

**CITY OF CAPITOLA  
CITY COUNCIL/REDEVELOPMENT AGENCY**

March 8, 2011  
Capitola, California

**MINUTES OF A SPECIAL JOINT MEETING**

Mayor/Chairperson Norton called the Special Meeting of the Capitola City Council/Redevelopment Agency to order at 5:10 p.m. on Tuesday, March 8, 2011, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

**ROLL CALL AND PLEDGE ALLEGIANCE TO THE FLAG**

**PRESENT:** Council Members/Directors Michael Termini, Kirby Nicol, Sam Storey, and Mayor/Chairperson Dennis Norton

**ABSENT:** Council Member/Director Stephanie Harlan

**STAFF:** City Manager/Executive Director Jamie Goldstein, Community Development Director/Deputy Executive Director Derek Johnson, Deputy City Attorney/General RDA Counsel George Kovacevich, Public Works Director Steve Jesberg, and City Clerk/Secretary Pamela Greeninger

**OPEN SESSION**

Mayor/Chairperson Norton announced that pursuant to the Notice and Call of a Special Joint Meeting of the Capitola City Council/Redevelopment Agency dated March 7, 2011, the City Council/Redevelopment Agency Directors would meet in Open Session on the following matters:

1. **City/RDA: Consider an amendment to the 2011 Cooperation Agreement to authorize the repayment of existing Redevelopment Agency debt to the City, and authorize associated appropriations and budget amendments necessary to effectuate the Cooperation Agreement. [760-10/500-10 A/C: City and RDA Cooperation Agreement/760-05 RDA A/C: City and RDA Cooperation Agreement]**

**ACTION:** Council Member/Director Nicol moved to approve the recommended City and Redevelopment Agency actions to amend the 2011 Cooperation Agreement, as submitted. Council Member/Director Termini seconded the motion for purposes of discussion.

Following considerable discussion of the motion, Council Member/Director Nicol amended the motion to authorize staff to call the loans made to the Redevelopment Agency. Council Member/Director Termini accepted the amendment to the motion. The motion carried on the following vote: AYES: Council Members/Directors Termini, Nicol, Storey, and Mayor Norton. NOES: None. ABSENT: Council Member/Director Harlan. ABSTAIN: None.

The following actions were thereby taken by the City Council and the Redevelopment Agency Directors:

**CITY ACTION:** Council Member Nicol moved, seconded by Council Member Termini, to approve the proposed Amendment to the February 24, 2011, Cooperation Agreement between the City of Capitola and the Redevelopment Agency of the City of Capitola to include reapportionment of funds, including authorization and appropriation of funds and associated budget amendments for repayment of existing loans of \$1,350,000 and \$618,028, with available tax increment as authorized in the loan and repayment agreements dated December 13, 2001, and July 24, 2003, and to authorize the City Manager to take any and all necessary actions required to implement the 2011 Cooperation Agreement, as amended, including authorization to City staff to call the loans made to the Redevelopment Agency. The motion carried on the following vote: AYES: Council Members Termini, Nicol, Storey, and Mayor Norton. NOES: None. ABSENT: Council Member Harlan. ABSTAIN: None.

Open Session Item 1. (Continued)

**RDA ACTION:** Director Nicol moved, seconded by Director Termini, to approve the proposed Amendment to the February 24, 2011, Cooperation Agreement between the City of Capitola and the Redevelopment Agency of the City of Capitola to include reapportionment of funds, including authorization and appropriation of funds and associated budget amendments for repayment of existing loans of \$1,350,000 and \$618,028, with available tax increment as authorized in the loan and repayment agreements dated December 13, 2001, and July 24, 2003, and to authorize the Executive Director to take any and all necessary actions required to implement the 2011 Cooperation Agreement, as amended, including authorization to pay off the loans to the City, should they be called. The motion carried on the following vote: AYES: Directors Termini, Nicol, Storey, and Chairperson Norton. NOES: None. ABSENT: Director Harlan. ABSTAIN: None.

2. **City/RDA: Consider directing the City Manager/Executive Director to transfer the ownership of the Rispin Mansion site (Assessor Parcel Numbers 035-037-01 and 035-037-02) from the City of Capitola Redevelopment Agency to the City of Capitola.**

**ACTION:** Council Member/Director Nicol moved, seconded by Council Member/Director Termini, to approve the recommended City and Redevelopment Agency actions pertaining to the transfer of ownership of the Rispin Mansion property from the Redevelopment Agency to the City of Capitola.

There was considerable discussion regarding the motion prior to the vote. The following actions were taken by the Redevelopment Agency Directors and the City Council:

**RDA ACTION:** Director Nicol moved, seconded by Director Termini, to adopt **Agency Resolution No. 2011-3, Resolution Authorizing the Execution of a Property Conveyance Agreement with the City of Capitola for the Conveyance of Certain Real Property located in the Redevelopment Project Area (Rispin Mansion site: Assessor Parcel Numbers 035-371-01 and 035-371-02).** The motion carried on the following vote: AYES: Directors Termini, Nicol, Storey, and Chairperson Norton. NOES: None. ABSENT: Director Harlan. ABSTAIN: None.

**CITY ACTION:** Council Member Nicol moved, seconded by Council Member Termini, to adopt **Resolution No. 3857, Resolution Authorizing the Execution of a Property Conveyance Agreement with the Redevelopment Agency of the City of Capitola for the Conveyance and Acceptance of Certain Real Property located in the Redevelopment Project Area (Rispin Mansion site: Assessor Parcel Numbers 035-371-01 and 035-371-02).** The motion carried on the following vote: AYES: Council Members Termini, Nicol, Storey, and Mayor Norton. NOES: None. ABSENT: Council Member Harlan. ABSTAIN: None.

### CLOSED SESSION

#### CLOSED SESSION [520-25/570-40]

At 6:09 p.m., Mayor/Chairperson Norton announced that pursuant to the Notice and Call of the Special Meeting dated March 7, 2011, the City Council/Redevelopment Agency Directors would meet with its Legal Counsel in Closed Session in the City Manager's office on the following matters:

**CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION** (Govt. Code §54956.9a)

Surf and Sand, LLC vs. City of Capitola, et al. (Surf & Sand Mobile Home Park) [Superior Court of the State of California for County of Santa Cruz, Case #CV 167716]

Surf and Sand, LLC vs. City of Capitola, et al. (Surf & Sand Mobile Home Park) [U.S. District Court N.D., Case No. C09-05542 RS (Judge Richard Seeborg)]

Los Altos/El Granada Investors vs. City of Capitola, et al. (Castle Mobile Estates) [U.S. District Court N.D., Case No. CV 04-05138 JF (Judge Jeremy Fogel)]

Vieira Enterprises, Inc., vs. City of Capitola (Cabrillo Mobile Estates)

Mayor/Chairperson Norton asked if anyone in the audience would like to address the Council/Directors on any of the items to be discussed in Closed Session. Seeing no one, the City Council/ Redevelopment Agency Directors recessed at 6:10 p.m. to the Closed Session in the City Manager's Office.


**REPORT ON CLOSED SESSION [520-25]**

The City Council received an update from Deputy City Attorney George Kovacevich and City Manager Goldstein pertaining to the two pending Surf and Sand lawsuits and the pending Los Altos/El Granada (Castle Mobile Estates) lawsuit list on the Closed Session Agenda. After council discussion, staff was provided direction with regard to their continued defense on behalf of the City. The City Council took no reportable action in Closed Session.

There was no discussion regarding the anticipated litigation between Vieira Enterprises, Inc., vs. City of Capitola (Cabrillo Mobile Estates).

**ADJOURNMENT**

The City Council adjourned at approximately 8:00 p.m. to its next Regular Meeting to be held on Thursday, March 10, 2011, in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.




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Dennis R. Norton, Mayor  
Redevelopment Agency Chairperson

ATTEST:

  
\_\_\_\_\_, MMC  
Pamela Greeninger, City Clerk  
Redevelopment Agency Secretary

**MINUTES WERE APPROVED ON MARCH 24, 2011, WITH COUNCIL MEMBER/DIRECTOR HARLAN ABSTAINING.**