa Cruz County Board of Supervisors' Appointment
Gary Reece – Cabrillo College Appointment
Michael Termini – Mayor's Appointment

2. CONSENT CALENDAR

A. Approve Minutes – February 21, 2014

3. PUBLIC HEARINGS

General Government items are intended to provide an opportunity for public discussion of each item listed. The following procedure is followed for each General Government item: 1) Staff explanation; 2) Board questions; 3) Public comment; 4) Board deliberation; 5) Decision.

A. Consider a Resolution Approving a Loan Agreement between the City of Capitola and the Capitola Successor Agency for \$88,500 to fund the Successor Agency's share of the Settlement Agreement

RECOMMENDED ACTION: Adopt Resolution 2014-003 and Approve Loan Agreement

4. PUBLIC COMMENT

Oral Communications allows time for members of the Public to address the City Council on any item not on the Agenda. Presentations will be limited to three minutes per speaker. Individuals may not speak more than once during Oral Communications. All speakers must address the entire legislative body and will not be permitted to engage in dialogue. All speakers are requested to print their name on the sign-in sheet located at the podium so that their name may be accurately recorded in the minutes.

5. ADJOURNMENT

Adjourn to the next meeting of the Oversight Board of the City of Capitola, as Successor Agency to the former Capitola Redevelopment Agency, to be determined.

MINUTES

OVERSIGHT BOARD OF THE CITY OF CAPITOLA, AS SUCCESSOR AGENCY TO FORMER CAPITOLA REDEVELOPMENT AGENCY

FEBRUARY 21, 2014

1. CALL TO ORDER/ROLL CALL

PRESENT: Chairperson Michael Termini
Board Members: Gayle Ortiz, Katie Cattan, Zach Friend, Mary Hart,
Jeff Maxwell, and Gary Reece

2. CONSENT CALENDAR

A. Approval of Minutes – September 20, 2013

ACTION: The minutes approved. This motion was approved unanimously.

B. Approval of Minutes – November 19, 2013

ACTION: The minutes approved. This motion was approved unanimously.

3. GENERAL GOVERNMENT/PUBLIC HEARINGS

A. Approval of Amended Long Range Property Management Plan (LRPMP) for the Successor Agency and associated Resolution 2014-01.

ACTION: Resolution 2014-01 was approved. This motion was approved unanimously.

B. Approval of the Successor Agency Recognized Obligation Payment Schedule for the period from July 1, 2014 to December 31, 2014 (ROPS 14-15A) and associated Resolution 2014-02.

ACTION: Resolution 2014-02 was approved. This motion was approved unanimously with the following adjustment: The Rispin Purchase Loan listed on ROPS 14-15A should include a footnote indicating that this obligation is anticipated to be removed pending approval of the Successor Agency's Long Range Property Management Plan. This statement should also be included on Resolution 2014-02.

4. PUBLIC COMMENT

None

5. ADJOURNMENT

Adjourned to the next meeting, date to be determined.

Michael Termini, Chair

Agenda and Agenda Packet Materials: The Oversight Board for the Capitola Successor Agency Agenda and the complete agenda packet are available on the Internet at the City's website: www.cityofcapitola.org. Agendas are also available at the City Hall located at 420 Capitola Avenue, Capitola.

Agenda Document Review: The complete agenda packet is available at City Hall prior to the meeting. If you need more information, contact the Finance Department at 831-475-7300.

Agenda Materials Distributed after Distribution of the Agenda Packet: Pursuant to Government Code §54957.5, materials related to an agenda item submitted after distribution of the agenda packet are available for public inspection at the Reception Office at City Hall, 420 Capitola Avenue, Capitola, California, during normal business hours.

Americans with Disabilities Act: Disability-related aids or services are available to enable persons with a disability to participate in this meeting consistent with the Federal Americans with Disabilities Act of 1990. Assisted listening devices are available for individuals with hearing impairments at the meeting in the City Council Chambers. Should you require special accommodations to participate in the meeting due to a disability, please contact the City Clerk's office at least 24-hours in advance of the meeting at 831-475-7300. In an effort to accommodate individuals with environmental sensitivities, attendees are requested to refrain from wearing perfumes and other scented products.



OVERSIGHT BOARD OF THE CITY OF CAPITOLA, AS SUCCESSOR AGENCY TO THE FORMER CAPITOLA REDEVELOPMENT AGENCY

MEETING OF AUGUST 28, 2014

FROM: CITY MANAGER AND FINANCE DEPARTMENTS

SUBJECT: CONSIDER A RESOLUTION APPROVING A LOAN AGREEMENT BETWEEN THE CITY OF CAPITOLA AND THE CAPITOLA SUCCESSOR AGENCY TO FUND THE SUCCESSOR AGENCY'S SHARE OF THE SETTLEMENT AGREEMENT

RECOMMENDED ACTION:

Adopt a resolution approving a Loan Agreement between the City of Capitola and the Capitola Successor Agency for \$88,500 to fund the Successor Agency's share of the Settlement Agreement

BACKGROUND: The City and the Successor Agency have been named in a legal action regarding the Rispin/Peery Park Property. When the incident occurred the Successor Agency owned the property. The City, Successor Agency, and the Plaintiff have reached a \$295,000 Settlement Agreement, with additional injunctive relief to correct compliance issues with the Americans with Disabilities Act (ADA). The Monterey Bay Area Self Insurance Authority (MBASIA), the City's liability insurer, has agreed to pay \$147,500 of the settlement costs, while the City and Successor Agency have agreed to pay \$59,000 and \$88,500, respectively.

The injunctive relief calls for repairs to park infrastructure to ensure ADA compliance. Those repairs must take place pursuant to a schedule over the next four years. The cost estimate for the repairs is \$800,000 - \$900,000, which will be shared 50/50 between the City and the Successor Agency. In addition to the repairs to the ADA pathways, the Nob Hill/Peery Park restroom will be closed indefinitely due ADA compliance issues.

DISCUSSION: The alleged incident took place on August 10, 2012, when the Successor Agency owned the property. The Resolution accepting the transfer of the Rispin property to the City was not effective until October 10, 2013.

The Successor Agency's agreed upon share of the settlement is \$88,500; however due to the statutory timing associated with authorization and funding of Successor Agency obligations, January 2, 2015 would be the earliest date the settlement could be paid. Approval of this Loan Agreement would allow the Successor Agency to expeditiously pay the claim. The Loan Agreement would also be subject to approval by the Department of Finance prior to the disbursement of funds from the Redevelopment Property Tax Trust Fund. The loan would be subject to quarterly interest equivalent to the Local Agency Investment Fund (LAIF) rate, which is currently 0.22%. The Successor Agency would not be penalized for early repayment.

The Successor Agency's portion of the injunctive relief repairs will be paid through future distributions from the Recognized Obligation Schedule.

FISCAL IMPACT: The repayment of this loan and the injunctive relief are anticipated to be funded with Redevelopment Property Tax Trust Funds based on funding availability, as well as legislative timelines. These expenditures should not impact the Successor Agency's ability to meet regularly scheduled payments on approved enforceable obligations. Dependant on interest rates, it is anticipated the first full year of interest payments should not exceed \$500.

ATTACHMENTS

1. Resolution

Report Prepared By: Tori Hannah, Finance Director
Jamie Goldstein, City Manager/Executive Director

Reviewed and Forwarded
By City Manager/Executive Director: JH
for JG

CAPITOLA SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION NO. 2014-003

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE REDEVELOPMENT AGENCY OF THE CITY OF CAPITOLA APPROVING A LOAN AGREEMENT BETWEEN THE CITY OF CAPITOLA AND THE SUCCESSOR AGENCY FOR THE REDEVELOPMENT AGENCY OF THE CITY OF CAPITOLA IN ORDER FOR THE SUCCESSOR AGENCY TO PAY CERTAIN ENFORCEABLE OBLIGATIONS DUE IN THE PERIOD ENDING DECEMBER 31, 2014

WHEREAS, the Redevelopment Agency of the City of Capitola ("Former Agency") was a redevelopment agency in the City of Capitola ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

WHEREAS, the Former Agency was responsible for the administration of redevelopment activities within the City; and

WHEREAS, pursuant to Health and Safety Code Section 34173 adopted as part of AB1x 26 (the "Dissolution Act"), the City Council of the City of Capitola declared that the City would act as successor agency (the "Successor Agency") for the Former Agency upon the dissolution of the Former Agency, effective February 1, 2012; and

WHEREAS, pursuant to AB 1484 ("AB 1484"), enacted June 27, 2012 to amend various provisions of the Dissolution Act, the Successor Agency is now declared to be a separate legal entity from the City; and

WHEREAS, certain property occupied by the Rispin Mansion and located at 2000 Wharf Road in the City of Capitola, County of Santa Cruz, State of California (Assessors' Parcel Numbers 035-371-01 and 035-371-02), as further described on **Exhibit A** attached hereto (the "Rispin Property"), was an asset of the Successor Agency; and

WHEREAS, on October 10, 2013, the City adopted Resolution No. 3966, confirming the transfer of the Rispin Property to the City;

WHEREAS, the City and the Successor Agency have been named in an action regarding the Rispin Property entitled *Rae Ellen Leonard v. City of Capitola et al.* [United States District Court for the Northern District of California, Case #C13-3714] ("Action") involving an incident which occurred on or about August 10, 2012, at which time the Rispin Property was an asset of the Successor Agency; and

WHEREAS, to settle the Action, the City and the Successor Agency have entered into a Court-Enforceable Settlement Agreement and General Release (the "Settlement Agreement"), whereby, the City would pay Fifty Nine Thousand Dollars (\$59,000), the Successor Agency would pay Eighty-Eight Thousand, Five Hundred Dollars (\$88,500), and the remaining One Hundred Forty Seven Thousand Dollars (\$147,500) to be paid by the Monterey Bay Area Self-Insurance Authority to settle this Action; and

WHEREAS, the Successor Agency will not receive funds to pay its share of the Settlement Agreement until January 2, 2015 at the earliest; and

WHEREAS, the City and the Successor Agency desire to enter into the loan agreement shown in **Exhibit B** attached hereto (the "Loan Agreement") under the authority granted by Health & Safety Code Sections 34173(h), 34178(a), and 34180(h) for the purpose of advancing the funds to the Successor Agency needed to settle the Action; and

WHEREAS, the Dissolution Act provides for the appointment of an oversight board (the "Oversight Board") with the responsibility of overseeing the activities of the Successor Agency and approving certain actions of the Successor Agency in connection with the Successor Agency's wind down of the affairs of the Former Agency; and

WHEREAS, the Successor Agency requests that the Oversight Board approve the Loan Agreement; and

WHEREAS, pursuant to Health and Safety Code Sections 34173(h), 34178(a), and 34180(h), the Oversight Board has the authority to approve the proposed Loan Agreement; and

WHEREAS, after reviewing the terms of the proposed Loan Agreement between the City and the Successor Agency, as presented to and recommended for approval to the Oversight Board by the Successor Agency, and after reviewing any written and oral comments from the public relating to the Loan Agreement, the Oversight Board desires to approve the Loan Agreement and to make the following accompanying findings, resolutions and determinations.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency for the Redevelopment Agency of the City of Capitola, as follows:

SECTION 1. The foregoing recitals are true and correct and, together with information provided by the Successor Agency and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. The Oversight Board's approvals, authorizations and determinations as set forth in this Resolution are based upon the foregoing recitals, information and documents provided by the Successor Agency staff, and any comments and other information received by the Oversight Board during the public meeting on this matter held on August 28, 2014.

SECTION 3. As authorized by Health and Safety Code Sections 34173(h), 34178(a), and 34180(h), the Oversight Board has the authority to approve (i) the proposed Loan Agreement between the City and the Successor Agency as an enforceable obligation under the Dissolution Act, wherein the City would advance funds to the Successor Agency in the total amount not to exceed Eighty-Eight Thousand, Five Hundred Dollars (\$88,500) (the "Loan") for the purpose of the Successor Agency paying certain enforceable obligations contained in the Settlement Agreement and (ii) the Successor Agency's repayment of the Loan from the City in each six (6) month period with a pledge of property taxes payable from the Redevelopment Property Tax Trust Funds maintained by Santa Cruz County for the purpose of paying enforceable obligations of the Successor Agency, at an interest rate on such Loan equal to the interest rate applicable to funds on deposit in the Local Agency Investment Fund.

SECTION 4. The Oversight Board hereby finds and determines that the proposed Loan Agreement and Loan are necessary for the Successor Agency to meet its enforceable obligations under the Settlement Agreement, and hereby approves the proposed Loan Agreement and Loan attached hereto as **Exhibit B**.

SECTION 5. The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to (i) submit copies of this Resolution and actions taken herein, as approved and fully executed by the Oversight Board, to the DOF (electronically); (ii) post a copy of this Resolution and actions taken herein, as approved and fully executed by the Oversight Board, on the Successor Agency's internet website; and (iii) take all other actions necessary pursuant to the Dissolution Act to file, post, mail, or otherwise deliver by electronic mail, internet posting, and/or hardcopy all notices and transmittals necessary or convenient in connection with the actions taken by this Resolution.

SECTION 6. The Oversight Board hereby authorizes the Executive Director, or designee, of the Successor Agency to take such other actions and negotiate and execute such instruments and documents on behalf of the Successor Agency as are necessary and appropriate to confirm, implement and effectuate the Loan Agreement and the Loan.

SECTION 7. This resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

PASSED AND ADOPTED this 28 day of August, 2014, at a regular meeting of the Oversight Board of the Successor Agency for the Redevelopment Agency of the City of Capitola by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Michael Termini, Chairperson

ATTEST:

Tori Hannah, Oversight Board
Designated Communication Official

Exhibit A

Legal Description of Rispin Property

DRAFT

EXHIBIT A

EXHIBIT "A"

The land referred to herein is described as follows:

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

PARCEL ONE:

BEGINNING ON THE NORTHEASTERLY LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AT THE MOST SOUTHERLY CORNER OF LOT 1 OF BLOCK "P", AS SAID LOT AND BLOCK ARE DELINEATED AND SO DESIGNATED ON THAT CERTAIN MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", ETC., FILED FOR RECORD AUGUST 15, 1907, IN BOOK 13 OF MAPS, AT PAGE 91, SANTA CRUZ COUNTY RECORDS, AND RUNNING THENCE ALONG SAID NORTHEASTERLY LINE OF SAID COUNTY ROAD, THE FOLLOWING COURSES AND DISTANCES: NORTH 21 DEGREES 27' 30" WEST 490.46 FEET; THENCE NORTH 18 DEGREES 38' WEST 110.86 FEET; THENCE NORTH 18 DEGREES 21' WEST 788.32 FEET; THENCE NORTH 26 DEGREES 37' WEST 62.32 FEET; THENCE NORTH 38 DEGREES 24' WEST 72.50 FEET; THENCE NORTH 57 DEGREES 14' WEST 88.21 FEET; THENCE LEAVING SAID NORTHEASTERLY LINE OF SAID COUNTY ROAD NORTH 51 DEGREES 58' EAST 809.23 FEET TO THE CENTER OF SOQUEL CREEK; THENCE DOWN THE CENTER OF SAID CREEK THE FOLLOWING COURSES AND DISTANCES, SOUTH 13 DEGREES 10' EAST 128.74 FEET; THENCE SOUTH 3 DEGREES 31' WEST 81.61 FEET; THENCE SOUTH 31 DEGREES 32' EAST 558.83 FEET; THENCE SOUTH 5 DEGREES 15' WEST 404.89 FEET; THENCE SOUTH 17 DEGREES 57' EAST 575.66 FEET TO A POINT ON THE SOUTHEASTERLY LINE OF THE AFORESAID LOT 1 OF BLOCK "P" OF CAPITOLA HEIGHTS; THENCE LEAVING SAID CREEK AND ALONG SAID SOUTHEASTERLY LINE OF SAID LOT 1, SOUTH 65 DEGREES 07' 30" WEST 124.92 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO BRADLEY M. MC DONALD, ET AL, BY DEED RECORDED ON FEBRUARY 1, 1951, IN VOLUME 808, OF OFFICIAL RECORDS, AT PAGE 520, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO CHARLEY ASHTON, ET UX., BY DEED RECORDED JULY 26, 1967, IN VOLUME 1141, OF OFFICIAL RECORDS, AT PAGE 186, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO EDWIN G. SPAITH, ET UX., BY DEED RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425, OF OFFICIAL RECORDS, AT PAGE 402, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED IN THAT CERTIFICATE OF COMPLIANCE RECORDED OCTOBER 3, 1996 IN BOOK 6917, PAGE 484, OFFICIAL RECORDS OF SANTA CRUZ COUNTY, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LANDS CONVEYED TO CAPITOLA PUBLIC FACILITIES CORPORATION, A MUNICIPAL CORPORATION BY GRANT DEED DATED DECEMBER 3, 1986 AND RECORDED DECEMBER 31, 1986 IN BOOK 3928 OF OFFICIAL RECORDS AT PAGE 107, SANTA CRUZ COUNTY RECORDS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS TO WIT:

EXHIBIT "A"

The land referred to herein is described as follows:

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LANDS CONVEYED TO CAPITOLA PUBLIC FACILITIES CORPORATION, A MUNICIPAL CORPORATION BY GRANT DEED DATED DECEMBER 3, 1985 AND RECORDED DECEMBER 31, 1985 IN BOOK 3926 OF OFFICIAL RECORDS AT PAGE 107, SANTA CRUZ COUNTY RECORDS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS TO WIT:

BEGINNING AT THE NORTHWESTERN CORNER OF THE LANDS CONVEYED TO EDWIN G. SPAITH AND JUNE M. SPAITH, HIS WIFE, IN JOINT TENANCY, BY GRANT DEED DATED SEPTEMBER 18TH, 1961 AND RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425 OF OFFICIAL RECORDS AT PAGE 402, SANTA CRUZ COUNTY RECORDS IN THE NORTHEAST LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AS SHOWN AND DELINEATED ON THE MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", FILED FOR RECORD ON AUGUST 15, 1907 IN BOOK 13 OF MAPS AT PAGE 31, SANTA CRUZ COUNTY RECORDS;

THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERN LINE AND BOUNDARY OF SAID FIRST MENTIONED LANDS CONVEYED TO THE CAPITOLA PUBLIC FACILITIES CORPORATION, BEING THE SOUTHWESTERN BOUNDARY OF BLOCK P AS SHOWN ON THE AFORESAID MAP NORTH 15 DEGREES 21' WEST 334.31 FEET TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE CENTERLINE OF GRACE STREET, 60 FEET WIDE, (SHOWN AS RODEO AVENUE ON THE AFORESAID MAP) THENCE LEAVING SAID LAST MENTIONED LINE OF THE COUNTY ROAD AND BOUNDARY OF THE LANDS OF CAPITOLA PUBLIC FACILITIES CORPORATION AND BLOCK P AND ALONG THE AFORESAID EASTERLY PROLONGATION NORTH 89 DEGREES 47' EAST 272.21 FEET TO THE NORTHEASTERN BOUNDARY OF SAID LANDS CONVEYED TO THE CAPITOLA PUBLIC UTILITIES CORPORATION IN THE CENTER OF SOQUEL CREEK; THENCE ALONG SAID LAST MENTIONED BOUNDARY AND THE CENTER OF SAID CREEK SOUTH 5 DEGREES 15' WEST 250.57 FEET, A LITTLE MORE OR LESS TO THE NORTHEASTERN CORNER OF THE AFOREMENTIONED LANDS CONVEYED TO SPAITH; THENCE ALONG SAID LAST MENTIONED BOUNDARY SOUTH 66 DEGREES 19' WEST 176.86 FEET, A LITTLE MORE OR LESS TO THE PLACE OF BEGINNING.

APN: 035-371-02

BEGINNING AT THE NORTHWESTERN CORNER OF THE LANDS CONVEYED TO EDWIN G. SPAITH AND JUNE M. SPAITH, HIS WIFE, IN JOINT TENANCY, BY GRANT DEED DATED SEPTEMBER 18TH, 1961 AND RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425 OF OFFICIAL RECORDS AT PAGE 402, SANTA CRUZ COUNTY RECORDS IN THE NORTHEAST LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AS SHOWN AND DELINEATED ON THE MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", FILED FOR RECORD ON AUGUST 15, 1967 IN BOOK 13 OF MAPS AT PAGE 31, SANTA CRUZ COUNTY RECORDS;

THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERN LINE AND BOUNDARY OF SAID FIRST MENTIONED LANDS CONVEYED TO THE CAPITOLA PUBLIC FACILITIES CORPORATION, BEING THE SOUTHWESTERN BOUNDARY OF BLOCK P AS SHOWN ON THE AFORESAID MAP NORTH 15 DEGREES 21' WEST 334.91 FEET TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE CENTERLINE OF GRACE STREET, 60 FEET WIDE, (SHOWN AS RODEO AVENUE ON THE AFORESAID MAP) THENCE LEAVING SAID LAST MENTIONED LINE OF THE COUNTY ROAD AND BOUNDARY OF THE LANDS OF CAPITOLA PUBLIC FACILITIES CORPORATION AND BLOCK P AND ALONG THE AFORESAID EASTERLY PROLONGATION NORTH 89 DEGREES 47' EAST 272.21 FEET TO THE NORTHEASTERN BOUNDARY OF SAID LANDS CONVEYED TO THE CAPITOLA PUBLIC UTILITIES CORPORATION IN THE CENTER OF SOQUEL CREEK; THENCE ALONG SAID LAST MENTIONED BOUNDARY AND THE CENTER OF SAID CREEK SOUTH 5 DEGREES 15' WEST 250.57 FEET, A LITTLE MORE OR LESS TO THE NORTHEASTERN CORNER OF THE AFOREMENTIONED LANDS CONVEYED TO SPAITH; THENCE ALONG SAID LAST MENTIONED BOUNDARY SOUTH 65 DEGREES 19' WEST 176.96 FEET, A LITTLE MORE OR LESS TO THE PLACE OF BEGINNING.

APN: 036-371-01

Exhibit B
Loan Agreement

DRAFT

**LOAN AGREEMENT
(City Advance to Successor Agency)**

This Loan Agreement (the "Loan Agreement") is made and entered into as of August 14, 2014, by and between the City of Capitola, a municipal corporation (the "City"), and the Capitola Successor Agency, the successor to the former Redevelopment Agency of the City of Capitola ("Successor Agency").

RECITALS

WHEREAS, the Redevelopment Agency of the City of Capitola ("Former Agency") was a redevelopment agency in the City of Capitola ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

WHEREAS, the Former Agency was responsible for the administration of redevelopment activities within the City; and

WHEREAS, pursuant to Health and Safety Code Section 34173 adopted as part of AB1x 26 (the "Dissolution Act"), the City Council of the City of Capitola declared that the City would act as the Successor Agency for the Former Agency upon the dissolution of the Former Agency, effective February 1, 2012; and

WHEREAS, pursuant to AB 1484 ("AB 1484"), enacted June 27, 2012 to amend various provisions of the Dissolution Act, the Successor Agency is now declared to be a separate legal entity from the City; and

WHEREAS, certain property occupied by the Rispin Mansion and located at 2000 Wharf Road in the City of Capitola, County of Santa Cruz, State of California (Assessors' Parcel Numbers 035-371-01 and 035-371-02), as further described on **Exhibit A** attached hereto (the "Rispin Property"), was an asset of the Successor Agency; and

WHEREAS, on October 10, 2013, the City adopted Resolution No. 3966, confirming the transfer of the Rispin Property to the City;

WHEREAS, the City and the Successor Agency have been named in an action regarding the Rispin Property entitled *Rae Ellen Leonard v. City of Capitola et al.* [United States District Court for the Northern District of California, Case #C13-3714]

("Action") involving an incident which occurred on or about August 10, 2012, at which time the Rispin Property was an asset of the Successor Agency; and

WHEREAS, to settle the Action, the City and the Successor Agency have entered into a Court-Enforceable Settlement Agreement and General Release (the "Settlement Agreement"), whereby, the City would pay Fifty Nine Thousand Dollars (\$59,000), the Successor Agency would pay Eighty-Eight Thousand, Five Hundred Dollars (\$88,500), and the remaining One Hundred Forty Seven Thousand Dollars (\$147,500) to be paid by the Monterey Bay Area Self-Insurance Authority to settle this Action; and

WHEREAS, the Successor Agency will not receive funds to pay its share of the settlement agreement until January 2, 2015 at the earliest; and

WHEREAS, the City and the Successor Agency desire to enter into this Loan Agreement with the Successor Agency under the authority granted by Health & Safety Code Sections 34173(h) and 34180(h) for the purpose of advancing the funds to the Successor Agency needed to settle the Action; and

NOW, THEREFORE, in consideration of the promises and the mutual agreements herein contained, the parties hereto do hereby agree as follows. The foregoing recitals are hereby incorporated by reference and made part of this Loan Agreement.

ARTICLE I.

LOAN PROVISIONS

Section 1.01 **Loan.** The City hereby agrees to lend to the Successor Agency the principal amount of Eighty-Eight Thousand, Five Hundred Dollars (\$88,500) (the "Loan") for the purposes set forth in Section 1.03.

Section 1.02 **Interest.**

(a) Interest. Interest on the Loan shall accrue as of the Effective Date, continuing until such time as the Loan is repaid in full, at a rate equal to the interest rate applicable to funds on deposit in the Local Agency Investment Fund, compounded quarterly.

(b) Default Interest. In the event of a Default, interest on the Loan shall begin to accrue as of the date of Default and continuing until such time as the Loan is repaid in full or the Default is cured, at the default rate of the lesser of eight percent (8%) per annum, compounded annually (the "Default Rate") or the highest rate permitted by law.

Section 1.03 Use of Loan Funds. The Successor Agency shall use the Loan for the for the purpose of paying its share of the costs under the Settlement Agreement.

Section 1.04 Repayment of Loan.

(a) Under Health & Safety Code Section 34173(h), upon the Effective Date, the Loan shall be an enforceable obligation of the Successor Agency, payable on January 2 and June 1 of each year from the Redevelopment Property Tax Trust Funds ("RPTTF") maintained by the Santa Cruz County Auditor-Controller for the purpose of paying enforceable obligations of the Successor Agency.

(b) The Loan shall be set forth in full as an enforceable obligation of the Successor Agency on the ROPS for the period from January 1, 2015 through June 30, 2015 (the "ROPS 14-15B"). It shall be due and payable in full from the Successor Agency's Redevelopment Obligation Retirement Fund ("RORF") following the January 2, 2015 payment to the RORF by the Santa Cruz County Auditor-Controller. However, should the Successor Agency receive insufficient funds from the RPTTF to pay all costs shown on ROPS 14-15B, then the amount due and payable on the Loan shall equal the amount deposited into the RORF less all other approved costs shown on ROPS 14-15B, and the balance of any principal and interest due on the Loan shall be due and payable in full on the next ROPS.

(c) The procedure described in subsection (b) of this Section shall continue to be followed for each ROPS until the principal and interest due on the Loan are paid in full. Any remaining principal and interest due on the Loan shall continue to be shown as an enforceable obligation on each ROPS until the Successor Agency has received sufficient funds to pay all principal and interest due on the Loan.

(d) All Loan payments shall first be used to pay all accrued interest and then to reduce the principal balance.

Section 1.05 Optional Prepayment of the Loan. The Successor Agency shall have the right to prepay the unpaid principal and interest of the Loan at any time.

Section 1.06 Books and Accounts; Financial Statements. The Successor Agency will keep, or cause to be kept, proper books of record and accounts showing the use of the Loan funds, interest due on the Loan, Loan repayments, and principal and interest outstanding.

ARTICLE II.

DEFAULT AND REMEDIES

Section 2.01 **Event of Default.** Failure by the Successor Agency to pay the principal or interest on the Loan when due and payable shall constitute a Default.

Section 2.02 **No Waiver.** A waiver of any Default by the City shall not affect any subsequent Default or impair any rights or remedies on the subsequent default.

Section 2.03 **Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

ARTICLE III.

MISCELLANEOUS

Section 3.01 **No Merger.** In entering into this Loan Agreement, the City is acting in its capacity as a municipal corporation, and, pursuant to Health & Safety Code Section 34173(g), the Successor Agency is a separate public entity from the City; and both the City and the Successor Agency are acting pursuant to the specific authority granted by the Oversight Board and by Health & Safety Code Sections 34173(h) and 34180(h) authorizing agreements between the City and the Successor Agency. In consequence, the parties to this Loan Agreement are not merged.

Section 3.02 **Successor is Deemed Included in All References to Predecessor.** Whenever in this Loan Agreement either the Successor Agency or the City is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Loan Agreement contained by or on behalf of the Successor Agency or the City shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 3.03 **Amendment.** This Loan Agreement may be amended by the parties hereto but only by a written instrument signed by both parties and with the approval of the Oversight Board and in the manner prescribed in Health & Safety Code Section 34179(h).

Section 3.04 **Effective Date.** This Loan Agreement shall take effect upon approval by the Oversight Board and, following that approval, at the time and in the manner prescribed in Health & Safety Code Section 34179(h) (the "Effective Date").

Section 3.05 Severability. If any Section, paragraph, sentence, clause or phrase of this Loan Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Loan Agreement. The City and the Successor Agency hereby declare that they would have adopted this Loan Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the Loan irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Loan Agreement may be held illegal, invalid or unenforceable.

IN WITNESS WHEREOF, the City of Capitola and the Successor Agency have caused this Agreement to be signed by their respective officers.

**CITY OF CAPITOLA, CALIFORNIA,
a California municipal corporation ("CITY")**

Approved:

Date:

Jamie Goldstein, City Manager

APPROVED AS TO FORM:

John Barisone, City Attorney

**CAPITOLA SUCCESSOR AGENCY,
the successor to the former Redevelopment Agency of the City of Capitola
("SUCCESSOR AGENCY")**

Approved:

Date:

Jamie Goldstein, Executive Director

APPROVED AS TO FORM:

John Barisone, Successor Agency Attorney

Exhibit A

Legal Description of Rispin Property

EXHIBIT A

EXHIBIT "A"

The land referred to herein is described as follows:

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

PARCEL ONE:

BEGINNING ON THE NORTHEASTERLY LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AT THE MOST SOUTHERLY CORNER OF LOT 1 OF BLOCK "P", AS SAID LOT AND BLOCK ARE DELINEATED AND SO DESIGNATED ON THAT CERTAIN MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", ETC., FILED FOR RECORD AUGUST 15, 1907, IN BOOK 13 OF MAPS, AT PAGE 91, SANTA CRUZ COUNTY RECORDS, AND RUNNING THENCE ALONG SAID NORTHEASTERLY LINE OF SAID COUNTY ROAD, THE FOLLOWING COURSES AND DISTANCES: NORTH 21 DEGREES 27' 30" WEST 490.46 FEET; THENCE NORTH 18 DEGREES 38' WEST 110.86 FEET; THENCE NORTH 18 DEGREES 21' WEST 788.32 FEET; THENCE NORTH 26 DEGREES 37' WEST 62.32 FEET; THENCE NORTH 38 DEGREES 24' WEST 72.50 FEET; THENCE NORTH 57 DEGREES 14' WEST 88.21 FEET; THENCE LEAVING SAID NORTHEASTERLY LINE OF SAID COUNTY ROAD NORTH 51 DEGREES 58' EAST 809.23 FEET TO THE CENTER OF SOQUEL CREEK; THENCE DOWN THE CENTER OF SAID CREEK THE FOLLOWING COURSES AND DISTANCES, SOUTH 13 DEGREES 10' EAST 128.74 FEET; THENCE SOUTH 3 DEGREES 31' WEST 81.61 FEET; THENCE SOUTH 31 DEGREES 32' EAST 558.83 FEET; THENCE SOUTH 5 DEGREES 15' WEST 404.89 FEET; THENCE SOUTH 17 DEGREES 57' EAST 575.66 FEET TO A POINT ON THE SOUTHEASTERLY LINE OF THE AFORESAID LOT 1 OF BLOCK "P" OF CAPITOLA HEIGHTS; THENCE LEAVING SAID CREEK AND ALONG SAID SOUTHEASTERLY LINE OF SAID LOT 1, SOUTH 65 DEGREES 07' 30" WEST 124.92 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO BRADLEY M. MC DONALD, ET AL, BY DEED RECORDED ON FEBRUARY 1, 1951, IN VOLUME 808, OF OFFICIAL RECORDS, AT PAGE 520, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO CHARLEY ASHTON, ET UX., BY DEED RECORDED JULY 26, 1967, IN VOLUME 1141, OF OFFICIAL RECORDS, AT PAGE 186, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM SO MUCH OF THE ABOVE DESCRIBED PARCEL OF LAND AS WAS CONVEYED TO EDWIN G. SPAITH, ET UX., BY DEED RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425, OF OFFICIAL RECORDS, AT PAGE 402, SANTA CRUZ COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED IN THAT CERTIFICATE OF COMPLIANCE RECORDED OCTOBER 3, 1996 IN BOOK 6917, PAGE 484, OFFICIAL RECORDS OF SANTA CRUZ COUNTY, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LANDS CONVEYED TO CAPITOLA PUBLIC FACILITIES CORPORATION, A MUNICIPAL CORPORATION BY GRANT DEED DATED DECEMBER 3, 1985 AND RECORDED DECEMBER 31, 1985 IN BOOK 3928 OF OFFICIAL RECORDS AT PAGE 107, SANTA CRUZ COUNTY RECORDS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS TO WIT:

EXHIBIT "A"

The land referred to herein is described as follows:

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LANDS CONVEYED TO CAPITOLA PUBLIC FACILITIES CORPORATION, A MUNICIPAL CORPORATION BY GRANT DEED DATED DECEMBER 3, 1985 AND RECORDED DECEMBER 31, 1985 IN BOOK 3926 OF OFFICIAL RECORDS AT PAGE 107, SANTA CRUZ COUNTY RECORDS, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS TO WIT:

BEGINNING AT THE NORTHWESTERN CORNER OF THE LANDS CONVEYED TO EDWIN G. SPAITH AND JUNE M. SPAITH, HIS WIFE, IN JOINT TENANCY, BY GRANT DEED DATED SEPTEMBER 18TH, 1961 AND RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425 OF OFFICIAL RECORDS AT PAGE 402, SANTA CRUZ COUNTY RECORDS IN THE NORTHEAST LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AS SHOWN AND DELINEATED ON THE MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", FILED FOR RECORD ON AUGUST 15, 1907 IN BOOK 13 OF MAPS AT PAGE 31, SANTA CRUZ COUNTY RECORDS;

THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERN LINE AND BOUNDARY OF SAID FIRST MENTIONED LANDS CONVEYED TO THE CAPITOLA PUBLIC FACILITIES CORPORATION, BEING THE SOUTHWESTERN BOUNDARY OF BLOCK P AS SHOWN ON THE AFORESAID MAP NORTH 15 DEGREES 21' WEST 334.31 FEET TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE CENTERLINE OF GRACE STREET, 60 FEET WIDE, (SHOWN AS RODEO AVENUE ON THE AFORESAID MAP) THENCE LEAVING SAID LAST MENTIONED LINE OF THE COUNTY ROAD AND BOUNDARY OF THE LANDS OF CAPITOLA PUBLIC FACILITIES CORPORATION AND BLOCK P AND ALONG THE AFORESAID EASTERLY PROLONGATION NORTH 89 DEGREES 47' EAST 272.21 FEET TO THE NORTHEASTERN BOUNDARY OF SAID LANDS CONVEYED TO THE CAPITOLA PUBLIC UTILITIES CORPORATION IN THE CENTER OF SOQUEL CREEK; THENCE ALONG SAID LAST MENTIONED BOUNDARY AND THE CENTER OF SAID CREEK SOUTH 5 DEGREES 15' WEST 250.57 FEET, A LITTLE MORE OR LESS TO THE NORTHEASTERN CORNER OF THE AFOREMENTIONED LANDS CONVEYED TO SPAITH; THENCE ALONG SAID LAST MENTIONED BOUNDARY SOUTH 66 DEGREES 19' WEST 176.86 FEET, A LITTLE MORE OR LESS TO THE PLACE OF BEGINNING.

APN: 035-371-02

BEGINNING AT THE NORTHWESTERN CORNER OF THE LANDS CONVEYED TO EDWIN G. SPAITH AND JUNE M. SPAITH, HIS WIFE, IN JOINT TENANCY, BY GRANT DEED DATED SEPTEMBER 18TH, 1961 AND RECORDED SEPTEMBER 22, 1961 IN VOLUME 1425 OF OFFICIAL RECORDS AT PAGE 402, SANTA CRUZ COUNTY RECORDS IN THE NORTHEAST LINE OF THE COUNTY ROAD LEADING FROM SOQUEL TO SOQUEL WHARF AS SHOWN AND DELINEATED ON THE MAP ENTITLED, "MAP OF CAPITOLA HEIGHTS", FILED FOR RECORD ON AUGUST 15, 1967 IN BOOK 13 OF MAPS AT PAGE 31, SANTA CRUZ COUNTY RECORDS;

THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERN LINE AND BOUNDARY OF SAID FIRST MENTIONED LANDS CONVEYED TO THE CAPITOLA PUBLIC FACILITIES CORPORATION, BEING THE SOUTHWESTERN BOUNDARY OF BLOCK P AS SHOWN ON THE AFORESAID MAP NORTH 15 DEGREES 21' WEST 334.91 FEET TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE CENTERLINE OF GRACE STREET, 60 FEET WIDE, (SHOWN AS RODEO AVENUE ON THE AFORESAID MAP) THENCE LEAVING SAID LAST MENTIONED LINE OF THE COUNTY ROAD AND BOUNDARY OF THE LANDS OF CAPITOLA PUBLIC FACILITIES CORPORATION AND BLOCK P AND ALONG THE AFORESAID EASTERLY PROLONGATION NORTH 89 DEGREES 47' EAST 272.21 FEET TO THE NORTHEASTERN BOUNDARY OF SAID LANDS CONVEYED TO THE CAPITOLA PUBLIC UTILITIES CORPORATION IN THE CENTER OF SOQUEL CREEK; THENCE ALONG SAID LAST MENTIONED BOUNDARY AND THE CENTER OF SAID CREEK SOUTH 5 DEGREES 15' WEST 250.57 FEET, A LITTLE MORE OR LESS TO THE NORTHEASTERN CORNER OF THE AFOREMENTIONED LANDS CONVEYED TO SPAITH; THENCE ALONG SAID LAST MENTIONED BOUNDARY SOUTH 65 DEGREES 19' WEST 176.96 FEET, A LITTLE MORE OR LESS TO THE PLACE OF BEGINNING.

APN: 036-371-01