



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 990
For Agenda Of: May 6, 2008
Placement: Departmental
Estimated Tme: 15 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
Redevelopment Agency Board of Directors

FROM: Department Michael F Brown, County Executive Officer
Director
Contact Info: Terri Maus-Nisich, Assistant County Executive Officer (x 3412)
Jamie Goldstein, Deputy Director Redevelopment Agency (x 8050)
Ronn Carlentine, Real Property Manager (x 3078)

SUBJECT: Joint Hearing for Real Property Acquisition of 976 Embarcadero Del Mar, Isla Vista

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Conduct a hearing as required by Health & Safety Code Section 33679 for purchase of property located at 976 Embarcadero Del Mar, in Isla Vista, (Property); and
- b) Find that the acquisition of the Property by the County of Santa Barbara Redevelopment Agency (Agency) was evaluated in the Isla Vista Master Plan Environmental Impact Report (IVMP EIR) and pursuant to CEQA Guidelines Sections 15180 and 15162, no additional environmental review is required; and
- c) Adopt the County Resolution making findings required by California Health & Safety Code Sections 33445 and 33679 to use Redevelopment Agency funds to purchase the Property [Attachment 1]; and
- d) Adopt the County Resolution making certain findings and approving the lease of approximately 3,600 square feet back to the seller, Saint Athanasius Orthodox Church (Church) as required by California Health & Safety Code Section 33433 [Attachment 2].

That the Board of Directors of the Redevelopment Agency:

- e) Find that the acquisition of the Property by the Agency was evaluated in the IVMP EIR, and pursuant to CEQA Guidelines Sections 15180 and 15162, no additional environmental review is required; and
- f) Adopt the Agency Resolution making findings required by Health & Safety Code Sections 33445 and 33679 for the acquisition of the Property [Attachment 3]; and
- g) Adopt the Resolution of Intent to Purchase the Property from the Church [Attachment 4]; and
- h) Execute the Real Property Sale Contract and Escrow Instructions between the Agency and the Church to acquire the Property in the amount of \$1,875,000, and authorize the Executive Officer, or designee, to initial various provisions therein on behalf of the Agency [Attachment 5]; and
- i) Authorize the Executive Director to extend escrow up to 60 additional days, if necessary to facilitate funding of the acquisition; and
- j) Authorize the Executive Director to execute a four year Lease Agreement, with the County as Lessor, and the Church as Lessee, upon the successful close of escrow [Attachment 6].

Summary Text:

This item is on the agenda to consider the acquisition of property at 976 Embarcadero Del Mar in Isla Vista (Property) from Saint Athanasius Orthodox Church (Church), a willing seller, for the appraised fair market value of \$1,875,000 with a four year lease-back agreement.

The recently adopted Isla Vista Master Plan includes policies directing the Agency to establish partnerships with property owners and businesses within the Embarcadero Loop to help them relocate to sites outside the loop in the long term. In this case, the Church will be constructing a new church facility in the Goleta area. The four year lease-back agreement will allow them to continue to provide worship services to their parishioners during construction. Once construction is complete and the lease-back agreement is terminated, the Agency will use the Property to facilitate the goals of the Master Plan.

Background:

Located at 976 Embarcadero Del Mar (APN: 075-163-017), the Property is at the southern end of the Embarcadero Loop in downtown Isla Vista. The site is adjacent to a public park and the Isla Vista Medical Clinic. Your Board authorized the Agency purchase the neighboring Clinic site on April 15th, 2008.

Acquisition of these two privately-owned properties in the Embarcadero Loop will provide the Agency flexibility in implementing the Isla Vista Master Plan (IVMP). The properties are contiguous and each has substantial on-site parking. After the lease-back period for each property, the land may potentially be used for parking to facilitate redevelopment projects and/or the expansion of open space.

The attached Resolution of Intent to Purchase Real Property [Attachment 4] describes the Property to be purchased, the price to be paid, the property owner (seller), and designates June 17, 2008, at 9:00 a.m. as the date and time the Agency will meet to consummate the purchase by approving and executing a Certificate of Acceptance. The notice of the intention to purchase the Property will be published pursuant to Section 6063 of the Government Code. The close of escrow is anticipated to be on or before July 8, 2008.

In an appraisal dated June 5, 2007, the Hammock, Arnold, Smith and Company determined fair market value for the property to be \$1,875,000 [Attachment 7]. Agency staff worked with the Church to

negotiate the purchase of the site at the appraised price with a fair-market rate lease-back agreement. The purpose of the lease is to provide time for the Agency to plan the redevelopment of the Property while the Church relocates. In addition, the lease payments will help to off-set the fiscal impacts of the acquisition.

An Environmental Impact Report (EIR) was prepared and certified pursuant to the requirements of the California Environmental Quality Act (CEQA) for the IVMP, approved on August 21, 2007, which contemplated public acquisition of the Property. Pursuant to CEQA Sections 15180 and 15162, no additional environmental review is required unless subsequent changes are proposed in the project, physical circumstances have changed on the subject property, or new information of substantial importance has become available.

There are no substantial changes proposed in relation to the Property that will require major revisions to the IVMP EIR. The IVMP contemplated that the Property would be “encouraged to form strategic partnerships that would allow [it] to relocate...in order to free up additional land for park expansion.” (Isla Vista Master Plan page 3-8) The actions before you are consistent with that direction. The Church will continue its existing use on the Subject Property during the four-year lease term while the Church completes construction of a new Church facility in the Goleta area. Once the Church has relocated from the Property, the Property may be used for park expansion or other uses consistent with the IVMP. Except for what is set forth in the IVMP, there are no current plans regarding re-use of the Subject Property. If the Subject Property is eventually proposed for a use other than what is set forth in the IVMP, further environmental analysis may be required at that time.

No substantial changes have occurred with respect to the circumstances under which the project will be undertaken which require major revisions to the IVMP EIR. The IVMP EIR was certified in August 21, 2007. Since that time, there have been no major changes in Isla Vista that would require major revisions to the IVMP EIR.

No new information has come to light which was not known and could not have been known and which indicates that: 1) there are one or more new environmental impacts that was not identified in the IVMP EIR, 2) that an identified environmental impact will be substantially more severe than shown in the IVMP EIR, 3) that mitigation measures or alternatives found infeasible in the IVMP EIR would in fact be feasible, or 4) that mitigation measures or alternatives which are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant impacts of the project. Since the IVMP EIR was certified, no new information has been developed or discovered that meets any of these criteria.

Since none of the criterion discussed above necessitating new environmental review exist, the Agency staff has determined the IVMP EIR, as approved by the Board of Supervisors on August 21, 2007, is adequate for this project and that no further environmental review is necessary.

The Agency, with the consent of the Board of Supervisors, is allowed to pay all or part of the cost of any publicly owned building provided that certain determinations are made pursuant to California Health and Safety Code Section 33445. The Agency and Board of Supervisors must adopt resolutions and make certain findings in order to authorize the use of redevelopment funds for that purpose. The findings must demonstrate how the project will benefit the project area and declare that there are no other reasonable means of financing the project. The Agency and the Board of Supervisors must also determine that the project will assist in eliminating blight within the Isla Vista Project Area and that the project conforms to the Redevelopment Plan and the Agency’s Implementation Plan. In addition, the hearing must be held in accordance with Health and Safety Code Section 33679. This hearing, the resolutions attached as Attachments 1 and 3, and the 33445 and 33679 Reports that have been prepared

and made available to the public [Attachments 9 and 10] satisfy the requirements of Health and Safety Code Sections 33445 and 33679.

In addition, pursuant to Health and Safety Code Section 33433, the Agency has prepared a report for the lease of the Property back to the Church [Attachment 11]. The report describes the terms of the lease and explains how it will assist in the elimination of blight in the Isla Vista Project Area. Section 33433 also requires the Board of Supervisors to make certain findings prior to the lease of Agency property. The Resolution attached as Attachment 2 makes the findings required under Health and Safety Code Section 33433.

Fiscal Analysis:

The acquisition will be funded entirely by the Redevelopment Agency and will have no impact on the County General Fund. The Agency's adopted FY 07/08 Budget describes a proposed debt issuance to fund this and other Redevelopment initiatives. That debt issuance was recommended for approval by the County's Debt Advisory Committee and the Board of Supervisors on February 5, 2008. It is expected those debt proceeds will be available in June 2008, which will be used to finance this acquisition.

The terms of the Real Property Sale Contract include a provision making the close of escrow contingent on the availability of funds. With a 60-day escrow period, the Agency will have ample time to issue debt prior to the scheduled end of escrow. The Purchase Contract also provides for a 60-day extension of escrow, if necessary, to facilitate funding.

Special Instructions:

Publish hearing notice in a newspaper of general circulation for two successive weeks prior to hearing on May 6, and indicate that the reports required by Health and Safety Code Sections 33433, 33679 and 33445 will be available for public review. Publish hearing notice in a newspaper of general circulation for three successive weeks prior to hearing on June 17. Please return fully executed original and duplicate original Lease Agreement and Real Property Sale Contract and Escrow Instructions to the office of Real Estate Services, Don Grady.

Attachments:

- Attachment 1. County Resolution making findings required by Health & Safety Code §33445 and §33679
- Attachment 2. County Resolution making findings required by Health and Safety Code Section §33433
- Attachment 3. Agency Resolution for Health & Safety Code §33445 and §33679
- Attachment 4. Resolution of Intent to Purchase property at 976 Embarcadero Del Mar
- Attachment 5. Real Property Sale Contract and Escrow Instructions
- Attachment 6. Lease Agreement
- Attachment 7. Summary Letter for June 5, 2007 Appraisal of 976 Embarcadero Del Mar
- Attachment 8. Summary Letter for June 7, 2007 Appraisal of 970 Embarcadero Del Mar
- Attachment 9. Report Pursuant to Health & Safety Code §33445
- Attachment 10. Report Pursuant to Health & Safety Code §33679
- Attachment 11. Report Pursuant to Health & Safety Code §33433

Authored by:

Grady/Goldstein

Attachment 1.

County Resolution making findings required by Health & Safety Code §33445 and §33679

**RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA**

IN THE MATTER OF MAKING FINDINGS)
REQUIRED BY HEALTH AND SAFETY)
CODE §33445 AND §33679 FOR THE)
REDEVELOPMENT AGENCY PURCHASE) RESOLUTION NO. _____
OF 976 EMBARCADERO DEL MAR IN)
ISLA VISTA)
_____)

WHEREAS, pursuant to California Community Redevelopment Law, Health and Safety Code §33445, the Redevelopment Agency of Santa Barbara County (“Agency”) is authorized to pay part or all of the acquisition of land that will benefit the Isla Vista Project Area (“Project Area”) upon making the findings pursuant to Health and Safety Code §33445; and

WHEREAS, the Agency purchase of 976 Embarcadero Del Mar in the Project Area primarily benefits the Project Area by allowing for the eventual redevelopment of the site by the Agency consistent with the Isla Vista Master Plan and the Redevelopment Plan; and

WHEREAS, neither the County General Fund, nor any other County revenue source, has funding available to acquire land in Isla Vista; and

WHEREAS, the County intends to loan the Agency funds necessary for the acquisition of 976 Embarcadero Del Mar using proceeds from the issuance of Certificates of Participation; and

WHEREAS, the Agency intends to use tax increment revenue to repay the County loan over 20 years; and

WHEREAS, because of unmet funding needs, the County would not be able to provide the General Fund loan if it were not to be paid back with tax increment revenue; and

WHEREAS, the Agency purchase of 976 Embarcadero Del Mar will assist in the elimination of blight by allowing for the redevelopment of the site by the Agency consistent with the Isla Vista Master Plan and Redevelopment Plan; and

WHEREAS, the acquisition of property within the downtown area is identified as a specific Downtown Project in the adopted FY 2007 – 2011 Five Year Implementation Plan; and

WHEREAS, the acquisition is authorized under Sections 5.01 and 5.03 of the Redevelopment Plan for the Isla Vista Project Area; and

WHEREAS the Agency and Board of Supervisors have held a duly noticed joint public hearing on May 6, 2008 pursuant to Health and Safety Code Section 33679; and

WHEREAS, the Agency has prepared and made available for public inspection a summary report in accordance with Health and Safety Code Section 33679; and

WHEREAS, the redevelopment purpose of the acquisition is to allow the Agency to eventually redevelop the site consistent with the Isla Vista Master Plan and the Redevelopment Plan; and

WHEREAS, by the Board Letter accompanying this Resolution, and attachments thereto including the 33445 Report and 33679 Report, the Board of Supervisors have been provided with the information upon which the findings and approvals set forth in this Resolution are based.

NOW, THEREFORE BE IT FOUND AND RESOLVED by the County of Santa Barbara Board of Supervisors as follows:

1. The above recitals are true and correct.
2. Board of Supervisors hereby accepts the Board Letter including the attachments thereto and the 33445 Report and the 33679 Report as the basis for the findings and approvals set forth in this Resolution.
3. The Project will be of benefit to the Project Area.
4. There are no other reasonable means of financing the Project.
5. The payment of funds for the Agency purchase of 970 Embarcadero Del Mar will assist in the elimination of one or more blighting conditions inside the Project Area.
6. The Project is consistent with the Redevelopment Plan and the Agency's Implementation Plan, updated in April 2006 for the 2007/2011 cycle.
7. The Redevelopment Agency Board of Directors and Board of Supervisors have held a duly noticed joint public hearing pursuant to Health and Safety Code Section 33679.

APPROVED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California, the 6th day of May, 2008, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

SALUD CARBAJAL
CHAIR, BOARD OF SUPERVISORS

ATTEST
MICHAEL F. BROWN
CLERK OF THE BOARD

By:_____

APPROVED AS TO FORM:

DANIEL J. WALLACE
COUNTY COUNSEL

By:_____ Deputy

APPROVED AS TO FORM:

ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

By:_____ Deputy

Attachment 2.
County Resolution making findings required by Health and Safety Code Section §33433

**RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA**

IN THE MATTER OF MAKING CERTAIN)
FINDINGS AND APPROVING THE)
LEASE AGREEMENT FOR 976)
EMBARCADERO DEL MAR BY AND)
BETWEEN SANTA BARBARA COUNTY)
REDEVELOPMENT AGENCY AND)
SAINT ATHANASIUS ORTHODOX CHURCH)
REQUIRED BY HEALTH AND SAFETY)
CODE SECTION 33433)
_____)

RESOLUTION NO. _____

WHEREAS, the Santa Barbara County Redevelopment Agency (“Agency”) is in the process of acquiring a fee interest in the real property located at 976 Embarcadero Del Mar (the “Property”) in the Isla Vista Redevelopment Project Area from Saint Athanasius Orthodox Church (“Church”); and

WHEREAS, the Agency and the Church desire to enter into a lease whereby the Church will lease the Property back from the Agency; and

WHEREAS, the terms of a lease agreement has been reached by the Agency and Church (“Agreement”); and

WHEREAS, pursuant to California Health and Safety Code Section 33433, prior to entering into the Agreement, the Agency has prepared and made available for public inspection a summary report in accordance with Health and Safety Code Section 33433 (“33433 Report”); and

WHEREAS the Agency and Board of Supervisors have held a duly noticed joint public hearing on May 6, 2008 to confirm the terms of the proposed lease of the Property and to consider approval of the Agreement pursuant to Health and Safety Code Section 33433; and

WHEREAS, by the Board Letter accompanying this Resolution, and attachments thereto including the Lease Agreement and 33433 Report, the Board of Supervisors have been provided with the information upon which the findings and approvals set forth in this Resolution are based; and

NOW, THEREFORE BE IT FOUND AND RESOLVED by the County of Santa Barbara Board of Supervisors as follows:

1. The recitals set forth above are true and correct.
2. The Board of Supervisors hereby accepts the Board Letter including the attachments thereto and the 33433 Report as the basis for the findings and approvals set forth in this Resolution.
3. As set forth in the 33433 Report, the purchase and lease back of the Property by the Agency will assist in the elimination of blight.
4. As set forth in the 33433 Report, the lease of the Property to the Church is for a fair market rental rate.
5. As set forth in the 33433 Report, the Lease Agreement is consistent with the provisions and goals of the Agency's Five Year Implementation Plan.
6. The Board of Supervisors hereby approves the Lease Agreement.

APPROVED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California, the 6th day of May, 2008, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

SALUD CARBAJAL
CHAIR, BOARD OF SUPERVISORS

ATTEST
MICHAEL F. BROWN
CLERK OF THE BOARD

By: _____

APPROVED AS TO FORM:

DANIEL J. WALLACE
COUNTY COUNSEL

By: _____
Deputy

APPROVED AS TO FORM:

ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

By: _____
Deputy

Attachment 3.
Agency Resolution for Health & Safety Code §33445 and §33679

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE COUNTY OF SANTA BARBARA REDEVELOPMENT
AGENCY, STATE OF CALIFORNIA**

IN THE MATTER OF MAKING FINDINGS)
REQUIRED BY HEALTH AND SAFETY)
CODE §33445 AND §33679 FOR THE)
REDEVELOPMENT AGENCY PURCHASE) RESOLUTION NO. _____
OF 976 EMBARCADERO DEL MAR IN)
ISLA VISTA)
_____)

WHEREAS, pursuant to California Community Redevelopment Law, Health and Safety Code §33445, the Redevelopment Agency of Santa Barbara County (“Agency”) is authorized to pay part or all of the acquisition of land that will benefit the Isla Vista Project Area (“Project Area”) upon making the findings pursuant to Health and Safety Code §33445; and

WHEREAS, the Agency purchase of 976 Embarcadero Del Mar in the Project Area primarily benefits the Project Area by allowing for the eventual redevelopment of the site by the Agency consistent with the Isla Vista Master Plan and the Redevelopment Plan; and

WHEREAS, neither the County General Fund, nor any other County or Redevelopment Agency revenue source, has funding available to acquire land in Isla Vista; and

WHEREAS, the County intends to loan the Agency funds necessary for the acquisition of 976 Embarcadero Del Mar using proceeds from the issuance of Certificates of Participation; and

WHEREAS, the Agency intends to use tax increment revenue to repay the County loan over 20 years; and

WHEREAS, the County would not be able to provide the General Fund loan if it were not to be paid back with tax increment revenue; and

WHEREAS, the Agency purchase of 976 Embarcadero Del Mar will assist in the elimination of blight by allowing for the redevelopment of the site by the Agency consistent with the Isla Vista Master Plan and Redevelopment Plan; and

WHEREAS, the acquisition of property within the downtown area is identified as a specific Downtown Project in the adopted FY 2007 – 2011 Five Year Implementation Plan; and

WHEREAS, the acquisition is authorized under Sections 5.01 and 5.03 of the Redevelopment Plan for the Isla Vista Project Area; and

WHEREAS the Agency and Board of Supervisors have held a duly noticed joint public hearing on May 6, 2008 pursuant to Health and Safety Code Section 33679; and

WHEREAS, the Agency has prepared and made available for public inspection a summary report in accordance with Health and Safety Code Section 33679; and

WHEREAS, the redevelopment purpose of the acquisition is to allow the Agency to eventually redevelop the site consistent with the Isla Vista Master Plan and the Redevelopment Plan; and

WHEREAS, by the Board Letter accompanying this Resolution, and attachments thereto including the 33445 Report and 33679 Report, the Board of Supervisors have been provided with the information upon which the findings and approvals set forth in this Resolution are based.

NOW, THEREFORE BE IT FOUND AND RESOLVED by the County of Santa Barbara Redevelopment Agency Board of Directors as follows:

1. The above recitals are true and correct.
2. Redevelopment Agency Board of Directors hereby accepts the Board Letter including the attachments thereto and the 33445 Report and the 33679 Report as the basis for the findings and approvals set forth in this Resolution.
3. The Project will be of benefit to the Project Area.
4. There are no other reasonable means of financing the Project.
5. The payment of funds for the Agency purchase of 970 Embarcadero Del Mar will assist in the elimination of one or more blighting conditions inside the Project Area.
6. The Project is consistent with the Redevelopment Plan and the Agency's Implementation Plan, updated in April 2006 for the 2007/2011 cycle.
7. The Redevelopment Agency Board of Directors and Board of Supervisors have held a duly noticed joint public hearing pursuant to Health and Safety Code Section 33679.

APPROVED AND ADOPTED by the Redevelopment Agency Board of Directors of the County of Santa Barbara, State of California, the 6th day of May, 2008, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

SALUD CARBAJAL
CHAIR, BOARD OF DIRECTORS

ATTEST
MICHAEL F. BROWN
REDEVELOPMENT AGENCY
EXECUTIVE DIRECTOR

By: _____

APPROVED AS TO FORM:

DANIEL J. WALLACE
REDEVELOPMENT AGENCY COUNSEL

By: _____
Deputy

APPROVED AS TO FORM:

ROBERT W. GEIS, CPA
REDEVELOPMENT
AGENCY TREASURER

By: _____
Deputy

Attachment 4.
Resolution of Intent to Purchase property at 970 Embarcadero Del Mar

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA BARBARA COUNTY REDEVELOPMENT AGENCY**

IN THE MATTER OF PURCHASING FEE)
OWNERSHIP OF COUNTY ASSESSOR)
PARCEL NO. 075-163-017)
NOTICE AND RESOLUTION OF INTENT)
TO PURCHASE REAL PROPERTY) RESOLUTION NO. _____

WHEREAS, Saint Athanasius Orthodox Church, a California non-profit corporation, (hereinafter the "OWNER") is the fee owner of that certain property in the unincorporated area of the County of Santa Barbara, and more particularly described as Santa Barbara County Assessor's Parcel No. 075-163-017, including an approximately 3,600 square foot building (hereinafter the "Property"); and

WHEREAS, OWNER desires to sell the Property to the Santa Barbara County Redevelopment Agency (hereinafter "COUNTY"); and

WHEREAS, COUNTY has identified a need to acquire certain properties in the downtown Isla Vista area for the purpose of revitalizing the downtown area; and

WHEREAS, COUNTY has determined that acquisition of the Property and building located at 976 Embarcadero Del Mar, in Isla Vista will assist COUNTY in implementing its Isla Vista Master Plan, which was recently approved by its Board of Directors.

NOW, THEREFORE, BE IT RESOLVED, that pursuant to Government Code Section 25350 the Board of Directors of the Santa Barbara County Redevelopment Agency, does hereby find, determine and order as follows:

1. The above recitals are true and correct.
2. The Santa Barbara County Redevelopment Agency Board of Directors does hereby declare its intention to accept the grant deed for fee simple interest in the Property, in the unincorporated area of the County of Santa Barbara, more particularly described as Santa Barbara County Assessor's Parcel No. 075-163-017.
3. It is in the public interest to proceed with the purchase of the Property.
4. That the entity selling the Property is:
Saint Athanasius Orthodox Church, a California non-profit corporation.
5. That the purchase price to be paid by the COUNTY for the Property is:
\$1,875,000.00.

6. That notice of the intention of the Board of Directors to accept the grant deed to the Property be given by publishing a notice once a week, for three (3) weeks prior to the Board's meeting to consummate said acceptance, in the Santa Barbara News Press, a newspaper of general circulation, which is printed and published in the County of Santa Barbara, State of California.

7. That the Santa Barbara County Redevelopment Agency Board of Directors will meet in the meeting room of said Board at 105 East Anapamu Street, Fourth Floor Hearing Room, in the City of Santa Barbara, County of Santa Barbara, State of California, on June 17, 2008, to consummate the purchase by accepting the grant deed to the Property.

PASSED AND ADOPTED by the Board of Directors of the Santa Barbara County Redevelopment Agency,

State of California, this _____ day of _____, 2008, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

SANTA BARBARA COUNTY
REDEVELOPMENT AGENCY

ATTEST:
MICHAEL F. BROWN
EXECUTIVE DIRECTOR

CHAIR, BOARD OF DIRECTORS

By: _____
Deputy

APPROVED AS TO FORM:
DANIEL J. WALLACE
AGENCY COUNSEL

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, CPA
TREASURER

By: _____
Deputy

By: _____
Deputy

Attachment 5.
Real Property Sale Contract and Escrow Instructions

Project: UMC Purchase
A.P.N.: 075-163-017
Folio: 003540
Agent: DG

REAL PROPERTY SALE CONTRACT AND ESCROW INSTRUCTIONS

THIS REAL PROPERTY SALE CONTRACT AND ESCROW INSTRUCTIONS (the “Contract”) is made and entered into by and between Saint Athanasius Orthodox Church, a California non-profit corporation (“Seller”), and the Santa Barbara County Redevelopment Agency, a political subdivision of the State of California (“Buyer”), with reference to the following:

WHEREAS, Seller is the fee simple owner of a parcel of improved land, in the Isla Vista area of the County of Santa Barbara, State of California, commonly identified as Santa Barbara County Assessor’s Parcel Number 075-163-017, located at 976 Embarcadero Del Mar, Isla Vista, California; improved with an approximately 3,600 square foot building and more particularly described on Exhibit “A” attached hereto and incorporated herein by reference (the “Property”); and

WHEREAS, Seller desires to sell and Buyer desires to purchase the Property.

NOW THEREFORE, in consideration of the covenants and conditions contained herein, the parties agree that Seller shall remise, release, and convey to Buyer and Buyer shall accept all right, title, and interest in and to the Property subject to the following terms and conditions:

1. SALE AND PURCHASE PRICE. Buyer agrees to purchase from Seller and Seller agrees to sell to Buyer, fee ownership of the Property, subject to the following:

a. The total purchase price for the Property shall be ONE MILLION EIGHT HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$1,875,000.00).

b. Upon final execution of this Contract by Buyer, Buyer shall return a duplicate original of this Contract to Seller, and, upon the opening of escrow pursuant to Section 2 hereof, shall deliver a copy of this Contract to Chicago Title Company, as the escrow holder.

c. The escrow period shall last for a period of SIXTY (60) days (the “Due Diligence Period”), subject Buyer’s right to extend the escrow period pursuant to subsection “e” hereof.

d. During the Due Diligence Period, Buyer may, in its sole and absolute discretion, elect to terminate this Contract based upon any of the following:

i. its review of the condition of the Property upon its investigation of the Property, which may include but shall not be limited to a Phase One Environmental Site Assessment, a CEQA analysis, or any other studies related to the condition of the

Property or title to the Property; provided, however, Buyer's investigations shall be subject to the terms and conditions of Section 5 below.

ii. a hearing before the County Planning Commission pursuant to a California Government Code Section 65402 consistency finding;

iii. a hearing conducted pursuant to Health and Safety Code Section 33433 and all of the requirements and findings required by Health and Safety Code Section 33433 for approval of a lease between Buyer and Seller whereby Seller shall lease the Property back from Seller upon the close of escrow;

iv. Buyer's inability to complete any of the studies or actions set forth above.

e. The approval and appropriation of necessary funding by the Board of Directors of the Santa Barbara County Redevelopment Agency is an express condition precedent to Buyer's duty to purchase. Notwithstanding any other provision in this Contract, Buyer, upon written notice to Seller, may extend escrow up to sixty (60) days to facilitate the approval and appropriation of funding.

f. A fully executed lease agreement (hereinafter "Lease"), whereby Buyer shall lease the Property back to Seller upon the close of escrow, is attached hereto as Exhibit "B".

g. At least one (1) day prior to the close of escrow, Buyer shall deposit with the escrow officer the purchase price plus costs of prorations, fees, and expenses pursuant to this Contract, a Certificate of Acceptance for the Property which has been executed by Buyer, and the fully-executed Lease.

h. Seller shall, prior to the close of escrow, pay off all existing notes and liens on the Property and shall pay any loan, re-conveyance, retirement, prepayment or other fees as may be required by the holder of any note or lien encumbering the Property.

2. ESCROW AND OTHER FEES: Within THREE (3) days following the execution of this Contract by Buyer, Buyer shall open escrow at Chicago Title Company, 1101 Anacapa Street, Santa Barbara, California, (the "Escrow Holder") with escrow instructions to be based upon terms and conditions set forth herein and Buyer shall deposit therein this Contract. This Contract shall become part of the escrow and shall constitute the basic instructions and documents as are reasonably required to complete the closing of the transaction contemplated herein in accordance with the terms and conditions of this Contract. In case of conflict between this Contract and any related escrow documents, the terms of this Contract shall govern.

a. The Closing shall be on or before July 8, 2008, or such other date as the parties hereto shall mutually agree in writing. The "Closing" is defined as the satisfaction of all conditions herein stated and the recordation of a Grant Deed which shall vest title to the Property in the SANTA BARBARA COUNTY REDEVELOPMENT AGENCY, or its assignee. Any assignment shall require Seller's written consent in compliance with Section 9, ASSIGNMENT RESTRICTIONS.

b. Upon mutual execution of this Contract, Seller will execute, acknowledge and deliver to the Escrow Holder a Grant Deed in substantially the form shown in Exhibit "C" attached hereto and incorporated herein by reference.

c. Escrow, title and other fees shall be paid as follows:

i. Seller and Buyer shall each pay one-half (1/2) of the County Documentary Transfer Tax ("Transfer Tax").

ii. A Standard California Land Title Association owner's policy of title insurance covering the Property shall be paid by Seller.

iii. Buyer shall pay for any additional title insurance coverage that may be required by Buyer.

iv. Seller and Buyer shall each pay one-half (1/2) of Escrow Holder's fee:

(1) Buyer shall pay all escrow fees incurred if escrow is cancelled by Buyer prior to the consummation.

(2) Seller shall pay all escrow fees incurred if escrow is cancelled by Seller prior to the consummation.

d. Escrow Officer shall be obligated as follows:

i. To provide a current preliminary title report covering the Property; and

ii. To record the Grant Deed upon close of escrow; and

iii. To issue or have issued to Buyer the California Land Title Association policy of title insurance required herein, including an ALTA extended coverage Policy, if required by Buyer; and

iv. To deliver the purchase money to Seller at the close of escrow.

v. The Escrow Holder shall release to Buyer a certified copy of the Grant Deed (executed by Seller), not less than thirty (30) calendar days prior to the close of escrow in order to receive Buyer's "acceptance" through a Certificate of Acceptance by Buyer's Board of Directors.

vi. The Escrow Holder shall assure that all liens and notes against the Property are paid and shall obtain releases for same.

3. COMMISSION: It is understood that Buyer represents itself in this transaction and that any commission paid to any agent or broker representing Seller in this transaction shall be paid

by Seller.

4. PROPERTY “AS IS WITH ALL FAULTS”: BUYER SPECIFICALLY ACKNOWLEDGES THAT SELLER IS SELLING AND BUYER IS PURCHASING THE PROPERTY ON AN “AS IS WITH ALL FAULTS” BASIS AND THAT BUYER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM SELLER, ITS AGENTS, OR BROKERS AS TO ANY MATTERS CONCERNING THE PROPERTY EXCEPT AS PROVIDED IN THIS CONTRACT, INCLUDING WITHOUT LIMITATIONS: its physical condition, including the structural elements of any improvements; its geology; the development potential of the Property and its use, habitability, merchantability, or fitness for a particular purpose; its zoning or other legal status; its compliance with law; the presence or removal of hazardous or toxic materials, substances, or wastes on, under or about the Property or the neighboring property; the quality of labor or materials used in any improvements; the conditions of title to the Property; the leases, service contracts, other agreements affecting the Property; and the economics of the operation of the Property.

BUYER'S INITIALS

a. Seller is relieved of the responsibility of inspecting the Property and of disclosing any conditions thereon, it being intended therein that Buyer is put on notice to inquire and inspect the Property and all records pertaining to it and that Buyer is relying strictly and solely on its own investigation in deciding whether or not to complete this purchase. Buyer is advised to investigate the condition and suitability of all aspects of the Property and all matters affecting the value or desirability of the Property, including, but not limited to the square footage and lot size, property lines and boundaries, zoning and land use restrictions, all title issues, availability of utilities and services, environmental hazards, protected species or properties (i.e. wetlands), geologic conditions, condition of the Property and area conditions. Seller has not and will not verify any of the items above.

b. Buyer shall have the right of entry onto the Property to conduct such inspections and testing thereon as are, in Buyer's sole discretion, necessary to reasonably determine the condition of the Property. Buyer shall complete such inspections and testing within sixty (60) days following execution of this Contract unless additional time is requested by Buyer, and consented to by Seller, whereby Seller shall not unreasonably withhold such consent. Following such testing, Buyer shall restore the area of the Property disturbed by said tests to its pre-test condition as near as is practicable.

c. If toxins or contaminants are identified by these tests or on any other basis, Buyer shall notify Seller and Seller shall have the right, but not the responsibility to remedy such problem(s). If Seller elects not to remedy such problem(s), then, notwithstanding other provisions contained herein, Seller and/or Buyer shall have the right to terminate this Contract with no further liability.

d. Buyer shall give Seller not less than three (3) calendar days written notice prior to the commencement of any work in, on or about the Property and Seller shall have the right to

post Notices of Testing, and/or Notices of Non-responsibility as provided by law. Any testing on the Property shall keep the Property free and clear of claims for labor and materials and Buyer shall hold Seller harmless with respect to any such testing.

e. All items permanently attached to the Property, including but limited to: floor coverings, draperies with hardware, shades, blinds, window and door screens, awnings, doors, light fixtures, electric door controls, outdoor plants and trees, fences, are included in the Purchase Price and free of liens.

5. INDEMNIFICATION: Buyer shall defend, indemnify, save and hold harmless Seller, its agents, employees, officers, successors and assigns from any and all claims, liabilities, demands, costs (including reasonable attorney fees) and cause of action of all kinds with regard to contamination by harmful, hazardous and/or toxic materials released upon the Property by Buyer during Due Diligence.

Seller shall defend, indemnify, save and hold harmless Buyer, its agents, employees, officers, successors and assigns from any and all claims, liabilities, demands, costs (including reasonable attorney fees) and cause of action of all kinds arising as a result of Due Diligence.

6. TITLE AND DEED: Title to the Property is to be free of liens, encumbrances, restrictions, rights to possession or claims to possession, rights, and conditions (recorded and/or unrecorded) or known to Seller, except:

A. Covenants, conditions, restrictions, and reservations of record approved by COUNTY.

B. Easements or rights-of-way over the Property for public or quasi-public utility or public street purposes, if any, approved by Buyer.

C. Exceptions contained in preliminary title report as may be approved by Buyer.

D. Property taxes for the fiscal year in which this escrow closes shall be satisfied in a manner consistent with California Revenue and Taxation Code Section 4986.(a)(6). Escrow officer is authorized to pay all delinquent taxes from the amount shown in Section 1, SALE AND PURCHASE PRICE, herein above. Seller understands that pursuant to Section 4986.(a)(6), Seller may receive after the close of escrow, either, 1) an unsecured property tax bill from the County of Santa Barbara Treasurer-Tax Collector for real property taxes that may be due; or 2) a warrant from the Santa Barbara County Auditor-Controller to reimburse Seller for any prepaid property taxes that may be canceled.

Seller shall hold Buyer harmless and reimburse Buyer for any and all of Buyer's losses and expenses occasioned by reason of any easements, contracts, leases, or permits encumbering said Property of which Seller had personal knowledge, which have not been approved by Buyer.

Buyer shall have the right to review the preliminary title report and approve or disapprove in writing those items disclosed in said report prior to the close of escrow. Seller shall have thirty (30) days from receipt of notice of disapproval to correct the condition(s) that adversely affect the Property as determined by Buyer in its discretion. Buyer may terminate this Contract or request Seller, at Seller's expense, to correct the condition(s) affected thereby to the satisfaction of Buyer. Failure to so correct shall be grounds for termination of this Contract by Buyer.

Escrow shall be automatically extended for thirty (30) days where there is a need for Seller to correct an adverse condition unless Seller refuses to correct such condition or unless

correction requires more than thirty (30) days in which case escrow shall be extended to the date of refusal or date of correction respectively.

E. Any and all monies payable under this Contract shall, upon demand, be made payable to the mortgagees and beneficiaries of any notes secured by mortgages or deeds of trust, up to and including the total amount of unpaid principal and interest together with penalty, if any, for payment in full in advance of maturity. Escrow officer shall obtain from said mortgagees or beneficiaries good and sufficient receipt showing said monies credited against the indebtedness secured by said mortgages or deeds of trust. Escrow officer shall obtain any and all executed full re-conveyances, partial re-conveyances, subordinations and/or releases of liens that may have been given on the Property covered by deeds of trust.

7. SELLER'S RESPONSE TIME/CANCELLATION: Seller shall have five (5) days from receipt of Buyer's written notice of items reasonably disapproved to respond in writing or to cancel this Contract. If Seller refuses or is unable to repair or correct any items reasonably disapproved by Buyer, or does not respond within the time period specified, Buyer shall have three (3) days after receipt of Seller's response, or after expiration of the time for Seller to respond, whichever occurs first, to cancel this Contract in writing.

If Seller gives written Notice of Cancellation pursuant to rights duly exercised under the terms contained in this Contract, the deposit, less costs and fees as applicable, shall be returned to Buyer. If Seller cancels, Buyer and Seller shall sign mutual instructions to cancel the sale and escrow and release deposits. Fees and costs may be payable from deposit to service providers and vendors for services and products provided during escrow.

8. ASSIGNMENT RESTRICTIONS: This Contract shall not be sold, assigned, or otherwise transferred by Buyer without the prior written consent of Seller. Failure to obtain Seller's written consent shall render said attempted sale, assignment, or transfer void and without legal effect.

9. POSSESSION: Seller shall deliver possession of the Property to Buyer no later than noon (12:00 P.M.) local time upon the date of the close of escrow.

10. COMPLIANCE WITH THE LAW: This Contract shall be governed by and be construed according to the laws of the State of California. Prior to the close of escrow, Seller shall ensure that the Property complies, in all respects, with any and all applicable zoning and/or land use regulations, ordinances, and permits, and shall indemnify Buyer in regard to any damages incurred as a result of Seller's non-compliance with this Section.

11. WAIVER: No waiver of any of the provisions of this Contract shall be deemed or shall constitute a waiver of any other provisions of this Contract, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in writing.

12. NOTICES: All notice, documents, correspondence, and communications concerning this transaction shall be addressed as set forth below or as either party may hereafter designate by written notice and shall be sent through the United States mail duly registered or certified with postage prepaid. Notwithstanding the above, Buyer may also provide notices, documents, correspondence or such other communications to Seller by personal delivery or by regular mail

and any such notice so given shall be deemed to have been given upon actual receipt.

IF TO SELLER: Saint Athanasius Orthodox Church
c/o Father John Hedges
976 Embarcadero Del Mar
Isla Vista, CA 93117

IF TO BUYER: Santa Barbara County Redevelopment Agency
Attn: Benjamin Goldstein
1105 Santa Barbara Street
Courthouse, East Wing, Second Floor
Santa Barbara, CA 93101
Facsimile: (805) 568-3249

with a copy to: Daniel J. Wallace, County Counsel
County of Santa Barbara
105 East Anapamu Street, Room 201
Santa Barbara, CA 93101
Facsimile: (805) 568-2982

IF TO ESCROW HOLDER: Chicago Title Insurance Company
Attn: Leslie Colunga
1101 Anacapa Street
Santa Barbara, CA 93101
Facsimile: (805) 564-7488

13. ENTIRE CONTRACT: This Contract contains the entire agreement between the parties relating to the agreement to purchase and sell the Property described herein and supersedes all prior agreements, understandings, negotiations, and discussions of the parties, whether expressed or implied, and there are no warranties, representations, covenants, or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein. The parties hereto have set forth the whole of their agreement. The performance of this Contract constitutes the entire consideration for said Property and shall relieve Seller of all further obligation or claims on this account. No amendment, supplement, modification, waiver, or termination of this Contract shall be binding unless executed in writing by both parties.

14. TIME IS OF THE ESSENCE: Time is of the essence in the performance of the parties in respect to the obligations herein contained. Subject to the restrictions against the sale, assignment, or other transfer above, this Contract shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns.

15. SECTION HEADINGS: The headings of the several sections herein shall be solely for convenience of reference and shall not affect the meaning, construction, or effect hereof.

16. REAL PROPERTY DOCUMENTS: Each party agrees to execute and deliver any

instrument or to perform any act reasonably necessary to carry out the provisions of this Contract.

17. SEVERABILITY: If any one or more of the provisions contained herein shall be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Contract shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

18. EXECUTION IN COUNTERPARTS: This Contract may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

19. FACSIMILE SIGNATURES: If the parties use facsimile transmitted documents which include signatures, such documents shall be accepted as if they bore original signatures provided that documents bearing ORIGINAL SIGNATURES are provided within seventy-two (72) hours after transmission of the facsimile signature, except that funds shall not be released upon a facsimile signature.

20. CONSTRUCTION: The parties have negotiated the terms of this Contract. They have consulted an attorney when they felt the need. The terms of this Contract reflect the negotiations and the intentions of both parties. The terms and conditions contained herein shall be interpreted with regard to each party equally.

21. CERTIFICATION OF SIGNATORY(IES): Seller represents and warrants that he is the sole owner of the Property or is authorized by the Seller of the Property to execute this Contract and that no additional signatures are required to carry out the duties contemplated herein.

///
///

Project: UMC Purchase
A.P.N.: 075-163-017
Folio: 003540
Agent: DG

IN WITNESS WHEREOF, SELLER and BUYER have executed this Real Property Sale Contract and Escrow Instructions personally or by the respective authorized officers as set forth below to be effective as of the date executed by Buyer.

SELLER:

SAINT ATHANASIUS ORTHODOX CHURCH
a California non-profit corporation

By: _____

Name and Title

By: _____

Name and Title

BUYER:

SANTA BARBARA COUNTY REDEVELOPMENT AGENCY
a political subdivision of the State of California

ATTEST
Michael F. Brown
Clerk of the Board

By: _____
Chair, Board of Directors

By: _____
Deputy Clerk

Date: _____

Project: UMC Purchase
A.P.N.: 075-163-017
Folio: 003540
Agent: DG

COUNTY SIGNATURE PAGE

APPROVED AS TO FORM:
DANIEL J. WALLACE
COUNTY COUNSEL

By: _____
Deputy

APPROVED AS TO FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

By: _____
Deputy

APPROVED:

By: _____
Ronn Carlentine, SR/WA
Real Property Manager

APPROVED:

By: _____
Ray Aromatorio, ARM, AIC
Risk Program Administrator

CONSENT OF ESCROW HOLDER

The undersigned Escrow Holder hereby agrees to:

- A. Accept the foregoing Contract;
- B. Act as the Escrow Holder under the Contract for the fees herein described;
- C. Be bound by the Contract;

in the performance of its duties as Escrow Holder.

However, the undersigned will have no obligation, liability or responsibility under this consent or otherwise, unless and until the Agreement, fully signed by the parties has been delivered to the undersigned. Further, the undersigned will have no obligation, liability or responsibility under any amendment to the Agreement unless and until the amendment is accepted by the undersigned in writing.

_____, 2008

CHICAGO TITLE COMPANY

By: _____

Escrow Officer

**EXHIBIT "A" TO
REAL PROPERTY SALE CONTRACT
AND ESCROW INSTRUCTIONS
LEGAL DESCRIPTION OF THE PROPERTY**

**EXHIBIT "A" TO
REAL PROPERTY SALE CONTRACT
AND ESCROW INSTRUCTIONS**

**EXHIBIT "B" TO
REAL PROPERTY SALE CONTRACT
AND ESCROW INSTRUCTIONS
LEASE AGREEMENT**

**EXHIBIT "B" TO
REAL PROPERTY SALE CONTRACT
AND ESCROW INSTRUCTIONS**

**EXHIBIT "C" TO
REAL PROPERTY SALE CONTRACT
AND ESCROW INSTRUCTIONS**

GRANT DEED

A copy of the Grant Deed follows on the next page

**EXHIBIT "C" TO
REAL PROPERTY SALE CONTRACT
AND ESCROW INSTRUCTIONS**

**Attachment 6.
Lease Agreement**

Project: UMC Lease
APN: 075-163-017
Folio: 003540
Agent: DG

LEASE AGREEMENT

THIS LEASE AGREEMENT is made by and between the

SANTA BARBARA COUNTY REDEVELOPMENT AGENCY,
a body corporate and politic,
hereinafter referred to as "COUNTY";

and

SAINT ATHANASIUS ORTHODOX CHURCH,
a California non-profit corporation,
hereinafter referred to as "LESSEE";

with reference to the following:

WHEREAS, COUNTY is the fee owner of a parcel of improved land, in the Isla Vista area of the County of Santa Barbara, State of California, commonly identified as Santa Barbara County Assessor's Parcel Number 075-163-017, located at 976 Embarcadero Del Mar, Isla Vista, California; improved with an approximately 3,600 square foot building and more particularly described in Exhibit "A", attached hereto and incorporated herein by reference (the "Property"); and

WHEREAS, COUNTY purchased the Property from LESSEE upon the condition that COUNTY lease the Property back to LESSEE at the close of escrow so that LESSEE can continue to provide religious services to the local community; and

WHEREAS, LESSEE desires to lease, from COUNTY, the Property, as depicted on Exhibit "B", attached hereto and incorporated herein by reference; and

WHEREAS, this Lease Agreement (hereinafter "Agreement") is intended to be a "Triple Net" lease wherein LESSEE shall pay all costs associated with maintenance and operation of the Property, including all improvements.

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

1. **ADMINISTRATION AND ENFORCEMENT**: The provisions of this Agreement shall be administered and enforced for the COUNTY by the Executive Director of the Santa Barbara County Redevelopment Agency, and for LESSEE by its President (hereinafter collectively referred to as the "Directors"), or their designees.

2. **LEASED AREA:** For and in consideration of the covenants to be performed by LESSEE under this Agreement, COUNTY hereby leases to LESSEE and LESSEE hereby takes from COUNTY, the Property, including the approximately 3,600 square foot building (hereinafter "Premises"), as shown and described on Exhibit "B", attached hereto and incorporated herein by reference.

3. **PARKING:** LESSEE shall have non-exclusive use of the parking lot on the Property.

4. **PURPOSE AND USE:** LESSEE shall use the Property solely to provide religious services to the community. LESSEE shall not use the Property for any other purposes without the express written consent of COUNTY. In addition, LESSEE shall comply with all COUNTY security programs and policies regarding the Property.

5. **TERM:** The term of this Agreement shall commence upon the transfer of title to the Property from LESSEE to COUNTY, and shall continue for a period of TWO (2) years thereafter; subject to such provisions for extension and termination as contained herein; so long as the Property is used only for LESSEE'S operations and those operations are consistent with the purposes and uses set forth in this Agreement. Upon the close of escrow for the transfer of the Property from LESSEE to COUNTY, COUNTY shall provide LESSEE written notice memorializing the commencement date of this Agreement (hereinafter "Commencement Date").

6. **RENT/ANNUAL ADJUSTMENT:** Upon commencement of this Agreement, rent for the term of this Agreement shall be \$5,400.00 per month (hereinafter "Base Rent"), based on \$1.50 per square foot for the 3,600 square foot building on the Property, subject to the annual adjustment described herein, plus maintenance and operating costs according to Exhibit "C", attached hereto and incorporated herein by reference.

Rent shall begin to accrue on the Commencement Date, and shall become due and payable on December 1st and on June 1st of each and every year of the term. The first rent payment shall be due on December 1, 2008, and shall include rent calculated from the Commencement Date through November 30, 2008. Each subsequent rental payment shall be calculated to include December 1st through May 30th, and June 1st through November 30th, respectively. The rent due for any period which is for less than one (1) calendar month shall be pro-rated based upon a thirty (30) day month.

The Base Rent shall be subject to an annual increase of three percent (3%). On June 1, 2009, and on each and every anniversary of that date, the monthly rent hereunder shall be increased from the monthly rent payable during the immediately preceding year of the term by three percent (3%).

In addition to Base Rent, LESSEE shall pay its proportionate share of all costs associated with maintenance and operation of the Property and the Premises according to Exhibit C hereof.

7. **OPTION TO EXTEND:** In the event this Agreement has not otherwise been terminated and LESSEE is in good standing at the end of the above-referenced term, such term may be extended for TWO (2) additional terms of ONE (1) year each. LESSEE shall request each extension in writing at least ninety (90) days prior to the termination of the then-current term. The Director, or designee, may approve the extension on behalf of COUNTY.

8. **PROPERTY SUITABILITY:** LESSEE has investigated the Property and has determined that both are suitable for LESSEE'S intended operations, and therefore, LESSEE hereby accepts, by way of executing this Agreement, the Property and the Premises, as described in Exhibit B hereof, in its existing condition.

LESSEE ACKNOWLEDGES THAT, EXCEPT AS STATED HEREIN, COUNTY HAS MADE NO REPRESENTATIONS OR WARRANTIES ABOUT THE CONDITION OF THE PROPERTY, OR THE SUITABILITY OF SAME FOR THE INTENDED USE BY LESSEE.

9. **PERMITS, CONSTRUCTION AND IMPROVEMENTS:** In the event LESSEE wishes to alter or improve the Property, LESSEE shall obtain advance written approval from COUNTY, through COUNTY'S Director, or designee; and shall comply with all requirements of the County Architect and all permits. Copies of any required Land Use Permit(s) and/or Building Permit(s) shall be delivered to the County Architect.

LESSEE shall give COUNTY no less than ten (10) days written notice prior to the commencement of any work in, on, or about the Property, and shall keep the Property free and clear of liens for labor and materials. Nothing in this Agreement shall be construed to entitle LESSEE to undertake alterations or improvements to the Property, nor additional future improvements, without complying with all permitting required by COUNTY in its governmental capacity.

10. **TITLE:** During the term of this Agreement, title to the Property shall remain vested in COUNTY. LESSEE shall have no right to waste, destroy, or demolish the Property, or any improvements thereon.

11. **ABANDONMENT OF THE PROPERTY:** LESSEE shall not abandon, vacate, surrender or assign use of the Property at any time during the term of this Agreement. If LESSEE does abandon, vacate, surrender or assign use of the Property, this Agreement and all of LESSEE'S rights thereto shall terminate at the option of COUNTY. In the event of such termination, the Property and any personal property belonging to LESSEE and left on the Property more than thirty (30) days shall be deemed abandoned at the option of COUNTY, and title to such shall pass to COUNTY. This provision shall also apply to property left after the termination, or other expiration of this Agreement.

12. **NONINTERFERENCE:** LESSEE agrees not to use, nor permit those under its control, including, but not limited to, its employees, tenants, invitees, agents and/or contractors, to use any portion of the Property in any way which interferes with other COUNTY operations in the vicinity. Such interference shall be deemed a material breach, and LESSEE shall terminate said interference immediately upon notice from COUNTY. In the event LESSEE fails to stop such interference promptly, this Agreement shall terminate at the option of COUNTY.

13. **UTILITY CHARGES:** COUNTY shall provide utilities to LESSEE, subject to COUNTY'S right to reimbursement according to Exhibit C hereof.

14. **MAINTENANCE AND REPAIR:** During the term of this Agreement, including any extensions, LESSEE agrees to keep the Premises in good maintenance and repair, at its sole expense; reasonable wear and tear, damage by casualty, and any condition arising out of County's acts or omissions excepted. LESSEE shall independently maintain and contract for janitorial services for the Premises. COUNTY shall maintain the exterior of the Premises, and those portions of the Property not included within the Premises. LESSEE and COUNTY shall be responsible for maintenance and repair of the Property and Premises as set forth in Exhibit "D", attached hereto and incorporated herein by reference.

In the event that the Premises are in need of maintenance or repair that is LESSEE's responsibility according to Exhibit D, LESSEE shall have the maintenance or repair completed, and shall pay for such maintenance or repair in a timely manner. In the event of an emergency such that the Property requires immediate maintenance or repair that would otherwise be COUNTY's responsibility according to Exhibit D and LESSEE'S operations would be negatively impacted by any delay, LESSEE may independently contract for such maintenance or repair. In such an event, LESSEE shall ensure that any maintenance or repair will conform to COUNTY maintenance standards, to be determined by COUNTY, and the cost of such maintenance or repair shall be allocated according to the responsibilities set forth in Exhibits C and D. Prior to contracting for any maintenance or repair that is COUNTY's responsibility, LESSEE shall provide COUNTY with notice of the emergency and an opportunity to respond to the emergency, according to the emergency contact information provided by COUNTY.

COUNTY, its agents, employees and contractors reserve the right to enter the Property at all reasonable times, upon twenty-four hour notice to LESSEE (except in the case of emergency) to perform maintenance and repair, as needed on the Property. This right extends to public utilities in regard to repair, maintenance, construction and demolition of utility infrastructure on the Property, including appurtenances.

15. **ASSIGNMENT/ SUBLEASE:** LESSEE shall not assign, license, or sublease the Property without COUNTY'S prior written consent, which shall not be unreasonably withheld. A consent by COUNTY to one assignment shall not be deemed to be a consent to any subsequent assignment. Any assignment made contrary to this Section shall be null and void. In the event LESSEE is not utilizing or occupying the entire Premises and chooses to sublease or allow occupancy of the unused portion, then COUNTY shall have first right to use that unused portion. In the event COUNTY occupies any portion of the Premises, LESSEE's rent shall be reduced proportionally. In the event LESSEE subleases or assigns any rights granted herein to any third party, any compensation paid by such third party may not exceed LESSEE's rental obligations under this Agreement.

16. **SUCCESSORS IN INTEREST:** This Agreement and the covenants contained herein shall be binding upon and inure to the benefit of the respective parties and to any government or private organization into which LESSEE may be merged.

17. **INDEMNIFICATION:** LESSEE shall defend, indemnify, and save harmless COUNTY, its officers, agents, and employees from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments, or liabilities arising out of this Agreement or occasioned by the performance or attempted performance of the provisions hereof; including, but not limited to, any act or omission to act on the part of LESSEE or its agents, employees, or other

independent contractors directly responsible to LESSEE; except those claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities resulting solely from the negligence or willful misconduct of the COUNTY.

LESSEE shall notify COUNTY immediately in the event of any accident or injury arising out of or in connection with this Agreement.

18. **INSURANCE:** Without limiting LESSEE'S indemnification of the COUNTY, LESSEE shall procure the following required insurance coverages at its sole cost and expense. All insurance coverages are to be placed with insurers which (1) have a Best's rating of no less than A: VII, and (2) are admitted insurance companies in the State of California. All other insurers require the prior approval of the COUNTY. Such insurance coverage shall be maintained during the term of this Agreement. Failure to comply with the insurance requirements shall place LESSEE in default. Upon request by COUNTY, LESSEE shall provide a certified copy of any insurance policy to COUNTY within ten (10) working days.

a. **Workers' Compensation Insurance:** Statutory Workers' Compensation and Employers Liability Insurance shall cover all LESSEE'S staff while performing any work incidental to the performance of this Agreement. The policy shall provide that no cancellation, or expiration or reduction of coverage shall be effective or occur until at least thirty (30) days after receipt of such notice by COUNTY. In the event LESSEE is self-insured, it shall furnish a copy of Certificate of Consent to Self-Insure issued by the Department of Industrial Relations for the State of California. This provision does not apply if LESSEE has no employees as defined in Labor Code Section 3350 et seq. during the entire period of this Agreement and LESSEE submits a written statement to the COUNTY stating that fact.

b. **General and Automobile Liability Insurance:** The general liability insurance shall include bodily injury, property damage and personal injury liability coverage, shall afford coverage for all premises, operations, products and completed operations of LESSEE and shall include contractual liability coverage sufficiently broad so as to include the insurable liability assumed by LESSEE in the indemnity and hold harmless provisions [above] of the Indemnification Section of this Agreement between COUNTY and LESSEE. The automobile liability insurance shall cover all owned, non-owned and hired motor vehicles that are operated on behalf of LESSEE pursuant to LESSEE'S activities hereunder. LESSEE shall require all subcontractors to be included under its policies or furnish separate certificates and endorsements to meet the standards of these provisions by each subcontractor. COUNTY, its officers, agents, and employees shall be Additional Insured status on any policy. A cross liability clause, or equivalent wording, stating that coverage will apply separately to each named or additional insured as if separate policies had been issued to each shall be included in the policies. A copy of the endorsement evidencing that the policy has been changed to reflect the Additional Insured status must be attached to the certificate of insurance. The limit of liability of said policy or policies for general and automobile liability insurance shall not be less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Any deductible or Self-Insured Retention {SIR} over \$10,000 requires approval by the COUNTY.

Said policy or policies shall include severability of interest or cross liability clause or equivalent wording. Said policy or policies shall contain a provision of the following form:

"Such insurance as is afforded by this policy shall be primary and if the COUNTY has other valid and collectible insurance, that other insurance shall be excess and non-contributory."

If the policy providing liability coverage is on a 'claims-made' form, LESSEE is required to maintain such coverage for a minimum of three years following completion of the performance or attempted performance of the provisions of this Agreement. Said policy or policies shall provide that the COUNTY shall be given thirty (30) days written notice prior to cancellation or expiration of the policy or reduction in coverage.

c. Personal Property Insurance. LESSEE shall maintain property insurance for its personal property within the Premises, including but not limited to equipment, supplies and tenant improvements, throughout the term hereof.

The above insurance requirements are subject to periodic review by the COUNTY. The COUNTY'S Risk Program Administrator is authorized to change the above insurance requirements, with the concurrence of County Counsel, to include additional types of insurance coverage or higher coverage limits, provided that such change is reasonable based on changed risk of loss or in light of past claims against the COUNTY or inflation. This option may be exercised during any amendment of this Agreement that results in an increase in the nature of COUNTY'S risk and such change of provisions will be in effect for the term of the amended Agreement. Such change pertaining to types of insurance coverage or higher coverage limits must be made by written amendment to this Agreement. LESSEE agrees to execute any such amendment within thirty (30) days of acceptance of the amendment or modification.

d. Property Insurance (COUNTY). COUNTY shall provide Property Insurance for the structure, subject to reimbursement by LESSEE. LESSEE shall reimburse COUNTY for its proportionate share of the cost of such insurance concurrently with the payment of Base Rent. LESSEE's proportionate share shall be determined by applying "LESSEE's share", as described in Exhibit C hereof, to the total cost of property insurance for the Property. In the event of any loss or damage to the Premises which is caused by any occurrence that is covered by such property insurance, LESSEE shall reimburse COUNTY for any payment of any deductible.

19. **NONDISCRIMINATION:** LESSEE shall comply with COUNTY laws, rules and regulations regarding nondiscrimination as such are found in the Santa Barbara Code and as such may from time to time be amended. These provisions are incorporated herein as if they were fully set forth.

Noncompliance with provisions of this section shall constitute a material breach of this Agreement and in addition to any other remedies provided by law, COUNTY shall have the right to terminate this Agreement and the interest hereby created without liability therefor. LESSEE shall also comply with applicable State or Federal laws, rules and regulations regarding nondiscrimination, including, but not limited to Section 33436 of the California Health and Safety Code, which states, in part:

"The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing,

transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

The foregoing provisions shall be binding upon and shall obligate LESSEE and any subcontracting party or parties, or other transferees.

20. **ENVIRONMENTAL IMPAIRMENT:** LESSEE shall comply with all applicable laws, regulations, rules, and orders regardless of when they become or became effective, including without limitation those relating to construction, grading, signing, health, safety, noise, environmental protection, waste disposal, water and air quality, and shall furnish satisfactory evidence of compliance upon request of COUNTY.

Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the Property due to LESSEE'S use and occupancy, LESSEE shall clean all property affected to the satisfaction of COUNTY and any governmental body having jurisdiction therefore. LESSEE shall indemnify, hold harmless, and defend COUNTY from and against all liability, claims, costs, and expense (including without limitation any fines, penalties, judgments, litigation costs, attorney's fees, consulting, engineering and construction costs) incurred by COUNTY as a result of LESSEE'S breach of this Section, or as a result of any such discharge, leakage, spillage, emission or pollution due to LESSEE'S use and occupancy, regardless of whether such liability, cost or expense arises during or after the term of this Agreement, and regardless of negligence, active or passive, of COUNTY.

21. **TOXICS:** LESSEE shall not manufacture or generate hazardous wastes on the Property unless specifically authorized by this Agreement. LESSEE shall be fully responsible for any hazardous wastes, substances or materials as defined under federal, state or local law, regulation, or ordinance that are manufactured, generated, used, placed, disposed, stored, or transported by LESSEE, its agents, employees, or designees on the Property during the term of this Agreement and shall comply with and be bound by all applicable provisions of such federal, state, or local law, regulation, or ordinance dealing with such wastes, substances, or materials. LESSEE shall notify COUNTY and the appropriate governmental emergency response agency(ies) immediately in the event of any release or threatened release of any such wastes, substances or materials.

22. **COMPLIANCE WITH THE LAW:** LESSEE shall comply with all applicable laws, rules, and regulations affecting the Property now or hereafter in effect, including, but not limited to all applicable zoning and/or land use regulations, ordinances, and permits. In the event LESSEE'S use of the Property is in conflict with any law, rule or regulation, and LESSEE is required to remedy such conflict, LESSEE shall have ninety days to effect such remedial action, or this Agreement will terminate at the option of COUNTY. In addition, LESSEE shall indemnify COUNTY in regard to any damages incurred as a result of LESSEE's non-compliance with this Section.

23. **TAXES AND ASSESSMENTS, POSSESSORY INTEREST:** LESSEE shall pay and discharge any and all property taxes and/or assessments, including special assessments and

possessory interest taxes, if any, which, due to LESSEE'S operations, may be levied upon the Property during the term of this Agreement. To the extent that LESSEE is exempt from real property taxation as a non-profit charitable entity, they shall be exempt from any re-imbusement of real property taxes payable by any successor entity of COUNTY. However, should LESSEE or any successor in interest to LESSEE not be exempt from real property taxation, any real property taxes due and payable on the property shall be reimbursed to the Lessor by LESSEE or successor in interest.

POSSESSORY INTEREST: LESSEE acknowledges and agrees that this Agreement may create a possessory interest subject to property taxation and that LESSEE may be required to pay any tax levied on such interest.

24. **NOTICES:** Any notice to be given to the parties shall be in writing and shall be served, either personally or by mail, to the following:

COUNTY: Santa Barbara County Redevelopment Agency
 Jamie Goldstein, Deputy Director
 1105 Santa Barbara Street, 4th Floor, East Wing
 Santa Barbara, CA 93101
 Facsimile: (805) 568-3249

LESSEE: Saint Athanasius Orthodox Church
 Attn: Director
 976 Embarcadero del Mar
 Isla Vista, CA 93117

or to the parties at such other place as may be designated in writing. Such notices shall be served by depositing them addressed as set out above, postage prepaid, in the U.S. mail, reliable overnight courier, or by personal delivery. The date of mailing, or in the event of personal delivery, the date of delivery shall constitute the date of service.

25. **DEFAULT:** Except as otherwise required herein, should LESSEE at any time be in material default hereunder with respect to any covenant contained herein, COUNTY shall give notice to LESSEE specifying the particulars of the default and LESSEE shall promptly commence remedial action to cure the default. Should such default continue uncured for a period of thirty (30) calendar days from such notice, this Agreement shall terminate at the option of COUNTY; unless the cure of such default shall reasonably take more than thirty (30) calendar days in which case LESSEE shall proceed with all due speed to cure the default and shall have a reasonable time to effectuate its cure.

26. **REMEDIES:** In the event of a default or breach, either party may exercise any right or remedy at law or in equity which such party may have by reason of such default or breach including but not limited to the following:

a. The non-defaulting party may waive the default or breach in accordance with Section 27, **WAIVER**, herein below.

b. The non-defaulting party may maintain this Agreement in full force and effect and recover whatever monetary loss(es) may have resulted from such default or breach.

c. Where LESSEE is the nondefaulting party, LESSEE may terminate the Agreement and surrender use of the Property.

d. Where COUNTY is the nondefaulting party, COUNTY may terminate the Agreement and LESSEE shall vacate within thirty (30) days of written notice from COUNTY.

27. **WAIVER:** It is understood and agreed that any waiver, express or implied of any term of this Agreement shall not be a waiver of any subsequent breach of a like kind or of any other provision of this Agreement.

28. **AMENDMENTS:** This Agreement may only be amended by written consent of the parties and such changes shall be binding upon the heirs or successors of the parties. Amendments to the Agreement that do not alter the purpose of the Agreement may be approved and executed by the Directors.

29. **TERMINATION:** This Agreement shall terminate and all rights of LESSEE shall cease and LESSEE shall quietly and peacefully deliver to COUNTY, possession, interest and title to the Premises:

a. Upon expiration of the Agreement as provided in Section 5, TERM; or

b. Upon NINETY (90) days written notice by LESSEE to COUNTY, which may be with or without cause; or

c. Upon abandonment of the Property as provided in Section 11, ABANDONMENT OF THE PROPERTY; or

d. Upon the failure of LESSEE to satisfy, observe or perform any of the covenants, conditions or reservations set forth in this Agreement and the expiration of the cure period as provided in Section 25, DEFAULT; or

e. As provided in Section 30, DESTRUCTION; or

f. In the event LESSEE is found to be in non-compliance with any permits associated with this Agreement and such non-compliance is not resolved in a timely fashion.

30. **DESTRUCTION:** If the Property is partially or totally destroyed by fire or other casualty, this Agreement, at the option of LESSEE, shall terminate. If LESSEE chooses to terminate the Agreement; LESSEE, at COUNTY'S option, shall return the Property to its original condition as near as is practical.

31. **HOLDING OVER:** Should LESSEE occupy the Property after the expiration date of this Agreement or any extension thereof, with the consent of COUNTY, expressed or implied, such possession shall be construed to be a tenancy from month to month.

32. **AGENCY DISCLOSURE:** LESSEE acknowledges that the General Services Department, Facilities Services Division of the COUNTY is the agent for the COUNTY exclusively, and is neither the agent for LESSEE nor a dual agent in this transaction.

33. **SURRENDER OF PREMISES:** Upon expiration or termination of this Agreement, LESSEE shall vacate and surrender possession of, and any claim to the Property, leaving it in good condition, except for ordinary wear and tear.

34. **CONDEMNATION:** In the event the Property or any part thereof is taken by condemnation, eminent domain, or any such proceeding that precludes access to or use of the Property, COUNTY shall have the exclusive right to control the defense of any such action in condemnation or eminent domain and to defend any such action and settle the same in COUNTY'S absolute discretion. LESSEE agrees that COUNTY shall have the right, but not the obligation, to defend or settle any such action of condemnation or eminent domain affecting any of LESSEE'S operations in the leased area.

LESSEE shall receive from COUNTY such proportionate amount of the judgment, award, or settlement as shall be attributable to LESSEE'S interests.

In the event possession of the leased area or partial possession of the leased area is obtained by a public agency or other agency empowered to take by eminent domain, in a manner which precludes LESSEE'S intended use, this Agreement shall terminate as of the effective date of possession and upon such termination, any obligation of LESSEE to pay rent shall cease with the payment of the pro-rated portion of rental obligations up to said termination date. Any pre-paid rent shall be returned to LESSEE from the effective date of possession.

In the event of a partial taking, this Agreement may continue at COUNTY'S option.

35. **CAPTIONS:** The title or headings to the sections of this Agreement are not a part of this Agreement, and shall have no effect upon the construction or interpretation of any part hereof.

36. **SEVERABILITY:** If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

37. **CERTIFICATION OF SIGNATORY:** The signatories of this Agreement and each of them represent and warrant that they are authorized to execute this Agreement and that no additional signatures are required to bind COUNTY and LESSEE to its terms and conditions or to carry out duties contemplated herein.

38. **ENTIRE AGREEMENT:** The parties to this Agreement intend that their negotiations, conversations and statements made prior to execution of this Agreement are fully integrated and expressed herein, and no such negotiations, conversations, and statements shall be deemed to create rights or obligations other than those stated herein.

39. **CONSTRUCTION:** The parties have negotiated the terms of this Agreement and have consulted an attorney as deemed necessary. The terms of this Agreement reflect this negotiation and the intentions of both parties. These terms shall be interpreted with regard to each party equally.

40. **FACSIMILE SIGNATURES:** In the event that the parties hereto utilize facsimile transmitted documents which include signatures, such documents shall be accepted as if they bore original signatures provided that documents bearing ORIGINAL SIGNATURES are provided within seventy-two (72) hours of transmission of the facsimile, except that funds shall not be released upon facsimile signature nor shall facsimile signed documents be accepted for recordation by the Clerk Recorder of the County.

41. **EXECUTION IN COUNTERPARTS:** This Agreement may be executed in any number of counterparts and each such counterpart shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

///
///
///

Project: UMC Lease
APN: 075-163-017
Folio: 003540
Agent: DG

IN WITNESS WHEREOF, COUNTY and LESSEE have executed this Agreement by the respective authorized officers as set forth below to be effective as of the date executed by COUNTY.

“COUNTY”
SANTA BARBARA COUNTY
REDEVELOPMENT AGENCY

ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD

Chair, Board of Directors

By: _____
Deputy

Date: _____

“LESSEE”
SAINT ATHANASIUS
ORTHODOX CHURCH

APPROVED AS TO FORM:
DANIEL J. WALLACE
COUNTY COUNSEL

Name and Title

By: _____
Deputy

Name and Title

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

By: _____
Deputy

APPROVED:

APPROVED AS TO INSURANCE FORM:

Ronn Carlentine SR/WA
Real Property Manager

Ray Aromatorio, ARM, AIC
Risk Program Administrator

EXHIBIT A



Attachment 7.
Summary Letter for June 5, 2007 Appraisal of 976 Embarcadero Del Mar

HAMMOCK, ARNOLD, SMITH & COMPANY

Real Estate Appraisers & Consultants

AMES W. HAMMOCK, MAI
MICHAEL NEAL ARNOLD, MAI, MRICS
BENJAMIN F. SMITH, M.A., MAI
MATTHEW N. ARNOLD

TELEPHONE: (805) 966-0869
FACSIMILE: (805) 966-6352
www.hascosb.com

215 W. FIGUEROA STREET
SANTA BARBARA
CALIFORNIA 93101

June 7, 2007

County of Santa Barbara
Isla Vista Redevelopment Agency
1105 Santa Barbara Street, 2nd Floor
Santa Barbara, CA 93101

Attention: Jamie Goldstein

Reference: 976 Embarcadero Del Mar
Isla Vista, California

Gentlemen:

In accordance with your request and authorization, the above referenced real property has been examined and appraised for the purpose of reporting to you my opinion of its market value as of June 5, 2007.

As a result of this investigation and analysis of matters pertinent to the property's value, I have concluded that the market value of the fee simple estate, as of the date mentioned, was \$1,875,000.

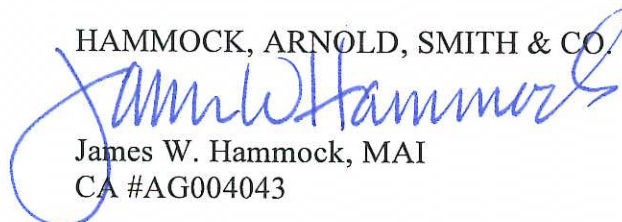
ONE MILLION EIGHT HUNDRED SEVENTY FIVE THOUSAND DOLLARS

On the following pages can be found an appraisal report setting forth some of the information and conclusions which, in part, form the basis for the opinion expressed.

This report is intended to conform to the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation and the Standards of Professional Appraisal Practice and Code of Professional Ethics of the Appraisal Institute. My work would be classified as a Complete Appraisal, and this a Summary Report.

Respectfully submitted,

HAMMOCK, ARNOLD, SMITH & CO.



James W. Hammock, MAI
CA #AG004043

JWH:lz

Attachment 8.
Summary Letter for June 7, 2007 Appraisal of 970 Embarcadero Del Mar

HAMMOCK, ARNOLD, SMITH & COMPANY

Real Estate Appraisers & Consultants

JAMES W. HAMMOCK, MAI
MICHAEL NEAL ARNOLD, MAI, MRICS
BENJAMIN F. SMITH, M.A., MAI
C. MATTHEW N. ARNOLD

TELEPHONE: (805) 966-0869
FACSIMILE: (805) 966-6352
www.hascosb.com

215 W. FIGUEROA STREET
SANTA BARBARA
CALIFORNIA 93101

June 7, 2007

County of Santa Barbara
Isla Vista Redevelopment Agency
1105 Santa Barbara Street, 2nd Floor
Santa Barbara, CA 93101

Attention: Jamie Goldstein

Reference: 970 Embarcadero Del Mar
Isla Vista, California

Dear Mr. Goldstein:

In response to your request I have personally inspected the property referred to above for the purpose of providing you with my opinion as to the current market value for the fee simple estate.

Prior Appraisal

In June, 2006 I prepared an appraisal report for this property for the County of Santa Barbara. By reference hereto that report is made a part of this letter update.

Brief Property Update

The property is a two-story mixed-use, medical clinic/office building of 9,570 square feet on 11,288 square feet of land. The office portion was built in 1990; the clinic portion in 1968.

The owners have nearly completed the remodel/upgrade project mentioned in the previous report. The prior condition was fair to average; the improvements are now in excellent condition. An estimated \$800,000 has been spent to install and elevator, upgrade interiors, add new roof and other improvements.

Approach to Value

Set out below are the results of a search for comparable sales from which to estimate market value for the property in question.

SALES SUMMARY						
No.	Address/A.P.N.	Sq. Ft. Land Zoning	Sq. Ft. Impvts.	Sale Date	Sale Price	SP/SF Impvts.
1.	163 Aero Camino 73-070-04	43,560 M-1	16,450	8/06	\$3,125,000	\$190
2.	310 Pine Avenue 71-121-13	5,570 C-3	4,740	5/07	1,600,000	338

My search for recent sales in Isla Vista and Goleta only produced two transactions. These, along with the data in my prior report, provide a broad range of comparisons within which to value the subject.

Taken as a group the data show a range of \$183 to \$471 per square foot of building area. Excluding the extremes, which are the least comparable, the range narrows to \$225 to \$375. The subject falls easily within this range. In the analysis below the office area will be valued at \$250 per foot and the clinic at \$300 per square foot reflecting its higher degree of interior improvement.

Commercial – Office Area:

6,240 Sq. Ft. @ \$250/Sq. Ft. = \$1,560,000

Clinic Area:

3,330 Sq. Ft. @ \$300/Sq. Ft. = 999,000

Indicated Value: \$2,559,000

Say, \$2,600,000

Income Discussion

As in the prior appraisal, rental data is difficult to obtain for medical clinic space. The analysis that follows is the same as in the prior report. It begins with the value indicated in the Sales Approach and ends with a projection of rents needed to support an investment-based purchase.

Market Value:	\$2,600,000
Required Annual Yield:	<u>x .07</u>
Net Operating Income:	\$182,000
Adjusted for Vacancy, etc.:	<u>÷ .85</u>
Annual Income:	\$214,118
Monthly Income:	

$$\$214,118 \div 12 \text{ Months} = \$17,843$$

An allocation of this rent could be as follows, to reflect the increased value of the clinic space:

Clinic Area:	
3,330 Sq. Ft. @ \$2.00/Sq. Ft. =	\$6,660
Commercial – Office Area:	
6,240 Sq. Ft. @ \$1.50/Sq. Ft. =	<u>9,360</u>
Total:	<u>\$16,020</u>

These rents are supportable in the local market, considering the type and condition of the space. A lower rate of return than the 7% used, say 6%, would be acceptable in the market and nearly match the income projected above.

Valuation

Based upon the personal examination and study made, and as a result of my experience as a real estate appraiser, the opinion has been formed that the market value of the fee simple estate of the subject property, as of June 7, 2007 is as follows:

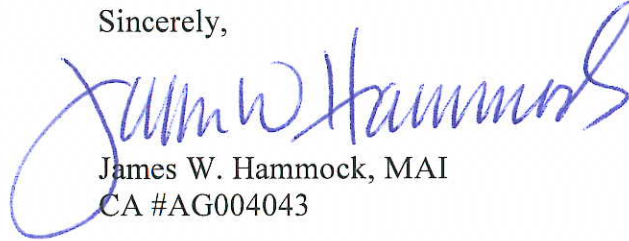
\$2,600,000

TWO MILLION SIX HUNDRED THOUSAND DOLLARS

June 7, 2007
Page 4

I hope the information contained in this letter is suitable for your current needs. If you have any questions or require further information please do not hesitate to call me.

Sincerely,

A handwritten signature in blue ink that reads "James W. Hammock". The signature is fluid and cursive, with a large initial "J" and "H".

James W. Hammock, MAI
CA #AG004043

HAMMOCK, ARNOLD, SMITH & CO.

JWH:lz

Attachment 9.
Report Pursuant to Health & Safety Code §33445

**SUMMARY REPORT PURSUANT TO SECTION 33445
OF CALIFORNIA HEALTH AND SAFETY CODE REGARDING
THE COUNTY OF SANTA BARBARA REDEVELOPMENT AGENCY
PROPOSED PURCHASE OF 976 EMBARCADERO DEL MAR FROM
SAINT ATHANASIUS ORTHODOX CHURCH**

The California Health and Safety Code Section 33445 requires that if a redevelopment agency wishes to pay all or a part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement that is publicly owned either within or without the project area, the legislative body of the community must determine all of the following:

1. That the buildings, facilities, structures, or other improvements are of benefit to the project area or the immediate neighborhood in which the project is located, regardless of whether the improvement is within another project area, or in the case of a project area in which substantially all of the land is publicly owned that the improvement is of benefit to an adjacent project area of the Agency.
2. That no other reasonable means of financing the buildings, facilities, structures, or other improvements, are available to the community.
3. That the payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements will assist in the elimination of one or more blighting conditions inside the project area or provide housing for low or moderate income persons, and is consistent with the implementation plan adopted pursuant to CRL Section 33490.

Section 33445 applies to the County of Santa Barbara Redevelopment Agency ("Agency") proposed purchase of 976 Embarcadero Del Mar ("Property") from Saint Athanasius Orthodox Church, and the following report includes all information required by California Health and Safety Code.

1. Benefit to the Isla Vista Project Area.

The Agency purchase of the Property primarily benefits the Project Area by allowing for the eventual redevelopment of the site by the Agency consistent with the Isla Vista Master Plan and the Redevelopment Plan.

2. Financing.

There is no available funding to acquire the Property other than Redevelopment Agency funds. The County is facing a significant County General Fund deficit. There are no dedicated sources of funds that could be used for this acquisition and County staff has not been able to identify any grant funds that would be available for this purchase.

3. Elimination of Blight and Consistency with the Implementation Plan.

Agency purchase of the Property will assist in the elimination of blight by allowing for the redevelopment of the site by the Agency consistent with the Isla Vista Master Plan and Redevelopment Plan.

The acquisition of property within the downtown area is identified as a specific Downtown Project in the adopted FY 2007 – 2011 Five Year Implementation Plan. This acquisition is consistent with that Plan. The acquisition is authorized under Sections 5.01 and 5.03 of the Redevelopment Plan.

Attachment 10.
Report Pursuant to Health & Safety Code §33679

**SUMMARY REPORT PURSUANT TO SECTION 33679
OF CALIFORNIA HEALTH AND SAFETY CODE REGARDING
THE COUNTY OF SANTA BARBARA REDEVELOPMENT AGENCY
PROPOSED PURCHASE OF 976 EMBARCADERO DEL MAR FROM
SAINT ATHANASIOUS ORTHODOX CHURCH**

California Health and Safety Code Section 33679 requires that before a redevelopment agency commits to use the portion of taxes to be allocated and paid to an agency pursuant to subdivision (b) of Section 33670 for the purpose of paying all or part of the value of the land for, and the cost of the installation and construction of, any publicly owned building, other than parking facilities, the legislative body shall hold a public hearing.

Notice of the time and place of the public hearing shall be published in a newspaper of general circulation in the community for at least two successive weeks prior to the public hearing. There shall be available for public inspection and copying, at a cost not to exceed the cost of duplication, a summary which includes all of the following:

- (a) Estimates of the amount of such taxes proposed to be used to pay for such land and construction of any publicly owned building, including interest payments.
- (b) Sets forth the facts supporting the determinations required to be made by the legislative body pursuant to Section 33445.
- (c) Sets forth the redevelopment purpose for which such taxes are being used to pay for the land and construction of such publicly owned building.

The summary shall be made available to the public for inspection and copying no later than the time of the first publication of the notice of the public hearing.

Section 33679 applies to the County of Santa Barbara Redevelopment Agency ("Agency") proposed purchase of 976 Embarcadero Del Mar from Saint Athanasius Orthodox Church ("Church"), and the following report includes all information required by California Health and Safety Code.

1. Noticing.

The public hearing was noticed according to Section 33679.

2. Tax Increment Estimates.

Estimates of the Amount of Redevelopment Agency Tax Increment Proposed for the Acquisition of 976 Embarcadero Del Mar

	Payment	Interest	Principle
Year 1	\$ (150,454.85)	\$ (93,750.00)	\$ (56,704.85)
Year 2	\$ (150,454.85)	\$ (90,914.76)	\$ (59,540.09)
Year 3	\$ (150,454.85)	\$ (87,937.75)	\$ (62,517.10)
Year 4	\$ (150,454.85)	\$ (84,811.90)	\$ (65,642.95)
Year 5	\$ (150,454.85)	\$ (81,529.75)	\$ (68,925.10)
Year 6	\$ (150,454.85)	\$ (78,083.50)	\$ (72,371.36)
Year 7	\$ (150,454.85)	\$ (74,464.93)	\$ (75,989.92)
Year 8	\$ (150,454.85)	\$ (70,665.43)	\$ (79,789.42)
Year 9	\$ (150,454.85)	\$ (66,675.96)	\$ (83,778.89)
Year 10	\$ (150,454.85)	\$ (62,487.02)	\$ (87,967.84)
Year 11	\$ (150,454.85)	\$ (58,088.62)	\$ (92,366.23)
Year 12	\$ (150,454.85)	\$ (53,470.31)	\$ (96,984.54)
Year 13	\$ (150,454.85)	\$ (48,621.09)	\$ (101,833.77)
Year 14	\$ (150,454.85)	\$ (43,529.40)	\$ (106,925.45)
Year 15	\$ (150,454.85)	\$ (38,183.12)	\$ (112,271.73)
Year 16	\$ (150,454.85)	\$ (32,569.54)	\$ (117,885.31)
Year 17	\$ (150,454.85)	\$ (26,675.27)	\$ (123,779.58)
Year 18	\$ (150,454.85)	\$ (20,486.29)	\$ (129,968.56)
Year 19	\$ (150,454.85)	\$ (13,987.87)	\$ (136,466.99)
Year 20	\$ (150,454.85)	\$ (7,164.52)	\$ (143,290.33)
Total	\$ (3,009,097.02)	\$ (1,134,097.02)	\$ (1,875,000.00)

3. Section 33445 Requirements.

The facts supporting the determinations required by Health and Safety Code Section 33445 are set forth in Exhibit A.

4. Redevelopment Purpose.

The redevelopment purpose of the acquisition is to allow the Agency to eventually redevelop the site consistent with the Isla Vista Master Plan and the Redevelopment Plan.

5. Public Availability of Summary

A summary of the information required by Health and Safety Code 33679 was available for public inspection and copying at www.ivrda.org at least two weeks prior to the public hearing.

Exhibits:

Exhibit A - Summary Report Pursuant to Section 33445

EXHIBIT A

SUMMARY REPORT PURSUANT TO SECTION 33445 OF CALIFORNIA HEALTH AND SAFETY CODE REGARDING THE COUNTY OF SANTA BARBARA REDEVELOPMENT AGENCY PROPOSED PURCHASE OF 976 EMBARCADERO DEL MAR FROM SAINT ATHANASIOS ORTHODOX CHURCH

The California Health and Safety Code Section 33445 requires that if a redevelopment agency wishes to pay all or a part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement that is publicly owned either within or without the project area, the legislative body of the community must determine all of the following:

1. That the buildings, facilities, structures, or other improvements are of benefit to the project area or the immediate neighborhood in which the project is located, regardless of whether the improvement is within another project area, or in the case of a project area in which substantially all of the land is publicly owned that the improvement is of benefit to an adjacent project area of the Agency.
2. That no other reasonable means of financing the buildings, facilities, structures, or other improvements, are available to the community.
3. That the payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements will assist in the elimination of one or more blighting conditions inside the project area or provide housing for low or moderate income persons, and is consistent with the implementation plan adopted pursuant to CRL Section 33490.

Section 33445 applies to the County of Santa Barbara Redevelopment Agency ("Agency") proposed purchase of 976 Embarcadero Del Mar ("Property") from Saint Athanasios Orthodox Church, and the following report includes all information required by California Health and Safety Code.

1. Benefit to the Isla Vista Project Area.

The Agency purchase of the Property primarily benefits the Project Area by allowing for the eventual redevelopment of the site by the Agency consistent with the Isla Vista Master Plan and the Redevelopment Plan.

2. Financing.

There is no available funding to acquire the Property other than Redevelopment Agency funds. The County is facing a significant County General Fund deficit. There are no dedicated sources of funds that could be used for this acquisition and County staff has not been able to identify any grant funds that would be available for this purchase.

3. Elimination of Blight and Consistency with the Implementation Plan.

Agency purchase of the Property will assist in the elimination of blight by allowing for the redevelopment of the site by the Agency consistent with the Isla Vista Master Plan and Redevelopment Plan.

The acquisition of property within the downtown area is identified as a specific Downtown Project in the adopted FY 2007 – 2011 Five Year Implementation Plan. This acquisition is consistent with that Plan. The acquisition is authorized under Sections 5.01 and 5.03 of the Redevelopment Plan.

Attachment 11.
Report Pursuant to Health & Safety Code §33433

**SUMMARY REPORT PURSUANT TO SECTION 33433
OF CALIFORNIA HEALTH AND SAFETY CODE
ON A LEASE AGREEMENT BY AND BETWEEN
THE COUNTY OF SANTA BARBARA REDEVELOPMENT AGENCY
AND SAINT ATHANASIUS ORTHODOX CHURCH**

The California Health and Safety Code Section 33433 requires that if a redevelopment agency wishes to sell or lease property to which it holds title and if that property was acquired in whole or in part with property tax increment funds, the agency must first secure approval of the proposed sale or lease agreement from its local legislative body after a public hearing. A copy of the proposed sale or lease agreement and a summary report that describes and contains specific financing elements of the proposed transaction shall be available for public inspection prior to the public hearing. The following report includes all information required by California Health and Safety Code.

1. Summary of Proposed Agreement. *A description of the premises to be leased and the major responsibilities of the Agency and Tenant.*

The Agreement includes a lease of the property at 976 Embarcadero Del Mar (APN: 075-163-017), located within the Embarcadero Loop in downtown Isla Vista ("Premises"). The Agreement consists of a two year term with an option to extend the term for an additional two years, for a total of four years. The building to be leased is approximately 3,600 gross square feet and is currently occupied by Saint Athanasius Orthodox Church ("Church"). The Church will be the Tenant on the site, and will continue to provide worship services to their parishioners for a lease rate of \$1.50 per square foot per month for a total for the premises of \$64,800 per year. In addition, the Church will be responsible for any taxes, assessments, insurance, possessory interest taxes, repairs, replacement, and maintenance related to the interior of the Premises, plus public area maintenance. A copy of the lease agreement is attached hereto as Exhibit A.

2. Cost of the Agreement to the Agency. *The cost of the agreement to the redevelopment agency, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the agency, plus the expected interest on any loans or bonds to finance the agreement.*

There are no relocation or improvement costs associated with this market rate lease. The tenant will be responsible for all costs associated with maintenance and operation of the leased space.

3. Estimated Value of the Interest to be Conveyed. *Summarizes the estimated value of the interest to be conveyed to the Tenant.*

The consideration being paid to the Agency of \$64,800 is equal to the fair market lease value for the Premises based on independently prepared appraisals for 970 Embarcadero Del Mar (June 7, 2007) and 976 Embarcadero Del Mar (June 5, 2007). A copy of the appraisal summary letters are attached to the Board Letter accompanying this Report, and the appraisals are available in the Office of the Redevelopment Agency during normal business hours. There is no subsidy or other value being conveyed to the Tenant.

4. Consideration Received and Reasons Therefore. *The estimated value of the lease payments to be paid by the Tenant to the Agency and a comparison of the lease payments and the fair market value at the highest and best use consistent the redevelopment plan for the interests conveyed.*

Per the terms of the Agreement, the agency will lease the Premises to the Church in return for monthly fair market value lease payments over the life of the lease term.

Revenue to Agency

The Agreement consists of a two year term with an option to extend the term for an additional two years, for a total of four years. During the terms of the lease the Agency will receive annual rent of \$64,800. The rent for the Lease shall be adjusted annually pursuant to the corresponding increase in the Consumer Price Index (CPI).

Over the four-year term, the value of the lease is projected to be \$259,200. This is the amount of revenue that the Agency can expect to receive over the life of the lease term (four years). The agreement includes terms in which the lease can be terminated early based on the consent of both the Church and the Agency.

The Premises are located centrally in downtown Isla Vista. The lease will allow the Church time to relocate. Ultimately it is anticipated that the site will be developed consistent with the Isla Vista Master Plan and the Redevelopment Plan.

5. Elimination of Blight. *An explanation of why the sale of the site will assist in the elimination of blight, as required by Section 33433.*

Agency lease of the Property will assist in the elimination of blight by allowing for the eventual redevelopment of the site consistent with the Isla Vista Master Plan and the Redevelopment Plan.

6. Conformance with the Five-Year Implementation Plan. *An explanation of how the Agreement is in conformance with the Agency's Five-Year Implementation Plan.*

The acquisition of property within the downtown area is identified as a specific Downtown Project in the adopted FY 2007 – 2011 Five Year Implementation Plan. This acquisition is consistent with that Plan.

EXHIBITS:

Exhibit A: Lease Agreement

EXHIBIT A

LEASE AGREEMENT

The Lease Agreement is attached to the Board Letter accompanying this Report.