



Regular Public Session of January 27, 2026

Santa Cruz Port Commission MINUTES

Commission Members Present:

Reed Geisreiter	Chair
Robert DeWitt	Vice-Chair
Bill Lee	Commissioner
Stephen Reed	Commissioner
Toby Goddard	Commissioner

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

Bryan Shields, Field Representative for North Cal Carpenters Union Local 646, introduced himself and expressed interest in serving as a potential resource for the Port District, particularly regarding upcoming pile driving projects.

Takoda Fletcher, a representative of The Salty Sheep program and ferry captain for the San Francisco Water Emergency Transit Authority, introduced himself to the Commission. Mr. Fletcher indicated that he and vessel owner Ryan Althaus (slip D 21) intend to work with staff to resubmit a charter permit application for Port Commission consideration.

CONSENT AGENDA

3. Approval of Minutes
 - a) Special Closed and Regular Public Meeting of November 25, 2025

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

REGULAR AGENDA

4. Authorization to Purchase Replacement Variable Frequency Drive for Booster Pump (NTE \$50,000)

Discussion: Facilities Maintenance & Engineering (FME) Manager Wulf stated that the Port District's booster pump is a critical component of north harbor dredging operations, as it assists in transporting dredged sediment from the north harbor to the offshore disposal zone adjacent to Harbor Beach. He stated

that although the booster pump was serviced as part of offseason maintenance and found to be fully operational, days prior to the planned commencement of north harbor dredging, the variable frequency drive (VFD) controlling the booster pump failed. He stated that the VFD has reached the end of its useful service life and requires full replacement.

He stated that staff recommends authorizing the purchase and installation of a replacement VFD in an amount not to exceed \$50,000.

MOTION: Motion made by Commissioner Lee, seconded by Vice-chair DeWitt, to authorize the purchase and installation of a replacement Variable Frequency Drive for the Port District's booster pump, in an amount not to exceed \$50,000.

- *Motion carried unanimously.*

5. Approval of Federal Advocacy and Grants Consulting Services

Discussion: Port Director MacLaurie stated the District's longtime federal advocacy firm, Carpi & Clay, concluded its services at the end of 2025. She stated that staff evaluated several firms and selected The Ferguson Group (TFG) based on experience and a prior working relationship. She stated that the transition is expected to bring renewed energy and perspective to advocacy efforts. She stated that the contract includes flexible grants consulting services, with dedicated experts assisting with federal and state grants.

Commissioner Goddard suggested requesting TFG's assistance in advocating for increased funding for the Surrendered and Abandoned Vessel Exchange (SAVE) grant.

In response to a question posed by Chair Geisreiter, Port Director MacLaurie confirmed that the District's interests will continue to be represented through the California Marine Affairs & Navigation Conference (CMANC), which remains represented by Carpi & Clay.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Reed, to authorize the Port Director to execute a services agreement with The Ferguson Group for federal advocacy and grants consulting services.

- *Motion carried unanimously.*

6. Port District Priorities 2026

Discussion: Port Director MacLaurie stated that the Port District Priorities are reviewed by the Commission on an annual basis and are used to help guide the budget process, provide direction for staff, and assist in tracking accomplishments.

The Commission expressed support of the Port District priority list for 2026 and suggested the following revisions:

- Organization & Culture:
 - Add Priority “Actively identify, evaluate, and advance initiatives that improve safety.”
- Infrastructure Maintenance:
 - Revise Priority “Institute an asset management system and preventative maintenance practices encompassing the District’s land and waterside infrastructure.”

7. Approval of Cash/Payroll Disbursements – November / December 2025 (*There was no discussion on this agenda item*)

MOTION: Motion made by Vice-chair DeWitt, seconded by Commissioner Lee, to approve cash and payroll disbursements for November / December 2025, in the amounts of \$733,656.15 and \$675,234.33, respectively.
 - *Motion carried unanimously.*

INFORMATION

8. Port Director’s Report

Port Director MacLaurie expressed appreciation to Administrative Services Officer Ghisletta and Administrative Assistant Crews for their work on the Harboropoly promotional campaign, which concluded on December 31, 2025. She noted that the campaign was successful and that staff intends to implement it again in the upcoming year.

Commissioner Goddard commended the walkway improvements completed as part of the U.S. Army Corps of Engineers’ West Jetty Repair Project and recommended that the warning sign be revised to more accurately reflect the hazard from large waves. Port Director MacLaurie stated that staff will propose a replacement sign similar to the previous design.

9. Harbormaster’s Report

Commissioner Reed commended staff for the successful coordination of the Expired Marine Flare Turn-In event on November 9, 2025. Harbormaster Anderson stated that 1,700 expired flares were turned in for disposal.

10. Facilities Maintenance & Engineering (FME) Manager’s Report

FME Manager Wulf stated that work on the Launch Ramp Sinkhole Repair Project is expected to resume on Wednesday, January 28, 2026. He stated that the substructure beneath the launch ramp is in satisfactory condition and that the previously dislodged concrete panel has been properly reset in place.

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

Port Director MacLaurie stated that Murray Street Bridge is anticipated to reopen for one-way eastbound vehicle traffic and two-way pedestrian traffic on Wednesday, January 28, 2026, and that the east side access road beneath the bridge will remain closed. She stated that the City purchased and installed a new trash compactor in the southeast harbor parking lot to help mitigate the impacts on garbage hauling service during the access road closure.

12. Committee Assignments 2026 (*There was no discussion on this agenda item*)

13. Annual Review of Vessel Use List - 2025

Commissioner Lee remarked that it was encouraging to see 17 vessels turned in, noting his support for the Vessel Turn-In Program (VTIP).

A brief discussion ensued regarding boat partnerships as a means to increase vessel use. The Commission noted that authentic partnerships are encouraged under Ordinance Section 302(h) and recommended that staff promote such partnership opportunities through the newsletter, Harbor Exchange, and other communications.

14. Financial Reports

- a) Comparative Seasonal Revenue Graph
- b) Quarterly Comparative Budget Report
- c) Quarterly Employee Count
- d) Quarterly Fuel Sales Report
- e) Quarterly Boatyard Report
- f) Quarterly Concession Percentage Rent Report
- g) LAIF and CLASS Statements

In response to a question posed by Commissioner Goddard, Port Director MacLaurie stated that interest income in FY26 is lower than the prior year due to a reduction in cash reserves resulting from capital project expenditures, as well as declining interest rates. However, actual interest revenue is in line with budget projections.

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

16. Harbor Patrol Incident Response Report – November / December 2025 (*There was no discussion on this agenda item*)

17. Written Correspondence

- a) FY26 Work Plan Funding Request Letters from Port Director MacLaurie
- b) Letter from Port Director MacLaurie to the California Coastal Commission

In regard to item 17b. Tracey Weiss, Executive Director of O'Neill Sea Odyssey (OSO), expressed appreciation for the letter to the California Coastal Commission supporting OSO's Whale Tail Grant proposal. She noted that, if awarded, the grant would support the creation of an educational activity book designed to help students better understand the role of Santa Cruz Harbor, the beach ecosystem, and Monterey Bay.

In regard to item 17a. Commissioner Goddard expressed appreciation for the FY26 Work Plan funding requests, specifically noting the inclusion of national security considerations and the Harbor's role in supporting U.S. Coast Guard operations.

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

Chair Geisreiter adjourned the regular public session at 6:25 PM.

Reed Geisreiter, Chair



TO: Port Commission

FROM: Holland MacLaurie, Port Director

DATE: February 17, 2026

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

Recommendation: Approve the Consent to Assignment and First Amendment to Lease for Johnny's Harborside Restaurant.

BACKGROUND

Richard and Ciera Kash have owned and operated Johnny's Harborside Restaurant at the leased premises located at 493 Lake Avenue, Suite B, since 2014. In September 2021, the Port District and Harbor Culinary Enterprises, Inc., dba Johnny's Harborside Restaurant, executed a new lease agreement extending the lease term through August 31, 2031, with two additional five-year options.

The Kashs have informed the Port District of their intent to sell one hundred percent (100%) of the outstanding stock in Harbor Culinary Enterprises, Inc., the tenant entity, to Mr. Michael Tomasello. This proposed transaction constitutes a deemed assignment under the terms of the lease and requires Port Commission approval.

To facilitate the proposed transaction, a Consent to Assignment (Attachment A) has been prepared to memorialize the following:

- Port District's consent to assignment of the lease.
- Substitution of the guarantor, with Mr. Michael Tomasello serving as the new guarantor.

Additionally, the Lease currently requires that any proposed construction of a second-story exterior dining deck on the western side of the building ("Dining Deck") commence within five (5) years of the Effective Date of the Lease in order to remain eligible for the associated rent credit outlined in Section 2(a)(ii). To preserve the Tenant's ability to construct the Dining Deck and qualify for the rent credit, Mr. Tomasello has requested that this construction eligibility period be extended by an additional five (5) years.

ANALYSIS

Consent to Assignment

Staff has met with Mr. Tomasello and reviewed financial information submitted in support of the proposed assignment and guarantor substitution. Based on this review, staff is satisfied that Mr. Tomasello possesses the financial capacity necessary to fulfill the obligations of the Lease and serve as guarantor.

While ownership and operation of Johnny's Harborside Restaurant represents a new business venture for Mr. Tomasello, he has expressed a commitment to the continued operation and long-term viability of the business. Through discussions with staff, Mr. Tomasello has expressed a clear understanding of the restaurant's role as a valued harbor concessionaire and its importance to both harbor tenants and visitors. He has indicated his intent to make strategic improvements to the business to enhance its competitiveness and restore sales figures to pre-pandemic levels.

Lease Modification

Section 2(a)(ii) of the current lease agreement (Attachment C) states the following:

- (ii) Rent Credit. Upon completion of construction of the Dining Deck, Tenant shall be eligible for a 10-year rent credit against Fixed Minimum Rent and Percentage Rent based on the cost of deck construction including permits, but not to exceed \$175,000. To be eligible for a rent credit, Tenant must generate minimum annual revenue of \$2,000,000. Effective September 1, 2024, the minimum annual revenue requirement increases to \$2,500,000 thereafter. Tenant must requalify for the rent credit each year by calculating prior lease year's minimum gross sales. If eligible for a rent credit, the maximum monthly rent credit shall not exceed \$1,458.33 for one hundred twenty (120) months, which are not required to be consecutive. Tenant shall not be entitled to any additional rent credit over and above the \$175,000 total reflecting the estimated construction cost, regardless of the actual costs related to the construction. If eligible, the rent credit shall commence on the first day of the month thirty (30) days after completion of the Dining Deck construction. If Tenant does not exercise First Option to Extend Lease per Paragraph 3.b, and the Lease is terminated, Tenant shall not be eligible for any payment of any remaining residual rent credit due.

Tenant must proceed with construction of the Dining Deck within 5 years of the Effective Date of this Lease to be eligible for any rent credit.

At Mr. Tomasello's request, a First Amendment to Lease is proposed to extend this construction eligibility period by an additional five (5) years.

IMPACT ON PORT DISTRICT RESOURCES

There are no impacts on Port District resources associated with the approval of the Consent to Assignment or First Amendment to Lease.

- ATTACHMENTS:
- A. Consent to Assignment
 - B. First Amendment to Lease
 - C. Current Lease Agreement

CONSENT TO ASSIGNMENT OF LEASE

This Consent to Assignment of Lease (“**Consent**”), dated as of the **March 1, 2026** (the “**Effective Date**”), is entered into by and among:

Assignor(s): Richard Kash
Ciera Kash

Assignee(s): Michael Tomasello

Landlord: Santa Cruz Port District

Premises: 493 Lake Avenue, Suite B, Santa Cruz, CA 95062

Tenant: Harbor Culinary Enterprises, Inc. (dba Johnny’s Harborside Restaurant)

All of the foregoing parties are collectively referred to herein as the “**Parties**”.

RECITALS

A. WHEREAS, Landlord is the owner and landlord of the real property located at 493 Lake Avenue, Suite B, and more particularly described in the Lease (as defined below) (the “**Premises**”).

B. WHEREAS, Landlord and Tenant entered into that certain Lease of the Premises dated September 1, 2021 (the “**Lease**”).

C. WHEREAS, Assignors wish to transfer one hundred percent (100%) of the outstanding stock in Harbor Culinary Enterprises, Inc. to Assignee.

D. WHEREAS, the transfer constitutes a deemed assignment requiring Landlord’s consent under Paragraph 14 of the Lease (the “**Assignment**”).

E. WHEREAS, Landlord is willing to consent to the Assignment subject to the terms and conditions set forth in this Consent.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Consent to Assignment of Lease. Subject to the provisions of this Consent, Landlord hereby consents to the Assignment.

2. Substitution of Guarantor. Subject to satisfaction of the conditions set forth in this Consent, Landlord consents to the release, following the Assignment, of any and all guarantors specified in the Lease at Section 5(i) and agrees to accept Michael Tomasello as a substitute guarantor of the Lease. A true and correct copy of the form of Mr. Tomasello’s guaranty is attached hereto as **Exhibit A** (the “**Guaranty**”).

3. No Modification, Waiver or Release. Except as otherwise provided in this Consent, this Consent shall not be construed in any manner to modify, waive or affect any of the provisions of the Lease, or to waive any breach or default by Tenant under the Lease. Tenant shall not be released from, and Tenant shall be and remain liable for, the performance and observance of any and all tenant obligations and all of the provisions of the Lease, including, without limitation, the payment of fixed rent, additional rent and all other sums now or hereafter due under the Lease.

4. No Further Assignment or Subletting. This Consent shall not be construed as a consent by Landlord to, or as permitting, any other or further assignment or subletting by Tenant.

5. Conditions Precedent. The Consent shall not be valid or effective until each of the following conditions is satisfied: (i) comprehensive evidence, in Landlord's reasonable discretion, that the Assignment has been consummated and been delivered to Landlord; (ii) a certificate of Tenant's insurance, in form and substance required by the Lease, is delivered to the Landlord; and (iii) Landlord has received a duly executed Guaranty from Michael Tomasello.

6. Miscellaneous.

(a) This Consent may not be modified, amended or terminated orally or in any manner other than by a written agreement signed by Landlord and Tenant.

(b) All capitalized terms not defined herein shall have the meaning afforded them in the Lease, a true and correct copy of which Assignee hereby acknowledges receipt.

(c) The paragraph headings appearing herein are for purposes of convenience only and are not deemed to be part of this Consent.

(d) This Consent may be executed in counterparts, each of which when so executed and delivered shall be deemed an original for all purposes, but all such counterparts shall together constitute one and the same instrument.

(e) A signed copy of this Consent delivered by e-mail shall be deemed to have the same legal effect as delivery of an original signed copy of this Consent.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Consent to be executed as of the Effective Date.

LANDLORD:

SANTA CRUZ PORT DISTRICT,
a political subdivision

By: _____
Holland MacLaurie
Port Director

ASSIGNOR:

Richard Kash

By: _____
Richard Kash

Ciera Kash

By: _____
Ciera Kash

ASSIGNEE:

Michael Tomasello

By: _____
Michael Tomasello

EXHIBIT A

GUARANTY

This Guaranty of Lease ("Guaranty") dated for reference purposes only _____, 20____, is executed by Michael Tomasello ("Guarantor") in favor of Santa Cruz Port District, a California special district ("Landlord").

RECITALS

WHEREAS, Landlord and Harbor Culinary Enterprises, Inc. dba Johnny's Harborside Restaurant ("Tenant") have entered into a Lease dated for reference purposes only September 1, 2021, (as amended or modified from time to time, the "Lease") whereby Landlord agreed to lease to Tenant and Tenant agreed to lease from Landlord the premises located at 493 Lake Avenue, Suite B, Santa Cruz, California ("Premises"); and

WHEREAS, as a condition of said Lease, Landlord has required that Guarantor execute and deliver to Landlord this Guaranty.

NOW, THEREFORE, in consideration of Landlord entering into the Lease of the Premises to Tenant, Guarantor covenants and agrees as follows:

Guarantor absolutely and unconditionally guarantees to Landlord the timely payment of all amounts that Tenant may at any time owe under the Lease. Guarantor further guarantees to Landlord the full, faithful, and timely performance by Tenant of the Lease. If Tenant shall default at any time in the payment of any rent or any other sums, costs, or charges, or in the performance of any covenant or obligation under the Lease, then Guarantor, at Guarantor's expense, shall on demand by Landlord, fully and promptly pay all rent, sums, costs, and charges to be paid and perform all other covenants and obligations to be performed by Tenant pursuant to the Lease. In addition, Guarantor shall on demand by Landlord pay to Landlord all sums due to Landlord, including, without limitation, all interest on past due obligations of Tenant, costs advanced by Landlord, damages, and all expenses (including, without limitation, court costs and reasonable attorneys' fees) that may arise in consequence of Tenant's default.

All sums due and payable pursuant to this Guaranty shall be payable upon demand.

The obligations of Guarantor under this Guaranty are independent of the obligations of Tenant. A separate action may, at Landlord's option, be brought and prosecuted against Guarantor, whether or not any action is first or subsequently brought against Tenant, or whether or not Tenant is joined in any action, and Guarantor may be joined in any action or proceeding commenced by Landlord against Tenant arising out of, in connection with, or based upon the Lease. Guarantor waives any right to: (a) Require Landlord to proceed against Tenant or any other person or entity or pursue any other remedy in Landlord's power; (b) complain of delay in the enforcement of Landlord's rights under the Lease; and

(c) require Landlord to proceed against or exhaust any security held from Tenant or Guarantor. Guarantor waives all demands upon and notices to Tenant and to Guarantor, including without limitation, demands for performance, notices of nonperformance, notices of nonpayment, and notices of acceptance of this Guaranty.

This Guaranty shall remain in full force notwithstanding the appointment of a receiver to take possession of all or substantially all of the assets of Tenant or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization, moratorium, or other debtor relief, act, or statute, whether now existing or later amended or enacted, or the disaffirmation of the Lease in any action or otherwise.

This Guaranty shall be binding upon Guarantor and Guarantor's heirs, administrators, personal and legal representatives, successors, and assigns, and shall inure to the benefit of Landlord and Landlord's successors and assigns. Landlord may, without notice, assign this Guaranty, the Lease, or the rents and other sums payable under the Lease, in whole or in part.

In addition to the amounts guaranteed pursuant to the above paragraphs, Guarantor agrees to pay reasonable attorneys' fees and all other costs and expenses incurred by Landlord in enforcing this Guaranty or in any action or proceeding arising out or relating to this Guaranty.

Nothing herein shall in any way modify any of the terms and provisions of the Lease.

By: _____
Michael Tomasello

Date: _____, 2026

FIRST AMENDMENT TO LEASE

Premises: 493 Lake Avenue, Suite B, Santa Cruz, California 95062, as more specifically described in the Lease

Original Lease Date: September 1, 2021

Landlord: Santa Cruz Port District, a political subdivision ("Landlord")

Tenant: Harbor Culinary Enterprises, Inc. dba Johnny's Harborside Restaurant ("Tenant")

Effective Date of this Amendment: _____, 2026 ("Effective Date")

RECITALS

- A. Landlord, Tenant and other applicable parties entered into that certain Lease dated September 1, 2021, for the Premises (the "**Lease**").
- B. Landlord and Tenant entered into a Consent to Assignment of Lease (the "**Consent**"), effective as of March 1, 2026.
- C. Landlord and Tenant desire to amend the Lease in accordance with the terms of this First Amendment to Lease (this "**Amendment**").

NOW, THEREFORE, in consideration of the mutual covenants contained herein and in the Lease, the parties agree as follows:

- 1. **Defined Terms; Conflicts.** Capitalized terms used but not defined herein have the meanings given to such terms in the Lease. If there is any conflict between this Amendment and the Lease, this Amendment shall control. References to the "Lease" herein shall mean the Lease as previously modified by the Consent and as further modified by this Amendment.
- 2. **Acknowledgments; Ratification**
 - (a) **Authority.** Each party represents and warrants that it has full power and authority to execute and deliver this Amendment and to perform its obligations hereunder.
 - (b) **Ratification.** Except as expressly amended herein, the Lease is ratified and confirmed and remains in full force and effect.
- 3. **Amendment to Section 2(a)(ii) (Rent Credit)**

Section 2(a)(ii) of the Lease Agreement is hereby amended to extend the deadline for commencement of construction of the Dining Deck from five (5) years to ten (10) years from the Effective Date of the Lease. All references to the five (5) year construction eligibility period in Section 2(a)(ii) shall be interpreted as ten (10) years from the Effective Date.

4. **Brokers**

Each party represents that it has dealt with no broker in connection with this Amendment. Each party shall indemnify, defend, and hold the other party harmless from any claim for commissions or fees arising by reason of the indemnifying party's dealings. This Section shall survive termination or expiration of the Lease, as amended.

5. No Other Modifications

Except as expressly modified by this Amendment, the Lease remains unchanged and in full force and effect. No provisions are waived or modified by implication.

6. Miscellaneous

- (a) **Governing Law; Venue.** This Amendment is governed by California law.
- (b) **Time of Essence.** Time is of the essence for all acts under this Amendment.
- (c) **Counterparts; Electronic Signatures.** This Amendment may be executed in counterparts. Signatures delivered by PDF or reliable electronic means shall be deemed originals under applicable electronic transactions laws.
- (d) **Entire Agreement.** This Amendment and the Lease constitute the entire agreement regarding the subject matter hereof and may not be further amended except by a writing signed by Landlord and Tenant.
- (e) **Successors and Assigns.** This Amendment binds and benefits the parties and their permitted successors and assigns.
- (f) **No Recordation.** No party shall record this Amendment; a short-form memorandum may be recorded only if mutually agreed by Landlord and Tenant in signed writing.

[signatures on following page]

IN WITNESS WHEREOF, Landlord and Tenant have caused their duly authorized representatives to execute and deliver this Amendment as of the Effective Date.

LANDLORD:

Santa Cruz Port District, a political subdivision

By: _____

Name: _____

Title: _____

Date: _____

TENANT:

Harbor Culinary Enterprises, Inc. dba Johnny's Harborside Restaurant

By: _____

Name: _____

Title: _____

Date: _____

Guarantor Acknowledgment:

The undersigned, as guarantor of the Lease (as previously amended by the Consent) acknowledges and agrees that the guaranty remains in full force and applies to the Lease as amended hereby, to the extent stated in the Guaranty and the Consent.

Guarantor: _____

Name: _____

Date: _____

LEASE AGREEMENT BETWEEN
SANTA CRUZ PORT DISTRICT COMMISSION,
AS LANDLORD
AND
HARBOR CULINARY ENTERPRISES, INC.,
DBA JOHNNY'S HARBORSIDE
AS TENANT
FOR
RESTAURANT BUSINESS TO BE LOCATED
IN SANTA CRUZ HARBOR
AT 493B LAKE AVENUE, SANTA CRUZ, CALIFORNIA
DATED: SEPTEMBER 1, 2021

TABLE OF CONTENTS

	<u>Page</u>
Recitals.....	1
1. Lease of Premises	1
2. Tenant Improvements	2
(a) Second Story Deck	2
3. Term	3
(a) Term	3
(b) First Option to Extend Lease.....	3
(c) Second Option to Extend Lease.....	3
4. Title to Improvements.....	3
5. Rent.....	3
(a) Fixed Minimum Rent or “Base Rent”	3
(b) Adjustments to Base Rent and Additional Rent	4
(c) Additional Rent	4
(d) Percentage Rent	4
(e) Lease Year.....	5
(f) Payment of Fixed Minimum Rent.....	5
(g) Delinquent Payment	5
(h) Security Deposit	5
(i) Personal Guaranty.....	6
6. Use	6
(a) Permitted Use as Non-Profit/Tax Exempt Status	6
(b) Outdoor/Public Areas	6
(c) Condition of Premises	6
(d) Provision of Services	7
(e) Continuous Use	7
(f) Refuse Disposal	7
(g) Hazardous Materials	7
(h) Effect on Navigable Waters	9
(i) Non-permitted Uses	9
(j) Compliance with Laws.....	9
7. Ownership of Improvements	9
(a) Title	9
(b) Liens	10

8.	Construction of Improvements.....	10
	(a) No Landlord Improvements	10
	(b) Tenant Improvements.....	10
	(c) Contractor Requirements.....	10
	(d) Reasonable Measures During Construction	11
	(e) Comply with Labor Laws	11
	(f) Americans with Disabilities Act	11
9.	Taxes and Assessments	11
	(a) Payable by Tenant.....	11
	(b) Substitute Taxes.....	11
10.	Insurance	12
	(a) Landlord's Insurance	12
	(b) Tenant's Insurance	12
	(c) Waiver of Subrogation	13
	(d) Submittal of Policies	13
	(e) Review of Coverage	14
	(f) Changes in Coverage.....	14
	(g) Primary Policy	14
	(h) Policy Limits	14
	(i) No Limit on Indemnity.....	14
	(j) Landlord's Remedies.....	14
11.	Indemnification	14
	(a) Tenant's Hold Harmless	14
	(b) Tenant's Waiver of Claims.....	15
	(c) Landlord's Hold Harmless.....	15
12.	Maintenance and Repairs	15
	(a) Tenant's Obligations.....	15
	(b) Outside Areas.....	16
	(c) Landlord's Obligations	16
13.	Utilities	16
14.	Assignment, Subletting and Licensing.....	17
	(a) Landlord's Consent Required	17
	(b) Permitted Assignments, Subleases and Licenses	17
	(c) Encumbrances	17
	(d) Corporation or Partnership	17
15.	Damage or Destruction	18

(a)	Partial Damage-Insured.....	18
(b)	Partial Damage-Under or Uninsured.....	18
(c)	Total Destruction	18
(d)	Damage Near End of Term.....	18
(e)	Abatement of Rent.....	19
(f)	Waiver.....	19
(g)	Tenant's Property	19
(h)	Notice of Damage.....	19
(i)	Replacement Cost.....	19
16.	Eminent Domain	19
(a)	Termination	19
(b)	Partial Taking Renders Economically Infeasible	19
(c)	Partial Taking with Business Continued.....	19
(d)	Repairs.....	20
(e)	Compensation	20
17.	Tenant Default	20
18.	Remedies	21
(a)	Repossession	21
(b)	No Repossession	21
19.	Attorneys' Fees	21
20.	Removal of Property	22
21.	Subordination.....	22
(a)	Subordination of Lease.....	22
(b)	Execution of Documents.....	22
22.	Landlord's Right to Reenter.....	22
(a)	Peaceable Surrender.....	22
(b)	Waiver of Redemption and Stipulated Damages	23
23.	Reservations to Landlord	23
24.	Building/Premises Closure	23
25.	Force Majeure	24
26.	Notices.....	24
27.	No Commission.....	24

28.	Waiver.....	24
29.	Holding Over	25
30.	Parking.....	25
31.	Non-Discrimination.....	25
32.	Entry by Landlord	25
33.	Estoppel Certificates	25
34.	CASp Inspection	26
35.	General.....	26
	(a) Entire Agreement	26
	(b) Covenants and Conditions.....	26
	(c) Binding on Successors	27
	(d) Joint and Several Liability	27
	(e) Gender	27
	(f) Captions	27
	(g) Governing Law	27
	(h) Time of Essence.....	27
	(i) Partial Invalidity	27
	(j) Relationship	27
	(k) Corporate Authority	27
	(l) No Recordation	27
	(m) Calendar Days.....	27
	(n) Counterparts	27
36.	State of California Harbors and Navigation Code.....	28

List of Exhibits

Exhibit "A"	Premises Map and Diagram
Exhibit "B"	Dining Deck
Exhibit "C"	Guaranty

SANTA CRUZ PORT DISTRICT LEASE AGREEMENT

THIS LEASE is made and entered into effective as of September 1, 2021, ("Effective Date"), 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 Harbor Culinary Enterprises, Inc., a California corporation dba Johnny's Harborside, hereafter referred to as "Tenant." Landlord and Tenant are hereinafter referred to individually as "Party" or collectively as the "Parties."

RECITALS

A. Landlord is the owner of certain real property and improvements consisting of approximately 2,400 square feet (SF) on the second story and 60 SF of exterior space of the building located at 493B Lake Avenue (the "Building"), on the east side of Santa Cruz Harbor in the City and County of Santa Cruz, State of California. The Building is more particularly shown and described in Exhibit A, attached hereto and incorporated herein.

B. Tenant is currently doing business as Johnny's Harborside, a California corporation operating a restaurant.

C. Landlord and Tenant desire to continue their business relationship after termination of the Lease dated February 16, 1994, and all subsequent amendments which ends on August 15, 2021, by entering into this Lease, which has an Effective Date of September 1, 2021.

D. The leased areas comprise a total of 2,400 SF of interior restaurant space and a 60 SF exterior space accommodating refrigeration equipment, which are collectively referred to as the "Premises" shown in Exhibit A.

E. Landlord desires to lease the Premises to Tenant for the operation of Johnny's Harborside restaurant in accordance with all terms and conditions of this Lease.

AGREEMENT TERMS

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

1. Lease of Premises.

(a) Effective September 1, 2021, Landlord hereby agrees to lease the Premises to Tenant, and Tenant agrees to lease the Premises from Landlord, for the designated term, at the rental, and upon the other terms and conditions contained herein.

2. Tenant Improvements. Tenant shall purchase at its expense, and install or construct on the Premises, at its sole cost and expense, any equipment, furnishings and improvements required for the operation of Johnny's Harborside to properly conduct the business ("Tenant Improvements"). All proposed improvements must be pre-approved, in writing by Landlord, properly permitted by the City of Santa Cruz and any and all other regulatory agencies with permitting jurisdiction prior to construction or installation, and in compliance with all applicable laws.

(a) Second Story Deck. Tenant is committed to constructing a second story exterior dining deck on the western side of the building ("Dining Deck") which shall not exceed 430 SF . Tenant is responsible for the design and construction of the Tenant Improvements and the Dining Deck at Tenant's sole cost and expense. The conceptual plans for the Dining Deck are attached hereto as Exhibit B. The final plans shall be substantially similar to the conceptual plans. Final plans are subject to the review and approval of the Landlord, which shall not be unreasonably withheld, and prior written consent from the first floor tenant and resident fish buyer. Tenant may make changes to the plans, provided that Landlord shall be notified of and shall approve any material modifications. Tenant shall provide Landlord as-built drawings upon completion of the Dining Deck.

Tenant, at Tenant's sole cost and expense, shall be responsible for obtaining any and all approvals and permits necessary for the construction of the Dining Deck from the City of Santa Cruz, the California Coastal Commission, and any other permitting body. Tenant shall use best efforts to complete construction within 12 months of obtaining all necessary permits. Landlord shall cooperate with Tenant in applying for the approvals and permits described in this paragraph in a timely manner and Tenant shall pay any cost incurred by Landlord for such cooperation.

Tenant shall have no obligation to complete the Dining Deck if unable to finance construction or if unable to secure all necessary government permits and approvals.

If Tenant proceeds with the construction of the Dining Deck, Tenant shall purchase and install or construct on the premises, at its sole cost and expense, any equipment, furnishings and improvements required for the operation of a restaurant to properly conduct the business.

(i) Dining Deck Cost. Tenant estimates the cost of the Dining Deck together with the cost of the permits will be approximately One Hundred Seventy-Five Thousand Dollars (\$175,000). Tenant shall commence construction of the Dining Deck promptly after securing project permits. The Dining Deck shall be deemed Tenant Improvements and subject to alterations, and/or additions to the Premises which are subject to all of the other provisions of the Lease regarding improvements, alterations and additions.

(ii) Rent Credit. Upon completion of construction of the Dining Deck, Tenant shall be eligible for a 10-year rent credit against Fixed Minimum Rent and Percentage Rent based on the cost of deck construction including permits, but not to exceed \$175,000. To be eligible for a rent credit, Tenant must generate minimum annual revenue of \$2,000,000. Effective September 1, 2024, the minimum annual revenue requirement increases to \$2,500,000 thereafter. Tenant must requalify for the rent credit each year by calculating prior lease year's minimum gross sales. If eligible for a rent credit, the maximum monthly rent credit shall not exceed \$1,458.33 for one hundred twenty (120) months, which

are not required to be consecutive. Tenant shall not be entitled to any additional rent credit over and above the \$175,000 total reflecting the estimated construction cost, regardless of the actual costs related to the construction. If eligible, the rent credit shall commence on the first day of the month thirty (30) days after completion of the Dining Deck construction. If Tenant does not exercise First Option to Extend Lease per Paragraph 3.b, and the Lease is terminated, Tenant shall not be eligible for any payment of any remaining residual rent credit due.

Tenant must proceed with construction of the Dining Deck within 5 years of the Effective Date of this Lease to be eligible for any rent credit.

3. Term:

(a) Term. The term of this Lease commences as of September 1, 2021, and shall continue hereunder until midnight on August 31, 2031, for a period of ten (10) years, unless sooner terminated as provided herein. The term of this Lease is hereinafter referred to as the "Lease Term" or "Term."

(b) First Option to Extend Lease. Provided that Tenant is not in material default of any part of this Lease at the time of the exercise of the option, Tenant shall have the option to extend the Lease Term for an additional five years ("First Extended Term"). Tenant may exercise the option, by giving Landlord notice of its exercise of the option to extend the Lease Term no earlier than one year prior to expiration of the Term, and no later than six (6) months prior to the expiration of the Term. If extended, the First Extended Term shall commence on September 1, 2031, and shall continue until midnight on August 31, 2036.

(c) Second Option to Extend Lease. Provided that Tenant is not in material default of any part of this Lease at the time of the exercise of the option, Tenant shall have the option to extend the Lease term for an additional five years ("Second Extended Term"). Tenant may exercise the option, by giving Landlord notice of its exercise of the option to extend the Lease Term no earlier than one year prior to expiration of the Term, and no later than six (6) months prior to the expiration of the Term. If extended, the Second Extended Term shall commence on September 1, 2036, and shall continue until midnight on August 31, 2041.

4. Title to Improvements. Free and clear title to any and all improvements and fixtures purchased or constructed by Tenant and installed upon the Premises shall upon such termination vest in Landlord without additional cost or expense to Landlord, and Tenant shall execute such additional documents as Landlord may reasonably require effectuating such transfer of title. Notwithstanding the foregoing, Tenant shall have the right to remove furniture, equipment and trade fixtures that are not fixed to the Premises during the thirty (30) days following the termination of the Lease and will retain title to any items removed.

5. Rent.

(a) Fixed Minimum Rent or "Base Rent". Beginning on the Effective Date, Tenant shall pay to Landlord each month a fixed amount of rent ("Fixed Minimum Rent" or "Base Rent") for the

Premises which shall initially be based on Seven Thousand Five Hundred Dollars (\$7,500.00) per month, as adjusted as hereinafter provided.

(b) Adjustments to Base Rent and Additional Rent. On September 1, 2022, Base Rent shall adjust to Eight Thousand, Five Hundred Dollars (\$8,500.00) per month; and on September 1, 2023, Base Rent shall adjust to Nine Thousand Dollars (\$9,000.00) per month.

On April 1, 2025, and each year thereafter on April 1 for the term of this Lease, Base Rent in effect as of September 1, 2023, shall be adjusted in accordance with the increase in the Consumer Price Index, All Urban Consumers, San Francisco-Oakland-Hayward Metropolitan Area, (All Items) for the preceding calendar year. In no event shall the Base Rent for any year be less than the Base Rent for the preceding year.

On April 1 ("Adjustment Date"), following the first anniversary of the Effective Date, and each year thereafter on April 1 for the term of this Lease, any Additional Rent in effect for the month immediately preceding the Adjustment Date shall be adjusted in accordance with the increase in the Consumer Price Index, All Urban Consumers, San Francisco-Oakland-Hayward Metropolitan Area, (All Items) for the preceding calendar year.

(c) Additional Rent. Tenant shall pay Landlord One Hundred and Nine Dollars (\$109) per month rent ("Additional Rent") for approximately sixty (60) square feet of exterior storage space accommodating a refrigeration unit. The monthly rent shall be subject to periodic adjustment as described in Paragraph 5(b), and shall be in addition to and separate from the Fixed Minimum Rent for the Premises for the Term of the lease and each Extended Term of the lease beginning on the Commencement Date.

(d) Percentage Rent. Tenant shall also pay to Landlord, in addition to the Base Rent, on or before the 20th day of each month during the Lease Term, an amount for the immediately preceding Lease Month (defined below) equal to six and one-half percent (6.5%) of Gross Income, as reduced (but not below zero) by the amount of the Base Rent payable by Tenant to Landlord ("Percentage Rent") for each such month. "Gross Income" means the entire amount of the price charged by Tenant, whether wholly or partly for cash or on credit, or otherwise, for prepared food and beverages, and all charges for services sold or performed in connection with the preparation or sale of such items. In no event shall the total rental paid in any year be less than Base Rent as adjusted by the San Francisco-Oakland-Hayward Area Consumer Price Index.

(i) Tenant shall keep upon the Premises or at Tenant's principal office true and complete records and accounts, including records of bank deposits, respecting all sales of food and beverages made by Tenant and all other individuals, corporations and other entities in, at, or from the Premises or from any other location in the Santa Cruz Small Craft Harbor, and of all services rendered by Tenant in, at, and from the Premises. Said books and records shall include complete recordation of Tenant's Gross Income for purposes of calculating Percentage Rent due hereunder. On or before the 5th day of each calendar month during the Lease Term, Tenant shall furnish to Landlord a true and accurate statement of all Gross Income for the preceding Lease Month, which statement shall be certified as true and correct by a responsible representative of Tenant. Tenant agrees to give Landlord access

during normal business hours to Tenant's books and records. Landlord shall have the right at any time and from time to time to audit all of the books of account, records, sales tax returns, and bank statements of Tenant relating to Tenant's sales and Gross Income, and Tenant, on request of Landlord, shall make all such records available for examination by Landlord, or Landlord's duly authorized representative, at the Premises or at Tenant's principal office. Tenant shall keep all such records for a period of at least four years after the end of the Lease Year to which records relate.

Tenant agrees by September 1st of each calendar year during the Lease Term to submit to Landlord a statement of Gross Income for the preceding Lease Year prepared and certified by a responsible representative of Tenant. The receipt by Landlord of any such statement or of any payment of Percentage Rent for any period shall not bind Landlord as to the correctness of such statement or of the amount of such payment. Within four years after the receipt of any such statement, Landlord shall be entitled to cause an independent audit of the Gross Income to be made by a certified public accountant to be designated by Landlord. Such audit shall be limited to a determination of the Gross Income, shall be conducted during normal business hours, and shall occur either at the Premises or at the principal place of business of Tenant or Landlord. If it shall be determined as a result of such audit that there has been a deficiency in the payment of Percentage Rent, then such deficiency shall become immediately due and payable with interest at the maximum rate then allowable by law from the due date. Payment of such interest shall not excuse or cure any default by Tenant under this Lease. If such audit shall disclose an additional liability for Percentage Rent as a result of any understatement, then Tenant shall pay all of Landlord's reasonable costs and expenses connected with such audit. If such audit shall disclose an understatement of Gross Income by more than two percent, the Landlord may, in addition to any other remedies it has at law or in equity, terminate this Lease by written notice to Tenant within thirty days after Landlord's receipt of the audit report.

(e) Lease Year. The term "lease year" means the period during the lease term commencing on April 1st of each year and ending at midnight on March 31st of the next succeeding year. The term "lease month" means the period from the 1st day of each calendar month during the lease term through the last day of the calendar month.

(f) Payment of Fixed Minimum Rent. The Fixed Minimum Rent shall be payable monthly in advance, without notice, offset, or abatement, by the first day of each calendar month of the Lease Term. 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 notified 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.

(g) Delinquent Payment. Rent payments received on or after the 21st day of the month shall be deemed Delinquent Payments. A delinquency fee in the then current amount as set by the Landlord's Board of Port Commissioners shall be applied to any delinquent payment. In addition, interest in the then current amount as set by the Landlord's Board of Port Commissioners shall be applied on the last day of each month to the unpaid balance until paid in full.

(h) Security Deposit. Tenant will, no later than twenty (20) days prior to the commencement date of this Lease, deposit with Landlord a sum equivalent to one month's Base Rent

for the Premises as security for the faithful performance by Tenant of all of its obligations hereunder. If Tenant fails to pay rent or any other sums due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may use, apply, or retain all or any portion of the Deposit for the payment of any rent or other sum in default, or to compensate Landlord for the payment of any other sum which Landlord may become obligated to spend by reason of Tenant's default, or to compensate Landlord for any expenditures, loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of the Deposit, Tenant shall within ten (10) days after written demand therefor, deposit with Landlord an amount in cash sufficient to restore the Deposit to the full amount hereinabove stated. Landlord shall not be required to keep the Deposit separate from its general funds. The Deposit, less any portion thereof which Landlord is entitled to retain, shall be returned, without payment of interest, to Tenant within thirty (30) days after the later of expiration of the term hereof or the date on which Tenant vacates the Premises.

(i) Personal Guarantee. All amounts due under this Lease and any amendments to this Lease entered into by and between Landlord and Tenant shall be subject to the personal guarantee attached here to as Exhibit C and incorporated herein by this reference. The parties shall release the guarantee if and when a guarantor is no longer a constituent of Tenant, provided the guarantee obligations have been assumed by a replacement guarantor and Landlord has approved such replacement guarantor. In the event of the death of a guarantor, Tenant shall provide a replacement guarantor within sixty (60) days of the death of the guarantor, which guarantor shall be subject to Landlord's approval.

6. Use.

(a) Permitted Use. Tenant shall use the Premises solely for the business of conducting therein a restaurant. Tenant shall not use, or permit to be used by others under Tenant's control, areas not included in the Premises for any purpose.

(b) Outdoor/Public Areas. Landlord is the owner of the outside areas surrounding and adjacent to the Premises described herein. The outside areas adjacent to the Building are not included in the Premises leased. Tenant does not hold any ownership or vested property interest in these public areas by virtue of this Lease. Use of ground floor patio/sidewalk/asphalt areas adjacent to the Building may be available by special permit as reviewed and issued by Landlord at Landlord's sole discretion and subject to all applicable fees and conditions.

(c) Condition of Premises. Tenant acknowledges that it recognizes the uniqueness of the Premises and adjacent outdoor areas, and accepts them in their current and disclosed "AS IS, IN ITS CURRENT CONDITION, WITH ALL FAULTS" condition existing on the Effective Date of this Agreement, subject to all applicable zoning, city, county, or state laws, ordinances and regulations affecting the use of the Premises and adjacent outdoor area. Tenant acknowledges that the restaurant building, and any future Dining Deck, are located above a working commercial fishery and adjacent to a working boatyard and harbor operation and by proximity are subject to all associated sounds, smells, overspray, particulate matter, detritus and debris that may be associated with such industrial activities and operations. Tenant further acknowledges that it has satisfied itself, by its own independent investigation, that the Premises and adjacent outdoor areas are suitable for its intended use and neither

Landlord nor its agents or representatives have made any representation or warranty as to the present or future suitability of the Premises and/or outdoor area for the conduct of Tenant's program, operation, or business.

(d) Provision of Services. Tenant shall maintain the necessary personnel, facilities and equipment, including the use of a suitably sized vessel, at all times during the Lease Term to conduct a restaurant on the Premises.

(e) Continuous Use. Tenant shall continuously and uninterruptedly during the Lease Term, during all normal business hours, and on such days as a majority of the other businesses in the Santa Cruz Small Craft Harbor are open for business, occupy and use the entire Premises for the purpose of operating a restaurant on the Premises. Tenant shall at all times employ its best business judgment, efforts, and abilities to so operate the restaurant conducted by Tenant on the Premises in a manner calculated to service adequately the public demand for the goods and services included within the business permitted herein.

(f) Refuse Disposal. Tenant shall be entitled to use designated refuse facilities provided in the harbor area for the disposal of dry refuse generated from Tenant's operations on the Premises, which facilities shall be situated at the location designated from time to time by Landlord. Tenant shall collect, sort and recycle refuse materials in accordance with the City of Santa Cruz Solid Waste and Recycling requirements.

(g) Hazardous Materials.

(i) Tenant warrants and agrees that 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.

(ii) 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.

(iii) Tenant, at its sole cost and expense, shall comply with all Laws (as defined herein) affecting the Premises relating to the storage, placement, use and disposal of Hazardous Materials by Tenant, its agents, employees, invitees or contractors. Tenant shall be solely responsible for and shall defend, indemnify, and hold Landlord, its officers, directors, employees and its agents (collectively, the "Landlord Indemnified Parties") harmless from and against any and all claims, judgments, losses, orders, demands, causes of action, directives from environmental regulatory agencies, costs and liabilities, including without limitation attorneys' fees and costs, arising out of or in connection with the storage, placement, use or disposal of Hazardous Materials on or about the Premises by Tenant, its officers, directors, agents, employees, invitees, or contractors.

(iv) If the presence of Hazardous Materials introduced to the Premises by Tenant, its officers, directors, agents, employees, invitees or contractors results in contamination or

deterioration of any improvements, water, soil, or other environmental media, then Tenant, at its sole cost and expense, shall promptly take any and all action necessary to investigate and clean up such contamination and restore the Premises and to the condition existing prior to the introduction of any Hazardous Materials.

(v) The term "Laws" shall mean any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirement of any municipal, county, state, federal or other government agency or authority having jurisdiction over the parties to this Lease or the Premises, or both, in effect either at the date this Lease is fully executed or any time during the Term of this Lease.

(vi) As used herein, the term "Hazardous Materials" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States government. The term "Hazardous Materials" includes, without limitation, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum; (vi) asbestos; (vii) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; (viii) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. § 1317); (ix) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903); or (x) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9601), and any amendments or successor statutes thereto.

(vii) The obligations of Tenant under subparagraphs 6(g)(i) through 6(g)(viii) shall survive the expiration of the Lease Term.

(viii) Tenant shall indemnify the Landlord Indemnified Parties from any damages suffered by any of the Landlord Indemnified Parties, 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. Prior to bringing or allowing any Hazardous Materials to be brought onto the Premise, 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. Landlord's consent to the introduction of any hazardous material onto the Premises (i) shall not release Tenant from its duty to indemnify the Landlord Indemnified Parties 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 Premises 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 Premises within five (5) days of receipt of Landlord's demand for removal. In all events, if any hazardous materials become located upon the Premises 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.

(h) 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 in his/her sole discretion 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.

(i) Non-permitted Uses. Tenant shall not permit the Premises to be used for any purpose not described in Paragraph 6(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 any activity on the Premises which might disturb live-a-board slip licensees or residential neighbors of the Port District from 10 p.m. until 6:00 a.m. each day during the Lease Term.

(j) Compliance with Laws. Tenant shall abide by all applicable Laws, 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. Landlord shall have no responsibility for obtaining any such licenses or permits, and shall have no liability to Tenant (nor shall Tenant have any right to terminate the Lease or receive abatement of rent or other charges) if Tenant, for any reason, is unable to obtain any such permits. 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 the Landlord Indemnified Parties regarding the suitability of the Premises for Tenant's intended uses.

7. Ownership of Improvements.

(a) Title. 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 shall be vested in Landlord, and upon expiration or sooner termination of the Lease Term shall remain upon and be surrendered with the Premises as part thereof.

(b) 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. Construction of Improvements.

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

(b) Tenant Improvements. All improvements, additions, or alterations Tenant may desire in the future shall be done in accordance with the provisions of this Paragraph 8(b). Tenant shall make, at its sole cost and expense, changes, alterations, or additions in and to Tenant Improvements and structures on the Premises that may be required by any applicable Laws (including, but not limited to, the ADA from time to time. Tenant shall not construct any improvements to or modify the Premises in any way without the prior written consent of Landlord which shall not be unreasonably withheld. Any improvements to the Premises which are permitted by Landlord shall be installed or constructed by Tenant at Tenant's sole cost and expense; provided that, before commencing the installation or construction of any improvements on the Premises Tenant shall submit to Landlord, for Landlord's approval, final plans, specifications, construction contract and related documents, and a site plan prior to applying for any permits for such improvements. Upon obtaining Landlord's approval, which will not be unreasonably withheld, Tenant shall not amend or otherwise change such plans, specifications, construction related documents, or site plan without first obtaining Landlord's approval of such amendment or change. Tenant shall be solely responsible for obtaining all other governmental permits or approvals required for the installation or construction of any such improvements to the Premises, including, but not limited to, Coastal Commission approval, and approval of the City or County of Santa Cruz. Landlord shall have no liability whatsoever for Tenant's inability or failure to obtain any such permits or approvals, and shall provide copies of same to Landlord prior to commencing any work.

Tenant shall give at least thirty (30) days' advance notice to Landlord before actually commencing any improvement work on the Premises so that Landlord can post a notice of non-responsibility, if Landlord so chooses. Tenant shall call Landlord to request inspections at regular intervals as determined by Landlord, but in no event less than biweekly. Upon completion of any such improvements, Tenant shall deliver to Landlord a complete set of "as-built" plans respecting such improvements.

(c) Contractor Requirements. Tenant shall use licensed and insured contractors and any contract between Tenant and any contractor relating to any improvement work is subject to Landlord's prior approval in accordance with all of the following:

(i) Any contract between Tenant and any contractor relating to any improvement work is subject to Landlord's prior approval and shall contain release, defense and

indemnity provisions in Landlord's favor to the fullest extent permitted by law in a form to be approved by Landlord, substantially similar to: "Contractor agrees to defend, indemnify, and hold harmless the Landlord, its officials, officers, directors, and employees from and against any damage, claim, liability, expense (including attorney fees and costs) in any way related to the acts or omissions of Contractor, its employees or agents on Landlord's property, except where caused by the sole negligence or willful misconduct of Landlord."

(ii) Contractor's insurance shall at a minimum meet the requirements applicable to Tenant as it relates to construction as set forth in Paragraph 10, and include Landlord, its officials, officers, directors, employees and volunteers as additional insureds, and a waiver of subrogation in Landlord's favor.

(d) Reasonable Measures During Construction. Tenant shall take all reasonably necessary measures to minimize any damage, disruption or inconvenience caused by such work and make adequate provision for the safety and convenience of all persons affected thereby. Dust, noise and other effects of such work shall be controlled by Tenant using methods customarily utilized in order to control deleterious effects associated with construction.

(e) Comply with Labor Laws. It shall be the obligation of Tenant (and any contractor and/or subcontractor under Tenant) to comply with and conform to all applicable State of California labor laws, rules and regulations (including, but not limited, prevailing wage laws and requirements and the Parties agree that Tenant shall be liable for any violation thereof.

(f) Americans With Disabilities Act. Throughout the term of this Lease, Tenant acknowledges and expressly accepts full responsibility and shall incur all costs and expenses for compliance with the requirements of the Americans with Disabilities Act (ADA) and any other local, state or federal law or regulation regarding the accessibility of the Premises by disabled individuals. Tenant agrees to release, indemnify, defend and hold Landlord (and its officers, directors, employees and agents) harmless for any claim, loss, expense or liability arising from Tenant's failure to fully comply with all such laws or regulations.

9. 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 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 Lease Term, in order that Tenant will pay only the proportionate part of said taxes and assessments attributable to the period of the Lease Term. Tenant shall pay all supplemental or escape assessment levied or assessed against the Premises.

(b) Substitute Taxes. If at any time during the Lease Term, 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 9(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 9.

10. Insurance.

(a) Landlord's Insurance. Landlord shall procure and maintain in full force and effect at all times during the Term of this Lease, fire and extended coverage insurance satisfactory to Landlord covering the Premises and all improvements therein in an amount not less than eighty percent (80%) of the actual replacement cost thereof. The insurance provided for in this Paragraph 10(a) shall, in Landlord's sole and absolute discretion, provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils ("special form"), and loss of rents covering Base 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 is not responsible for any damage to Tenant's property and 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 Tenant's property in addition to the Premises. Landlord may, at Landlord's sole discretion, bill Tenant for the cost of the above described insurance in an amount proportional to the square footage of the Premises as calculated from Landlord's inventory of insured spaces and the premiums charged by Landlord's insurer for all of the square footage of buildings covered by such insurance policy. The Tenant's share of such insurance premiums shall be Additional Rent and shall be payable within fifteen (15) days of receipt of an invoice for such Additional Rent. Landlord, in its sole discretion, may allow Tenant to pay such Additional Rent in 12 equal monthly installments or may require Tenant to pay such Additional Rent in one installment.

(b) Tenant's Insurance. During the Term of the Lease, Tenant shall maintain, at its sole cost and expense, the following insurance policies:

(i) "All Risk" Property Insurance covering risks of loss normally insured under a "special form" policy, covering Tenant's leasehold improvements, fixtures, equipment, furniture and other personal property in or about the Premises. Such insurance shall be maintained with limits no less than \$1,000,000 or in an amount sufficient to cover not less than one hundred percent (100%) of the full replacement value thereof (whichever is greater) with no coinsurance penalty provision. Landlord shall be a loss payee as its interests shall appear.

(ii) Commercial General Liability Insurance protecting Landlord and Tenant against liability for bodily injury and property damage, including completed operations, contractual liability coverage and products liability, as well as "personal and advertising injury" liability occasioned by any occurrence in, on, about, or related to the Premises in an amount not less than Two Million Dollars (\$2,000,000) each occurrence and annual aggregate. Such policy shall also include liquor

liability coverage. Tenant shall cause Landlord, its employees, officials, officers, directors, agents and volunteers to be named as an additional insured under such policy.

(iii) Workers' Compensation and Employer's Liability Insurance as required by applicable law against liability arising on account of injuries or death to workers or employees on the Premises or any improvement of Tenant. 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 and the Federal Longshore and Harbor Workers' Compensation Act, as applicable. Tenant shall also maintain Employer's Liability insurance with limits no less than One Million Dollars (\$1,000,000) per accident for bodily injury or disease, \$1,000,000 disease – policy limit, \$1,000,000 disease – each employee.. Such insurance shall include a waiver of subrogation in favor of Landlord.

(iv) Automobile Liability on an "Any Auto" Basis: ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than \$1,000,000 combined single limit each occurrence/per accident for bodily injury and property damage.

(v) If Tenant commits permits or causes the conduct of any activity or the bringing or operation of any equipment on or about the Premises creating unusual hazards, Tenant shall promptly, upon notice from Landlord, procure and maintain in force during such activity or operation insurance sufficient to cover the risks represented thereby. Landlord's demand for unusual hazard insurance shall not constitute a waiver of Landlord's right to demand the removal, cessation or abatement of such activity or operation.

(vi) Tenant shall procure, at Tenant's own cost and expense 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 premises similarly situated.

(vii) All policies shall be placed with insurers admitted or eligible to do business in the State of California and rated A VIII or better by A.M. Best. All policies shall include a provision that prior written notice of policy cancellation, or for non-payment of premium will be provided. Tenant shall furnish Landlord with Certificates of Insurance showing evidence of the required insurance upon execution of this Lease and thereafter upon renewal or replacement of policies.

(c) 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 property 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 Lease, 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.

(d) Submittal of Policies. Tenant agrees to deposit with Landlord, at Landlord's request, 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 Lease.

(e) 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 Lease do not provide adequate protection for Landlord and for members of the public using the Premises, Landlord may require Tenant, its contractor, or subcontractor 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.

(f) Changes in Coverage. Landlord reserves the right to modify these requirements with notice to Tenant, including, but not limited to, limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

(g) Primary Policy. The insurance provided by the Tenant, its contractors, and/or subcontractors shall apply as primary insurance without qualification and that any other insurance maintained by Landlord shall be in excess only and shall not be called upon to contribute with the insurance of Tenant, its contractors, or subcontractors.

(h) Policy Limits. The limits of insurance described herein are not intended as a limitation of liability under this Lease. Tenant, its contractors and subcontractors may obtain higher limits in its discretion. If Tenant, its contractors, and/or subcontractors maintain higher limits than the minimums shown above, Landlord requires and shall be entitled to coverage for the higher limits maintained. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Landlord.

(i) No Limit on Indemnity. The procuring of such required policy or policies of insurance shall not be construed to limit Tenant's liability hereunder or to fulfill the indemnification provisions and requirements of this Lease. Notwithstanding said policy or policies of insurance, Tenant shall be obligated the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this Lease or with use or occupancy of the Premises.

(j) 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 10, Landlord may, but is not required to, 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 10, 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.

11. Indemnification.

(a) Tenant's Hold Harmless. To the fullest extent permitted by law and except as expressly stated otherwise herein, Tenant hereby indemnifies Landlord, its employees, elected officials, officers, attorney, agents and volunteers (collectively, the "Landlord Indemnified Parties") against and holds them 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 Lease, 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 Indemnified Parties 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 willful misconduct of Landlord. Landlord shall not be liable to Tenant for any damage caused by any person, 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, natural disaster, pandemic, emergency, construction or repair work, or any other reason whatsoever. Landlord shall have no obligation or responsibility to prevent any such closures of the Santa Cruz Harbor; provided that, in the event any such closure shall be due to insufficient funding of Landlord, Landlord shall make a good faith effort to keep the Santa Cruz Harbor open during the portion of the year the public makes greatest use of harbor facilities.

(c) Landlord's Hold Harmless. Landlord hereby indemnifies and holds Tenant harmless from and against any and all damage to property or injury or death to any person and occurring in, on or about the "Public Areas" as shown and described on Exhibit "A" hereto, but only in proportion to and to the extent caused by Landlord's sole negligence or willful misconduct.

12. 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 12(c) below, throughout the Term of this Lease, 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 improvements or both. For purposes of this paragraph, the obligation to repair includes the obligation to replace as and when reasonably necessary. Without limiting the foregoing, Tenant at Tenant's sole cost shall maintain in good and safe condition, order and repair, and replace as and when necessary, all improvements made by Tenant to the Premises, including any second story deck constructed by the Tenant. Tenant shall be solely responsible for the paying the full cost of repairing any damage caused by Tenant Improvements, including any Dining Deck, to the structure or surrounding tenant spaces or equipment, including but not limited to water damage.

(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 Lease Term in keeping the Premises and any second story deck area and other outside areas within an approximate twenty-five foot radius of the Premises that are not part of the fishery leasehold area, in a 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 or associated restaurant equipment or supplies to accumulate in or around the Premises. Tenant shall not cause or permit odors that Landlord in its reasonable discretion determines are offensive to emanate from the Premises and/or outside areas.

(c) Landlord's Obligations. Notwithstanding anything to the contrary contained in this Paragraph 12, and subject to the provisions of Paragraph 15 below relating to damage and destruction, Landlord shall maintain in good condition, order and repair and replace if and when necessary:

- (i) the structural portions of the exterior walls of the Building;
- (ii) the exterior surface of such walls and roof to the mid-way plane between the interior and exterior surfaces of such walls and roof, including exterior paint and texturing and the roof membrane, but excluding any plumbing, electrical or mechanical systems solely serving the Premises, and excluding repair or replacement of window breakage; and
- (iii) the structural portions of the floor of the Building, including any plywood subfloor; and
- (iv) the elevator.

Landlord shall have no obligation to maintain or repair under this Paragraph 12(c) until a reasonable amount of time after receipt by Landlord of notice from Tenant of the need therefore, specifying the nature of the maintenance or repair needed. The parties agree that no more than thirty (30) days to begin maintain or repair is a reasonable amount of time under this provision.

13. Utilities. Tenant shall pay promptly as the same become due and payable all bills and costs for water, gas, electricity, telephone, cable, internet, refuse, sewer service charges, and any other utilities or services supplied to the Premises via separate meter or as apportioned by Landlord. Tenant shall also pay for all costs and connection charges for services and/or utilities it desires expanded or added to those presently available for Tenant's use. If additional garbage containers are required, Tenant shall arrange for bins and service from Santa Cruz Municipal Utilities at Tenant's sole cost and expense. Tenant shall use energy-saving fixtures wherever practicable, and shall cooperate in any conservation efforts undertaken by Landlord to reduce costs associated with utilities provided to Tenant at Landlord's expense. Landlord shall not be liable to Tenant for any interruption or failure of any utility or other services to the Premises.

14. Assignment, Subletting and Licensing.

(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, which is subject to Landlord's sole and absolute discretion.

(b) Permitted Assignments, Subleases and Licenses. No assignment, sublease, or other transfer of the portion of the Premises under this Lease, which is used for a restaurant shall be allowed.

Tenant may, however, sublease or assign its interest in a portion of the Premises under this Lease identified as Suite 234, provided Tenant first obtains Landlord's written consent in accordance with this Paragraph 14, and the sublessee/assignee is engaged in operating a restaurant. Tenant must demonstrate to Landlord's reasonable satisfaction that the proposed transferee, subtenant or licensee is financially creditworthy, has sufficient experience in operating a restaurant, and will operate a business of the 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 manner 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. Tenant agrees to provide Landlord with all terms and conditions of any agreement between Tenant and its sublessee, assignee, or other transferee.

(2) Sublease Rents or License Payments. If Tenant shall enter into an assignment, sublease or license ("Transfer") hereunder:

(i) Tenant shall pay to Landlord fifty percent (50%) of the monthly rent or consideration payable by a subtenant or assignee to Tenant for the Transfer, which is in excess on a per square foot basis, of Tenant's Base Rent payable to Landlord (hereinafter, the "Excess Transfer Amount"). This Excess Transfer Amount shall be due and payable monthly to Landlord commencing with the Transfer date and in accordance with Paragraph 5 (e) of this Lease and shall be subject to delinquent fees in accordance with Paragraph 5 (f).

(c) Encumbrances. Neither Tenant nor any Transfer shall allow any encumbrance of all or any portion of the Premises.

(d) Corporation or Partnership. The assignment, pledge for security purposes, or other transfer during the Lease Term of any class of voting stock or other controlling interest in said corporation (whether in a single transaction or a series of transfers) which in the aggregate exceeds fifty percent (50%) of such class of stock or other controlling interest shall be deemed to be an assignment within the meaning of this Lease. If Tenant becomes a partnership, and Landlord consents thereto, the assignment, pledge, for security purposes, or other transfer during the Lease term of any

interest in the partnership of a general or limited partner thereof, shall be deemed an assignment within the meaning of this Lease.

15. Damage or Destruction.

(a) Partial Damage-Insured. Subject to the provisions of Paragraphs 15(b) and 15(c), 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 10, and the proceeds of such insurance received by Landlord are sufficient to repair the damage (or in the event any lender shall require such insurance proceeds to be applied to pay any sums owed under its loan), Landlord shall at Landlord's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect.

(b) Partial Damage-Under or Uninsured. Subject to the provisions of Paragraphs 15(a) 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 Lease shall 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 Lease as of the date of the occurrence of such damage. In the event Landlord elects to give such notice of Landlord's intention to cancel and terminate this Lease, Tenant shall have the right, within ten (10) days after receipt of such notice, to agree in writing on a basis satisfactory to Landlord to pay for the entire cost of repairing such damage less only the amount of insurance proceeds, if any, received by Landlord, in which event this Lease shall continue in full force and effect, and Landlord shall proceed to make such repairs as soon as reasonably possible. If Tenant does not give such notice within such ten (10) day period this Lease shall be cancelled and terminated 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 10, 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 Lease 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 Lease, 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 year of the term of this Lease, Landlord may at Landlord's option cancel and terminate this Lease 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 15, the Base 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 leases when the thing leased is substantially or entirely destroyed, and agrees that such event shall be governed by the terms of this Lease.

(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 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 15 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 15.

16. 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 Lease 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 Lease, then Tenant may, at its option, terminate this Lease 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 Lease is not 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 Base 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. The Base Rent, as so reduced, shall continue to be subject to adjustment in accordance with Paragraph 5 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 Lease.

(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. Nor shall Landlord be entitled to any compensation paid to Tenant in the proceedings or action for such taking with respect to removal or relocation costs, or anticipated or lost profits (excluding the value of this Lease to Tenant) or damages to any personal property or detriment to the business of Tenant, or any special damages to Tenant (excluding the value of this Lease to Tenant).

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

(a) 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 10 days after notice from Landlord that such sum is overdue; and provided further that, Tenant shall not be entitled to any such 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 12 month period;

(b) Tenant fails to perform any of its other obligations under this Lease; 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 20 business days, or in the event the cure can not be reasonably completed within 20 business days begins substantial efforts to cure within 20 business days, after written notice from Landlord of such failure;

(c) 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 Lease), 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;

(d) Tenant vacates, abandons, or surrenders the Premises during the lease term.

(e) Tenant fails to comply with or obtain any necessary permit or license. Tenant shall not be deemed in default if Tenant cures such failure within 20 days after notice from Landlord of such failure

(f) In the event of a default by Tenant under this Lease, 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.

18. Remedies. In the event of any breach or default by Tenant, Landlord may, at Landlord's option, exercise any and all rights available to a landlord under the laws of the State of California (including, but not limited to, those rights and remedies set forth in California Civil Code Sections 1951.2, 1951.4, and 1951.8), including, without limitation, the right to do any of the following:

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

(i) 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 or the maximum allowed by law whichever is less;

(ii) 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 or the maximum allowed by law whichever is less;

(iii) 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

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

(b) No Repossession. If Landlord does not repossess the Premises, then this Lease 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 Lease, including the right to recover the rent and other sums due from Tenant hereunder. For the purposes of this Paragraph 18, 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 Lease.

19. 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 Lease, 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.

20. 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 hereunder, 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 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 or charges for storing any such property; third, to the payment 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.

21. Subordination.

(a) Subordination of Lease. This Lease, 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 Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee or trustee shall elect to have this Lease prior to the lien of its mortgage or deed of trust, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage or deed of trust, whether this Lease 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 Lease 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.

22. 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 Lease, 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 Lease 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.

23. Reservations to Landlord. The Premises are accepted by Tenant subject to any and all existing easements and encumbrances. Landlord reserves the right to install, lay, construct, maintain, repair, and operate such sanitary sewers, drains, stormwater sewer, pipelines, manholes, and connections; water and gas conduits; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, and along any part of the Premises, and to enter the Premises for any and all such purposes. Landlord also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, and along any and all portions of the Premises. No right reserved by Landlord in this clause shall be so exercised as to interfere unreasonably with Tenant's operations hereunder.

Landlord agrees that rights granted to third parties by reason of this clause shall contain provisions that the surface of the land shall be restored as early as practicable to its original condition upon the completion of any construction. Landlord further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Premises by Tenant, the monthly Base Rent may be reduced on a temporary basis in proportion to the temporary interference with Tenant's use of the Premises, based on the Landlord's sole and absolute discretion.

24. Building/Premises Closure. Tenant acknowledges and understands that for public health, welfare and safety reasons, the Building and/or Premises may be subject to closure (either full or partial) due to conditions and/or events, including, but not limited to, ocean (including, but not limited to, high surf), waterfront and/or weather related conditions, as well as Force Majeure events (as defined in Paragraph 25 - Force Majeure) (collectively "Closure Conditions"). Tenant enters into this Lease with full knowledge of the existing conditions of the Premises and its exposure to Closure Conditions, and with the understanding that at any point during the Term, Landlord may close the Building and/or Premises to public and tenant access and use (including, but not limited to Tenant's access and/or use) due to Closure Conditions, without any liability to Tenant by virtue of such closure and/or related actions. During any such period of closure where Tenant is completely unable to access and use the Premises, Tenant shall not be in default to Landlord for failure to continuously operate pursuant to Paragraph 6.c. Use.

25. Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, abnormal adverse weather conditions, acts of God, inability to obtain labor or materials or reasonable substitutes therefore, governmental restrictions, regulations or controls, enemy or hostile government action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of and not caused by the fault or negligence of the party obligated to perform, shall excuse the performance by such party for a period equal to that resulting from such prevention, delay or stoppage. However, nothing contained in this Paragraph shall excuse the prompt payment of rent by Tenant as required by this Lease. Tenant's obligations to make payment for rental and other charges pursuant to the terms of this Lease shall be excused or reduced only as elsewhere expressly and specifically provided in this Lease.

26. 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 follows:

Landlord: SANTA CRUZ PORT DISTRICT
Attention: Port Director
135 5TH Avenue
Santa Cruz, CA 95062

Tenant: JOHNNY'S HARBORSIDE
Attention: Richard Kash
493B Lake Avenue
Santa Cruz, CA 95062

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.

27. 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 Lease. Tenant shall pay the commission or compensation payable to any agent or broker employed by Tenant in connection with the execution of this Lease.

28. 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 Lease, 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.

29. 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 other than Base Rent which shall be increased to 150% of the current Base Rent.

30. 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. Tenant possesses no legal interests with regard to the parking areas. 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 and/or parking pay stations in such parking areas. Tenant shall be responsible for compliance with all parking rules and regulations as may be adopted and implemented by Landlord from time to time, including, without limitation, systems of validation, shuttle transportation or any other programs which may be deemed necessary or appropriate by Landlord to control, regulate or assist parking.

31. 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.

32. 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), during regular business hours 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 180 day period prior to the expiration of this Lease, 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.

33. Estoppel Certificates; Financial Statements.

(a) Estoppel Certificates. Within fifteen (15) days after request therefor by Landlord, Holder, or any prospective mortgagee or owner, Tenant agrees as directed in such reasonable request to execute an Estoppel Certificate in recordable form, binding upon Tenant, certifying (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, a description of such modifications and that this Lease as modified is in full force and effect); (ii) the dates on which rent Fixed Minimum Rent, Sublease Rent and Percentage Rent have been paid; (iii) that Tenant is in the possession of the Premises if that is the case; (iv) that Landlord is not in default under this Lease, or, if Tenant believes Landlord is in default, the nature thereof in detail; (v) that Tenant has no offsets or defenses to the performance of its obligations under this Lease (or if Tenant believes there are any offsets or defenses, a full and complete explanation thereof); (vi) that Tenant has accepted the Premises and the condition thereof and of all improvements thereto and has no claims against Landlord or any other party with respect thereto; (vii) that if an assignment of rents or leases has been served upon the Tenant by a Holder, Tenant will acknowledge receipt thereof and agree to be bound by the

provisions thereof, (viii) that Tenant will give to the Holder copies of all notices required or permitted to be given by Tenant to Landlord; and (ix) to any other information reasonably requested. Tenant's failure to deliver such certificate within such time will be conclusive upon Tenant (A) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (B) that there are no uncured defaults in Landlord's performance, and (B) that not more than one month's rent has been paid in advance. Without limiting the foregoing, if Tenant fails to deliver any such certificate within such fifteen (15) day period, Landlord may deliver to Tenant an additional request for such certificate and the failure of Tenant to deliver such certificate within five days after delivery of such additional request shall be an Event of Default.

34. **CASp Inspection.** Landlord states that the Premises have not been inspected by a Certified Access Specialist (CASp). This notice is provided by Landlord:

"A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of the construction-related accessibility standards within the premises."

Notwithstanding anything to the contrary in this Lease, (a) Tenant may elect at any time to perform a CASp inspection of the Premises at Tenant's expense; (b) any repairs or modifications necessary to correct violations of applicable construction-related accessibility standards within or about Premises are the responsibility of Tenant; (c) any construction-related accessibility improvements by Tenant or alterations of or improvements to the Premises are the responsibility of the Tenant; (d) any repairs or modifications to correct violations of applicable construction-related accessibility standards in areas which Landlord is responsible for, are the responsibility of Landlord.

35. **General.**

(a) **Entire Agreement.** This Lease, together with all Exhibits attached hereto which are incorporated herein by this reference, contains all of the terms, covenants, and conditions agreed to by Landlord and Tenant relating to the Premises and the subject matter hereof, and supersedes all promises and agreements, written or oral, by either party to the other relating in any way to the Premises which are not expressly set forth herein. Tenant is not relying on any representations or warranties made by Landlord, and acknowledges that Landlord has not made any representations or warranties to Tenant, except as may expressly be set forth herein. This Lease cannot and shall not be amended orally or in any manner other than by an agreement in writing signed by both Landlord and Tenant or their respective successors in interest.

(b) **Covenants and Conditions.** Each term and each provision of this Lease 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, subtenants, and assigns to the parties.

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

(e) Gender. When the context of this Lease 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 Lease are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

(g) Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of California and venue shall be Santa Cruz County.

(h) Time of Essence. Time is of the essence as to all of the provisions of this Lease with respect to which time of performance is a factor.

(i) Partial Invalidity. If any term, covenant, condition, or provision of this Lease 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 Lease shall be deemed to create a partnership relationship between Tenant and Landlord.

(k) Corporate Authority. If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that s/he is duly authorized to execute and deliver this Lease on behalf of said corporation in accordance with a duly adopted resolution of the board of directors of said corporation or in accordance with the bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms. If Tenant is a corporation Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord a certified copy of a resolution of the board of directors of said corporation authorizing or ratifying the execution of this Lease.

(l) No Recordation. Tenant shall not record either this Lease or a short form memorandum of this Lease.

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

(n) Counterparts. This Lease may be executed on one or more copies and each counterpart will be considered an original and binding to the party executing it. A scanned, electronic, facsimile or other copy of a party's signature shall be treated the same as an original.

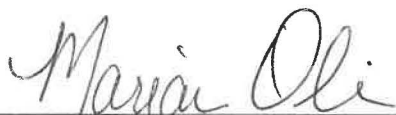
36. State of California Harbors and Navigation Code. This Lease is adopted in accordance with California Harbors and Navigation Code Section 6270, which requires leases for periods of more than 10 years to be authorized by ordinance. Landlord held a public hearing on June 22, 2021, to approve Ordinance 21-06 authorizing this Lease.

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

LANDLORD:

SANTA CRUZ PORT DISTRICT COMMISSION,
a political subdivision

ATTEST:



Marian Olin
Port Director
Santa Cruz Port District

By: 

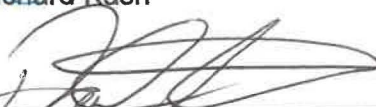
Toby Gaddard, Chairman

TENANT:

Johnny's Harborside
a California nonprofit corporation

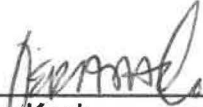
By: 

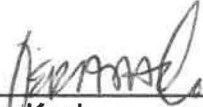
Richard Kash

Its: 

By: 

Dan Agostinis

Its: 

By: 

Ciera Kash

Its:

EXHIBIT 'A'
Premises Map and Diagram

**PREMISES MAP AND DIAGRAM
493 LAKE AVENUE, SECOND STORY RESTAURANT**

Note: Premises Map depicts second story deck to be constructed.

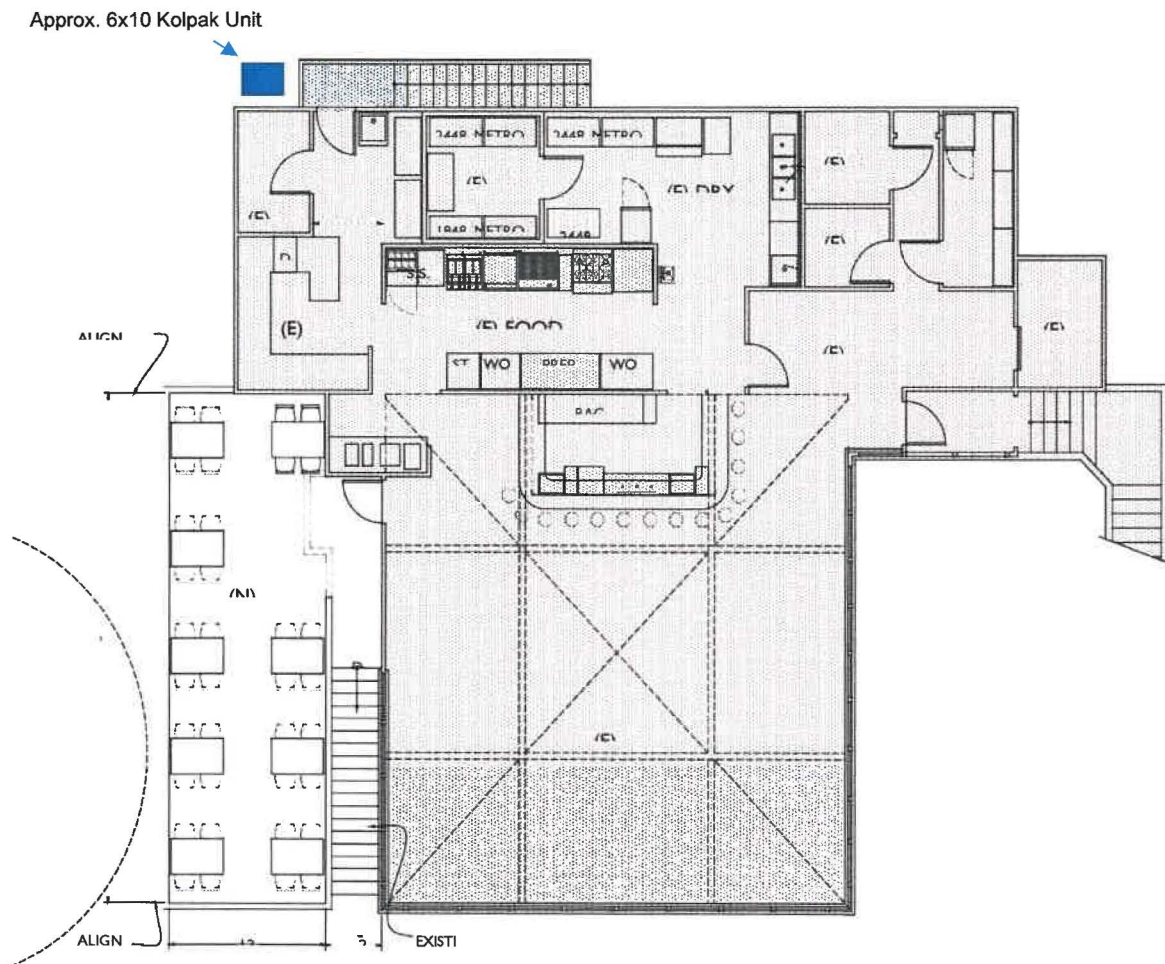
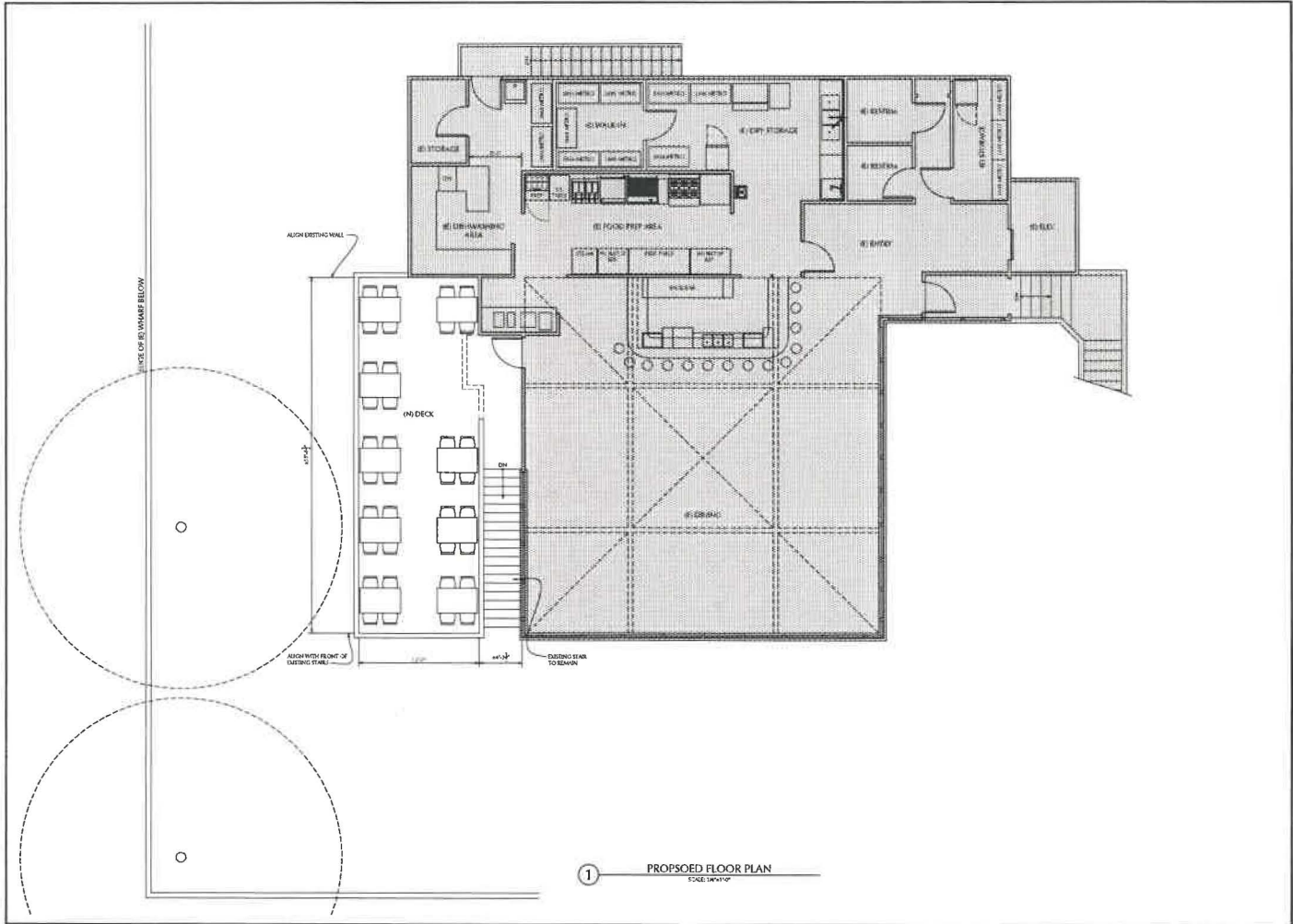


EXHIBIT 'B'
Dining Deck



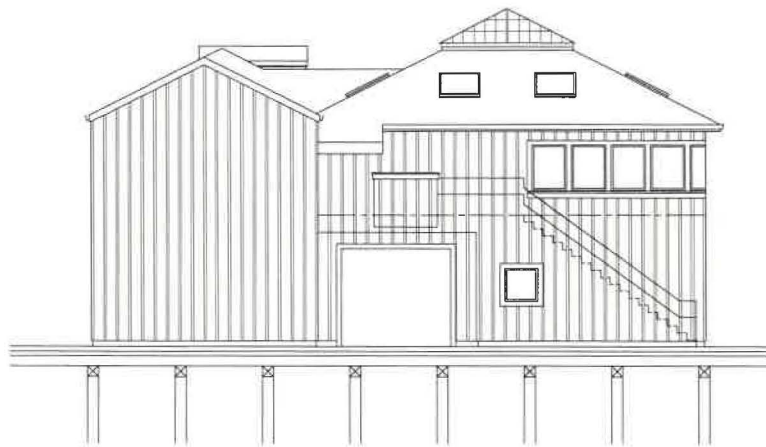
REVISED FOR
JOHNNY'S HARBORSIDE RESTAURANT
433 LAKE AVENUE, SANTA CRUZ, CA
PROPOSED SECOND FLOOR PLAN

PROPOSED DATE:
SEPTEMBER 1, 2010
ARCH:
010-011-08
CLIENT NAME:
JOHNNY'S HARBOR RESTAURANT
PROJECT NAME:
JOHNNY'S DECK

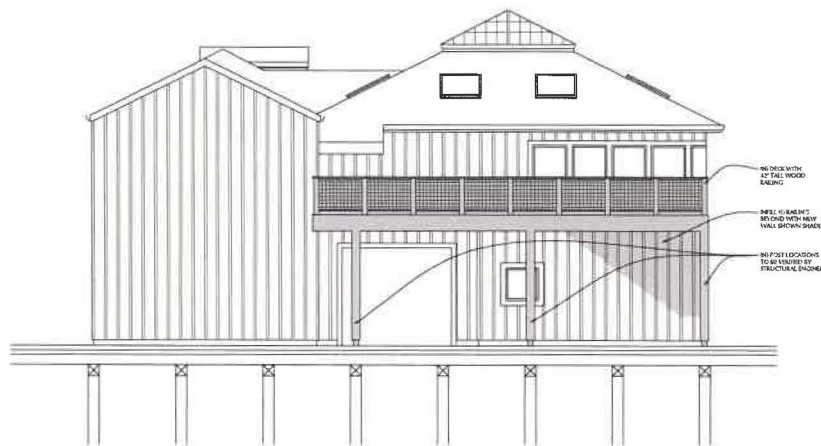
NO.	REVISION	DATE



DATE: 09/01/10
BY: [Signature]
CHECKED BY: [Signature]
SCALE: 1/8" = 1'-0"
A1



1 EXISTING EAST ELEVATION
SCALE: 1/4"=1'-0"



2 PROPOSED EAST ELEVATION
SCALE: 1/4"=1'-0"



WILLIAM C. KEMPf
ARCHITECT
817 2nd St., Suite 2
Santa Cruz, CA 95060
831.574.8171
www.wckempf.com

NEW DECK FOR
JOHNNY'S HARBORSIDE RESTAURANT
495 LAKE AVENUE, SANTA CRUZ, CA
EXISTING & PROPOSED EAST ELEVATIONS

DRAWING DATE: SEPTEMBER 2, 2023
A/E/C: 303-811-4148
CLIENT NAME: JOHNNY'S HARBORSIDE
PROJECT NAME: 27 HARBOR DRIVE

NO.	REVISIONS	DATE



DISCLAIMER
THE ARCHITECT HAS PREPARED THE ARCHITECTURAL DRAWINGS FOR THE PROJECT DESCRIBED HEREIN. THE ARCHITECT HAS NOT CONDUCTED A VISUAL VERIFICATION OF THE PROJECT SITE OR THE EXISTING CONDITIONS. THE ARCHITECT HAS NOT CONDUCTED A VISUAL VERIFICATION OF THE PROJECT SITE OR THE EXISTING CONDITIONS. THE ARCHITECT HAS NOT CONDUCTED A VISUAL VERIFICATION OF THE PROJECT SITE OR THE EXISTING CONDITIONS. THE ARCHITECT HAS NOT CONDUCTED A VISUAL VERIFICATION OF THE PROJECT SITE OR THE EXISTING CONDITIONS.

A2



1 EXISTING NORTH ELEVATION
SCALE 1/8"=1'-0"



2 PROPOSED NORTH ELEVATION
SCALE 1/8"=1'-0"



WILLIAM C. KEMPf
ARCHITECT
811 Center Street, Suite 1
Santa Cruz, CA 95060
(408) 426-1111
www.williamckempf.com

KEY/DECK FOR
JOHNNY'S HARBORSIDE RESTAURANT
493 LAKE AVENUE, SANTA CRUZ, CA
EXISTING & PROPOSED NORTH ELEVATIONS

DATE: SEPTEMBER 2, 2022
SHEET: 010-111-00
CLIENT NAME: JOHNNY'S HARBOR RESTAURANT
PROJECT NAME: JOHNNY'S DECK

NO.	REVISION	DATE



DISCLAIMER
THESE PLANS AND SPECIFICATIONS ARE PREPARED BY THE ARCHITECT FOR THE CLIENT'S USE. THE ARCHITECT MAKES NO WARRANTY, REPRESENTATION, OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE ACCURACY, COMPLETENESS, OR SUITABILITY OF THESE PLANS AND SPECIFICATIONS. THE ARCHITECT SHALL NOT BE RESPONSIBLE FOR ANY CONSTRUCTION DEFECTS, OMISSIONS, OR ERRORS, OR FOR ANY DAMAGE TO PERSONS OR PROPERTY, INCLUDING THE CLIENT'S, ARISING OUT OF THE USE OF THESE PLANS AND SPECIFICATIONS.

A3

Exhibit C
GUARANTY

GUARANTY OF LEASE

This Guaranty of Lease ("Guaranty") dated for reference purposes only September 1, 2021, is executed by Richard Kash ("Guarantor") in favor of Santa Cruz Port District, a California special district ("Landlord").

RECITALS

WHEREAS, Landlord and Harbor Culinary Enterprises, Inc. ("Tenant") have entered into a Lease dated for reference purposes only September 1, 2021, ("Lease") whereby Landlord agreed to lease to Tenant and Tenant agreed to lease from Landlord the premises located at 493B Lake Avenue, Santa Cruz, California ("Premises"); and

WHEREAS, as a condition of said Lease, Landlord has required that Guarantor execute and deliver to Landlord this Guaranty.

NOW, THEREFORE, in consideration of Landlord entering into the Lease of the Premises to Tenant, Guarantor covenants and agrees as follows:

Guarantor absolutely and unconditionally guarantees to Landlord the timely payment of all amounts that Tenant may at any time owe under the Lease. Guarantor further guarantees to Landlord the full, faithful, and timely performance by Tenant of the Lease. If Tenant shall default at any time in the payment of any rent or any other sums, costs, or charges, or in the performance of any covenant or obligation under the Lease, then Guarantor, at Guarantor's expense, shall on demand by Landlord, fully and promptly pay all rent, sums, costs, and charges to be paid and perform all other covenants and obligations to be performed by Tenant pursuant to the Lease. In addition, Guarantor shall on demand by Landlord pay to Landlord all sums due to Landlord, including, without limitation, all interest on past due obligations of Tenant, costs advanced by Landlord, damages, and all expenses (including, without limitation, court costs and reasonable attorneys' fees) that may arise in consequence of Tenant's default.

All sums due and payable pursuant to this Guaranty shall be payable upon demand.

The obligations of Guarantor under this Guaranty are independent of the obligations of Tenant. A separate action may, at Landlord's option, be brought and prosecuted against Guarantor, whether or not any action is first or subsequently brought against Tenant, or whether or not Tenant is joined in any action, and Guarantor may be joined in any action or proceeding commenced by Landlord against Tenant arising out of, in connection with, or based upon the Lease. Guarantor waives any right to: (a) Require Landlord to proceed against Tenant or any other person or entity or pursue any other remedy in Landlord's power; (b) complain of delay in the enforcement of Landlord's rights under the Lease; and (c) require Landlord to proceed against or exhaust any security held from Tenant or Guarantor. Guarantor waives all demands upon and notices to Tenant and to Guarantor, including without limitation, demands for performance, notices of nonperformance, notices of nonpayment, and notices of acceptance of this Guaranty.

This Guaranty shall remain in full force notwithstanding the appointment of a receiver to take possession of all or substantially all of the assets of Tenant or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency,

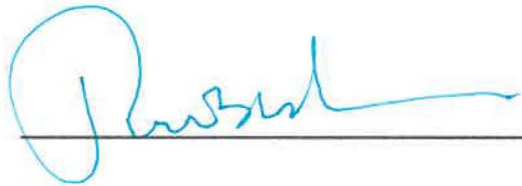
bankruptcy, reorganization, moratorium, or other debtor relief, act, or statute, whether now existing or later amended or enacted, or the disaffirmation of the Lease in any action or otherwise.

This Guaranty shall be binding upon Guarantor and Guarantor's heirs, administrators, personal and legal representatives, successors, and assigns, and shall inure to the benefit of Landlord and Landlord's successors and assigns. Landlord may, without notice, assign this Guaranty, the Lease, or the rents and other sums payable under the Lease, in whole or in part.

In addition to the amounts guaranteed pursuant to the above paragraphs, Guarantor agrees to pay reasonable attorneys' fees and all other costs and expenses incurred by Landlord in enforcing this Guaranty or in any action or proceeding arising out or relating to this Guaranty.

Nothing herein shall in any way modify any of the terms and provisions of the Lease. Notwithstanding anything to the contrary in this Guaranty, this Guaranty is subject to Paragraph 5(h) of the Lease.

Date: 6.10.21, 2021





TO: Port Commission

FROM: Holland MacLaurie, Port Director

DATE: February 12, 2026

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

Recommendation: *Adopt Resolution 26-01, which (i) authorizes 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 amount not to exceed \$13,000,000, (ii) approves and directs execution of the corresponding Term Sheet provided by Flagstar Bank, N.A., and (iii) authorizes the execution and delivery of all related documents necessary to consummate the financing.*

BACKGROUND

A significant storm event on December 23, 2024, produced extreme wave energy and elevated water levels that resulted in substantial structural damage to both G Dock and X Dock, compromising their long-term integrity, safety, and serviceability.

The work required to rehabilitate the storm-damaged facilities consists of the demolition and full replacement of the existing G and X Docks, including new piles, decking, utilities, and associated marine infrastructure (the “Project”).

The replacement docks will be designed to meet current engineering standards, improve resilience to future storm events, and support the long-term operational needs of the Harbor. The approximate total cost of the Project is \$13 million. Construction is anticipated to commence in June 2026, and conclude by October 31, 2026.

Following review and deliberation, the Commission has expressed its desire to undertake proceedings to provide financing (the “Financing”) for the Project. In order to provide such Financing, the Commission is being presented with Resolution No. 26-01, which, among other things, authorizes the execution and delivery of the “Santa Cruz Port District, Series 2026 Revenue Obligations (Santa Cruz Harbor 2026 Repair Project)” in an amount not to exceed \$13,000,000 (the “2026 Revenue Obligations”).

Staff, with the assistance of the District’s municipal advisor and bond counsel, disseminated a Request for Proposals (RFP) to qualified and eligible financial institutions to provide terms and conditions for the purchase of the 2026 Revenue Obligations.

The RFP was distributed to more than ten targeted financial institutions known to be actively engaged in governmental lending within California. While there was significant initial interest in the opportunity, two formal proposals were ultimately received.

After review of both proposals, including interest rate, prepayment flexibility, structure, and overall cost of funds, staff recommends acceptance of the proposal submitted by Flagstar Bank, N.A. (“Flagstar Bank”), as the most advantageous to the District. Flagstar Bank provided the lowest fixed interest rate

among the proposals received, competitive prepayment provisions, and financing terms that align with the anticipated timing of CalOES reimbursement. Staff believes the proposal results in the lowest overall cost of funds and provides appropriate structural flexibility for the District.

The 2026 Revenue Obligations will be consummated pursuant to the terms and conditions of a Series 2026 Installment Sale Agreement (the "2026 Installment Sale Agreement"), dated as of March 1, 2026, by and between the District and Flagstar Bank.

The 2026 Revenue Obligations are structured to be of legal and financial equal parity with the District's outstanding Series 2013 Tax-Exempt Enterprise Revenue Loan Obligations and Series 2013 Taxable Enterprise Revenue Loan Obligations (collectively, the "2013 Obligations"), as well as the District's Series 2018A Revenue Obligations and Series 2018B Revenue Obligations (collectively with the 2013 Obligations, the "Parity Obligations").

ANALYSIS

Based on the Term Sheet provided by Flagstar Bank (the "Term Sheet"), the Project will be financed at fixed interest rate of 4.12%, with a 10-year final maturity and a 20-year amortization schedule structured to provide level annual debt service.

The 2026 Revenue Obligations will be prepayable on any payment date, subject to the following premiums: (i) 1.5% through 2028; (ii) 1.0% through 2030; (iii) 0.5% through 2031; and no premium thereafter.

The 10-year repayment structure, coupled with a 20-year amortization schedule, results in a balloon maturity at the end of the term. This structure provides lower annual debt service during the repayment period and aligns with the District's expectation that a substantial portion of Project costs (currently projected at approximately 75%) will be reimbursed by CalOES. The District anticipates evaluating optional prepayment of the 2026 Revenue Obligations upon receipt of reimbursement funds, subject to the applicable call provisions.

Attached are the most recent draft debt service schedules, including projected annual debt service and coverage calculations. The projections demonstrate that the District meets and exceeds the minimum 1.25x debt service coverage covenant for each of the years shown.

Resolution 26-01 approves the form of the essential legal documents necessary to provide for the successful execution and delivery of the 2026 Revenue Obligations and authorizes the Port Director, or other authorized representatives, to execute and deliver such documents.

The principal financing documents are summarized below:

2026 Installment Sale Agreement: The 2026 Installment Sale Agreement is the primary financing document between the District and Flagstar Bank. It provides for the sale and purchase of the Project to facilitate the issuance of the 2026 Revenue Obligations, the proceeds of which will be used to finance construction of the Project and pay related costs of issuance.

The agreement establishes the legal and financial terms of the transaction, including the repayment schedule, security provisions, rate covenant, additional bonds test, flow of funds, establishment of accounts, and the Bank's rights and remedies in the event of default.

Promissory Note: The Promissory Note evidences the District's obligation to make Installment Payments pursuant to the 2026 Installment Sale Agreement. The Note sets forth the principal amount, interest rate, payment dates, maturity, prepayment provisions, and remedies in the event of default. The Note will be delivered to the Bank as evidence of its ownership interest in the 2026 Revenue Obligations.

If the Commission desires to move forward with the issuance of the 2026 Revenue Obligations and correspondingly adopts the subject Resolution, staff, with the assistance of Bond Counsel and the Municipal Advisor, will finalize documentation (the forms of which are being approved by the subject resolution) and close the transaction at first possible opportunity, which is presently expected to occur on March 4, 2026.

The District's Municipal Advisor, Andrew Flynn of California Municipal Advisors LLC, and the District's Bond Counsel, Cameron Weist of Weist Law, will be on the teleconference call and available to present the details of the documents being considered by the Commission, discuss the financing features and to answer any questions the Commission may have.

IMPACT ON PORT DISTRICT RESOURCES

The draft debt service schedules indicate that projected annual debt service over the 10-year term, based on the proposed 4.12% interest rate and 20-year amortization schedule, is approximately \$994,000 per year, subject to final sizing and costs of issuance.

The Debt Service Coverage projections demonstrate that the District is projected to meet and exceed the required 1.25x debt service coverage covenant for each of the years shown. Costs of issuance associated with the financing will be funded from proceeds of the 2026 Revenue Obligations.

It is currently projected that approximately 75% of total Project costs will be reimbursed by CalOES. Receipt of such funds will improve the District's overall financial position and may be applied toward optional prepayment of the 2026 Revenue Obligations, subject to the terms of the financing documents.

ATTACHMENTS:

- A. Resolution 26-01
- B. Term Sheet
- C. Draft Debt Service Calculations
- D. Series 2026 Installment Sale Agreement (which includes the form of Promissory Note)

Santa Cruz Port District
Resolution 26-01
February 24, 2026

ON THE MOTION OF _____

SECONDED BY _____

A RESOLUTION OF THE SANTA CRUZ PORT DISTRICT COMMISSION AUTHORIZING THE FORM, EXECUTION AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF THE SANTA CRUZ PORT DISTRICT, SERIES 2026 REVENUE OBLIGATIONS (SANTA CRUZ HARBOR 2026 REPAIR PROJECT); APPROVING THE RELATED PROMISSORY NOTE AND TERM SHEET; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

WHEREAS, the Santa Cruz Port District (the “District”) presently owns and operates certain facilities and property for its harbor enterprise and recreation system commonly known as the Santa Cruz Harbor (interchangeably, the “Harbor” or the “Enterprise”); and

WHEREAS, a significant storm event on December 23, 2024, produced extreme wave energy and elevated water levels that resulted in substantial structural damage to both G Dock and X Dock, compromising their long-term integrity, safety, and serviceability; and

WHEREAS, the work required to rehabilitate the storm-damaged facilities consists of the demolition and full replacement of the existing G and X Docks, including new piles, decking, utilities, and associated marine infrastructure (the “Project”); and

WHEREAS, the District is authorized pursuant to Sections 6200 et seq. of the California Harbors and Navigation Code (the “Port District Law”) to acquire, construct, repair and finance facilities of the Enterprise and to issue or incur revenue debt obligations payable from enterprise revenues; and

WHEREAS, the District has determined that it is necessary and desirable and in the public interest to provide for the financing of the Project (the “Financing”) pursuant to terms and conditions of an Installment Sale Agreement (the “2026 Installment Sale Agreement”), dated as of March 1, 2026, by and between the District and Flagstar Public Funding Corp., an affiliate of Flagstar Bank, N.A. (the “Bank”), a form of which has been presented to this meeting and is on file with the Secretary to the Commission (the “Secretary”); and

WHEREAS, in connection with the Financing, the District proposes to execute and deliver its “Santa Cruz Port District, Series 2026 Revenue Obligations (Santa Cruz Harbor 2026 Repair Project)” (the “2026 Obligations”), as evidenced by a Promissory Note dated March 4, 2026 (the “Note”), representing the obligation of the District to make installment payments (the “Installment Payments”) to the Bank pursuant to the 2026 Installment Sale Agreement; and

WHEREAS, the principal of and interest and redemption premium (if any) on the 2026 Obligations, and any obligations hereafter issued on a parity therewith, will be payable solely from and secured by a pledge of and lien on Net Revenues (as defined in the 2026 Installment Sale Agreement) derived from the Enterprise; and

WHEREAS, Section 5852.1 of the California Government Code requires that, prior to authorizing the 2026 Obligations, the Commission obtain and disclose certain good faith estimates relating to the Financing; and

WHEREAS, such good faith estimates have been obtained from the Bank and are set forth in Section 6 of this Resolution; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is duly authorized and empowered, pursuant to applicable law, to consummate such Financing for the purposes and upon the terms set forth herein.

NOW, THEREFORE, THE COMMISSIONERS OF THE SANTA CRUZ PORT DISTRICT DOES HEREBY RESOLVE AND ORDER AS FOLLOWS:

Section 1. Recitals. The Commission hereby specifically finds and declares that each of the statements, findings and determinations set forth in the foregoing recitals and in the preambles of the Installment Sale Agreement, is true and correct as of the date hereof.

Section 2. Authorization of the Financing. The Commission hereby finds and determines that it is necessary, desirable and in the public interest to authorize the execution and delivery of the 2026 Obligations and the 2026 Installment Sale Agreement to provide financing for the Project. The execution and delivery of the 2026 Obligations in an aggregate principal amount not to exceed \$13,000,000 are hereby authorized and approved. The 2026 Obligations shall be payable from and secured by Net Revenues of the Enterprise on a parity with the District's outstanding parity obligations, as defined in the 2026 Installment Sale Agreement.

Section 3. Authorized Representatives. The Chairman, Vice-Chairman, Port Director and any other person authorized by the Commission to act on behalf of the District shall each be an "Authorized Representative" of the District for the purposes of structuring and providing for the execution and delivery of the 2026 Obligations.

Section 4. Approval of Term Sheet and Financing Parameters. The 2026 Obligations shall bear interest at a fixed rate not to exceed 4.12% per annum and shall be payable semi-annually over a ten-year final maturity on a twenty-year amortized level debt service basis, in such principal amounts, denominations, and for the purposes set forth in the 2026 Installment Sale Agreement, the Promissory Note, and this Resolution. The 2026 Obligations shall be sold on a private placement basis to the Bank pursuant to and in accordance with the 2026 Installment Sale Agreement, the Promissory Note, and the Term Sheet, together with such additions, deletions, or modifications thereto as may be approved by an Authorized Representative of the District, consistent with the parameters established by this Resolution. The execution and delivery of the final form of the Term Sheet by an Authorized Representative of the District, acting singly, shall constitute conclusive evidence of the Commission's approval of such final terms and any such additions, deletions, or modifications.

Section 5. Approval of 2026 Installment Sale Agreement and Promissory Note. The 2026 Obligations shall be executed and delivered to the Bank in accordance with the terms and conditions set forth in the Series 2026 Installment Sale Agreement and the Promissory Note, in substantially the forms presented to this meeting and on file with the Secretary, which forms are hereby approved and incorporated herein by this reference. Each Authorized Representative of

the District, acting singly, is hereby authorized and directed to execute, attest, and affix the seal of the District to the final forms of the Series 2026 Installment Sale Agreement and Promissory Note, with such additions, deletions, or modifications as such Authorized Representative may deem necessary or advisable, consistent with this Resolution, and the execution and delivery thereof shall constitute conclusive evidence of the Commission's approval of the final terms. The Commission hereby authorizes the delivery, execution, and performance by the District of the Series 2026 Installment Sale Agreement and the Promissory Note in accordance with their respective terms.

Section 6. Good Faith Estimates. Set forth below are good faith estimates of the Bank, as required under Section 5852.1 of the California Government Code (the "Code") for the 2026 Obligations. The following estimates are provided solely for purposes of compliance with Section 5852.1 and shall not be deemed to modify, limit, or supersede the financial parameters established by this Resolution.

(a) The true interest cost of the 2026 Obligations is estimated at 4.12%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.

(b) The finance charge of the 2026 Obligations, including all fees and charges paid to third parties, is estimated at \$100,000.00.

(c) Estimated proceeds of \$13,000,000.00 less the finance charge described in subsection (b) above, is equal to \$12,900,000.00.

(d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$18,304,897.17.

The foregoing are estimates and the final costs will depend on market conditions as well as the timing of prepayments and can be expected to vary from the estimated amounts set forth above.

Section 7. Confirmation and Direction to Proceed with the Financing. The Commission hereby finds and determines that all actions taken and findings made in connection with the Financing and the authorization of the 2026 Obligations have been undertaken in full compliance with applicable law. The Commission further finds that all prior proceedings and actions taken with respect to the Financing and the issuance of the 2026 Obligations were duly considered and are valid and in conformity with the requirements of law. All actions heretofore taken by the officers, agents, and advisors of the District in connection with the Financing are hereby approved, confirmed, and ratified in all respects. The Authorized Representatives are hereby directed to proceed with the consummation of the Financing in accordance with this Resolution.

Section 8. Official Actions. The Authorized Representatives and any and all other officers of the District are hereby authorized and directed, for and in the name and on behalf of the District, to take any and all actions and execute and deliver any and all documents, including the execution and delivery of any and all assignments, certificates, requisitions (including requisitions for the payment of costs of issuance associated with the procurement of the 2026 Obligations), agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the execution and delivery of the 2026 Obligations in accordance with the Installment Sale Agreement and Promissory Note approved herein. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated and

confirmed in a closing certificate by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 9. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

THE FOREGOING RESOLUTION of the Santa Cruz Port District Commission was duly and regularly introduced, passed and adopted at a regular meeting of the Santa Cruz Port District on the 24th day of February 2026, by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

APPROVED BY:

Reed Geisreiter, Chair
Santa Cruz Port District Commission

ATTEST:

Holland MacLaurie, Port Director

PROPOSAL AND TERMS SHEET

Prepared By:

FLAGSTAR PUBLIC FUNDING CORP.

In Connection With:

REQUEST FOR PROPOSAL
Enterprise Revenue Obligations, Series 2026

By and Between

Flagstar Public Funding Corp.
And
Santa Cruz Port District, CA

Dated: February 2, 2026



Flagstar Public Funding Corp.,
a wholly-owned subsidiary of Flagstar Bank, N.A.



Flagstar Public Funding Corp.

Logan K. McKenzie, Executive Sales Officer
100 Duffy Avenue
Hicksville, NY 11801
(520) 403-7364 (cell)
logan.mckenzie@flagstar.com

February 2, 2026

Andrew Flynn
Managing Director
Cal Muni Advisors

RE: Santa Cruz Port District, CA

Dear Mr. Flynn:

Flagstar Public Funding Corp., a wholly-owned subsidiary of Flagstar Bank, N.A. ("FPFC"), is pleased to present to the Santa Cruz Port District, CA (the "Issuer") its proposal for the financing of the above referenced Bid Request. The terms and conditions of our proposal are outlined in the attached terms sheet ("Term Sheet" or "Proposal")

If you have any questions about the proposal, please contact me for any clarification or follow-up. It is a pleasure to offer this proposal to the Issuer. We look forward to a favorable acknowledgment.

Regards,

A handwritten signature in blue ink, appearing to read "Logan K. McKenzie", is positioned above the typed name.

Logan K. McKenzie
Executive Sales Officer
Flagstar Public Finance Corp.

PROPOSAL & TERMS SHEET

Santa Cruz Port District, CA

ISSUER: Santa Cruz Port District, CA (the “Issuer” or the “District”).

PURCHASER: Flagstar Public Funding Corp., a wholly-owned subsidiary of Flagstar Bank, N.A. Bank (“FPFC”, or “Purchaser”), or its Assignee.

AMOUNT FINANCED: Up to \$13,000,000

STRUCTURE: 10yr term with 20yr amortization

TYPE OF FINANCING: Enterprise System Revenue Bond, Series 2026 (the “Obligations”).

PURPOSE: The Obligations will be issued by the District for the purposes of (a) repairing and renovating certain docks, wharves and other port-related public infrastructure owned and operated by the District, and (b) paying associated costs of issuance.

SECURITY: The District shall pledge and grant a security interest, to the extent permitted by law, in all Revenues to secure the obligations of the District under the Installment Sale Agreement.

PAYMENT: Annual principal payments with semi-annual interest, beginning. Interest on the Bond will be computed on the basis of a 30-day month and a 360-day year.

CLOSING DATE: On or before March 4, 2026.

CLOSING COSTS: \$15,000 Legal

FIXED INTEREST RATE:

TERM (yrs.)	INTEREST RATE (%)*
10yr w/ 20yr amort	4.12%

***FIXED RATE:** Provided this Proposal and Terms sheet is accepted within 7 days the proposal date (on 2/9/26), the final interest rate for shall be fixed through the Closing Date on or before March 4, 2026.

DEBT SERVICE COVERAGE COVENANT: 1.25x as described in the RFP.

ADDITIONAL BONDS TEST:

1.25x proforma MADS.

TAX-EXEMPT STATUS:

Bond Interest Payments will be excludable from the gross income for federal income tax calculations and exempt from all taxation in the State. The Issuer covenants and agrees to comply with all requirements of the Internal Revenue Code of 1986, as amended, and all other applicable rules, laws, regulations and promulgations necessary to keep the interest portion exempt from such Federal and or income taxes. If as a result of the Issuer's failure to comply with the foregoing covenant or as a result of a change in laws the interest portion of the Bond payments is included in the Purchaser's federal or state gross income tax calculations, the Issuer will pay interest at a taxable rate not more than 9% per annum together with any fees or penalties resulting from its non-compliance.

An 8038-G will be provided with respect to the Bond executed in connection herewith.

DEFAULT RATE:

9% tax-exempt per annum until cured.

PREPAYMENT OPTIONS:

The Issuer can exercise its right to prepay the Bond in whole, but not in part, on any payment date following 30 days' notice by paying the Prepayment Price to the Purchaser. The Prepayment Price is equal to the sum of: (a) the Bond Payment due on such date, (b) the remaining Principal Balance and all other amounts due and owing under the Bond, and (c) the applicable call premium based on the Remaining Principal Balance based on the chart below:

ON OR BEFORE	CALL PREMIUM
2028	101.5%
2030	101.0%
2031	100.5%
AFTER	PAR

LEGAL OPINION:

Issuer Counsel, at the Issuer's expense, shall furnish FPFC with a validity and tax opinion covering, inter alia, the tax-exempt nature of this transaction, the authority of the Issuer and the approval of the documents used herein. This opinion shall be in a form and substance satisfactory to FPFC.

ASSIGNMENT:

The Purchaser retains the right to assign all or a portion of its interest in the Bond to another qualified investor given sufficient notification to the Issuer and

delivery of a signed investor letter. The Purchaser currently has no intent to assign the Bond.

ANNUAL FINANCIAL DATA:

The Issuer will provide the Purchaser with:

- a) annual budgets, within 30 days of adoption by the Board;
- b) audited financial statements within 210 days of the Issuer's Fiscal Year end; and
- c) any reasonably requested information related to the credit of the Bond.

AUTHORIZED SIGNORS:

The Issuer's governing board shall provide FPFC with its resolution or other evidence of authority to enter into the Bond and shall designate the individual(s) to execute all necessary documents used therein.

ANCILLARY BUSINESS:

The Issuer agrees to meet with representatives of the Purchaser within 120 days of closing to discuss products and services offered by the Purchaser. The Issuer is under no obligation to purchase any products or services in conjunction with this financing.

EXPIRATION OF TERMS:

The terms set forth in this this Proposal and Terms Sheet are subject to formal credit approval by FPFC, approval by the Issuer's governing board and the negotiation of mutually acceptable legal documents. These terms will expire if they are not accepted by the Issuer on or before 2/9/26.

PROPOSAL & TERMS SHEET: PROPOSAL ACCEPTANCE
Santa Cruz Port District, CA

DUE DILIGENCE:

The Issuer shall provide to FPFC a final, certified copy of the authorizing resolution, any and all applicable trust indentures and other agreements, W-9, three (3) years of current financial statements, current budgets, and such financial and other information such as was included in the Request for Bids and any other information as may be reasonably requested by FPFC. ***This proposal shall not be construed as a commitment to enter into the purchase or lend by and is subject to full credit underwriting and final credit approval by the Credit/Investment Committee of Flagstar Public Funding Corp. and Flagstar Bank, N.A. and approval of the definitive Bond documents in Flagstar Public Funding Corp.'s sole discretion.*** To render a credit decision, the Issuer shall provide FPFC with the information requested above. Any and all capitalized terms not specifically defined herein shall be given their meaning under the Bond Documents.

FPFC NOT A FINANCIAL ADVISOR OR SECURITIES BROKER-DEALER:

FPFC has not provided, nor will it provide legal, tax or accounting advice to the Issuer regarding this transaction or the treatment thereof for legal, tax and accounting purposes. FPFC is not a registered financial advisor, nor registered with the MSRB or IRMA, nor registered as broker-dealer in securities. The Issuer has obtained independent tax, financial advisory, legal, securities and accounting advice as it deems necessary.

ACCEPTANCE BY ISSUER:

The Proposal & Terms Sheet submitted by Flagstar Public Funding Corp. on February 2, 2026 and has been reviewed, agreed to, and accepted by a duly and validly authorized officer of the Santa Cruz Port District, CA this ____ day of _____, 2026.

AGREED AND ACCEPTED:

STANTA CRUZ PORT DISTRICT, CA

By: _____

Name:

Title:

Santa Cruz Port District
2026 Dock Financing

	2023 AUDIT	2024 AUDIT	2025 AUDIT	2026 BUDGET	2027 FORECAST	2028 FORECAST
Operating Revenues						
Charges for berthing and services	\$9,060,943	\$8,947,391	\$9,049,066	\$9,198,575	\$9,474,532	\$9,758,768
Rent and concessions	2,550,380	2,510,999	2,478,776	2,123,000	2,186,690	2,252,291
Total Operating Revenues	11,611,323	11,458,390	11,527,842	11,321,575	11,661,222	12,011,059
Operating Expenses						
Dredging Operations	1,503,071	1,710,055	1,683,213	1,767,698	1,820,729	1,904,841
Administrative Services	902,926	838,406	2,926,474	967,888	996,925	1,026,832
Grounds	909,106	908,044	1,054,614	887,693	960,447	950,272
Fuel Services	805,610	476,215	491,206	511,402	354,200	371,794
Harbor Patrol	806,715	829,967	818,769	931,852	937,879	988,822
Property Management	686,549	951,436	1,074,348	1,074,590	1,106,828	1,140,033
Marina Management	542,949	591,788	645,245	670,329	721,477	760,748
Buildings	387,540	482,824	487,153	513,883	563,690	579,219
Parking Services	388,936	391,668	409,661	416,209	426,572	438,842
Docks, Piers, Marine Structures	502,201	739,233	899,978	939,117	967,291	996,309
Finance & Purchasing	184,083	236,889	224,041	259,374	279,353	290,596
Environmental & Permitting	145,693	144,352	89,022	180,654	152,319	170,470
Utilities	103,385	97,409	111,968	106,004	110,296	114,593
Aeration	37,456	54,938	110,959	62,732	99,484	103,381
Rescue Services	107,898	132,091	129,057	159,021	169,601	183,066
Boatyard Operations	364,793	366,652	392,640	446,023	459,947	499,632
Port Commission Support	55,713	79,674	61,295	80,231	83,022	83,301
Capital Projects	36	386	1,925	6,877	7,822	11,067
Events	22,570	19,874	24,180	30,938	31,743	37,275
Fishery Support	12,014	8,855	9,447	17,665	16,382	20,787
Tsunami Expense	10,486	22,913	-	-	-	-
Total Expenses	8,479,730	9,083,669	11,645,195	10,030,180	10,266,001	10,671,875
				0.8613	1.0235	1.0395
Non-Operating Revenue (Expenses)						
County revenues for public services	\$50,000	\$50,000	\$50,000	\$50,000	50,000	50,000
Grants and Other Income	919,756	38,322	642,670	88,500	-	-
Dredging Reimbursement USACE	525,000	525,000	525,000	525,000	525,000	525,000
Interest Income	228,918	801,899	920,547	715,000	686,589	690,708
Interest Expense	(394,410)	(348,396)	(305,000)	(260,371)	(336,856)	(338,877)
Local Capital Contribution	-	78,745	-	-	-	-
Other Income (Expenses)	605,227	424,745	76,978	108,500	312,978	314,856
Total Non-Operating Income (Expenses)	1,934,491	1,570,315	1,910,195	1,226,629	1,237,712	1,241,688
Extraordinary Items						
Budget Contribution from reserves	-	-	1,500,000	-	-	-
Total Extraordinary Items -	-	-	1,500,000	-	-	-
Debt Service Coverage Calculation						
(+) Gross Revenues	\$11,611,323	\$11,458,390	\$11,527,842	\$11,321,575	\$11,661,222	\$12,011,059
(-) Maintenance and operating expenses	(8,479,730)	(9,083,669)	(11,645,195)	(10,030,180)	(10,266,001)	(10,671,875)
(=) Net Operating Income	3,131,593	2,374,721	-117,353	1,291,395	1,395,221	1,339,184
(+) Interest Income	228,918	801,899	920,547	715,000	686,589	690,708
(+) Non-operating Income	605,227	424,745	76,978	108,500	312,978	314,856
(+) Grants	919,756	38,322	642,670	88,500	-	-
(+) Dredging Reimbursement USACE	525,000	525,000	525,000	525,000	525,000	525,000
(=) Net Revenues Available for Debt Service	5,410,494	4,164,687	2,047,842	2,728,395	2,919,788	2,869,748
(+) Existing Debt Service	1,761,384	1,761,453	1,578,550	1,501,890	1,406,173	1,390,886
(+) This Issue	-	-	-	-	837,856	814,991
(=) Total Debt Service	\$1,761,384	\$1,761,453	\$1,578,550	\$1,501,890	\$2,244,029	\$2,205,877
Debt Service Coverage Ratio	3.07	2.36	2.25	1.82	1.30	1.30
Required DSCR	1.25	1.25	1.25	1.25	1.25	1.25

Santa Cruz Port District
2026 Dock Financing

	2029 FORECAST	2030 FORECAST	2031 FORECAST	2032 FORECAST	2033 FORECAST	2034 FORECAST
Operating Revenues						
Charges for berthing and services	\$10,051,531	\$10,353,077	\$10,663,670	\$10,983,580	\$11,313,087	\$11,652,480
Rent and concessions	2,319,859	2,389,455	2,461,139	2,534,973	2,611,022	2,689,353
Total Operating Revenues	12,371,391	12,742,532	13,124,808	13,518,553	13,924,109	14,341,832
Operating Expenses						
Dredging Operations	1,974,137	2,043,433	2,112,729	2,182,024	2,251,320	2,320,616
Administrative Services	1,057,637	1,089,366	1,122,047	1,155,709	1,190,380	1,226,092
Grounds	903,188	934,477	905,848	897,951	899,281	881,017
Fuel Services	303,291	233,486	208,032	138,878	91,248	43,944
Harbor Patrol	1,048,377	1,076,861	1,132,110	1,176,130	1,217,997	1,267,631
Property Management	1,174,234	1,209,461	1,245,744	1,283,117	1,321,610	1,361,258
Marina Management	798,864	844,073	882,766	924,429	966,380	1,006,558
Buildings	617,487	650,155	677,054	712,522	742,306	773,489
Parking Services	447,297	458,614	468,977	478,863	489,702	499,827
Docks, Piers, Marine Structures	1,026,199	1,056,984	1,088,694	1,121,355	1,154,995	1,189,645
Finance & Purchasing	318,252	333,862	353,312	374,945	392,475	413,016
Environmental & Permitting	202,118	197,026	221,925	235,203	245,107	264,196
Utilities	113,757	118,051	119,782	121,511	124,524	126,253
Aeration	97,643	117,967	117,047	124,340	134,042	137,228
Rescue Services	203,337	215,360	232,228	248,375	262,820	279,328
Boatyard Operations	533,285	560,090	596,759	626,988	658,725	692,174
Port Commission Support	94,164	95,699	101,270	107,469	111,022	116,907
Capital Projects	14,015	16,110	19,207	21,729	24,325	27,134
Events	41,057	44,225	48,882	52,357	56,269	60,335
Fishery Support	24,254	25,815	29,751	32,265	35,013	38,238
Tsunami Expense	-	-	-	-	-	-
Total Expenses	10,992,590	11,321,114	11,684,162	12,016,157	12,369,540	12,724,887
	1.0301	1.0299	1.0321	1.0284	1.0294	1.0287
Non-Operating Revenue (Expenses)						
County revenues for public services	50,000	50,000	50,000	50,000	50,000	50,000
Grants and Other Income	-	-	-	-	-	-
Dredging Reimbursement USACE	525,000	525,000	525,000	525,000	525,000	525,000
Interest Income	694,162	697,137	699,751	702,084	704,190	706,110
Interest Expense	(340,571)	(342,031)	(343,313)	(344,458)	(345,491)	(346,433)
Local Capital Contribution	-	-	-	-	-	-
Other Income (Expenses)	316,431	317,787	318,978	320,042	321,002	321,877
Total Non-Operating Income (Expenses)	1,245,021	1,247,893	1,250,416	1,252,667	1,254,700	1,256,554
Extraordinary Items						
Budget Contribution from reserves	-	-	-	-	-	-
Total Extraordinary Items -	-	-	-	-	-	-
Debt Service Coverage Calculation						
(+) Gross Revenues	\$12,371,391	\$12,742,532	\$13,124,808	\$13,518,553	\$13,924,109	\$14,341,832
(-) Maintenance and operating expenses	(10,992,590)	(11,321,114)	(11,684,162)	(12,016,157)	(12,369,540)	(12,724,887)
(=) Net Operating Income	1,378,801	1,421,418	1,440,647	1,502,395	1,554,569	1,616,946
(+) Interest Income	694,162	697,137	699,751	702,084	704,190	706,110
(+) Non-operating Income	316,431	317,787	318,978	320,042	321,002	321,877
(+) Grants	-	-	-	-	-	-
(+) Dredging Reimbursement USACE	525,000	525,000	525,000	525,000	525,000	525,000
(=) Net Revenues Available for Debt Service	2,914,393	2,961,342	2,984,376	3,049,521	3,104,760	3,169,933
(+) Existing Debt Service	1,390,885	1,390,888	287,617	287,617	287,616	143,808
(+) This Issue	849,505	885,759	994,177	994,177	994,177	994,177
(=) Total Debt Service	\$2,240,390	\$2,276,647	\$1,281,794	\$1,281,794	\$1,281,794	\$1,137,986
Debt Service Coverage Ratio	1.30	1.30	2.33	2.38	2.42	2.79
Required DSCR	1.25	1.25	1.25	1.25	1.25	1.25

**Santa Cruz Port District
2026 Dock Repair Financing
Draft Debt Service Schedule**

3/12/2026	Principal	Coupon	Interest	Total Debt Service	Annual Debt Service
12/1/2026	-	4.120%	388,298.56	388,298.56	-
6/1/2027	179,697.36	4.120%	269,860.00	449,557.36	837,855.92
12/1/2027	-	4.120%	266,158.23	266,158.23	-
6/1/2028	282,674.56	4.120%	266,158.23	548,832.79	814,991.02
12/1/2028	-	4.120%	260,335.14	260,335.14	-
6/1/2029	328,834.78	4.120%	260,335.14	589,169.91	849,505.05
12/1/2029	-	4.120%	253,561.14	253,561.14	-
6/1/2030	378,637.03	4.120%	253,561.14	632,198.17	885,759.32
12/1/2030	-	4.120%	245,761.22	245,761.22	-
6/1/2031	502,655.04	4.120%	245,761.22	748,416.26	994,177.48
12/1/2031	-	4.120%	235,406.53	235,406.53	-
6/1/2032	523,364.42	4.120%	235,406.53	758,770.95	994,177.48
12/1/2032	-	4.120%	224,625.22	224,625.22	-
6/1/2033	544,927.04	4.120%	224,625.22	769,552.26	994,177.48
12/1/2033	-	4.120%	213,399.72	213,399.72	-
6/1/2034	567,378.03	4.120%	213,399.72	780,777.75	994,177.48
12/1/2034	-	4.120%	201,711.73	201,711.73	-
6/1/2035	590,754.01	4.120%	201,711.73	792,465.74	994,177.48
12/1/2035	-	4.120%	189,542.20	189,542.20	-
6/1/2036	615,093.07	4.120%	189,542.20	804,635.27	994,177.48
12/1/2036	-	4.120%	176,871.28	176,871.28	-
6/1/2037	8,585,984.66	4.120%	176,871.28	8,762,855.95	8,939,727.23
Totals	\$13,100,000.00		\$5,192,903.39	\$18,292,903.39	\$18,292,903.39

**Santa Cruz Port District
2026 Dock Financing
Draft Uses of Funds**

Uses of Funds	Amount
Project Fund	\$13,000,000.00
Bond Counsel	50,000.00
Municipal Advisor	30,000.00
Bank Counsel Fees	15,000.00
CDIAC Fee (.00025)	3,275.00
Rounding	1,725.00
Total Financed	\$13,100,000.00

Santa Cruz Port District

2026 Dock Financing

Dated Date 3/12/2026

Delivery Date 3/12/2026

Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity	Weighted Average Life Calculation	Bond Years	Interest Cost	Bond Year Dollars
06/01/27	\$179,697.36	4.120%	100	179,697.36	179,697.36	219,131	1.22	9,028.20	219.13
06/01/28	\$282,674.56	4.120%	100	282,674.56	282,674.56	627,380	2.22	25,848.08	627.38
06/01/29	\$328,834.78	4.120%	100	328,834.78	328,834.78	1,058,665	3.22	43,617.01	1,058.67
06/01/30	\$378,637.03	4.120%	100	378,637.03	378,637.03	1,597,638	4.22	65,822.68	1,597.64
06/01/31	\$502,655.04	4.120%	100	502,655.04	502,655.04	2,623,580	5.22	108,091.50	2,623.58
06/01/32	\$523,364.42	4.120%	100	523,364.42	523,364.42	3,255,036	6.22	134,107.48	3,255.04
06/01/33	\$544,927.04	4.120%	100	544,927.04	544,927.04	3,934,070	7.22	162,083.70	3,934.07
06/01/34	\$567,378.03	4.120%	100	567,378.03	567,378.03	4,663,532	8.22	192,137.53	4,663.53
06/01/35	\$590,754.01	4.120%	100	590,754.01	590,754.01	5,446,424	9.22	224,392.66	5,446.42
06/01/36	\$615,093.07	4.120%	100	615,093.07	615,093.07	6,285,909	10.22	258,979.47	6,285.91
06/01/37	\$8,585,984.66	4.120%	100	8,585,984.66	8,585,984.66	96,329,978	11.22	3,968,795.09	96,329.98
06/01/38	-	-	-	-	-	-	-	-	-
06/01/39	-	-	-	-	-	-	-	-	-
06/01/40	-	-	-	-	-	-	-	-	-
06/01/41	-	-	-	-	-	-	-	-	-
06/01/42	-	-	-	-	-	-	-	-	-
06/01/43	-	-	-	-	-	-	-	-	-
06/01/44	-	-	-	-	-	-	-	-	-
06/01/45	-	-	-	-	-	-	-	-	-
06/01/46	-	-	-	-	-	-	-	-	-
06/01/47	-	-	-	-	-	-	-	-	-
06/01/48	-	-	-	-	-	-	-	-	-

Total	\$13,100,000.00		\$13,100,000.00	\$13,100,000.00	126,041,345		5,192,903.39	126,041.34
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	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield	Net Interest Cost
Final Maturity	6/1/2037	4.120%	8,585,984.66	8,585,984.66	11.219	4.120%	4.120%
Entire Issue	6/1/2037	4.120%	\$13,100,000.00	\$13,100,000.00	9.621	4.120%	4.120%

2026 INSTALLMENT SALE AGREEMENT

By and Between

SANTA CRUZ PORT DISTRICT

And

**SIGNATURE PUBLIC FUNDING CORP.,
an affiliate of Flagstar Bank, N.A.**

Dated as of March 1, 2026

Relating to

**\$13,100,000
SANTA CRUZ PORT DISTRICT
SERIES 2026 REVENUE OBLIGATIONS
(SANTA CRUZ HARBOR 2026 REPAIR PROJECT)
BANK QUALIFIED**

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1. Definitions.....	2
Section 1.2. Liability of District Limited to Net Revenues	12
Section 1.3. Benefits of Installment Sale Agreement Limited to Parties.....	12
Section 1.4. Successor Is Deemed Included in all References to Predecessor	12
Section 1.5. Waiver of Personal Liability	12
Section 1.6. Article and Section Headings, Gender and References	12
Section 1.7. Partial Invalidity.....	13

ARTICLE II REPRESENTATIONS OF THE DISTRICT

Section 2.1. Representations of the District.....	13
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ARTICLE III TERMS OF THE 2026 REVENUE OBLIGATIONS

Section 3.1. Installment Sale; Purchase Price; Acquisition of Project	14
Section 3.2. Deposit and Application of Proceeds.....	15
Section 3.3. Project Fund	16
Section 3.4. Optional Prepayment	16
Section 3.5. Prepayment Upon Casualty Loss or Governmental Taking	16
Section 3.6. Execution of this Installment sale Agreement	17
Section 3.7. Establishment and Application of Costs of Issuance Fund.....	17
Section 3.8. Reserved.....	17
Section 3.9. Validity of this Installment Sale Agreement.....	17
Section 3.10. Assignment by the Bank	17
Section 3.11. Closing Conditions	18

ARTICLE IV SECURITY

Section 4.1. Pledge of Net Revenues	19
Section 4.2. Repayment of the 2026 Revenue Obligations	19
Section 4.3. Revenues; Application of Enterprise Fund.....	20
Section 4.4. Revenue Fund; Allocation of Net Revenues.....	21
Section 4.5. Special Obligation of the District; Obligations Absolute	22
Section 4.6. Reduction upon Partial Prepayment.....	23
Section 4.7. Rate on Overdue Installment Payments.....	23

ARTICLE V COVENANTS OF THE DISTRICT

Section 5.1. Operation and Maintenance of the Enterprise	23
Section 5.2. Against Sale or Other Disposition of Property	23
Section 5.3. Rates, Fees, and Charges	24
Section 5.4. Collection of Rates and Charges.....	25

TABLE OF CONTENTS (Cont.)

	<u>Page</u>
Section 5.5. Competitive Facilities	25
Section 5.6. Insurance	26
Section 5.7. Eminent Domain	27
Section 5.8. Additional Information	27
Section 5.9. Compliance with Law and Contracts	28
Section 5.10. Punctual Payment	28
Section 5.11. Reserved	28
Section 5.12. Protection of Security	28
Section 5.13. Parity Obligations	28
Section 5.14. Against Encumbrances	29
Section 5.15. Further Assurances	29
Section 5.16. Financial Reports	30
Section 5.17. Opinion of District Counsel	30
Section 5.18. Observance of Laws and Regulations	30
Section 5.19. Private Activity Bond Limitation	31
Section 5.20. Federal Guarantee Prohibition	31
Section 5.21. Maintenance of Tax Exemption	31
Section 5.22. Rebate Requirement	31
Section 5.23. No Arbitrage	31
Section 5.24. Budget	31
Section 5.25. Notices	31

ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

Section 6.1. Events of Default and Remedies	32
Section 6.2. Application of Funds Upon Acceleration	34
Section 6.3. Other Remedies of the Bank	34
Section 6.4. Non-Waiver	35
Section 6.5. Remedies Not Exclusive	35
Section 6.6. Prosecution and Defense of Suits	35

ARTICLE VII NOTICES; JUDICIAL REFEREE

Section 7.1. Notices	35
Section 7.2. Judicial Referee	36

ARTICLE VIII AMENDMENTS; DISCHARGE; GENERAL AUTHORIZATION; EFFECTIVE DATE

Section 8.1. Amendments Permitted	37
Section 8.2. Discharge of Installment Sale Agreement	37
Section 8.3. General Authorization	39
Section 8.4. Binding Effect	39
Section 8.5. Severability	39
Section 8.6. Further Assurances and Corrective Instruments	39
Section 8.7. Applicable Law	39
Section 8.8. Captions	39

TABLE OF CONTENTS (Cont.)

	<u>Page</u>
Section 8.9. Agreement to Pay Attorneys' Fees and Expenses	39
Section 8.10. Execution in Counterparts.....	39
EXHIBIT A Installment Payment Schedule.....	A-1
EXHIBIT B Project Description.....	B-1
EXHIBIT C Form of Promissory Note.....	C-1
EXHIBIT D Form of Requisition—Disbursement from Project Fund.....	D-1
EXHIBIT E Form of Requisition—Disbursement from Costs of Issuance Fund.....	E-1

SERIES 2026 INSTALLMENT SALE AGREEMENT

THIS SERIES 2026 INSTALLMENT SALE AGREEMENT, (this “Installment Sale Agreement”), dated for convenience as of March 1, 2026, is by and between SIGNATURE PUBLIC FUNDING CORP., a New York corporation and non-bank affiliate of Flagstar Bank, N.A., with all right and authority to conduct business in the State of California (the “Bank”), and the SANTA CRUZ PORT DISTRICT, a port district and public corporation duly organized and existing under the laws of the State of California (the “District”);

WITNESSETH:

WHEREAS, the District presently owns and operates certain facilities and property for its harbor enterprise and recreation system commonly known as the Santa Cruz Harbor (the “Enterprise”); and

WHEREAS, the Board of Port Commissioners (the “Board”) of the District desires and intends to finance the (i) Acquisition and Construction of the Project (as defined herein), and (ii) associated costs of issuance (collectively, the “Financing”); and

WHEREAS, the District is authorized to exercise powers pursuant to the Port District Law of the State of California, being Sections 6200 et seq. of the Harbors and Navigation Code of the State of California, and all laws amendatory thereof or supplemental thereto, including the power to purchase and sell real and personal property of every kind, within or without the District, necessary to the full or convenient exercise of its powers; and

WHEREAS, the District has determined that it is in the public interest at this time to provide for the execution and delivery of its “Santa Cruz Port District, Series 2026 Revenue Obligations (Santa Cruz Harbor 2026 Repair Project)” (the “2026 Revenue Obligations”), as evidenced by a Promissory Note dated March 4, 2026 (the “Note”), pursuant to terms and conditions of this Installment Sale Agreement, the proceeds of which will be used to provide the Financing; and

WHEREAS, the principal of and interest and redemption premium (if any) on this Installment Sale Agreement, and any bonds or other obligations issued on a parity therewith as provided herein, will be payable from and secured by a pledge of and lien on the Net Revenues (as defined herein) derived from the Enterprise, as expressly set forth in this Installment Sale Agreement; and

WHEREAS, all things necessary to make 2026 Revenue Obligations when executed and delivered, the valid and binding obligation of the District, and to constitute this Installment Sale Agreement as a valid pledge of the revenues herein pledged to the payment of the principal of, prepayment premium, if any, and interest on the 2026 Revenue Obligations have been done and performed, as required by law, and the District is now fully authorized to enter into this Installment Sale Agreement, subject to the terms hereof; and

NOW, THEREFORE, THIS INSTALLMENT SALE AGREEMENT WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on the 2026 Revenue Obligations at any time Outstanding under this Installment Sale Agreement, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the 2026 Revenue Obligations are premised, and in consideration of the premises and of the mutual covenants herein contained, and for other valuable considerations, the receipt whereof is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Bank from time to time, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

“Acquisition,” “Acquire” or “Acquisition and Construction” means, with respect to any portion of the Pier Project, the acquisition, construction, improvement, equipping, renovation, remodeling or reconstruction thereof.

“Additional Revenues” means, with respect to the issuance of any Parity Obligations, any or all of the following amounts:

(a) An allowance for Net Revenues from any additions or improvements to or extensions of the Harbor Enterprise to be made with the proceeds of such Parity Obligations and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of the latest Fiscal Year or for any more recent consecutive twelve (12) month period selected by the District, were not in service, all in an amount equal to seventy percent (70%) of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions, as verified by an Independent Financial Consultant, for the first thirty-six (36) month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of a qualified Independent Engineer. Notwithstanding the foregoing, one hundred percent (100%) of revenues associated with California Emergency Management Agency and Federal Emergency Management Agency grants or other such emergency grants and aid shall be counted as Additional Revenues.

(b) An allowance for Net Revenues arising from any increase in the charges made for service from the Harbor Enterprise which has become effective (or adopted but not yet effective) prior to the incurring of such Parity Obligations but which, during all or any part of the latest Fiscal Year or for any more recent consecutive twelve (12) month period selected by the District, was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or

twelve (12) month period, all as shown by the certificate or opinion of an Independent Certified Public Accountant or Independent Financial Consultant.

“Authorized Representative” means the District’s Chairman, Vice-Chairman, or Port Director, or any other person designated as an Authorized Representative of the District by a Certificate of the District signed by its Chairman, Vice-Chairman, or Port Director and filed with the District and the Bank.

“Bank” means (a) initially, Signature Public Funding Corp., a New York corporation and non-bank affiliate of Flagstar Bank, N.A., or (b) any assignee or transferee of any right, title or interest hereunder.

“Board” means the Board of Port Commissioners of the District.

“Bond Counsel” means The Weist Law Firm, or another firm of nationally-recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

“Business Day” means any day other than (a) a Saturday or Sunday or a day on which banking institutions in the State or the State of New York are authorized to close or (b) a day on which the New York Stock Exchange is closed.

“Certificate,” “Request” and “Requisition” of the District means a written certificate, request or requisition signed in the name of the District by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury regulations, including temporary and proposed regulations relating to each such section that are applicable to the Parity Obligations or the use of the proceeds thereof.

“Costs of Issuance” means all expenses incurred in connection with the authorization, execution and delivery of this Installment Sale Agreement, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the District, compensation to Bond Counsel and any financial consultants, insurance premiums, rating agency fees, other legal fees and expenses, filing and recording costs, CDIAF fees, costs of preparation and reproduction of documents and costs of printing and binding.

“Costs of Issuance Fund” means the fund by that name established and maintained pursuant to Section 3.7 hereof

“Closing Date” means March 4, 2026, being the date on which the 2026 Revenue Obligations are funded by the Bank.

“Debt Service” means, for any Fiscal Year, the sum of (i) the interest falling due during such Fiscal Year on all Parity Obligations (including, but not limited to Interest Components of

Installment Payments made pursuant to this Installment Sale Agreement) that are outstanding under the documents or agreements pursuant to which they were issued, assuming that all outstanding serial Parity Obligations are retired as scheduled and that all outstanding term Parity Obligations are redeemed from sinking fund payments as scheduled (except to the extent that such interest has been fully capitalized and is invested in Federal Securities that mature at times and in such amounts as are necessary to pay the interest to which such amounts are pledged), (2) the principal amount of all serial Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued) falling due by their terms during such Fiscal Year (including, but not limited to Principal Components of Installment Payments made pursuant to this Installment Sale Agreement), and (3) the minimum amount of term Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued) required to be paid or called and redeemed during such Fiscal Year, together with the redemption premiums, if any, thereon; *provided that*, (A) whenever interest as described herein accrues at other than a fixed rate, such interest shall be assumed to be a rate equal to the greater of (i) the actual rate on the date of calculation, or if the Parity Obligations are not yet outstanding, the initial rate (if established and binding), (ii) if the Parity Obligations have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Obligations is excludable from gross income under the applicable provisions of the Code, the most recently published The Bond Buyer Bond Revenue Index (or comparable index if no longer published) plus one hundred fifty (150) basis points, or (y) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities, plus one hundred fifty (150) basis points, and (B) for purposes of calculating the Debt Service on any Parity Obligation requiring a balloon payment at maturity, such interest shall be assumed to be a rate equal to the greater of (i) the actual rate on the date of calculation, or (ii) six percent (6%), and the principal shall be assumed to be fully amortized, solved for substantially level debt service, over a period of fifteen (15) years from the date of calculation.

“Default Rate” means 9% tax-exempt per annum until cured.

“District” means the Santa Cruz Port District, a port district and public corporation duly organized and existing under and by virtue of the laws of the State of California.

“Enterprise,” or “Harbor Enterprise” means, collectively, the entire works, properties and facilities now owned or leased by the District, or hereafter acquired by the District and determined to be a part of the Harbor Enterprise, including, but not limited to, any and all properties and assets, real and personal, tangible and intangible, of the District, now or hereafter existing, used or pertaining to a commercial harbor commonly known as the Santa Cruz Small Craft Harbor, comprising all harbor works and facilities of the District, including all slips and docks, wharfs, lighthouses, buildings, parking and boat launch facilities, electrical and lighting facilities, fueling facilities, towage facilities, equipment and watercraft owned, controlled or operated by the District in or upon or pertaining to the lands, improvements and waters of the District used or useful for, or necessary for or incidental to, the development and operation of the Santa Cruz Small Craft Harbor and the provision of Harbor Services, together with all improvements to such works, property and facilities or any part thereof hereafter acquired or constructed by the District.

“Enterprise Fund” means the District’s existing general fund established and held by the District with respect to the Harbor Enterprise.

“Enterprise Services,” or “Harbor Services” means the use of any of the Harbor Enterprise facilities or the services furnished or provided by any of the Harbor Enterprise.

“Event of Default” means an event described in Section 6.1 hereof.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; and (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are fully, unconditionally and directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Fiscal Year” means any twelve-month period extending from April 1 in one calendar year to March 31 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the District, as applicable, as its official fiscal year period.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or his or her successor for special districts in the State of California, or failing the prescription of such procedures means generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Independent Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Governmental Authority” means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising

executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

“Improvements,” or “Project Improvements” means the Project improvements described more fully in Exhibit B hereto.

“Independent Certified Public Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the District, and who, or each of whom:

- (a) is in fact independent and not under domination of the District;
- (b) does not have any substantial interest, direct or indirect, in the District; and
- (c) is not connected with the District as an officer or employee of the District but who may be regularly retained to make annual or other audits of the books of or reports to the District.

“Independent Engineer” means any registered engineer or firm of engineers generally recognized to be well-qualified in engineering matters relating to water systems similar to the Enterprise, appointed and paid by the District, and who or each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the District; and
- (3) is not connected with the District as a board member, officer or employee of the District, but may be regularly retained to make reports to the District.

“Independent Financial Consultant” means a financial consultant qualified in the field of municipal finance, appointed and paid by the District, and who:

- (1) is in fact independent and not under the domination of the District or any member thereof;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
- (3) is not connected with the District as an officer or employee of the District or any member thereof, but may be regularly retained to audit the accounting records of and make reports thereon to the District; and
- (4) is not a customer or patron of the District, or currently on the waiting list.

“Insurance Consultant” means any nationally recognized independent actuary, insurance company or broker that has actuarial personnel knowledgeable with respect to insurance carried, by, required for and available to special districts operating facilities similar to the Enterprise, including a pooled self-insurance program in which premiums are established on the basis of the recommendation of an actuary of national reputation.

“Interest Component” means the portion of each Installment Payment designated as Interest Component, as such is set forth on Exhibit A hereto.

“Installment Payments” means all payments required to be paid by the District, as such is set forth on Exhibit A hereto, on each Installment Payment Date pursuant to Section 4.2, and including any prepayment thereof pursuant to Section 3.4 or 3.5 hereof.

“Installment Payment Date” or “Payment Date” means February 1 and August 1 in each year, commencing August 1, 2026 and continuing to and including the date on which the Installment Payments have been paid in full.

“Installment Sale Agreement” means this Series 2026 Installment Sale Agreement, dated as of March 1, 2026, by and between the Bank and the District.

“Maintenance and Operation Costs” means the reasonable and necessary costs paid or incurred by the District for maintaining and operating the Harbor Enterprise, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Harbor Enterprise in good repair and working order, and including all administrative costs of the District that are charged directly or apportioned to the operation of the Harbor Enterprise, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms hereof and of all Parity Obligations, such as fees and expenses of Independent Certified Public Accountants and Independent Engineers; but excluding in all cases (i) debt service payable on Obligations incurred by the District with respect to the Harbor Enterprise, (ii) depreciation, replacement and obsolescence charges or reserves therefor, (iii) amortization of intangibles and any other non-cash charges or other bookkeeping entries of a similar nature, and (iv) non-cash unfunded pension liability.

“Material Litigation” means any action, suit, proceeding, inquiry or investigation against the District in any court or before any arbitrator of any kind or before or by any Governmental Authority, of which the District has notice or knowledge and which, (i) if determined adversely to the District, may have a Material Adverse Effect, (ii) seek to restrain or enjoin any of the transactions contemplated hereby, or (iii) may adversely affect (A) the exclusion of interest with respect to the Installment Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (B) the ability of the District to perform its obligations under this Installment Sale Agreement.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District, (b) the ability of the District to carry out its business in the manner conducted as of the date of this Installment Sale Agreement or to meet or perform its obligations under this Installment Sale Agreement on a timely basis, (c) the validity or enforceability of this Installment Sale Agreement or any other Parity Obligation, or (d) the exclusion of interest with respect to the Installment Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

“Maximum Annual Debt Service” means the greatest amount of Debt Service with respect to the Parity Obligations to which reference is made coming due in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year.

“Net Proceeds” means, when used with respect to any condemnation award or with respect to any insurance proceeds, the amount of such condemnation award or such insurance proceeds remaining after payment of all reasonable expenses (including attorneys’ fees) incurred in the collection of such award or such proceeds.

“Net Revenues” means for any period, all of the Revenues during such period less all of the Maintenance and Operation Costs during such period.

“Note” or “Promissory Note” means the Promissory Note, dated March 11, 2026, evidencing the 2026 Revenue Obligations, the form of which is attached hereto as Exhibit C.

“Obligations” means all Parity Obligations and all Subordinate Obligations.

“Parity Obligations” means the 2026 Revenue Obligations, 2018 Revenue Obligations, the 2013 Revenue Obligations, and all other bonds, notes, loan agreements, installment sale agreements, leases, or other obligations of the District payable from and secured by a pledge of and lien upon any of the Net Revenues incurred on a parity with this Installment Sale Agreement, issued in accordance with Section 5.13 hereof.

“Parity Obligations Documents” means, collectively, the indenture of trust, trust agreement, installment sale agreement, loan agreement or other document authorizing the issuance of any Parity Obligations or any securities which evidence Parity Obligations.

“Parity Payments” means all payments scheduled to be paid by the District under Parity Obligations.

“Permitted Investments” means any of the following (*provided*, to the extent that the criteria below an investment require a certain minimum rating, such rating shall be determined at the time of purchase of such investment):

- (1) Cash;
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including:
 - A. U.S. Treasury obligations;
 - B. All direct or fully guaranteed obligations;
 - C. General Services Administration;
 - D. Guaranteed Title XI financing;
 - E. Government National Mortgage Association (GNMA); and
 - F. U.S. Treasury - State and Local Government Series.

(3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- A. Export-Import Bank;
- B. Farm Credit System Financial Assistance Corporation;
- C. Rural Economic Community Development Administration;
- D. U.S. Maritime Administration;
- E. Small Business Administration;
- F. U.S. Department of Housing & Urban Development (PHAs)
- G. Federal Financing Bank; and
- H. Federal Housing Administration;

(4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- A. Senior debt obligations rated “Aaa” by Moody’s and “AAA” by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);
- B. Obligations of the Resolution Funding Corporation (REFCORP);
- C. Senior debt obligations of the Federal Home Loan Bank System; and
- D. Senior debt obligations of other government sponsored agencies.

(5) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than three hundred sixty (360) days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(6) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase;

(7) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P;

(8) “Pre-refunded Municipal Obligations,” defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and (A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest Rating Category of Moody’s or S&P or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (2) of the definition of Permitted Investments, which escrow may be applied only to the payment of such principal of and interest and

redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(9) Any bonds or other obligations of any agency, instrumentality or local governmental unit of any state of the United States of America which are rated “Aaa/AAA” or general obligations of any such state with ratings of “A2” or higher by Moody’s and “A” or higher by S&P;

(10) Investment agreements (supported by appropriate opinions of counsel);

(11) Shares in the California Asset Management Program (established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State) that invests exclusively in investments permitted by Section 53635 of the Government Code of the State, as now existing and as it may be amended from time to time;

(12) The Local Agency Investment Fund of the State or any state administered pool investment fund in which the District is statutorily permitted or required to invest will be deemed a permitted investment; and

(13) Investments that comply with California Government Code Sections 53601.8 or 53635.8.

Unless otherwise provided herein, the value of the above investments shall be determined at Fair Market Value.

“Principal Component” means the portion of each Installment Payment designated as Principal Component, as such is set forth on Exhibit A hereto.

“Proceeds” means the \$13,100,000 amount received by the District from the Bank on the Closing Date.

“Project” means the acquisitions and improvements and other property comprising the Project described more fully in Exhibit B attached hereto and by this reference incorporated herein, as such description may be amended by the District from time to time pursuant to and in accordance with the terms hereof.

“Project Costs” means the costs of acquisition, construction, implementing and equipping either the Pier Project, or the application of the Proceeds to the costs and expenses which are incidental or related to the Acquisition and Construction of additions to such Pier Project, including amounts payable to the District as reimbursement for any of the foregoing as well as Costs of Issuance.

“Project Fund” means the fund by that name established pursuant to Section 3.3.

“Rate Stabilization Fund” means the fund by that name established pursuant to Section 5.3(d).

“Registration Books” means the records maintained by the District pursuant to Section 2.06.

“Resolution” means the Resolution No. 26-__, adopted by the Board of Port Commissioners of the District on February 24, 2026, authorizing the execution and delivery of this Installment Sale Agreement.

“Revenue Fund” means the fund by that name established and maintained pursuant to Section 4.4 hereof.

“2013 Revenue Obligations” means, collectively, the Tax-Exempt Loan Agreement, dated as of September 1, 2013 in the original aggregate principal amount of \$14,418,960.43, and (ii) the Taxable Loan Agreement, dated as of September 1, 2013 in the original aggregate principal amount of \$2,384,445.08.

“2018 Revenue Obligations” means, collectively, the (i) Santa Cruz Port District, Series 2018A Revenue Obligations (Santa Cruz Harbor Pile Replacement Project), Bank Qualified, consummated pursuant to the 2018A Installment Sale Agreement, dated as of September 1, 2018 in the original aggregate principal amount of \$1,750,000, and (ii) the Santa Cruz Port District, Series 2018B Revenue Obligations (Santa Cruz Harbor Seawall Replacement Project), Bank Qualified, consummated pursuant to the 2018B Installment Sale Agreement, dated as of September 1, 2018 in the original aggregate principal amount of \$1,600,000.

“2026 Revenue Obligations” means the Santa Cruz Port District, Series 2026 Revenue Obligations (Santa Cruz Harbor 2026 Repair Project), as evidenced by the Note, the form of which is attached hereto as Exhibit C.

“Revenues” means for any Fiscal Year or other period, all gross income and revenue received by the District from the ownership and operation of the Harbor Enterprise, including, without limiting the generality of the foregoing, (a) all rates, fees and charges received for, and all other income and receipts derived by the District from the operation of the Harbor Enterprise or arising from the Harbor Enterprise determined in accordance with generally accepted accounting principles, including all rates, fees and charges received by the District for the Harbor Services and any other services of the Harbor Enterprise, (b) all proceeds of insurance (if any) covering business interruptions loss relating to the Harbor Enterprise, (c) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other monies to the extent that the use of such earnings and income is limited by or pursuant to law to the Harbor Enterprise, including all income from the investment of amounts on deposit in the Enterprise Fund and the Rate Stabilization Fund, (d) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Harbor Enterprise, and (e) all other monies howsoever derived by the District from the operation of the Harbor Enterprise or arising from the Harbor Enterprise, including major facility charges; provided, that the term “Revenues” shall not include contributions in aid of construction or refundable customers’ deposits or any other deposits subject to refund until such deposits have become the property of the District. Notwithstanding the

foregoing, there shall be deducted from Revenues any amounts (of Revenues) transferred into the Rate Stabilization Fund as contemplated by Section 5.3(d) hereof, and there shall be added to Revenues any amounts transferred out of the Rate Stabilization Fund and into the Revenue Fund, as contemplated by Section 5.3(d) hereof.

“State” means the State of California.

“Subordinate Obligations” means indebtedness or other obligations (including but not limited to leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues subordinate to the pledge and lien securing the Parity Obligations.

“Tax Regulations” means temporary and permanent regulations promulgated under or with respect to Sections 103, 141, 148 and all related sections of the Code.

“Term” means the time during which this Installment Sale Agreement is in effect, as provided in Section 3.1 hereof.

Section 1.2. Liability of District Limited to Net Revenues. Notwithstanding anything to the contrary contained in this Installment Sale Agreement, the District shall not be required to advance any money derived from the proceeds of any taxes collected for the use and benefit of the District, or from any source of income other than the Net Revenues, for the payment of the principal of or interest or prepayment premiums, if any, on the 2026 Revenue Obligations or for the performance of any covenants herein contained, nor for the maintenance and operation of the Enterprise from any source of income other than the Revenues. The District may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring any indebtedness.

This Installment Sale Agreement represents an issue of revenue obligations (the “2026 Revenue Obligations”), payable exclusively from the Net Revenues as in this Installment Sale Agreement provided. The credit or taxing power of the District is not pledged for the payment of the 2026 Revenue Obligations or the interest thereon. The Bank shall never have the right to compel the exercise of the taxing power of the District. The principal of and interest on the 2026 Revenue Obligations and any prepayment premiums upon the prepayment thereof shall not be a debt of the District, nor a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the District or any of its income, receipts, or revenues, except the Net Revenues pledged to the payment thereof as provided in this Installment Sale Agreement.

Section 1.3. Benefits of Installment Sale Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District and the Bank any right, remedy or claim under or pursuant hereto. Any agreement or covenant required herein to be performed by or on behalf of the District shall be for the sole and exclusive benefit of the Bank.

Section 1.4. Successor Is Deemed Included in all References to Predecessor. Whenever the District is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District, and all agreements and

covenants required hereby to be performed by or on behalf of the District shall bind and inure to the benefit of the successors thereof whether so expressed or not.

Section 1.5. Waiver of Personal Liability. No member of the Board and no officer, agent, or employee of the District, or of any department or agency thereof, shall be individually or personally liable for the payment of the principal of or interest on the 2026 Revenue Obligations, but nothing contained herein shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or hereby.

Section 1.6. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. Words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to this Installment Sale Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 1.7. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or the 2026 Revenue Obligations; but the Bank shall retain all the rights and benefits accorded to it under any applicable provisions of law. The Board hereby declares that it would have adopted this Installment Sale Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid

Section 1.8. Term of this Installment Sale Agreement. The Term of this Installment Sale Agreement shall commence on the Closing Date, and shall end on the date on which the 2026 Revenue Obligations shall be paid in full or provision for such payment shall be made as provided herein.

ARTICLE II

REPRESENTATIONS OF THE DISTRICT

Section 2.1. Representations of the District. The District makes the following representations:

- (a) The District is a port district and public corporation duly organized and existing under and pursuant to the laws of the State of California.
- (b) The District has full legal right, power and authority to enter into this Installment Sale Agreement, and to enter into the transactions contemplated hereby and to carry out its obligations hereunder, and to carry out its obligations hereunder.

- (c) With the exception of the pledge of the Net Revenues hereunder and under the Parity Obligations, the Net Revenues have not otherwise been pledged and there are no other liens against the Net Revenues, senior to, or on parity with the Installment Payments.
- (d) The District is not currently, and has not been at any time, in default under the Parity Obligations.
- (e) The District's comprehensive annual financial report for the period ended March 31, 2025, presents fairly the financial condition of the District and the Enterprise as of the date hereof and the results of operation for the period covered thereby. Except as has been disclosed to the Bank, there has been no change in the financial condition of the District or the Enterprise since March 31, 2025, that will in the reasonable opinion of the District materially impair its ability to perform its obligations under this Installment Sale Agreement. All information provided by the District to the Bank with respect to the financial performance of the Enterprise is accurate in all material respects as of its respective date and does not omit any information necessary to make the information provided not misleading.
- (f) As currently conducted, the District's activities with respect to the Enterprise are in all material respects in compliance with all applicable laws, administrative regulations of the State of California and of the United States and any agency or instrumentality of either, and any judgment or decree to which the District is subject.
- (g) The District has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, either with respect to the Parity Obligations or any obligation of the same general nature as the 2026 Revenue Obligations, or under any of its bonds, notes, or other obligations of indebtedness for which its revenues or general credit are pledged.
- (h) Neither the execution and delivery of the Installment Sale Agreement and the Note nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a material breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound or constitutes a default under any of the foregoing.
- (i) There is action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the District's knowledge, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the making, execution or delivery of this Installment Sale Agreement or the application of the 2026 Revenue Obligation Proceeds; (iii) in any way contesting or affecting, as to the District, the validity or enforceability of the Resolution or this Installment Sale Agreement; (iv) in any way contesting the powers of the District or its authority with respect to execution or delivery of the 2026 Revenue Obligations, the adoption of the Resolution, or the execution and delivery of this Installment Sale

Agreement; (v) contesting the exclusion from gross income of interest on the 2026 Revenue Obligations for federal income tax purposes; or (vi) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the District to perform and satisfy its obligations under the 2026 Revenue Obligations or this Installment Sale Agreement; nor to the best of the District's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the proceedings authorizing the Resolution, the 2026 Revenue Obligations, this Installment Sale Agreement or the Note or the performance by the District of its obligations thereunder, or the authorization, execution, delivery or performance by the District of the 2026 Revenue Obligations, the Resolution, this Installment Sale Agreement or the Note.

- (j) The Installment Sale Agreement is a valid and binding obligation of the District enforceable in accordance with its terms.
- (k) The District has duly authorized and executed this Installment Sale Agreement in accordance with the laws of the State.
- (l) No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Installment Sale Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.
- (m) Since the most current date of the information, financial or otherwise, supplied by the District to the Bank:
 - (i) There has been no change in the assets, liabilities, financial position or results of operations of the District which might reasonably be anticipated to cause a Material Adverse Effect;
 - (ii) The District has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect; and
 - (iii) The District has not (A) incurred any material indebtedness, other than the 2026 Revenue Obligations, 2018 Revenue Obligations, the 2013 Revenue Obligations, and trade accounts payable arising in the ordinary course of the District's business and not past due, or (B) guaranteed the indebtedness of any other person.

ARTICLE III

TERMS OF THE 2026 REVENUE OBLIGATIONS

Section 3.1. Installment Sale; Purchase Price; Acquisition of Project.

(a) *Installment Sale.* As consideration for the District's agreement to make Installment Payments in accordance with Section 4.2 hereof, the Bank hereby sells and conveys the Project to the District, and the District hereby purchases the Project from the Bank. All right, title and interest in each component of the Project shall vest in the District immediately upon Acquisition and Construction thereof. Such vesting shall occur without further action by the Bank or the District and the Bank shall, if requested by the District, or if necessary to assure such automatic vesting, deliver any and all documents required to assure such vesting.

(b) *Purchase Price.* The Purchase Price to be paid by the District to the Bank is the sum of the principal amount of the District's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the Term hereof, subject to prepayment as provided in Sections 3.4 and 3.5 hereof.

(c) *Acquisition and Construction of the Project.* The Bank hereby appoints the District as its agent to carry out all phases of the Acquisition and Construction of the Project under and in accordance with the provisions hereof. The District hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Bank regarding the Acquisition and Construction of the Project. As agent of the Bank hereunder, the District shall enter into, administer and enforce all purchase orders or other contracts relating to the Project.

Payment of Project Costs shall be made by the District from amounts held in the Project Fund in accordance with the provisions of Section 4.4 of this Installment Sale Agreement. If and to the extent the amounts on deposit in the Project Fund are insufficient to enable the District to complete the Project in full, the District has the sole responsibility for completing the Project and the District will finance such completion from any source of legally available funds of the District. The District hereby agrees to diligently supervise and provide for, or cause to be diligently supervised and provided for, the Acquisition and Construction of the Project in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the District under all applicable requirements of law. All contracts for, and all work relating to, the Acquisition and Construction of the Project are subject to all applicable provisions of law relating to the acquisition and construction of public works by the District, including, but not limited to, California Environmental Quality Act and prevailing labor code laws.

The District has the right to specify the exact scope, nature and identification of the Project and the respective components thereof, and to modify the description of the Project or any component thereof. The District shall have the right from time to time in its sole discretion to amend the description of the Project. In the event of such amendment to the description of the Project, the District shall file with the Bank an amended Exhibit B hereto.

The failure to complete the Project by its estimated completion date does not constitute an Event of Default hereunder or a grounds for termination hereof, nor will any such failure result in

the diminution, abatement or extinguishment of the obligations of the District hereunder to pay the Installment Payments when due. Nothing contained herein shall be deemed to be waiver of the Bank's rights and remedies should the District fail to complete the Project and to complete other improvement and modification of the Project as represented, warranted and covenanted herein. All amounts in the Project Fund not required for payment of future Project Costs will be applied by the District to pay the Installment Payments next coming due and payable.

It is hereby expressly understood and agreed that the Bank shall be under no liability of any kind or character whatsoever for the payment of any cost of the Project and that all such costs and expenses shall be paid by the District.

Section 3.2. Deposit and Application of Proceeds. The Proceeds shall be made available by the Bank to the District in immediately available funds on the Closing Date. On the Closing Date, the Bank shall transfer a portion of the Proceeds in the amount of (i) \$13,000,000.00 to the District for deposit in the Project Fund, and (ii) \$100,000.00 to the District for deposit in the Costs of Issuance Fund. The Bank hereby agrees to pay Costs of Issuance as provided in Section 3.7, as directed in writing by the District.

Section 3.3. Project Fund.

(a) The District shall establish, maintain and hold in trust a separate fund to be known as the "Santa Cruz Port District 2026 Revenue Project Fund." There shall be deposited in the Project Fund the applicable amount indicated in Section 3.2 of this Installment Sale Agreement.

(b) Except as otherwise provided herein, moneys in the Project Fund shall be used solely for the payment of the Project Costs. The District shall disburse moneys in the Project Fund from time to time to pay Project Costs (or to reimburse the District for payment of Project Costs) upon execution of a Requisition of the District, substantially in the form attached hereto as Exhibit D, which: (A) states with respect to each disbursement to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment will be made, (iii) the amount to be disbursed, (iv) that each obligation mentioned therein is a proper charge against the Project Fund and has not previously been disbursed from amounts in the Project Fund, and (v) that the amount of such disbursement is for a Project Cost; (B) specifies in reasonable detail the nature of the obligation; and (C) is accompanied by a bill or invoice for each obligation. Upon the execution of a Certificate of the District stating that the Project has been completed or that all Requisitions intended to be filed by the District have been filed, the District shall withdraw all amounts then on deposit in the Project Fund and transfer such amounts to the Revenue Fund, and the Project Fund shall thereupon be closed.

(c) The District expects that the Acquisition and Construction of the Project will be completed on or before March 1, 2029; provided, however, that the failure to complete any Project by March 1, 2029 shall not constitute an Event of Default hereunder or a grounds for termination hereof, nor shall such failure result in the diminution, abatement or extinguishment of the obligations of the District hereunder.

(d) The District shall have the right from time to time in its sole discretion to amend the description of the Project to be financed by the District hereunder. In order to exercise such

right, the District shall file with the Bank (i) an opinion of Bond Counsel that such contemplated amendment will not adversely affect the tax-exempt status of the Interest Components on the 2026 Revenue Obligations for federal income tax purposes, and (ii) an amended Exhibit B hereto.

Section 3.4. Optional Prepayment.

The District shall have the right, upon not less than thirty (30) days' prior written notice to the Bank, to prepay the 2026 Revenue Obligations in whole, but not in part, on any Installment Payment Date.

The prepayment price (the "Prepayment Price") shall be equal to the sum of (a) the Installment Payment due on such date, (b) the remaining unpaid principal balance of the 2026 Revenue Obligations and all other amounts due and owing under the Installment Sale Agreement and Promissory Note; and (c) the applicable premium, calculated on the remaining unpaid principal balance, as follows:

<u>On or Before</u>	<u>Premium</u>
January 1, 2028	1.50%
January 1, 2030	1.00%
January 1, 2031	0.50%
Thereafter	0.00% (par)

All prepayments shall include accrued interest to the date fixed for prepayment.

Section 3.5. Prepayment upon Casualty Loss or Governmental Taking. At its option, and upon thirty (30) days' prior written notice to the Bank, the 2026 Revenue Obligations shall be subject to prepayment in the same manner as set forth in Section 3.4, from the Net Proceeds of casualty insurance or a governmental taking of the Enterprise or portions thereof by eminent domain proceedings, under the circumstances and upon the conditions and terms prescribed herein.

Section 3.6. Execution of this Installment Sale Agreement. The execution of this Installment Sale Agreement by an Authorized Representative shall constitute conclusive evidence of such officers' and the Board's approval hereof, including any changes, insertions, revisions, corrections, or amendments as may have been made hereto.

Section 3.7. Establishment and Application of Costs of Issuance Fund. The Bank shall establish, maintain and hold a temporary separate fund designated as the "Costs of Issuance Fund." The moneys in (or deemed to have been deposited in) the Costs of Issuance Fund shall be used and withdrawn by the Bank to pay the Costs of Issuance upon submission of sequentially numbered written Requisitions of the District, substantially in the form attached hereto as Exhibit E. Upon the Request of the District, but in no event later than five (5) Business Days after the execution and delivery of the 2026 Revenue Obligations, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Bank to the District for deposit in the Revenue Fund.

Section 3.8. Reserved.

Section 3.9. Validity of this Installment Sale Agreement. It is hereby found and determined that this Installment Sale Agreement is being executed and delivered pursuant to the Constitution and statutes of the State of California.

Section 3.10 Assignment by the Bank. The Bank's right, title and interest in and to this Installment Sale Agreement and the Note, with prior written notice to the District, may be assigned and reassigned in whole to one or more assignees or subassignees by Bank, without the necessity of obtaining the consent of District; provided, that any such assignee or subassignee represents that (i) such assignee or subassignee has sufficient knowledge and experience in financial and business matters to be able to evaluate the risks and merits of the investment, (ii) such assignee or subassignee understands that neither the Installment Sale Agreement or the 2026 Revenue Obligations will be registered under the Securities Act of 1933, (iii) such assignee or subassignee is either an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, or a "qualified institutional buyer" within the meaning of Rule 144A, and (iv) it is the present intention of such purchaser to acquire such interest (A) for investment for its own account or (B) for resale in a transaction exempt from registration under the Securities Act of 1933.

Section 3.11 Closing Conditions. The Bank has entered into this Installment Sale Agreement in reliance upon the representations and warranties of the District contained in this Installment Sale Agreement and to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the District of the obligations of the District pursuant to this Installment Sale Agreement at or prior to the Closing Date. Accordingly, the obligation of Bank to execute this Installment Sale Agreement is subject to the fulfillment to the reasonable satisfaction of the Bank of the following conditions:

(a) The representations and warranties of the District contained in this Installment Sale Agreement shall be true, complete and correct on the Closing Date.

(b) All representations, warranties and covenants made herein, and in certificates or other instruments delivered pursuant hereto or in connection herewith, shall be deemed to have been relied upon by the Bank notwithstanding any investigation heretofore or hereafter made by the Bank or on their behalf.

(c) On the Closing Date, the Resolution and this Installment Sale Agreement shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(d) On the Closing Date, the District will have adopted and there will be in full force and effect such resolutions as in the opinion of Bond Counsel and counsel to the Bank shall be necessary in connection with the transactions contemplated by this Installment Sale Agreement, and all necessary action of the District relating to this Installment Sale Agreement will have been taken, will be in full force and effect and will not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(e) At or prior to the Closing Date, the Bank will have received the following documents:

(i) the approving opinions, dated the Closing Date and addressed to the Bank, of Bond Counsel in form and content satisfactory to the Bank and its counsel, (I) addressing the tax-exempt status of the interest paid on this Installment Sale Agreement, and (II) this Installment Sale Agreement has been duly authorized, executed and delivered by the District and is the legal, valid and binding obligation of the District, enforceable in accordance with its terms subject to customary exceptions for bankruptcy and judicial discretion.

(ii) a certificate or certificates, dated the date of the Closing and signed on behalf of the District by an Authorized Representative, to the effect that (I) the representations and warranties contained in this Installment Sale Agreement are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing; (II) no litigation of any nature is then pending or, to his or her knowledge, threatened, seeking to restrain or enjoin the issuance and delivery of this Installment Sale Agreement or the levy or collection of revenues to pay the principal thereof and interest thereon, questioning the proceedings and authority by which such pledge is made, affecting the validity of the 2026 Revenue Obligations or contesting the existence or boundaries of the District or the title of the present officers to their respective offices; (III) no authority or proceedings for the issuance of the 2026 Revenue Obligations has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the 2026 Revenue Obligations has been filed with or received by the District; and (IV) the District has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the Closing Date.

(iii) a certified copy of the Resolution;

(iv) the items required by the Resolution as conditions for execution and delivery of the 2026 Revenue Obligations;

(v) copies of all insurance policies required by Section 5.6 hereof;

(vi) a non-arbitrage tax certificate of the District, in form and substance satisfactory to Bond Counsel;

(vii) the filing copy of the Information Return Form 8038-G; and

(viii) such additional legal opinions, certificates, instruments and other documents as the Bank or its counsel may reasonably request to evidence the truth and accuracy, as of the date of this Installment Sale Agreement and as of the Closing Date, of the representations, warranties, agreements and covenants of the District contained herein and the due performance or satisfaction by the District at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) The Bank has not become aware of any information not previously known to the Bank affecting the District or the financing contemplated by this Installment Sale Agreement that, in the Bank's reasonable judgment, is inconsistent in a material and adverse manner with any such information disclosed to the Bank prior to the Closing Date.

ARTICLE IV

SECURITY

Section 4.1. Pledge of Net Revenues. The District hereby irrevocably pledges all of the Net Revenues to the punctual payment of the Installment Payments. This pledge shall constitute a first lien on the Net Revenues for the payment of the Installment Payments in accordance with the terms hereof, which lien is on parity with the lien on Net Revenues that secures the payment of Parity Obligations. The Net Revenues will not be used for any other purpose while any of the Installment Payments are unpaid.

Section 4.2. Repayment of the 2026 Revenue Obligations. The District hereby agrees to repay the 2026 Revenue Obligations from Net Revenues in the aggregate principal amount of \$13,100,000 together with interest (calculated at the rate of 4.12%) on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semiannual Installment Payments in the respective amounts and on the respective Installment Payment Dates specified in Exhibit A hereto, and by this reference made a part hereof; provided that in the event that any payment under the 2026 Revenue Obligations becomes due and payable on any day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day, and, to the extent applicable, interest shall continue to accrue and be payable thereon during such extension at the rates set forth in this Installment Sale Agreement.

The Installment Payments shall be paid by the District to the Bank as follows, or at such other place as the Bank may designate in writing:

Payments by check:

Payments by wire:

Section 4.3. Revenues; Application of Enterprise Fund. The District hereby covenants and agrees that all Revenues, when and as received, will be received and held by the District in trust for the benefit of the Bank and owners of any Parity Obligations, and will be allocated and deposited by the District in the Enterprise Fund (which the District hereby covenants and agrees to establish and maintain so long as the 2026 Revenue Obligations and any Parity Obligations remains outstanding). All Revenues shall be disbursed, allocated and applied solely to the uses and purposes set forth as follows:

(a) Notwithstanding any other provision of this Installment Sale Agreement or any Parity Agreements to the contrary, so long as the 2026 Revenue Obligations or any other Parity Obligations remains outstanding, all Revenues in the Enterprise Fund shall be set aside or used by the District or deposited by the District with the trustee or fiscal agent with respect to Parity Obligations, as the case may be, as follows and in the following order of priority:

(1) Maintenance and Operation Costs. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants to pay all Maintenance and Operation Costs of the Enterprise (including amounts reasonably required to be set aside in contingency reserves for the maintenance and operation of the Enterprise, the payment of which is not then immediately required) as they become due and payable. The District shall annually prepare a budget for Maintenance and Operation Costs.

(2) Debt Service. Debt Service shall be paid in accordance with Section 4.4 and the terms hereof, and the applicable provisions of the Parity Agreements, and any other applicable provisions of legal agreements providing for the issuance of other Parity Obligations, respectively, without preference or priority, and, in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(3) Reserve Accounts. Payments required to replenish any debt service reserve accounts established for Parity Obligations, shall be made in accordance with the terms hereof and such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(4) Subordinate Obligation Repayment. Payments relating to principal and interest on or with respect to Subordinate Obligations in accordance with the terms of such Subordinate Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(5) Subordinate Obligations Reserve Accounts. To make payments required with respect to Subordinate Obligations to replenish reserve accounts established therefor in accordance with the terms of such Subordinate Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(6) General Expenditures. For any lawful purpose of the District, including, but not limited to, any costs of capital improvements to the Enterprise, or deposits to the Rate Stabilization Fund.

Section 4.4. Revenue Fund; Allocation of Net Revenues.

(a) *Deposits into Revenue Fund; Transfers of Net Revenues.* In order to carry out and effectuate the pledge, charge and lien contained herein, the District agrees and covenants that all Net Revenues, when and as received, shall be promptly deposited by the District upon receipt thereof in a special fund designated as the "Revenue Fund" which fund is hereby created and which

fund District shall establish, maintain and hold in trust. Within the Revenue Fund the District shall establish and maintain a separate Interest Account and Principal Account therein. All Net Revenues shall be accounted for through and held in trust in the Revenue Fund, and the District shall have no beneficial right or interest in any of the Net Revenues therein, except otherwise herein provided. All Net Revenues, whether received by the District in trust or deposited with the District as herein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the District.

(b) *Application of Revenue Fund.* On each Installment Payment Date, the District shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the District shall establish and maintain within the Revenue Fund), the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Net Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(1) *Interest Account.* On each Installment Payment Date, the District shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of Interest Component becoming due and payable on such Installment Payment Date, and any interest due on the 2026 Revenue Obligations by reason of prepayment. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon the 2026 Revenue Obligations on such Installment Payment Date. All moneys in the Interest Account shall be used and withdrawn by the District solely for the purpose of paying interest on the 2026 Revenue Obligations as it shall become due and payable (including accrued interest on any Principal Component prepaid prior to maturity pursuant to this Installment Sale Agreement). In the event that the amounts on deposit in the Interest Account on any Installment Payment Date are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the 2026 Revenue Obligations, the District shall apply such amounts to the payment of interest on each of the Interest Components on a pro rata basis.

(2) *Principal Account.* On each Installment Payment Date on which the principal of the 2026 Revenue Obligations is payable, the District shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2026 Revenue Obligations coming due and payable on such corresponding Installment Payment Date, and any principal amount due on the 2026 Revenue Obligations by reason of prepayment. All moneys in the Principal Account shall be used and withdrawn by the District solely for the purpose of paying the principal of the 2026 Revenue Obligations at the maturity date.

(c) If on any Installment Payment Date of Principal Components or Interest Components the amount on deposit in the Revenue Fund is inadequate to make the transfers described in subsection (b) above, the District shall immediately notify the Bank of the amount needed to make the required deposits under subsection (b) above and shall transfer to the Revenue Fund any amounts necessary to cure such deficiency.

Section 4.5. Special Obligation of the District; Obligations Absolute. The obligations of the District to pay the Installment Payments from Net Revenues, and to perform and observe the other agreements contained herein, shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the District, the Bank of any obligation to the District or otherwise with respect to the Enterprise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Bank. Until such time as all of the Installment Payments shall have been fully paid or prepaid, the District (a) will not suspend or discontinue payment of any Installment Payments, (b) will perform and observe all other agreements contained in this Installment Sale Agreement, and (c) will not terminate this Installment Sale Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Enterprise, sale of the Enterprise, the taking by eminent domain of title to or temporary use of any component of the Enterprise, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Bank to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Installment Sale Agreement.

The District's obligation to pay the Installment Payments shall be a special obligation of the District limited solely to Net Revenues. Under no circumstances shall the District be required to advance moneys derived from any source of income other than Net Revenues and other sources specifically identified herein for the payment of the Installment Payments, nor shall any other funds or property of the District be liable for the payment of the Installment Payments. Notwithstanding the foregoing provisions of this Section, however, nothing herein is intended to prohibit the District voluntarily from making any payment hereunder from any source of available funds of the District.

Section 4.6. Reduction upon Partial Prepayment. In the event the District prepays less than all of the remaining Principal Components of the Installment Payments pursuant to Sections 3.4 or 3.5 hereof, the amount of such prepayment shall be applied by the Bank to the outstanding Principal Components on a pro-rata basis.

Section 4.7. Rate on Overdue Installment Payments. In the event the District should fail to make any of the Installment Payments required in Section 4.2 hereof on or before the due date therefor, the Installment Payment in default shall continue as an obligation of the District until the amount in default shall have been fully paid and the District agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the Default Rate.

ARTICLE V

COVENANTS OF THE DISTRICT

Section 5.1. Operation and Maintenance of the Enterprise. The District will remain the sole and exclusive operator of the Enterprise, and any failure to do so shall constitute a Material Adverse Effect on the operation of the District. The District will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an

efficient and economical manner and will pay all Maintenance and Operation Costs of the Enterprise as they become due and payable.

Section 5.2. Against Sale or Other Disposition of Property. The District will not sell, lease, or otherwise dispose of the Enterprise or any part thereof essential to the proper operation of the Enterprise or to the maintenance of the Revenues. The District will not enter into any agreement or lease that impairs the operation of the Enterprise or any part thereof necessary to secure adequate Revenues for the payment of the 2026 Revenue Obligations or that would otherwise impair the rights of the District with respect to the Revenues or the operation of the Enterprise. Any real or personal property that has become nonoperative or that is not needed for the efficient and proper operation of the Enterprise, or any material or equipment that has become worn out, may be sold at not less than the fair market value thereof. The District shall deposit the proceeds of such sale in the Revenue Fund.

Section 5.3. Rates, Fees, and Charges. (a) The District will, at all times while the 2026 Revenue Obligations remains outstanding, fix, prescribe and collect rates, fees and charges in connection with the Enterprise so as to yield Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts in the order set forth below:

- (1) All Maintenance and Operation Costs of the Enterprise;
- (2) The Debt Service payments and all other payments (including payments under reimbursement agreements) with respect to all Parity Obligations as they become due and payable;
- (3) All amounts, if any, required to restore the balance in any reserve accounts established for Parity Obligations in accordance with the terms of such Parity Obligations, without preference or priority; and
- (4) All payments required to meet any other obligations of the District that are charges, liens, encumbrances upon, or which are otherwise payable from the Revenues during such Fiscal Year.

(b) Furthermore, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year which are sufficient to yield estimated Net Revenues which are at least equal to one hundred twenty-five percent (125%) of the aggregate amount of Debt Service on all Parity Obligations payable from Net Revenues coming due and payable during such Fiscal Year. The District may make adjustments, from time to time, in its rates, fees and charges as it deems necessary, but shall not reduce its rates, fees and charges below those in effect unless the Net Revenues resulting from such reduced rates, fees and charges shall at all times be sufficient to meet the requirements set forth in this paragraph.

(c) If the District violates the covenants set forth in subsections (a) or (b) hereof, such violation shall not, in and of itself, be a default under this Installment Sale Agreement and shall not give rise to a declaration of an Event of Default so long as (i) Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from the Rate Stabilization

Fund pursuant to subsection (d) below), are at least equal to the Maximum Annual Debt Service coming due and payable during such Fiscal Year, and (ii) (ii) within ninety (90) days after the date of violation (which is measured and commenced as of the last day of applicable quarterly report revealing the violation), the District either (y) transfers enough moneys from the Rate Stabilization Fund sufficient to yield estimated Net Revenues which are at least equal to one hundred twenty-five percent (125%) of the aggregate amount of Debt Service on all Parity Obligations payable from Net Revenues coming due and payable during such Fiscal Year in compliance with subsection (b) hereof, or (z) hires an Independent Financial Consultant to review the revenues and expenses of the Enterprise, and abides by such consultant's recommendations to revise the schedule of rates, fees, expenses and charges, and to revise any Maintenance and Operation Costs insofar as practicable, and to take such other actions as are necessary so as to produce Net Revenues to cure such violation for future compliance to the satisfaction of the Bank; provided, however, that, if the District does not, or cannot, transfer from the Rate Stabilization Fund the amount necessary to comply with subsection (b) hereof, or otherwise cure such violation within one hundred and thirty-five (135) after the date such violation (which is measured and commenced as of the last day of applicable quarterly report revealing the violation), an Event of Default shall be deemed to have occurred under Section 6.1(a)(2) hereof.

(d) There is hereby created a separate fund to be known as the "Rate Stabilization Fund," to be held and maintained by the District. The Rate Stabilization Fund is not pledged to secure payment of the Installment Payments. Amounts in the Rate Stabilization Fund shall be applied solely for the uses and purposes set forth in this subsection (d). The District shall have the right to deposit into the Rate Stabilization Fund from time to time any amount of funds which are legally available therefor; provided that deposits for each Fiscal Year may be made until (but not after) one hundred twenty (120) days following the end of such Fiscal Year.

For the purpose of computing the amount of Revenues for any Fiscal Year for purposes of the preceding subsection (a), or the amount of Net Revenues for any Fiscal Year for purposes of the preceding subsection (b), the District shall be permitted to transfer amounts on deposit in the Rate Stabilization Fund to the Revenue Fund, such transfers to be made until (but not after) one hundred twenty (120) days after the end of such Fiscal Year. In addition, the District shall be permitted to withdraw amounts on deposit in the Rate Stabilization Fund for any other lawful purpose. The Rate Stabilization Fund is not pledged to secure payment of the Installment Payments.

Section 5.4. Collection of Rates and Charges. The District will have in effect at all times rules and regulations requiring each consumer or customer located on any premises connected with the Enterprise to pay the rates, fees and charges applicable to such premises and providing for the billing thereof and for a due date and a delinquency date for each bill. Except in connection with the receipt of federal or State funding, the District will not permit any part of the Enterprise or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State of California and any city, county, district, political subdivision, public corporation or agency of any thereof).

Section 5.5. Competitive Facilities. Except for any Harbor Enterprise facilities existing as of the date hereof, the District will not, to the extent permitted by law, acquire, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any

other public or private agency, authority, city, or political subdivision or any person whomsoever to acquire, maintain or operate within the District any facilities or utility systems competitive with the Enterprise; provided, however, that the District may, with the written consent of the Bank, assign all or a portion of the Enterprise to another entity upon delivery to the Bank of an opinion of counsel experienced in the field of law relating to municipal bonds that such assignment will not adversely affect the tax-exempt status of the 2026 Revenue Obligations, and provided such entity assumes the obligations of the District hereunder.

Section 5.6. Insurance. (a) The District will procure and maintain insurance on the Enterprise, including a satisfactory business interruption insurance policy of not less than 12 months, with commercial insurers or through participation in a joint powers insurance authority, in such amounts, with such deductibles and against such risks (including accident to or destruction of the Enterprise) as are usually insurable in accordance with industry standards with respect to similar enterprises.

In the event of any damage to or destruction of the Enterprise caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of the Enterprise. The District shall cause such repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible, and shall payout of the proceeds of such insurance all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the Enterprise shall be free and clear of all liens and claims. If the proceeds received by reason of any such loss shall exceed the costs of such repair, reconstruction or replacement, the excess shall be applied to prepay the 2026 Revenue Obligations and any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such Parity Obligations.

Alternatively, if the proceeds of such insurance are sufficient to enable the District to retire all outstanding Parity Obligations and all other amounts due hereunder, the District may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Enterprise, and thereupon such proceeds shall be applied to the prepayment of such Parity Obligations and to the payment of all other amounts due hereunder, and as otherwise required by the documents pursuant to which other Parity Obligations were issued.

(b) The District will procure and maintain commercial general liability insurance covering claims against the District for bodily injury or death, or damage to property, occasioned by reason of the ownership or operation of the Enterprise, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar enterprises.

(c) The District will procure and maintain workers' compensation insurance against liability for compensation under the Workers' Compensation Insurance and Safety Act of California, or any act hereafter enacted as an amendment or supplement or in lieu thereof; such insurance to cover all persons employed in connection with the Enterprise.

(d) All policies of insurance required to be maintained herein shall provide that the Bank shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

(e) In lieu of obtaining insurance coverage as required by this Section, such coverage may, with the prior written consent of the Bank, be maintained by the District in the form of self-insurance. The District shall certify to the Bank that (i) the District has segregated amounts in a special insurance reserve meeting the requirements of this Section; (ii) an Insurance Consultant certifies annually, on or before January 1 of each year in which self-insurance is maintained, in writing to the Bank that the District's general insurance reserves are actuarially sound and are adequate to provide the necessary coverage; and (iii) such reserves are held in a separate trust fund by an 'independent trustee. Any statements of self-insurance shall be delivered to the Bank. The District shall pay or cause to be paid when due the premiums for all insurance policies required hereby.

The District shall cause the Bank to be named as an additional insured with respect to the District's liability insurance, and as a loss payee with respect to any property damage insurance. The District shall not allow any insurance to expire without thirty (30) days prior written notice to the Bank.

Notwithstanding the foregoing, Bank has reviewed the District's current insurance coverage and deems it appropriate coverage, as required by this Section 5.6.

Section 5.7. Eminent Domain. If all or any part of the Enterprise shall be taken by eminent domain proceedings, the resulting Net Proceeds thereof shall be applied as follows:

(a) If (1) the District delivers to the Bank a Certificate of the District showing (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Enterprise proposed to be acquired by the District from any Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) on the basis of such certificate, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive); then the District shall promptly proceed with the acquisition of such additions, betterments, extensions or improvements substantially in accordance with such Certificate of the District and such Net Proceeds shall be applied for the payment of the costs of such acquisition, and any balance of such Net Proceeds not required by the District for such purpose shall be applied to prepay the Principal Components and any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such other Parity Obligations.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied to prepay the Principal Components and any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such other Parity Obligations.

Section 5.8. Additional Information. The District agrees to furnish to the Bank, promptly, from time to time, such information regarding the operations, financial condition and property of the District and the Enterprise as the Bank may reasonably request.

Section 5.9. Compliance with Law and Contracts. The District will faithfully comply with, keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on its operation of the Enterprise by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board, or commission having jurisdiction or control.

Section 5.10. Punctual Payment. The District will punctually pay the principal and interest to become due in respect of the 2026 Revenue Obligations, in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not rescind this Installment Sale Agreement for any cause.

Section 5.11. Reserved.

Section 5.12. Protection of Security. The District will preserve and protect the security of the 2026 Revenue Obligations against all claims and demands of all persons. From and after the Closing Date, the 2026 Revenue Obligations shall be incontestable by the District.

Section 5.13. Parity Obligations.

(a) So long as the 2026 Revenue Obligations are outstanding, the District shall not issue or incur any obligations payable from Revenues or Net Revenues senior or superior to the payment of Debt Service on the 2026 Revenue Obligations. The District may at any time issue Parity Obligations payable from Net Revenues on a parity with Debt Service on the 2026 Revenue Obligations to provide financing or refinancing for the Enterprise in such principal amount as shall be determined by the District. The District may issue or incur any such Parity Obligations subject to the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations:

(1) No Event of Default shall have occurred and be continuing;

(2) The Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from the Rate Stabilization Fund pursuant to Section 5.3(d) hereof), calculated in accordance with Generally Accepted Accounting Principles, either (i) as shown by the books of the District for the latest Fiscal Year, as verified by a certificate of an Authorized Representative of the District, or (ii) as shown by the books of the District for any more recent twelve (12) month period selected by the District, as verified by a certificate or opinion of an Independent Certified Public Accountant employed by the District, plus in either case (at the option of the District) the Additional Revenues, shall be at least equal to one hundred twenty-five percent (125%) of the amount of Maximum Annual Debt Service on all outstanding Parity Obligations and the Parity Obligations to be issued (the "Parity Obligations Coverage Requirement");

(3) Except with respect to the 2026 Revenue Obligations, and at the District's sole discretion, there shall be established from the proceeds of such Parity Obligations a reserve fund for the security of such Parity Obligations, in an amount equal to the lesser of (i) the maximum amount of debt service required to be paid by the District with respect to

such Parity Obligations during any Fiscal Year and (ii) the maximum amount then permitted under the Code, in either event as certified in writing by the District.

The provisions of subsection (2) of this Section shall not apply to any Parity Obligations if, and to the extent that (i) all of the proceeds of such Parity Obligations (other than proceeds applied to pay costs of issuing such Parity Obligations and to make the reserve fund deposit required pursuant to subsection (3) of this Section, if any) shall be deposited in an irrevocable escrow held in cash or invested in Federal Securities for the purpose of paying the principal of and interest and premium (if any) on such outstanding Parity Obligations being refunded, (ii) at the time of the incurring of such Parity Obligations, the District certifies in writing that maximum annual debt service on such Parity Obligations will not exceed Maximum Annual Debt Service on the outstanding Parity Obligations being refunded, and (iii) the final maturity of such Parity Obligations is not later than the final maturity of the Parity Obligations being refunded.

(b) In order to maintain the parity relationship of debt service payments on all Parity Obligations permitted hereunder, the District covenants that all payments in the nature of principal and interest or reserve account replenishment with respect to any Parity Obligations, will be structured to occur semi-annually on the Installment Payment Dates and in each year as such payments are due with respect to the debt service payments on this Installment Sale Agreement, and to otherwise structure the terms of such Parity Obligations to ensure that they are in all respects payable on a parity with the debt service payments on Parity Obligations and not prior thereto.

(c) The District may at any time execute contracts or issue bonds or other indebtedness payable from Net Revenues or the Revenue Fund payable on a subordinated basis to the payment of the Debt Service payments on Parity Obligations.

Section 5.14. Against Encumbrances. The District hereby covenants and agrees that it shall not incur any obligations that are secured by a pledge and lien on the Net Revenues that is senior to the pledge and lien on the Net Revenues contained herein. The District will not make any pledge of or place any lien on the Net Revenues except as provided herein. The District may pledge Net Revenues to secure Parity Obligations issued in accordance with Section 5.13 hereof. The District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose that are payable from and secured by a pledge of and lien on Net Revenues that is subordinate in all respects to the pledge of and lien on the Net Revenues provided herein.

Section 5.15. Further Assurances. The District will adopt, make, execute and deliver any and all further resolutions, instruments, and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Bank of the rights and benefits provided to it herein.

Section 5.16. Financial Reports. Promptly upon receipt by the District and in no event later than two hundred ten (210) days after the close of each Fiscal Year (unless otherwise agreed in writing by the Bank), the District will furnish, or cause to be furnished, to the Bank an audit report of an Independent Certified Public Accountant with respect to such Fiscal Year, covering the operations of the Enterprise for said Fiscal Year. Such audit report shall include statements of the status of each account pertaining to the Enterprise, showing the amount and source of all deposits therein, the amount and purpose of the withdrawals therefrom and the balance therein at

the beginning and end of said Fiscal Year. Each such audit, in addition to whatever matters may be considered proper by the Independent Certified Public Accountant to be included therein, shall include a statement as to whether or not the Net Revenues for such Fiscal Year were equal to at least 1.25 times the Debt Service for such Fiscal Year, calculated as provided in Section 5.3 hereof. In addition, the District shall deliver to the Bank, not later than thirty (30) days after each Fiscal Year end, commencing with Fiscal Year ending March 31, 2019, a copy of the District's adopted budget for the then current Fiscal Year.

The District shall also provide the Bank with covenant compliance certificates, including (i) supporting calculations of rate coverage covenants (tested annually on a trailing twelve (12) month basis), and (ii) officer's statement of compliance, due within 10 days of receipt by the District of its audit report referenced in the previous paragraph, commencing with the audit report for fiscal year ending March 31, 2027, as well as such other information as shall reasonably be requested by the Bank from time to time.

Section 5.17. Opinion of District Counsel. The District will cause to be delivered to the Bank an opinion issued by the District's counsel on the date of delivery of the 2026 Revenue Obligations, to the effect that (i) the District is a port district and public corporation duly organized and existing under the laws of the State of California; (ii) this Installment Sale Agreement was duly approved at a meeting of the Board that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout; (iii) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel after reasonable investigation, threatened against or affecting the District, to restrain or enjoin the execution and delivery of this Installment Sale Agreement, or in any way contesting or affecting the validity of this Installment Sale Agreement, (iv) the adoption of this Installment Sale Agreement and compliance by the District with the provisions hereof, under the circumstances contemplated hereby, do not and will not constitute on the part of the District a breach or default under any agreement or other instrument to which the District is a party or by which it is bound (that are known to the District's counsel) or any existing law, regulation, court order or consent decree to which the District is subject.

Section 5.18. Observance of Laws and Regulations. The District will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the District, including the District's right to exist and carry on business as a port district, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 5.19. Private Activity Bond Limitation. The District shall assure that monies deposited pursuant to this Installment Sale Agreement are not so used as to cause this Installment Sale Agreement to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(d) of the Code.

Section 5.20. Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause this Installment

Sale Agreement or the Interest Components of the Installment Payments to be “federally guaranteed” within the meaning of section 149(b) of the Code.

Section 5.21. Maintenance of Tax Exemption. The District shall take all actions necessary to assure the exclusion of the Interest Components of the Installment Payments from the gross income of the Bank to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date. If the District causes the Interest Components of the Installment Payments becomes includable in the gross income of the Bank for federal income tax purposes under the Code, the District, at the option of the Bank, shall pay to the Bank within thirty days of such determination, the amount which, with respect to Installment Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest component of the Installment Payments due through the date of such determination) that are imposed on the Bank as a result of the loss of the exclusion, will restore the Bank to the same after-tax yield on the transaction evidenced by this Installment Sale Agreement (assuming tax at the actual marginal corporate rate) that it would have realized had the tax exemption not been lost. Furthermore, the District agrees that upon the occurrence of such an event, it shall pay additional amounts to the Bank on each succeeding Installment Payment Date such amount as will maintain such after-tax yield to the Bank. Notwithstanding any such recalculation of the Installment Payments, the District shall at all times have the option to prepay all or part of the Installment Payments in accordance with Section 3.4 hereof.

Section 5.22. Rebate Requirement. The District shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government.

Section 5.23. No Arbitrage. The District shall not take any action with respect to the proceeds of this Installment Sale Agreement which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date this Installment Sale Agreement was entered into would have caused this Installment Sale Agreement to be an “arbitrage bond” within the meaning of Section 148 of the Code.

Section 5.24. Budget. The District hereby covenants to take such action as may be necessary to include all Installment Payments and all other amounts due hereunder in its annual budget and to make the necessary annual appropriations for all such Installment Payments and all other amount due hereunder.

Section 5.25. Notices. The District shall provide to the Bank:

(a) Immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Installment Sale Agreement or any other Obligation, together with a detailed statement by an Authorized Representative of the steps being taken by the District to cure the effect of such Event of Default, or event of default under any other obligation, as the case may be.

(b) Within ten (10) calendar days (i) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court or other governmental authority,

domestic or foreign, against the District or the Enterprise or the Revenues which involve claims equal to or in excess of \$500,000 or that seeks injunctive relief, or (ii) of any loss or destruction of or damage to any portion of the Enterprise in excess of \$500,000.

(c) Within ten (10) calendar days of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority with respect to any matter that relates to or could impact any Revenues.

(d) Within ten (10) calendar days of any termination or cancellation of any insurance policy which the District is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting the District property in excess of an aggregate of \$500,000.

(e) Within ten (10) calendar days of a request from the Bank (if the request is initially oral, the Bank shall as soon as practicable thereafter follow-up such oral request with a request in writing), such other information respecting the District, Enterprise, and the operations, affairs and financial condition of the District as the Bank may from time to time reasonably request.

The covenants on the part of the District herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the ministerial duty of each and every public official of the District to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the District to carry out and perform the covenants and agreements on the part of the District contained in this Installment Sale Agreement.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.1. Events of Default and Remedies.

(a) Events of Default. The following shall be Events of Default hereunder:

(1) Failure by the District to pay any Principal Component or Interest Component on the 2026 Revenue Obligations when due and payable.

(2) Failure by the District to observe and perform any covenant, condition or agreement on its part contained herein pertaining to the Enterprise, other than in clause (1) of this subsection, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Bank; *provided, however*, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such thirty (30) day period, the Bank shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within such thirty (30) day period and diligently pursued until the default is corrected.

(3) Default by the District under any Parity Obligation (or Subordinate Obligation which requires or permits the immediate acceleration thereof).

(4) Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any law providing for the appointment of a receiver, liquidator, trustee, or similar official of the District or of all or substantially all of its assets, by or with the consent of the District, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty days, or agreement by the District with the District's creditors to effect a composition or extension of time to pay the District's debts, or request by the District for a reorganization or to effect a plan of reorganization, or for a readjustment of the District's debts, or a general or any assignment by the District for the benefit of the District's creditors.

(5) Any statement, representation or warranty made by the District in or pursuant to this Installment Sale Agreement or its execution, delivery or performance proves to have been false, incorrect, misleading, or breached in any material respect on the date made, and is continuing for a period of thirty (30) days after written notice specifying such misrepresentation or breach and requesting that it be remedied has been given to the District by the Bank; provided, however, that the Bank and the District may agree that action by the District to cure such failure may be extended beyond such thirty-day period.

(6) This Installment Sale Agreement or any material provision of this Installment Sale Agreement shall at any time for any reason cease to be the legal, valid and binding obligation of the District or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the District, or the District shall renounce the same or deny that it has any further liability hereunder.

(7) Dissolution, termination of existence or insolvency of the District.

(8) Any court of competent jurisdiction with jurisdiction to rule on the validity of any provision of this Installment Sale Agreement shall find or rule that this Installment Sale Agreement is not valid or not binding on the District.

(b) Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Bank shall have the right, at its option upon notice to the District, to declare the unpaid aggregate Principal Components of the 2026 Revenue Obligations, and the interest accrued thereon, to be immediately due and payable, whereupon the same shall immediately become due and payable.

The Bank shall also have the right, at its option and without any further demand or notice, to (i) apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require officials of the District to charge and collect rates for services provided by the District and the Enterprise sufficient to meet all requirements of this Installment Sale Agreement, and (ii) take whatever action at law or in equity as may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of this Installment

Sale Agreement, or enforce performance and observance of any obligation, agreement or covenant of the District under this Installment Sale Agreement, subject to the following paragraph.

Notwithstanding any provision of this Installment Sale Agreement, the District's liability to pay the Installment Payments and other amounts hereunder shall be limited solely to Net Revenues as provided in Article IV hereof. In the event that Net Revenues shall be insufficient at any time to pay a Principal Component and/or an Interest Component in full, the District shall not be liable to pay or prepay such delinquent Installment Payment other than from Net Revenues.

Section 6.2. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 6.1, all Net Revenues thereafter received by the District shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Net Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Bank if any, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel; and

Second, to the payment of the entire unpaid aggregate Principal Components of the 2026 Revenue Obligations and the unpaid principal amount of any other Parity Obligations and the accrued interest thereon, with interest on the overdue payments at the rate or rates of interest applicable to the 2026 Revenue Obligations and such other Parity Obligations if paid in accordance with their respective terms.

Third, to the unpaid principal amount of any Subordinate Obligations and the accrued and unpaid interest thereon.

Section 6.3. Other Remedies of the Bank. The Bank shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform and carry out its or his duties under the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Bank; or

(c) by suit in equity upon the happening of an Event of Default to require the District and its Board members, officers and employees to account as the trustee of an express trust.

Section 6.4. Non-Waiver. Nothing in this article or in any other provision hereof, or in the 2026 Revenue Obligations, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the 2026 Revenue Obligations to the Bank when due, as herein provided, out of the Net Revenues herein pledged for such payment, or shall affect or impair the right of the Bank, which is also absolute and unconditional,

to institute suit to enforce such payment by virtue of the contract embodied in this Installment Sale Agreement.

A waiver of any default or breach of duty or contract by the Bank shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Bank to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Bank by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Bank. If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Bank, the District and the Bank shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 6.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Bank 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.

Section 6.6. Prosecution and Defense of Suits. The District shall promptly, upon request of the Bank or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Enterprise whether now existing or hereafter arising and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose.

ARTICLE VII

NOTICES; JUDICIAL REFEREE

Section 7.1. Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed to have been properly given on the earlier of (i) when delivered in person, (ii) the third Business Day following deposit in the United States Mail, with adequate postage, and sent by registered or certified mail, with return receipt requested to the appropriate party at the address set forth below, or (iii) the first Business Day following deposit with Federal Express, Express Mail or other overnight delivery service for next day delivery, addressed to the appropriate party at the address set forth below.

If to the District: Santa Cruz Port District
 135 5th Avenue
 Santa Cruz, CA 95062
 Attention: Port Director

If to the Bank: Signature Public Funding Corp.

With a copy to: Signature Public Funding Corp.

Attention:

Section 7.2. Judicial Referee.

(a) *Judicial Referee.* The Bank and the District hereby agree: (i) each proceeding or hearing based upon or arising out of, directly or indirectly, this Installment Sale Agreement or any document related thereto, any dealings between the District and the Bank related to the subject matter of this Installment Sale Agreement or any related transactions, and/or the relationship that is being established between the District and the Bank (hereinafter, a “Claim”) shall be determined by a consensual general judicial reference (the “Referee”) pursuant to the provisions of Section 638 et seq. of the California Code of Civil Procedure, as such statutes may be amended or modified from time to time; (ii) upon a written request, or upon an appropriate motion by either the Bank or the District, as applicable, any pending action relating to any Claim and every Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee’s statement of decision will constitute the conclusive determination of the Claim. The Bank and the District agree that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee; (iii) the Bank and the District shall promptly and diligently cooperate with one another, as applicable, and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section 7.2; (iv) either the Bank or the District, as applicable, may file the Referee’s findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee’s report and have judgment entered thereon if the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it; (v) the Bank and the District, as applicable, will each have such rights to assert such objections as are set forth in Section 638 et seq. of the California Code of Civil Procedure; and (vi) all proceedings shall be closed to the public and confidential, and all records relating to the Referee shall be permanently sealed when the order thereon becomes final.

(b) *Selection of Referee; Powers.* The parties to the Referee proceeding shall select a single neutral referee (the “Referee”), who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten (10) years of judicial experience in civil matters. The Referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within ten (10) days after the request or motion for the Referee, the parties to the Referee proceeding cannot agree upon a

Referee, then any party to such proceeding may request or move that the Referee be appointed by the Presiding Judge of the Santa Cruz County Superior Court, or of the U.S. District Court for the Eastern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 7.2.

(c) *Provisional Remedies and Self Help.* No provision of this Section 7.2 shall limit the right of either the Bank or the District, as the case may be, to (i) exercise such self-help remedies as might otherwise be available under applicable law, or (ii)) obtain or oppose provisional or ancillary remedies, including without limitation injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after, or during the pendency of any Referee. The exercise of, or opposition to, any such remedy does not waive the right of the Bank or the District to the Referee pursuant to this Section 7.2(c).

(d) *Costs and Fees.* Promptly following the selection of the Referee, the parties to such Referee proceeding shall each advance equal portions of the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys' fees, to the prevailing party, if any, and may order the Referee's fees to be paid or shared by the parties to such Referee proceeding in such manner as the Referee deems just.

ARTICLE VIII

AMENDMENTS; DISCHARGE; GENERAL AUTHORIZATION; EFFECTIVE DATE

Section 8.1. Amendments Permitted. (a) This Installment Sale Agreement and the rights and obligations of the District and of the Bank may be modified or amended at any time by a written supplemental agreement entered into by the District and the Bank.

(b) From and after the time any supplemental agreement becomes effective pursuant to this Article, this Installment Sale Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Installment Sale Agreement and the Bank shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental agreement shall be deemed to be part of the terms and conditions of this Installment Sale Agreement for any and all purposes.

Section 8.2. Discharge of Installment Sale Agreement. (a) If the District shall pay or cause to be paid or there shall otherwise be paid to the Bank all of the principal of and the interest and the prepayment premium, if any, on this Installment Sale Agreement at the times and in the manner stipulated herein, then all agreements, covenants and other obligations of the District to the Bank hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) This Installment Sale Agreement shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case this Installment Sale

Agreement is to be prepaid on any date prior to its final principal payment date, the District shall have mailed a notice of prepayment to the Bank, (2) there shall have been deposited with the Bank or an escrow agent either money in an amount that shall be sufficient or Federal Securities, the interest on and principal of which when paid will provide money that, together with the money, if any, deposited with the Bank or such escrow agent at the same time, shall be sufficient to pay when due the interest to become due on this Installment Sale Agreement on and prior to the final principal payment date or prepayment date thereof, as the case may be, and the principal of and prepayment premiums, if any, on this Installment Sale Agreement on and prior to the final principal payment date or the prepayment date thereof, as the case may be, and (3) if this Installment Sale Agreement is not subject to prepayment within the next succeeding sixty (60) days, the District shall have mailed a notice to the Bank that the deposit required by clause (2) above has been made with the Bank or such escrow agent and that this Installment Sale Agreement is deemed to have been paid in accordance with this section and stating the principal payment dates or prepayment date, as the case may be, upon which money is to be available for the payment of the principal of and prepayment premiums, if any, on this Installment Sale Agreement.

(c) Pursuant to Section 8.2 (b), the money or securities so to be deposited or held may include money or securities held by the District in the funds and accounts established pursuant to this Installment Sale Agreement, and shall be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Principal Components and all unpaid interest thereon to maturity, except that, in the case of Principal Components which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Section 3.4 or provision satisfactory to the Bank shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Principal Components and all unpaid interest thereon to the redemption date; or

(ii) Defeasance Obligations, the principal of and interest on which when due will, in the written opinion of an Independent Certified Public Accountant filed with the District and the Bank, provide money sufficient to pay the Principal Components of and Interest Components and premium (if any) on the 2026 Revenue Obligations to be paid or redeemed, as such Principal Components, Interest Components and premium become due, provided that in the case of Principal Components which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Section 3.4 or provision satisfactory to the Bank shall have been made for the giving of such notice;

provided, in each case, that (i) the District shall have irrevocably instructed (by the terms of this Installment Sale Agreement) that such money shall be applied to the payment of such Principal Components, Interest Components and premium (if any) with respect to such 2026 Revenue Obligations, and (ii) the District shall have delivered to the Bank an opinion of Bond Counsel to the effect that such Principal Components of the 2026 Revenue Obligations have been discharged in accordance with this Installment Sale Agreement (which opinion may rely upon and assume the accuracy of the Independent Certified Public Accountant's opinion referred to above).

Section 8.3. General Authorization. The Authorized Representatives of the District, and

each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the District, to execute and deliver any and all documents (including specifically the Escrow Agreement), to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, in order to consummate the financing and to effect the purposes of this Installment Sale Agreement. All actions heretofore taken by officers, employees, and agents of the District that are in conformity with the purposes and intent of this Installment Sale Agreement are hereby approved, confirmed, and ratified.

Section 8.4. Binding Effect. This Installment Sale Agreement shall inure to the benefit of and shall be binding upon the Bank and the District and their respective successors and assigns.

Section 8.5. Severability. In the event any provision of this Installment Sale Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.6. Further Assurances and Corrective Instruments. The Bank and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Installment Sale Agreement.

Section 8.7. Applicable Law. This Installment Sale Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8. Captions. The captions or headings in this Installment Sale Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Installment Sale Agreement.

Section 8.9. Agreement to Pay Attorneys' Fees and Expenses. The District will pay the Bank its reasonable attorney fees incurred subsequent to an Event of Default.

Section 8.10. Execution in Counterparts. This Installment Sale Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

* * * * *

IN WITNESS WHEREOF, the Bank has caused this Installment Sale Agreement to be executed in its corporate name by its duly authorized signatory; and the District has caused this Installment Sale Agreement to be executed in its name by its duly Authorized Representative, as of the date first above written.

SIGNATURE PUBLIC FUNDING CORP.,
an affiliate of Flagstar Bank, N.A.

By _____
Authorized Signatory

SANTA CRUZ PORT DISTRICT

By _____
Holland MacLaurie, Port Director

EXHIBIT A
INSTALLMENT PAYMENT SCHEDULE

\$13,100,000
SANTA CRUZ PORT DISTRICT
SERIES 2026 REVENUE OBLIGATIONS
(Santa Cruz Harbor 2026 Repair Project)

Interest Rate: 4.12%

Installment Payment Date	Principal Component*	Interest Component*	Total Installment Payment*
08/01/2026			
02/01/2027			
08/01/2027			
02/01/2028			
08/01/2028			
02/01/2029			
08/01/2029			
02/01/2030			
08/01/2030			
02/01/2031			
08/01/2031			
02/01/2032			
08/01/2032			
02/01/2033			
08/01/2033			
02/01/2034			
08/01/2034			
02/01/2035			
08/01/2035			
02/01/2036			
08/01/2036			
02/01/2037			
08/01/2037			
Totals			

* In the event the payments above are scheduled to occur on a day which is not a Business Day, such payment will be due on the next succeeding Business Day and will continued to accrue interest to such Business Day.

EXHIBIT B

\$13,100,000

**SANTA CRUZ PORT DISTRICT
SERIES 2026 REVENUE OBLIGATIONS
(Santa Cruz Harbor 2026 Repair Project)**

PROJECT DESCRIPTION

The Santa Cruz Harbor 2026 Repair Project includes the demolition and full replacement of the existing G and X Docks, including new piles, decking, utilities, and associated marine infrastructure, as well as any necessary permits, rights of way and other real or personal property useful in connection therewith, together with all additions, extensions, expansions, improvements and betterments thereto and equipments thereof.

EXHIBIT C

FORM OF PROMISSORY NOTE

THIS PROMISSORY NOTE IS SUBJECT TO THE TRANSFER RESTRICTIONS SET FORTH IN SECTION 3.9 OF THE HEREINAFTER DEFINED AGREEMENT

No. R-1

\$13,100,000.00

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**SANTA CRUZ PORT DISTRICT
SERIES 2026 REVENUE OBLIGATIONS
(SANTA CRUZ HARBOR 2026 REPAIR PROJECT)**

PROMISSORY NOTE

INTEREST RATE: 4.12%

CLOSING DATE: March 4, 2026

MATURITY DATE: February 1, 2036

REGISTERED OWNER: SIGNATURE PUBLIC FUNDING CORP., a New York corporation and non-bank affiliate of Flagstar Bank, N.A.

PRINCIPAL AMOUNT: THIRTEEN MILLION ONE HUNDRED THOUSAND DOLLARS

This Promissory Note (the “Note”) evidences the obligations (the “2026 Obligations”) of the Santa Cruz Port District (the “District”) under the 2026 Installment Sale Agreement, dated as of March 1, 2026 (the “Agreement”), by and between the District and Signature Public Funding Corp., a New York corporation and non-bank affiliate of Flagstar Bank, N.A. (the “Bank”), which is being executed and delivered by the District. The District for value received, hereby promises to pay to the registered owner named above, or registered assigns (the “Owner”), on the Maturity Date set forth above, unless prepaid prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from the Closing Date set forth above, or from the most recent 2026 Obligation Payment Date (as hereinafter defined) to which interest has been paid or duly provided for 2026 Obligation Payments (as defined in the Agreement) shall be payable semiannually on each 2026 Obligation Payment Date (as defined in the Agreement), calculated using the interest rate set forth above (unless payable at the Default Rate or Taxable Rate, as defined and set forth in the Agreement), until the principal amount hereof is paid in full or made provision for such payment has been made. For avoidance of doubt, the principal and interest components of the 2026 Obligation Payments are more fully set forth on Exhibit A to the Agreement, which is fully incorporated by reference herein.

The District is authorized to enter into the Agreement and to issue this Note in the aggregate principal amount of \$13,100,000 pursuant to Resolution No. 26-__ (the "Resolution"), adopted by the Board of Commissioners of the District on February 24, 2026.

Reference is made to the Agreement for the complete provisions thereof, and by acceptance hereof the registered owner of this Note assents to said terms and conditions as if fully set forth herein. The Agreement is authorized under, and this Note is issued under, and both are to be construed in accordance with, the laws of the State of California. The terms and conditions set forth in the Agreement, together with this Note, all Exhibits hereto, along with all certificates and other closing deliverables provided in connection therewith, are fully incorporated by reference herein and collectively form a contract between the District and the Bank.

Pursuant to the Resolution and the Agreement, the principal of and interest on this Note are payable from Net Revenues (as defined in the Agreement), and funds held under the Agreement. The District has agreed in the Agreement to collect Net Revenues sufficient to pay the payments on the 2026 Obligations and this Note when due.

This Note is subject to optional prepayment as set forth in the Agreement. This Note is also subject to extraordinary prepayment in accordance with the Agreement.

This Note shall be registered in the name of the Registered Owner hereof, as to both principal and interest. Each registration and transfer of registration of this Note shall be entered by the District in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

The Agreement and the rights and obligations of the District thereunder may be modified or amended as set forth therein. The principal of this Note is subject to acceleration upon a default as prescribed in the Agreement.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the District that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Note, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, the District has caused this Note to be dated the Closing Date shown first above, to be signed by the manual signature of its Chairman, Executive Director or Deputy Executive Director, and attested to by the manual signature of an Authorized Representative (as defined in the Agreement), and has caused this Note to be dated as of the Closing Date set forth above.

SANTA CRUZ PORT DISTRICT

By: _____

ATTEST:

By: _____

EXHIBIT D

\$13,100,000

**SANTA CRUZ PORT DISTRICT
SERIES 2026 REVENUE OBLIGATIONS
(Santa Cruz Harbor 2026 Repair Project)
BANK QUALIFIED**

**FORM OF REQUISITION
FOR DISBURSEMENT FROM PROJECT FUND**

The undersigned, as Port Director of the Santa Cruz Port District (the “District”), in connection with the issuance, sale and delivery by the District of the above-captioned \$13,100,000 aggregate principal amount of the Santa Cruz Port District, Series 2026 Revenue Obligations (Santa Cruz Harbor 2026 Repair Project), Bank Qualified (the “2026 Revenue Obligations”), issued in accordance with the Installment Sale Agreement, dated as of March 1, 2026 (the “Installment Sale Agreement”), by and between the District and the Signature Public Funding Corp., an affiliate of Flagstar Bank, N.A. (the “Bank”), does hereby certify that:

(i) the undersigned is a duly Authorized Representative (as defined in the Installment Sale Agreement) with authority to act on behalf of the District as necessary in connection with disbursements of Project Costs, and as such, is authorized to disburse money from the Project Fund for the 2026 Revenue Obligations (the “Project Fund”);

(ii) an obligation in the not-to-exceed amount stated for each of the payees set forth on Exhibit “A” has been properly incurred as a Project Cost under and pursuant to the Installment Sale Agreement, and each such obligation is a proper charge against the Project Fund;

(iii) no amount set forth in the requisition was included in any requisition requesting disbursement previously filed with the District pursuant to Section 3.3 of the Installment Sale Agreement;

(iv) that pursuant to the Installment Sale Agreement, the undersigned, on behalf of the District, hereby disburses from the Project Fund to the payees set forth on Exhibit A attached hereto, upon receipt of an invoice, an amount not to exceed the sum set forth opposite each such payee, for the purpose identified therein; and

(v) there has not been filed with or served upon the District a stop notice or any other notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable to the person named in this Requisition which has not been released or will not be released with the payment of such obligation, other than materialmen’s or mechanics’ liens accruing by mere operation of laws.

Dated: _____, 20__

SANTA CRUZ PORT DISTRICT

By: _____
Port Director

EXHIBIT E

\$13,100,000

**SANTA CRUZ PORT DISTRICT
SERIES 2026 REVENUE OBLIGATIONS
(Santa Cruz Harbor 2026 Repair Project)
BANK QUALIFIED**

**FORM OF REQUISITION
FOR DISBURSEMENT FROM COSTS OF ISSUANCE FUND**

The undersigned, as Port Director of the Santa Cruz Port District (the “District”), in connection with the issuance, sale and delivery by the District of the above-captioned \$13,100,000 aggregate principal amount of the Santa Cruz Port District, Series 2026 Revenue Obligations (Santa Cruz Harbor 2026 Repair Project), Bank Qualified (the “2026 Revenue Obligations”), issued in accordance with the Installment Sale Agreement, dated as of March 1, 2026 (the “Installment Sale Agreement”), by and between the District and the Signature Public Funding Corp., an affiliate of Flagstar Bank, N.A. (the “Bank”), does hereby certify that:

(i) the undersigned is a duly Authorized Representative (as defined in the Installment Sale Agreement) with authority to act on behalf of the District as necessary in connection with issuance and delivery of the 2026 Revenue Obligations, and as such, is authorized to cause disbursements from the Costs of Issuance Fund for the 2026 Revenue Obligations (the “Costs of Issuance Fund”);

(ii) an obligation in the not-to-exceed amount stated for each of the payees set forth on Exhibit “A” has been properly incurred under and pursuant to the Installment Sale Agreement and each such obligation is a proper charge against the Costs of Issuance Fund;

(iii) that pursuant to the Installment Sale Agreement, the undersigned, on behalf of the District, hereby requests the Bank to disburse from the Costs of Issuance Fund to the payees set forth on Exhibit A attached hereto, upon receipt of an invoice, an amount not to exceed the sum set forth opposite each such payee, for the purpose identified therein; and

(iv) all payments shall be made by wire transfer in accordance with the payment instructions set forth in Exhibit A attached hereto or in invoices submitted in accordance herewith, and the Bank may rely on such payment instructions as though given by the District, with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

Dated: September __, 2018

SANTA CRUZ PORT DISTRICT

By: _____
Port Director



TO: Port Commission

FROM: Holland MacLaurie, Port Director

DATE: February 12, 2026

SUBJECT: Approve the FY27 Budget and Capital Improvement Plan

Recommendation: *Approve the FY27 budget and capital improvement projects.*

BACKGROUND

The Port Commission reviewed the draft FY27 budget (including FY27 fee schedule) and proposed list of capital improvement projects (CIP) at a special public budget session on February 10, 2026.

Following review and discussion, the Port Commission directed staff to revise the draft FY27 budget to include the following:

- Marina Fees: 3% increase to marina fees
- Expenditure Increase: Increase Marina Management expense line item 100-200-220-0000-5280 by \$20,000 to ensure adequate funding is available for abandoned vessel demolition and disposal, in light of reduced SAVE grant funding.
- CIP Increase: Allocate an additional \$50,000 to Barge Purchase Fund, increasing the total cash contribution to the CIP from \$1,000,000 to 1,050,000.
- CIP Contribution Goal: Memorialize the Commission's intent to increase the ongoing CIP contribution goal from \$750,000 to \$1,000,000 when practicable.
- Capital Outlay – Broaden the purpose of the \$35,000 capital outlay item previously identified for a transit bus/shuttle to a more encompassing "Harbor Tenant Vitality Fund." This funding may be used to explore and implement measures to support harbor tenants and visitor access during Murray Street Bridge construction and related traffic impacts.

The budget worksheet, revenue summaries, Capital Improvement Plan summary table, fee schedule, and Projected Debt Service Ratio (DSR) have been revised accordingly.

ANALYSIS

The marina fee increase has improved the DSR from 1.71x in the draft FY27 budget, to 1.78x in the proposed final budget. The proposed budget maintains services, funds approved labor contracts and aligns with identified Port District priorities by funding priority capital improvement projects.

The revised draft FY27 budget is appended as Attachment A.

ATTACHMENTS: A. Final FY27 Budget
B. Historic Annual Slip Rent Increases



SANTA CRUZ PORT DISTRICT

FINAL OPERATING BUDGET

FISCAL YEAR 2027

APRIL 1, 2026 - MARCH 31, 2027

TABLE OF CONTENTS

1.	PORT DIRECTOR’S BUDGET MESSAGE.....	2
2.	POLICY STATEMENTS.....	4
3.	BUDGET USER GUIDE.....	6
4.	FINANCIAL SUMMARIES	
	FY27 Budget Summary.....	7
	General Fund Revenue Budget.....	8
	General Fund Expenditure Budget.....	10
	Expenditures by Department and Program.....	12
	Debt Service.....	13
	Fund Balance Overview and Projections.....	15
5.	PERSONNEL PROFILE.....	16
6.	DEPARTMENTS AND PROGRAMS	
	Administrative Services Department.....	18
	Operations Department.....	21
	Facilities Maintenance and Engineering Department.....	25
7.	DREDGING FUND.....	29
8.	CAPITAL OUTLAY.....	30
9.	CAPITAL IMPROVEMENT PROGRAM.....	31
10.	FINANCIAL POLICES	
	Reserve Policy.....	44
	Investment Policy.....	46
	Unfunded Accrued Liability Policy (including CalPERS’ Employer Contribution Rates).....	52
11.	FY27 FEE SCHEDULE.....	60

Attachment A Debt Service Detail and Debt Service Coverage Ratios
Attachment B Revenue, Expense, and Non-Operating Summary Sheets

PORT DIRECTOR'S BUDGET MESSAGE

Honorable Chair and Members of the Port Commission:

I am pleased to transmit to you the proposed budget and 5-Year Capital Improvement Plan (CIP) for the Santa Cruz Port District for the fiscal year beginning April 1, 2026, and ending March 31, 2027. The FY27 budget is presented as a balanced budget, where operating revenues are equal to or exceed operating expenditures.

The Port District's annual budget is a key planning tool that serves as a policy document, financial plan, and operating guide for the public and harbor constituents. It is intended to demonstrate the District's strategic direction, sources of funding, and planned expenditures for the upcoming fiscal year.

Prior Year Summary

While FY26 was not marked by any significant disaster events resulting in new infrastructure damage, the year did include several large-scale unanticipated expenditures. These costs were primarily associated with the following:

- Launch Ramp Sink Hole Repair: \$975,000
- Emergency Trash Compactor Replacement: \$57,000
- Bucket Truck Replacement: \$30,000

Planning efforts also continued in FY26 to advance permanent repairs to storm surge-damaged infrastructure at G and X Docks. CalOES disaster recovery assistance has been made available, with 75% of eligible reconstruction costs reimbursable by CalOES and the remaining 25% funded by the Port District. In FY27, the Port District will evaluate and select a financing approach to facilitate implementation of the approximately \$13 million repair project.

The FY26 budget projected \$12,808,575 in revenues and \$11,577,789 in expenditures, inclusive of debt service and capital outlay. FY26 revenues are expected to exceed budgeted projections by approximately 12%, due largely to the receipt of approximately \$1.3 million in CalOES reimbursement related to storm surge recovery projects. Operating expenditures are projected to exceed budget by approximately 4.5%, primarily due to unanticipated sinkhole repair efforts. Expenditure overruns were partially offset by a favorable reduction in insurance premium costs, resulting in approximately \$300,000 in savings during the fiscal year. This reduction is anticipated to carry forward into FY27 to some extent.

FY27 Budget Outlook / Highlights

The proposed FY27 budget has been structured to balance planned capital improvements and the anticipated haulout of the District's dredge, *Twin Lakes*, while continuing to effectively manage ongoing operations.

The budget funds current operations within revenue projections that are approximately the same as FY26. While modest increases are projected for some user fees, revenue projections for some categories, including slip rent, tenant concession rent, parking, and boatyard services have been adjusted to account for potential ongoing impacts associated with the City of Santa Cruz's Murray Street Bridge Seismic Retrofit and Barrier

Replacement Project. Additionally, despite the potential for a more robust recreational salmon season, the FY27 budget maintains conservative revenue projections for launch fees and fuel sales.

The final FY27 budget is presented with a 3% increase to marina fees. Additional highlights are presented below:

- Operating revenues total \$13,039,109 (increase of 1.8% over prior year).
- Operating expenditures totals \$11,715,724 (increase of 1.2% over prior year).
- Capital Improvement Plan (CIP) contribution of \$1,470,000, consisting of the following:
 - \$1,050,000 contribution from the Operating Budget.
 - Reassignment of \$420,000 in previously allocated funds.

The Port District's Capital Improvement Plan aims to address critical infrastructure needs and ensure that the harbor's facilities meet operational, safety, and sustainability demands. As a result, the CIP proposes \$6,973,000 through FY31.

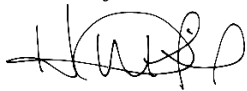
The FY27 CIP includes 8 previously identified projects, with no new projects introduced this year. These projects advance the Port District's priorities by:

- Prioritizing planning and haulout efforts for dredge, *Twin Lakes*.
- Continuing to invest in and upgrade harbor infrastructure, including parking lot paving, fuel dock equipment repair, and ongoing building maintenance.
- Replacement of critical utility infrastructure, like the G-Dock sanitary sewer lift station.

At its regular public session of March 28, 2023, the Port Commission elected to review the annual fee schedule as part of the budget process. The FY27 fee schedule is included as Attachment D.

As the Port District enters FY27, staff will continue to focus on maximizing available resources and containing costs while advancing recovery efforts and capital priorities. I would like to recognize and thank staff and management for their efforts in developing this year's budget. Please be assured that careful attention will be given to the administration of the FY27 budget to support the District's long-term financial stability and operational success.

Sincerely,



Holland MacLaurie
Port Director

POLICY STATEMENTS

RESERVE POLICY

The Port District's Reserve Policy, adopted in FY16 (included in Attachment C), states the Port Commission's intent to preserve capital to finance three months of operations, and to fund future capital improvements at a minimum level to ensure the sustainability of harbor infrastructure. The reserve funding goal was first achieved in the FY19 budget and since policy adoption, annual contributions have been budgeted at the level needed to meet the reserve funding goal. The only exception has been the FY21 budget when a programmed reserve fund contribution was suspended in response to anticipated revenue reductions due to the COVID-19 pandemic.

In FY23, the Port Commission approved resolution 22-28, authorizing a one-time expenditure from the Reserve Fund in the amount of \$825,000 for the 2222 East Cliff Drive Deck Replacement Project. To restore the reserve fund to the desired funding level, the Commission determined that concession income derived from 2222 East Cliff Drive, Suites 200, 204, 208, 212, 216, and 220 will reimburse the Reserve Fund in an amount not less than \$117,857 per annum for 7 years, beginning in Fiscal Year 24.

Additionally, in FY25, the Port Commission approved resolution 25-03, authorizing a one-time expenditure from the Reserve Fund in the amount of \$1,500,000 for emergency dock repair in the north harbor, as a result of damage sustained from the December 23, 2024, storm surge event (actual expenses totaled \$1,072,988). In October 2025, the Commission directed that \$572,988 in CalOES reimbursement funds be used to partially replenish the Reserve Fund, consistent with the provisions of the District's Reserve Policy.

INVESTMENT POLICY

In FY19, the Port Commission adopted an investment policy (included as Attachment C), which provides direction to the Port Director on the prudent and beneficial investment of District funds in accordance with laws governing the investment of local agency funds.

UNFUNDED ACCRUED LIABILITY PENSION MANAGEMENT POLICY

The Port District's Unfunded Accrued Liability Pension Management Policy, adopted in FY23 (included in Attachment C), is intended to strategically address existing and any future unfunded accrued liability (UAL) associated with the Port District's California Public Employees' Retirement System (CalPERS) pension plans. In accordance with guidance set forth in the policy, the Port District will pre-pay the entire UAL payment in the amount of approximately \$576,676 by July 31, 2026, and include an additional discretionary payment in the amount of \$213,797.

POLICY STATEMENTS (CONT.)

The Port District's finances have historically been managed and reported in accordance with Generally Accepted Accounting Principles (GAAP), and with applicable statements published by the Government Accounting Standards Board (GASB). The Port District does not have specific written policies governing how the budget was to be created or administered. Budget administration and planning incorporates the following assumptions and practices first adopted in FY13:

1. **Balanced Budget**

The Port District operates with a balanced budget where operating revenues are equal to or exceed operating expenditures. Imbalances to the budget that result from increased expenses, decreased revenues, or a combination of the two, will require a budget revision.

2. **Fixed Assets**

Fixed (or capital) assets are tangible items individually valued at \$5,000 or more. Examples of fixed assets would be vehicles, equipment, boats, etc. For accounting purposes, fixed assets with an estimated useful life of at least two years after acquisitions are capitalized.

3. **Capital Improvements**

Capital improvements are physical assets, constructed or installed, with a useful life of ten years or longer and a cost of \$25,000 or more. Services that ultimately result in such physical assets are also budgeted as capital improvements (e.g., engineering design, architectural services, etc.).

4. **Depreciation**

Depreciation is reported annually as an operating expense (approximately \$2.1 million projected in FY26). The full amount of annual depreciation has not been included in the operating budget.

5. **Appropriations**

Appropriation balances may be transferred from one expenditure account to another within the operating budget without Port Commission approval. Capital improvement budgets are not considered to be part of any transferable appropriation balance. Any increase in total appropriations must be approved by the Port Commission.

6. **Reserves**

Reserve funds are not available for use to offset any expenditures that exceed total appropriations. Reserves may only be used as approved by the Port Commission.

7. **Use of Restricted/Unrestricted Net Assets**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted net assets are applied first.

8. **Staffing Levels**

The total number of full-time equivalent (FTE) employees shall be approved by the Port Commission.

BUDGET USER GUIDE

General Fund (i.e., operating) revenues and expenses are presented in the Financial Summaries. FY25 Actual, FY26 Budget and Projected Actual, and FY27 Proposed Budget figures are presented for comparison. Terms used in the Financial Summaries and in the program budgets that follow are defined below.

Capital Outlay

Expenses associated with acquiring capital (or "fixed") asset items individually valued at \$5,000 or more. Examples of fixed assets would be vehicles, equipment, boats, etc.

Charges for Services

Revenues received as reimbursement to the Port District for the use of staff, equipment or other resources beyond the services included with other user fees or rents. Examples may include standby of marine rescue personnel for aquatics competitions, emergency response services and after-hours call back for fuel sales.

Debt Service

Principal and interest payments on loans.

Fines

Fines (or "bail amounts") for parking or other citations paid directly to the Port District.

Fuel Sales

Receipts at the fuel pump.

Intergovernmental Revenues

Funds received by the Port District from another government agency. Examples include dredging expenditure reimbursement received from the U.S. Army Corps of Engineers (USACE), contributions from the County of Santa Cruz for marine rescue services, and grants from state, federal or local government sources.

Other/Miscellaneous

Revenues shown as Other/Miscellaneous include sales of key fobs, merchandise, proceeds from lien sales or disposal of surplus items, etc.

Personnel Services

All costs associated with Port District staff compensation for regular and temporary employees, including payroll taxes, workers' compensation, unemployment insurance, pension, and employee benefits.

Rents

Rents encompass payments received by the Port District from its land-based tenants. Revenues are classified as either base rent, percentage rents or utility chargebacks as applicable.

Services and Supplies

Costs for all services provided to the Port District by contract or work order, utilities, insurance premiums, purchase of items not classified as fixed assets or "capital outlay," etc.

Transfers In/Out

Transfers between Port District funds (e.g. allocations to the Dredge Fund may involve a transfer from the General Fund, or any combination of those and other funds).

User Fees

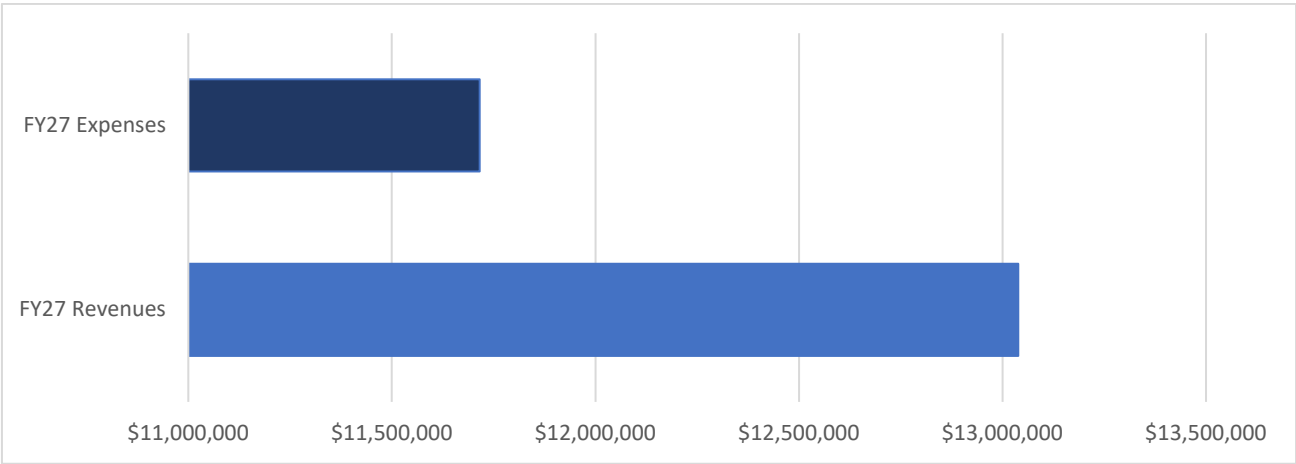
Fees established by the Port Commission for various uses of Port District facilities including boat slips, dry storage, RV, and general parking.

FY27 BUDGET SUMMARY

The FY27 budget is presented as a balanced budget with a 3% increase to marina fees. As a balanced budget, operating revenues are equal to or exceed operating expenditures. A summary of the FY27 General Fund budget is presented below:

FY27 REVENUES BY CATEGORY	
USER FEES	\$8,182,609
RENTS	\$2,288,000
CHARGES FOR SERVICE	\$40,500
FINES	\$145,000
FUEL SALES	\$620,000
BOATYARD	\$344,500
INTERGOVERNMENTAL	\$680,000
GRANTS	\$88,500
OTHER / MISCELLANEOUS	\$650,000
TOTAL: \$13,039,109	

FY27 EXPENDITURES BY CATEGORY	
PERSONNEL SERVICES	\$5,319,286
SERVICES & SUPPLIES	\$5,094,920
CAPITAL OUTLAY	\$60,000
DEBT SERVICE	\$1,241,518
OTHER LIABILITIES	\$0
TOTAL: \$11,715,724	



GENERAL FUND REVENUE BUDGET

The table below shows the distribution of estimated General Fund revenues for FY27, which total \$12,886,325. This represents an increase of approximately 0.6% over FY26 budgeted revenues.

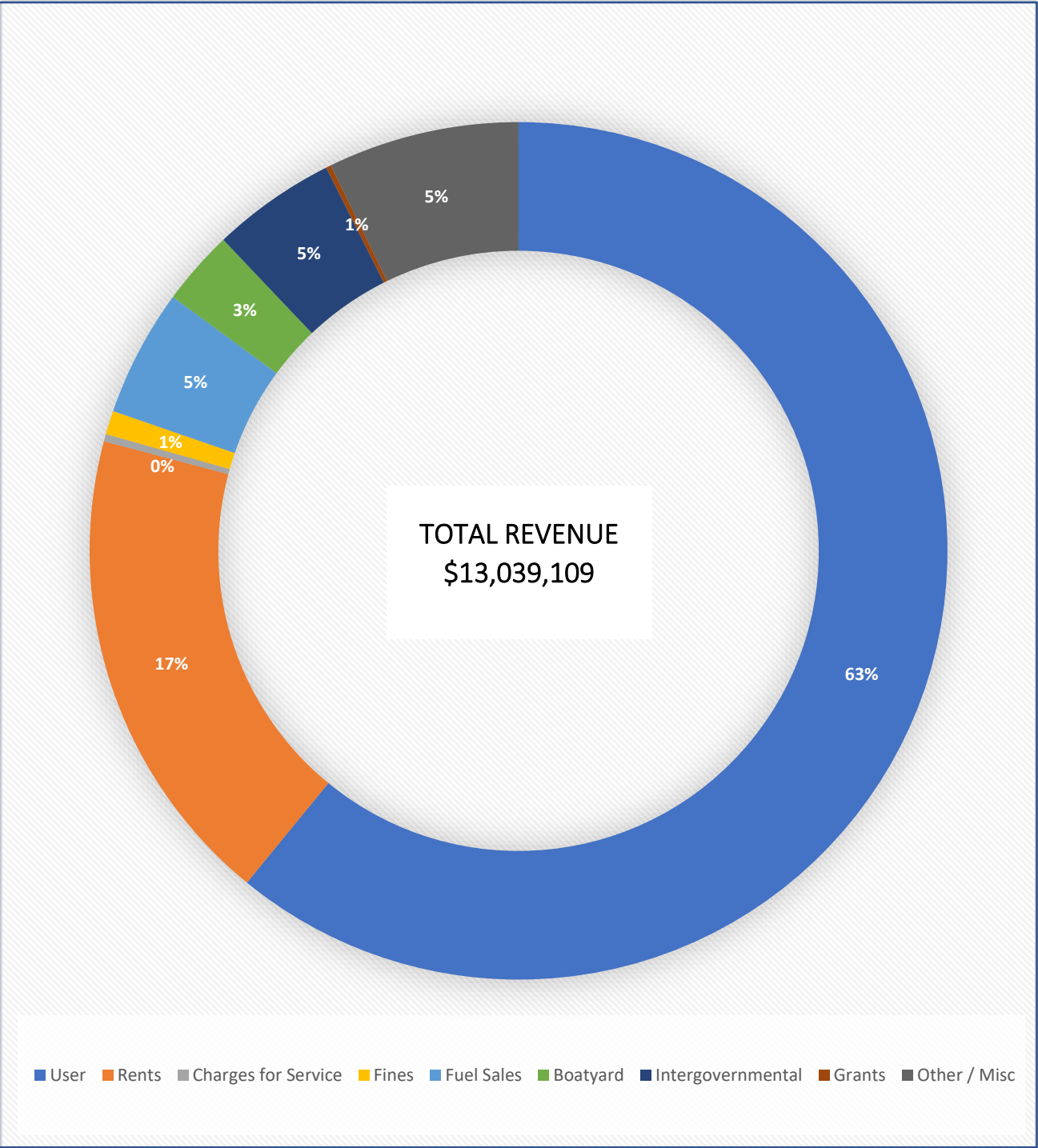
	FY26 BUDGET	FY26 PROJECTION	FY27 BUDGET
User Fees	\$7,976,325	\$7,891,477	\$8,182,609
Rents	\$2,278,000	2,251,721	\$2,288,000
Charges for Service	\$38,500	\$42,873	\$40,500
Fines	\$115,000	\$147,609	\$145,000
Fuel Sales	\$590,000	\$633,876	\$620,000
Boatyard	\$332,250	\$381,165	\$344,500
Intergovernmental	\$575,000	\$680,000	\$680,000
Grants	\$88,500	\$1,492,652	\$88,500
Other / Misc.	\$815,000	\$825,760	\$650,000
TOTAL:	\$12,808,575	\$14,347,133	\$13,039,109

FISCAL YEAR REVENUE HIGHLIGHTS

- Projected revenue for FY26 is anticipated to exceed budgeted figures by approximately 12% due to the following:
 - Increased dredge reimbursement from the Corps of approximately \$105,000.
 - Receipt of approximately \$1.4 million in CalOES reimbursement for December 2024 Storm.
 - Fuel Sales continue to outpace budget.
- FY27 Budget includes \$630,000 in reimbursement from the U.S. Army Corps of Engineers.¹
- FY27 revenue projections for some categories, including slip rent, tenant concession rent, parking, and boatyard services have been adjusted to account for potential impacts associated with the City of Santa Cruz's Murray Street Bridge Seismic Retrofit and Barrier Replacement Project.
- FY27 Budget includes \$248,750 in visitor berthing revenue, which represents actual reimbursement funds from the City of Santa Cruz (Murray Street Bridge Project).
- FY27 Budget includes \$145,000 in citation revenue, reflecting a recent citation fee adjustment.

¹ Uncertainty regarding the availability of funds does exist, however the potential for not receiving the annual reimbursement is anticipated to be minimal.

FY27 OPERATING REVENUES BY CATEGORY



GENERAL FUND EXPENDITURE BUDGET

The table below shows the distribution of estimated General Fund expenditures for FY27, which total \$11,715,724. This represents an increase of approximately 1.2% over FY26 budgeted expenditures.

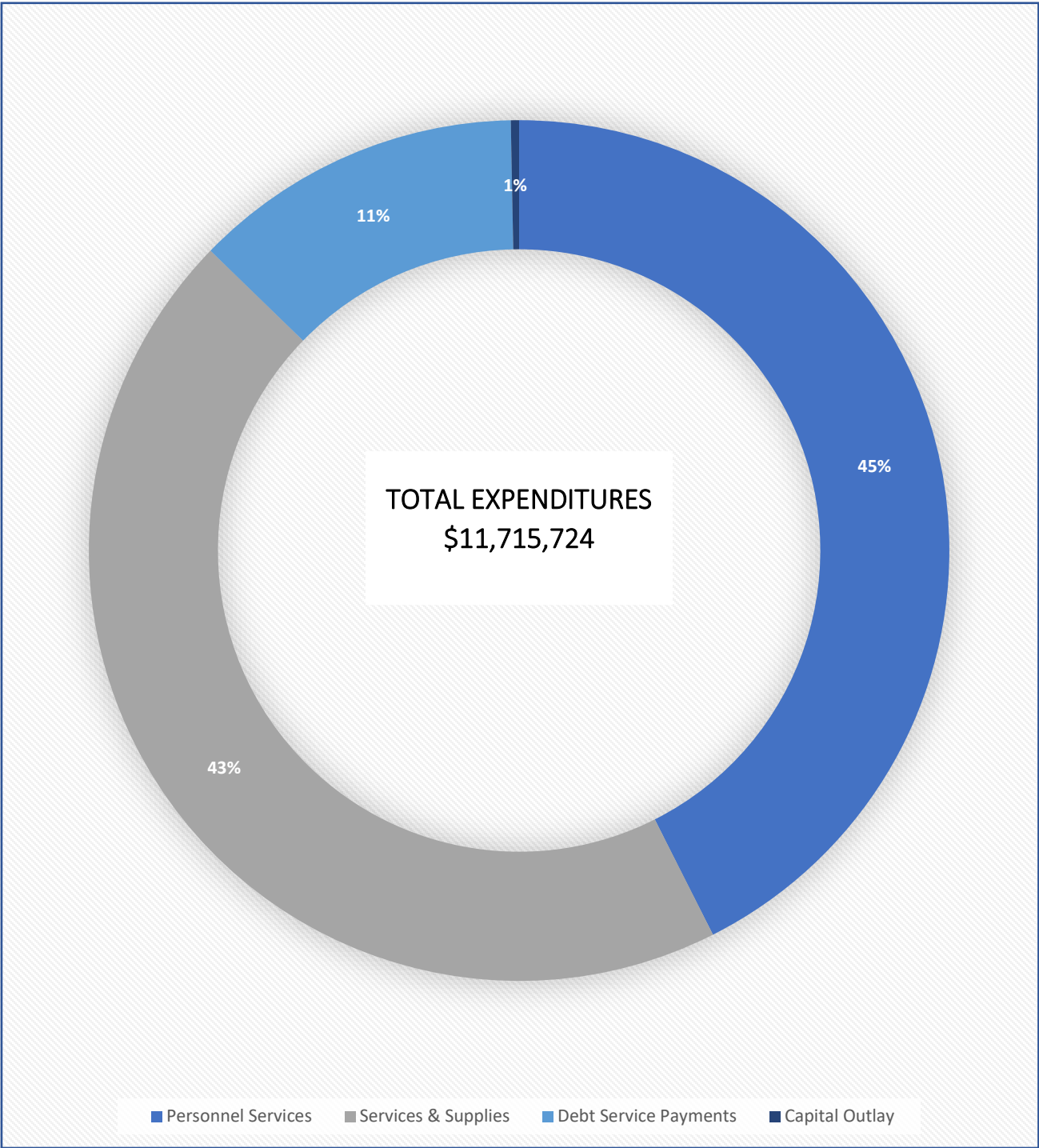
	FY26 BUDGET	FY26 PROJECTION	FY27 BUDGET
Personnel Services	\$5,129,497	\$4,573,524	\$5,319,286
Services & Supplies	5,167,742	6,254,711	5,094,920
Capital Outlay	7,000	7,000	60,000
Debt Service Payments	1,273,550	1,273,550	1,241,518
Other Liabilities	0	0	0
TOTAL:	\$11,577,789	\$12,108,785	\$11,715,724

FISCAL YEAR EXPENDITURE HIGHLIGHTS

- Projected salary and benefit costs (Personnel Services) for FY26 will be less than budget by approximately 10% due to conservative budgeting assumptions and the capitalization of eligible labor costs to CIP-funded projects.
- Projected Services and Supplies costs for FY26 will exceed budget by approximately 22%, due to unanticipated costs associated with the launch ramp sinkhole repair, the purchase of a replacement trash compactor, and the purchase of a replacement bucket truck.
- Personnel Services costs are anticipated to increase in FY27 by approximately 3.6% due to negotiated contract increases and a significant additional discretionary payment toward CalPERS-related pension costs (see below).
- Projected employer pension expenses in FY27 will total approximately \$1,095,906, which represents 21% of the anticipated Personnel Services expenditures.
 - Of that pension expense total, \$213,797 is allocated for an additional discretionary payment to CalPERS to assist in proactively reducing the District's unfunded accrued liability (UAL).
 - It is estimated that making an additional discretionary payment of approximately \$200,000 annually over a 10-year period will result in approximately \$1.2 million in savings in CalPERS unfunded accrued liability-related pension costs.
- FY27 Services and Supplies costs are proposed at a level that is approximately 1.4% lower than FY26. This reduction is primarily related to decreasing insurance premiums and interest expenses.
- FY27 Capital Outlay costs include:
 - \$25,000 – Harbor Patrol Truck (Harbor Patrol)
 - \$35,000 – Harbor Tenant Vitality Fund

The expenditure summary in FY27 (and previous budget years) does not include transfers to the Dredge Fund. Fund transfers are included in the budget as Non-Operating Expenditures. In FY27, the budgeted fund transfer to the Dredge Fund is \$120,000.

FY27 OPERATING EXPENDITURES BY CATEGORY



EXPENDITURES BY DEPARTMENT AND PROGRAM

Department and Program	FY 25 Actual	FY 26 Budget	FY 26 Projected	FY 27 Budget
100 Administrative Services Department				
110 Administration	\$ 2,448,869	\$967,272	\$1,025,532	\$975,386
120 Finance & Purchasing	235,988	259,374	233,451	270,032
130 Property Management	1,121,469	1,070,096	982,380	1,030,076
140 Environmental & Permitting	83,284	180,654	158,320	180,343
190 Port Commission Support	60,667	80,231	67,208	73,170
Department Total	\$ 3,950,277	\$ 2,557,626	\$ 2,466,890	\$ 2,529,006
200 Operations Department				
210 Harbor Patrol	\$ 844,388	\$931,668	\$806,217	\$886,478
220 Marina Management	683,660	670,083	607,066	766,798
230 Rescue Services	124,831	158,775	123,355	157,602
240 Parking	425,578	416,209	392,044	419,277
250 Events	21,363	30,938	28,686	31,720
280 Fuel Services	454,865	511,340	587,455	534,776
500 Boatyard	395,745	445,777	365,100	454,652
Department Total	\$ 2,950,430	\$ 3,164,790	\$ 2,909,924	\$ 3,251,304
300 Facilities Maintenance & Engineering				
310 Docks, Piers & Marine Structures	\$ 873,103	\$934,069	\$1,665,866	\$890,646
320 Utilities Maintenance	117,521	106,004	151,906	116,060
330 Building Maintenance	491,137	513,206	503,314	518,810
340 Grounds Maintenance	1,170,537	887,693	1,102,980	992,165
350 Aeration Program	111,685	82,732	50,420	80,574
360 Fishery Support	6,845	16,665	4,696	17,292
390 Capital Projects	296,422	267,248	261,875	221,195
400 Dredging Operations	1,683,372	1,767,206	1,711,361	1,797,153
Department Total	\$ 4,750,623	\$ 4,574,822	\$ 5,452,417	\$ 4,633,896
Total Operating Budget	\$ 11,651,330	\$ 10,297,239	\$ 10,829,231	\$ 10,414,206

Note: Interest expense for debt service is included in Program 390-Capital Projects above.

DEBT SERVICE

The tables below detail the repayment of revenue bond issues and other long-term financing utilized by the Port District. FY27 debt service payments (including principal and interest) total \$1,460,599, which is \$73,322 less than FY26. A higher portion of the annual payment is being applied to the principal balance in FY27.

LONG TERM DEBT BALANCES						
	Maturity Date	Interest Rate	Balance 3/31/25	Principal Reductions	Balance 3/31/2026	Current Portion
2013A Bonds	2/1/2030	3.090%	\$ 5,082,701	\$ 953,580	\$ 4,129,121	\$ 983,275
2013B Bonds (Taxable)	11/1/2026	4.740%	99,656	84,894	14,763	14,763
2018A Rev. Obligation	8/1/2033	3.500%	1,096,438	112,851	983,587	116,835
2018B Rev. Obligation	8/1/2033	3.500%	1,002,456	103,177	899,279	106,821
497 Lake Avenue	12/1/2041	4.000%	893,093	19,048	874,045	19,824
Total Long-Term Debt			\$ 8,174,345	\$ 1,273,550	\$ 6,900,795	\$ 1,241,518

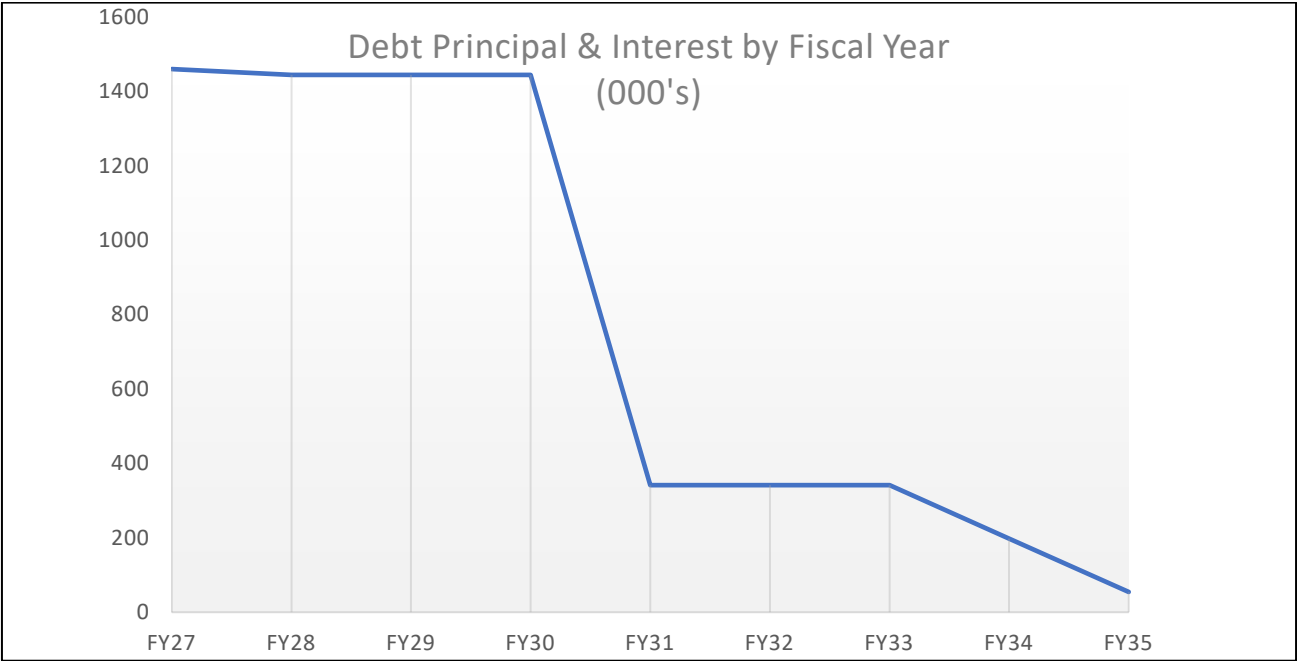
PROJECTED DEBT SERVICE PAYMENTS FOR THE 5 YEARS FY27-FY31 (PRINCIPAL & INTEREST)					
	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
2013A Bonds	\$ 1,103,269	\$ 1,103,269	\$ 1,103,269	\$ 1,103,269	\$ -
2013B Bonds (Taxable)	15,288	\$ -	\$ -	\$ -	\$ -
2018A Rev. Obligation	150,247	150,248	150,247	150,248	150,247
2018B Rev. Obligation	137,369	137,369	137,369	137,370	137,369
497 Lake Avenue	54,425	54,425	54,425	54,425	54,425
Total Annual Debt Service	\$ 1,460,599	\$ 1,445,311	\$ 1,445,311	\$ 1,445,312	\$ 342,042

PURPOSE OF EXISTING DEBT:

- 2013A Bonds:** Structured to finance (i) the Refunding of Prior Tax-Exempt Obligations, (ii) the cost of a new dredge, (iii) a surety bond for a debt service reserve fund (the "Reserve Fund"), and (iv) all related costs of issuance.
- 2013B Bonds:** Structured to finance (i) the Refunding of the Prior Taxable Obligations, (ii) the outstanding balance of the District's OE3 pension obligation, and (iii) all related costs of issuance.
- 2018A Rev. Obligation:** Structured to finance (i) the Santa Cruz Harbor Pile Replacement Project
- 2018B Rev. Obligation:** Structured to finance (i) the Santa Cruz Harbor Seawall Replacement Project
- 497 Lake Avenue** Structured to finance (i) the purchase of a commercial property carrying a professional administrative zoning status located at 497 Lake Avenue, Santa Cruz, CA.

DEBT SERVICE (CONT.)

The table below illustrates the District’s principal and interest payments for the period FY27 to FY35. Although debt service was previously projected to decline significantly beginning in FY31, additional borrowing planned in FY27 to support long-term storm surge recovery efforts (G and X Dock Replacement), is expected to increase debt service obligations in subsequent years. Staff will return to the Commission with a recommended financing structure prior to the issuance of any new debt.



The Port District is required to maintain adequate coverage for debt service for the life of its Series 2013 and Series 2018 loans. Debt Service Ratio (DSR) covenants required the District to prescribe and collect fees and charges for services at least equal to 125% of its debt service after operating and maintenance expenses for the fiscal year. Debt Service Coverage Ratios (DSRs) for FY24 and FY25 (audited), FY26 (budgeted), FY26 (projected) and FY27 (budget) are presented below and provided in more detail in Attachment A:

DEBT SERVICE COVERAGE PROJECTION

	FY24 <i>(Audited)</i>	FY25 <i>(Audited)</i>	FY26 <i>(Budget)</i>	FY26 <i>(Projected)</i>	FY27 <i>(Budget)</i>
Debt Service Coverage Ratio	2.39X	1.54X	1.63X	2.29X	1.78X
Required Ratio	1.25X	1.25X	1.25X	1.25X	1.25X

FUND BALANCE PROJECTIONS

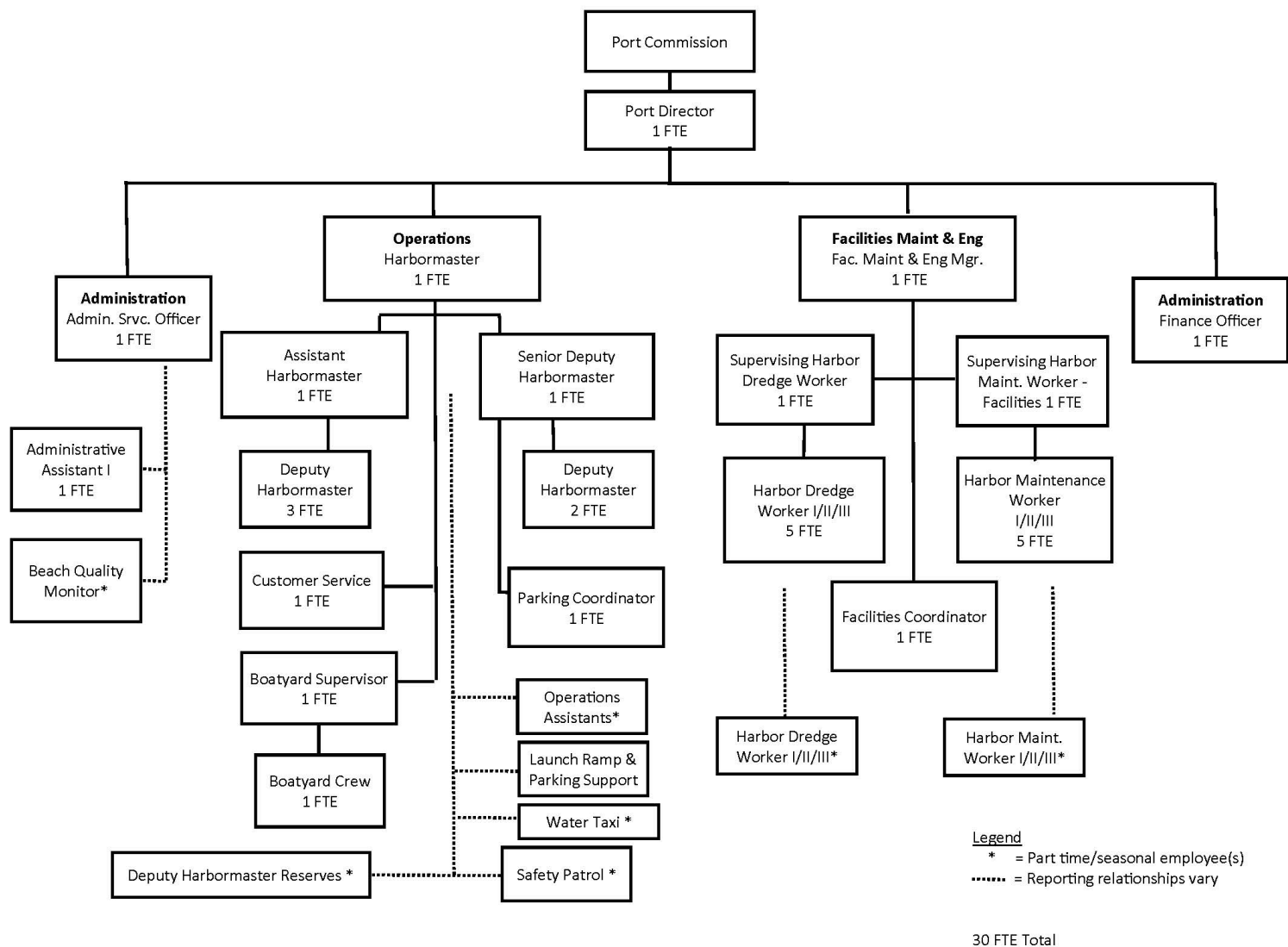
Listed below are descriptions of the Port District's major funds and projected balances as of March 31, 2026.

Note: The FY27 Budget proposes establishment of a new fund to begin setting aside resources for the 497 Lake balloon payment due in FY42, currently estimated at approximately \$475,000.

General Fund	The General Fund is the primary operating fund of the Port District. This fund is used to account for all financial transactions and resources, except those required or requested in another fund. The projected General Fund balance as of March 31, 2026, is estimated to total \$23,802,667.
Dredge Fund	The Dredge Fund is the primary funding source for identified priorities and equipment replacement / repair needs for the dredge operation. The projected Dredge Fund balance as of March 31, 2026, is estimated to total \$133,384.
Reserve Fund	The Reserve Fund accounts for resources restricted to expenditures for specified purposes (i.e., unforeseen emergencies or extraordinary circumstances). The Port District strives to hold in reserve an amount equal to 25% of the District's annual operating expenses. The projected Reserve Fund balance as of March 31, 2026, is estimated to total \$1,611,776 (\$825,000 draw on reserves was utilized in FY23 for emergency deck repairs at 2222 East Cliff Drive and \$1,072,988 draw on reserves was utilized in FY25 for emergency storm surge recovery efforts, of which, \$572,988 was replenished).
Capital Improvement Fund	The Capital Improvement Fund accounts for all financial resources used for the acquisition or construction of major capital improvement projects. The projected Capital Improvement Fund balance as of March 31, 2026, is estimated to total \$5,706,039.
Election Fund	The Election Fund is the primary funding source for biennial Port Commission election expenses. The projected Election Fund balance as of March 31, 2026, is estimated to total \$38,449. Due to significant election expense savings associated with the transition from at-large to district-based elections, a lower balance can be maintained compared to prior fiscal years.
PNC Reserve Fund	The PNC Reserve Fund accounts for restricted funds held as a condition of the District's debt refunding efforts completed in FY14. The projected PNC Reserve Fund balance as of March 31, 2026, is estimated to total \$1,094,374.
497 Lake Avenue Fund (New Fund in FY27)	The fund is proposed for establishment in FY27 with an initial deposit of \$25,000.

PERSONNEL PROFILE

The Port District’s organization chart for FY27 is presented below. Positions shown with an associated FTE (full-time equivalent) number are regular, permanent positions assigned to each department. Positions shown with an asterisk and no FTE number are part-time temporary and/or seasonal workers.



FTE EMPLOYEE COUNT BY FISCAL YEAR

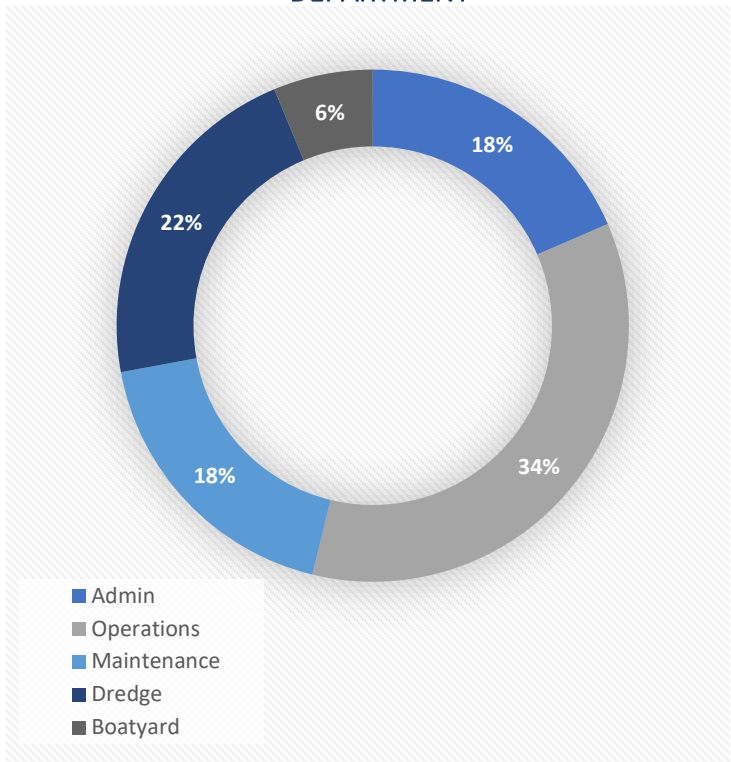
FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
29	29	29	28	29	29	30	30

PERSONNEL PROFILE (CONT.)

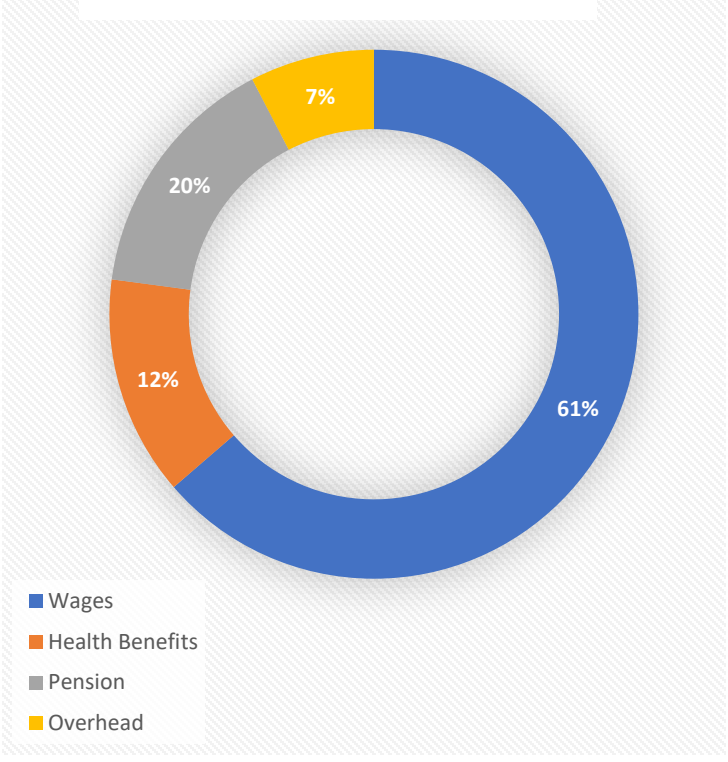
The table below shows year-over-year salary and benefit cost comparisons for all employees (regular FTE and temporary/seasonal). Overall, Personnel Services costs in FY26 are approximately 6% higher than FY25. This increase is primarily due to negotiated contract increases and CalPERS-related pension costs.

SALARIES & BENEFITS BUDGET	FY26 BUDGET	FY26 PROJECTION	FY27 BUDGET
Administrative Services	\$951,588	\$798,609	\$957,405
Operations ²	1,805,389	1,562,981	1,832,333
Boatyard ³	320,294	237,917	326,110
Facilities Maint. & Eng.	938,636	906,977	1,053,997
Dredging ⁴	1,113,590	1,067,041	1,149,441
TOTAL:	\$5,129,497	\$4,573,524	\$5,319,286

FY27 SALARIES & BENEFITS BY DEPARTMENT



FY27 PERSONNEL COST BY CATEGORY



² The Customer Services Representative position is budgeted in Administration, but labor has been allocated to the Operations Department (Marina Management).

³ The Boatyard is shown separately for additional clarity, but is overseen by the Operations Department.

⁴ The Dredging Operation is shown separately for additional clarity, but is overseen by Facilities Maintenance and Engineering.

DEPARTMENTS AND PROGRAMS

ADMINISTRATIVE SERVICES DEPARTMENT

The Administrative Services Department is comprised of the following programs:

- Administration
- Finance and Purchasing
- Property Management
- Environmental and Permitting
- Port Commission Support

The table below summarizes the distribution of expenditures by category and program for the Administrative Services Department. Individual program details are also provided.

EXPENDITURE SUMMARY

Expenditure by Category	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$829,950	\$951,587	\$798,609	\$957,405	0.6%
Services & Supplies	3,120,327	1,606,039	1,668,281	1,571,601	-2.1%
Capital Outlay	0	0	0	0	-
Total Expenditures	\$3,950,277	\$2,557,626	\$2,466,890	\$2,529,006	-1.1%

Expenditure by Program	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Administration	\$2,448,869	\$967,272	\$1,025,532	\$975,386	0.8%
Finance & Purchasing	235,988	259,374	233,451	270,032	4.1%
Property Mgmt.	1,121,469	1,070,096	982,380	1,030,076	-3.7%
Enviro & Permitting	83,284	180,654	158,320	180,343	-0.2%
Port Comm. Support	60,667	80,231	67,208	73,170	-8.8%
Total Expenditures	\$3,950,277	\$2,557,626	\$2,466,890	\$2,529,006	-1.1%

PROGRAM HIGHLIGHTS:

Despite unanticipated 2024 winter storm expenses totaling \$123,627, projected FY26 Services and Supplies costs are expected to exceed budget by only \$62,242, or approximately 3.8%

FY27 Services and Supplies within the Administrative Services Department are anticipated to decrease by 2.1% over the prior fiscal year. This decrease is due to an anticipated reduction in insurance premium costs, of which approximately 35% of the total estimated premium is paid from the Property Management program.

ADMINISTRATION

Administration encompasses the daily oversight of all Port District operations and programs, long-term planning, budget preparation, human resources and benefits management, website maintenance, customer service, public outreach and promotional activities, coordination with local and regional governments and organizations, and various activities undertaken by the Port Director and Administrative Services staff.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$515,257	\$562,252	\$476,347	\$573,370	2.0%
Services & Supplies	1,933,612	\$405,020	549,185	402,015	-0.7%
Capital Outlay	0	0	0	0	0.0%
Total Expenditures	\$2,448,869	\$967,272	\$1,025,532	\$975,386	0.8%

FINANCE & PURCHASING

Finance and purchasing activities include accounting for all Port District assets, revenues, and expenses, administering payroll using an outside payroll processing contractor, preparing budget monitoring and quarterly reports, contracting for services, preparing for, and participating in annual outside audits of Port District financial statements, performing tenant-related audits, and tracking grant-related expenditures and reimbursements. Finance and purchasing staff perform ongoing work to develop and refine purchasing procedures and financial reporting for transparency purposes.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$182,332	\$203,974	\$180,507	\$203,632	-0.2%
Services & Supplies	53,656	\$55,400	\$52,944	\$66,400	19.9%
Capital Outlay	0				
Total Expenditures	\$235,988	\$259,374	\$233,451	\$270,032	4.1%

PROPERTY MANAGEMENT

Property management activities include serving as the primary contact for landside tenants, negotiating new and revised leases and easements, advertising space available for rent, monitoring rental payments and applying rent adjustments. Utilities, garbage service and sanitary district charges for the District's rental properties are included as expenses in this program. Revenues for utility, garbage and sanitary district charges paid by tenants through the Port District are included in Rents. Utility charges paid directly by the tenant to the service provider are not included in the operating budget.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$14,154	\$35,577	\$20,743	\$37,990	6.8%
Services & Supplies	1,107,315	\$1,034,519	961,637	992,086	-4.1%
Capital Outlay	0	0	0	0	0.0%
Total Expenditures	\$1,121,469	\$1,070,096	\$982,380	\$1,030,076	-3.7%

ENVIRONMENTAL & PERMITTING

The environmental and permitting work includes managing the beach quality monitoring and hydrogen sulfide protocol during dredging activities, negotiating new permits and amendments with the Army Corps of Engineers, US Environmental Protection Agency, California Coastal Commission, Regional Water Quality Control Board, Monterey Bay National Marine Sanctuary, Monterey Bay Unified Air Pollution Control District and other agencies for dredging and disposal operations and permitting for other construction activities, stormwater management and environmental programs. Environmental and permitting oversees the harbor's Clean Marina Program.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$61,858	\$75,204	\$57,205	\$74,893	-0.4%
Services & Supplies	21,427	\$105,450	101,115	105,450	0.0%
Capital Outlay	0	0	0	0	
Total Expenditures	\$83,284	\$180,654	\$158,320	\$180,343	-0.2%

PORT COMMISSION SUPPORT

Activities that provide staff support for the Port Commission include developing meeting agendas, staff reports and minutes; coordinating with the County Elections Department and ensuring compliance with the Brown Act; intergovernmental relations and adopted Port Commission policies and procedures.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$56,349	\$74,581	\$63,808	\$67,520	-9.5%
Services & Supplies	4,318	\$5,650	3,400	5,650	0.0%
Capital Outlay	0	0	0	0	
Total Expenditures	\$60,667	\$80,231	\$67,208	\$73,170	-8.8%

DEPARTMENTS AND PROGRAMS

OPERATIONS DEPARTMENT

The Operations Department is comprised of the following programs:

- Harbor Patrol
- Marina Management
- Rescue Services
- Parking Services
- Events
- Fuel Services
- Boatyard

The table below summarizes the distribution of expenditures by category and program for the Operations Department. Individual program details are also provided.

EXPENDITURE SUMMARY

Expenditure by Category	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$1,919,466	\$2,125,683	\$1,800,897	\$2,158,443	1.5%
Services & Supplies	1,030,964	\$1,039,107	1,108,031	1,072,860	3.2%
Capital Outlay	0		0		-
Total Expenditures	\$2,950,430	\$3,164,790	\$2,908,928	\$3,251,304	2.7%

Expenditure by Program	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Harbor Patrol	\$844,388	\$931,668	\$806,217	\$886,478	-4.9%
Marina Management	683,660	670,083	607,066	766,798	11.4%
Rescue Services	124,831	158,775	123,355	157,602	-0.7%
Parking Services	425,578	416,209	391,049	419,277	0.7%
Events	21,363	30,938	28,686	31,720	2.5%
Fuel Services	454,865	511,340	587,455	534,776	4.6%
Boatyard	395,745	445,777	365,100	454,652	2.0%
Total Expenditures	\$2,950,430	\$3,164,790	\$2,908,928	\$3,251,304	2.7%

PROGRAM HIGHLIGHTS:

FY27 Personnel Services costs are anticipated to increase primarily within the Marina Management program, reflecting a reallocation of labor as Deputy Harbormasters now provide front desk coverage on weekends.

FY27 Services and Supplies expenditures within the Operations Department are projected to increase by approximately 3.2% over the prior fiscal year, driven largely by increased fuel-related expenses.

HARBOR PATROL

Harbor Patrol, with limited assistance from contract operators, currently provides security and enforcement of Port District ordinances, California Harbors and Navigation Code, and Vehicle Code. Deputy Harbormasters provide site security and traffic control, prepare incident reports, and perform vessel search and rescue services, and a wide range of program management and customer services.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$692,601	\$791,537	\$684,323	\$749,748	-5.3%
Services & Supplies	151,787	\$140,131	121,894	136,730	-2.4%
Capital Outlay	0	24,500	\$0	0	-
Total Expenditures	\$844,388	\$931,668	\$806,217	\$886,478	-4.9%

MARINA MANAGEMENT

Deputy Harbormaster and Operations staff manage and assigns berths and dry storage space, monitor docks and dry storage areas for safety, staff the front counter 362 days per year, administer invoicing and payment processes, monitor vessel use and confirm current registration, perform vessel serviceability checks and electrolysis checks on an as needed basis, manage the waiting list, develop delinquency reports, conduct lien sales, and provide customer service.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$613,972	\$609,775	\$543,686	\$684,692	12.3%
Services & Supplies	69,688	\$60,308	63,381	82,106	3.0%
Capital Outlay	0	0	0	0	0.0%
Total Expenditures	\$683,660	\$670,083	\$607,066	\$766,798	14.4%

RESCUE SERVICES

Rescue services are provided by Harbor Patrol using one of two patrol vessels (Zodiac patrol vessel *Scout* and the 36' Moose patrol vessel, *PB Kinnamon*). Rescues are typically conducted under the Coastal Incident Response Plan (CIRP) in coordination with City, County and State resources.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$57,369	\$80,517	\$60,105	\$82,546	2.5%
Services & Supplies	67,462	\$78,258	63,250	75,056	-4.1%
Capital Outlay	0	0	0	0	0.0%
Total Expenditures	\$124,831	\$158,775	\$123,355	\$157,602	-0.7%

PARKING SERVICES

Parking services encompass oversight and daily maintenance of the automated concession parking lot equipment serving 2222 East Cliff Drive, the Crow's Nest and its Beach Market, Café El Palomar, the SUP Shack, and Harbor Beach; beach parking permit sales, slip licensee and employee parking permits, launch ramp parking, and permits, shuttle van and water taxi services, and parking ordinance enforcement. The Parking Coordinator and Harbor Patrol provide parking services with assistance from part-time/temporary staff.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$241,401	\$244,309	\$215,280	\$245,577	0.5%
Services & Supplies	184,176	\$171,900	175,769	173,700	1.0%
Capital Outlay	0	0	0	0	-
Total Expenditures	\$425,578	\$416,209	\$391,049	\$419,277	0.7%

EVENTS

This program is jointly managed by Operations and Administrative Services, and comprises permitting, transportation and security for special events hosted by the Port District, the Crow's Nest Thursday night beach barbecues, beach volleyball tournaments, regattas, and other special events.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$19,561	\$27,938	\$25,244	\$28,720	2.8%
Services & Supplies	1,802	\$3,000	3,442	3,000	0.0%
Capital Outlay	0	0	0	0	-
Total Expenditures	\$21,363	\$30,938	\$28,686	\$31,720	2.5%

FUEL SERVICES

The Port District took over operation and maintenance of the harbor's fuel dock in July 2010. The program is managed by Deputy Harbormaster staff. Recurring program costs include staff, fuel purchases, taxes, storage tank fees and maintenance, inspections, insurance, credit card fees, regulatory compliance and spill prevention equipment and supplies.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$36,622	\$51,313	\$34,343	\$41,049	-20.0%
Services & Supplies	418,243	\$460,027	553,112	493,727	7.3%
Capital Outlay	0	0	0	0	-
Total Expenditures	\$454,865	\$511,340	\$587,455	\$534,776	4.6%

BOATYARD

The Port District took over staffing, operation, and maintenance of the boatyard in 2014. Recurring program costs include personnel, spill prevention equipment, supplies, stormwater filtration costs, and equipment maintenance.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$260,421	\$320,294	\$237,917	\$326,110	1.8%
Services & Supplies	135,324	\$125,483	127,183	128,542	2.4%
Capital Outlay	7,000	0	0		-
Total Expenditures	\$395,745	\$445,777	\$365,100	\$454,652	2.0%

DEPARTMENTS AND PROGRAMS

FACILITIES MAINTENANCE & ENGINEERING DEPARTMENT

The Facilities Maintenance and Engineering Department is comprised of the following programs:

- Docks, Pier, and Marine Structures (DP&M)
- Utilities Maintenance
- Building Maintenance
- Grounds Maintenance
- Aeration Program
- Fishery Support
- Capital Projects
- Dredge Operations

The table below summarizes the distribution of expenditures by category and program for the Facilities Maintenance and Engineering Department. Individual program details are also provided.

EXPENDITURE SUMMARY

Expenditure by Category	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$2,107,038	\$2,052,226	\$1,974,018	\$2,203,437	7.4%
Services & Supplies	2,643,585	\$2,522,596	3,478,400	2,430,459	-3.7%
Capital Outlay	177,577	188,000	173,007	120,000	-36.2%
Total Expenditures	\$4,750,623	\$4,574,822	\$5,452,417	\$4,633,896	1.3%

Expenditure by Program	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
DP&M	\$873,103	\$934,069	\$1,665,866	\$890,646	-4.6%
Utilities Maint.	117,521	106,004	151,906	116,060	9.5%
Building Maint.	491,137	513,206	503,314	518,810	1.1%
Grounds Maint.	1,170,537	887,693	1,102,980	992,165	11.8%
Aeration Program	111,685	82,732	50,420	80,574	-2.6%
Fishery Support	6,845	16,665	4,696	17,292	3.8%
Capital Projects	296,422	267,248	261,875	221,195	-17.2%
Dredge Operations	1,683,372	1,767,206	1,711,361	1,797,153	1.7%
Total Expenditures	\$4,750,623	\$4,574,822	\$5,452,417	\$4,633,896	1.3%

PROGRAM HIGHLIGHTS:

FY27 Services and Supplies expenditures within the Facilities Maintenance and Engineering Department are anticipated to increase modestly over the prior fiscal year. This change reflects a combination of reduced insurance premium costs (of which approximately 39 percent of the total estimated premium is allocated to the Docks, Piers, and Marine Structures program) and increased utility-related expenses, including water, refuse, and electricity.

DOCKS, PIERS, AND MARINE STRUCTURES

Activities in this program include maintenance and repairs of existing docks and piers; routine maintenance of piles and appurtenant equipment; maintenance of floats, seawalls, cranes, jetties, gates, brow piers and gangways.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$159,557	\$182,907	\$148,517	\$205,122	12.1%
Services & Supplies	713,546	\$751,162	1,517,348	685,525	-8.7%
Capital Outlay	33,873	\$0	\$0	0	-
Total Expenditures	\$873,103	\$934,069	\$1,665,866	\$890,646	-4.6%

UTILITIES MAINTENANCE

Utility maintenance includes repairs to landside and dock electrical and plumbing facilities; operation and maintenance of seven sanitary sewer lift stations; maintenance of parking lot, dock, and storage area lighting; and storm drain inspections and cleaning.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$88,734	\$83,504	\$92,100	\$90,560	8.5%
Services & Supplies	28,787	\$22,500	59,806	25,500	13.3%
Capital Outlay	0	0	0	0	-
Total Expenditures	\$117,521	\$106,004	\$151,906	\$116,060	9.5%

BUILDING MAINTENANCE

There are 26 buildings housing over 40 tenants, harbor administration, operations and maintenance functions, restrooms and miscellaneous storage facilities throughout the harbor. Activities include the full spectrum of repairs, paint, carpet, roofing, HVAC, elevator service, alarm maintenance and cleaning/custodial services.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$115,712	\$154,859	\$128,877	\$162,268	4.8%
Services & Supplies	375,425	\$358,347	374,437	356,542	-0.5%
Capital Outlay	0	45,000	\$0	45,000	-
Total Expenditures	\$491,137	\$513,206	\$503,314	\$518,810	1.1%

GROUNDS MAINTENANCE

Harbor property encompasses approximately nine landside acres that attract thousands of visitors each year. Activities include maintenance of landscaped areas, parking lots and meters, signs, fences, walkways, and commemorative plazas; litter collection, control, and transport; recycling services; pressure washing of docks, street sweeping, and fish table cleaning and maintenance.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$603,159	\$464,943	\$508,867	\$544,915	17.2%
Services & Supplies	567,378	\$422,750	594,112	447,250	5.8%
Capital Outlay	0	0	0	0	-
Total Expenditures	\$1,170,537	\$887,693	\$1,102,980	\$992,165	11.8%

AERATION PROGRAM

This program involves the annual installation of 24 electric powered aerators mounted in strategic locations throughout the harbor to respond to high fish count and low dissolved oxygen events. The harbor had experienced devastating fish kills, primarily schools of anchovies, in years past, requiring costly cleanup and repair operations. The current aeration program is a joint effort between the Facilities Maintenance and Engineering Department and the Harbor Patrol to monitor fish populations and dissolved oxygen levels, and be prepared to respond quickly to ameliorate poor conditions and prevent another kill.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$70,266	\$31,732	\$22,894	\$34,574	9.0%
Services & Supplies	41,419	\$51,000	27,526	46,000	-9.8%
Capital Outlay	0	0	0	0	-
Total Expenditures	\$111,685	\$82,732	\$50,420	\$80,574	-2.6%

FISHERY SUPPORT

The commercial fishing fleet, resident fish buyer and the facilities that support their activities are supported by the Port District. The FY25 budget includes funding for maintenance of the hoists, working with commercial fishermen on landings administration, and for updating policies associated with the fishery.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$6,845	\$15,165	\$4,196	\$15,792	4.1%
Services & Supplies	0	\$1,500	\$500	\$1,500	0.0%
Capital Outlay	0	0	0	0	-
Total Expenditures	\$6,845	\$16,665	\$4,696	\$17,292	3.8%

CAPITAL PROJECTS

This program provides staffing to develop and manage the Port District's Capital Improvement Program. Work in this section may involve preliminary engineering, such as site inspections or concept development, grant applications, and other work in support of capital projects. Capital projects recommended for FY27 are detailed in the Capital Improvement Program later in this report.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$196	\$5,527	\$1,525	\$765	-86.2%
Services & Supplies	296,226	\$261,721	260,350	220,430	-15.8% ⁵
Capital Outlay	0	0	0	0	-
Total Expenditures	\$296,422	\$267,248	\$261,875	\$221,195	-17.2%

DREDGING OPERATIONS

Activities involve annual dredging of the federal entrance channel and selected areas of the inner-harbor, primarily the north harbor where sedimentation from Arana Gulch most impacts depths. Also included are maintenance and repairs to the dredges *Twin Lakes* and *Squirt* and other equipment required to perform dredging (e.g., crane, submersible pump, dozer, forklift, pipe welder, and anchors). The U.S. Army Corps of Engineers provides support for the dredging by reimbursing 35% of the average operations and maintenance costs. The Port District is currently being reimbursed \$630,000/year.

Expenditure	FY25 Actual	FY26 Budget	FY26 Projection	FY27 Budget	% Change
Personnel Services	\$1,090,930	\$1,113,590	\$1,067,041	\$1,149,441	5.6%
Services & Supplies	592,443	\$653,616	644,320	647,712	5.2%
Capital Outlay	116,119	152,000	173,007	120,000	-
Transfers Out	-116,119	-152,000	-173,007	-120,000	-
Total Expenditures	\$1,683,372	\$1,767,206	\$1,711,361	\$1,797,153	5.5%

⁵ Decrease is attributed to a reduction in interest expense in the amount of approximately \$40,000.

DREDGE FUND

The table below details identified priorities and equipment replacement / repair needs for the dredge operation in FY27. A total contribution to the Dredge Fund in the amount of \$120,000 is proposed for FY27.

Note: The planned 2026 offseason haulout of the dredge, *Twin Lakes*, is funded through the Capital Improvement Program and is not included in the Dredge Fund.

ASSET	ITEM	IDENTIFIED NEED
<i>TWIN LAKES</i>	Spare Parts Replacement	20,000
	Standby Generator Replacement (<i>partial set aside</i>)	10,000
	Skagit Winch Rebuild (<i>partial set aside</i>)	10,000
		\$50,000
<i>MISCELLANEOUS</i>	Unspecified Allowance	80,000
		\$80,000
Total FY27 Dredge Fund Contribution:		\$120,000

At the conclusion of FY26, the remaining Dredge Fund balance is anticipated to total approximately \$133,384, and is allocated as follows:

- Snorkel Elbow Replacement (*Twin Lakes*): \$14,016
- Christmas Tree Upper End Replacement (*Twin Lakes*): \$30,000
- Standby Generator Replacement (*Twin Lakes*): \$10,000
- Skagit Winch Rebuild Set Aside(*Miscellaneous*): \$40,140
- Steel Dredge Pipeline (Floating Pipe): \$25,000
- Unspecified Allowance (*Miscellaneous*): \$14,228⁶

Historical Dredge Fund Contributions

FY21	FY22	FY23	FY24	FY25	FY26	FY27
\$416,091	\$272,762	\$191,151	\$143,000	\$152,000	\$145,000	\$120,000

⁶ Small balances that remain after a project has been completed / closed out are absorbed into the Unspecified Allowance.

CAPITAL OUTLAY

The following capital outlay items are included in the FY27 budget:

DEPARTMENT	REQUEST	IDENTIFIED NEED
Harbor Patrol	Used Patrol Vehicle	\$25,000
Parking	Harbor Tenant Vitality Fund	\$35,000
Total:		\$60,000



SANTA CRUZ PORT DISTRICT

**FIVE-YEAR
CAPITAL IMPROVEMENT PLAN**

FISCAL YEAR 2027 - FISCAL YEAR 2031

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program proposes \$1,050,000 in new funding for capital projects in FY27 and reassignment of \$420,000 in existing CIP funds in support of identified projects.

The proposed 5-Year Capital Improvement Program follows.

INTRODUCTION

This 5-year Capital Improvement Plan (CIP) presents the Santa Cruz Port District's plan for development, maintenance, improvement, and acquisition of infrastructure assets to benefit Santa Cruz Harbor's users, businesses, and visitors. It is intended to serve as a guidance document for planning, scheduling, and implementing capital improvements and planning projects over the next 5 years.

The 5-year CIP serves as a tool for prioritizing and selecting future projects, and provides an overview of works in progress. The CIP highlights the District's investments in infrastructure development and maintenance (i.e., capital improvements) and other significant capital expenditures. Studies of less than \$5,000, and capital expenditures for equipment, vehicles and vessels are typically not included in the CIP, though there are exceptions.

CAPITAL IMPROVEMENT PLAN DEVELOPMENT

Annual updating of the 5-year CIP is an integral part of the budget process. The CIP is presented with the budget to provide time for review by the public and the Port Commission prior to consideration and incorporation into the final budget.

Prior to FY13, many capital improvements were budgeted and completed within line items in the operating budget, such as Pavement Repairs (F006), Building Restoration (F011), Restroom Building Rehabilitation (F012) and Dock Upgrades(F008). Those items are now presented as separate projects within the 5-year CIP with recommended funding amounts for ongoing rehabilitation and repair.

Each year, the Commission will adopt an updated 5-year CIP that will include prioritized short and long-term projects. The prioritized list will be used by staff in the development of the annual operating budget. The 5-year CIP will be published in advance of and discussed during a public meeting prior to adoption of the annual budget.

FUNDING THE CAPITAL IMPROVEMENT PLAN

Each year, funding is allocated to various large and small projects within the CIP. Non-specific CIP funding is contained in the Unallocated CIP Funds (F099), which is also referred to as the CIP Reserve Fund.

In FY16, the Port Commission adopted a Reserve Policy, which established funding goals for reserves and for the 5-year CIP. The Commission initially elected to contribute \$500,000 to the CIP fund each year, whenever practicable. The CIP fund would be allowed to grow over time so that large-scale projects could be planned and accomplished without impacting either the Reserve Fund or operations. In February 2020, the Commission increased the CIP funding goal to \$750,000 annually, whenever practicable, while recognizing that a higher annual contribution will likely be required to keep pace with future infrastructure needs.

In FY27, the increased funding goal of \$750,000 is attainable. A \$1,050,000 contribution is proposed in conjunction with reassigning \$420,000 of previously allocated CIP funds to establish funding in the amount of \$1,470,000 for identified project needs.

As part of the FY27 budget adoption process on February 10, 2026, the Commission expressed its intent to increase the ongoing annual CIP funding goal from \$750,000 to \$1,000,000, when practicable.

PROJECT DEVELOPMENT AND SELECTION PROCESS

The projects proposed in the FY27 CIP were derived from a variety of sources, including recommendations from Port District staff, Commission and public input, and projects identified in the Port District Priorities for 2026.

Although not typically included as capital improvements, planning studies may be included in the CIP as part of the planning effort. Studies of less than \$5,000 or capital expenditures for vehicles, equipment and vessels are typically funded in the operating budget.

A summary of proposed FY27 projects is included below:

- Eight (8) previously identified projects are proposed for funding in FY27.
- No new projects are proposed for funding in FY27.
- No projects are proposed for closeout (i.e., removal from the list). A CIP Summary sheet outlining projects and funding levels is included as Appendix A.

PROPOSED PROJECTS

Several of the proposed projects in this CIP address ongoing infrastructure or facility maintenance needs and are typically programmed on an annual basis. Examples include Pavement Repairs (F006) and Building Restoration (F011).

The following attachments provide additional detail regarding future funding needs and project descriptions:

- Appendix B: Capital Improvement Plan Detail – 5-year funding projections
- Appendix C: Capital Improvement Plan Detail – Project Descriptions (funded and unfunded)

ENVIRONMENTAL REVIEW

The development of this 5-year plan is not a project, as defined in the California Environmental Quality Act (CEQA), and an environmental review is not required for its adoption. Individual projects listed herein may be subject to CEQA and environmental reviews will be conducted during project implementation.

CAPITAL IMPROVEMENT PLAN DETAIL
APPENDIX A – CIP SUMMARY

The table below summarizes FY26 CIP funding contributions, including mid-year transfers to individual funds.

CIP FUNDING SUMMARY	
Beginning Balance as of April 1, 2025	\$9,991,716
Transfer Out – Garbage Compactor Purchase (PC Approval 7/10/25)	(\$24,796)
Transfer In – Unanticipated Revenue – CalOES (PC Approval 10/28/25)	\$831,249
	Total:
	\$10,798,169
Anticipated FY26 Expenditures through March 31, 2026	(\$5,067,335)
	\$5,730,834

CAPITAL IMPROVEMENT PLAN DETAIL

APPENDIX A – CIP SUMMARY (CONT.)

The table below summarizes the FY27 CIP funding contributions (and reallocations) and details projected balances for individual funds as of April 1, 2025.

Project Name	No.	Beginning Balance April 1, 2025	FY26 Projected Expenditures	FY26 Mid-Year Changes	FY27 Proposed Reallocation	FY27 Funding Contribution	Projected Balance April 1, 2026
Harbor Security Upgrades	HO01	12,867	(12,436)			15,000	\$15,431
Sanitary Sewer Lift Stations	F004	364,538					\$364,538
Piling Replacement	F005						-
Pavement Repairs	F006	80,141				350,000	\$430,141
Dock Upgrades	F008						-
Pier Rehabilitation	F009	254,821	(235,000)				\$19,821
Building Restoration	F011	322,272	(239,917)		150,000		\$232,354
Restroom Building Rehabilitation	F012	316,424			(150,000)		\$166,424
Parking Pay Station	F018	15,000				100,000	\$115,000
West Jetty Walkway	J001						-
7th and Brommer Recon	F021	74,069	(48,878)			25,000	\$50,191
SH Revetment & Seawall	F022	88,500					\$88,500
Murray Street Bridge	F024	6,784,261	(3,631,611)				\$3,152,650
Unallocated CIP Funds	F099						-
Aldo's Seawall Replacement	F027	148,088	(27,500)				\$120,588
Parking Upgrades	F028	-					-
Harborwide Refuse Study	F039	5,000			8,000		\$13,000
Embankment Assessment	F042	33,314	(4,008)		(20,000)		\$9,306
Fuel System Upgrades	F043	32,933	(32,810)		12,000		\$12,123
North Harbor Transformer	F045	24,796		(24,796)			
Twin Lakes Haul	F047	400,000			200,000	500,000	\$1,100,000
Floating Barge Purchase	F048	80,670			50,000	60,000	\$190,670
Storm Surge Recovery	F049	954,022	(835,175)	831,249	(250,000)		\$700,096
TOTAL:		\$9,991,716	(\$5,067,335)	\$806,453	\$0	\$1,050,000	\$6,780,835

CAPITAL IMPROVEMENT PLAN DETAIL

APPENDIX B – 5-YEAR FUNDING PROJECTIONS

Projects within the Capital Improvement Program are categorized into one of the six following categories:

- Docks, Piers & Marine Structures
- Buildings
- Landside Infrastructure
- Utility Systems
- Planning Projects & Studies
- Miscellaneous Projects

The tables below summarize anticipated funding needs for each identified project / project category for the period FY27 to FY31. The proposed FY27 CIP contribution totals \$1,470,000 and is comprised of the following:

- \$1,050,000 from the Operating Budget
- \$420,000 from Previously Allocated CIP Funds

DOCKS, PIERS & MARINE STRUCTURES**NOTABLE FY27 DOCKS, PIERS & MARINE STRUCTURE PROJECTS**

- Replacement of G and X Dock is planned and will be funded through a combination of financing and Storm Surge Recovery efforts (Miscellaneous Projects category below)

BUILDINGS**NOTABLE FY27 BUILDING PROJECTS**

- Building Repairs at 345 Lake Avenue (Exterior Upgrades, Paint, Decking)
- Building Repairs at 365 Lake Avenue (Window Replacement, Exterior Upgrades)
- Building Repairs at 555 Brommer Street Extension (Roof Coating)

LANDSIDE INFRASTRUCTURE**NOTABLE FY27 LANDSIDE INFRASTRUCTURE PROJECTS**

- Launch Ramp Parking Lot Paving
- Replacement of Concession Lot Parking Equipment

UTILITY SYSTEMS**NOTABLE FY27 LANDSIDE INFRASTRUCTURE PROJECTS**

- Replacement of G-Dock Sanitary Sewer Lift Station

PLANNING PROJECTS & STUDIES**NOTABLE FY27 PLANNING PROJECTS AND STUDIES**

- Continued Planning and Permitting for New Restaurant at 616 Atlantic Avenue
- Continued Planning for Repair and Replacement of West Side Seawall

MISCELLANEOUS PROJECTS**NOTABLE FY27 PLANNING PROJECTS AND STUDIES**

- *Twin Lakes* Haulout
- Installation of Additional Security Cameras
- Storm Surge Recovery Efforts
- Harbor Beach Refuse Improvements

TOTAL 5-YEAR CIP FUNDING NEEDS⁷

	FY27	FY28	FY29	FY30	FY31	Total
Docks, Piers & Structures	\$0	\$650,000	\$675,000	\$475,000	\$450,000	\$2,250,000
Buildings	\$150,000	\$300,000	\$260,000	\$400,000	\$350,000	\$1,460,000
Landside Infrastructure	\$450,000	\$300,000	\$155,000	\$305,000	\$80,000	\$1,290,000
Utility Systems	\$20,000	\$100,000	\$325,000	\$100,000	\$300,000	\$845,000
Planning Project/Studies	\$25,000	\$85,000	\$135,000	\$5,000	\$5,000	\$255,000
Miscellaneous Projects	\$825,000	\$12,000	\$12,000	\$12,000	\$12,000	\$873,000
	\$1,470,000	\$1,447,000	\$1,562,000	\$1,297,000	\$1,197,000	\$6,973,000

⁷ Excludes funding/financing needs for G & X Dock Replacement Project.

CAPITAL IMPROVEMENT PLAN DETAIL

APPENDIX C – PROJECT DESCRIPTIONS

FUNDED PROJECTS

FUND	PROJECT NAME	PURPOSE
HO01	Harbor Security Upgrades	Improve security systems throughout the harbor to reduce unauthorized use. Security cameras with remote monitoring capabilities have been installed at key locations. FY27: Funding recommended for installation of additional cameras.
F004	Sanitary Sewer Lift Stations	Repair and phased replacement of Port District lift stations, including control panel. A comprehensive assessment of the nine existing sanitary sewer lift stations was performed in FY22, and the G-Dock lift station was prioritized for repair (placed out to bid in FY24, but all bids received exceeded the Engineer's Estimate for the project). The project is planned to be rebid in FY26. FY27: No funding recommended.
F005	Piling Replacement	Ongoing repair and maintenance of approximately 700 piles throughout the harbor. Over the last 7 years, approximately 300 piles have been repaired and/or replaced. FY27: No funding recommended, as large-scale piling repairs will be planned/coordinated as part of ongoing storm surge recovery efforts.
F006	Pavement Repairs	Ongoing repair and maintenance of harbor parking lots and roads. No large projects are scheduled in FY26, but repaving and restriping the launch ramp parking lot is planned for FY27. FY27: Funding recommended for repaving of launch ramp parking lot.
F008	Dock Upgrades	Ongoing repair and maintenance of approximately 30 docks, which provide berthing for over 800 vessels. Funding provides for small projects involving repairs or upgrades to existing docks and appurtenant structures. FY27: No funding recommended, as large-scale dock repairs will be planned/coordinated as part of ongoing storm surge recovery efforts.

FUND	PROJECT NAME	PURPOSE
F009	Pier Rehabilitation	Ongoing repair, maintenance, and inspection of the harbor's three public pier. FY27: No funding recommended.
F011	Building Restoration	Repair and improvements that extend the useful life of systems and equipment in District-owned buildings that are leased to concessionaires. FY27: Funding recommended for minor repairs at 345 and 365 Lake Avenue and 555 Brommer Street Extension.
F012	Restroom Building Rehabilitation	Repair and improvements that extend the useful life of the District's 11 restroom buildings. Phased replacement of the 4 north harbor restrooms that sustained flood damage as a result of the January 2022 tsunami has previously been prioritized. City and Coastal Commission permits have been secured for the demolition and replacement of the I-Dock restroom facility, however this project has been reprioritized as a result of the December 23, 2024, storm surge event. FY27: \$150,000 is proposed for reassignment from this fund to Building Restoration, with the remaining balance sufficient to support smaller-scale restroom rehabilitation efforts.
F018	Parking Pay Station Upgrades	Replacement of aging parking meters with pay stations throughout the harbor. Future projects anticipate pay station replacement and rehabilitation. FY27: Funding recommended for concession lot parking equipment and parking pay station screen upgrades.
J001	West Jetty Walkway	Repair and maintenance of Port District installed amenities along the West Jetty Walkway. The Army Corps of Engineers completed structural repairs to the southern portion of the jetty in FY26, utilizing federal funds. FY27: No funding recommended.
F021	7 th & Brommer Reconnaissance	Site assessment and engineering work for future development of the Port District's property in the area of 7 th and Brommer, and coordination and interface with other opportunities in the area to ensure Port District and community interests are served. FY27: Funding recommended.

FUND	PROJECT NAME	PURPOSE
F022	South Harbor Revetment & Seawall	Engineering assessment and recommendations involving the seawall along the harbor's west side. FY23 funding initiated a comprehensive engineering assessment of the seawall, including a diving inspection and structural feasibility report. FY27: No funding recommended.
F024	Murray Street Bridge	Coordination with the City of Santa Cruz on the Murray Street Bridge Seismic Retrofit and Barrier Replacement Project. The City of Santa Cruz has provided reimbursement in the amount of approximately \$7.3M to cover the Port District's costs associated with this project. FY27: No funding recommended.
F027	Aldo's Seawall Replacement Project	Initially implemented to cover costs for construction of a new seawall at 616 Atlantic Avenue (seawall construction was completed in FY20), the fund now provides funding for future District costs associated with accessway improvements and design/engineering of a new restaurant building at the site. Engineering and design for the restaurant building and waterside infrastructure is complete. FY27: No funding recommended..
F028	Parking Upgrades	Review and assessment of Port District parking capacity and capabilities. FY27: No funding recommended.
F039	Harborwide Refuse / Recycling Study	A harborwide refuse and recycling study was completed in FY23. Allocated funding is intended to address recommended improvements, like new/improved receptacles along the beach plaza. FY27: Funding recommended for new refuse receptacles.
F042	Embankment Assessment	Assessment and repair of the embankment area at the site of the crane pad on the east access road adjacent to <i>Twin Lakes'</i> off-season mooring. Adequate repair/replacement options are being considered as the crane pad is currently compromised and cannot be used at full capacity. FY27: Reassignment of \$20,000 in funds is recommended.
F043	Fuel System Upgrades	Repair and maintenance of fuel system equipment. FY27: Funding recommended for miscellaneous repairs.

FUND	PROJECT NAME	PURPOSE
F046	Twin Lakes Haul	The District's dredge, <i>Twin Lakes</i>, has been in service for approximately 9 years. Bi-annual inspections are routinely performed by a contracted third party knowledgeable in dredge operations and equipment. A recommendation has been made to haul the dredge (for comprehensive inspection and maintenance). A significant contribution is recommended in FY27 to facilitate planned haulout efforts in the upcoming fiscal year. FY27: Funding recommended for haulout in FY27.
F048	Floating Barge Purchase	Partial set-aside funding to aid in the purchase of a floating barge to facilitate in-house pile replacement work. FY27: Funding recommended.
F049	Storm Surge Recovery	Repair and replacement of damaged marine infrastructure following the significant storm surge event on December 23, 2024. FY27 efforts focus largely on the replacement of G and X Docks. FY26: Reassignment of \$250,000 to the Twin Lakes haul is recommended, leaving approximately \$700,000 available to apply toward G and X Dock replacement costs.

PROJECTS PROPOSED FOR CLOSEOUT

No projects are proposed for closeout in FY27.

UNFUNDED PROJECTS

WIFI SYSTEM

This project involves design and installation of a Wi-Fi system available to harbor customers and tenants. Installation costs are presumed to be borne by a Wi-Fi vendor to be selected through a public bidding process, though there are numerous other options researched by Port District staff which may impact the type of service provided, installation costs, ongoing monthly costs, vendor-provided support, maintenance and customer service, fee-based upgrade options, etc.

A feasibility study by an outside consultant is recommended to identify and assess available options. Any Wi-Fi system should include comprehensive vendor-provided support as a top priority. Should the Commission direct staff to pursue the project following completion of a feasibility study, subsequent development of an RFP for installation of a Wi-Fi system by a qualified consultant is recommended.

ARANA GULCH GRADE CONTROL STRUCTURE FEASIBILITY STUDY

This project would involve developing a grant proposal to fund engineering design and construction of several sediment-reduction measures in Arana Gulch, upstream of the north harbor. Work on this project commenced in FY 11 with a preliminary application submitted on the Port District's behalf. The application process was suspended because the Port District is not eligible to serve as lead agency for the grant and cooperative agreements had not been executed with the City of Santa Cruz and the County of Santa Cruz for extraterritorial work sponsored by the Port District.

WEST SIDE MASTER PLAN

Master Plan study to follow reconstruction of a new restaurant at 616 Atlantic Avenue for the purposes of completing accessible public improvements along the walkway and jetty area between AA Dock and Walton Lighthouse, as envisioned in the 2008 West Jetty Walkway project. The West Side Master Plan needs to seamlessly tie in access to any future replacement of the SH Revetment and Seawall (F022).

ELECTRIC VEHICLE CHARGING STATION

Identification of location(s) for placement of electric vehicle charging station(s) throughout the harbor, including assessment of power requirements and ongoing utility costs and maintenance.

RESERVE POLICY

Adopted by the Santa Cruz Port Commission – November 24, 2015

RESERVE POLICY OBJECTIVES

To strengthen the financial stability of the District against economic uncertainty, unexpected situations such as natural or man-made disasters, unanticipated drop in revenues, and other unforeseen emergencies or extraordinary circumstances that the Port District may face that are infrequent in occurrence.

TARGET AMOUNT HELD IN RESERVE

The Port District will strive to hold in reserve an amount equal to 25 percent of the District's annual operating expenses in the current fiscal year's adopted general fund budget. The District recognizes that reserve fund amount may fluctuate and may need to be rebuilt over time as needed.

FUNDING SOURCES

The reserve fund will generally come from one-time revenue and from excess revenues over expenditures. Examples of one-time revenue include infrequent sales of Port District assets, infrequent revenues from development and grants, or other sources that are typically non-recurring in nature.

CONDITIONS ON USE OF RESERVES

The use of reserves shall generally be limited to unanticipated, non-recurring needs. Reserve fund balances shall not be used for normal or recurring annual operating expenditures.

The Port Director shall make recommendations to the Port Commission for use of reserves. Appropriations from this reserve fund shall require a resolution approved by the Port Commission.

Requests for use of reserves shall occur only after exhausting the current year's budgetary flexibility. The Port Director shall, within six months of its use, present to the Port Commission a plan and timeline for replenishing the reserve fund.

INVESTMENT POLICY

Adopted by the Santa Cruz Port Commission – April 9, 2021

INTRODUCTION

Santa Cruz Port District is a municipal corporation and a political subdivision of the State of California. It is governed by an elected Board of Commissioners; the investment policy is administered through an executive officer, the Port Director.

The responsibilities and authority of the Santa Cruz Port Commission are prescribed in the State of California Harbors and Navigation Code, Part 4, Sec. 6200.

PURPOSE

This statement is intended to set policy and provide direction to the Port Director of the Santa Cruz Port District for the prudent and beneficial investment of all funds and monies of the District.

AUTHORITY

The Government Code of the State of California (Government Code), primarily section 53601 and related subsections, authorizes the types of investment vehicles allowed in a California local agency's portfolio. The investment vehicles emphasize preservation of capital and are a conservative set of investments. The authority to invest (as defined in the Government Code) is delegated to the local agency's legislative body for re-delegation to its finance officer. Under no circumstance is the local agency finance officer permitted to purchase an investment that is not specifically authorized by law and within the scope of investments delegated by the local agency's governing board.

This Investment Policy grants the Port Director the authority to act as Finance Officer (Trustee) and manage investments for the Santa Cruz Port District. The Santa Cruz Port Commission will serve in the role of investment committee, responsible for setting investment policy and providing oversight.

The Port Commission, under authorized contract, may delegate certain responsibilities to professional experts in various fields, including but not limited to:

- Investment Consultant: An investment consultant may be retained assist the Port Director in selecting investment options in compliance with State of California public fund management guidelines; reviewing such options over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
- Designated officers as allowed under California Government Code Sections 53601-53610 and 53620-53622 and/or successor statutes for purposes of assuming fiduciary responsibility for administering and managing certain investments, such as a Section 115 trust to prefund Other Post-Employment Benefits or pension liabilities.
- Additional specialists such as attorneys, auditors, actuaries and others who may be contracted by the District.

Adoption of this policy was made at a regular meeting of the Port Commission on November 27, 2018. The Port Commission, acting as Investment Committee, may adopt other amendments to this policy due to a change in the District's goals and objectives, which shall require an affirmative vote by a majority of the Port Commission. This policy is intended to allow investment in accordance with state and federal laws and successor statutes, and therefore a statute change may not be require a change in this policy. Investment Policy Attachments A and B shall be updated by the Finance Officer, as needed, to reflect current California Debt and Investment Advisory Commission (CDIAC) guidance.

BASIC POLICY AND OBJECTIVES

In accordance with public fund management guidelines, the Santa Cruz Port District investment policy is a conservative policy guided by the objectives of safety, liquidity and yield, in accordance with Government Code Section 53600.5, which states, *“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a Trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.”*

The following are objectives:

Performance Expectations: The Port District’s cash management portfolio shall be designed with the objective of regularly meeting or exceeding the average yield of the State of California Local Agency Investment Fund (LAIF). The enabling legislation for LAIF is Section 16429.1 et seq. of the California Government Code. LAIF as an indicator is considered a benchmark for lower risk investment transactions and therefore comprises a minimum standard for the portfolio's rate of return. The investment program shall seek to augment returns above this threshold, consistent with risk limitations identified herein and prudent investment principles, when feasible. The investment program may also seek to reduce Other Post Employment (OPEB) or pension liabilities.

Prudence: The standard of prudence to be used by investment officials shall be the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

Reporting Requirements: The quarterly financial reports presented to the Santa Cruz Port Commission, typically presented at regularly scheduled public meetings in July, October, and January, and shall include information about investment performance. (Note: Fiscal year end quarterlies are not typically presented to the Commission, but are reviewed as part of the year-end audit process.)

Performance Review: The Santa Cruz Port Commission shall perform periodic appraisals of the investment portfolio and investment policy to evaluate the effectiveness of the District’s investment program. The Investment Policy shall be presented with the annual budget document.

Ethics and Conflicts of Interest: Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business, in accordance with applicable laws. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Port District.

Investment Portfolio Compliance: The Port District’s investment portfolio must be in compliance with statute at the time that investments are purchased. The investment portfolio shall be monitored, as practical, for subsequent changes in

percentages resulting from non-purchase activity or changes in credit rating of existing securities. If, as a result of monitoring, it is discovered that the portfolio or individual investments are deemed to be out of compliance with either statute or this Investment Policy, such non-compliance shall be reported by the Port Director to the Port Commission within five working days along with a detailed explanation for the variance and recommended course of action.

Exceptions: When investing in funds deemed suitable for public investment such as LAIF, a Joint Powers Authority Pool or Voluntary Investment Program Fund as described in Attachment A, California Debt and Investment Advisory Commission (CDIAC) Figure 1, no maximum specified percentage of portfolio shall apply.

Conflicts: In the event any provision this Investment Policy is in conflict with any of the statutes referred to herein or any other State or Federal statutes, the provisions of each statute shall govern.

PERMITTED INVESTMENTS AND LIMITATIONS

Permitted Investments: The California Government Code contains specific provisions regarding the types of investments and practices permitted after considering the broad requirement of preserving principal and maintaining liquidity before seeking yield. These provisions are intended to promote the use of reliable, diverse and safe investments instruments to ensure a prudently managed portfolio worthy of public trust.

Government Code Sections 16340, 16429.1, 53601, 53601.6, 53601.8, 53635, 53635.2, 53635.8, 53638, and 53684 include a number of requirements on how and where public money may be invested. CDIAC Figure 1 provides a synopsis of the permitted investment instruments and limitations on each, in which all local agencies may invest as summarized by CDIAC, Local Agency Investment Guidelines, Update for 2018).

The Port District may invest only in those instruments specified in State law; however, the Port Commission may set a more stringent standard.

To the extent allowable by statute, the Finance Officer and Investment Committee (Port Commission) may consider investment in funds, such as those allowable under an irrevocable Section 115 Trust of the Internal Revenue Code, designated for the payment of employee retiree health benefits (Other Post Employment Benefits "OPEB") as authorized under Government Code Sections 53620-53622 or a Pension Prefunding Trust Program "PPTP," currently under development by CalPERS as authorized by SB 1413, which may provide a future investment opportunity.

Limitations on Investments: Limitations as established by law are subject to change as established by the State Treasurer. A listing of limitations on investments are as summarized by CDIAC, Local Agency Investment Guidelines, Update for 2018, are shown in the Table of Notes appended to Table 1. As noted above, investment options and limitations are subject to change as established by the State Treasurer from time to time.

The Trustee, with guidance and approval of the Investment Committee (Port Commission), may adopt additional limitations on investments over time, which shall be made a part of this policy.

CDIAC ALLOWABLE INVESTMENT INSTRUMENTS, FIGURE 1

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2021)^A
APPLICABLE TO ALL LOCAL AGENCIES^B

See “Table of Notes for Figure 1” on the next page for footnotes related to this figure.

FIGURE 1

INVESTMENT TYPE	MAXIMUM MATURITY ^C	MAXIMUM SPECIFIED % OF PORTFOLIO ^D	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations— CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S. Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% ^E	None	53601(g)
Commercial Paper—Non-Pooled Funds ^F (under \$100,000,000 of investments)	270 days or less	25% of the agency's money ^G	Highest letter and number rating by an NRSRO ^H	53601(h)(2)(c)
Commercial Paper—Non-Pooled Funds (min. \$100,000,000 of investments)	270 days or less	40% of the agency's money ^G	Highest letter and number rating by an NRSRO ^H	53601(h)(2)(c)
Commercial Paper—Pooled Funds ^I	270 days or less	40% of the agency's money ^G	Highest letter and number rating by an NRSRO ^H	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30% ^J	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% ^K	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% ^K	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^L	20% of the base value of the portfolio	None ^M	53601(j)
Medium-Term Notes ^N	5 years or less	30%	“A” rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple ^{O,Q}	53601(l) and 53601.6(b)
Collateralized Bank Deposits ^R	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities	5 years or less	20%	“AA” rating category or its equivalent or better	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple ^S	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund ^T	N/A	None	None	16340
Supranational Obligations ^U	5 years or less	30%	“AA” rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

LOCAL AGENCY INVESTMENT GUIDELINES

CDIAC TABLE OF NOTES FOR FIGURE 1

TABLE OF NOTES FOR FIGURE 1	
A	Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.
B	Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
C	Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
D	Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
E	No more than 30 percent of the agency's money may be in bankers' acceptances of any one commercial bank.
F	Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body.
G	Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper and medium-term notes of any single issuer.
H	Issuing corporation must be organized and operating within the U.S., have assets in excess of \$500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating agency.
I	Includes agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set forth in Section 53601(h)(2)(C).
J	No more than 30 percent of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
K	Effective January 1, 2020, no more than 50 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30 percent. Investments made pursuant to 53635.8 remain subject to a maximum of 30 percent of the portfolio.
L	Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
M	Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
N	"Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."
O	No more than 10 percent invested in any one mutual fund. This limitation does not apply to money market mutual funds.
P	A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.
Q	A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.
R	Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.
S	A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
T	Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
U	Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.

UNFUNDED ACCRUED LIABILITY PENSION MANAGEMENT POLICY

Adopted by the Santa Cruz Port Commission – July 14, 2022

SECTION 1. PURPOSE

This Unfunded Accrued Liability Pension Management Policy (the “Policy”) is intended to strategically address the existing and any future unfunded accrued liability (the “UAL”) associated with the Santa Cruz Port District’s (the “District”) California Public Employees’ Retirement System (CalPERS) pension plans (the “Pension Plans”). Also addressed are some of the principal elements and core parameters central to the policy objectives. In the development of this Policy, the District strives to reduce its UAL and the associated financing costs in the most cost-efficient and fiscally responsible manner possible.

The District is committed to fiscal sustainability by employing long-term financial planning efforts, maintaining appropriate reserve levels, and employing prudent practices in governance, management, budget administration, and financial reporting. This Policy is intended to make all relevant information readily available to decision-makers and the public to improve the quality of decisions, identify policy goals, and to demonstrate a commitment to long-term financial planning. Adherence to this Policy signals to rating agencies and capital markets that the District is well managed and able to meet its obligations in a timely manner.

The Policy is intended to reflect a reasonable and conservative approach to managing the UAL costs associated with the Pension Plans. This Policy recognizes that the Pension Plans are subject to market volatility and that actual economic and demographic experience of the plans will differ from the actuarial assumptions. Accordingly, it is intended to allow for adaptive responses to changing circumstances, providing flexibility to address such volatility in a financially sound manner. As such, the District is required to continually monitor its Pension Plans and the corresponding UAL.

SECTION 2. POLICY GOALS AND OBJECTIVES

The overarching goals and objectives of this Policy are as follows:

- Establish, attain, and maintain targeted pension plan funding levels
- Seek to manage and control future contribution volatility to the extent reasonably possible
- Strive to make Annual Discretionary Payments to accelerate UAL pay-down, reduce interest costs, and stabilize future payments, when feasible
- Maintain the District’s sound financial position and creditworthiness
- Provide guidance in making annual budget decisions
- Demonstrate prudent financial management practices
- Ensure that pension funding decisions protect both current and future stakeholders
- Create transparency as to how and why the Pensions Plans are funded

SECTION 3. BACKGROUND AND DISCUSSION

In General. Each Pension Plan is a multiple-employer defined benefit pension plan administered by the California Public Employee Retirement System (“CalPERS”). All full-time and certain part-time District employees are eligible to participate in the CalPERS retirement and disability benefits, annual cost of living adjustments and death benefits offered to plan members and their beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute.

The financial objective of a defined benefit pension plan is to fund the long-term cost of benefits provided to the plan participants. In order to assure its financial soundness and sustainability, the plan should accumulate adequate resources

in a systematic and disciplined manner to ensure sufficient resources are available to meet employee benefit requirements. This Policy outlines the practices the District may utilize to address its actuarially determined contributions to fund the long-term cost of benefits to the Pension Plan participants and annuitants.

Pension Costs and Liabilities. In order to fund its employees' pension benefits, the District is required to make contributions (a portion of which may come from the employees) to CalPERS. CalPERS then invests these contributions to generate returns to help fund the pension benefits. The regular required contributions, known as the "normal cost," are calculated as a percent of salaries and represent the annual cost of service accrual for the upcoming fiscal year for active employees. If, for any reason, the actual Pension Plan experience and investment performance fall short of the actuarial assumptions, the Pension Plan can become underfunded (i.e., the Pension Plan's Normal Accrued Liability exceeds the Plan's market value of assets). This shortfall is known as the Unfunded Accrued Liability (the "UAL") and usually has to be covered by the District through a series of UAL Payments, which are above and beyond the "normal cost" contributions. The UAL Payments are calculated in total dollar amounts, not as a percent of salaries.

The UAL, can be caused by multiple factors, including but not limited to, changes to CalPERS' actuarial amortization policy, retroactive pension benefit enhancements, investment underperformance, actuarial assumption changes, demographic factors, and discount rate reductions and apply to all accrued employee benefits regardless of current employment status.

UAL is Debt. The UAL balance at any given point in time is a debt of the District owed to CalPERS, which is amortized over a set period of time with interest accruing at the then current CalPERS discount rate (the "Discount Rate"). However, this debt can be prepaid at any time without penalties. Recognizing the UAL as debt helps the District identify proper steps to address it and minimize the associated financing costs.

Ongoing CalPERS Practices. Every year CalPERS prepares updated actuarial valuation reports for each of the District's Pension Plans wherein it calculates the District's total pension liability as of the end of the prior fiscal year (each a "Valuation Report"). If the investment performance during that fiscal year was different from the Discount Rate, or if CalPERS made any changes to its actuarial assumptions, or if the actual demographic or compensation experience within the Pension Plans was different from the actuarial assumptions, new line items, or UAL amortization "bases," may be added to the plan and result in a change to the UAL balance. Such UAL amortization bases may be positive (indicating funding shortfall for the Pension Plans) or negative (indicating funding surplus for the Pension Plans). Since CalPERS can add new UAL amortization bases every year, the Pension Plans must be monitored annually and managed continually – there is no one-time solution.

CalPERS has adopted the UAL amortization methods that were meant to help public agencies "ease into" paying for the UAL increases. New UAL amortization bases are implemented incrementally, with a five-year ramp-up period, and at times include additional small increases in each of the subsequent years. The ramp-up period, while reducing the cash flow impact in the near term, increases the overall UAL repayment costs for the District by delaying repayment. Since the UAL balances accrue interest at the rate that is equal to the then current Discount Rate, the delayed payments prior to the commencement of the amortization and the reduced payments during the ramp-up period that do not fully cover the interest costs result in negative amortization, causing further increases to the UAL balance. To help reduce the overall costs of the UAL repayment, this Policy encourages level annual payments (i.e., no ramp-up) whenever possible.

SECTION 4. POLICY

A. Funding Level Objective. It is the District’s policy to strive to achieve and maintain a Pension “Funded Ratio” (being the ratio by which the Market Value of Assets—as set forth in the most recently published Valuation Report—exceeds the Entry Age Normal Accrued Liability or “EANAL”—as set forth in the most recently published Valuation Report) for each Pension Plan of 90% (the “Funding Level Objective”).

Funding Level Objective = 90%

Achieving and maintaining the 90% Funding Level Objective ensures that the ongoing contributions of the District and its employees are properly and adequately funding the retirement benefits of retirees and today’s workers. This concept is commonly referred to as the intergenerational equity. The reason for a Funding Level Objective of 90% rather than 100% is to allow some cushion for the possibility that good investment returns by CalPERS in a given year might push the Funded Ratio of a Pension Plan above 100% (commonly referred to as “superfunded status”), which means that the District and its employees had contributed into the Pension Plan more than was necessary. Thus, while the District remains committed to maintaining a 100% funded level, it shall manage the 10% differential (i.e., the difference between 90% and 100%) through its own investment process by creating the “Pension Rate Stabilization Fund” discussed herein.

Guidance: To achieve the Funding Level Objective, this Policy provides the following guidance:

1. **Pre-Pay the Entire Annual UAL Payment by July 31st of each year.** On or before July 1st of each year, the District receives its annual CalPERS UAL invoice. The District has two payments options. The invoice can (1) be paid in equal monthly increments or (2) be fully pre-paid at the beginning of the fiscal year by July 31st. By prepaying the entire invoice amount due by July 31st, the District can save approximately 3.5% compared to making the monthly payments. As such, every effort should be made to pre-pay the UAL payment upon receipt of the annual invoice, when feasible.
2. **Pre-Pay UAL from Reserves, One-Time Revenues and Fund Surpluses.** Reserves (often invested in LAIF) regularly do not earn returns that can offset the interest rate that CalPERS charges on the outstanding UAL balance. Supplemental contributions into the Pension Plans from available reserves, one-time revenues and fund surpluses can generate substantial long-term net savings. Each supplemental contribution, referred to by CalPERS as an Additional Discretionary Payment (ADP), reduces the UAL balance, the Annual Required Contributions (ARC) for future years, and the total interest costs associated with the UAL. CalPERS does not apply any prepayment penalties to ADPs. Therefore, during each budget cycle, District staff shall review all available reserves, one-time revenues and fund surpluses to determine whether any such funds could be used to make an ADP to pay down the UAL, keeping in mind operational and capital budgetary constraints while maintaining adequate reserves and balancing the fiscal soundness of eliminating the high-interest UAL debt. ADPs should not adversely affect the general operations and fiscal soundness of the District.
3. **Capital Financing.** When considering capital projects, staff regularly reviews and plans for reserving capital to cash fund current and future projects. When considering how to pay for current and future capital projects, staff should review the current tax-exempt market to assess if it would be more cost effective to

borrow at tax-exempt rates to pay for the capital projects and redirect the reserved funding (and/or such other appropriate funds of the District) to make ADPs to CalPERS.

If there are projected cost savings by using this method, and a capital financing strategy is to be implemented, the Port Commission would need to approve of the ADPs being paid to CalPERS prior to the financing to ensure that the annual savings generated by implementing the strategy are applied to UAL paydowns.

4. **Utilize Savings Achieved from Refunding Outstanding Non-Pension Related Debt to Pre-Pay UAL.** During each budget cycle, staff should review all outstanding long-term non-pension related debt of the District to determine whether a refunding of such debt might result in net present value savings of greater than 3%, and if so, consider a structure and strategy that frontloads the savings from such debt refunding, which can then be used to pay down the UAL.
5. **Sources of Revenue.** All fees, rates and charges should incorporate full allocation of pension costs for employees providing associated services. While some funds cannot contribute more than their fair share (i.e., enterprise funds), they should not contribute less than their fair share. Staff shall review allocation of labor costs to proprietary and other funds to ensure full reimbursement of the pension cost burden. Staff shall provide, or cause to be provided, consistent and well-documented methodology for pension cost allocation to all funds.
6. **Pension Obligation Financing.** The District shall consider issuing taxable municipal debt obligations (generically hereafter referred to as "Pension Obligations") to refinance the UAL, in part or in whole, if such bond obligations are expected to produce minimum cash flow savings of at least 5%, taking into account all debt service and costs of issuance associated with such bond obligations, in comparison to CalPERS' respective UAL amortization schedule and the then-current Discount Rate.

Pension Obligations shall not utilize swaps or derivatives of any kind and should be structured with reasonable and flexible call provisions (with a maximum of 10-year call provision). Pension Obligations shall be used only to prepay the UAL liabilities and shall not be used to finance normal cost payments. The issuance of Pension Obligations must be voted upon and approved by the Board of Directors.

7. **Annual Review of the CalPERS Actuarial Valuation Reports and Associated Tasks.** District staff shall review or cause to be reviewed the annual CalPERS actuarial valuation reports within 60 days of their release by CalPERS, which usually takes place during the month of August. The review should focus on identifying the annual changes to each of the Pension Plans UAL and quantifying the associated cost implications and the corresponding impact on the Funded Ratio. Staff should annually reach out to the District's CalPERS actuary to request a calculation of flat payments (rather than ramp-up payments) for all outstanding and new UAL amortization bases. In making ADPs, District staff shall determine or cause to be determined the optimal application of the ADPs to the outstanding UAL amortization bases to achieve the Funding Level Objective as well as desired budgetary outcomes.

B. Establishment and Operation of a Pension Rate Stabilization Fund.

1. **Establishment of a Pension Rate Stabilization Fund.** Once the District has substantively accomplished stabilizing all Pension Funds at or near the Funding Level Objective, the District may establish a Pension Rate Stabilization Fund, either self-managed or a Section 115 trust fund managed by a third-party investment manager (the "Investment Manager"). The Pension Rate Stabilization Fund will receive Sequestered Savings (defined below) and Sequestered Surplus (defined below) as well as any other funds deposited into it at the discretion of the Port Commission, based on recommendations made by District staff during the annual budget process. Funds in the Pension Rate Stabilization Fund should only be used to manage the District's pension benefits costs to maintain each of the Pension Plans at the Funding Level Objective in accordance with the goals and objectives set forth in this Policy.
2. **Funding the Pension Rate Stabilization Fund.**
 - (a) **Sequestered Savings.** At the beginning of each Fiscal Year following the issuance of each series of Pension Obligations, for a total of ten (10) consecutive years (or such other period of years as deemed appropriate by the Port Commission at the time of any subsequent issuances of Pension Obligations) following such issuance, a fixed dollar amount equal to 50% (or such other percentage as deemed appropriate by the Port Commission at the time of any subsequent issuances of Pension Obligations) of the "Total Sequestered Savings" (as calculated in the manner set forth below) achieved by issuing Pension Obligations (the "Annual Sequestered Savings Savings"), shall be transferred from the District's general operating funds and deposited into the Pension Rate Stabilization Fund until such time that the Pension Rate Stabilization Fund reaches the Pension Rate Stabilization Fund Maximum (as outlined in section B3 below), and thereafter all Sequestered Savings will be directed to a "Pension Obligation Prepayment Fund" which will be established and maintained by the District for the purpose of prepaying any outstanding Pension Obligations.

$$\text{Total Sequestered Savings} = \text{UALDS} - \text{DS}$$

$$\text{Annual Sequestered Savings} = 0.5x\left(\frac{\text{UALDS} - \text{DS}}{Y}\right)$$

UALDS = Scheduled UAL debt service being paid off by the Pension Obligations

DS = Total principal amount of Debt Service on the Pension Obligations

Y = Number of years to pay back Sequestered Savings

Example of Annual Sequestered Savings Calculation

A \$5M Pension Obligation was issued in 2022 for the purpose of prepaying UAL. The total UAL debt service (UALDS) paid off with the Pension Obligation was \$8,000,000 and the total debt service (DS) on the Pension Obligation is \$7,000,000. The District elected to sequester 50% of the total savings over a 10-year period (Y), which in this example totals \$100,000.

$$\begin{aligned} \text{Annual Seq. Savings} &= 0.5x\left(\frac{8,000,000 - 7,000,000}{10}\right) \\ &= \$50,000 \end{aligned}$$

(b) Sequestered Surplus. Each Fiscal Year during the District's normal budget adoption process, beginning with the 2022-23 Fiscal year budget, and for each of the following 9 years, a percent between 0% and 10% of any available surplus from the prior Fiscal Year (the "Sequestered Surplus") shall be set aside, transferred and deposited into the Pension Rate Stabilization Fund.

3. Operation of the Pension Rate Stabilization Fund. Sequestered Surplus and Sequestered Savings (and any other amounts contributed by the District) shall be deposited in the Pension Rate Stabilization Fund and used solely for the purpose of making ADP's (and Normal Cost payments during a Fiscal Hardship, and/or to the extent the amount therein exceeds the Pension Rate Stabilization Fund Maximum, as described below) to CalPERS for the purpose of achieving and maintaining Funding Level Objective.

With the goal of achieving and maintaining the Funding Level Objective, each year during the budget cycle, District staff shall calculate, or cause to be calculated, the upcoming Fiscal Year's estimated Funded Ratio by taking into account the most recent Valuation Report's statement of Funded Ratio and adjusting for the estimated UAL amortization base that will be either added or subtracted due to the prior Fiscal Year's investment result of either exceeding or falling short of the then current Discount Rate for that Fiscal Year (the "Estimated Funded Ratio"). If the Estimated Funded Ratio is estimated to be less than the Funding Level Objective, to the extent funds are available in the Pension Rate Stabilization Fund, the Port Director shall make an ADP to CalPERS in the amount necessary to bring the Funded Ratio back up to the Funding Level Objective. Additionally, if sufficient funds are available in the Pension Rate Stabilization Fund, staff shall assess whether to fully amortize any new UAL amortization bases in order to reduce the long-term interest costs associated with the "ramping" procedures used by CalPERS.

Moneys in the Pension Rate Stabilization Fund shall not be used for normal costs until such time as the amount therein, when combined with the Market Value of Assets (as set forth in the most recently published Valuation Report) exceeds the Entry Age Normal Accrued Liability (as set forth in the most recently published Valuation Report) by 110% (the "Pension Rate Stabilization Fund Maximum"). To the extent monies in the Pension Rate Stabilization Fund on June 31st exceed the Pension Rate Stabilization Fund Maximum (after consideration has been given to the amounts therein required to be paid to CalPERS for the ensuing Fiscal Year to maintain the Estimated Funded Ratio at or above the Funding Level Objective), any accrued surplus

over 110% may be used to offset the District's Normal Cost payment made to CalPERS in such Fiscal Year, and any Sequestered Savings will be directed to the Bond Call Fund.

4. **Fiscal Hardship.** In the event of a Fiscal Hardship (as defined below), transfers of Sequestered Savings may be abated and/or the Pension Rate Stabilization Fund may be utilized for either normal or UAL costs until the Fiscal Hardship is no longer in effect.

"Fiscal Hardship" means an economic hardship, or other unanticipated fiscal emergency, that has been declared by resolution by the Port Commission.

- C. **Transparency and Reporting.** Funding of the Pension Plans should be transparent to all stakeholders, including plan participants, annuitants, the Port Commission, and District rate payers. To achieve this Policy objective, copies of the annual actuarial valuation reports for each Pension Plan shall be made available and posted on the District's website. The District's audited financial statements shall also be posted on the District's website.
- D. **Annual Budget to Contain Policy Directed Information.** The District's annual operating budget shall consider the items specified in this Policy for inclusion in each such annual budget.
- E. **Review of Policy.** Funding a defined benefit pension plan requires a long-term planning approach. This Policy is intended to provide general objectives and guidelines, and as such, District staff will review the policy for implementation of new best practices and provide the Port Commission with updates for approval on an as needed basis, not to exceed 5 years.

FY27 FEE SCHEDULE

PARKING

Description	Fee
Visitor Parking Pass: Daily	\$20.00 /day
Visitor Parking Pass: Hourly	\$2.00 /hour
Slip Licensee 1st/2nd Additional Annual Parking Permits	\$50.00 / \$100
Slip Licensee Visitor Parking Pass: Daily	\$10.00 /day
RV Park Overnight Parking	\$75.00 /night
RV Park Overnight Parking Booking Fee	\$6.00 /flat rate
RV Park Overnight Parking Lock Site Fee (<i>optional selection</i>)	\$25.00 /flat rate
RV Park Cancellation Fee (72-hour notice)	\$25.00
RV Park Cancellation Fee (less than 72-hour notice)	\$75.00
Overnight Parking: Launch Ramp (RV w/o trailer)	\$75.00 /night
Overnight Parking: Launch Ramp (RV w/trailer)	\$93.00 /night
Overnight Parking: Launch Ramp (Vehicle w/o trailer)	\$30.00 /night ^A
Overnight Parking: Launch Ramp (Vehicle w/trailer)	\$48.00 /night ^A
Overnight Parking: 7th & Brommer	\$20.00 /night
Annual North Harbor Visitor Parking Pass: M - F	\$150.00 /year
Annual North Harbor Visitor Parking Pass: Every Day	\$200.00 /year
Annual Landside Tenant Business Parking Permit	\$240.00 /year
Concession Parking Lot: Overflow Parking Pass	\$10.00 /day
Concession Parking Lot: 30 Minutes or Less	FREE
Concession Parking Lot: Entry Before 4 PM (First 2.5 Hours)	\$2.00 /hour
Concession Parking Lot: Entry Before 4 PM (After 2.5 Hours)	\$5.50 /hour
Concession Parking Lot: Entry After 4 PM	\$2.00 /hour
Concession Parking Lot: Lost Ticket Fee	\$45.00

^A Includes all-day parking through 9 PM 2nd night.

LAUNCHING

Description	Fee
Daily Launch Permit	\$18.00
Daily Launch Permit - Disabled	\$12.00
Daily Cartop Launch Permit (2 Vessels)	\$15.00 ^B
Handlaunch or Additional Vessel w/ Cartop	\$7.00
Annual Launch Permit: Every Day	\$370.00
Annual Launch Permit: M - F	\$265.00
Annual Launch Permit - Disabled: Every Day	\$225.00
Annual Launch Permit - Disabled: M - F	\$165.00
Annual Launch Permit Cartop	\$250.00

^B Includes launching for 2 vessels/boards & vehicle parking.

VISITOR BERTHING

Description	Fee
Up to 50' Monohull: 1-14 Days	\$1.50 /ft./day, \$42.00 minimum
Up to 50' Monohull: 15+ Days	\$2.25 /ft./day, \$63.00 minimum
50'+ Multihull: 1-14 Days	\$1.75 /ft./day, \$52.50 minimum
50'+ Multihull: 15+ Days	\$2.25 /ft./day, \$63.00 minimum
Commercial ^C	\$0.75 /ft./day, \$30.00 minimum

^C Commercial rate applies to fishing vessels actively & solely engaged in commercial fishing. Proof in advance of slip assignment in the form of two CDFW commercial fish landing receipts within the previous two weeks may be required.

OTHER VISITOR SERVICES

Description	Fee
Catamaran Overnight Storage	\$20.00 /night
End-Tie full length (Regattas, Cruises, Etc.)	\$270.00 /day
End-Tie half length (Regattas, Cruises, Etc.)	\$160.00 /day
Winter End-Tie Berthing Program: Recreational ^E	\$27.90 /ft./mo. ^F
Winter End-Tie Berthing Program: Commercial ^E	\$18.00 /ft./mo. ^F

^D Storage on beach only.

^E Winter: October 31 - March 1, commercial year-round subject to Harbormaster approval.

^F 1-month occupancy; paid in advance.

MOORAGE RATES ^G

Description	Fee
South Harbor: Single Side	\$16.22 /foot
South Harbor: Double Side	\$17.86 /foot
South Harbor: AA Dock	\$27.57 /foot
South Harbor: ABC Dock	\$32.44 /foot
North Harbor: 20' (Including Inside-Ties)	\$14.56 /foot
North Harbor: 25' / 30'	\$15.35 /foot
North Harbor: 35' / 40'	\$15.77 /foot
North Harbor: Wide 45'	\$18.11 /foot
North Harbor: Dory-Tie	\$78.56 /month
Security Deposit	1 month's rent

^G Slip rent is based on the greater length of the slip or vessel (and any overhangs).

DRY STORAGE

Description	Fee
7th & Brommer Gravel Lot	\$149.62 /month
North Harbor Paved Lot 24 ¹	\$160.10 /month
North Harbor Paved Lot 28 ¹	\$193.03 /month
North Harbor Paved Lot 33 ¹	\$209.49 /month
Catamaran Storage	\$74.80 /month
Kayak Rack Storage	\$70.33 /month
Security Deposit	2 month's rent

EVENTS

Description	Fee
Event Permit Application Fee	\$75.00 ^H
Event Permit Application Fee (less than 14 days)	\$150.00 ^H
Harbor Beach: 0-100 People	\$400.00 /day
Harbor Beach: Add 'l 50 People	\$175.00 /day
Harbor Beach Plaza	\$250.00 /day
Mariner Park Lawn: 0-100 People	\$250.00 /day
Mariner Park Lawn: Add 'l 50 People	\$100.00 /day
JG Townsend Maritime Plaza	\$150.00 /day
Walton Lighthouse: 0-6 People	\$500.00 /hour ^I
West Jetty	\$325.00 /day
Wiki's Island	\$150.00 /day
Information Booth	\$60.00 /day
Event Deposit	\$500.00 /day minimum
Live Music /DJ	\$250.00 /day
Stereo System	\$150.00 /day
Volleyball Court	\$70.00 /court/4-hours ^J
On-water Event Permit Inner Harbor	\$50.00 /hour ^K
Electrical Service Use	\$40.00
Mariner Park Lawn Camping	\$10.00 /night/tent ^L
Public Meeting Room	\$40.00 /hour ^M

^H Cost recovery for administrative services.

^I Staff service charges for standby may apply.

^J Limit 2 courts.

^K Plus safety staffing & vessels.

^L Harbormaster approval required.

^M Fees waived for landside concessionaires and marine-related uses.

STAFF SERVICES ^{N, O, P}

Description	Fee
Facilities Maintenance & Engineering Manager	\$144.00 /hour
Supervising Harbor Maintenance Worker	\$93.00 /hour
Harbor Maintenance Worker	\$90.00 /hour
Supervising Harbor Dredge Worker	\$96.00 /hour
Harbor Dredge Worker	\$90.00 /hour
Harbormaster	\$144.00 /hour
Assistant Harbormaster	\$103.00 /hour
Senior Deputy Harbormaster	\$96.00 /hour
Deputy Harbormaster	\$90.00 /hour
Customer Service Representative	\$78.00 /hour
Facilities Coordinator	\$78.00 /hour
Finance Officer	\$108.00 /hour
Administrative Services Officer	\$108.00 /hour
Administrative Assistant I/II	\$90.00 /hour
Parking Coordinator	\$78.00 /hour
Parking Control	\$38.00 /hour
Boatyard Supervisor	\$93.00 /hour
Boatyard Crew	\$78.00 /hour
All Vehicles ^Q	\$100.00 /hour

^N Hourly Labor charges for services outside of routine, for benefit of individual or group.

(Ex: Hazmat response & cleanup, damage repairs, event setup, security, etc.)

^O Commensurate with 2026 salaries.

^P 2-hour minimum.

^Q 1-hour minimum.

MISCELLANEOUS

Description	Fee
Credit Card Convenience Fee	3%
Administrative Fee	\$25.00
Appeals to the Board of Port Commissioners	\$25.00 filing fee
Credit Card Phone-in Fee	\$10.00
Fuel Service Call Back	\$10.00
Dewatering	\$125.00+ ^R
Dock Box Sale	\$525.00
Ice Sales	\$20.00 /tote up to 500lbs.
Returned Check Fee	\$40.00
Discount for Advance Payment of Slip Fees	2% annually
Postage/Mailing	Actual cost + 25%, \$10.00 minimum
Late Payments: One-Time Fee	\$25.00
Late Payments: Interest on Aged Balance	0.833%
Incident Reports Copies	\$25.00
Misc. Landside Storage (Including Impound)	\$150.00 impound fee +\$10.00 /day up to 100 SF ^S
Temporary Non-Secure Trailer Storage	\$100.00 /month ^T
Crab Pot Storage: Max 2 Weeks / Paid in Advance	\$35.00 /week/parking space or 200 SF of pier
Crab Pot Storage: Per Add 'l Day	\$10.00 /day/space or 200 SF of pier ^U
Cleat Installation	\$200.00 minimum
Towing: Inner-Harbor at Slip Licensee Request	\$150.00
Towing: Tow Rescued Vessel to Harbor	\$250.00 minimum for 2 hours max
Citation Signoff	\$15.00
Launch Area Rinse/Flush	\$2.25 /5-minutes
Charter Fee: Small (6 Pak)*	\$139.25 x passenger capacity/12-month ^V
Charter Fee: Medium (7-48 Pak)	\$2.00 /per passenger (base fee may apply) ^V
Charter Fee: Large (49+ Pak)	\$2.00 /per passenger (base fee may apply) ^V
Charter Application Fee	\$250.00 + deposit, if required
Liveaboard Monthly Per Person Fee	\$146.26 /month (indexed to marina fee increase)
Liveaboard Monthly Variable Fee	30% of slip fees
Liveaboard Application Fee	\$250.00
Unattended Electrical Use: 30 AMP / 50 AMP	\$38.00 / \$54.00 per month
Partnership Fee: 3-Partners/2-Partners/1-Partner	15.00%/10.00%/5.00% of slip rent ^W
Electronic Key Fob: First 3 ^X	\$20.00 /each
Electronic Key Fob: Add 'l Over 3	\$80.00 /each
Sublease Fee: South Harbor	30% of slip fees
Sublease Fee: North Harbor	15% of slip fees
Waiting List Fee	\$125.00 /year
Waiting List Bypass Fee: South Harbor	\$6,000.00 +1.5 x slip ^Y
Waiting List Bypass Fee: North Harbor	\$2,000.00 +1.5 x slip ^Y
Slip Leave Option Fee	\$300.00 /year
Encroachment Permit Application Fee	\$150.00
Landside Tenant Key Copy	\$20.00 /each

Notes continued on the next page.

MISCELLANEOUS NOTES:

^R Actual cost + admin overhead or \$125.00 minimum.

^S \$0.10/SF/day additional space. Initial impound fee not applicable to misc. storage.

^T Requires Harbormaster approval; requires current vessel registration.

^U Requires Harbormaster approval.

^V Fees for guidance only. Charter approvals & fees are set by Port Commission.

^W Fee structure to be reviewed with FY27 budget.

^X Approved partnerships eligible for first 4 at \$20/fob.

^Y Applicable to business use only.

* Effective April 1, 2024, the annual adjustment to the Small (6 Pak) Charter Fee will align with the annual increase to marina fees.

BOATYARD – HAULOUT RATE ¹

Description	Fee
Monohull: 2-Strap	\$13.00 / ft., \$300.00 min
Monohull: 4-Strap	\$16.00 / ft., \$300.00 min
Multihull: 2-Strap	\$16.00 / ft., \$350.00 min
Multihull: 4-Strap	\$19.00 / ft., \$350.00 min

BOATYARD – HOLD IN STRAPS / SURVEY HAUL

Description	Fee
Haul, Hang, and Relaunch ONLY	\$12.00 / ft., \$275.00 min, 1-hour max
Additional Time Charge	\$250.00 / hour charged in ¼ hour increments
High Pressure Wash	\$1.50 / ft. add 'l. charge

BOATYARD – ONE-WAY HAUL

Description	Fee
Haul and Load onto Trailer	\$16.00 / ft., \$300.00 min, 1-hour max
Offload from Trailer and Launch	\$16.00 / ft., \$300.00 min, 1-hour max
High Pressure Wash	\$1.50 / ft. add 'l. charge

BOATYARD – LAY DAYS / YARD DAYS ²

Description	Fee
Haul and Launch Days	No charge
Days 1-14	\$1.50 / ft. / day
Days 15-30	\$2.00 / ft. / day
Days 31+	\$5.00 / ft. / day
Mast / Engine Storage	\$18.00 /day, subject to availability

BOATYARD – MISCELLANEOUS

Description	Fee
Environmental Surcharge	\$7.00 /day
Hazardous Materials Disposal Fee ³	\$30.00
Uninsured Vessel Fee	\$10.00 / day
Travelift and Crew ⁴	\$275.00 /hour, \$275.00 min
Interior Bay Rental	\$50.00 /day, as scheduled by boatyard staff
Contractor Registration Fee	\$250.00 (non-refundable)
Contractor Renewal Fee	\$200.00 / yr.
Pressure Wash for Trailerable Vessel - Self Service	\$2.00 /ft., \$50.00 min
Pressure Wash for Trailerable Vessel - Full Service	\$4.00 /ft., \$100.00 min
Moorage Rates / Visitor Berthing	Same as regular fee schedule

¹ Haulout rate includes 2-strap haul, high pressure wash, and shoring. Haulout and launch day not charged as lay days. Excessive marine growth subject to additional fee.

² Fee applies to vessels trailered in on per space basis. No free days for delays in ordering parts, hiring contractors, etc.

³ Small quantities of paint, solvents, & used oil only. Large quantities of hazardous materials to be disposed of by vessel owner or contractor.

⁴ add 'l. time charged in ¼ hour increments

ATTACHMENT A – DEBT SERVICE DETAIL & COVERAGE RATIOS

	2024 <i>Audited</i>	2025 <i>Audited</i>	2026 <i>Projected</i>	2027 <i>Budgeted</i>
Operating Revenues				
Charges for berthing and services	\$ 8,947,391	\$ 9,049,066	\$ 9,278,289	\$ 9,489,109
Rent and concessions	\$ 2,510,999	\$ 2,478,776	\$ 2,061,015	\$ 2,123,000
Total Operating Revenues	\$ 11,458,390	\$ 11,527,842	\$ 11,339,304	\$ 11,612,109
Operating Expenses				
Depreciation and Amortization	\$ 2,111,480	\$ 2,100,035	\$ -	\$ -
CalPERS Unfunded Liability (Non-cash)	\$ 214,231	\$ 419,306	\$ -	\$ -
OPEB Liability (Non-cash)	\$ 73,822	\$ 59,122	\$ -	\$ -
Dredging Operations	\$ 1,710,055	\$ 1,685,197	\$ 1,711,361	\$ 1,797,153
Administrative Services	\$ 838,406	\$ 1,014,110	\$ 1,025,532	\$ 975,386
Grounds	\$ 908,044	\$ 1,171,496	\$ 1,102,980	\$ 992,165
Fuel Services	\$ 476,215	\$ 454,957	\$ 587,455	\$ 534,776
Harbor Patrol	\$ 829,967	\$ 845,520	\$ 806,217	\$ 886,478
Property Management	\$ 951,436	\$ 1,121,498	\$ 982,380	\$ 1,030,076
Marina Management	\$ 591,788	\$ 684,284	\$ 607,066	\$ 766,798
Buildings	\$ 482,824	\$ 491,360	\$ 503,314	\$ 518,810
Parking Services	\$ 391,668	\$ 425,709	\$ 392,044	\$ 419,277
Docks, Piers, Marine Structures	\$ 739,233	\$ 873,297	\$ 1,665,866	\$ 890,646
Finance & Purchasing	\$ 236,889	\$ 236,270	\$ 233,451	\$ 270,032
Environmental & Permitting	\$ 144,352	\$ 83,371	\$ 158,320	\$ 180,343
Utilities	\$ 97,409	\$ 117,745	\$ 151,906	\$ 116,060
Aeration	\$ 54,938	\$ 111,743	\$ 50,420	\$ 80,574
Rescue Services	\$ 132,091	\$ 124,960	\$ 123,355	\$ 157,602
Boatyard Operations	\$ 366,652	\$ 396,430	\$ 365,100	\$ 454,652
Port Commission Support	\$ 79,674	\$ 60,756	\$ 67,208	\$ 73,170
Capital Projects	\$ 386	\$ 196	\$ 261,875	\$ 221,195
Events	\$ 19,874	\$ 21,468	\$ 28,686	\$ 31,720
Fishery Support	\$ 8,855	\$ 6,856	\$ 4,696	\$ 17,292
Tsunami Expense	\$ 22,913	\$ 1,446,900		
Total Expenses	\$ 11,483,202	\$ 13,952,586	\$ 10,829,231	\$ 10,414,206
Non-Operating Revenue (Expenses)				
County revenues for public services	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Grants and Other Income	\$ 38,322	\$ 645,756	\$ 1,492,652	\$ 88,500
Dredging Reimbursement USACE	\$ 525,000	\$ 525,000	\$ 630,000	\$ 630,000
Interest Income	\$ 801,899	\$ 951,333	\$ 713,730	\$ 545,000
Interest Expense	\$ (348,396)	\$ (296,226)	\$ (260,000)	\$ (219,080)
Local Capital Contribution	\$ 78,745	\$ 266,140		
Other Income (Expenses)	\$ 424,745	\$ 84,008	\$ 121,503	\$ 93,500
Total Non-Operating Income (Expenses)	\$ 1,570,315	\$ 2,226,011	\$ 2,747,886	\$ 1,187,920
Debt Service Coverage Calculation				
(+) Gross Revenues	\$ 11,458,390	\$ 11,527,842	\$ 11,339,304	\$ 11,612,109
(-) Maintenance and operating expenses	\$ (11,483,202)	\$ (13,952,586)	\$ (10,829,231)	\$ (10,414,206)
(+) Depreciation and Amortization	\$ 2,111,480	\$ 2,100,035	\$ -	\$ -
(+) CalPERS Unfunded Liability (Non-cash)	\$ 214,231	\$ 419,306	\$ -	\$ -
(+) OPEB Liability (Non-cash)	\$ 73,822	\$ 59,122	\$ -	\$ -
(=) Net Operating Income	\$ 2,374,721	\$ 153,719	\$ 510,073	\$ 1,197,903
(+) Interest Income	\$ 801,899	\$ 951,333	\$ 713,730	\$ 545,000
(+) Non-operating Income	\$ 424,745	\$ 84,008	\$ 121,503	\$ 93,500
(+) Grants	\$ 88,322	\$ 695,756	\$ 1,542,652	\$ 138,500
(+) Dredging Reimbursement USACE	\$ 525,000	\$ 525,000	\$ 630,000	\$ 630,000
(=) Net Revenues Available for Debt Service	\$ 4,214,687	\$ 2,409,816	\$ 3,517,959	\$ 2,604,903
(+) Current Portion Long Term Debt	\$ 1,413,057	\$ 1,273,549	\$ 1,273,550	\$ 1,241,518
(+) Interest Expense	\$ 348,396	\$ 296,226	\$ 260,000	\$ 219,080
(=) Total Debt Service	\$ 1,761,453	\$ 1,569,775	\$ 1,533,550	\$ 1,460,599
Debt Service Coverage Ratio	2.39x	1.54x	2.29x	1.78x
Required DSCR	1.25x	1.25x	1.25x	1.25x

ATTACHMENT B – REVENUE, EXPENSE, & NON-OP SUMMARY SHEET

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
OPERATING INCOME				
000-000-000-0000-4000	Slip Rent Permanent	\$5,392,800	\$5,251,185	\$5,539,584
000-000-000-0000-4002	Slip Rent Visitors	\$248,750	\$248,750	\$248,750
000-000-000-0000-4003	Annual Slip Rent Discount	(\$1,225)	(\$1,225)	(\$1,225)
000-000-000-0000-4006	Tenant Concession Rent	\$2,123,000	\$2,061,015	\$2,123,000
000-000-000-0000-4008	Misc. Tenant Rent (Sewer)	\$155,000	\$190,706	\$165,000
000-000-000-0000-4010	Launch Fees	\$155,000	\$131,421	\$155,000
000-000-000-0000-4012	Liveaboard	\$102,000	\$101,937	\$102,000
000-000-000-0000-4014	Catamaran Storage	\$26,500	\$35,388	\$28,000
000-000-000-0000-4016	North Harbor Dry Storage	\$206,000	\$218,210	\$218,000
000-000-000-0000-4018	7th Ave Dry Storage	\$130,000	\$136,255	\$138,000
000-000-000-0000-4020	Waiting List	\$138,000	\$150,550	\$145,000
000-000-000-0000-4024	Slip Leave Option	\$4,000	\$4,200	\$4,000
000-000-000-0000-4026	Partnership Fees	\$34,000	\$39,919	\$35,000
000-000-000-0000-4028	Sublease Fees	\$35,000	\$25,309	\$32,000
000-000-000-0000-4030	Variable/Utility Fees	\$242,000	\$247,672	\$242,000
000-000-000-0000-4032	Late Fees	\$50,000	\$53,512	\$50,000
000-000-000-0000-4036	Citations	\$115,000	\$147,609	\$145,000
000-000-000-0000-4040	Credit Card Convenience Charges	\$30,000	\$33,455	\$32,000
000-000-000-0000-4100	Parking - Concession Lot	\$925,000	\$927,969	\$925,000
000-000-000-0000-4102	Parking - Launch Area			
000-000-000-0000-4104	Parking - Southwest			
000-000-000-0000-4106	Parking - North			
000-000-000-0000-4108	Parking - Southeast			
000-000-000-0000-4118	Meter Permits			
000-000-000-0000-4120	Slip Renter Parking Permits	\$32,000	\$44,811	\$40,000
000-000-000-0000-4122	RV Parking	\$250,000	\$268,896	\$275,000
000-000-000-0000-4200	Fuel Sales Gasoline	\$285,000	\$306,975	\$305,000
000-000-000-0000-4202	Fuel Sales Diesel	\$305,000	\$326,901	\$315,000
000-000-000-0000-4210	Wash Rack	\$6,500	\$6,719	\$6,500
000-000-000-0000-4220	Boatyard Retail	\$16,500	\$27,002	\$16,500
000-000-000-0000-4225	Boatyard Labor	\$750	\$2,712	\$1,000
000-000-000-0000-4230	Boatyard Rental	\$2,000	\$3,304	\$2,000
000-000-000-0000-4235	Boatyard Misc.	\$30,000	\$34,784	\$32,000
000-000-000-0000-4240	Lay Days/Storage	\$125,000	\$138,723	\$128,000
000-000-000-0000-4245	Vessel Haulout	\$128,000	\$143,411	\$135,000
000-000-000-0000-4250	Vessel Berthing	\$30,000	\$31,229	\$30,000
000-000-000-0000-4299	Unallocated Revenue			
OPERATING INCOME		\$11,321,575	\$11,339,304	\$11,612,109

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
EXPENSE SUMMARY BY PROGRAM				
	Administrative Services (110)	\$967,272	\$1,025,532	\$975,386
	Finance & Purchasing (120)	\$259,374	\$233,451	\$270,032
	Property Management (130)	\$1,070,096	\$982,380	\$1,030,076
	Environmental & Permitting (140)	\$180,654	\$158,320	\$180,343
	Port Commission Support (190)	\$80,231	\$67,208	\$73,170
	Harbor Patrol (210)	\$931,668	\$806,217	\$886,478
	Marina Management (220)	\$670,083	\$607,066	\$766,798
	Rescue Services (230)	\$158,775	\$123,355	\$157,602
	Parking Services (240)	\$416,209	\$392,044	\$419,277
	Events (250)	\$30,938	\$28,686	\$31,720
	Fuel Services (280)	\$511,340	\$587,455	\$534,776
	Docks, Piers, Marine Structures (310)	\$934,069	\$1,665,866	\$890,646
	Utilities (320)	\$106,004	\$151,906	\$116,060
	Buildings (330)	\$513,206	\$503,314	\$518,810
	Grounds (340)	\$887,693	\$1,102,980	\$992,165
	Aeration (350)	\$82,732	\$50,420	\$80,574
	Fishery Support (360)	\$16,665	\$4,696	\$17,292
	Capital Projects (390)	\$267,248	\$261,875	\$221,195
	Dredging Operations (400)	\$1,767,206	\$1,711,361	\$1,797,153
	Boatyard Operations (500)	\$445,777	\$365,100	\$454,652
	OPERATING EXPENSES	\$10,297,239	\$10,829,231	\$10,414,206
	OPERATING PROFIT	\$1,024,336	\$510,073	\$1,197,903
	NON OPERATING INCOME/(EXPENSE)			
000-000-000-0000-4300	Harbor Services Charge	\$8,500	\$9,417	\$8,500
000-000-000-0000-4308	Interest Income	\$715,000	\$713,730	\$545,000
000-000-000-0000-4310	Other Income	\$100,000	\$112,086	\$105,000
000-000-000-0000-4375	USACE Reimbursement	\$525,000	\$630,000	\$630,000
000-000-000-0000-4400	Grants - State	\$64,500	\$1,447,437	\$64,500
000-000-000-0000-4402	Grants - Federal			
000-000-000-0000-4405	Grants - DBAW	\$12,000	\$33,215	\$12,000
000-000-000-0000-4406	County Rescue Contribution	\$50,000	\$50,000	\$50,000
000-000-000-0000-4408	Waste Oil Grant	\$12,000	\$12,000	\$12,000
000-000-000-0000-4500	Gain/(Loss) on Asset Disposal			
000-000-000-0000-4600	Cash Over/Under		(\$56)	
	Election Expense			(\$20,000)
	Principal Debt Payments	(\$1,273,550)	(\$1,273,550)	(\$1,241,518)
	Capital Improvement Program	(\$1,000,000)	(\$4,879,747)	(\$1,050,000)
	Capitalized Expenses & DIF	(\$152,000)	(\$180,007)	(\$180,000)
	Depreciation		(\$2,100,000)	
	NET INCOME/(LOSS)	\$85,786	(\$4,915,402)	\$133,385
	FY26 INCOME PROJECTION NET OF DEPRECIATION / CAP			
	Reserve Fund Expenditure			
	Capital Improvement Program		\$4,879,747	
	Capitalized Expenses / Dredge Intermediate F		\$180,007	
	Depreciation		\$2,100,000	
	PROJECTED NET INCOME FY26		\$2,244,353	
	FY27 Projected Reserve Fund Contribution			(\$218,000)
	FY27 Projected Election Fund Contribution			(\$12,000)
	FY27 Projected 497 Lake Fund Contribution			(\$25,000)

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
ADMINISTRATIVE SERVICES (110)				
100-100-110-0000-5000	Salaries - Regular	\$349,442	\$256,062	\$325,758
100-100-110-0000-5005	Salaries - Overtime	\$500	\$1,000	\$500
100-100-110-0000-5010	Wages - Part Time/Temporary	\$500		
100-100-110-0000-5020	Salaries - Vacation Pay	\$6,000	\$6,000	\$6,000
100-100-110-0000-5025	Salaries - Holiday Pay			
100-100-110-0000-5055	Unemployment Insurance (SUI)	\$2,018	\$1,200	\$1,770
100-100-110-0000-5060	FICA Medicare/Social Security	\$20,486	\$20,680	\$21,524
100-100-110-0000-5075	Auto Allowance	\$4,800	\$3,400	\$4,800
100-100-110-0000-5105	Workers' Compensation	\$10,620	\$12,022	\$10,620
100-100-110-0000-5110	CalPERS Employer Share	\$38,749	\$37,783	\$39,779
100-100-110-0000-5112	CalPERS Unfunded Liability	\$72,281	\$72,819	\$105,977
100-100-110-0000-5115	Health Insurance	\$52,549	\$60,617	\$52,337
100-100-110-0000-5120	Dental Insurance	\$3,351	\$3,266	\$3,351
100-100-110-0000-5125	Long Term Disability/Life/AD&D	\$956	\$1,498	\$956
100-100-110-0000-5200	Printing & Newsletter	\$12,000	\$12,468	\$12,000
100-100-110-0000-5202	Legal Notices	\$1,000	\$500	\$500
100-100-110-0000-5204	Advertising	\$3,000	\$2,800	\$3,000
100-100-110-0000-5206	Postage	\$10,000	\$6,624	\$9,000
100-100-110-0000-5208	Promotional Expense	\$1,500	\$7,105	\$1,500
100-100-110-0000-5214	Office Supplies	\$13,000	\$12,401	\$13,000
100-100-110-0000-5217	Supplies	\$500	\$250	\$500
100-100-110-0000-5240	Miscellaneous Employee Training	\$1,000	\$250	\$1,000
100-100-110-0000-5242	Pre-Employment Physicals	\$1,000	\$250	\$1,000
100-100-110-0000-5256	Equipment Rental			
100-100-110-0000-5262	Insurance Premiums	\$86,270	\$65,001	\$78,265
100-100-110-0000-5264	Insurance Claims	\$5,000	\$9,887	\$5,000
100-100-110-0000-5266	Memberships, Dues, Subscriptions	\$13,500	\$13,033	\$13,500
100-100-110-0000-5268	Meetings & Training	\$5,000	\$2,173	\$5,000
100-100-110-0000-5282	Bank Service Charges	\$15,000	\$9,568	\$14,000
100-100-110-0000-5284	Credit Card Fees	\$48,000	\$47,544	\$48,000
100-100-110-0000-5288	Employee Recognition	\$3,000	\$3,500	\$3,000
100-100-110-0000-5290	Miscellaneous Expenses	\$1,000	\$1,292	\$1,000
100-100-110-0000-5310	Telephone & Alarms	\$12,000	\$11,441	\$12,000
100-100-110-0000-5415	Miscellaneous Professional Services	\$12,000	\$8,000	\$28,000
100-100-110-0000-5416	Legal Consultation	\$35,500	\$18,775	\$25,000
100-100-110-0000-5420	Technical Services	\$28,000	\$69,927	\$28,000
100-100-110-0000-5425	Contract Services	\$22,000	\$19,914	\$22,000
100-100-110-0000-5450	Other Services	\$12,000	\$3,992	\$12,000
100-100-110-0000-5465	Software License & Application	\$28,000	\$25,538	\$28,000
100-100-110-0000-5470	LAFCO Assessment	\$14,000	\$16,339	\$16,000
100-100-110-0000-5500	Mileage Reimbursement	\$750	\$250	\$750
100-100-110-0000-5510	Meetings & Seminars	\$3,000	\$500	\$3,000
100-100-110-0000-5694	Office Equipment R&M	\$10,000	\$1,100	\$10,000
100-100-110-0000-5698	Equipment/Equipment R&M	\$8,000	\$55,137	\$8,000
100-100-110-SO24-6300	2024 Winter Storm		\$123,627	
100-100-110-SO23-5000	2024 Winter Storm Labor			
TOTAL ADMINISTRATIVE SERVICES		\$967,272	\$1,025,532	\$975,386

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
FINANCE & PURCHASING (120)				
100-100-120-0000-5000	Salaries - Regular	\$137,281	\$112,652	\$127,662
100-100-120-0000-5005	Salaries - Overtime			
100-100-120-0000-5010	Wages - Part Time/Temporary			
100-100-120-0000-5055	Unemployment Insurance (SUI)	\$853	\$250	\$748
100-100-120-0000-5060	FICA Medicare/Social Security	\$8,924	\$8,094	\$9,362
100-100-120-0000-5105	Workers' Compensation	\$4,488	\$5,126	\$4,488
100-100-120-0000-5110	CalPERS Employer Share	\$10,081	\$10,608	\$10,348
100-100-120-0000-5112	CalPERS Unfunded Liability	\$18,804	\$18,944	\$27,570
100-100-120-0000-5115	Health Insurance	\$21,724	\$23,240	\$21,634
100-100-120-0000-5120	Dental Insurance	\$1,416	\$1,204	\$1,416
100-100-120-0000-5125	Long Term Disability/Life/AD&D	\$404	\$390	\$404
100-100-120-0000-5214	Office Supplies	\$750	\$750	\$750
100-100-120-0000-5266	Memberships, Dues, Subscriptions	\$500	\$500	\$500
100-100-120-0000-5268	Meetings & Training	\$1,000	\$500	\$500
100-100-120-0000-5272	Software	\$500	\$500	\$500
100-100-120-0000-5290	Miscellaneous Expenses	\$1,000	\$750	\$1,000
100-100-120-0000-5420	Technical Services	\$2,000	\$1,200	\$1,500
100-100-120-0000-5460	Accounting & Auditing	\$48,000	\$47,094	\$60,000
100-100-120-0000-5465	Software License & Application	\$500	\$500	\$500
100-100-120-0000-5500	Mileage Reimbursement	\$150	\$150	\$150
100-100-120-0000-5698	Equipment/Equipment R&M	\$1,000	\$1,000	\$1,000
	TOTAL FINANCE & PURCHASING	\$259,374	\$233,451	\$270,032
PROPERTY MANAGEMENT (130)				
100-100-130-0000-5000	Salaries - Regular	\$22,286	\$8,342	\$22,011
100-100-130-0000-5055	Unemployment Insurance (SUI)	\$89	\$25	\$78
100-100-130-0000-5060	FICA Medicare/Social Security	\$1,837	\$417	\$1,882
100-100-130-0000-5105	Workers' Compensation	\$468	\$535	\$468
100-100-130-0000-5110	CalPERS Employer Share	\$2,972	\$2,980	\$3,051
100-100-130-0000-5112	CalPERS Unfunded Liability	\$5,543	\$5,585	\$8,128
100-100-130-0000-5115	Health Insurance	\$2,192	\$2,671	\$2,183
100-100-130-0000-5120	Dental Insurance	\$148	\$73	\$148
100-100-130-0000-5125	Long Term Disability/Life/AD&D	\$42	\$115	\$42
100-100-130-0000-5204	Advertising	\$1,500	\$1,000	\$1,000
100-100-130-0000-5262	Insurance Premiums	\$629,769	\$465,021	\$571,336
100-100-130-0000-5268	Meetings & Training	\$250	\$25	\$250
100-100-130-0000-5290	Miscellaneous Expenses	\$1,000	\$500	\$500
100-100-130-0000-5300	Gas & Electricity	\$95,000	\$114,508	\$100,000
100-100-130-0000-5305	Water, Sewer & Garbage	\$184,000	\$228,806	\$195,000
100-100-130-0000-5310	Telephone & Alarms	\$2,000	\$1,898	\$2,000
100-100-130-0000-5315	Sanitary Dist Charges	\$110,000	\$120,000	\$110,000
100-100-130-0000-5416	Legal Consultation	\$11,000	\$29,878	\$12,000
	TOTAL PROPERTY MANAGEMENT	\$1,070,096	\$982,380	\$1,030,076

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
ENVIRONMENTAL & PERMITTING (140)				
100-100-140-0000-5000	Salaries - Regular	\$13,966	\$3,593	\$13,793
100-100-140-0000-5005	Salaries - Overtime	\$3,000	\$1,060	\$3,000
100-100-140-0000-5010	Wages - Part Time/Temporary	\$34,000	\$27,704	\$30,000
100-100-140-0000-5055	Unemployment Insurance (SUI)	\$262	\$407	\$230
100-100-140-0000-5060	FICA Medicare/Social Security	\$3,467	\$2,367	\$3,602
100-100-140-0000-5105	Workers' Compensation	\$1,380	\$1,576	\$1,380
100-100-140-0000-5110	CalPERS Employer Share	\$4,225	\$4,078	\$4,337
100-100-140-0000-5112	CalPERS Unfunded Liability	\$7,880	\$7,939	\$11,554
100-100-140-0000-5115	Health Insurance	\$6,465	\$7,868	\$6,437
100-100-140-0000-5120	Dental Insurance	\$435	\$508	\$435
100-100-140-0000-5125	Long Term Disability/Life/AD&D	\$124	\$105	\$124
100-100-140-0000-5217	Supplies	\$1,000	\$1,000	\$1,000
100-100-140-0000-5235	Vehicle & Equipment Fuel	\$500	\$362	\$500
100-100-140-0000-5268	Meetings & Training	\$250		\$250
100-100-140-0000-5276	Permit Fees	\$8,500	\$11,154	\$12,000
100-100-140-0000-5292	Uniform Cleaning/Laundry	\$250		\$250
100-100-140-0000-5420	Technical Services	\$85,000	\$82,478	\$85,000
100-100-140-0000-5500	Mileage Reimbursement	\$250		\$250
100-100-140-0000-5625	Signage	\$200	\$500	\$200
100-100-140-0000-5665	Vehicle Maintenance	\$2,000	\$1,127	\$2,000
100-100-140-0000-5696	Permits & Inspections	\$1,000	\$500	\$1,000
100-100-140-0000-5698	Equipment/Equipment R&M	\$6,500	\$3,994	\$3,000
TOTAL ENVIRONMENTAL & PERMITTING		\$180,654	\$158,320	\$180,343
PORT COMMISSION SUPPORT (190)				
100-100-190-0000-5000	Salaries - Regular	\$50,217	\$36,454	\$39,032
100-100-190-0000-5005	Salaries - Overtime		\$1,470	
100-100-190-0000-5010	Wages - Part Time/Temporary			
100-100-190-0000-5055	Unemployment Insurance (SUI)	\$269	\$250	\$236
100-100-190-0000-5060	FICA Medicare/Social Security	\$2,532	\$2,523	\$2,670
100-100-190-0000-5105	Workers' Compensation	\$1,416	\$1,617	\$1,416
100-100-190-0000-5110	CalPERS Employer Share	\$4,516	\$4,528	\$4,636
100-100-190-0000-5112	CalPERS Unfunded Liability	\$8,424	\$8,486	\$12,351
100-100-190-0000-5115	Health Insurance	\$6,633	\$8,082	\$6,605
100-100-190-0000-5120	Dental Insurance	\$447	\$222	\$447
100-100-190-0000-5125	Long Term Disability/Life/AD&D	\$127	\$175	\$127
100-100-190-0000-5214	Office Supplies	\$200	\$100	\$200
100-100-190-0000-5217	Supplies	\$100		\$100
100-100-190-0000-5268	Meetings & Training	\$5,000	\$3,000	\$5,000
100-100-190-0000-5270	Books	\$100	\$50	\$100
100-100-190-0000-5294	Commission Expenses	\$250	\$250	\$250
TOTAL PORT COMMISSION SUPPORT		\$80,231	\$67,208	\$73,170

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
HARBOR PATROL (210)				
100-200-210-0000-5000	Salaries - Regular	\$444,231	\$323,953	\$352,171
100-200-210-0000-5005	Salaries - Overtime	\$10,000	\$13,909	\$10,000
100-200-210-0000-5010	Wages - Part Time/Temporary			
100-200-210-0000-5015	Salaries - Comp. Time	\$3,000	\$2,500	\$3,000
100-200-210-0000-5020	Salaries - Vacation Pay	\$4,000	\$4,000	\$4,000
100-200-210-0000-5025	Salaries - Holiday Pay		\$8,303	
100-200-210-0000-5040	Salaries - Call Back	\$1,500	\$1,200	\$1,500
100-200-210-0000-5045	Salaries - Call Ready	\$6,000	\$7,504	\$6,000
100-200-210-0000-5050	Salaries - Night Differential	\$5,000	\$4,305	\$5,000
100-200-210-0000-5055	Unemployment Insurance (SUI)	\$3,420	\$1,500	\$3,000
100-200-210-0000-5060	FICA Medicare/Social Security	\$35,052	\$25,646	\$36,810
100-200-210-0000-5100	Uniform Allowance	\$6,500	\$6,500	\$6,500
100-200-210-0000-5105	Workers' Compensation	\$18,000	\$20,560	\$18,000
100-200-210-0000-5110	CalPERS Employer Share	\$55,006	\$55,154	\$56,468
100-200-210-0000-5112	CalPERS Unfunded Liability	\$102,607	\$103,370	\$150,439
100-200-210-0000-5115	Health Insurance	\$89,920	\$98,970	\$89,560
100-200-210-0000-5120	Dental Insurance	\$5,680	\$4,824	\$5,680
100-200-210-0000-5125	Long Term Disability/Life/AD&D	\$1,620	\$2,126	\$1,620
100-200-210-0000-5217	Supplies	\$2,000	\$2,000	\$2,000
100-200-210-0000-5218	Tools	\$500	\$500	\$500
100-200-210-0000-5220	Harbor Patrol Supplies	\$3,000	\$3,200	\$3,000
100-200-210-0000-5224	Almar Maintenance	\$2,500	\$2,500	\$2,500
100-200-210-0000-5235	Vehicle & Equipment Fuel	\$6,500	\$5,000	\$6,500
100-200-210-0000-5236	Harbor Patrol Training	\$12,000	\$1,500	\$12,000
100-200-210-0000-5238	Harbor Patrol Misc. Expense	\$12,000	\$11,000	\$12,000
100-200-210-0000-5244	Background Investigations	\$2,000	\$1,489	\$2,000
100-200-210-0000-5262	Insurance Premiums	\$25,881	\$19,110	\$23,480
100-200-210-0000-5278	Booking Fees	\$250		
100-200-210-0000-5415	Miscellaneous Professional Services	\$1,500	\$250	\$750
100-200-210-0000-5450	Other Services	\$65,000	\$67,145	\$65,000
100-200-210-0000-5500	Mileage Reimbursement	\$500	\$200	\$500
100-200-210-0000-5510	Meetings & Seminars	\$500		\$500
100-200-210-0000-5665	Vehicle Maintenance	\$4,000	\$7,000	\$4,000
100-200-210-0000-5692	Communications Maintenance	\$2,000	\$1,000	\$2,000
100-200-210-0000-6100	Capital Outlay			\$25,000
TOTAL HARBOR PATROL		\$931,668	\$806,217	\$886,478

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
MARINA MANAGEMENT (220)				
100-200-220-0000-5000	Salaries - Regular	\$373,808	\$296,803	\$403,529
100-200-220-0000-5005	Salaries - Overtime	\$500	\$500	\$500
100-200-220-0000-5010	Wages - Part Time/Temporary	\$2,000		
100-200-220-0000-5020	Salaries - Vacation Pay	\$2,500	\$3,552	\$2,500
100-200-220-0000-5025	Salaries - Holiday Pay		\$750	
100-200-220-0000-5055	Unemployment Insurance (SUI)	\$1,886	\$1,249	\$1,654
100-200-220-0000-5060	FICA Medicare/Social Security	\$19,463	\$21,141	\$20,432
100-200-220-0000-5105	Workers' Compensation	\$9,924	\$11,335	\$9,924
100-200-220-0000-5110	CalPERS Employer Share	\$52,064	\$52,203	\$53,447
100-200-220-0000-5112	CalPERS Unfunded Liability	\$97,118	\$97,840	\$142,391
100-200-220-0000-5115	Health Insurance	\$46,489	\$53,541	\$46,290
100-200-220-0000-5120	Dental Insurance	\$3,131	\$2,757	\$3,131
100-200-220-0000-5125	Long Term Disability/Life/AD&D	\$893	\$2,013	\$893
100-200-220-0000-5217	Supplies	\$5,000	\$5,500	\$5,000
100-200-220-0000-5222	Scout Maintenance	\$2,500	\$2,500	\$2,500
100-200-220-0000-5224	P/B Kinnamon Maintenance	\$5,000	\$3,500	\$5,000
100-200-220-0000-5262	Insurance Premiums	\$34,508	\$25,481	\$31,306
100-200-220-0000-5279	Bad Debt Expense	\$10,000	\$13,000	\$10,000
100-200-220-0000-5280	Lien Sale Expenses	\$2,500	\$13,000	\$27,500
100-200-220-0000-5465	Software License & Application	\$500	\$250	\$500
100-200-220-0000-5500	Mileage Reimbursement	\$300	\$150	\$300
TOTAL MARINA MANAGEMENT		\$670,083	\$607,066	\$766,798
RESCUE SERVICES (230)				
100-200-230-0000-5000	Salaries - Regular	\$34,766	\$14,239	\$34,337
100-200-230-0000-5005	Salaries - Overtime	\$750	\$500	\$750
100-200-230-0000-5010	Wages - Part Time/Temporary	\$500		
100-200-230-0000-5040	Salaries - Call Back	\$1,500	\$1,500	\$1,500
100-200-230-0000-5045	Salaries - Call Ready	\$16,500	\$16,519	\$16,500
100-200-230-0000-5055	Unemployment Insurance (SUI)	\$392	\$140	\$344
100-200-230-0000-5060	FICA Medicare/Social Security	\$4,440	\$3,558	\$4,642
100-200-230-0000-5105	Workers' Compensation	\$2,064	\$2,358	\$2,064
100-200-230-0000-5110	CalPERS Employer Share	\$3,176	\$3,184	\$3,260
100-200-230-0000-5112	CalPERS Unfunded Liability	\$5,924	\$5,968	\$8,685
100-200-230-0000-5115	Health Insurance	\$9,669	\$11,394	\$9,627
100-200-230-0000-5120	Dental Insurance	\$651	\$624	\$651
100-200-230-0000-5125	Long Term Disability/Life/AD&D	\$186	\$123	\$186
100-200-230-0000-5212	Safety Supplies	\$1,750	\$1,200	\$1,750
100-200-230-0000-5217	Supplies	\$500	\$500	\$500
100-200-230-0000-5222	Scout Maintenance	\$2,500	\$2,500	\$2,500
100-200-230-0000-5224	P/B Kinnamon Maintenance	\$4,500	\$4,500	\$4,500
100-200-230-0000-5226	Boat Fuel - Patrol Boats	\$7,000	\$7,370	\$7,000
100-200-230-0000-5236	Harbor Patrol Training	\$5,000	\$1,200	\$5,000
100-200-230-0000-5238	Harbor Patrol Miscellaneous Expense	\$500	\$500	\$500
100-200-230-0000-5262	Insurance Premiums	\$34,508	\$25,481	\$31,306
100-200-230-0000-5425	Contract Services	\$22,000	\$20,000	\$22,000
TOTAL RESCUE SERVICES		\$158,775	\$123,355	\$157,602

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
PARKING SERVICES (240)				
100-200-240-0000-5000	Salaries - Regular	\$109,943	\$93,119	\$132,064
100-200-240-0000-5005	Salaries - Overtime	\$500	\$429	\$500
100-200-240-0000-5010	Wages - Part Time/Temporary	\$89,500	\$75,006	\$87,000
100-200-240-0000-5025	Salaries - Holiday Pay		\$166	
100-200-240-0000-5030	Salaries - Sick Pay	\$1,000	\$250	\$250
100-200-240-0000-5055	Unemployment Insurance (SUI)	\$397	\$996	\$348
100-200-240-0000-5060	FICA Medicare/Social Security	\$11,437	\$11,987	\$11,641
100-200-240-0000-5100	Uniform Allowance		\$400	\$400
100-200-240-0000-5105	Workers' Compensation	\$2,088	\$2,385	\$2,088
100-200-240-0000-5110	CalPERS Employer Share	\$6,322	\$7,839	
100-200-240-0000-5112	CalPERS Unfunded Liability	\$11,793	\$11,881	
100-200-240-0000-5115	Health Insurance	\$10,481	\$11,046	\$10,439
100-200-240-0000-5120	Dental Insurance	\$659	\$528	\$659
100-200-240-0000-5125	Long Term Disability/Life/AD&D	\$188	\$244	\$188
100-200-240-0000-5212	Safety Supplies	\$50	\$100	\$50
100-200-240-0000-5217	Supplies	\$10,000	\$13,680	\$10,000
100-200-240-0000-5218	Tools	\$100	\$100	\$100
100-200-240-0000-5231	Boat Fuel - Free Ride	\$700	\$1,192	\$1,500
100-200-240-0000-5235	Vehicle & Equipment Fuel	\$3,000	\$1,849	\$2,000
100-200-240-0000-5240	Miscellaneous Employee Training	\$500		\$500
100-200-240-0000-5254	Rent & Leases	\$5,000	\$2,400	\$5,000
100-200-240-0000-5284	Credit Card Fees	\$53,000	\$64,077	\$55,000
100-200-240-0000-5292	Uniforms	\$1,000	\$2,051	\$1,000
100-200-240-0000-5425	Contract Services	\$50,000	\$51,519	\$50,000
100-200-240-0000-5450	Other Services	\$35,000	\$25,792	\$35,000
100-200-240-0000-5465	Software License & Application	\$250	\$250	\$250
100-200-240-0000-5610	Water Taxi Maintenance	\$5,000	\$4,151	\$5,000
100-200-240-0000-5625	Signage	\$1,000	\$1,256	\$1,000
100-200-240-0000-5635	Parking Meters R&M	\$1,800	\$1,800	\$1,800
100-200-240-0000-5665	Vehicle Maintenance	\$2,500	\$3,051	\$2,500
100-200-240-0000-5698	Equipment/Equipment R&M	\$3,000	\$2,500	\$3,000
100-200-240-0000-6100	Capital Outlay			\$35,000
TOTAL PARKING SERVICES		\$416,209	\$392,044	\$419,277
EVENTS (250)				
100-200-250-0000-5000	Salaries - Regular	\$11,291	\$7,768	\$11,152
100-200-250-0000-5005	Salaries - Overtime	\$500	\$467	\$500
100-200-250-0000-5010	Wages - Part Time/Temporary	\$500		
100-200-250-0000-5055	Unemployment Insurance (SUI)	\$315	\$150	\$276
100-200-250-0000-5060	FICA Medicare/Social Security	\$990	\$740	\$1,151
100-200-250-0000-5105	Workers' Compensation	\$1,656	\$1,891	\$1,656
100-200-250-0000-5110	CalPERS Employer Share	\$1,486	\$1,490	\$1,525
100-200-250-0000-5112	CalPERS Unfunded Liability	\$2,772	\$2,792	\$4,064
100-200-250-0000-5115	Health Insurance	\$7,757	\$9,448	\$7,724
100-200-250-0000-5120	Dental Insurance	\$523	\$360	\$523
100-200-250-0000-5125	Long Term Disability/Life/AD&D	\$149	\$137	\$149
100-200-250-0000-5217	Supplies	\$1,000	\$1,792	\$1,000
100-200-250-0000-5256	Equipment Rental	\$1,000	\$1,000	\$1,000
100-200-250-0000-5290	Misc. Expenses	\$500	\$500	\$500
100-200-250-0000-5625	Signage	\$500	\$150	\$500
TOTAL EVENTS		\$30,938	\$28,686	\$31,720

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
	FUEL SERVICES (280)			
100-200-280-0000-5000	Salaries - Regular	\$11,291	\$3,808	\$4,696
100-200-280-0000-5010	Wages - Part Time/Temporary	\$24,000	\$14,088	\$19,000
100-200-280-0000-5030	Salaries - Sick Pay	\$300	\$613	\$300
100-200-280-0000-5055	Unemployment Insurance (SUI)	\$276	\$139	\$242
100-200-280-0000-5060	FICA Medicare/Social Security	\$2,596	\$1,352	\$2,738
100-200-280-0000-5105	Workers' Compensation	\$1,452	\$1,658	\$1,452
100-200-280-0000-5110	CalPERS Employer Share	\$1,398	\$1,402	\$1,436
100-200-280-0000-5112	CalPERS Unfunded Liability	\$2,609	\$2,628	\$3,825
100-200-280-0000-5115	Health Insurance	\$6,802	\$8,214	\$6,773
100-200-280-0000-5120	Dental Insurance	\$458	\$388	\$458
100-200-280-0000-5125	Long Term Disability/Life/AD&D	\$131	\$54	\$131
100-200-280-0000-5217	Supplies	\$500	\$500	\$500
100-200-280-0000-5218	Tools	\$100	\$100	\$100
100-200-280-0000-5245	Fuel Dock Gasoline	\$205,000	\$255,409	\$220,000
100-200-280-0000-5246	Fuel Dock Diesel	\$220,000	\$245,244	\$235,000
100-200-280-0000-5250	Fuel Dock Equipment & Supplies	\$1,000	\$500	\$1,000
100-200-280-0000-5252	Underground Storage Tank Maintenance	\$8,500	\$6,000	\$8,500
100-200-280-0000-5262	Insurance Premiums	\$8,627	\$6,370	\$7,827
100-200-280-0000-5276	Permit Fees	\$4,300	\$5,600	\$5,500
100-200-280-0000-5284	Credit Card Fees	\$9,500	\$9,122	\$9,500
100-200-280-0000-5607	Fueling Equipment R&M	\$2,500	\$24,267	\$5,800
	TOTAL FUEL SERVICES	\$511,340	\$587,455	\$534,776

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
DOCKS, PIERS, MARINE STRUCTURES (310)				
100-300-310-0000-5000	Salaries - Regular	\$121,829	\$91,589	\$133,825
100-300-310-0000-5005	Salaries - Overtime	\$500	\$250	\$500
100-300-310-0000-5010	Wages - Part Time/Temporary			
100-300-310-0000-5055	Unemployment Insurance (SUI)	\$586	\$250	\$514
100-300-310-0000-5060	FICA Medicare/Social Security	\$8,370	\$6,469	\$8,671
100-300-310-0000-5105	Workers' Compensation	\$3,084	\$3,523	\$3,084
100-300-310-0000-5110	CalPERS Employer Share	\$11,217	\$11,247	\$11,515
100-300-310-0000-5112	CalPERS Unfunded Liability	\$20,924	\$21,079	\$30,677
100-300-310-0000-5115	Health Insurance	\$15,147	\$12,893	\$15,085
100-300-310-0000-5120	Dental Insurance	\$973	\$784	\$973
100-300-310-0000-5125	Long Term Disability/Life/AD&D	\$278	\$434	\$278
100-300-310-0000-5212	Safety Supplies	\$1,000	\$912	\$1,000
100-300-310-0000-5214	Office Supplies	\$250	\$250	\$250
100-300-310-0000-5217	Supplies	\$1,000	\$1,000	\$1,000
100-300-310-0000-5218	Tools	\$2,000	\$2,000	\$2,000
100-300-310-0000-5230	Boat Fuel - Big Red	\$500	\$350	\$500
100-300-310-0000-5235	Vehicle & Equipment Fuel	\$2,000	\$1,750	\$2,000
100-300-310-0000-5240	Miscellaneous Employee Training	\$2,000	\$1,000	\$2,000
100-300-310-0000-5256	Equipment Rental	\$2,000	\$2,000	\$2,000
100-300-310-0000-5262	Insurance Premiums	\$707,412	\$525,550	\$641,775
100-300-310-0000-5268	Meetings & Training	\$250	\$100	\$250
100-300-310-0000-5290	Miscellaneous Expenses	\$750	\$750	\$750
100-300-310-0000-5292	Uniform Cleaning/Laundry	\$500	\$250	\$500
100-300-310-0000-5430	Engineering Services	\$1,000	\$500	\$1,000
100-300-310-0000-5500	Mileage Reimbursement	\$500	\$250	\$500
100-300-310-0000-5605	Piers & Marine Structures R&M	\$15,000	\$960,736	\$15,000
100-300-310-0000-5615	Maintenance Work Boat R&M	\$1,000	\$2,149	\$1,000
100-300-310-0000-5620	Paint & Supplies	\$2,500	\$1,250	\$2,500
100-300-310-0000-5625	Signage	\$1,500	\$1,000	\$1,500
100-300-310-0000-5665	Vehicle Maintenance	\$3,000	\$1,500	\$3,000
100-300-310-0000-5698	Equipment/Equipment R&M	\$5,000	\$12,552	\$5,000
100-300-310-0000-5725	Welding Supplies	\$2,000	\$1,500	\$2,000
100-300-310-0000-6300	Capital Outlay			-
TOTAL DOCKS, PIERS, MARINE STRUCTURES		\$934,069	\$1,665,866	\$890,646

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
UTILITIES (320)				
100-300-320-0000-5000	Salaries - Regular	\$37,737	\$42,768	\$38,152
100-300-320-0000-5005	Salaries - Overtime	\$500	\$100	\$500
100-300-320-0000-5010	Wages - Part Time/Temporary			
100-300-320-0000-5055	Unemployment Insurance (SUI)	\$675	\$450	\$592
100-300-320-0000-5060	FICA Medicare/Social Security	\$2,340	\$3,172	\$2,687
100-300-320-0000-5105	Workers' Compensation	\$3,552	\$4,057	\$3,552
100-300-320-0000-5110	CalPERS Employer Share	\$7,196	\$7,216	\$7,387
100-300-320-0000-5112	CalPERS Unfunded Liability	\$13,424	\$13,524	\$19,681
100-300-320-0000-5115	Health Insurance	\$16,639	\$18,978	\$16,568
100-300-320-0000-5120	Dental Insurance	\$1,121	\$1,557	\$1,121
100-300-320-0000-5125	Long Term Disability/Life/AD&D	\$320	\$278	\$320
100-300-320-0000-5212	Safety Supplies	\$3,000	\$1,500	\$3,000
100-300-320-0000-5217	Supplies	\$500	\$500	\$500
100-300-320-0000-5240	Miscellaneous Employee Training	\$250	\$150	\$250
100-300-320-0000-5290	Miscellaneous Expenses	\$250	\$250	\$250
100-300-320-0000-5650	Storm Drain Maintenance			
100-300-320-0000-5665	Vehicle Maintenance	\$1,500	\$1,681	\$1,500
100-300-320-0000-5670	Utility Maintenance	\$12,000	\$17,172	\$15,000
100-300-320-0000-5698	Equipment/Equipment R&M	\$5,000	\$38,553	\$5,000
TOTAL UTILITIES		\$106,004	\$151,906	\$116,060

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
BUILDINGS (330)				
100-300-330-0000-5000	Salaries - Regular	\$87,955	\$63,925	\$86,869
100-300-330-0000-5005	Salaries - Overtime	\$500	\$500	\$500
100-300-330-0000-5010	Wages - Part Time/Temporary			
100-300-330-0000-5015	Salaries - Comp. Time	\$500		\$500
100-300-330-0000-5020	Salaries - Vacation Pay	\$1,000	\$1,797	\$1,000
100-300-330-0000-5025	Salaries - Holiday Pay		\$67	
100-300-330-0000-5040	Salaries - Call Back	\$500	\$500	\$500
100-300-330-0000-5045	Salaries - Call Ready	\$5,000	\$6,353	\$5,000
100-300-330-0000-5055	Unemployment Insurance (SUI)	\$675	\$450	\$592
100-300-330-0000-5060	FICA Medicare/Social Security	\$6,350	\$5,436	\$6,697
100-300-330-0000-5105	Workers' Compensation	\$3,552	\$4,057	\$3,552
100-300-330-0000-5110	CalPERS Employer Share	\$9,265	\$9,290	\$9,511
100-300-330-0000-5112	CalPERS Unfunded Liability	\$17,282	\$17,411	\$25,339
100-300-330-0000-5115	Health Insurance	\$20,839	\$17,176	\$20,768
100-300-330-0000-5120	Dental Insurance	\$1,121	\$1,557	\$1,121
100-300-330-0000-5125	Long Term Disability/Life/AD&D	\$320	\$358	\$320
100-300-330-0000-5212	Safety Supplies	\$2,000	\$2,063	\$2,000
100-300-330-0000-5216	Janitorial Supplies	\$35,000	\$42,139	\$37,000
100-300-330-0000-5217	Supplies	\$4,000	\$3,376	\$4,000
100-300-330-0000-5218	Tools	\$2,500	\$2,073	\$2,500
100-300-330-0000-5235	Vehicle & Equipment Fuel	\$3,000	\$4,826	\$3,000
100-300-330-0000-5240	Miscellaneous Employee Training	\$2,000	\$2,150	\$2,000
100-300-330-0000-5256	Equipment Rental	\$500	\$500	\$500
100-300-330-0000-5262	Insurance Premiums	\$94,897	\$71,317	\$86,092
100-300-330-0000-5266	Memberships, Dues, Subscriptions	\$250	\$250	\$250
100-300-330-0000-5268	Meetings & Training	\$500	\$770	\$500
100-300-330-0000-5290	Miscellaneous Expenses	\$1,000	\$750	\$1,000
100-300-330-0000-5292	Uniform Cleaning/Laundry	\$3,200	\$1,723	\$3,200
100-300-330-0000-5305	Water, Sewer & Garbage	\$64,000	\$71,094	\$65,000
100-300-330-0000-5308	Hazmat Disposal	\$1,500	\$500	\$1,500
100-300-330-0000-5412	Custodial Contract	\$80,000	\$94,915	\$84,000
100-300-330-0000-5430	Engineering Services	\$1,000	\$250	\$1,000
100-300-330-0000-5450	Other Services	\$1,000	\$1,040	\$1,000
100-300-330-0000-5500	Mileage Reimbursement			
100-300-330-0000-5600	Building Repairs & Maintenance	\$42,000	\$43,170	\$42,000
100-300-330-0000-5620	Paint & Supplies	\$3,000	\$2,500	\$3,000
100-300-330-0000-5625	Signage	\$1,000	\$1,556	\$1,000
100-300-330-0000-5645	Street Maintenance	\$2,000	\$250	\$2,000
100-300-330-0000-5660	Street Light Maintenance	\$2,000	\$250	\$2,000
100-300-330-0000-5665	Vehicle Maintenance	\$3,500	\$1,870	\$3,500
100-300-330-0000-5698	Equipment/Equipment R&M	\$7,000	\$23,604	\$7,000
100-300-330-0000-5725	Welding Supplies	\$1,500	\$1,500	\$1,500
100-300-330-0000-6100	Capital Outlay			
TOTAL BUILDINGS		\$513,206	\$503,314	\$518,810

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
GROUNDS (340)				
100-300-340-0000-5000	Salaries - Regular	\$265,350	\$296,500	\$322,823
100-300-340-0000-5005	Salaries - Overtime	\$3,500	\$2,729	\$3,500
100-300-340-0000-5010	Wages - Part Time/Temporary			
100-300-340-0000-5015	Salaries - Comp. Time	\$450		\$450
100-300-340-0000-5020	Salaries - Vacation Pay	\$1,500	\$500	\$1,500
100-300-340-0000-5025	Salaries - Holiday Pay		\$62	
100-300-340-0000-5030	Salaries - Sick Pay			
100-300-340-0000-5040	Salaries - Call Back	\$2,500	\$2,528	\$2,500
100-300-340-0000-5045	Salaries - Call Ready	\$8,500	\$10,936	\$8,500
100-300-340-0000-5055	Unemployment Insurance (SUI)	\$2,896	\$1,547	\$2,540
100-300-340-0000-5060	FICA Medicare/Social Security	\$18,146	\$23,122	\$19,634
100-300-340-0000-5105	Workers' Compensation	\$15,240	\$17,407	\$15,240
100-300-340-0000-5110	CalPERS Employer Share	\$24,182	\$23,090	\$24,824
100-300-340-0000-5112	CalPERS Unfunded Liability	\$45,108	\$45,443	\$66,136
100-300-340-0000-5115	Health Insurance	\$71,391	\$81,676	\$71,087
100-300-340-0000-5120	Dental Insurance	\$4,809	\$2,391	\$4,809
100-300-340-0000-5125	Long Term Disability/Life/AD&D	\$1,372	\$935	\$1,372
100-300-340-0000-5210	Hazmat Supplies	\$7,000	\$7,278	\$7,000
100-300-340-0000-5212	Safety Supplies	\$3,000	\$5,300	\$3,000
100-300-340-0000-5217	Supplies	\$4,000	\$4,853	\$4,000
100-300-340-0000-5218	Tools	\$3,000	\$3,000	\$3,000
100-300-340-0000-5235	Vehicle & Equipment Fuel	\$6,000	\$7,384	\$6,000
100-300-340-0000-5240	Miscellaneous Employee Training			
100-300-340-0000-5256	Equipment Rental			
100-300-340-0000-5266	Memberships, Dues, Subscriptions	\$500	\$1,131	\$1,000
100-300-340-0000-5276	Permit Fees	\$1,000	\$797	\$1,000
100-300-340-0000-5292	Uniform Cleaning/Laundry	\$3,500	\$3,200	\$3,500
100-300-340-0000-5300	Gas & Electricity	\$235,000	\$307,762	\$250,000
100-300-340-0000-5305	Water, Sewer & Garbage	\$87,000	\$127,937	\$97,000
100-300-340-0000-5308	Hazmat Disposal	\$8,000	\$5,977	\$8,000
100-300-340-0000-5405	Landscaping	\$8,000	\$3,380	\$8,000
100-300-340-0000-5425	Contract Services	\$2,500	\$7,800	\$2,500
100-300-340-0000-5500	Mileage Reimbursement	\$500	\$150	\$500
100-300-340-0000-5620	Paint & Supplies	\$5,000	\$2,628	\$5,000
100-300-340-0000-5625	Signage	\$4,000	\$651	\$4,000
100-300-340-0000-5630	Parking Lot R&M	\$10,000	\$7,434	\$10,000
100-300-340-0000-5645	Street Maintenance	\$2,000	\$778	\$2,000
100-300-340-0000-5665	Vehicle Maintenance	\$5,000	\$4,924	\$5,000
100-300-340-0000-5672	Other Repairs & Maintenance	\$3,500	\$4,551	\$3,500
100-300-340-0000-5696	Permits & Inspections	\$250	\$250	\$250
100-300-340-0000-5698	Equipment/Equipment R&M	\$10,000	\$78,090	\$10,000
100-300-340-0000-5800	Fish Removal Expenses	\$2,000	\$250	\$1,000
100-300-340-0000-5805	Waste Oil Disposal/Recycle	\$12,000	\$8,606	\$12,000
TOTAL GROUNDS		\$887,693	\$1,102,980	\$992,165

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
AERATION (350)				
100-300-350-0000-5000	Salaries - Regular	\$14,857	\$5,659	\$14,674
100-300-350-A013-5000	Anchovy Kill Labor			
100-300-350-A013-5217	Anchovy Kill Supplies			
100-300-350-A013-5800	Anchovy Kill Landfil Fees			
100-300-350-0000-5055	Unemployment Insurance (SUI)	\$173	\$125	\$152
100-300-350-0000-5060	FICA Medicare/Social Security	\$1,630	\$1,033	\$1,720
100-300-350-0000-5105	Workers' Compensation	\$912	\$1,042	\$912
100-300-350-0000-5110	CalPERS Employer Share	\$3,321	\$3,330	\$3,410
100-300-350-0000-5112	CalPERS Unfunded Liability	\$6,196	\$6,242	\$9,084
100-300-350-0000-5115	Health Insurance	\$4,272	\$5,092	\$4,254
100-300-350-0000-5120	Dental Insurance	\$288	\$243	\$288
100-300-350-0000-5125	Long Term Disability/Life/AD&D	\$82	\$128	\$82
100-300-350-0000-5217	Supplies	\$500	\$250	\$500
100-300-350-0000-5300	Gas & Electricity	\$20,500	\$26,762	\$20,500
100-300-350-0000-5698	Equipment/Equip. R&M	\$30,000	\$514	\$25,000
	TOTAL AERATION	\$82,732	\$50,420	\$80,574
FISHERY SUPPORT (360)				
100-300-360-0000-5000	Salaries - Regular	\$11,291	\$364	\$11,152
100-300-360-0000-5055	Unemployment Insurance (SUI)	\$34	\$25	\$30
100-300-360-0000-5060	FICA Medicare/Social Security	\$322	\$52	\$339
100-300-360-0000-5105	Workers' Compensation	\$180	\$206	\$180
100-300-360-0000-5110	CalPERS Employer Share	\$845	\$847	\$867
100-300-360-0000-5112	CalPERS Unfunded Liability	\$1,576	\$1,588	\$2,311
100-300-360-0000-5115	Health Insurance	\$843	\$1,024	\$840
100-300-360-0000-5120	Dental Insurance	\$57	\$56	\$57
100-300-360-0000-5125	Long Term Disability/Life/AD&D	\$16	\$33	\$16
100-300-360-0000-5675	Ice Equipment R&M	\$1,500	\$500	\$1,500
	TOTAL FISHERY SUPPORT	\$16,665	\$4,696	\$17,292
CAPITAL PROJECTS (390)				
100-300-390-0000-5000	Salaries - Regular	\$5,349	\$1,500	\$587
100-300-390-0000-5055	Unemployment Insurance (SUI)			
100-300-390-0000-5060	FICA Medicare/Social Security	\$178	\$25	\$178
100-300-390-0000-5276	Permit Fees	\$500	\$250	\$500
100-300-390-0000-5290	Miscellaneous Expenses	\$500	\$100	\$500
100-300-390-0000-5298	Interest Expense	\$260,371	\$260,000	\$219,080
100-300-390-0000-5416	Legal Consultation	\$250		\$250
100-300-390-0000-5500	Mileage Reimbursement	\$100		\$100
100-300-390-0000-6200	Principal Debt Payments	\$1,273,550	\$1,275,000	\$1,241,518
	TOTAL CAPITAL PROJECTS	\$267,248	\$261,875	\$221,195

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
DREDGING OPERATIONS (400)				
100-300-400-0000-5000	Salaries - Regular	\$688,187	\$573,591	\$682,331
100-300-400-0000-5005	Salaries - Overtime	\$25,000	\$53,593	\$25,000
100-300-400-0000-5010	Wages - Part Time/Temporary	\$28,000	\$32,071	\$28,000
100-300-400-0000-5015	Salaries - Comp. Time	\$1,500	\$1,536	\$1,500
100-300-400-0000-5020	Salaries - Vacation Pay	\$2,000	\$2,654	\$2,000
100-300-400-0000-5025	Salaries - Holiday Pay	\$1,500	\$20,006	\$1,500
100-300-400-0000-5040	Salaries - Call Back		\$251	
100-300-400-0000-5055	Unemployment Insurance (SUI)	\$5,515	\$2,166	\$4,838
100-300-400-0000-5060	FICA Medicare/Social Security	\$51,896	\$47,349	\$54,731
100-300-400-0000-5105	Workers' Compensation	\$29,028	\$33,156	\$29,028
100-300-400-0000-5110	CalPERS Employer Share	\$44,780	\$44,900	\$45,970
100-300-400-0000-5112	CalPERS Unfunded Liability	\$83,531	\$84,153	\$122,471
100-300-400-0000-5115	Health Insurance	\$140,881	\$161,330	\$140,300
100-300-400-0000-5120	Dental Insurance	\$9,159	\$8,555	\$9,159
100-300-400-0000-5125	Long Term Disability/Life/AD&D	\$2,613	\$1,731	\$2,613
100-300-400-0000-5210	Hazmat Supplies	\$3,000	\$3,000	\$3,000
100-300-400-0000-5212	Safety Supplies	\$6,500	\$9,088	\$6,500
100-300-400-0000-5217	Supplies	\$8,000	\$6,244	\$8,000
100-300-400-0000-5218	Tools	\$10,000	\$9,903	\$10,000
100-300-400-0000-5232	Boat Fuel - Dredge Skiff	\$1,000	\$977	\$1,000
100-300-400-0000-5233	Boat Fuel - Twin Lakes	\$110,000	\$100,913	\$110,000
100-300-400-0000-5234	Boat Fuel - Dauntless & Squirt	\$12,000	\$4,000	\$12,000
100-300-400-0000-5235	Vehicle & Equipment Fuel	\$12,000	\$9,409	\$12,000
100-300-400-0000-5240	Miscellaneous Employee Training	\$8,000	\$7,169	\$8,000
100-300-400-0000-5256	Equipment Rental	\$32,000	\$28,489	\$32,000
100-300-400-0000-5262	Insurance Premiums	\$69,016	\$50,961	\$62,612
100-300-400-0000-5266	Memberships, Dues, Subscriptions	\$500	\$1,596	\$1,000
100-300-400-0000-5268	Meetings & Training	\$1,000	\$699	\$1,000
100-300-400-0000-5270	Books	\$100		\$100
100-300-400-0000-5276	Permit Fees	\$8,000	\$8,785	\$8,000
100-300-400-0000-5290	Miscellaneous Expenses	\$5,000	\$2,500	\$5,000
100-300-400-0000-5292	Uniform Cleaning/Laundry	\$6,500	\$6,457	\$6,500
100-300-400-0000-5308	Hazmat Disposal	\$5,000	\$1,976	\$5,000
100-300-400-0000-5418	Freight	\$2,500	\$1,500	\$2,500
100-300-400-0000-5440	Environmental Services	\$2,500	\$892	\$2,500
100-300-400-0000-5445	Dredge Consulting	\$10,000	\$1,800	\$10,000
100-300-400-0000-5450	Other Services	\$5,000	\$3,580	\$5,000
100-300-400-0000-5500	Mileage Reimbursement	\$500	\$434	\$500
100-300-400-0000-5620	Paint & Supplies	\$7,000	\$7,282	\$7,000
100-300-400-0000-5665	Vehicle Maintenance	\$5,000	\$3,054	\$5,000
100-300-400-0000-5672	Other Repairs & Maintenance	\$3,000	\$5,284	\$3,000
100-300-400-0000-5685	Safety Equipment R&M	\$1,500	\$500	\$1,500
100-300-400-0000-5698	Equipment/Equipment R&M	\$45,000	\$27,462	\$45,000
100-300-400-0000-5700	Maint/Lube Inner Harbor Dredge	\$20,000	\$14,657	\$20,000
100-300-400-0000-5705	Maint/Lube Dredge Twin Lakes	\$120,000	\$137,282	\$120,000
100-300-400-0000-5707	Maint/Lube - Ancilliary Equipment	\$65,000	\$64,197	\$65,000
100-300-400-0000-5710	Maint/Lube Dredge Workboat Dauntless	\$30,000	\$51,475	\$30,000
100-300-400-0000-5715	Dredge Paint/Coatings	\$19,000	\$11,541	\$19,000
100-300-400-0000-5720	Booster Pump R&M	\$10,000	\$51,388	\$10,000
100-300-400-0000-5725	Welding Supplies	\$10,000	\$9,827	\$10,000
100-300-400-0000-6105	Capitalized Equip Xfer to 1100	\$145,000	\$173,007	\$120,000
TOTAL DREDGING OPERATIONS		\$1,767,206	\$1,711,361	\$1,797,153

Santa Cruz Port District
FY27 BUDGET
February 24, 2026

Account	Description	FY26 BUDGET	FY26 PRJXN	FY27 BUDGET
BOATYARD OPERATIONS (500)				
100-500-500-0000-5000	Salaries - Regular	\$180,367	\$118,514	\$178,140
100-500-500-0000-5005	Salaries - Overtime	\$1,000	\$2,187	\$1,000
100-500-500-0000-5010	Wages - Part Time/Temp.	\$24,000	\$2,150	\$22,000
100-500-500-0000-5015	Salaries - Comp. Time	\$300	\$150	\$300
100-500-500-0000-5025	Salaries - Holiday Pay		\$291	
100-500-500-0000-5040	Call Back	\$500	\$200	\$500
100-500-500-0000-5055	Unemployment Insurance (SUI)	\$2,070	\$262	\$1,816
100-500-500-0000-5060	FICA Medicare/Social Security	\$14,080	\$9,030	\$15,144
100-500-500-0000-5105	Workers' Compensation	\$10,896	\$12,445	\$10,896
100-500-500-0000-5110	CalPERS Employer Share	\$10,547	\$10,575	\$10,827
100-500-500-0000-5112	CalPERS Unfunded Liability	\$19,674	\$19,820	\$28,845
100-500-500-0000-5115	Health Insurance	\$52,442	\$59,876	\$52,224
100-500-500-0000-5120	Dental Insurance	\$3,438	\$2,010	\$3,438
100-500-500-0000-5125	Long Term Disability/Life/AD&D	\$981	\$408	\$981
100-500-500-0000-5204	Advertising	\$525		\$525
100-500-500-0000-5210	Hazmat Supplies	\$500	\$150	\$500
100-500-500-0000-5212	Safety Supplies	\$500	\$546	\$500
100-500-500-0000-5217	Supplies	\$1,500	\$750	\$1,500
100-500-500-0000-5218	Tools	\$1,000	\$300	\$1,000
100-500-500-0000-5235	Fuel - Travelift	\$2,000	\$1,906	\$2,000
100-500-500-0000-5240	Miscellaneous Employee Training	\$1,000	\$250	\$1,000
100-500-500-0000-5256	Equipment Rental	\$500	\$100	\$500
100-500-500-0000-5262	Insurance Premiums	\$34,508	\$25,481	\$31,306
100-500-500-0000-5276	Permit Fees	\$1,500	\$1,414	\$1,461
100-500-500-0000-5284	Credit Card Fees	\$6,500	\$7,032	\$7,000
100-500-500-0000-5290	Misc. Expenses	\$1,500	\$800	\$1,500
100-500-500-0000-5292	Uniforms	\$1,300	\$1,385	\$1,300
100-500-500-0000-5300	Gas & Electricity	\$20,000	\$29,771	\$25,000
100-500-500-0000-5305	Water, Sewer, Garbage	\$13,000	\$14,527	\$13,000
100-500-500-0000-5308	Hazmat Disposal	\$6,500	\$3,000	\$6,500
100-500-500-0000-5310	Telephone & Alarms	\$1,000	\$600	\$1,000
100-500-500-0000-5425	Contract Services	\$700	\$1,489	\$1,500
100-500-500-0000-5430	Engineering Services	\$500		\$500
100-500-500-0000-5450	Other Services	\$3,500	\$3,000	\$3,500
100-500-500-0000-5465	Software License & Application	\$500		\$500
100-500-500-0000-5500	Mileage Reimbursement	\$200	\$100	\$200
100-500-500-0000-5625	Signage	\$250		\$250
100-500-500-0000-5694	Office Equipment	\$500	\$500	\$500
100-500-500-0000-5698	Equipment R&M	\$10,000	\$14,082	\$10,000
100-500-500-0000-7000	Filtration System R&M	\$3,000	\$3,000	\$3,000
100-500-500-0000-7005	Filtration System Supplies	\$3,000	\$3,000	\$3,000
100-500-500-0000-7020	Cost of Goods Sold	\$10,000	\$14,000	\$10,000
100-500-500-0000-6100	Capital Outlay	\$7,000	\$7,000	
TOTAL BOATYARD OPERATIONS		\$445,777	\$365,100	\$454,652

Santa Cruz Port District
Historic Annual Slip Rent Increases

Year	South Harbor	North Harbor	CPI Year ¹	CPI Rate
FY18	2%	2%	2016	3.5%
FY19	2%	2%	2017	2.9%
FY20	2.5%	2.5%	2018	4.5%
FY21	2.5%	2.5%	2019	2.5%
FY22	0%	0%	2020	2%
FY23	3.2%	3.2%	2021	4.2%
FY24	5%	5%	2022	4.9%
FY25	3%	3%	2023	2.6%
FY26	5%	5%	2024	2.4%
FY27	3%	3%	2025	3%
10-YEAR AVERAGE	3%	3%		3.2%

¹ Budget prep / analysis occurs at the end of the calendar year preceding the start of the next fiscal year.

Santa Cruz Port District
Accounts Payable Monthly Check Register
January 2026

Date	No.	Vendor	Description	Amount
1/1/2026	62544	Michael Hopper	Murray Street Bridge Seismic Retrofit & Barrier Replacement Project Construction Administration Services	\$ 16,594.50
1/7/2026	62644	AAA Workspace	Office Supplies	\$ 283.83
1/7/2026	62645	Ace Portable Services	Lighted Boat Parade & O-Dock Portable Toilet Rental	\$ 774.63
1/7/2026	62646	Airtec Service	Boiler Inspection - 2222 East Cliff Drive, Boiler Repair - 135 5th Avenue	\$ 1,531.13
1/7/2026	62647	Phil Allegri Electric, Inc.	Boatyard Transformer Inspection	\$ 225.00
1/7/2026	62648	Allied Administrators for Delta Dental	Dental Insurance	\$ 2,899.53
1/7/2026	62649	Amazon Capital Services	Router Collet, Hydraulic Fluid, Generator Oil Heater, American Flags, Drill Bit Set	\$ 395.84
1/7/2026	62650	AmeriDyn	Technical Support	\$ 1,190.00
1/7/2026	62651	Amerigas	Ancillary Equipment Fuel	\$ 251.75
1/7/2026	62652	Applied Industrial Technologies, LLC	Squirt Fittings	\$ 95.35
1/7/2026	62653	Arturo Acevedo	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62654	B & B Small Engine	Chainsaw Repair Parts	\$ 41.08
1/7/2026	62655	Bay Building Janitorial, Inc.	Janitorial Services, Refuse Collection	\$ 12,918.66
1/7/2026	62656	Bay Plumbing Supply, Inc.	Plumber's Putty, PVC Primer, Pipe Fittings, I-Dock Restroom Water Heater Replacement	\$ 1,042.52
1/7/2026	62657	Bayside Oil II, Inc.	Fuel Dock Bilge Water Pump Out, Oil Filter Disposal	\$ 322.50
1/7/2026	62658	Big Creek	Fish Table Lumber, Impact Bits, Fasteners, 493 Lake Avenue Interior Trim, Utility Knife	\$ 280.03
1/7/2026	62659	Blake Anderson	2026 Medical Expense Reimbursement, Quarterly Uniform Allowance	\$ 890.00
1/7/2026	62660	Branden Campbell	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62661	Christianson Tree Experts	Storm Damage Tree Removal - 497 Lake Avenue	\$ 3,000.00
1/7/2026	62662	Citi Cards	Haunted Harbor Event Supplies, Drinking Water, Breakroom Supplies, Costco Annual Membership	\$ 1,951.31
1/7/2026	62663	Comcast	Business Internet	\$ 211.38
1/7/2026	62664	County of Santa Cruz DPW	Hazmat Disposal	\$ 178.50
1/7/2026	62665	Crow's Nest Restaurant	1/2 Concession Lot Garbage (Tenant Reimbursable)	\$ 2,457.18
1/7/2026	62666	David Hill	2026 Medical Expense Reimbursement, Quarterly Uniform Allowance	\$ 890.00
1/7/2026	62667	Downey Brand	Legal Consultation	\$ 638.00
1/7/2026	62668	Dunn-Edwards Corporation	Dredge Paint, Rust Converting Primer	\$ 1,159.47
1/7/2026	62669	FedEx	Shipping	\$ 144.49
1/7/2026	62670	Alden Forbes	2026 Medical Expense Reimbursement	\$ 700.00

Santa Cruz Port District
Accounts Payable Monthly Check Register
January 2026

Date	No.	Vendor	Description	Amount
1/7/2026	62671	Eric Friccero	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62672	Ghisletta, Renee	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62673	Gottlieb, Landon	2026 Medical Expense Reimbursement, Quarterly Uniform Allowance	\$ 890.00
1/7/2026	62674	Grainger	Fuel Filter, Forklift Coolant, Disposable Gloves, Corded Sander, <i>Twin Lakes</i> Chain Lubricant, Dumpster Wheels, Paint Brushes, Hose Fittings & Nozzle, Fuses	\$ 2,168.61
1/7/2026	62675	HD Supply Facilities Maintenance, Ltd.	Janitorial Supplies	\$ 1,069.78
1/7/2026	62676	Holland MacLaurie	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62677	Home Depot Credit Services	Gas Valve, Hose Fittings, <i>Pappy</i> Electrical Fittings, Pest Control, Holiday Decorations, <i>Never Late</i> Lighted Boat Parade Supplies, Vacuum, Screwdriver Set, Fasteners, Graffiti Cleaning Supplies, Antifreeze, Drain Bladders, Paint Supplies, Lightbulbs, Blinds	\$ 933.24
1/7/2026	62678	Hose Shop	<i>Dauntless</i> Hose Adapter, Air Compressor Parts	\$ 102.15
1/7/2026	62679	James Hudson	2026 Medical Expense Reimbursement, Quarterly Uniform Allowance	\$ 890.00
1/7/2026	62680	John Haynes	2026 Medical Expense Reimbursement, Quarterly Uniform Allowance	\$ 890.00
1/7/2026	62681	Jorge Lopez	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62682	Jose Vera	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62683	Josh Wagoner	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62684	Rob Keener	Security Deposit Refund	\$ 158.57
1/7/2026	62685	Kingdom, Kyle	2026 Medical Expense Reimbursement, Quarterly Uniform Allowance	\$ 890.00
1/7/2026	62686	Kraemer Elevator Load Testing	Elevator Service Call & Repair - 493 Lake Avenue	\$ 400.00
1/7/2026	62687	Lawson	<i>Dauntless</i> Fittings, Coil Cleaner	\$ 220.99
1/7/2026	62688	Linde Gas & Equipment, Inc.	Cutting Wheels	\$ 234.03
1/7/2026	62689	VOID		
1/7/2026	62690	Lord & Sons, Inc.	Dock Hardware	\$ 182.57
1/7/2026	62691	Marina Ware	Quarterly Software & Key Access System Support	\$ 1,700.00
1/7/2026	62692	Mark Eldridge	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62693	McDermott, Dick	497 Lake Avenue Installment Payment	\$ 4,535.45
1/7/2026	62694	Jenna McFarland	Prorated 2025 & 2026 Medical Expense Reimbursement	\$ 1,137.50
1/7/2026	62695	Melrose, Rick	2026 Medical Expense Reimbursement, Quarterly Uniform Allowance	\$ 800.00
1/7/2026	62696	Mid County Auto Supply	Air Filters, Fuel Filter, Oil Filters, Hydraulic Oil, Coolant, V-Belt	\$ 380.57
1/7/2026	62697	Mission Uniform Service	First Aid, Linen, Uniform Service	\$ 1,073.71

Santa Cruz Port District
Accounts Payable Monthly Check Register
January 2026

Date	No.	Vendor	Description	Amount
1/7/2026	62698	Monterey Bay Analytical Services	Stormwater Testing	\$ 392.00
1/7/2026	62699	Mutual of Omaha	Life/LTD/AD&D Insurance	\$ 1,001.08
1/7/2026	62700	Nathen Castro	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62701	Nicholas Henning	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62702	Nick Gullo	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62703	Niki Rothwell	2026 Medical Expense Reimbursement, Quarterly Uniform Allowance	\$ 890.00
1/7/2026	62704	Operating Engineers	Union Dues (Payroll Deduction)	\$ 360.00
1/7/2026	62705	Outdoor Supply Hardware	Pipe Fittings, Outlet Cover, Fasteners	\$ 48.81
1/7/2026	62706	Pacific Coast Congress of Harbormasters and Port Managers	Annual Membership	\$ 365.00
1/7/2026	62707	Pacific Crest Engineering, Inc.	Boatyard Stormwater Pollution Prevention Plan Consulting	\$ 307.50
1/7/2026	62708	Pacific Gas & Electric Company	Utilities	\$ 27,889.53
1/7/2026	62709	Pagoda Technologies Inc	Monthly IT & Cybersecurity Services, Managed Detection & Response Services (SLCGP Grant Reimbursable)	\$ 4,125.00
1/7/2026	62710	Peterson	<i>Twin Lakes</i> C-18 & C32 Gaskets, Dozer Sensor Replacement	\$ 6,538.68
1/7/2026	62711	Quadient, Inc.	Postage	\$ 500.00
1/7/2026	62712	Quadient Leasing USA, Inc.	Postage Meter Lease	\$ 227.74
1/7/2026	62713	Ramos, Brenda	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62714	Randy Marty	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62715	RDO Equipment Co.	<i>Squirt</i> Filters, Generator Service	\$ 688.19
1/7/2026	62716	Peter Replogle	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62717	Riverside Lighting & Electric	<i>Pappy</i> Floodlights & Electrical Supplies, D-Dock Motion Sensor, Wire	\$ 632.08
1/7/2026	62718	Scheidt & Bachmann	Monthly Service	\$ 2,861.64
1/7/2026	62719	Santa Cruz Municipal Utilities	Utilities	\$ 26,066.68
1/7/2026	62720	Sean Rothwell	2026 Medical Expense Reimbursement, Quarterly Uniform Allowance	\$ 890.00
1/7/2026	62721	Simoni, Danny	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62722	Southern Counties Lubricants	<i>Twin Lakes</i> Engine Oil	\$ 991.75
1/7/2026	62723	Staples Business Advantage	Office Supplies	\$ 318.28
1/7/2026	62724	Tandoi, Steven	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62725	Uline	Hard Hat Chin Straps	\$ 28.80
1/7/2026	62726	U.S. Bank Equipment Finance	Copier Leases	\$ 329.49

Santa Cruz Port District
Accounts Payable Monthly Check Register
January 2026

Date	No.	Vendor	Description	Amount
1/7/2026	62727	Valley Pacific Petroleum Services, Inc.	<i>Twin Lakes</i> Hydraulic Fluid	\$ 1,184.21
1/7/2026	62728	Verizon Wireless	Cell Phone & Tablet Services	\$ 268.77
1/7/2026	62729	Vestis	Foul Weather Gear	\$ 358.26
1/7/2026	62730	Weisert, Hilary	2026 Medical Expense Reimbursement	\$ 700.00
1/7/2026	62731	West Coast Cranes, Inc.	Crane Rental	\$ 4,423.20
1/7/2026	62732	West Marine Pro	Fiberglass Cloth, Hose Sealant	\$ 58.67
1/7/2026	62733	West Marine Pro	Boatyard Retail Items	\$ 465.99
1/7/2026	62734	Wulf, Carl	2026 Medical Expense Reimbursement	\$ 700.00
1/20/2026	62735	AAA Workspace	Office Supplies	\$ 83.99
1/20/2026	62736	Ace Portable Services	Launch Ramp Sinkhole Repair Project (Phase 1) Temporary Fencing, Portable Toilet Rental	\$ 2,036.41
1/20/2026	62737	Amazon Capital Services	Jump Starter, Front Desk Lighting, Chain Lubricant	\$ 491.33
1/20/2026	62738	Amerigas	Ancillary Equipment Fuel	\$ 101.18
1/20/2026	62739	AT&T	Telephone	\$ 207.08
1/20/2026	62740	B & B Small Engine	Grounds Equipment Part	\$ 28.29
1/20/2026	62741	Bayside Oil II, Inc.	Waste Oil Disposal	\$ 351.00
1/20/2026	62742	Big Creek	Mailbox Bolts	\$ 11.79
1/20/2026	62743	Bobby's Pit Stop, Inc.	Patrol Vehicle Tires & Alternator Repair	\$ 2,465.20
1/20/2026	62744	Bow Wow Pet Waste Products	Pet Waste Station Bags	\$ 220.63
1/20/2026	62745	Brink's Incorporated	Deposit Courier Services	\$ 360.13
1/20/2026	62746	Etienne Colmet-Daage	Security Deposit Refund	\$ 145.24
1/20/2026	62747	Comcast	Business Internet	\$ 506.03
1/20/2026	62748	Complete Mailing Service	2026 Parking Permit Letters, Statement Mailing & Postage	\$ 2,166.44
1/20/2026	62749	County of Santa Cruz Auditor	Citation Tax (November)	\$ 1,675.00
1/20/2026	62750	Data Ticket, Inc.	Citation Processing (November)	\$ 312.16
1/20/2026	62751	Flyers Energy, LLC	Generator Fuel	\$ 3,389.05
1/20/2026	62752	Claire Fowler	Citation Overpayment Refund	\$ 63.50
1/20/2026	62753	Haro Kasunich & Associates, Inc.	Engineering Services: Launch Ramp Sinkhole Repair Project (Phase 1)	\$ 3,037.50
1/20/2026	62754	HD Supply Facilities Maintenance, Ltd.	Janitorial Supplies	\$ 1,378.13
1/20/2026	62755	Hose Shop	F-Dock Waterline Couplings & Fittings	\$ 138.25
1/20/2026	62756	King Property Management	1025 7th Avenue Fence Repair (50% Cost Share with 689 Harbor Cove)	\$ 3,225.00
1/20/2026	62757	Lastition, Chris	Security Deposit Refund	\$ 460.31

Santa Cruz Port District
Accounts Payable Monthly Check Register
January 2026

Date	No.	Vendor	Description	Amount
1/20/2026	62758	Justo Medina	Security Deposit Refund	\$ 176.71
1/20/2026	62759	Mid County Auto Supply	Travelift Battery, Auxiliary Diesel Tank Mount, Standby Generator Filters	\$ 428.88
1/20/2026	62760	Mission Uniform Service	First Aid Supply, Linens, Uniform Service	\$ 266.03
1/20/2026	62761	Outdoor Supply Hardware	Dock Hardware, Caulking	\$ 48.49
1/20/2026	62762	Pacific Gas & Electric Company	Utilities	\$ 17,938.69
1/20/2026	62763	Payne, Deyess	Security Deposit Refund	\$ 116.53
1/20/2026	62764	Pupu'O Hawaiian	Special Event Security Deposit Refund	\$ 2,000.00
1/20/2026	62765	Ramos Oil Inc.	<i>Twin Lakes</i> Fuel	\$ 19,785.74
1/20/2026	62766	Riverside Lighting & Electric	Public Hoist Parts & Wiring, Electric Receptacles	\$ 318.79
1/20/2026	62767	Santa Cruz County Weights & Measures	2026 Commercial Device Registration	\$ 232.80
1/20/2026	62768	SC Fuels	Fuel Dock Gas & Diesel	\$ 23,614.21
1/20/2026	62769	US Relay	Webcam Service	\$ 484.00
1/20/2026	62770	Maximilian Valdez	Security Deposit Refund	\$ 145.22
1/20/2026	62771	Vestis	Maintenance Staff Foul Weather Gear	\$ 71.30
1/20/2026	62772	Mark Larsen DBA: Viking	Window Cleaning	\$ 40.00
1/20/2026	62773	West Marine Pro	Foul Weather Gear	\$ 173.72
1/20/2026	62774	Wex Bank	Fleet Fuel	\$ 2,739.72
1/20/2026	62775	Witcher Electric, Inc.	Booster Pump Repair	\$ 3,126.87
1/23/2026	62776	Employee #178	Holiday Payout	\$ 5,096.32
1/23/2026	62777	Hartford Fire Insurance Company	2222 East Cliff Drive Flood Insurance	\$ 1,116.00
1/29/2026	62778	Auto One	2018 Ford F150 Truck	\$ 19,180.25
1/30/2026	62779	AAA Workspace	Office Supplies	\$ 248.21
1/30/2026	62780	Ace Portable Services	Portable Toilet Rental	\$ 1,585.12
1/30/2026	62781	Allied Universal	Security Patrol	\$ 5,980.80
1/30/2026	62782	Amazon Capital Services	Liquid Transfer Pump, Batteries, Fiberglass Filler, Stir Sticks, Vehicle Flags	\$ 233.58
1/30/2026	62783	AmeriDyn	Dynamics Software Support	\$ 70.00
1/30/2026	62784	Batteries + Bulbs	Generator Battery	\$ 38.36
1/30/2026	62785	Bay Building Janitorial, Inc.	Janitorial Services, Refuse Collection	\$ 12,918.66
1/30/2026	62786	Bay Plumbing Supply, Inc.	Urinal Control Stops	\$ 190.53
1/30/2026	62787	Big Creek	Concrete Mix, Duct Tape	\$ 61.39
1/30/2026	62788	Bobby's Pit Stop, Inc.	Maintenance Vehicle Fuse Box Repair, Tire Replacement, & Alignment, Patrol Vehicle Oxygen Sensor Replacement	\$ 1,866.27

Santa Cruz Port District
Accounts Payable Monthly Check Register
January 2026

Date	No.	Vendor	Description	Amount
1/30/2026	62789	Cale America, Inc.	Monthly Service	\$ 1,399.32
1/30/2026	62790	Central Home Supply	Mulch	\$ 629.43
1/30/2026	62791	Citi Cards	Breakroom & Janitorial Supplies	\$ 419.35
1/30/2026	62792	Comcast	Business Internet	\$ 211.38
1/30/2026	62793	County of Santa Cruz Auditor	Citation Tax (December)	\$ 1,662.50
1/30/2026	62794	Crystal Springs Water Co.	Boatyard Drinking Water	\$ 95.05
1/30/2026	62795	Dunn-Edwards Corporation	Exhaust Paint	\$ 311.20
1/30/2026	62796	Environmental Logistics	Hazmat Disposal	\$ 3,126.00
1/30/2026	62797	Flyers Energy, LLC	Dozer & Generator Fuel	\$ 3,282.09
1/30/2026	62798	Grainger	Electrical Tape, Saw Blade, <i>Twin Lakes</i> Spotlight, Disposable Gloves, Radio Microphones, VHF Radio, Paint Container, Generator Exhaust Rain Cap	\$ 1,354.59
1/30/2026	62799	Granite Construction Company	Launch Ramp Sinkhole Repair Project (Phase 1) Progress Payment	\$ 356,155.00
1/30/2026	62800	HD Supply Facilities Maintenance, Ltd.	Janitorial Supplies	\$ 2,258.26
1/30/2026	62801	Hose Shop	Travelift Hose Repair	\$ 118.57
1/30/2026	62802	Koffler Electrical Mechanical	Booster Pump Motor Repair & Maintenance	\$ 9,212.80
1/30/2026	62803	Kraemer Elevator Load Testing	Monthly Elevator Inspection & Repairs - 493 Lake Avenue	\$ 1,195.00
1/30/2026	62804	Linde Gas & Equipment, Inc.	Welding Gas	\$ 402.07
1/30/2026	62805	Martha Macambridge	Security Deposit Refund	\$ 116.54
1/30/2026	62806	Richard McCartney	Security Deposit Refund	\$ 17.00
1/30/2026	62807	McDermott, Dick	497 Lake Avenue Installment Payment	\$ 4,535.45
1/30/2026	62808	Mid County Auto Supply	Diesel Exhaust Fluid, Oil Filter	\$ 178.77
1/30/2026	62809	Mission Uniform Service	First Aid Supply, Linens, Uniform Pant Replacement, Uniform Service	\$ 971.40
1/30/2026	62810	Monterey Bay Analytical Services	Boatyard Stormwater Testing	\$ 1,008.00
1/30/2026	62811	Moore & Sons Outboard Motors, Inc.	<i>Scout</i> 300-Hour Service	\$ 2,514.99
1/30/2026	62812	Mutual of Omaha	Life/LTD/AD&D Insurance	\$ 1,003.15
1/30/2026	62813	OneSource Distributors, LLC	Public Hoist Breaker	\$ 183.42
1/30/2026	62814	Outdoor Supply Hardware	Cable Hook	\$ 24.02
1/30/2026	62815	Pacific Gas & Electric Company	Utilities	\$ 24,108.59
1/30/2026	62816	Pajaro Valley Electric Inc.	Booster Pump Variable Frequency Drive Inspection	\$ 1,260.00
1/30/2026	62817	Peterson	Dozer Repairs, <i>Twin Lakes</i> Coolant	\$ 3,994.82
1/30/2026	62818	Riverside Lighting & Electric	Booster Pump Fuses, Public Hoist Fuses	\$ 405.74
1/30/2026	62819	Michael Smith	Backflow Testing & Repair	\$ 1,026.00

Santa Cruz Port District
Accounts Payable Monthly Check Register
January 2026

Date	No.	Vendor	Description	Amount
1/30/2026	62820	SC Fuels	Fuel Dock Gas & Diesel	\$ 15,068.29
1/30/2026	62821	Scheidt & Bachmann	Parking Equipment Power Supply Repair, Gate Arm Repair, Monthly Service	\$ 7,161.36
1/30/2026	62822	Santa Cruz Municipal Utilities	Utilities	\$ 21,853.77
1/30/2026	62823	Southern Counties Lubricants	<i>Twin Lakes</i> Oil	\$ 281.92
1/30/2026	62824	Superior Alarm Company	493 Lake Avenue Alarm Monitoring	\$ 387.00
1/30/2026	62825	Triton Construction	Annual Underground Storage Tank Testing	\$ 1,625.00
1/30/2026	62826	West Marine Pro	Marine Wire, Epoxy, <i>Scout</i> Dock Line	\$ 2,250.18
1/30/2026	62827	West Marine Pro	Boatyard Retail Items	\$ 1,796.02
1/5/2026	Various	Various Employees	12/16/25-12/31/225 Payroll	\$ 7,931.45
1/20/2026	Various	Various Employees	1/1/26-1/15/26 Payroll	\$ 8,029.80
1/1/2026	EFT	American Express	Fuel Dock Credit Card Fees	\$ 70.35
1/1/2026	EFT	ElectronicPayments	Fuel Dock Credit Card Fees	\$ 17.50
1/1/2026	EFT	Fiserv	RV Park Credit Card Fees	\$ 819.59
1/1/2026	EFT	Gravity Payments	Front Desk Credit Card Fees	\$ 2,375.72
1/1/2026	EFT	Merchant Services	CALE Credit Card Fees	\$ 777.62
1/1/2026	EFT	Merchant Services	Boatyard Credit Card Fees	\$ 374.24
1/1/2026	EFT	Merchant Services	Online Billpay Credit Card Fees	\$ 296.00
1/1/2026	EFT	Merchant Services	Fuel Dock Credit Card Fees	\$ 287.93
1/1/2026	EFT	Transaction Express	Online Billpay ACH Fees	\$ 732.77
1/1/2026	EFT	Windcave, Inc.	Concession Lot Credit Card Fees	\$ 1,622.48
1/5/2026	EFT	PAYCHEX	12/16/25-12/31/225 Payroll Direct Deposit	\$ 78,403.18
1/5/2026	EFT	PAYCHEX	12/16/25-12/31/225 Payroll Taxes	\$ 40,511.48
1/5/2026	EFT	PAYCHEX	Payroll Service & W2 Fees	\$ 1,549.60
1/5/2026	EFT	California State Disbursement Unit	Wage Garnishment	\$ 166.50
1/5/2026	EFT	California State Disbursement Unit	Wage Garnishment	\$ 125.00
1/5/2026	EFT	CalPERS	Health Insurance	\$ 61,031.72
1/5/2026	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 11,275.72
1/5/2026	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 8,395.59
1/5/2026	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 1,851.36
1/5/2026	EFT	CalPERS	457 Contributions (Payroll Deduction)	\$ 5,377.63
1/5/2026	EFT	Empower Retirement	457 Loan Repayments (Payroll Deduction)	\$ 346.19
1/7/2026	EFT	Fiserv	RV Park ACH Fees	\$ 10.00

Santa Cruz Port District
Accounts Payable Monthly Check Register
January 2026

Date	No.	Vendor	Description	Amount
1/8/2026	EFT	Comerica Commercial Card Services	Lighted Boat Parade Entry Fee, <i>Never Late</i> Safety Supplies & Lighted Boat Parade Decorations, Corrosion Reference Electrode, Corrosion Test Probe, Business Internet, Total Compensation Statements, Permit Modification Application Fee, Hydrogen Sulfide Analyzer Supplies, Lightbulbs, Office Supplies, Boatyard Pressure Washer, Sander Backing Pad, Maintenance Vehicle Smog Check, Automatic Electronic Defibrillator Battery Replacement, Wire Rope Lubricant, <i>Twin Lakes</i> Pressure Gauge, Shipping, Zoom Subscription, Lighted Boat Parade Volunteer Refreshments, Employee Recognition, Uniform Shirts, Jackets, Sweatshirts & Hats, Boatyard Sump Pumps	\$ 11,465.35
1/9/2026	EFT	California Department of Tax and Fee Administration	Underground Storage Tank Maintenance Return	\$ 552.00
1/9/2026	EFT	California Department of Tax and Fee Administration	Sales Tax Return	\$ 2,361.00
1/10/2026	EFT	Campspot	RV Park Reservation System	\$ 422.20
1/10/2026	EFT	Gravity Payments	Front Desk Credit Card Gateway Fee	\$ 28.16
1/12/2026	EFT	Comerica Bank	Service Charges	\$ 666.36
1/16/2026	EFT	GoTo Communications, Inc.	IP Telephone System	\$ 505.07
1/20/2026	EFT	PAYCHEX	1/1/26-1/15/26 Payroll Direct Deposit	\$ 80,688.53
1/20/2026	EFT	PAYCHEX	1/1/26-1/15/26 Payroll Taxes	\$ 41,272.16
1/20/2026	EFT	PAYCHEX	Payroll Service & W2 Fees	\$ 976.10
1/20/2026	EFT	PAYCHEX	Time & Attendance Fees	\$ 120.45
1/20/2026	EFT	California State Disbursement Unit	Wage Garnishment	\$ 166.50
1/20/2026	EFT	California State Disbursement Unit	Wage Garnishment	\$ 125.00
1/20/2026	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 11,641.44
1/20/2026	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 8,576.79
1/20/2026	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 1,906.79
1/20/2026	EFT	CalPERS	457 Contributions (Payroll Deduction)	\$ 5,513.63
1/20/2026	EFT	Empower Retirement	457 Loan Repayments (Payroll Deduction)	\$ 346.19
1/30/2026	EFT	Windcave, Inc.	Concession Lot Credit Card Device Charges	\$ 431.04
Total January 2026 Disbursements				\$ 1,182,130.25



TO: Port Commission

FROM: Holland MacLaurie, Port Director

DATE: February 17, 2026

SUBJECT: Port Director's Report – February 24, 2026

FY27 Federal Funding Update

Due to uncertainty surrounding the release of President Trump's Fiscal Year 2027 Budget Proposal to Congress, it remains unclear whether the District's annual dredge reimbursement of approximately \$630,000 will be included. In response, staff is working with the District's new federal advocacy consultant to prepare submittals for FY27 programmatic funding requests, congressionally directed spending requests, and Community Project Funding requests to the District's congressional delegation. These submittals are due in mid-March and are intended to help secure funding through alternative federal appropriations, if necessary.

Insurance Renewal Update

A pre-renewal meeting with the District's insurance broker was held on February 10, 2026, to review coverage options and renewal expectations. Early indications suggest premiums will renew with a moderate overall increase. The primary uncertainty relates to placement of the District's auto policy. Our broker is currently evaluating whether coverage can be secured through a standard fleet vehicle policy or if placement in the specialty insurance market will be necessary. Additional information will be provided as the renewal process progresses.

U.S. Army Corps of Engineers' West Jetty Repair Project

The Corp's West Jetty Repair project has been completed. The Corps is currently planning a ribbon-cutting ceremony for February 24, 2026, at 11 AM at the project site. Port District staff will be in attendance along with representatives from the Corps' San Francisco District.

Accounts Payable Automation

Staff is in the process of implementing software to automate the District's accounts payable system. This new platform will streamline invoice processing by automating key functions such as invoice capture, routing, approval, and payment execution. Implementation is expected to be completed in the coming weeks and will improve efficiency, internal controls, and financial oversight.



TO: Port Commission

FROM: Blake Anderson, Harbormaster

DATE: February 13, 2026

SUBJECT: Harbormaster's Report – February 24, 2026

Supplemental SAVE Grant Funding

The California Division of Boating and Waterways' Surrendered and Abandoned Vessel Exchange (SAVE) grant program staff informed the Port District that additional funding for the SAVE25 grant cycle may be available. Staff prepared an application and requested an additional \$25,000 in funding which, if awarded, would be available until September 2027. A determination by the Division of Boating and Waterways is expected on March 13, 2026. Currently, the District has ten vessels waitlisted for the program, all of which are berthed in slips. Additional funding would allow the District to accept those vessels, and the slips would be turned over to the waitlist.

National Night Out - August 4, 2026

The Santa Cruz Police Department and Santa Cruz Harbor Patrol will host a National Night Out event at the harbor on Tuesday August 4, from 5:00pm to 7:00pm. The event takes place nationally on the first Tuesday in August and aims to promote positive relations between first responders and their communities. Specific activities for the event are still in the planning phase.

PC 832 Training

One Deputy Harbormaster completed a Laws of Arrest (PC 832) training during the week of February 2, 2026. The POST-certified course covers constitutional law, authority, community relations, ethics, and search and seizure. While the Deputy Harbormaster position has transitioned over the last year, the course provides valuable foundational knowledge relevant to enforcement-related responsibilities. Completion of the training supports informed decision-making, reinforces best practices, and contributes to the overall effectiveness and professionalism of Harbor Patrol operations.

Fuel System Upgrades

Triton Construction completed the replacement of the District's fuel monitoring system during the week of January 19, 2026, with minimal disruption to fuel service. The system plays a critical role in the operation, safety, and regulatory compliance of the harbor's fueling operation. It provides essential functions such as real-time tank level monitoring, leak detection, transaction tracking, and alarm notifications. Upon completion, the system was inspected by County of Santa Cruz Environmental Health and approved for use.

Watchtower/Safe Beach Day Collaboration

Harbor Patrol staff is in the beginning stages of a collaboration with local marine safety agencies to implement a program called Watchtower/Safe Beach Day. The program is an online marine safety public notification platform that provides risk levels and advisories at beaches throughout the county. Signage placed throughout the county will have a QR code that beachgoers can use to look up specific information about that location on that day. The harbor has unique hazards for boaters, and the general public, and staff is working with the group to determine how harbor-specific hazards can be integrated into the system.

Part-Time / Seasonal Recruitment

Recruitment for part-time/seasonal staff will begin in early March. The District will be hiring for operations positions including parking, fuel dock, launch ramp and water taxi. Applications and job descriptions will be available on the District's website once posted.

Fishery Update

The commercial Dungeness crab season began on January 5, 2026, in the Monterey Bay management zone with a 40% gear reduction. Reports indicate that the local crabbing has been better than expected during the nice weather in January and early February.

The California Department of Fish and Wildlife will host its 2026 annual Salmon Informational Meeting on February 25, 2026, at 10:00 AM. The meeting marks the beginning of the 2026 salmon management process and will provide an initial overview and analysis of the predicted salmon abundance for the year. The 2026 season alternatives will be developed during the March 4-9, 2026, Pacific Fishery Management Council (PFMC) meeting and final recommendations will be adopted during the April 7-12, 2026, meeting.

Recreational rockfish season closed in all waters on December 31, 2025, and is scheduled to reopen on April 1, 2026, with depth restrictions similar to 2025.

Fisheries Report continued on the next page.

Fisheries Report

The fisheries report consists of data from two sources: the Department of Fish and Wildlife (DFW) and H&H Fresh Fish (resident fish buyer). The data from DFW is partially redacted in accordance with federal fisheries laws. Data is considered confidential when less than three separate vessels land species at any one port. For species landed by three or more separate vessels, the full data is made public and includes weight and value. For other data, the species landed is shown with no weight data.

January 2026 – Total Port Landings:

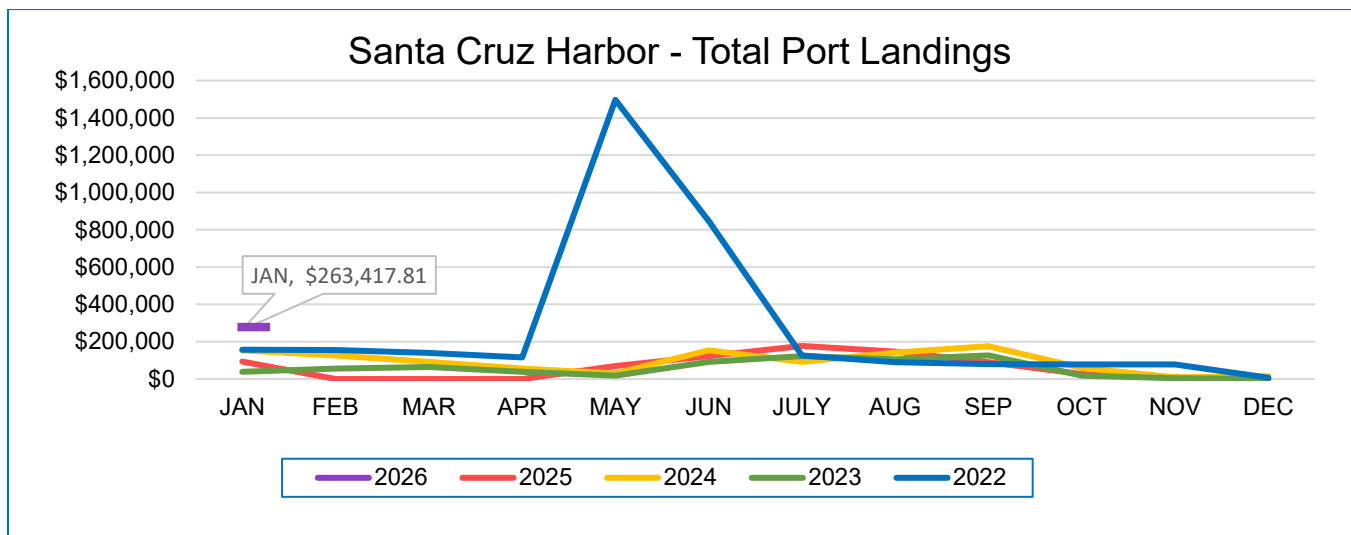
Species	Weight (lbs.)	Ex-Vessel (\$ per lbs.)	Approx. Value
Dungeness Crab	55,215.75	\$4.77	\$263,417.81
Total	55,215.75		\$263,417.81

Species also landed - Pacific Bonito, Jack Mackerel, Smelt, Lingcod, Petrale Sole, Halibut, Sanddab, Rock Crab*

**Weight and value data redacted by Fish and Wildlife pursuant to Fish and Game Code, Section 8022.*

January 2026 – Resident Buyer Landings:

Species	Weight (lbs.)	Ex-Vessel (\$ per lbs.)	Approx. Value
Dungeness Crab	45,370.50	\$4.50	\$204,167.25
Rockfish (various)	8,732.80	\$3.00	\$26,198.40
Rock Crab	1,610.00	\$3.00	\$4,830.00
Lingcod	343.25	\$3.00	\$1,029.75
Halibut	57.85	\$6.00	\$347.10
Smelts	21.00	\$2.00	\$42.00
Bonito	10.00	\$2.00	\$20.00
Total	56,145.40		\$236,634.50





TO: Port Commission

FROM: Carl Wulf, Facilities Maintenance & Engineering Manager

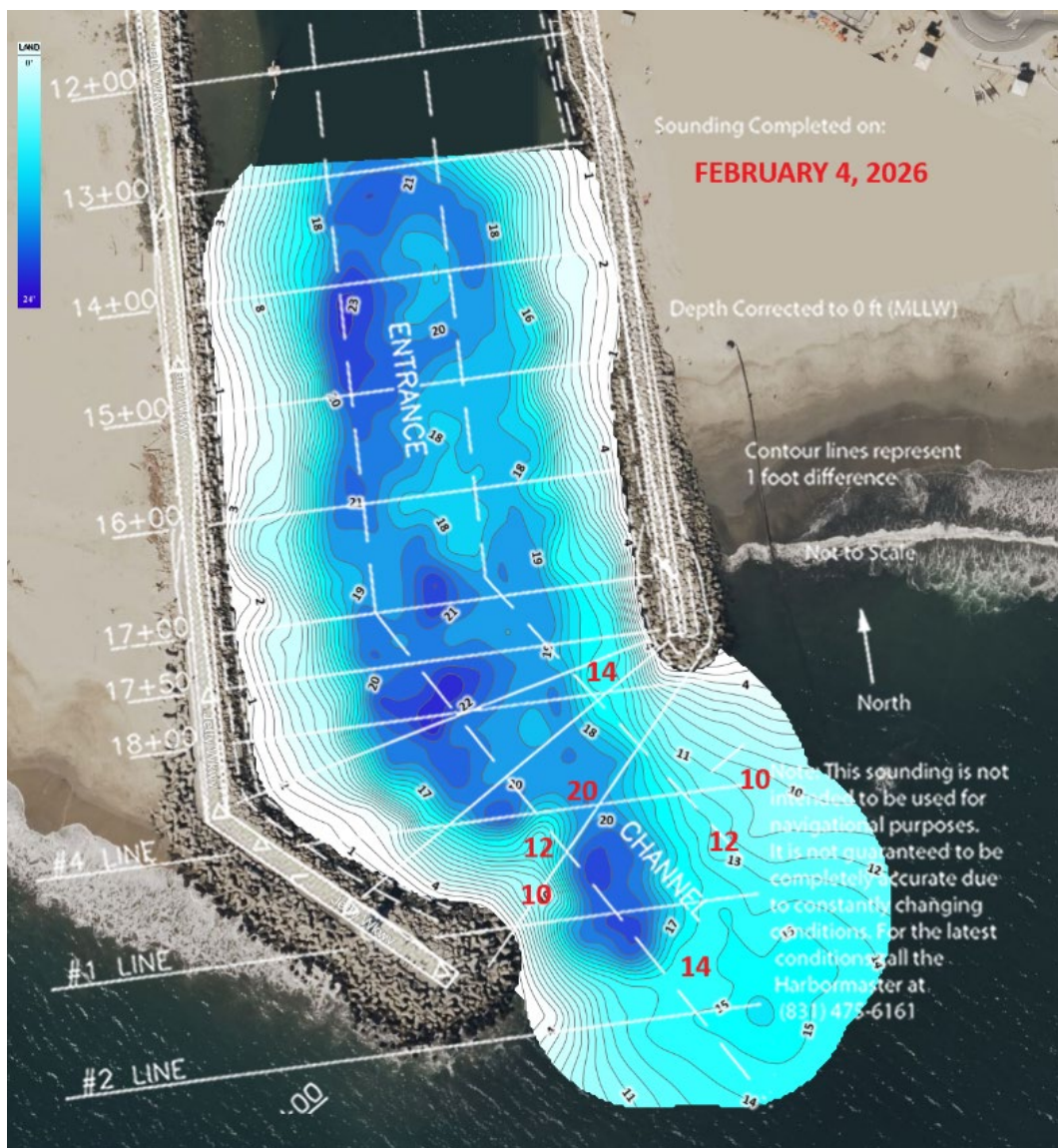
DATE: February 18, 2026

SUBJECT: Facilities Maintenance & Engineering Manager's Report – February 24, 2026

Dredging Operations:

Twin Lakes

The dredge crew continues to make steady progress in deepening the entrance channel. *Twin Lakes* is performing well, and favorable depths have been maintained along the center of the channel.



Squirt

The dredge crew has relocated *Squirt* to the south harbor to begin mobilization for dredging between the fingers of A-Dock and AA-Dock.

Maintenance:

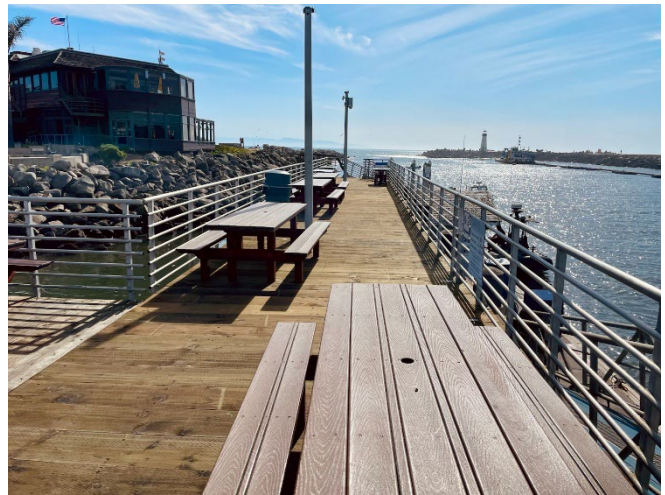
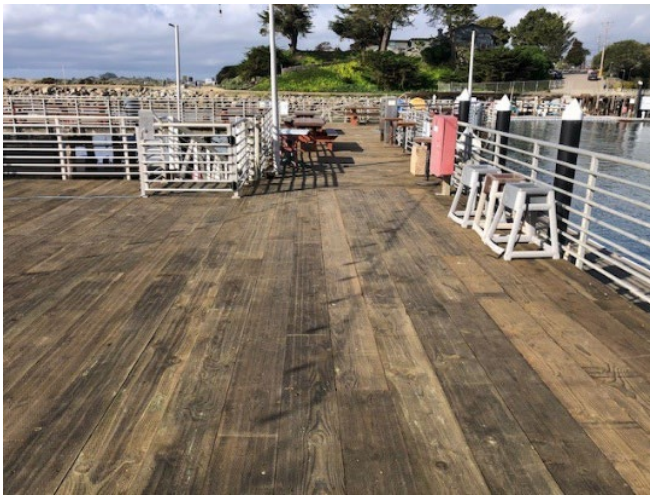
Launch Ramp Sinkhole Repair (Phase 1)

Granite Construction continues to make good progress on the sinkhole repair. The concrete retaining wall has been completed, and backfilling operations commenced on February 12, 2026, with placement of low-density concrete grout to stabilize and restore the affected area.



East Side Public Pier Decking Project

SSB Construction continues to make progress on the deck replacement project. The crew has completed approximately 75% of the installation, replacing existing materials with new 3" x 12" pressure-treated lumber.





TO: Port Commission

FROM: Holland MacLaurie, Port Director

DATE: February 17, 2026

SUBJECT: Murray Street Bridge Seismic Retrofit & Barrier Replacement Project Update

The City of Santa Cruz reopened the eastbound travel lane on January 28, restoring limited vehicle access across the bridge. Since reopening, the City has observed traffic circulation issues, including excessive speeding and vehicles traveling in the wrong direction. The City and its contractor, Shimmick Construction, are actively developing a two-way traffic control plan, which has the potential to be deployed in the near term to improve circulation and safety.

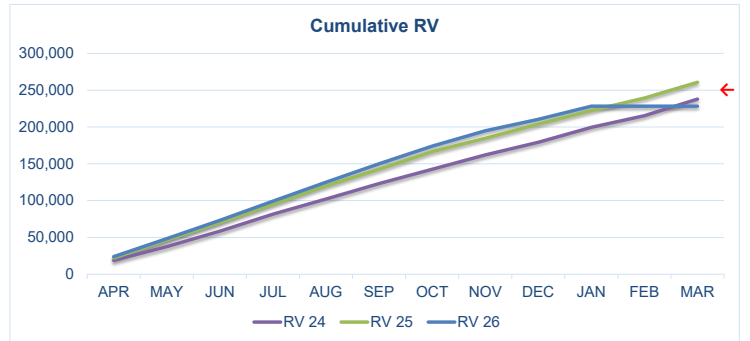
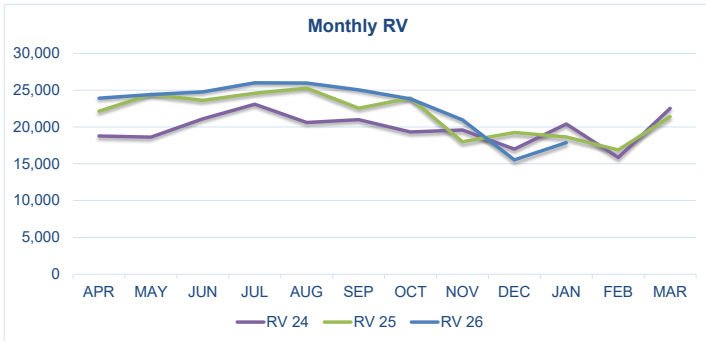
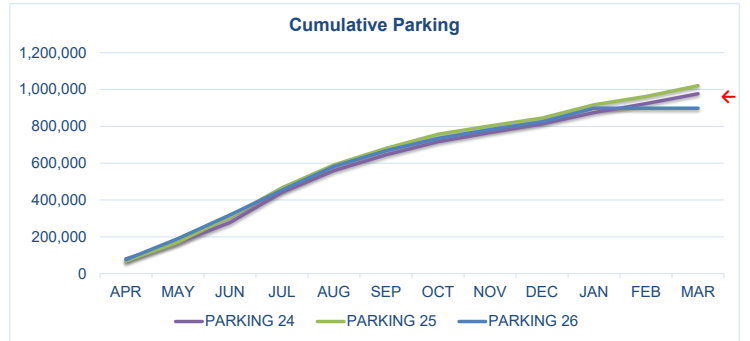
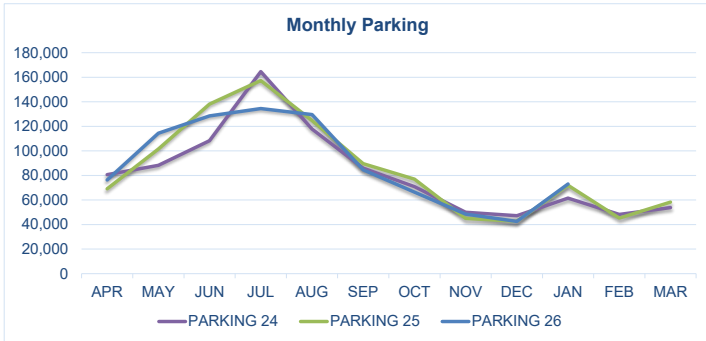
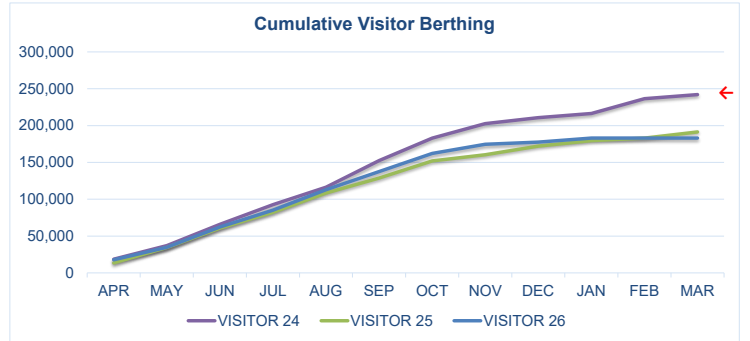
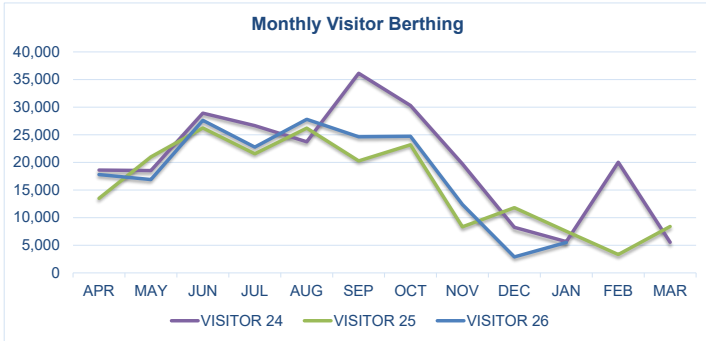
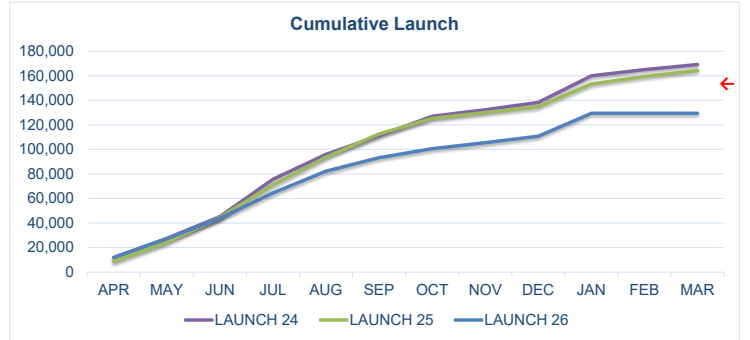
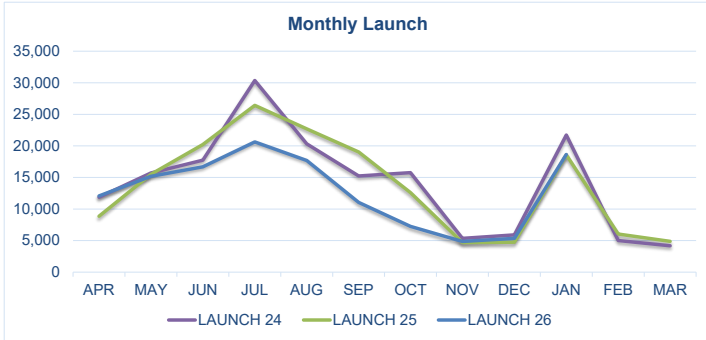
Superstructure work at Bents 9 and 10 remains ongoing. Due to the location and nature of this work, the east access road beneath the bridge remains closed. While recent rain events have delayed portions of the excavation work at Bent 10, overall construction progress continues.

Looking ahead, work to extend the bridge deck near Bent 3 is anticipated to commence in the coming weeks. This work represents the next phase of structural improvements associated with the project.

The Port District will continue coordinating with the City regarding construction progress, access impacts, and implementation of traffic control measures, and will provide updates as new information becomes available

Santa Cruz Port District
SEASONAL INCOME
 For the Ten Months Ending January 31, 2026

FY26 Budget ←



California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

February 03, 2026

[LAIF Home](#)
[PMIA Average](#)
[Monthly Yields](#)

SANTA CRUZ PORT DISTRICT

PORT DIRECTOR
135 5TH AVENUE
SANTA CRUZ, CA 95062

[Tran Type Definitions](#)

Account Number:

January 2026 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
1/15/2026	1/15/2026	QRD	1792666	N/A	SYSTEM	3,337.48

Account Summary

Total Deposit:	3,337.48	Beginning Balance:	315,642.12
Total Withdrawal:	0.00	Ending Balance:	318,979.60



0000072-0000317 PDF 895126

Santa Cruz Port District
135 5th Avenue
Santa Cruz, CA 95062

California CLASS

California CLASS

Average Monthly Yield: 3.7832%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
Port District Main	15,883,356.20	0.00	0.00	51,030.27	51,030.27	15,886,648.48	15,934,386.47
TOTAL	15,883,356.20	0.00	0.00	51,030.27	51,030.27	15,886,648.48	15,934,386.47



Account Number:

Port District Main

Account Summary

Average Monthly Yield: 3.7832%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
California CLASS	15,883,356.20	0.00	0.00	51,030.27	51,030.27	15,886,648.48	15,934,386.47

Transaction Activity

Transaction Date	Transaction Description	Contributions	Withdrawals	Balance	Transaction Number
01/01/2026	Beginning Balance			15,883,356.20	
01/31/2026	Income Dividend Reinvestment	51,030.27			
01/31/2026	Ending Balance			15,934,386.47	

California CLASS

California CLASS

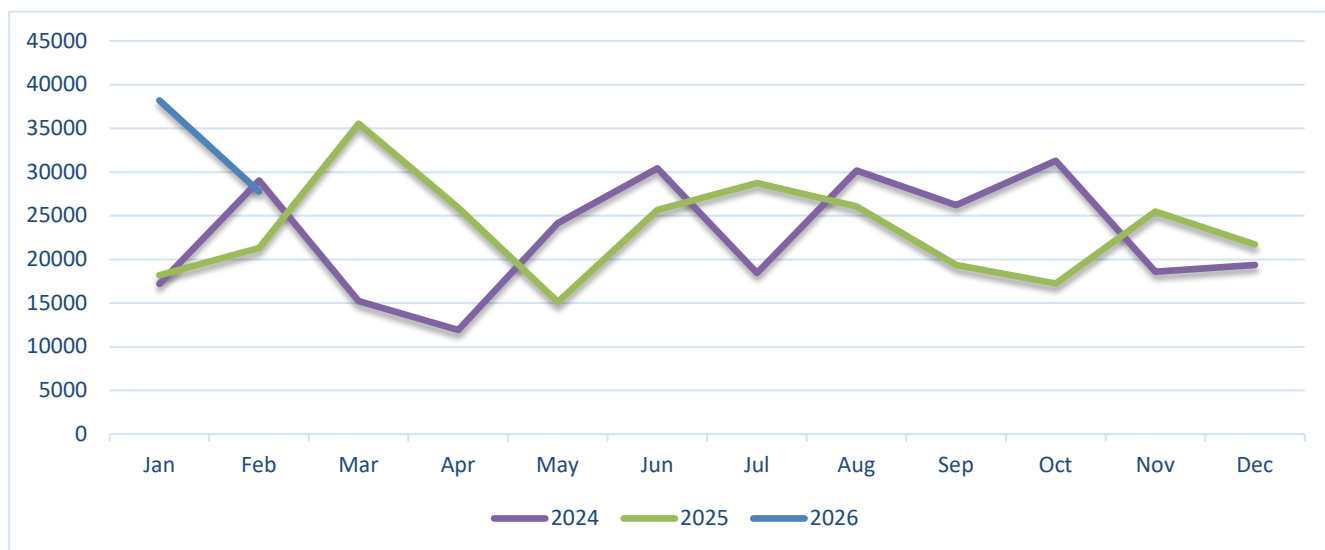
Date	Dividend Rate	Daily Yield
01/01/2026	0.000000000	3.8579%
01/02/2026	0.000106053	3.8709%
01/03/2026	0.000000000	3.8710%
01/04/2026	0.000000000	3.8710%
01/05/2026	0.000105001	3.8325%
01/06/2026	0.000104268	3.8058%
01/07/2026	0.000103727	3.7861%
01/08/2026	0.000103391	3.7738%
01/09/2026	0.000309900	3.7705%
01/10/2026	0.000000000	3.7705%
01/11/2026	0.000000000	3.7705%
01/12/2026	0.000103243	3.7684%
01/13/2026	0.000102813	3.7527%
01/14/2026	0.000103120	3.7639%
01/15/2026	0.000103146	3.7648%
01/16/2026	0.000413512	3.7733%
01/17/2026	0.000000000	3.7733%
01/18/2026	0.000000000	3.7733%
01/19/2026	0.000000000	3.7733%
01/20/2026	0.000103090	3.7628%
01/21/2026	0.000102849	3.7540%
01/22/2026	0.000102915	3.7564%
01/23/2026	0.000309210	3.7621%
01/24/2026	0.000000000	3.7621%
01/25/2026	0.000000000	3.7621%
01/26/2026	0.000103255	3.7688%
01/27/2026	0.000103117	3.7638%
01/28/2026	0.000103158	3.7653%
01/29/2026	0.000103105	3.7634%
01/30/2026	0.000206486	3.7684%
01/31/2026	0.000000000	3.7684%

Performance results are shown net of all fees and expenses and reflect the reinvestment of dividends and other earnings. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**

Santa Cruz Port District
60 DAY DELINQUENT ACCOUNTS

The following accounts have balances 60 days delinquent as of February 19, 2026

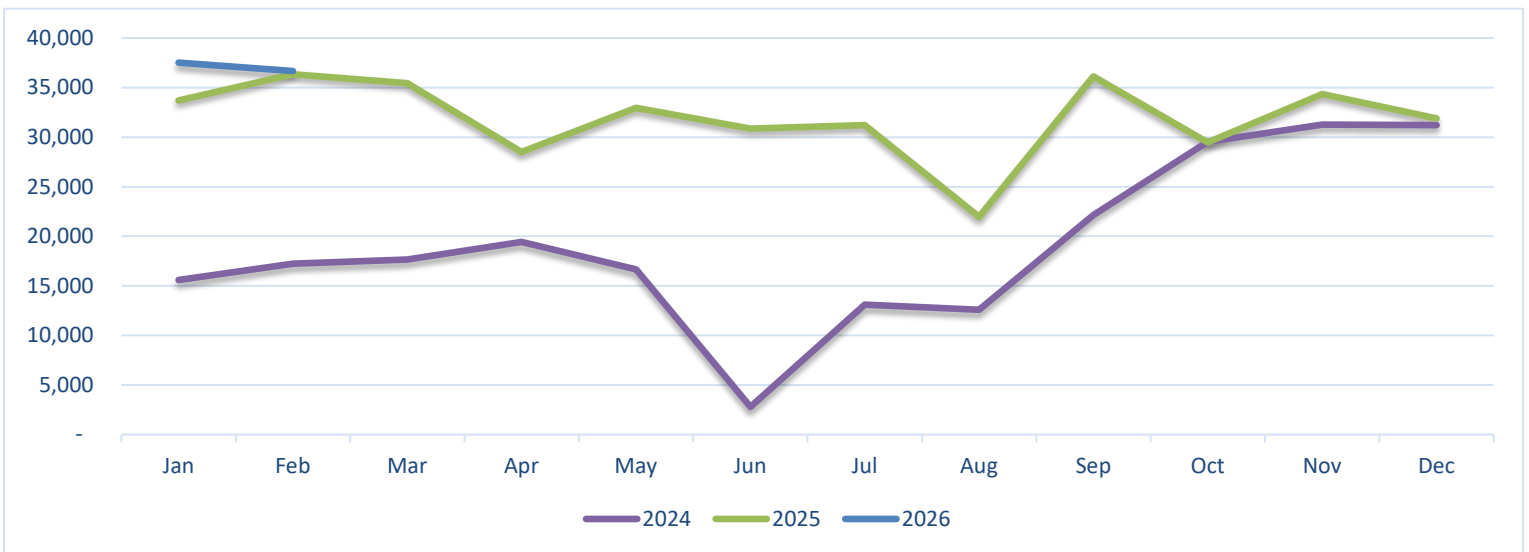
Account Number	Current Month	30 Day Balance	60 Day Balance	90 Day Balance	Total Balance
4134	1,705.02	1,679.32	1,111.82	0.00	4,496.16
55834	1,210.14	1,297.32	633.03	0.00	3,140.49
60300	1,024.04	1,140.84	738.02	0.00	2,902.90
55454	1,201.55	1,333.22	289.99	0.00	2,824.76
4029	877.45	1,000.34	525.52	0.00	2,403.31
44728	862.73	915.50	592.50	0.00	2,370.73
55293	548.38	669.09	514.80	0.00	1,732.27
48654	594.01	589.35	522.00	0.00	1,705.36
55068	463.63	547.35	431.75	0.00	1,442.73
48666	514.06	518.70	2.00	0.00	1,034.76
59168	312.50	435.15	281.80	0.00	1,029.45
59557	249.57	522.50	0.50	0.00	772.57
57958	238.74	243.08	203.39	0.00	685.21
58197	183.03	306.73	155.44	0.00	645.20
57927	171.93	170.72	52.52	0.00	395.17
57443	93.93	93.36	9.83	0.00	197.12
Total	\$ 10,250.71	\$ 11,462.57	\$ 6,064.91	\$ -	\$ 27,778.19



Santa Cruz Port District
90+ DAY DELINQUENT ACCOUNTS

The following accounts have balances 90 days delinquent or greater as of February 19, 2026

Account Number	Current Month	30 Day Balance	60 Day Balance	90+ Day Balance	Total Balance	Commercial Slip	Action
60701	-	-	-	9,906.80	9,906.80		Bad Debt
58883	955.49	888.49	461.49	1,590.25	3,895.72	X	Revoke
60790	-	382.35	630.00	2,738.00	3,750.35		Bad Debt
58618	922.46	1,040.17	913.63	297.38	3,173.64		Revoke
56212	849.39	842.64	844.00	164.45	2,700.48	X	Revoke
56970	575.32	570.84	566.37	536.90	2,249.43		Revoke
58825	566.82	715.03	565.61	375.12	2,222.58		Revoke
3094	487.39	483.82	517.93	572.96	2,062.10	X	Revoke
4076	33.66	178.38	57.48	1,008.98	1,278.50		Payment Plan
45314	32.08	158.95	34.78	979.95	1,205.76		Payment Plan
58302	99.65	99.05	98.44	505.76	802.90		Revoke
60043	173.63	172.42	175.10	111.27	632.42		Revoke
60460	189.59	183.65	182.36	61.82	617.42		Revoke
59934				494.32	494.32		Bad Debt
48230	85.01	105.54	89.56	166.99	447.10		Revoke
58449	-	-	-	427.04	427.04		Bad Debt
2002	-	-	-	364.87	364.87		Bad Debt
57229	-	-	72.04	175.93	247.97		Bad Debt
58695	26.20	26.20	74.20	63.20	189.80		Revoke
Total	\$ 4,996.69	\$ 5,847.53	\$ 5,282.99	\$ 20,541.99	\$ 36,669.20		





TO: Port Commission

FROM: Sean Rothwell, Assistant Harbormaster

DATE: February 1, 2026

SUBJECT: Harbor Patrol Incident Response Report – January 2026

Search and Rescue, Patrol Boat Response

- 1/30/26 Harbor Patrol responded to a report of a swimmer in distress in the area of 38th Avenue. Upon arrival, Harbor Patrol conducted a search of the area. No signs of distress were found. Harbor Patrol returned to the harbor without incident.
- 1/31/26 Harbor Patrol responded to a report of a swimmer in distress in the area of Manresa State Beach. Prior to arrival, State Park lifeguards assisted the victim safely to shore. Harbor Patrol returned to the harbor without incident.

Crime Reports, Assist Outside Department, and Incident Reports

- 1/25/26 Harbor Patrol took a report of abandoned property in the area of the AA-Dock kayak storage racks. The property was impounded without incident.
- 1/26/26 Harbor Patrol took a stolen property report after a dock box was reported stolen in the area of I-Dock. A review of surveillance footage provided no suspect information.
- 1/28/26 Harbor Patrol responded to a minor fuel spill in the area of AA-Dock to B-Dock. Staff initiated clean-up efforts, deployed boom and absorbent pads around the suspected source, and contacted the National Response Center. Following an investigation, the source of the spill remains undetermined.
- 1/29/26 Harbor Patrol took a stolen property and trespassing report after items were reported missing from a vessel stored at the Santa Cruz Boatyard. A review of surveillance footage provided a suspect who could not be identified.

Parking Citations:

January 2026 Parking Citations: 239
January 2025 Parking Citations: 162



January 27, 2026

Coastal Data Information Program (CDIP)
Scripps Institution of Oceanography
University of California San Diego
9500 Gilman Drive
La Jolla, CA 92093

To Whom It May Concern:

On behalf of Santa Cruz Port District, I am contacting you in support of the California Department of Parks and Recreation's Oceanography Program.

The Santa Cruz Harbor Patrol monitors wave buoy data and forecasts on a daily basis. It provides essential information for short-term planning for dredging operations, our marine rescue program, general mariner safety, and emergency response staffing, and ensures the safety and security of our harbor docks and berthed vessels. Additionally, commercial fishermen, charter operators, and recreational boaters rely on the buoy data and wave forecasting for planning excursions at sea.

We understand that sustained funding for the Oceanography Program is crucial to ensure the adequate maintenance of its at-sea equipment or the continuity of its data sets. The number of buoys in the program's array has increased in recent years, benefiting data-users such as ourselves, but putting pressure on the program to operate an expanded network with limited resources. Given the importance of the information provided, we support efforts to secure increased funding for this program.

I appreciate your attention to this request.

Sincerely,

Holland MacLaurie
Port Director

Santa Cruz Port District

Port Commission Review Calendar / Follow-Up Items 2026-27

2026

January-March

- ✓ Committee Assignments for 2026
- ✓ Port District Priorities 2026
- ✓ Annual Review of Vessel Use List - 2025
- Annual Review of Business Use of Slips - 2025
- FY27 Budget
- Review 5-year CIP
- ☐ Annual Review of Slip Vacancy / Waiting List Statistics - 2025
- ☐ Sea Scouts' Biannual Report
- ☐ Form 700 Filing (due by 3/31 each year)

April-June

- ☐ Election Resolutions
- ☐ Biennial Update to Conflict-of-Interest Code
- ☐ UC Santa Cruz Lease Exp. 6/30/26
- ☐ Dredge Report 2025-26

July-September

- ☐ Annual O'Neill Sea Odyssey Report
- ☐ Sea Scouts' Biannual Report

October-December

- ☐ Mid-Fiscal Year Review of CIP
- ☐ Review of CalPERS Actuarial Valuation Report
- ☐ Ethics Training Update (due by year-end)
- ☐ Biennial Anti-Harassment/Anti-Discrimination Training
- ☐ Port Commission Officers for 2027

2027

January-March

- ☐ Committee Assignments for 2027
- ☐ Port District Priorities 2027
- ☐ Annual Review of Vessel Use List - 2026
- ☐ Annual Review of Business Use of Slips – 2026
- ☐ Annual Review of Slip Vacancy / Waiting List Statistics - 2026
- ☐ Bayside Marine Lease Exp. 1/31/27
2nd (3) year option to extend / rent review
- ☐ FY28 Budget
- ☐ Review 5-year CIP
- ☐ Sea Scouts' Biannual Report
- ☐ Form 700 Filing (due by 3/31 each year)

April-June

- ☐ Chardonay Lease Exp. 5/31/27
- ☐ Dredge Report 2026-27 (*postponed to July*)

July-September

- ☐ Annual O'Neill Sea Odyssey Report
- ☐ Sea Scouts' Biannual Report

October-December

- ☐ Mid-Fiscal Year Review of CIP
- ☐ Review of CalPERS Actuarial Valuation Report
- ☐ Crow's Nest Restaurant Lease Exp. 12/31/27
1st (5) year option to extend / rent review
- ☐ Ethics Training Update (due by year-end)
- ☐ Port Commission Officers for 2028

Committee Review Items

TBD

Future Calendar

- 7th and Brommer Property Assessment
- ☐ ABC End-Tie Review after Murray Street Bridge Retrofit
- ☐ Pedestrian Traffic Safety Improvements Review

Key	
☐	Pending
→	In process
✓	Done

Updated 2/19/26