

Chair: Jamie Goldstein
Vice Chair: Martin Bernal
Board Member: Jenny Haruyama
Board Member: Susan Mauriello



**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
(LFFA)**

REGULAR BOARD MEETING

THURSDAY, SEPTEMBER 1, 2016; 9:00 A.M.

**DOWNTOWN BRANCH MEETING ROOM
224 CHURCH STREET, SANTA CRUZ, CA 95060**

1. CALL TO ORDER / ROLL CALL

Board Members Martin Bernal, Jenny Haruyama, Susan Mauriello, and Chair Jamie Goldstein

2. ADDITIONAL MATERIALS

Additional information submitted after distribution of the agenda packet.

3. ADDITIONS AND DELETIONS TO AGENDA

4. ORAL COMMUNICATION

Any member of the audience may address the Board on any matter either on or off the agenda that is within the Board's jurisdiction. Note, however, that the Board is not able to undertake extended discussion or act on non-agendized items. Such items can be referred to staff for appropriate action which may include placement on a future agenda. If you intend to address a subject that is on the Agenda, please hold your comments regarding that item until it is before the Board, so that we may properly respond to all comments on that subject at the same time. In general 3 minutes will be permitted per speaker during Oral Communication; A MAXIMUM of 30 MINUTES is set aside for Oral Communications at this time.

5. EXECUTIVE DIRECTOR REPORT

A. Report of Executive Director of recent events and Schedule of Important Dates (PG.3-5)

6. CONSENT CALENDAR

A. Approve Minutes of the July 28, 2016 Board Meeting (PG.6-7)

B. Approve Contract with NBS in the amount of \$8,500 for services relating to rectifying the dwelling unit count within the Community Facilities District boundaries. (PG.8-18)

All items listed in the "Consent Calendar" will be enacted by one motion in the form listed below. There will be no separate discussion on these items prior to the time the Board votes on the action unless members of the public or the Board request specific items to be discussed for separate review. Items pulled for separate discussion will be considered following General Business.

7. GENERAL BUSINESS

A. Presentation of the LFFA Fiscal Year 2016-17 Budget for adoption. (PG.19-34)

Other Business items are intended to provide an opportunity for public discussion of each item listed. The following procedure is followed for each Business item: 1) Staff explanation; 2) Board questions; 3) Public comment; 4) Board deliberation; 5) Decision.

8. ADJOURNMENT

Adjourned to a Regular Meeting of the Libraries Facilities Financing Authority (LFFA) to be held on Thursday, October 6, 2016, at 6:00 p.m. at the Scotts Valley Branch Library located at 251 Kings Village Rd., Scotts Valley, CA 95066.

The Santa Cruz City-County Library System does not discriminate against persons with disabilities. Out of consideration for people with chemical sensitivities, we ask that you attend fragrance free. Upon request, the agenda can be provided in a format to accommodate special needs. Additionally, if you wish to attend this public meeting and will require assistance such as an interpreter for American Sign Language, Spanish, or other special equipment please call the Library Administration Office at (831)427-7706 at least five days in advance so that we can arrange for such special assistance, or email library_admin@santacruzpl.org.

STAFF REPORT



SANTA CRUZ
PUBLIC LIBRARIES

Library Facilities
Financing Authority

AGENDA: September 1, 2016
DATE: August 25, 2016
TO: Board of Directors
FROM: Rich Hill, Interim Executive Director
SUBJECT: Item 5.A.--Executive Director Report

RECOMMENDATION

Receive and file this report.

DISCUSSION

The following activities were pursued during the Month of August 2016:

- Meeting in preparation of Bond issues
- Follow up on special tax ordinance and resolution
- Miscellaneous Emails
- Met with Director of Libraries and discussed budget and transition.
- Prepare September 1, 2016 meeting agenda
- Discussed NBS contract

ATTACHMENT

1. Revised List of Important Dates

ATTACHMENT 1

List of Important Dates

9/01/2016 (Thur)	LFFA	LFFA Meeting – To be determined
9/01/16- 9/14/16	LFFA	Complete Transition to Director of Libraries acting as Executive Director of LFFA
10/06/2016 (Thur)	LFFA	LFFA Meeting – To be determined
11/03/2016 (Thur)	LFFA	LFFA Meeting – To be determined
12/01/2016 (Thur)	LFFA	LFFA Meeting – To be determined
01/31/17	LFFA	Initial deposit of special tax revenues (50%)
03/01/17	LFFA	Initiate discussions for first Bond Issuance to meet a June/July date of issuance
04/30/17	LFFA	Second deposit of special tax revenues (40%)

**SANTA CRUZ PUBLIC LIBRARIES
A CITY-COUNTY SYSTEM**

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
(LFFA)**

REGULAR MEETING MINUTES

THURSDAY, JULY 28, 2016

9:00 A.M.

1. ROLL CALL

PRESENT: Chair Jamie Goldstein, Tina Shull (Alternate); Jenny Haruyama, Susan Mauriello

STAFF: Interim Executive Director Rich Hill; Library Director Susan Nemitz

2. ADDITIONAL MATERIALS

None

3. ADDITIONS AND DELETIONS TO AGENDA

Remove items 7 B and 7 C. The Agenda of July 28, 2016 was approved by consensus.

4. ORAL COMMUNICATION

None

5. EXECUTIVE DIRECTOR REPORT

- A. Report of Executive Director of recent events and Schedule of Important Dates
ACTION: Received report

6. CONSENT CALENDAR

- A. Approve Minutes of the June 2, 2016 Board Meeting
B. Resolution Declaring Results of Special Election and Directing Recording of Notice of Special Tax Lien

RESULT: A. APPROVED MINUTES OF JUNE 2, 2016
B. APPROVED RESOLUTION #2016-006 DECLARING RESULTS OF SPECIAL ELECTION AND DIRECTING RECORDING OF NOTICE OF SPECIAL TAX LIEN. [UNANIMOUS]

MOVER: Susan Mauriello, Board Member

SECONDER: Jenny Haruyama, Board Member

AYES: Shull (Alternate), Goldstein, Haruyama, Mauriello

7. GENERAL BUSINESS

- A. Ordinance Levying Special Taxes; Second Reading

RESULT: APPROVED SECOND READING OF THE ORDINANCE LEVYING SPECIAL TAXES WITH THE FOLLOWING CORRECTION: "APPROVED AS TO SUFFICIENCY AND FORM" EXECUTED BY BOND COUNSEL. [UNANIMOUS]

MOVER: Susan Mauriello, Board Member

SECONDER: Tina Shull, Board Member (Alternate)

AYES: Shull (Alternate), Goldstein, Haruyama, Mauriello

8. ADJOURNMENT

The Libraries Facilities Financing Authority (LFFA) adjourned at 11:35 a.m. to the Regular Meeting on Thursday, September 1, 2016 at 9:00 a.m. at the Downtown Branch Meeting Room located at 224 Church St., Santa Cruz, CA 95060.

ATTEST: _____
Helga Smith, Clerk of the Board

All documents referred to in these minutes are available in the Santa Cruz Public Libraries – Library Headquarters Office, 117 Union Street, Santa Cruz.

STAFF REPORT



**SANTA CRUZ
PUBLIC LIBRARIES**
Libraries Facilities
Financing Authority

AGENDA: September 1, 2017
DATE: August 23, 2017
TO: Board of Directors
FROM: Rich Hill, Interim Executive Director
SUBJECT: 6.B. NBS Contract for CFD Administration Research Project

RECOMMENDATION

Approve the contract with NBS for CFD Administration Research, and direct the Interim Executive Director to sign on behalf of the LFFA.

BACKGROUND

NBS was contracted with the task of identifying properties within the CFD that would be subject to the special tax. In doing so, NBS researched the Assessor's use codes to identify multi residential property and mixed use commercial/residential property to assign the maximum special tax. In many cases the Assessor's use codes identified a range on the number of units occupying a specific parcel. For example, for a multi residential parcel the Assessor use code may identify a range from 41 to 60 units on the parcel. In calculating the tax assessment for that parcel, NBS would use the minimum number, understanding that expediency was necessary to submit the tax roll to the County Treasurer in a timely manner. This will likely result in a significant number of uncounted residential units for parcels which were identified by such use codes.

DISCUSSION

Now, there is time for NBS to review and research multi residential parcels, of which there are about 550. In addition there are about 170 parcels within the CFD that are missing use codes all together. NBS estimates that well over 1500 new residential units will likely be identified. Only about 175 new units will need to be found in order to offset the contract amount of \$8,500.

Prepared and approved by:
Richard Hill, Interim Executive Director.

Attachments

1. Professional Services Agreement with NBS for CFD Administration Research Project

ATTACHMENT 1

Professional Services Agreement with NBS for CFD Administration Research Project

This agreement with NBS is one of several related to the administration of the LFFA special tax. In general these services include identifying the parcels subject to the tax and calculating the tax for each parcel. Since the special tax is based upon the number of residential units on each parcel, the count of the residential units is important in determining the amount of special tax revenue generate. This contract directs NBS to review the multi residential parcels and to rectify the count of residential units on those parcels.

The amount of the contract is \$8,500 and will be paid by the proceeds from the special taxes.

PROFESSIONAL SERVICES AGREEMENT FOR
CFD ADMINISTRATION RESEARCH PROJECT

THIS AGREEMENT for professional services is made by and between the Libraries Facilities Financing Authority (JPA) and NBS ("Consultant") (together referred to as the "Parties") as of September 1, 2016 (the "Effective Date").

SECTION 1: SCOPE OF WORK

The services to be performed under this Agreement are set forth in Exhibit A.

SECTION 2: RESPONSIBILITIES OF CONSULTANT

All work performed by Consultant, or under its direction, shall satisfy the JPA's objectives for entering into this Agreement and shall be rendered in accordance with the generally accepted practices, and to the standards of, Consultant's profession.

Consultant shall not undertake any work beyond the Scope of Work set forth in Exhibit A unless such additional work is approved in advance and in writing by JPA. The cost of such additional work shall be reimbursed to Consultant by JPA on the same basis as provided for in Section 4.

If, in the prosecution of the work, it is necessary to conduct field operations, security and safety of the job site will be the Consultant's responsibility excluding, nevertheless, the security and safety of any facility of JPA within the job site which is not under the Consultant's control.

Consultant shall meet with **RICHARD HILL**, Director, hereinafter called "Director", or other JPA personnel, or third parties as necessary. Such meetings shall be held at the request of any party.

SECTION 3: RESPONSIBILITIES OF THE JPA

JPA shall make available to Consultant all necessary data and information in the JPA's possession and shall actively assist Consultant in obtaining such information from other agencies and individuals as needed.

The Director may authorize a staff person to serve as his or her representative. The work in progress shall be reviewed at such intervals as may be mutually agreed upon between the parties. The JPA will be the sole judge of acceptable work. If the work is not acceptable, JPA will inform Consultant of the changes or revisions necessary to secure approval.

SECTION 4: FEES AND PAYMENT

These services to be performed are contingent upon a success special tax election scheduled for June 7, 2016, and consist of: a one-time initial research and development of procedures, and annual tax administration. The JPA will pay the Consultant on a fixed fee for service basis. Payment for the Consultant's services shall be made upon the submission of an invoice. Such payment shall be considered the full compensation for all personnel, materials, supplies, and equipment used by Consultant in carrying out the work.

In no event shall the total fee charged for the scope of work set forth in Exhibit A exceed the fix fee as identified.

Payments shall be made monthly by the JPA based on itemized invoices from the Consultant which list actual costs and expenses. Such payments shall be for the invoice amount.

Invoices shall indicate the percentage completion of each work task as identified in the Scope of Work (Exhibit A), the overall percentage of completion of the total required services and the hours worked by Consultant's staff.

Unless otherwise specified in the attached fee schedule, Consultant's fees shall be payable on monthly statements. The monthly statements shall detail the time worked by each class of employee and the expenses incurred for which billing is made. The monthly statements shall contain the following affidavit signed by a principal of the Consultant's firm:

"I hereby certify as principal of the firm of (Insert Firm Name), that the charge of (Insert invoice amount) as summarized above and shown in detail on the attachments is a fair and reasonable use of public funds, is in accordance with the terms of Agreement dated (Insert Agreement Date), and has not been previously paid."

SECTION 5: CHANGES IN WORK

JPA may negotiate changes in the Scope of Work. No changes in the Scope of Work shall be made without the JPA's written approval. Any change requiring compensation in excess of the sum specified in Exhibit B shall be approved in advance in writing by the JPA.

SECTION 6: TIME OF BEGINNING AND SCHEDULE FOR COMPLETION

Consultant shall begin work upon its receipt of a written Notice to Proceed from Director. The Notice to Proceed shall not be issued until after this Agreement has been approved and authorized by the Department Head.

The schedule for completion of the work shall be as shown upon Exhibit C. In the event that major changes are ordered, the schedule for completion as stated in Exhibit C will be adjusted by JPA so as to allow Consultant a reasonable period of time within which to complete any additional work which may be required as a result of the ordered changes.

Neither party will be held responsible for delay or default caused by declared emergencies, natural disasters, or any other cause which is beyond the party's reasonable control. Vendor will, however, make all reasonable efforts to remove or eliminate such a cause of delay or default and will, upon the cessation of the cause, diligently pursue performance of its obligations in this agreement.

The JPA reserves the right to obtain the item(s) covered by this contract from another source during any on-going suspension of service due to the circumstances outlined above.

Consultant acknowledges that it is necessary for Consultant to complete its work on or before the completion date set forth in Exhibit C in order to allow the JPA to achieve its objectives for entering into this Agreement. The parties therefore agree that time is of the essence in the performance of this Agreement.

SECTION 7: TERMINATION

The JPA or Consultant may terminate the agreement for convenience by providing written notice to the other party not less than 30 calendar days prior to an effective termination date.

The JPA or Consultant may terminate the agreement for material breach of agreement by providing written notice to the other party not less than 14 calendar days prior to an effective termination date.

Upon notice of termination, the Consultant will immediately take action not to incur any additional obligations, costs or expenses, except as may be reasonably necessary to terminate its activities. The

JPA's only obligation to the Consultant will be just and equitable payment for services authorized by, and received to the satisfaction of, the JPA up to and including the effective date of termination. All finished or unfinished work or documents procured or produced under the agreement will become property of the JPA upon the termination date. The JPA reserves the right to obtain **the services identified in Exhibit A** elsewhere, and the defaulting Consultant will be liable for the difference between the prices set forth in the terminated agreement and the actual cost to the JPA. In no event will the JPA be liable for any loss of profits on the resulting agreement or portion thereof so terminated. After the effective date of termination, Consultant will have no further claims against the JPA under the agreement. Termination of the agreement pursuant to this paragraph may not relieve the Consultant of any liability to JPA for damages sustained by JPA because of any breach of agreement by Consultant, and JPA may withhold any payments to Consultant for the purpose of set-off until such time as the exact amount of damages due JPA from Consultant is determined

The rights and remedies provided in this section will not be exclusive and are in addition to any other rights and remedies provided by law or under the agreement.

- **SUBCONTRACTORS:** Subcontracting of work without prior approval of the JPA, may result in contract termination. If at any time, the JPA determines any subcontractor is incompetent or undesirable, Vendor will be notified and will be expected to immediately cancel the subcontract.

SECTION 8: INSURANCE

Prior to the beginning of and throughout the duration of the agreement, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will insure the JPA against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by Consultant, his agents, representatives, employees, or subcontractors.

CERTIFICATE REQUIREMENTS

The JPA will be issued a Certificate of Insurance (a Memorandum of Understanding will not be accepted) with the following minimum requirements:

- Certificate(s) will show current policy number(s) and effective dates;
- Coverage and policy limits will meet, or exceed, requirements below;
- The Certificate Holder will be JPA, Risk Manager, 877 Cedar St, Suite 100, Santa Cruz, CA 95060;
- Certificate will be signed by an authorized representative;
- An endorsement will be provided to show the JPA, its officers, officials, agents, employees, and volunteers as additional insureds.

MINIMUM SCOPE AND LIMITS OF INSURANCE

Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. The JPA will be entitled to coverage for the highest limits maintained by Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the JPA.

Coverage will be at least as broad as:

- **PROFESSIONAL LIABILITY (ERRORS AND OMISSIONS):** \$1,000,000 PER OCCURRENCE OR CLAIM, \$2,000,000 AGGREGATE.
Consultant will maintain insurance appropriate to Consultant's profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate. Insurance must be maintained and evidence of insurance must be provided for at least five years after date of completion of the agreement work. Also see "Claims Made Policies" section below.

- **COMMERCIAL GENERAL LIABILITY (CGL): \$1,000,000 (Including products and completed operations)**
Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
- **AUTOMOBILE LIABILITY: \$1,000,000**
Proof of coverage for \$1 Million will be provided on ISO Form Number CA 00 01 covering any auto (Code 1), or if Consultant has no owned autos, hired, (Code 8) and non-owned autos (Code 9), per accident for bodily injury and property damage.
- **WORKERS’ COMPENSATION: As required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.**

OTHER INSURANCE PROVISIONS

The insurance policies are to contain, or be endorsed to contain, the following provisions:

- **ADDITIONAL INSURED STATUS**
The JPA, its officers, officials, agents, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of Consultant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage will be provided in the form of an endorsement to Consultant’s insurance at least as broad as ISO Form CG 20 10 11 85 or through the addition of both CG 20 10 and CG 20 37 forms if later revisions used.
- **PRIMARY COVERAGE**
For any claims related to this agreement, Consultant’s insurance coverage will be primary insurance as respects the JPA, its officers, officials, agents, employees, and volunteers. Any insurance or self-insurance maintained by the JPA, its officers, officials, agents, employees, or volunteers will be excess of Consultant’s insurance and will not contribute with it.
- **NOTICE OF CANCELLATION**
Each insurance policy required above shall state that coverage shall not be canceled, except with notice to the JPA.
- **WAIVER OF SUBROGATION**
Consultant hereby grants to the JPA a waiver of any right to subrogation which any insurer of said Consultant may acquire against the JPA by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the JPA has received a waiver of subrogation endorsement from the insurer.

The Worker’s Compensation policy shall be endorsed with a waiver of subrogation in favor of the JPA for all work performed by Consultant, its employees, agents, and subcontractors.
- **DEDUCTIBLES AND SELF-INSURED RETENTIONS**
Any deductibles or self-insured retentions must be declared to and approved by the JPA. The JPA may at its option allow the Consultant to purchase coverage with a lower deductible or retention, or require the Consultant to provide a financial guarantee satisfactory to the JPA guaranteeing payment of losses and related investigations, claim administration, and defense expenses.
- **ACCEPTABILITY OF INSURERS**
Insurance is to be placed with insurers with a current A.M. Best’s rating of no less than A:VII, unless otherwise acceptable to the JPA.

- CLAIMS MADE POLICIES

If any of the required polices provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the agreement or the beginning of work performed under the agreement.
2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the work performed under the agreement.
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the agreement effective date, the Consultant must purchase "extended reporting" coverage for a minimum of five (5) years after completion of work performed under the agreement.

- VERIFICATION OF COVERAGE

Consultant will furnish the JPA with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the JPA before work commences. However, failure to obtain the required documents prior to the work beginning will not waive Consultant's obligation to provide them. The JPA reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

- SUBCONTRACTORS

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that JPA is an additional insured on insurance required from subcontractors.

- SPECIAL RISKS OR CIRCUMSTANCES

JPA reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

SECTION 9: INDEMNIFICATION

Consultant agrees to indemnify, defend, and hold harmless the JPA, its officials, officers, agents, employees, and volunteers from and against any and all claims, demands, actions, damages, or judgments, including associated costs of investigation and defense arising in any manner from Consultant's negligence, gross negligence, recklessness, or willful misconduct or patent or copyright violation in the performance of this agreement.

SECTION 10: EQUAL EMPLOYMENT OPPORTUNITY

The JPA strongly supports equal employment opportunities for all and requires its Consultants to ensure that effective policies and procedures concerning the prevention of illegal discrimination and harassment exist in their companies. In addition, all Consultants must be in compliance with all applicable Federal and State and local equal employment opportunity acts, laws, and regulations. The JPA's current Equal Employment Opportunity and Anti-Discrimination policies to which this provision applies may be viewed at <http://www.codepublishing.com/CA/SantaCruz/?SantaCruz09/SantaCruz0983.html>.

SECTION 11: LEGAL ACTION/ATTORNEYS' FEES

If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which he or she may be entitled. The laws of the State of California shall govern all matters relating to the validity,

interpretation, and effect of this Agreement and any authorized or alleged changes, the performance of any of its terms, as well as the rights and obligations of Consultant and the JPA.

SECTION 12: ASSIGNMENT

This Agreement shall not be assigned without first obtaining the express written consent of the Director after approval of the JPA Board of Directors

SECTION 13: MISCELLANEOUS PROVISIONS

1. Project Manager. Director reserves the right to approve the project manager assigned by Consultant to said work. No change in assignment may occur without prior written approval of the JPA.
2. Consultant Services Only. Consultant is employed to render professional services only and any payments made to Consultant are compensation solely for such professional services.
3. Licensure. Vendor warrants that it has complied with any and all federal, state, and local licensing requirements and agrees to provide proof of a current JPA Business Tax Certificate if:
 - Vendor is located in the JPA ;
 - Will perform physical work in the JPA for 6 or more days annually; or
 - Will use company vehicles to deliver within the JPA for 6 or more days annually.For additional information and licensing requirements, view the JPA's Business Licenses and Permits webpage or call the Revenue and Taxation division at 831/420-5070.
4. Other Agreements. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties with respect to the Scope of Work specified in Exhibit A..
5. JPA Property. The work, or any portion, of Consultant in performing this Agreement shall become the property of JPA. The Consultant shall be permitted to retain copies or such work for information and reference in connection with the JPA's use; however, such work shall not be used by the Consultant on other projects, except by agreement in writing by the JPA.
6. Consultant's Records. Consultant shall maintain accurate accounting records and other written documentation pertaining to the costs incurred for this project. Such records and documentation shall be kept available at Consultant's office during the period of this Agreement, and after the term of this Agreement for a period of three years from the date of the final JPA payment for Consultant's services.
7. Independent Contractor. In the performance of its work, it is expressly understood that Consultant, including Consultant's agents, servants, employees, and subcontractors, is an independent contractor solely responsible for its acts and omissions, and Consultant shall not be considered an employee of the JPA for any purpose.
8. Consultant Not an Agent. Except as JPA may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of JPA in any capacity of JPA whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind JPA to any obligation whatsoever.
9. Conflicts of Interest. Consultant stipulates that corporately or individually, its firm, its employees and subcontractors have no financial interest in either the success or failure of any project which is, or may be, dependent on the results of the Consultant's work product prepared pursuant to this Agreement.
10. MacBride Principles/Peace Charter. JPA Resolution NS-19,378 (7/24/90) encourages all companies doing business in Northern Ireland to abide by the MacBride Principles and Peace Charter.

11. Storm Water Requirements. The Contractor, and all subcontractors, are required to abide by the applicable JPA Storm Water Best Management Practices (BMPs) for the duration of the work. The JPA's mandatory Storm Water BMPs, which are listed according to the type of work, operations, or business, are located on the JPA website at: <http://www.JPAofsantacruz.com/index.aspx?page=138>.
12. Notices. If either party shall desire or is required to give notice to the other such notice shall be given in writing, via facsimile and concurrently by prepaid U.S. certified or registered postage, addressed to recipient as follows:

To JPA:
 Libraries Facilities Financing
 Authority
 117 Union Street
 Santa Cruz, CA

To CONSULTANT:
 NBS
 Michael Rentner
 32605 Temecula Parkway, Suite 100
 Temecula, CA 92592

Changes to the above information shall be given to the other party in writing ten (10) business days before the change is effective.

Approved As To Form:

 JPA Attorney

Date: _____

CONSULTANT
NAME OF FIRM
ADDRESS OF FIRM

JPA

By: _____

By: _____

Printed: _____

RICHARD HILL

Title: _____

Interim Executive Director

Date: _____

Date: _____

EXHIBIT A: SCOPE OF WORK



August 18, 2016

Richard Hill
Interim Executive Director
Santa Cruz Public Libraries LFFA
C/O 809 Center Street, Room 101
Santa Cruz, CA 95060

Subject: CFD Administration Research Project for the Santa Cruz Public Libraries/LFFA

Dear Mr. Hill,

As noted in our update memo from June 2016 and as follow up to the submittal of the first year's levy to the County for the new library CFD (CFD No. 2016-1), this memo outlines what we believe are prudent one-time additional tasks to improve the accuracy of the tax for each parcel and, most likely, legitimately increase CFD revenues for the library/LFFA. These optional additional services will be rendered for the Library upon your approval, either via a purchase order or as a supplement to our existing agreement, as provided for within that agreement.

After reviewing the secured roll data for the parcels in the District, it has been determined there are three major categories which require some level of research in order to audit the unit count:

1. Certain single family residential properties, where it appears there are multiple uses or units, will need to be reviewed in order to confirm there is only one single unit/use on the property. If there are additional units, the classification of the parcel will need to be adjusted accordingly and the application of special tax will be affected.
2. There are 550 parcels classified as Multi Family Residential for which the unit count needs to be audited in order to determine how to more accurately apply the special tax (the County has unit ranges, and the low number in the range was used in all forecasting to date and also to submit the tax rolls on time for the 2016-17 tax bills).
3. There is also a large number of parcels for which a unit count is not provided in the secured roll data.

helping communities fund tomorrow

4. It is important to note that approximately 170 parcels within the District are missing use codes and will require extensive research in order to obtain the missing data.

Scope of Services

NBS will use resources such as GIS, Google Earth, and independent inquiries (phone, email, site visits if needed, etc.) to determine the missing data, as best as is feasible.

Fees

Optional Services

Research..... \$8,500

Please feel free to contact me at tseufert@nbsgov.com if you have any questions or need further information.

Best regards,

NBS Government Finance Group,
DBA NBS



Tim Seufert

Cc: Susan Nemitz, Santa Cruz Public Libraries



STAFF REPORT



**SANTA CRUZ
PUBLIC LIBRARIES**
Libraries Facilities
Financing Authority

AGENDA: September 1, 2016
DATE: August 25, 2016
TO: Board of Directors
FROM: Rich Hill, Interim Executive Director
SUBJECT: 7.A Proposed Fiscal Year 2016-17 Budget

RECOMMENDATION

Adopt the Fiscal Year 2016-17 budget as proposed appropriating \$4,160,000 in revenues, recognizing \$323,610 in LJPA reimbursements and \$3,836,390 in transfers to member agencies' trust accounts (Attachment 1); or, provide direction to staff on changes or additional information needed.

BACKGROUND

The successful June 7 special tax election has developed about \$4,160,000 of annual revenues from the CFD for use in developing, constructing and improving library facilities. With this revenue stream comes the need to present to your Board for approval a budget for the 2016-17 Fiscal year.

DISCUSSION

The main source of revenues for this budget are from the proceeds of special tax, augmented by a minor amount of interest earnings estimated at \$10,000. By agreement, all administrative expenditures on behalf of the LFFA will be made by the LJPA. Therefore, the only outflow of funds from this budget are transfers to the LJPA, or to the trust accounts of the member agencies, whose responsibility it will be to marshal their share of the special tax revenue to develop, improve or construct Library Facilities. Member agencies can do this by issuing tax exempt bonds secured by their share of tax revenue, or through pay-as-you go programs or by a combination of both endeavors.

Because of the complexity of collecting and disbursing the tax revenues to accommodate the various parties of interest, staff has prepared a list of recommended practices. It is the intent of these practices to provide a guide of the LFFA revenue receipt and disbursement process from tax collection, to reimbursement of administrative costs, and to the final allocation to member agencies' trust accounts. It is understood that staff may need to return to the Board with occasional changes, given that the first year experience in receiving and disbursing LFFA revenues is yet to come.

Prepared and approved by:
Richard Hill, Interim Executive Director.

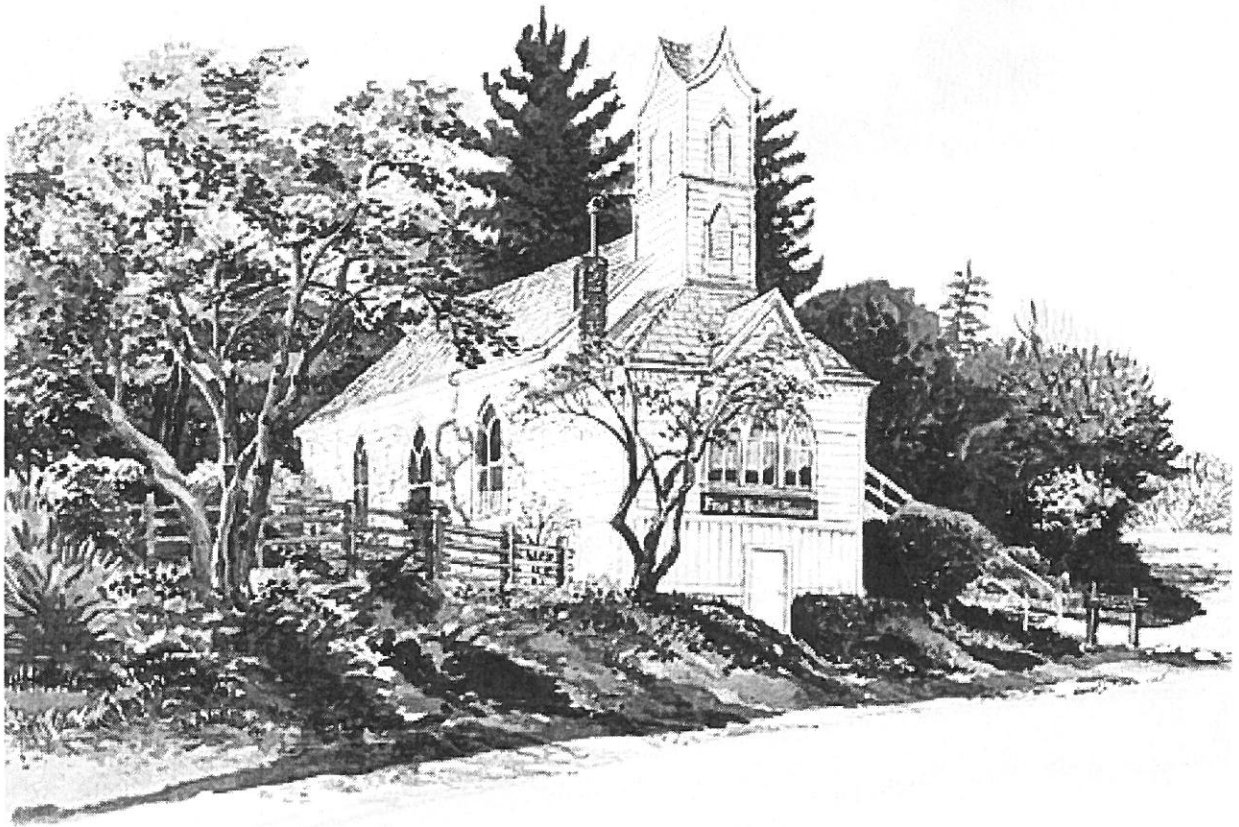
Attachment:

1. Proposed Fiscal Year 2016 - 2017 Budget

ATTACHMENT 1

Proposed Fiscal Year 2016 - 2017 Budget

As presented to the Board this is a proposed Budget. Once the Budget is approved by the Board it becomes final. Budgets are always a best guess. Once final the Board can amend the budget to meet unanticipated fiscal needs.



**SANTA CRUZ LIBRARIES FACILITIES FINANCING
AUTHORITY**

Proposed Fiscal Year 2016 – 2017 Budget

THE AUTHORITY

The Libraries Facilities Financing Authority (LFFA) is an entity established by agreement, in December 2014, among the County of Santa Cruz and the Cities of Santa Cruz, Capitola and Scotts Valley, through the Joint Exercise of Powers Act as allowed by the California Government Code. This authority is created for the specific purpose of establishing a Community Facilities District that sets boundaries for the assessment of a special tax for the purposes of financing much needed construction and improvements of Library Facilities, and related costs. The boundaries of the LFFA are those of Santa Cruz County with the exception of the City of Watsonville city limits. In December 2015 the LFFA formation agreement was amended to define the special tax, and the nature and distribution of any future Bond Proceeds. See attachment.

On February 11, 2016 the LFFA approved various resolutions establishing the Santa Cruz Libraries Facilities Financing Authority Community Facilities District No. 2016-1 (CFD). The CFD established the boundaries of a district within which a special tax was proposed to be assessed to construct and improve Library Facilities. That tax was submitted to the voters and approved on June 7, 2016, thereby providing a revenue stream to fund improvements through a pay-as-you-go basis, or by securing tax exempt bonds.

THE PROGRAM

For the 2016-2017 fiscal year the program consists of various administrative activities that include: 1) creating the processes necessary to establish and collect the approved special tax; 2) creating the systems needed to properly account for the special tax; 3) develop schedules and cash flow projections to fund the various Library Facilities projects; and 4) prepare the way for the first bond issue, tentatively scheduled for summer 2017.

THE PEOPLE

The Santa Cruz Libraries JPA during through a Contribution and Reimbursement Agreement is providing the financing, staffing and in-kind support for LFFA activities. The part-time Interim Executive Director will transition out as a separate employee, and the duties of that position will accrue to the Director of Libraries, who will also assume the title of LFFA Executive Director.

The Director of Libraries when acting as the LFFA Executive Director: supports the LFFA Board including advising and recommending actions and policies to the Board, attend meetings, respond to Board direction and inquiries, and provides other duties relating to direct staff support; coordinates with SCPL, City of Santa Cruz, and County of Santa Cruz staff on matters and interests related to the LFFA; coordinates with consultants and manages contracts for services related to Financial Advisor, Bond Counsel, surveys, administration and calculation of the special tax; and provides other services including budget development, reimbursement plan, and management systems review and development.

The Treasure-Controller of the Authority is the Santa Cruz County Auditor Controller, and will provide the financial oversight and accounting for the LFFA.

THE PROPOSED FY 2016-17 BUDGET

The 2016-17 fiscal year is the first fiscal year the LFFA will have received any revenues. From FY 2014-15 through FY 2015-16 the Libraries JPA has been booking the LFFA expenditures in anticipation of a successful special tax ballot measure in June 2016. During this period \$420,436 was spent or committed to be spent by the Libraries JPA on behalf of the LFFA (this includes election expenses of \$230,000) and is recommended for reimbursement over time. This budget proposes that \$25,000 of the reimbursement amount be paid from the special tax revenues to the Libraries JPA. This leaves an estimated \$165,436, not including election expenses which will be paid as part of FY 2016-17 expenses, remaining to be reimbursed for prior year expenses.

Further, \$290,110 is recommended for FY 2016-17 as expenditures. These include the \$230,000 of election expenses, and \$22,000 for NBS. The NBS costs will cover the annual tax calculation services (\$13,500) and an additional contract (\$8,500) to rectify the living unit count within the boundaries of the Community Facilities District (CFD). In order to prepare the tax information in a timely manner to be included on the FY 2016-17 tax roll, the use code designations from the county Assessor's Officer were used. These codes for buildings with multiple dwelling units identified ranges of unit for a given parcel. A parcel with an apartment complex may have a use code designation identifying a range of units, say, from 41 to 60. Because NBS did not know the actual number of units, they used the lowest number, 41. This new contract will engage NBS to more precisely rectify the number of dwelling units against which the special tax can be assessed.

This budget also includes \$13,110 of services paid to the County Recorder to accommodate the required recording of the special tax amounts. This is expected to be a onetime only expense. Also included is \$10,000 of employee expense for the Interim Executive Director of the LFFA, and \$3,500 for legal services.

The revenue receipt schedule of January 31, 2017, April 30, 2017, and June 30, 2017 reflects the schedule established by the Teeter Plan adopted by the Santa Cruz County local government agencies. It is important to note that in staff's opinion the Teeter plan requirements are satisfied when the special tax revenues are received in the LFFA Fund, and not when further disbursed into the member agencies' trust accounts. The recommended practices (see below) sets forth the expectation that the member agencies will receive their trust account disbursements no later than September 2 following the fiscal year in which the revenues are received.

RECOMMENDED PRACTICES

Since this is the first year in which the LFFA will receive revenues, and the distribution of the revenue as described by the Amendment to the LFFA agreement is complex (Attachment 1), staff has prepared a list of recommended practices that describe the receipt and distribution of revenues. See attachment 3. It is the intent of these practices to provide a guide of the LFFA revenue receipt and disbursement process from tax collection, to reimbursement of administrative costs, and to the final allocation to member agencies' trust accounts. It is understood that staff may need to return to the Board with occasional changes, given that the first year experience in receiving and disbursing LFFA revenues is yet to come.

LIBRARIES FACILITIES FINANCING AUTHORITY FUND # 76190

Revenues and Transfers

Object	Description	FY 2015-16	FY 2016-17 Recommended
Summary of Financing Sources			
40192	Taxes-Special Assessments	NA	\$4,150,000
40430	Interest	NA	\$10,000
Total Revenues			\$4,160,000

LFFA Tax Revenue Distribution Schedule					
Object	Agency	31-Jan-17	30-Apr-17	30-Jun-17	Total
		50%	45%	5%	100%
75230	Libraries JPA for LFFA Adm.	\$161,805	\$145,625	\$16,181	\$323,610
75230	City of Capitola (12.90%)	\$247,447	\$222,702	\$24,745	\$494,894
75230	City of Santa Cruz (40.32%)	\$773,416	\$696,075	\$77,342	\$1,546,832
75230	City of Scotts Valley (4.84%)	\$92,841	\$83,557	\$9,284	\$185,681
75230	County of Santa Cruz (41.94%)	\$804,491	\$724,042	\$80,449	\$1,608,982
	Total Distribution	\$2,080,001	\$1,872,000	\$208,000	\$4,160,000

Notes and Comments:

1. The Special Taxes are collected and distributed by the Treasurer according to the Teeter Plan. The distribution schedule is January, April and June as noted above.
2. All LFFA expenditures are made from the Libraries JPA budget as allowed by the Contribution and Reimbursement Agreement between the Libraries JPA and the LFFA.
3. The chart below estimates reimbursements due the Library JPA from the LFFA, indicating total FY 2016-17 recommended expenditures for the LFFA are \$298,610.

LFFA Reimbursement Obligation to Libraries JPA	Actual FY 2014/15	Actual FY 2015/16	Est. Actual FY 2015/16	Proposed FY 2016/17	Total	Cum. Due Reimb.
Contracts						
Bregman	\$36,000	\$20,000			\$56,000	\$56,000
NBS		\$34,340	\$29,952	\$22,000	\$86,292	\$142,292
TBWB		\$51,734			\$51,734	\$194,026
ABC Law			\$3,500	\$3,500	\$7,000	\$201,026
Jones Hall				\$11,000	\$11,000	\$212,026
Harrell and Co.				\$6,500	\$6,500	\$218,526
Services						
County Clerk of Elections				\$230,000	\$230,000	\$448,526
County Recorder				\$13,110	\$13,110	\$461,636
Publishing/Miscellaneous				\$2,500	\$2,500	\$464,136
Employee						
			\$14,910	\$10,000	\$24,910	\$489,046
Reimbursements						
Proposed to Libraries JPA for past Fical Year expenses				\$25,000	\$25,000	\$464,046
Proposed to Libraries JPA for FY 2016/17 expenses				\$298,610	\$298,610	\$165,436
Total FY 2016/17 reimbursements and Reimbursement Carry Forward				\$323,610	\$323,610	\$165,436

ATTACHMENT 1
LFFA Amendment

**AMENDMENT TO THE SANTA CRUZ LIBRARIES
FACILITIES FINANCING AUTHORITY
JOINT EXERCISE OF POWERS AGREEMENT**

That certain Joint Exercise of Powers Agreement, with an effective date of December 9, 2014 (the "Agreement"), is hereby amended to specify details regarding the terms and provisions upon which the Public Library Improvements will be funded as follows:

1. Section 1 of the Agreement is hereby amended to read as follows:

SECTION 1. *Definitions.* Unless the context otherwise requires, the terms defined in this Section 2 have the meanings herein specified.

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

"Amendment" means an amendment to this Agreement referenced in Background recital 2 above.

"Board" means the governing board of the Facilities Authority.

"Bond" or "Bonds" means any notes, bonds or other obligations issued by the Facilities Authority for the purpose of financing Public Library Improvements payable from the special tax to be levied.

"Cities" means, collectively, the Cities of Santa Cruz, Scotts Valley and Capitola.

"CFD" means a community facilities district formed under the Mello-Roos Act.

"County" means the County of Santa Cruz.

"Directors" means the members of the Board, as set forth in Section 4(b).

"Facilities Authority" means the joint powers authority created by this Agreement.

"Joint Powers 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.

"Library Operator" means the Library Joint Powers Authority, the Parties or any other entity established to carry out library operations.

"Mello-Roos Act" means the Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 53311 of said Code.

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

12/15/15
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"Public Library Improvements" means physical improvements to the public library facilities which are operated by the Library Operator and for which bonds may be issued pursuant to Section 6546(p) of the Joint Powers Act.

2. Section 2 of the Agreement is hereby amended to read as follows:

SECTION 2. *Purpose.* This Agreement is entered into under the Joint Powers Act for the purpose of establishing a joint powers authority which is authorized to exercise the powers granted to it under the Joint Powers Act and the Mello-Roos Act for the purpose of:

- (a) Forming a CFD;
- (b) Calling an election under the Mello-Roos Act on, among other things, the issuance of Bonds for the purpose of raising at least \$62,000,000 of net proceeds and net special taxes for the financing of Public Library Improvements;
- (c) Issuing Bonds to finance Public Library Improvements; and
- (d) Carrying out all activities required for the proper management of the Bonds to be issued hereunder.

It is understood and agreed by the Parties that the purpose of the Facilities Authority is to form a single CFD and to conduct a single bond election for the issuance of one or more series of Bonds for the purpose of raising at least \$62,000,000 of net proceeds and net special taxes and that following the initial formation of the CFD and bond election, the purposes of the Facilities Authority shall be to issue the Bonds that have been authorized at such election, to levy a tax to service the debt associated with the issuance and pay for Public Library Improvements on a pay-as-you-go basis and otherwise administer the Bonds and the special tax during the term thereof.

Within ten days of issuance, exclusive of any costs of issuance, which shall be retained by the Facilities Authority to pay costs, and exclusive of any reserve which is funded from the proceeds of the Bonds, the Facilities Authority shall distribute the Bond proceeds to each of the Parties in the amounts or percentages specified below in order to undertake and complete the construction of the Public Library Improvements:

	Amount	Percentage
City of Capitola	\$8,000,000	12.90%
City of Santa Cruz	\$25,000,000	40.32%
City of Scotts Valley	\$3,000,000	4.84%
County of Santa Cruz	\$26,000,000	41.94%
Total	\$62,000,000	100.00%

Changes to the total amount of the Bonds to be issued or to the distribution of Bond proceeds among the Parties shall require an amendment to this Agreement, as set forth in Section 14, and shall be subject to the requirements of the Joint Powers Act.

It is anticipated that the special tax will be levied each year at the maximum amount permitted. Prior to issuance of Bonds, any net special tax collected in excess of amounts needed to administer the CFD shall be distributed twice annually in January and June, or as soon as practical upon receipt (but in no event less than twice annually), to each of the Parties in the percentages shown above. After the issuance of Bonds, any net special tax collected in excess of amounts needed to pay debt service on Bonds and to administer the Bonds and the CFD shall be distributed annually on September 2 to each of the Parties in the percentages shown above. When net special taxes and Bond proceeds distributed to the Parties equals a total of \$62,000,000, further distribution of net special taxes to each of the Parties shall be subject to the affirmative vote of all of the Directors.

Each of the Parties shall deposit or cause to be deposited Bond proceeds into a separate account to track revenues, expenses and fund balance, which will be subject to an independent audit every year during the term of this Agreement. Each of the Parties will be required to execute and deliver certifications and make representations and covenants regarding the administration and investment of Bond proceeds, as may be required by bond counsel in order to ensure compliance with applicable provisions of federal tax law.

Each of the Parties shall deposit or cause to be deposited net special taxes into a separate account to track revenues, expenses and fund balance, which will also be subject to an independent audit every year during the term of this Agreement. Each of the Parties will be required to execute and deliver certifications and make representations and covenants regarding the administration of net special taxes, as may be required by bond counsel in order to ensure compliance with applicable provisions of Mello-Roos Act.

Each of the Parties shall be responsible for overseeing the construction of the Public Library Improvements within its jurisdiction. The Parties shall work with their designated Library Operator to ensure that the Public Library Improvements meet the appropriate minimum deliverables for each project as well as furniture, shelving and signage standards as defined in Attachment A, which may be amended by the affirmative vote of all of the Directors to reflect updated standards.

3. Section 5 of the Agreement is hereby amended to read as follows:

SECTION 5. Powers.

The Facilities Authority shall have the power, in its own name, to conduct proceedings under the Mello-Roos Act to form a single CFD within all or a portion of the boundaries of the Parties, to conduct a single bond election for the issuance of one or more series of Bonds for the purpose of raising at least \$62,000,000 of net proceeds and net special taxes to be paid by a special tax within the CFD and to finance Public Library Improvements within the CFD, and to issue Bonds under the Mello-Roos Act for said purposes. The Facilities Authority is not authorized to take any actions inconsistent with or additional to the specific proceedings set forth above.

The Facilities Authority shall have all powers which a joint powers authority may exercise under the Joint Powers Act (including powers which are common to the Parties in accordance with Section 6502 of the Joint Powers Act), and all powers granted to it as a public agency under the laws of the State of California (including but not limited to the powers set forth in Chapter 12, Division 6, Title 1 of the California Government Code, commencing with Section 5920 of said Code), for the purpose of carrying out the purposes

for which the Facilities Authority has been established. The Facilities Authority is hereby authorized, in its own name, to do all acts necessary for the exercise of common powers, including but not limited to making and entering into contracts, suing and being sued in its own name, incurring obligations, and carrying out and enforcing all the provisions of this Agreement.

Notwithstanding anything herein to the contrary, the Facilities Authority shall not complete proceedings under the Mello-Roos Act to form a CFD or to conduct an election for the purpose of authorizing the imposition of a special tax within the CFD and for the purpose of authorizing the issuance of Bonds to finance Public Library Improvements, prior to the execution and delivery of the Amendment to this Agreement by all of the Parties. Such proceedings to form a CFD and call an election on the issuance of bonds shall comply in all respects with the applicable provisions of the Amendment.

All other provisions of the Agreement, in its original form, shall remain the same.

ATTACHMENT 2
Definition of Library Facilities

DESCRIPTION OF FACILITIES

The types of Facilities proposed to be financed or funded in whole or in part by the Community Facilities District No. 2016-1 (the "CFD") of the Santa Cruz Libraries Facilities Financing Authority (the "Authority") under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act") are as follows:

The Facilities means library facilities in the County of Santa Cruz, including but not limited to Aptos, Boulder Creek, Branciforte, Capitola, Downtown Santa Cruz, Felton, Garfield Park, La Selva Beach, Live Oak and Scotts Valley, but excluding library facilities in the City of Watsonville. The Facilities shall include any of the following: new construction, building renovations and service model upgrades needed to provide service desks, an area for displaying materials, separate areas for teens and children, flexible spaces and/or meeting rooms and study rooms, places to display art, new flooring, paint, shelving, furniture and technology, power/data to support library technology, and other upgrades.

The Facilities shall also include, without limitation, the attributable costs of engineering, design, planning, materials testing, coordination, construction staking, and construction, together with the expenses related to issuance and sale of any "debt", as defined in Section 53317(d) of the Act, including underwriters' discount, appraisals, market studies, reserve fund, capitalized interest, bond counsel, special tax consultant, financial advisor, bond and official statement printing, administrative expenses of the Authority, the CFD and bond trustee or fiscal agent related to the CFD, and any such debt and all other incidental expenses. The Facilities shall be constructed or modified, upgraded or otherwise renovated, whether or not acquired in their completed states, pursuant to plans and specifications approved by the Parties to the Authority's Joint Exercise of Powers Agreement.

The Facilities listed are representative of the types of improvements to be furnished by the CFD. Detailed scope and limits of specific projects will be determined as appropriate by the Parties. Addition, deletion or modification of descriptions of Facilities may be made consistent with the requirements of the Authority, the CFD and the Act.

ATTACHMENT 3
Recommended Practices

Santa Cruz Libraries Facilities Financing Authority Recommended Practices

The Santa Cruz Libraries Facilities Financing Authority (LFFA) is a joint powers authority created for the purpose of receiving and distributing special taxes and bond proceeds, in the amounts and percentages agreed upon, to four member agencies for library improvements. Due to complexities in the receipt and disbursement of funds, these practices are recommended to:

- 1) Present to the LFFA Board and the public the method of accounting for administrative costs and disbursing net revenues;
- 2) Acknowledge the reimbursement amounts due to the Library Joint Powers Authority (LJPA) for past and current expenses; and,
- 3) Clarify the LJPA's role in the administration of the LFFA Community Facilities District formed under the Mello-Roos Act.

The recommended practices are:

- 1) *Deposits:*
 - a) All LFFA Special Tax revenues will be deposited in a designated fund within the Santa Cruz County Pool. The designated LFFA fund will earn interest. The tax revenues will be deposited three times a year in accordance with the Teeter Plan.
 - b) All Bond proceeds and interest earnings, will be held with a Bank Trustee and the LFFA Treasurer-Controller will request drawdowns as outlined below.
- 2) *Expenditures:*
 - a) All LFFA expenses for administrative costs will occur in the LJPA budget
 - b) Upon the unanimous approval of the LFFA Board, reimbursements for LJPA and LFFA expenses for administrative costs are deducted from gross revenues, and processed for payment by the LFFA Treasurer-Controller.
- 3) *Distributions:*
 - a) Prior to the issuance of Bonds, net Special Tax revenues collected in excess of administrative expenditures will be distributed to the member agencies based upon the percentages listed below, unless modified by the unanimous approval of the LFFA Board, and in accordance with the Teeter Plan.

	Amount	Percentage
City of Capitola	\$8,000,000	12.90%
City of Santa Cruz	\$25,000,000	40.32%
City of Scotts Valley	\$3,000,000	4.84%
County of Santa Cruz	\$26,000,000	41.94%
Total	\$62,000,000	100.00%

- b) After the issuance of Bonds, net Special Tax revenues collected in excess of the semi-annual debt service and administrative costs will be distributed to the member agencies as soon as compliance with agreements, contracts or other senior commitments to the special tax revenues will allow. Member agencies' distribution of net Special Tax revenues will be net of their allocable share of debt service paid from these revenues based on the Bond proceeds distributed by series.
- c) Distribution of net Bond proceeds will be made in accordance with the joint agreement entered into between the LFFA and member agencies and the cash flow spending plan approved unanimously by the LFFA Board. The LFFA Treasurer-Controller will request drawdowns for these distributions.
- d) The LFFA will require an annual certification by the member agencies that net Special Taxes distributed to them are being used in accordance with the purpose for which they are authorized.
- e) If net Special Taxes and Bond proceeds exceed more than \$62,000,000, further distribution of these funds is subject to the unanimous approval of the LFFA Board.
- f) Once member agencies' allocations are disbursed, they cannot be changed or adjusted unless: a) an accounting error results in which case an adjustment can be authorized by the LFFA Treasurer-Controller; or, b) with the unanimous approval of the LFFA Board.
- g) The LFFA Treasurer-Controller will make all necessary adjustments to facilitate year end closing and distribute any revenue received in excess of the adopted or adjusted budget based on the amounts and percentages agreed upon.