



Regular Public Session of February 24, 2026

Santa Cruz Port Commission MINUTES

Commission Members Present:

Reed Geisreiter	Chair
Robert DeWitt	Vice-chair
Stephen Reed	Commissioner
Bill Lee	Commissioner
Toby Goddard	Commissioner (<i>Via Zoom</i>)

REGULAR PUBLIC SESSION – 5:30 PM

Chair Geisreiter convened the regular public session at 5:30 PM at the Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA (hybrid meeting platform).

1. Pledge of Allegiance
2. Oral Communication

Vice-chair DeWitt announced that he will attend the first meeting of the Santa Cruz and San Benito chapter of the California Special Districts Association (CSDA) on March 30, 2026.

CONSENT AGENDA

3. Approval of Minutes
 - a) Regular Public Meeting of January 27, 2026

MOTION: Motion made by Commissioner Reed, seconded by Vice-chair DeWitt, to approve consent agenda item 3.

- *Motion carried unanimously.*

REGULAR AGENDA

4. Approval of Consent to Assignment and First Amendment to Lease – 493 Lake Avenue, Suite B (Johnny's Harborside Restaurant)

Discussion: Port Director MacLaurie stated that staff has been working with the current and proposed new owners regarding the Assignment of Lease for Johnny's Harborside Restaurant. She stated that the consent document formalizes the lease assignment and substitution of the guarantor and that the proposed First Amendment to Lease will extend the eligibility period for construction of the outdoor dining deck and preserve the tenant's ability to receive the applicable rent credit.

Mike Tomasello, the proposed new owner, introduced himself to the Commission and expressed his interest in continuing operations at the harbor and investing in improvements to the restaurant. He stated that construction of the outdoor deck may require additional time due to the structural constraints associated with building over the existing pier structure.

MOTION: Motion made by Commissioner Goddard, seconded by Vice-chair DeWitt, to approve the Consent to Assignment and First Amendment to Lease for Johnny's Harborside Restaurant.
- *Motion carried unanimously.*

5. Authorization of Financing Documents and Resolution 26-01 for Series 2026 Revenue Obligations (Harbor Repair Project)

Discussion: Port Director MacLaurie stated that the proposed \$13 million financing package will fund the Demolition and Reconstruction of G and X Docks Project. She stated that the project is necessary following damage sustained during the December 2024 storm event.

Andrew Flynn, Municipal Advisor, and Cameron Weist, Bond Counsel, provided an overview of the proposed financing structure. They stated that a request for proposals was issued to financial institutions specializing in public sector lending and two complete bids were received. They stated that the proposal from Flagstar Bank provides favorable interest rates and includes optional prepayment provisions.

Mr. Weist stated that the financing structure was designed to comply with existing debt covenants, including the requirement that the District maintain a net revenue pledge equal to at least 125 percent of annual debt service.

A discussion ensued regarding the financing proposal, including interest rates, prepayment flexibility, and the anticipated use of potential CalOES grant reimbursements to reduce debt obligations in the future.

In response to questions posed by the Commission, Mr. Weist explained the structure of the installment sale agreement, prepayment terms, and the mechanisms that ensure compliance with existing bond covenants, and highlighted the following:

- Flagstar Bank, N.A. is the primary lender providing capital and credit backing, while Flagstar Public Funding Corp. acts as an affiliated subsidiary, used to execute and administer the installment sale agreement. This structure is standard in municipal financing, with the parent bank providing the capital and credit backing, while the subsidiary executes the installment sale agreement and administers the loan.
- The agreement allows for flexible prepayment (in full or in part), subject to

a premium. Partial prepayments may be made on any semiannual interest payment date. If a significant portion of the debt is repaid early, the remaining balance will be recast, meaning:

- The outstanding principal is reduced.
- Future payments are recalculated over the remaining term based on the lower balance.
- The proposed financing complies with existing bond covenants, including the required 125 percent net revenue coverage ratio, which is the threshold for issuing additional debt without triggering additional security requirements or lender consent. The structure addresses security concerns associated with existing loans, with no additional collateral or inter-creditor agreements required.

The Commission expressed appreciation to Mr. Flynn, Mr. Weist, and staff for their work in developing the financing proposal and acknowledged the importance of completing the dock replacement project in a timely manner.

MOTION: Motion made by Vice-chair DeWitt, seconded by Commissioner Reed to adopt Resolution 26-01, authorizing the form and execution of an installment sale agreement providing for the execution and delivery of the “Santa Cruz Port District, Series 2026 Revenue Obligations (Santa Cruz Harbor 2026 Repair Project)” in an the amended amount not to exceed \$13,100,000, approve and direct execution of the amended term sheet provided by Flagstar Bank, N.A., and authorize the execution and delivery of all related documents necessary to consummate the financing.

- *Motion carried unanimously.*

6. Approve the FY27 Budget and Capital Improvement Plan

Port Director MacLaurie reviewed the proposed FY27 budget and highlighted the following:

- 3% increase to marina fees.
- \$50,000 allocated to the Barge Purchase Fund from the CIP.
- Increased funding for abandoned vessel removal and harbor tenant vitality initiatives.

Port Director MacLaurie stated that the budget worksheet, revenue summaries, Capital Improvement Plan summary table, fee schedule, and Projected Debt Service Ratio (DSR) have been revised accordingly since the Commission’s review of the draft budget on February 10, 2026.

O’Neill Sea Odyssey (OSO) Executive Director Tracey Weiss expressed appreciation for the refuse program budget allocation and stated that OSO is supportive of the District’s waste management and recycling initiatives.

The Commission requested that staff compile a brief budget summary for distribution to the public and to include it in the next District newsletter

Commissioner Goddard suggested that staff and the Commission identify a way to allocate more funding to restroom facilities improvement in future budget discussions.

The Commission thanked staff for the budget presentation.

MOTION: Motion made by Commissioner Lee, seconded by Commissioner Reed, to approve the FY27 budget and capital improvement plan.
- *Motion carried unanimously.*

7. Approval of Cash/Payroll Disbursements – January 2026 (*There was no discussion on this agenda item*)

MOTION: Motion made by Vice-chair DeWitt, seconded by Commissioner Reed, to approve cash and payroll disbursements for January 2026, in the amount of \$1,182,130.25.
- *Motion carried unanimously.*

INFORMATION

8. Port Director's Report

Port Director MacLaurie stated that Commissioners DeWitt, Geisreiter, and Lee joined staff and representatives from the U.S. Army Corps of Engineers earlier in the day to walk the jetty in celebration of the completion of the Corps' West Jetty Project.

Port Director MacLaurie stated that the District's Hazard Mitigation Plan has been approved by CalOES and will be forwarded to FEMA for review, after which it will be distributed to the Commission for review and adoption.

9. Harbormaster's Report

Harbormaster Anderson stated that the California Department of Fish and Wildlife's 2026 Salmon Information Meeting is scheduled for February 25, 2026.

10. Facilities Maintenance & Engineering Manager's Report

Facilities Maintenance & Engineering (FME) Manager Wulf stated that the dredge crew will move *Squirt* from the north harbor to the south harbor in preparation for dredging the fairway between AA-Dock and A-Dock.

FME Manager Wulf reported that Granite Construction continues work on the Launch Ramp Sinkhole Repair Project, with the sinkhole anticipated to be filled with base rock by the end of the week and final grade work to follow.

FME Manager Wulf stated that SSB Construction anticipates completion of the Eastside Public Pier Decking Project the following week.

11. Murray Street Bridge Seismic Retrofit and Barrier Replacement Project Update

Port Director MacLaurie stated that two-way traffic on the Murray Street Bridge is expected to be implemented on a trial basis beginning March 2, 2026, utilizing lighted traffic signals to manage traffic flow.

12. Financial Reports

- a) Comparative Seasonal Revenue Graph
- b) LAIF & CLASS Statements

In response to a question posed by Commissioner Goddard, Finance Officer Eldridge stated that the Monthly Visitor Berthing report includes only actual income from berthed visitor vessels and does not include contributions from the City of Santa Cruz as part of the Murray Street Bridge Seismic Retrofit and Barrier Replacement Project.

13. Delinquent Account Reporting (*There was no discussion on this agenda item*)
14. Harbor Patrol Incident Response Report – January 2026 (*There was no discussion on this agenda item*)
15. Written Correspondence (*There was no discussion on this agenda item*)
 - a) Letter from Port Director MacLaurie to the Coastal Data Information Program
16. Port Commission Review Calendar / Follow-Up Items (*There was no discussion on this agenda item*)

Chair Geisreiter adjourned the regular public session at 6:27 PM.



Reed Geisreiter, Chair