

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



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

REGULAR BOARD MEETING

**THURSDAY, MARCH 2, 2017
6:00 P.M.**

**APTOS BRANCH MEETING ROOM
7695 SOQUEL DRIVE, APTOS, CA 95003**

1. CALL TO ORDER / ROLL CALL

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

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
None

6. PROJECT UPDATES AND COMMENTS BY BOARD MEMBERS

7. CONSENT CALENDAR

A. Approve Minutes of the January 12, 2017 Board Meeting
RECOMMENDED ACTION: Approve Minutes (PG.3-4)

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.

8. GENERAL BUSINESS

- A. Adopt resolution establishing Times and Dates for Regular Meetings
RECOMMENDED ACTION: Adopt Resolution 2017-001 (PG.5-7)
- B. Accept and File Report on Initial Tax Receipts and Distributions
RECOMMENDED ACTION: Accept and File Report (PG.8-9)
- C. Approve Bond Expenditure Plan
RECOMMENDED ACTION: Approve Bond Expenditure Plan (PG.10-14)
- D. Approve Debt Management Policy
RECOMMENDED ACTION: Approve Debt Management Policy (PG.15-19)
- E. Approve Reimbursement for Administrative Costs
RECOMMENDED ACTION: Approve Reimbursement for Administrative Costs (PG.20)

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.

9. SCHEDULED UPCOMING MEETINGS

April 6, 2017	Downtown Branch Library	Agenda Items:
at 9:00 am	224 Church Street	None
	Santa Cruz, CA 95060	

10. ADJOURNMENT

Adjourned to a Regular Meeting of the Libraries Facilities Financing Authority (LFFA) to be held on Thursday, April 6, 2017 at 9:00 a.m. at the Downtown Branch Meeting Room located at 224 Church St., Santa Cruz, CA 95060.

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.

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

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

**REGULAR MEETING MINUTES
THURSDAY, JANUARY 12, 2017
9:00 A.M.**

1. ROLL CALL

PRESENT: Chair Martin Bernal, Vice Chair Jenny Haruyama, Susan Mauriello (Board Member), Steve Jesberg (Alternate Board Member)

STAFF: Library Director Susan Nemitz

2. ADDITIONAL MATERIALS

None

3. ADDITIONS AND DELETIONS TO AGENDA

The Agenda of January 12, 2017 was approved by consensus.

4. ORAL COMMUNICATIONS

None

5. EXECUTIVE DIRECTOR REPORT

None

6. PROJECT UPDATES AND COMMENTS BY BOARD MEMBERS

Steve Jesberg: Community Workshop in Capitola

Jenny Haruyama: Theater Guild and SV Branch Library relationship, development of MOU and joint use agreement

Martin Bernal: A feasibility study of the Library/Parking garage was presented to City Council. Library advisory committee needs to be established, as well as a committee is needed to work with the Farmer's Market.

7. CONSENT CALENDAR

A. Approve Minutes of the December 1, 2016 Board Meeting

RESULT: APPROVED MINUTES OF DECEMBER 1, 2016
[UNANIMOUS]

MOVER: Susan Mauriello (Board Member)

SECONDER: Jenny Haruyama (Vice Chair)

AYES: Bernal, Jesberg, Mauriello, Haruyama

8. GENERAL BUSINESS

A. Annual election of Board Chair and Vice Chair

RESULT:	ELECTED THE CALENDAR YEAR 2017 BOARD CHAIR AND VICE CHAIR AS THE CITY OF SANTA CRUZ AND CITY OF SCOTTS VALLEY RESPECTIVELY. [UNANIMOUS]
MOVER:	Susan Mauriello (Board Member)
SECONDER:	Steve Jesberg (Alternate)
AYES:	Bernal, Haruyama, Mauriello, Jesberg

B. Review and Approve Draft Amended and Restated Joint Exercise of Powers Agreement and the Joint Community Facilities Agreement for the LFFA

RESULT:	THE BOARD APPROVED THAT THE GOVERNING BOARDS OF THE CITY OF CAPITOLA, THE CITY OF SCOTTS VALLEY, THE CITY OF SANTA CRUZ AND SANTA CRUZ COUNTY APPROVE THE AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT. THE BOARD APPROVED THE JOINT COMMUNITY FACILITIES AGREEMENT FOR THE LFFA. [UNANIMOUS]
MOVER:	Susan Mauriello (Board Member)
SECONDER:	Jenny Haruyama
AYES:	Bernal, Haruyama, Mauriello, Jesberg

9. ADJOURNMENT

The Libraries Facilities Financing Authority (LFFA) adjourned at 9:20 a.m. to the Regular Meeting on Thursday, February 2, 2017 at 9:00 a.m. at the Downtown Branch Meeting Room located at 224 Church St., Santa Cruz, CA 96060.

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.

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



STAFF REPORT

DATE: March 2, 2017
TO: LFFA Board of Directors
FROM: Susan Nemitz, Library Director
RE: Times and Dates for Regular Meetings

RECOMMENDATION

Adopt the resolution establishing Times and Dates for Regular Meetings.

DISCUSSION

In December 2015 the County of Santa Cruz, the City of Santa Cruz, the City of Capitola and the City of Scotts Valley executed a Joint Exercise of Powers Agreement (Agreement), to their mutual benefit, for the purpose of funding Public Library Improvements and other purposes as identified in the Agreement, and creating the Santa Cruz Libraries Facilities Financing Authority (Authority). Section 4 (c)(1) of the Agreement requires the Authority Board to adopt a resolution establishing the times and dates for regular meetings. A calendar of times and dates was approved by simple motion of the Board at their January Meeting.

In compliance with the Agreement, the attached resolution establishing times and dates for regular Authority Board meetings is presented to your Board for approval. It is important to note that while the regular meeting calendar reflects the Board's intention at the time of the calendar adoption to hold and conduct such meetings, procedures allow the Board to cancel, or postpone or adjourn meetings to another date.

Attachment:
Resolution 2017-001

RESOLUTION NO. 2017-001

**RESOLUTION ESTABLISHING TIME AND DATES FOR REGULAR MEETINGS OF
THE BOARD OF DIRECTORS**

SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY

WHEREAS, the County of Santa Cruz, the City of Santa Cruz, the City of Capitola and the City of Scotts Valley have entered into a Joint Exercise of Powers Agreement (Agreement), as amended, to their mutual benefit, for the purpose of creating the Santa Cruz Libraries Facilities Financing Authority (Authority) in order to fund Public Library Improvements and other purposes as identified in the Agreement; and

WHEREAS, the Agreement created a governing to Board to administer the Authority and conduct public business; and

WHEREAS, Section 4(c)(1) of the Agreement requires the Board to adopt a resolution establishing the times and dates for regular meetings;

NOW, THEREFORE, IT IS ORDERED, by the Board of the Santa Cruz Libraries Facilities Financing Authority, as follows:

Regular meeting times and dates. The dates and times for regular meetings shall be:

- Thursday, January 12, 2017; 9:00 a.m.
- Thursday, February 2, 2017; 9:00 a.m.
- Thursday, March 2, 2017; 6:00 p.m.
- Thursday, April 6, 2017; 9:00 a.m.
- Thursday, May 4, 2017; 9:00 a.m.
- Thursday, June 1, 2017; 6:00 p.m.
- Thursday, July 6, 2017; 9:00 a.m.
- Thursday, August 3, 2017; 9:00 a.m.
- Thursday, September 7, 2017; 6:00 p.m.
- Thursday, October 5, 2017; 9:00 a.m.
- Thursday, November 2, 2017; 9:00 a.m.
- Thursday, December 7, 2017; 9:00 a.m.

Upon motion of Director _____, seconded by Director

_____, and on the following roll call vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAINING:

the foregoing resolution is hereby adopted on March 2, 2017.

Martin Bernal, Board Chair

ATTEST:

Helga Smith, Secretary



STAFF REPORT

AGENDA: March 2, 2017
DATE: February 23, 2017
TO: Board of Directors
FROM: LFFA Treasurer-Controller
SUBJECT: Financial report of initial tax receipts and distribution

RECOMMENDATION

Accept and file the attached financial report reflecting initial tax receipts and distributions.

DISCUSSION

The LFFA Amended and Restated Joint Exercise of Powers Agreement provides that net special taxes and bond proceeds are to be distributed to the jurisdictions in the maximum amounts specified below using the percentages specified below:

	Maximum 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%

The attached schedule reflects funds received and distributed to date and provides a year-end estimate. As of February 2017, revenues are expected to exceed expenditures, including the reserve, by \$169,692.

LFFA Fund 76190 Revenues & Expenditures

Criteria: As Of = 2/28/2017; Fund = 76190; Summarize by = Fund, GLKey, Dataset, Object

Object Title	YTD Adjusted Budget	2/28/2017 YTD E/A/Actuals	TOTAL YTD E/A 6/30/17 & RESERVE	VARIANCE E/A
Fund 76190 -- SC LIBRARIES FAC FIN AUTH LFFA				
GL Key 701300 -- SC LIBRARIES FAC FIN AUTH LFFA				
Revenues				
40192 ASSESSMENTS	\$ 4,150,000	2,184,446	\$ 4,368,891	\$ (218,891)
40192 ASSESSMENTS Allowance for Adjustments 1%			\$ (43,688)	\$ 43,688
40430 INTEREST	\$ 10,000	3,514	\$ 4,488	\$ 5,512
Total Revenues (SOURCES)	\$ 4,160,000	\$ 2,187,960.68	\$ 4,329,692	\$ (169,692)
Expenditures				
TO RESERVE				
75230 CONTRIB TO OTHER AGENCIES-OTH LIB JPA ADM	\$ 165,436		\$ 165,436	\$ -
75230 CONTRIB TO OTHER AGENCIES-OTH CITY CAP	\$ 323,610	161,805	\$ 323,610	\$ -
75230 CONTRIB TO OTHER AGENCIES-OTH CITY SC	\$ 473,553	236,777	\$ 473,553	\$ -
75230 CONTRIB TO OTHER AGENCIES-OTH CITY SV	\$ 1,480,129	740,064	\$ 1,480,129	\$ -
75230 CONTRIB TO OTHER AGENCIES-OTH COUNTY	\$ 177,674	88,837	\$ 177,674	\$ -
Total Expenditures & RESERVE (USES)	\$ 1,539,598	769,799	\$ 1,539,598	\$ -
Total GL Key 701300	\$ 4,160,000	\$ 1,997,282.00	\$ 4,160,000	\$ (169,692)
Total Fund 76190			\$ 169,692	\$ (169,692)

CASH ANALYSIS:

Cash Balance month-end estimates

\$ 190,679 \$ 335,128



STAFF REPORT

AGENDA: March 2, 2017
DATE: February 24, 2017
TO: LFFA Board of Directors
FROM: Susan Nemitz, Library Director
SUBJECT: Bond Expenditure Plan

RECOMMENDATION

Direct staff and consultants to prepare the documents for the first issuance of bonds to provide funding of approximately \$21.5 million to be distributed to each member as shown in the Staff report.

DISCUSSION

The Santa Cruz Libraries Facilities Financing Authority Community Facilities District (CFD) began levying the special tax in 2016-17. The first phase of Special Tax Bonds, based on the needs of the members, was anticipated to be issued in early 2017-18. Staff has begun preparing for the first issuance.

After the CFD was formed, the LFFA Financial Advisor developed a funding template that allowed for a combination of tax revenue and bond proceeds sufficient to meet the Library Facilities construction financing needs of each member, while raising the bond proceeds as cost efficiently as possible.

Each member will get their share of the 2016-17 net special tax revenues as a funding source. In addition, the specific information that was received from the members as to timing and requirements for bond proceeds are as follows:

Member	First Series	Second Series	Third Series	Total
County of Santa Cruz	\$13,100,000	Balance	N/A	\$26,000,000
City of Scotts Valley	500,000	Balance	N/A	3,000,000
City of Capitola	Balance	N/A	N/A	8,000,000
City of Santa Cruz	500,000	9,000,000*	Balance*	25,000,000

*The City of Santa Cruz did not have their full timing and requirement complete for the 2nd or 3rd series, and the Financial Advisor divided the balance of the City of Santa Cruz share between the 2nd or 3rd series for the funding example.

Using this funding scenario, three bond issues are estimated with the first series in June 2017, the second series in June 2018, and the third and final series in June 2021. This would allow for all bond issues to be completed within five years from the receipt of the first tax proceeds and provide time to plan and design projects since all proceeds from each sale of bonds must be spent within three years of such bond issue. Actual future bond issuance amount and timing will depend on requests from the members.

The special tax is estimated to generate about \$4,400,000 annually based on the actual tax levy for 2016-17. This is higher than the original estimate of \$4,150,000. The following table provides an estimate of the distribution of the net special tax in 2016-17:

Collection:	
Maximum Special Tax	\$4,400,000
Reimburse Pre-Formation Costs	(400,000)
Administrative Costs	<u>(100,000)</u>
Net Special Tax	\$3,900,000
 Distribution:	
County (41.94%)	\$1,635,660
Santa Cruz (40.32%)	1,572,480
Scotts Valley (4.84%)	188,760
Capitola (12.90%)	<u>503,100</u>
Total	\$3,900,000

Going forward, the funding scenario shows annual administrative costs of \$100,000 (increasing 5% each year) to provide for the special tax levy consultant, the county property charge collection fee, audits, financial reporting, library staff services to the LFFA, and library overhead. Bond administration costs increase with each issuance, and include the trustee fees, rebate calculations, continuing disclosure and CDIAC reporting.

A Bond Expenditure Plan is attached to demonstrate how annual surplus special taxes would be distributed based on the phasing of bonds and estimated costs described in this report. For each year, the remaining special tax after debt service will be distributed based on the fixed share, less a proportionate amount of debt service based on the amount of net proceeds received for each series, until the total \$62,000,000 has been distributed. An example of the calculation for 2017-18 is shown on the following page.

		County	Santa Cruz	Scotts Valley	Capitola
Phase 1 Bond Proceeds	\$21,536,490	13,100,000 60.827%	500,000 2.322%	500,000 2.322%	7,436,490 34.530%
2017-18 Special Tax					
Maximum Special Tax	\$4,400,000				
Administrative Costs	<u>(100,000)</u>				
Available Special Tax	\$4,300,000	1,803,420 41.94%	1,733,760 40.32%	208,120 4.84%	554,700 12.90%
Debt Service + Bond Admin Costs	\$(1,431,500)	(870,732) 60.827%	(33,239) 2.322%	(33,239) 2.322%	(494,290) 34.530%
Net Special Tax Distribution to Members	\$2,868,500	932,688	1,700,521	174,881	60,410

Staff anticipates that the bond documents will be provided for the Board's review and consideration at the May 4 Board meeting.

Prepared by:
Suzanne Harrell
LFFA Financial Advisor

Approved by:
Susan Nemitz
LFFA Executive Director

Attachments:
LFFA Funding Scenarios
2017 Special Tax Bonds Financing Schedule

LFFA FUNDING SCENARIO - PHASE I BONDS IN JUNE 2017, PHASE II BONDS IN JUNE 2018, PHASE III BONDS IN JUNE 2021

Tax Bill 1 2016-17	Maximum Special Tax 4,400,000	Administrative Costs (500,000)	Net Tax 3,900,000	Bond Admin Fees (11,500)	Phase I @ 3.7% (1,420,000)	Phase II @ 4.75% (1,500,000)	Phase III at 5.50% (1,420,000)	Balance for P&As-Yield-Sp 3,900,000	Annual Distribution										Total \$62,000,000				
									County	Capitola	County	Capitola	County	Capitola	County	Capitola	County	Capitola		County	Capitola		
2 2017-18	4,400,000	(100,000)	4,300,000	(11,500)	(1,420,000)	-	(1,420,000)	2,868,500	41.94%	932,688	1,700,521	174,881	60,410	13,100,000	500,000	500,000	500,000	7,436,490	14,032,688	2,200,521	674,881	7,496,900	
3 2018-19	4,400,000	(105,000)	4,295,000	(22,000)	(1,420,000)	(1,500,000)	(1,500,000)	1,353,000	32.51%	272,677	1,056,394	23,930	2,111	10,058,976	9,000,000	2,322%	2,322%	34,530%	10,331,653	10,056,394	2,136,359	-	-
4 2019-20	4,400,000	(110,000)	4,290,000	(22,000)	(1,420,000)	(1,500,000)	(1,500,000)	1,348,000	20.15%	78,088	1,348,000	1,77%	0.00%	47,500%	42,510%	9,978%	0.00%	0.00%	-	1,348,000	-	-	-
5 2020-21	4,400,000	(115,000)	4,285,000	(22,000)	(1,420,000)	(1,500,000)	(1,500,000)	1,343,000	0.00%	-	1,343,000	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	-	1,343,000	-	-	-
6 2021-22	4,400,000	(120,000)	4,280,000	(32,500)	(1,420,000)	(1,500,000)	(1,500,000)	597,500	0.00%	-	597,500	0.00%	0.00%	0.00%	7,882,106	100.00%	0.00%	0.00%	7,882,106	8,479,606	-	-	-
								2,841,025	2,841,025	7,617,899	387,571	563,510	23,150,977	17,382,107	2,632,429	7,436,490	25,000,000	3,000,000	8,000,000				

* This is the March 1 and September 1 payment that would be paid from the FY taxes received

3.7% = Current AA market conditions on Feb 16, 2017 * 20 bp Contingency

**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2016-1
2017 SPECIAL TAX BONDS**

FINANCING SCHEDULE

<u>Scheduled to be Completed</u>	<u>Date to Complete</u>
Members finalize bond funding requested amount	February 17
Authority approves Bond Expenditure Plan (First Series)	March 2
Authority adopts Resolution setting Regular Meetings	March 2
Authority adopts Debt Policy	March 2
Municipal Advisor distributes draft Preliminary Official Statement	March 20
Bond Counsel distributes draft Legal Documents/Resolutions	March 20
Initial comments due on draft Preliminary Official Statement	April 3
Municipal Advisor and Bond Counsel distribute revised Financing Documents	April 4
Submit Documents to Rating Agency/Bond Insurer	April 10
Comments due on Financing Documents	April 18
Agenda Deadline	April 19
Staff Reports due to Staff for review	April 24
Secretary publishes Notice of Public Hearing	By April 28
Receive Rating/Bond Insurance	May 1
Final Comments received on Preliminary Official Statement	May 2
Authority holds Public Hearing	May 4
Authority approves Financing Documents	May 4
Post Preliminary Official Statement on-line	May 5
Authority signs Purchase Contract	May 16
Municipal Advisor delivers Final Official Statement to Printer	May 23
Bond Counsel distributes Closing Documents	May 25
Bond Closing	June 6



STAFF REPORT

AGENDA: March 2, 2017
DATE: February 24, 2017
TO: LFFA Board of Directors
FROM: Susan Nemitz, Library Director
SUBJECT: Debt Policy

RECOMMENDATION

Adopt the Debt Management Policy.

DISCUSSION

The State Legislature recently adopted SB 1029, which requires public agencies to adopt local debt policies, which are to include specified provisions concerning the use of debt. The Authority will be required to certify that any contemplated future debt issuance is consistent with these local debt policies.

The Debt Management Policy has been developed to provide guidance in the issuance and management of debt by the Authority (including debt issued on behalf of the Santa Cruz Libraries Facilities Financing Authority Community Facilities District No. 2016-1) and is intended to comply with Government Code Section 8855(i), effective on January 1, 2017. The main objectives of the Debt Management Policy are to establish conditions for the use of debt, to maintain the Authority's sound financial position, to protect the Authority's credit-worthiness, to ensure that debt is structured in order to protect both current and future taxpayers and to ensure that the debt is consistent with certain goals and objectives of the Authority.

In addition to describing the purposes for which debt may be issued and the types of debt that may be issued, the Debt Management Policy includes the following sections:

- The relationship of the debt to, and integration with, the Authority's Bond Expenditure Plan.
- Policy goals related to the Authority's planning goals and objectives.
- The internal control procedures that the Authority has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

The Authority has previously adopted Local Goals and Policies relating to the issuance of Special Tax Bonds by Community Facilities District, and those policies are incorporated into the Debt Management Policy.

Prepared by:
Suzanne Harrell
LFFA Financial Advisor

Approved by:
Susan Nemitz
LFFA Executive Director

Attachment: Debt Management Policy

DEBT MANAGEMENT POLICY

This Debt Management Policy (the “Debt Policy”) of the Santa Cruz Libraries Facilities Financing Authority (the “Authority”) was approved by the Authority’s governing board (the “Board”) on _____, 2017. The Debt Policy may be amended by the Board as it deems appropriate from time to time in the prudent management of the debt of the Authority. This Debt Policy applies to the Authority and all subordinate entities of the Authority for which the Board serves as the governing board.

1. Findings

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and shall govern all debt undertaken by the Authority.

The Authority hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the Authority’s sound financial position.
- Protect the Authority’s credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers.
- Ensure that the Authority’s debt is consistent with the Authority’s planning goals and objectives and bond expenditure plan.

2. Policies

A. Purposes For Which Debt May Be Issued

(i) Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the members of the Authority in accordance with the Authority’s joint exercise of powers agreement.

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the members of the Authority and their taxpayers, or has been otherwise approved by a vote.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The Authority may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the Board and the applicable members of the Authority.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The Authority estimates that sufficient revenues will be available to service the debt through its maturity.
- The Authority determines that the issuance of the debt will comply with the applicable state and federal law.

(ii) Short-term debt. Short-term debt may be issued to provide interim financing for the Authority's authorized capital projects.

(iii) Financings on Behalf of Other Entities. The Authority may issue debt on behalf of itself, the Santa Cruz Libraries Facilities Financing Authority Community Facilities District No. 2016-1, or any other financing entity or community facilities district formed by the Authority, in order to further the public purposes of Authority. In such cases, the Authority shall take reasonable steps to confirm that the issuance of such debt is consistent with the policies set forth herein.

B. Types of Debt

The following types of debt are allowable under this Debt Policy:

- bond or grant anticipation notes,
- revenue bonds and certificates of participation issued under the Joint Exercise of Powers Act, constituting Chapter 5 of Division 7 of Title 1 of the California Government Code,
- land-secured financings, such as special tax bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended.

The Authority may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

Debt shall be issued as fixed rate debt unless the Authority makes a specific determination as to why a variable rate issue would be beneficial to the Authority in a specific circumstance.

C. Relationship of Debt to Bond Expenditure Plan

The Authority is committed to long-term capital planning. The Authority intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the Authority's bond expenditure plan.

The Authority shall integrate its debt issuances with the goals of its bond expenditure plan by timing the issuance of debt to ensure that projects are available when needed in furtherance

of the Authority's public purposes and to benefit its members.

D. Policy Goals Related to Planning Goals and Objectives

The Authority is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The Authority intends to issue debt for the purposes stated in this Policy and the Authority's joint exercise of powers agreement and to implement policy decisions incorporated in the joint exercise of powers agreement and bond expenditure plan.

It is a policy goal of the Authority to protect its members and taxpayers by utilizing conservative financing methods and techniques so as to obtain the lowest practical borrowing costs based on the credit quality and revenue stream pledged to repay the debt.

The Authority will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related special taxes.

In general, refundings which produce a net present value savings of at least four (4) percent of the refunded debt will be considered economically viable. Refundings which produce a net present value savings of less than four (4) percent or negative savings will be considered on a case-by-case basis, and are subject to Board approval.

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the Authority shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The Authority will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any bond issues, and
- the Authority's investment policies as they relate to the investment of bond proceeds.

Proceeds of debt will be held by a third-party trustee, which will disburse such proceeds to the members of the Authority in accordance with the Authority's joint exercise of powers agreement and bond expenditure plan.

F. Relationship to Other Policies

The Authority will ensure that any special tax bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, with comply with the Authority's "Local Goals and Policies for Community Facilities Districts," as originally adopted by the Board on December 17, 2015, and as may be subsequently amended.



STAFF REPORT

AGENDA: March 2, 2017
DATE: February 24, 2017
TO: Board of Directors
FROM: Susan Nemitz, Library Director
SUBJECT: Reimbursement for Administrative Costs

RECOMMENDATION

Approve the use of unanticipated special tax revenue in the amount of \$131,121 to fully reimburse the Library Joint Powers Authority for administrative costs totaling \$454,731.

DISCUSSION

In September 2016, the Board of the Libraries Facilities Financing Authority (LFFA) approved a FY 2016-17 budget that included a temporary reserve of \$165,436 to be held and not distributed until the presentation of the LFFA Treasurer-Controller's report on initial tax receipts. As shown in the attached report, revenues are expected to exceed expenditures by \$169,692 in the current fiscal year. With the reserve of \$165,436, a total of \$335,128 should be available for distribution by year-end.

The FY 2016-17 budget includes a reimbursement to the Library Joint Powers Authority (LJPA) for LFFA administrative costs totaling \$323,610. Based on invoices received and paid to date, actual costs incurred by the LJPA total \$454,731, which is less than previously estimated as part of the adopted budget. It is recommended that the Board approve the use of unanticipated special tax revenue in the amount of \$131,121 to fully reimburse the LJPA for these costs and that the budget be adjusted accordingly.

Prior to year-end closing, the LFFA Treasurer-Controller can be authorized to distribute any revenue received in excess of the adopted budget to the member agencies in accordance with the percentages specified in the Amended and Restated Joint Exercise of Powers Agreement. We will return with an updated financial report and our recommendations for year-end closing in June.