

**SECOND AMENDMENT TO THE JOINT EXERCISE OF POWERS
AGREEMENT ESTABLISHING THE SANTA CRUZ COUNTY LIBRARY
FINANCING AUTHORITY**

This Second Amendment to the Joint Exercise Of Powers Agreement Establishing The Santa Cruz County Library Financing Authority is entered into on the date by which it has been duly approved and executed by all parties hereto by and among the County of Santa Cruz ("County"), the City of Santa Cruz ("Santa Cruz"), the City of Watsonville ("Watsonville"), the City of Capitola ("Capitola") and the City of Scotts Valley ("Scotts Valley"), each duly organized and existing under the laws of the State of California.

Recitals

WHEREAS, the County, Santa Cruz, Watsonville, Capitola and Scotts Valley may provide for the financing of library services and wish to form a joint powers authority under the Joint Exercise of Powers Law of the State of California, constituting Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, for the purpose of establishing a vehicle which will:

1. Ensure that library facilities and services will continue to be provided to the residents of each city and the County unincorporated area without regard to political or jurisdictional boundaries which now exist or may exist in the future;
2. Receive General and Special Purpose Funds budgeted by the cities and the County for library purposes, and any library funds which may become available for library purposes as the result of taxes or fees which are levied in each jurisdiction;
3. Provide for the equitable distribution of funds made available to qualified and participating libraries; and
4. Promote the efficient and effective operation of the libraries in the County and the maintenance of high quality library services.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises herein contained, the County and the cities of Santa Cruz, Watsonville, Capitola and Scotts Valley do hereby agree as follows:

Article I - General Provisions

Section 1.1 – Definitions. Unless the context otherwise requires, the terms defined in this section have the meanings herein specified.

"Act" means the Joint Exercise of Powers Act, constituting Chapter 5 of Division 7 of Title 1 of the California Government Code, commencing with Section 6500 of said Code.

"Agreement" means this Joint Exercise of Powers Agreement, as it may be amended from time to time, creating the Financing Authority.

"Allocated Taxes" include current secured property taxes, current unsecured property taxes, supplemental secured property taxes, supplemental unsecured property

12/15/15
20

taxes, State Homeowners Property Tax Relief and such funds as the County Library Fund may receive as a result of Redevelopment Pass Through Agreements. Allocated Taxes do not include payments which the County has received from the City of Capitola, as Successor Agency to the former Capitola Redevelopment Agency, in lieu of the construction of a branch library.

“Annual Net Amount of Allocated Taxes” means the Allocated Taxes received by the County Library Fund through the operation of State Law minus the County Library Fund’s share of the Property Tax Administration Fee, General County Overhead and other library costs allocated to the County Library Fund.

“Board” means the Board of Directors of the Financing Authority.

“Branch” or “Branches” means a facility where library services are delivered.

“Cities” means, collectively, the cities of Santa Cruz, Watsonville, Capitola and Scotts Valley.

“County” means the County of Santa Cruz.

“Director” means an individual member of the Board, as set forth in Section 1.4.

“Directors” means, collectively, all the members of the Board, as set forth in Section 1.4.

“Financing Authority” means the Santa Cruz County Library Financing Authority created by this Agreement.

“Governing Body” means the body that oversees and certifies a public library as a Qualified Public Library in accordance with Section 4.4 (A).

“Jurisdiction” or “Jurisdictions” means the County, Cities or any combination thereof.

“MOE” means the Maintenance of Effort amounts set forth in Sections 3.1 and 3.2.

“New City” is not an existing city in the County and means any new city with authority to provide library services.

“New ISD” means any new independent special district with authority to provide library services.

“Party” means an individual party to the Agreement.

“Parties” means, collectively, all the parties to the Agreement, being the Cities and the County.

“Qualified Public Library” means the Santa Cruz City/County Library System, the Watsonville Library, any New City or New ISD that meets the requirements set forth in Section 4.4 (B) or any Party to this Agreement with authority to operate an independent library system that makes the certifications set forth in Section 4.4 (A).

Section 1.2 – Purpose. This Agreement is made pursuant to the Act providing for the joint exercise of powers common to the County and the Cities. The purpose of this Agreement is to provide for the distribution of the various contributions and taxes; to ensure that library services shall remain available to all citizens of this County without regard to jurisdictional boundaries; to provide for the equitable financing of library services in Santa Cruz County; and to promote the efficient and effective provision of high quality library services throughout the County.

Section 1.3 – Creation of Financing Authority. Pursuant to the Act, there is hereby created a public entity to be known as the "Santa Cruz County Library Financing Authority." The Financing Authority shall be a public entity separate and apart from the County and the Cities and shall administer this Agreement.

Section 1.4 – Board of Directors. The Financing Authority shall be administered by a Board of Directors consisting of five Directors, unless and until such number is changed by amendment of this Agreement. The Board shall consist of the following:

- (A) One member of the Board of Supervisors, appointed by and serving at the pleasure of the Board of Supervisors.
- (B) One member of the Santa Cruz City Council, appointed by and serving at the pleasure of the Santa Cruz City Council.
- (C) One member of the Watsonville City Council, appointed by and serving at the pleasure of the Watsonville City Council.
- (D) One member of the Capitola City Council, appointed by and serving at the pleasure of the Capitola City Council.
- (E) One member of the Scotts Valley City Council, appointed by and serving at the pleasure of the Scotts Valley City Council.

All voting power of the Financing Authority shall reside in the Board.

The appointing entity for each regular member it appoints may also appoint an alternate member to serve in the place of the regular member when the regular member is absent or disqualified from participating in a meeting of the Board. An alternate shall serve at the pleasure of the appointing entity's governing board.

Section 1.5 – Meetings of the Board.

(A) Regular Meetings. The Board shall provide for its regular meetings; provided, however, that at least two regular meetings shall be held each year (usually in January and June) for the purpose of establishing preliminary and final distributions of funds for the upcoming fiscal year. The date, hour and place of the holding of regular meetings may be fixed by the Board and a copy of such action shall be filed with the County and the Cities.

(B) Special Meetings. Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California.

(C) Call, Notice and Conduct of Meetings. All meetings of the Board, including without limitation, regular, adjourned regular and special meetings, shall be called, noticed and conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Sections 54950 et. seq.)

Section 1.6 – Minutes. The Secretary shall cause to be kept minutes of the meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the minutes to be filed in the official records of the Financing Authority.

Section 1.7 – Voting. Each Director shall have one vote.

Section 1.8 – Quorum; Required Votes; Approvals. A majority of the total membership of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. The affirmative votes of three of the Directors present at any meeting at which a quorum is present shall be required to take any action by the Board.

Section 1.9 – Bylaws. The Board may adopt, from time to time, such bylaws, rules and regulations for the conduct of its meetings as are necessary for the purposes hereof.

Article II - Officers and Employees

Section 2.1 – Chairperson, Vice-Chairperson and Secretary. The Board shall elect a Chairperson and Vice-Chairperson of the Financing Authority at its annual meeting in January. The Clerk of the Board of Supervisors shall be its Secretary. The officers shall perform the duties normal to said offices. The Chairperson shall sign all contracts on behalf of the Financing Authority and shall perform such other duties as may be imposed by the Board. The Vice-Chairperson shall sign contracts and perform all of the Vice-Chairperson's duties in the absence of the Chairperson. The Secretary shall countersign all contracts signed by the Chairperson or Vice-Chairperson on behalf of the Financing Authority, perform such other duties as may be imposed by the Board and cause a notice of this Agreement to be filed with the Secretary of State pursuant to the Act.

Section 2.2 – Treasurer. Pursuant to Section 6505.5 of the Act, the County Auditor-Controller-Treasurer-Tax Collector is hereby designated as the Treasurer of the Financing Authority. The Treasurer shall be the depository, shall have custody of all funds and money of the Financing Authority from whatever source and shall have the duties and obligations set forth in Sections 6505 and 6505.5 of the Act.

Section 2.3 – Controller. Pursuant to Section 6505.5 of the Act, the County Auditor-Controller-Treasurer-Tax Collector is hereby designated as the Controller of the Financing Authority, and shall assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of the Financing Authority. As provided in Section 6505 and Section 6505.5 of the Act, the Controller shall make arrangements with a certified public accountant or firm of certified public accountants for the annual audit of accounts and records of the Financing Authority.

Section 2.4 – Officers in Charge of Records, Funds and Accounts. Pursuant to Section 6505.5 of the Act, the Controller shall have charge of, handle and have access to all accounts, funds and money of the Financing Authority and all records of the Financing

Authority relating thereto. The Secretary shall have charge of, handle and have access to all other records of the Financing Authority.

Section 2.5 – Legal Advisor. The Board shall have the power to appoint the legal advisor of the Financing Authority who shall perform such duties as may be prescribed by the Board.

Until such time as there is a different appointment, the County Counsel shall act as legal advisor for the Financing Authority.

Section 2.6 – Other Employees. The Board shall have the power by resolution to appoint and employ such other consultants and independent contractors as may be necessary for the purposes of this Agreement.

All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents, or employees of a public agency when performing its functions shall apply to the officers, agents or employees of the Financing Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement.

None of the officers, agents, or employees directly employed by the Board shall be deemed, by reason of their employment by the Board to be employed by the County or the Cities or, by reason of their employment by the Board, to be subject to any of the requirements of the County or the Cities.

Section 2.7 – Assistant Officers. The Board may by resolution appoint such assistants to act in the place of the Secretary or other officers of the Financing Authority (other than any Director) and may by resolution provide for the appointment of additional officers of the Financing Authority who may or may not be Directors, as the Board shall from time to time deem appropriate.

Article III - Contributions

Section 3.1 – Maintenance of Effort Contributions of the Cities. Commencing with the 2016-17 fiscal year, the City of Santa Cruz shall contribute a MOE amount each year in the amounts shown below:

City of Santa Cruz Maintenance of Effort

Fiscal Year	Amount
2016-17	\$1,464,751
2017-18	\$1,534,751
2018-19	\$1,604,751
2019-20	\$1,674,751
2020-21	\$1,744,751

The City of Santa Cruz shall allocate an additional \$30,000 annually in a City Library Fund for exclusive use on library improvements or services at City branches. Use

of these funds shall be determined by the Santa Cruz City Council with input by library staff.

Commencing with the 2016-17 fiscal year, the City of Watsonville shall contribute a MOE amount each year in the amounts shown below:

City of Watsonville Maintenance of Effort

Fiscal Year	Amount
2016-17	\$541,684
2017-18	\$541,684
2018-19	\$541,684
2019-20	\$541,684
2020-21	\$541,684

Section 3.2 – Maintenance of Effort Contributions of the County. Commencing with the 2016-17 fiscal year, and subject to the terms below, the County of Santa Cruz, on behalf of the Unincorporated Area and the cities of Capitola and Scotts Valley, shall contribute a MOE amount from the County Library Fund each year in the amounts shown below:

County Library Fund Maintenance of Effort

Fiscal Year	Amount
2016-17	\$5,072,541
2017-18	\$5,072,541
2018-19	\$5,072,541
2019-20	\$5,072,541
2020-21	\$5,072,541

If the Annual Net Amount of Allocated Taxes received by the County Library Fund is less than the annual MOE amount shown above, the County shall contribute the lesser amount as its annual MOE contribution. In no instance shall the County's annual MOE contribution exceed the Annual Net Amount of Allocated Taxes received by the County Library Fund.

If the Annual Net Amount of Allocated Taxes received by the County Library Fund exceeds the annual MOE amount shown above, the County shall allocate any excess funds in the County Library Fund for exclusive use on library improvements or services at County Library Fund branches with input by library staff and the cities of Capitola and Scotts Valley.

Section 3.3 – Library Operating Revenues. In addition to the MOE contributions set forth in the preceding section, it is agreed that Library Operating Revenues such as fines, State grants, donations and bequests shall be retained by the Cities or the County and shall be made available to the libraries to finance library operations or facilities.

Section 3.4 – Contribution of Revenues from Taxes or Fees. The County shall pay to the Financing Authority the net proceeds of any tax or fee levied for library purposes upon receipt if such taxes or fees are directed to the Financing Authority. The net proceeds

of the transaction and use tax authorized on the June 2008 ballot shall be paid to the Financing Authority. If the actual amount received from the transaction and use tax is less than the amount estimated for three consecutive quarters, the Financing Authority shall conduct a review of the MOE contributions and establish a process for developing a solution to minimize the impact on the Santa Cruz City/County Library System, the Watsonville Library and any other Qualified Public Library, as defined in Section 4.4.

Section 3.5 – Method of Payment. The MOE contributions of the Cities and the County provided for in Sections 3.1 and 3.2 shall be payable in twelve equal monthly installments which shall be due to the Financing Authority on the fifteenth day of each month. Interest shall be levied on late payments at rates established by the Financing Authority.

Article IV - Annual Budget/Disbursement of Funds

Section 4.1 – General. The Financing Authority shall adopt an annual budget which provides for allocating the funds it receives to Qualified Public Libraries. The Financing Authority shall allocate and disburse all of the funds it receives each year in accordance with Section 4.3 of this Agreement.

Section 4.2 – Budget Process. On or before January 15th of each year, the County Administrative Office, after consulting with the Financing Authority's Controller, shall provide the Financing Authority's Board with a report including an estimate of the funds available to the Financing Authority for the upcoming fiscal year and the population of the Cities and the County for the preceding January as contained in the Official State Estimates of the Population for California Cities and Counties (Report E-1 or its successor). As used herein, the fiscal year begins on July 1 and ends on June 30. The Report shall include:

- (A) An estimate of the amount available from MOE contributions received by the Financing Authority pursuant to Sections 3.1 and 3.2 of this Agreement;
- (B) An estimate of the amount available from the proceeds of any taxes or fees received by the Financing Authority pursuant to Section 3.4 of this Agreement; and
- (C) An estimate of any carryover balances or surplus funds which may be available from preceding fiscal years.

Based on the Report on funds available, the Board shall make a determination for the upcoming fiscal year of the proposed amount to be distributed to Qualified Public Libraries in accordance with Section 4.3 of this Agreement.

Section 4.3 – Disbursement of Funds. Commencing with the 2016-17 fiscal year, the amounts available from MOE contributions, taxes or fees, and carryover balances or surplus funds shall be disbursed as follows:

- (A) The Watsonville Library shall receive a fixed distribution in the amount of \$1,563,703 annually for five (5) years from the MOE contributions of the City of Watsonville and the County. This amount is equal to the 2015-16 adopted budget for the Watsonville Library's MOE distribution. It is envisioned that the Watsonville Library's MOE distribution will remain fixed for an additional two (2) years after the term of this Agreement

and then be reduced over the next thirteen (13) years so that the Watsonville Library's share of the Annual Net Amount of Allocated Taxes received by the County Library Fund reaches the targeted level of funding based on the population served, as shown in Attachment A.

The remaining amount available from MOE contributions shall be distributed to the Santa Cruz City/County Library System and any other Qualified Public Library, as defined in Section 4.4, on a per capita basis using population figures for the previous January as estimated by the State of California in its Official State Estimates (Report E-1). The final distribution amount for the upcoming fiscal year shall be determined in June following the issuance of updated population numbers by the State.

(B) The estimated amount available from the proceeds of any taxes or fees shall be distributed to the Santa Cruz City/County Library System, the Watsonville Library and any other Qualified Public Library, as defined in Section 4.4, on a per capita basis using population figures for the previous January as estimated by the State of California in its Official State Estimates (Report E-1). The final distribution amount for the upcoming fiscal year shall be determined in June following the issuance of updated population numbers by the State.

(C) The estimated amount available from any carryover balances or surplus funds shall be distributed to the Santa Cruz City/County Library System, the Watsonville Library and any other Qualified Public Library, as defined in Section 4.4, on a per capita basis using population figures for the previous January as estimated by the State of California in its Official State Estimates (Report E-1). The final distribution amount for the upcoming fiscal year shall be determined in June following the issuance of updated population numbers by the State.

Section 4.4 – Qualified Public Library. The Financing Authority shall distribute funds to any jurisdiction or combination of jurisdictions operating a Qualified Public Library in accordance with Subsections (A) or (B) below:

(A) Qualified Public Library Certifications

The Santa Cruz City/County Library System, the Watsonville Library, any New City or New ISD pursuant to Subsection (B) or any Party to this Agreement with authority to operate an independent library system shall be deemed a Qualified Public Library upon certification to the Financing Authority by the Governing Body that the library:

- (1) Is duly organized under the laws of the State of California;
- (2) Will allow free access to its facilities, materials and services to all residents of Santa Cruz County without regard to jurisdictional boundaries on a nondiscriminatory basis;
- (3) Will assign all library operating revenues, including but not limited to fines, state grants, donations and bequests, to the library for library purposes;
- (4) Will use all of the funds received from the Financing Authority exclusively for operating and maintaining its library including the cost of insurance; and

(5) Will establish accounts and accounting procedures acceptable to the Financing Authority's Controller which provide an accounting of all funds made available by the Financing Authority; to provide such reports on the expenditure of the funds made available as the Financing Authority or its Controller may request; and to be subject to examination and audit for a period of five (5) years. Costs for operations and capital expenditures shall be segregated.

(B) A New City or New Independent Special District

It is the policy of the Parties to this Agreement that any New City or New ISD with authority to provide library services to its residents be encouraged to secure library services through the libraries operated by Watsonville and the Santa Cruz City/County Library System. However, the Financing Authority may determine to make a per capita distribution to a Qualified Public Library by a New City or New ISD upon:

(1) The filing of an application with the Financing Authority which contains the certifications in Section 4.4 (A); an enforceable commitment to make a MOE contribution to the Financing Authority each year equal to the property taxes assigned to the New City or New ISD for library services or an amount acceptable to the Financing Authority and the New City or New ISD; and a statement explaining the New City's or New ISD's library facility, and the reasons it believes that a stand-alone New City or New ISD library would contribute to the efficient and effective provision of library services in the County; and

(2) A finding by the Financing Authority that the New City or New ISD has a suitable facility, a sound management plan for operating a stand-alone facility; and that the new library would contribute to the efficient and effective provision of library services in the County.

Section 4.5 – Payments to Qualified Public Libraries. On the last business day of the month the Financing Authority's Controller shall determine the amount available for payment to Qualified Public Libraries as a result of payments made to the Financing Authority pursuant to Sections 3.4 and 3.5 of this Agreement and calculate the proportional amount due to each of the Qualified Public Libraries. Payments shall follow within seven working days.

Article V - Powers and Duties

Section 5.1 – Powers. The Financing Authority shall have powers common to the Parties as set forth in the recitals of this Agreement, to wit: the power to assist in the financing of library services.

The Financing Authority is hereby authorized, in its own name, to do all acts necessary for the exercise of common powers, including but not limited to, any or all of the following:

- (a) To make and enter into contracts;
- (b) To sue and be sued in its own name;

- (c) To incur obligations; and
- (d) To carry out and enforce all the provisions of this Agreement.

Section 5.2 – Restrictions on Exercise of Powers. The powers of the Financing Authority shall be exercised in the manner provided in the Act and only as needed to implement the purposes of this Agreement.

Section 5.3 – Obligations of Financing Authority. Any obligations of the Financing Authority shall not be obligations of the County and of the Cities.

Article VI - Term and Withdrawal

Section 6.1 – Term. This Agreement shall commence upon the execution of the Agreement by the parties hereto. The Agreement shall continue and remain in effect through June 30, 2021.

Section 6.2 – Termination/Withdrawal. An individual Party may withdraw from this Agreement by the giving of one year notice no later than July 1 of any given year of its intent to withdraw from the Financing Authority effective on July 1 of the next year. Withdrawal by the County or the City of Santa Cruz shall terminate the Agreement.

Section 6.3 – Effect of Termination/Withdrawal. Upon termination or withdrawal, each Party shall have a continuing right to a per capita distribution of the transaction and use (sales) tax authorized on the June 2008 ballot provided it makes the certifications required of it in Section 4.4 (A). A withdrawing Party shall cease to have representation on the Board of Directors and will no longer have a MOE obligation or a right to a MOE distribution. A withdrawing Party shall perform all obligations under this Agreement until the effective date of the withdrawal.

Article VII - Disposition of Funds

Section 7.1 – Surplus Funds. Upon any termination of this Agreement, any surplus funds on hand shall be distributed to the County and the Cities in accordance with Sections 4.2 and 4.3 of this Agreement.

Article VIII – Indemnification and Insurance

Section 8.1 – Mutual Defense and Indemnification of Parties and Employees. Except as otherwise specified in this Section, each Party and the Financing Authority, respectively, shall defend, indemnify, and hold harmless one another against any and all claims, actions, losses, liability or expense (including attorney's fees) arising out of, or based upon, the acts or omissions of the Financing Authority or any Party in executing the powers of the Financing Authority. Notwithstanding the foregoing, to the full extent permitted by law, the Financing Authority shall defend, indemnify and hold harmless any Party, including but not limited to a Party whose employees serve as staff to the Financing Authority, and any person who is or was a Director of the Board, or an officer, employee or other agent of the Financing Authority or a Party, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any legal proceeding related to the work of the Financing Authority, if such person acted in good faith and in the course and scope of his or her office, employment or agency. In the

case of a criminal proceeding, the Financing Authority may, but is not required to, provide for indemnification and defense of a Director of the Board, or an officer, employee or other agent of the Financing Authority to the extent permitted by law.

Section 8.2 – Liability Insurance. The Financing Authority shall purchase a General Liability Insurance policy with coverage in the minimum amount of \$1,000,000 combined single limit, including coverage for: (a) bodily injury, (b) personal injury, (c) broad form property damage, (d) contractual liability, and (e) cross-liability. The named insured shall be the Financing Authority and, accordingly, the Financing Authority shall have responsibility for exercising all rights conferred by the insurance policy upon the insured.

Section 8.3 – Uninsured Claims. Any uninsured costs of providing liability defense, including payments for legal fees and costs and including payment of adjusted and settled claims and judgments must be approved by the Parties. Where it is necessary to employ special legal counsel given the nature of the claim, the Financing Authority shall select said special legal counsel. Legal counsel shall report to the Financing Authority with respect to said claims in recognition of the Financing Authority's status as defendant and client. Legal counsel shall therefore enjoy an attorney-client privilege with the Financing Authority and the Financing Authority shall have the authority to make all decisions for which a client is customarily responsible in an attorney-client relationship, including final decisions with respect to the adjustment and settlement of uninsured claims and the rejection of settlement offers.

Section 8.4 – Closed Sessions. All information received by the Board in a closed session related to the information presented to the Board shall remain confidential. In accordance with California Government Code Section 54956.96, however, a Director may disclose information obtained in a closed session that has direct financial or liability implications for a Party to the following individuals:

- (a) Legal counsel to that Party for purposes of obtaining advice on whether the matter has direct financial or liability implications for that Party; and
- (b) Other members of the legislative body of that Party present in a closed session of that Party.

Article IX - Miscellaneous Provisions

Section 9.1 – Notices. Notices hereunder shall be in writing and shall be sufficient if delivered to:

County Administrative Officer
County of Santa Cruz
701 Ocean Street, Room 520
Santa Cruz, CA 95060

City Manager
City of Santa Cruz
809 Center Street
Santa Cruz, CA 95060

City Manager
City of Watsonville
275 Main Street, Suite 400
Watsonville, CA 95076

City Manager
City of Capitola
420 Capitola Avenue
Capitola, CA 95010

City Manager
City of Scotts Valley
One Civic Center Drive
Scotts Valley, CA 95066

Section 9.2 – Section Headings. All section headings in this Agreement are for convenience of reference only and are not to be construed as modifying or governing the language in the section referred to or to define or limit the scope of any provision of this Agreement.

Section 9.3 – Consent. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

Section 9.4 – Law Governing. This Agreement is made in the State of California under the Constitution and laws of the State of California and is to be so construed.

Section 9.5 – Amendments. This Agreement may be amended at any time, or from time to time, only by the unanimous consent of the Parties.

Section 9.6 – Enforcement by Financing Authority. The Financing Authority is hereby authorized to take any or all legal or equitable actions, including but not limited to injunction and specific performance, necessary or permitted by law to enforce this Agreement.

Section 9.7 – Severability. Should any part, term or provision of this Agreement be decided by any court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Section 9.8 – Successors. Except as otherwise provided in Section 4.4 (B), this Agreement shall be binding upon and shall inure to the benefit of the successors of the County or the Cities, respectively. Neither the County nor the Cities may assign any right or obligation hereunder without the written consent of the other.

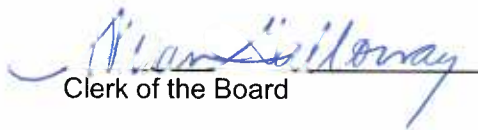
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized on the day and year stated below. This Agreement may be signed in counter parts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

COUNTY OF SANTA CRUZ



County Administrative Officer

Dated: 12/15/15, 2015

ATTESTED

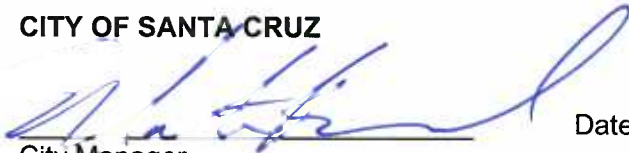

Clerk of the Board

Approved as to Form:


County Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized on the day and year stated below. This Agreement may be signed in counter parts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

CITY OF SANTA CRUZ



City Manager

Dated: Dec. 16, 2015

ATTESTED



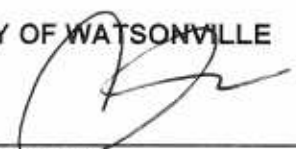
City Clerk

Approved as to Form:



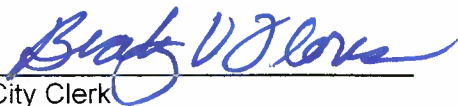
City Attorney

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized on the day and year stated below. This Agreement may be signed in counter parts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement.


CITY OF WATSONVILLE


City Manager

Dated: Jan 27, 2016

ATTESTED


City Clerk

Approved as to Form:


City Attorney

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized on the day and year stated below. This Agreement may be signed in counter parts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

CITY OF CAPITOLA



Cit, Manager
Benjamin Goldstein

Dated: 12-16, 2015


ATTESTED



City Clerk

Susan Sneddon

Approved as to Form:



City Attorney

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized on the day and year stated below. This Agreement may be signed in counter parts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

CITY OF SCOTTS VALLEY

Stephen H. Cook
City Manager

Dated: December 16, 2015

ATTESTED

Nancy A. Serrano
City Clerk

Approved as to Form:

John M. Parze
City Attorney

Attachment A

10/14/2015
 Total Property tax- County Library Fund FY2016 5,072,541 ← Change to only the County Plax Fund (excludes MOE from SC & Wat)
 Total County-wide Property & MOE 7,008,976
 City of Watsonville share at 22.31% FY2016 (1) 1,563,703
 City of Watsonville MOE payment -541,684
 City of Watsonville Net of MOE 1,022,019

Total Sales Tax- Library add-on sales tax FY2016 9,301,363
 City of Watsonville share at 22.31% FY2016 (1) 2,075,134

Calculation of City of Watsonville's potential target funding based on population
 Total County Fund population 155,770
 Watsonville service area for County 10,176
 County residents served by Watsonville 6.53%
 City of Watsonville target funding from County Fund 331,374

Possible City of Watsonville annual reduction rate 5.50% ← for 20yr repay
 Estimated Library Plax Fund growth rate (2) 2.00%
 Estimated Library Sales Tax growth rate (2) 3.00%

NOTES:

- (1) The City of Watsonville's share can fluctuate based on population changes.
- (2) Property tax and sales tax growth rates are general, long-term estimates. Actual, historical data will be provided by the County to factor in past trends to better predict future outcomes with a higher degree of probability.
- (3) Provides the projected value of the net contribution available to the City of Watsonville under the current Financing Authority agreement
- (4) Assumes Watsonville is due a property tax fund contribution equal to an estimated 6.5% of the COUNTY FUND property tax/MOE funding allocation; based on serving 9,974 of the County's population (2/27/14 GIS map). This base funding grows annually with the estimated property tax growth rate.
- (5) The City's allocation under an alternate proposal for a new funding method would be to (a) cap the current net allocation (total allocation less Watsonville's MOE) for the first seven years of the new agreement; (b) decrease over a 13 year period the City's allocation until it reaches equilibrium with the target funding rate; and (c) allow future allocation to grow according to growth in the county's property tax fund

	County Property Tax Fund						Sales Tax			TOTAL Total Property & Sales Tax annual cash flow change
	Max available for CoW (3)	CoW Allocation Target (4)	CoW Allocation (5)	Annual Less on Growth	Annual Cash Flow Change	Property Tax Annual Change	Share of Sales Tax Proceeds (3)	Annual Cash Flow Change		
yr1	1,042,459	331,374	1,022,019	(20,440)	-	(41,289)	2,137,388	64,122	64,122	
yr2	1,063,308	338,002	1,022,019	(41,289)	-	(62,555)	2,201,510	66,045	66,045	
yr3	1,084,574	344,762	1,022,019	(62,555)	-	(84,246)	2,335,582	70,067	70,067	
yr4	1,106,265	351,657	1,022,019	(84,246)	-	(106,371)	2,405,649	72,169	72,169	
yr5	1,128,390	358,690	1,022,019	(106,371)	-	(128,939)	2,477,818	74,335	74,335	
yr6	1,150,958	365,864	1,022,019	(128,939)	-	(151,958)	2,552,153	76,565	76,565	
yr7	1,173,977	373,181	1,022,019	(151,958)	(56,211)	(231,649)	2,628,718	78,862	78,862	
yr8	1,197,457	380,645	965,808	(175,438)	(53,119)	(308,717)	2,707,580	81,227	81,227	
yr9	1,221,406	388,258	912,689	(199,367)	(50,198)	(383,343)	2,788,807	83,664	83,664	
yr10	1,245,834	396,023	862,491	(223,815)	(47,437)	(455,697)	2,872,471	86,174	86,174	
yr11	1,270,751	403,943	815,054	(248,732)	(44,828)	(525,940)	2,958,645	88,759	88,759	
yr12	1,296,166	412,022	770,226	(274,147)	(40,032)	(600,700)	3,047,404	91,422	91,422	
yr13	1,322,089	420,262	727,863	(300,070)	(37,831)	(676,502)	3,138,826	94,165	94,165	
yr14	1,348,531	428,667	687,831	(326,512)	(35,750)	(758,762)	3,232,991	96,990	96,990	
yr15	1,375,502	437,240	650,000	(353,483)	(33,784)	(850,606)	3,329,987	99,899	99,899	
yr16	1,403,072	445,985	614,250	(380,953)	(31,926)	(911,152)	3,429,880	102,896	102,896	
yr17	1,431,072	454,905	580,466	(409,053)	(30,170)	(970,516)	3,532,759	105,983	105,983	
yr18	1,459,693	464,003	548,541	(437,674)	(28,510)	(1,028,804)	3,642,880	109,163	109,163	
yr19	1,488,887	473,283	518,371	(466,868)	2,543	(1,056,634)	3,760,360	112,438	112,438	
yr20	1,518,665	482,749	489,861	(496,646)	9,848	(1,077,767)	3,886,360	115,811	115,811	
yr21	1,549,038	492,404	462,404	(527,019)	10,045	(1,099,322)	4,021,456	119,285	119,285	
yr22	1,580,019	502,252	435,252	(558,000)	10,246	(1,121,308)	4,168,320	122,864	122,864	
yr23	1,611,619	512,297	408,297	(589,600)	10,451	(1,143,734)	4,327,870	126,550	126,550	
yr24	1,643,851	522,543	382,543	(621,832)	10,660	(1,166,609)	4,499,472	130,346	130,346	
yr25	1,676,728	532,994	357,994	(654,709)	11,091	(1,189,941)	4,684,756	134,284	134,284	
yr26	1,710,263	543,654	334,654	(688,244)	11,312	(1,213,739)	4,884,189	138,375	138,375	
yr27	1,744,468	554,527	312,527	(722,449)	11,539	(1,238,014)	5,098,895	142,433	142,433	
yr28	1,779,357	565,618	291,618	(757,338)	11,539	(1,262,774)	5,328,895	146,706	146,706	
yr29	1,814,944	576,930	272,930	(792,925)						
yr30	1,851,243	588,469	255,469	(829,224)						