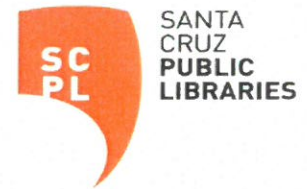


Chair Jenny Haruyama  
Vice Chair Carlos Palacios  
Board Member Jamie Goldstein  
Board Member Martin Bernal



**SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY  
(LFFA)  
REGULAR BOARD MEETING  
THURSDAY JUNE 7, 2018**

**9:00 A.M.**

**BOULDER CREEK BRANCH LIBRARY  
13390 WEST PARK AVE., BOULDER CREEK, CA 95006**

**1. CALL TO ORDER / ROLL CALL**

Board Members Jamie Goldstein, Carlos Palacios, Martin Bernal and Chair Jenny Haruyama

**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. Director's Report for June (PG.3-5)

**6. PROJECT UPDATES AND COMMENTS BY BOARD MEMBERS**

**7. CONSENT CALENDAR**

A. Approve Minutes of the May 3, 2018 Board Meeting  
RECOMMENDED ACTION: Approve Minutes (PG.6-8)

*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. Approve FY 2018-2019 LFFA Budget  
RECOMMENDED ACTION: Approve the FY 2018-2019 LFFA Budget (PG.9-12)
- B. Approve Contract with Brown Armstrong for Audit Services  
RECOMMENDED ACTION: Approve Amendment to Contract with Brown Armstrong, CPAs (PG.13-24)
- C. Report on Meeting with Jurisdictions regarding Bond Issues – oral report

*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

<b>August 2, 2018</b>	<b>Downtown Branch Branch Library</b>	<b>Agenda Items:</b>
	<b>224 Church Street, Santa Cruz, CA 95060</b>	

## 10. ADJOURNMENT

Adjourned to a Regular Meeting of the Libraries Facilities Financing Authority (LFFA) to be held on Thursday August 2, 2018 at 9:00 a.m. at the Downtown Branch Library, located at 224 Church Street, 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](mailto:library_admin@santacruzpl.org).

**June 2018**

**Library Director's Report to the LFFA**

**Aptos**

County staff is planning to take the RFQ for architectural-engineering services for the preparation of building and site assessments to the Board of Supervisors on June 12. They are recommending a Design-Build project delivery approach. The current, tentative project schedule anticipates a fall 2021 – 2022 construction period.

**Boulder Creek**

County and Library staff are exploring design options with Jayson Architects. ADA requirements and safety improvements will likely utilize the majority of available resources.

**Branciforte**

Jayson Architects has begun to explore preliminary design options for the project with Library staff.

**Capitola**

The Capitola Library closed for construction on May 1st. A closing sale held by the Friends of the Library produced almost \$7,000 in revenue.

Patrons can access library services from any branch library during open hours, by phone at 831-427-7713, or by emailing [elibrary@santacruzpl.org](mailto:elibrary@santacruzpl.org). Many collections for entertainment and research are available online via the website at [santacruzpl.org](http://santacruzpl.org). SCPL has added two additional Bookmobile stops in proximity to the library. The Bookmobile will visit the Live Oak Senior Center every other Tuesday 2:15-3:00pm starting May 1st, and the Mid-County Senior Center every other Wednesday 3:00-3:45 starting May 9th. Tales to Tails programming will move to the Aptos Library and take place 1st and 3rd Mondays 3:30pm - 4:30pm, and every 1st Saturday of the month 10:30am - 11:30am. Starting in June, Preschool Storytime will take place at the Porter Memorial Library Fridays 11:00am to 12:00pm, and MAKE & Explore will be held at the Children's Museum of Discovery in the Capitola Mall on Fridays 2:00pm - 4:00pm.

Expanded hours at the Aptos and Live Oak branches were approved by the JPA last month. Starting June 1st, Aptos will be open until 8:00pm Monday-Thursday, and Live Oak is adding Friday morning 10:00am-5:00pm and Saturday hours 10:00am-5:00pm. We hope these additional hours will allow for the public to discover new branches while Capitola's new building is constructed. Capitola staff have been assigned shifts at Aptos and Live Oak.

The City of Capitola City will open construction bid documents on June 6. There is no official date for a Groundbreaking celebration.



**Downtown**

Members of the Downtown Library Advisory Committee (DLAC) met with a variety of stakeholders to discuss their recommendation of Option B, relocating the Downtown Branch Library to a mixed-use project on Cedar, Lincoln, and Cathcart Streets. The DLAC's recommendation will now go to the Santa Cruz City Council on June 19 for consideration.

**Felton**

The Santa Cruz County Department of Parks, Open Space and Cultural Services has received a \$395,000 grant to construct an outdoor environmental education area and interpretive trail adjacent to the planned Felton Library. The grant is one of only 39 local projects awarded statewide by California State Parks from a total of \$10 million allocated as part of the California Outdoor Environmental Education Facilities Grant Program. Funded by the 2002 Resources Bond Act (Proposition 40), the highly competitive grant program provides assistance to local agencies and community-based organizations for the development of outdoor environmental education facilities. As part of the park design process, County Parks invites members of the public to attend a community meeting on June 14, 6 p.m.-7:30 p.m. at Felton Community Hall Meeting Room, 6191 Highway 9, Felton.

The Friends of the Library sponsored a Secret Gardens of the Valley Tour on Saturday, May 19 raising nearly \$11,000 for the Felton Library Branch and Nature Discovery Park.

The project plans are currently in permitting. The Board of Supervisors should approve the advertisement and bidding of construction on June 26. Bids are expected to be opened in late July. Ground breaking is expected in August with the Library expected to open fall 2019.

**Garfield**

Jayson Architects has begun to explore preliminary design options for the project. ADA requirements and safety improvements will likely utilize the majority of available resources.

**La Selva Beach**

County and Library staff are exploring design options with Jayson Architects. ADA requirements and safety improvements will likely utilize the majority of available resources. Staff are working with the Friends of the Library to consider fundraising opportunities that could add to the scope of the project.

The County will begin to work with the Recreation District on renegotiating the Library's lease in the La Selva Beach facility.

### **Live Oak Annex**

A kick off meeting with Noll & Tam Architects, County Parks and Recreation and Library staff took place May 30. A draft set of project goals were discussed.

- Create a learning environment which serves all ages and provides gathering spaces which encourage intergenerational activities
- Provide learning facilities not available at the Existing Live Oak Library branch that are free to the public
- Locate the facility in a central location accessible to the Live Oak Community
- Design the facility to function in partnership with other community organizations maximizing the opportunities for collaborative and engaging programming as well as providing the most efficient use of resources and personnel
- Leverage past investment in existing community institutions

A plan will be developed for several community meetings over the next six months to define the most pressing community needs. The County anticipates an April 2020 - April 2021 construction period.

### **Live Oak**

A design recommendation is being developed between County and Library staff. A community review meeting is being planned. Construction needs to be coordinated with the opening of Capitola.

### **Scotts Valley**

The Scotts Valley City Council is exploring the best use for the 9,000 s.f. of space adjacent to the current library. They are contracting with Group 4, the original architect to reaffirm existing Library capital needs and associated costs based on the 2013 Santa Cruz Libraries Facilities Master Plan. Group 4 will also identify associated costs with pursuing a flexible alternative use which would include a theater-type component.

Chair Jenny Haruyama  
Vice Chair Carlos Palacios  
Board Member Jamie Goldstein  
Board Member Martin Bernal



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

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

**REGULAR MEETING MINUTES  
THURSDAY MAY 3, 2018  
9:00 A.M.**

**1. ROLL CALL**

**PRESENT:** Martin Bernal, Jenny Haruyama, Christina Mowrey (Alternate), Jamie Goldstein  
**STAFF:** Library Director Susan Nemitz

**2. ADDITIONAL MATERIALS**

None

**3. ADDITIONS AND DELETIONS TO AGENDA**

The Agenda of May 3, 2018 was approved by consensus.

**4. ORAL COMMUNICATIONS**

None

**5. EXECUTIVE DIRECTOR REPORT**

Library Director's Report – May 2018

**6. PROJECT UPDATES AND COMMENTS BY BOARD MEMBERS**

Jamie Goldstein gave an update on the Capitola library construction process. The Capitola is closed now until the construction of the new branch is completed. A fundraising effort by the Capitola Friends was very successful.

**7. CONSENT CALENDAR**

**RESULT:** APPROVED CONSENT CALENDAR Item 7 A Pull Item B  
A. Approved Minutes of March 1, 2018  
[UNANIMOUS]

**MOVER:** Martin Bernal  
**SECONDER:** Jamie Goldstein (Board Member)  
**AYES:** Bernal, Haruyama, Mowrey, Goldstein

**RESULT:** APPROVED CONSENT CALENDAR Item 7 B  
B. Received Community Facilities District Report  
[UNANIMOUS]

**MOVER:** Christina Mowrey  
**SECONDER:** Martin Bernal (Board Member)  
**AYES:** Bernal, Haruyama, Mowrey, Goldstein

**8. GENERAL BUSINESS**

A. CFD No. 2016-1 FY 2017/18 Annual Report

**RESULT:** ACCEPTED FY 2017/18 CFD NO. 2016-1 ANNUAL REPORT  
[UNANIMOUS]

**MOVER:** Jamie Goldstein  
**SECONDER:** Christina Mowrey (Alternate Board Member)  
**AYES:** Bernal, Haruyama, Mowrey, Goldstein

B. Proposed Budget for FY 2018/2019

**RESULT:** APPROVED THE PROPOSED FY 2018-2019 LFFA BUDGET  
[UNANIMOUS]

**MOVER:** Jamie Goldstein  
**SECONDER:** Martin Bernal (Board Member)  
**AYES:** Bernal, Haruyama, Mowrey, Goldstein

**9. ADJOURNMENT**

The Libraries Facilities Financing Authority (LFFA) adjourned at 9:20 a.m. to the Regular Meeting on Thursday June 7, 2018 at 9:00 a.m. at the Boulder Creek Branch Library, located at 13390 West Park Ave., Boulder Creek, CA 95006.

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

AGENDA: May 3, 2018

DATE: April 27, 2018, 2018

TO: Board of Directors

FROM: Libraries Facilities Financing Authority Treasurer-Controller

SUBJECT: Libraries Facilities Financing Authority Proposed Budget for FYR 2018-2019

**RECOMMENDATION**

Approve the Proposed 2018-2019 Libraries Facilities Financing Authority (LFFA) Budgets including the General Fund Proposed Budget and the Debt Service Fund Proposed Budget.

**DISCUSSION**

The attached 2018-2019 Proposed Budgets reflect the anticipated Sources and Uses of LFFA funds. The budget does not reflect the issuance of a second bond during 2018-2019. If the Board decides to issue the second bond during 2018-2019 a revised Budget would be prepared and submitted to your Board.

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. The City of Capitola has reached its maximum amount and is not budgeted to receive allocations in the 2018-2019 budget.

	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

Libraries Facilities Financing Authority  
Fund 76-190  
Budget Summary  
2018-2019 Proposed Budget

GL Key	Description	Total Financing Sources			Total Financing Uses			
		Fund Balance Available June 30, 2018	Decrease to Obligated Fund Balances	Additional Financing Sources	Total Available Financing	Financing Uses	Increase to Obligated Fund Balances	Total Financing Uses
701300	SC LIBRARIES FAC FIN AUTH LFFA	\$ -		\$ 4,399,215	\$ 4,399,215	\$ 4,399,215	\$ -	\$ 4,399,215
701310	SC LIBRARIES FAC FIN-DEBT	\$ 650,666		\$ 1,240,831	\$ 1,891,497	\$ 1,067,081	\$ 824,416	\$ 1,891,497

Projected allocation of Phase II Bond Proceeds - projections will change as Members receive allocations of tax revenues.

IMPROVEMENT FUNDS HELD FOR AGENCIES AT BNY, TRUSTEE:

701392	SCLFFA-COUNTY IMPR	\$ 12,379,165	\$ -	\$ 9,383,709	\$ 22,432,624	\$ 22,432,624	\$ -	\$ 22,432,624
701393	SCLFFA-CITY SC IMPR	\$ 500,000	\$ -	\$ 19,014,115	\$ 21,432,333	\$ 21,432,333	\$ -	\$ 21,432,333
701394	SCLFFA-CAPITOLA IMPR	\$ 7,526,447	\$ -	\$ -	\$ 7,526,447	\$ 7,526,447	\$ -	\$ 7,526,447
701395	SCLFFA-SCOTT'S VLY IMPR	\$ 500,000	\$ -	\$ 1,918,046	\$ 2,611,271	\$ 2,611,271	\$ -	\$ 2,611,271
	<b>SUBTOTAL IMPRVMT FUNDS HELD AT BNY</b>	\$ 20,905,612	\$ -	\$ 30,315,870	\$ 54,002,675	\$ 54,002,675	\$ -	\$ 54,002,675
701396	SCLFFA-BNY IMPR INTEREST	\$ 125,426	\$ -	\$ 100,000	\$ 225,426	\$ -	\$ 225,426	\$ 225,426

Libraries Facilities Financing Authority  
 General Fund - 76190  
 Proposed Budget

FISCAL YEAR 2018-19

2016-17 Actuals	2017-18 YTD Adj Budget	2017-18 YTD Actuals	2017-18 Estimated Actuals	2018-19 Proposed Budget
\$ 4,360,832	\$ 4,405,137	\$ 4,178,776	\$ 4,395,215	\$ 4,395,215
\$ 4,565	\$ 4,000	\$ 8,703	\$ 8,703	\$ 4,000
\$ 4,365,397	\$ 4,409,137	\$ 4,187,479	\$ 4,403,918	\$ 4,399,215
\$ 454,732	\$ 96,501	\$ 5,000	\$ 91,282	\$ 100,000
\$ 473,554	\$ -	\$ -	\$ -	\$ -
\$ 1,480,128	\$ 2,087,539	\$ 730,639	\$ 2,087,539	\$ 1,918,218
\$ 177,674	\$ 210,684	\$ 73,739	\$ 210,684	\$ 193,596
\$ 1,539,598	\$ 1,030,123	\$ 360,543	\$ 1,030,123	\$ 946,570
\$ -	\$ 1,224,001	\$ 1,224,001	\$ 1,224,001	\$ 1,240,831
\$ 4,125,686	\$ 4,648,848	\$ 2,393,922	\$ 4,643,629	\$ 4,399,215
\$ 239,711	\$ (239,711)	\$ 1,793,557	\$ (239,711)	\$ -
\$ -	\$ 239,711	\$ 239,711	\$ 239,711	\$ -
\$ 239,711	\$ -	\$ 2,033,268	\$ -	\$ -



Libraries Facilities Financing Authority  
 Debt Service Fund - 76191  
 Proposed Budget

FISCAL YEAR 2018-19

Object Title	6/30/2018 YTD Adopted Budget	6/30/2018 YTD Adjusted Budget	6/30/2018 Year-To-Date Actual	6/30/2018 Estimated Actual	6/30/2019 Proposed Budget
Fund 76191 -- SC LIBRARIES FAC FIN-DEBT					
GL Key 701310 -- SC LIBRARIES FAC FIN-DEBT					
<b>Revenues</b>					
42462 OPERATING TRANSFER IN	\$ -	\$ 1,220,501	\$ 1,224,002	\$ 1,224,002	\$ 1,240,831
<b>Total Revenues</b>	\$ -	\$ 1,220,501	\$ 1,224,002	\$ 1,224,002	\$ 1,240,831
<b>Expenditures</b>					
62345 FISCAL AGENTS FEES	\$ -	\$ 3,500	\$ 3,500	\$ 3,500	\$ 22,000
74110 PRINCIPAL ON LONG-TERM DEBT	\$ -	\$ 250,000	\$ -	\$ -	\$ 250,000
74425 INTEREST ON LONG-TERM DEBT	\$ -	\$ 967,001	\$ 569,836	\$ 569,836	\$ 795,081
<b>Total Expenditures</b>	\$ -	\$ 1,220,501	\$ 573,336	\$ 573,336	\$ 1,067,081
Revenues less Expenses	\$ -	\$ -	\$ 650,666	\$ 650,666	\$ 173,750
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 650,666
Ending Fund Balance	\$ -	\$ -	\$ 650,666	\$ 650,666	\$ 824,416





STAFF REPORT

AGENDA: June 7, 2018  
DATE: May 29, 2018  
TO: Board of Directors  
FROM: LFFA Treasurer-Controller  
SUBJECT: Contract with Brown Armstrong for Audit Services

**RECOMMENDATION**

Approve amendment to contract with Brown Armstrong, CPAs in the amount of \$5,000 annually for 2017-18 and 2018-19 audit services.

**DISCUSSION**

Pursuant to Section 4 (d) (i) of the Amended and Restated Joint Exercise of Powers Agreement, the LFFA Treasurer-Controller is required to “prepare or cause to be prepared an independent audit to be made by a certified public accountant, or a public accountant, as required under Sections 6505, 6505.5 and 6505.6 of the Joint Powers Act.”

The County currently contracts with Brown Armstrong, CPAs for audit related services. The attached amendment to the contract with Brown Armstrong, CPAs has been prepared to provide the LFFA with an independent audit for Fiscal Years 2017-18 and 2018-19. The contract has a not to exceed cost of \$5,000 annually.

**AMENDMENT TO AGREEMENT**

The parties hereto agree to amend that certain Contract dated July 1, 2017, by and between the SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY, hereinafter called AGENCY, and BROWN ARMSTRONG, CPAs, hereinafter called CONTRACTOR, as follows:

1. Section 1 of the Contract is hereby amended as follows:

CONTRACTOR agrees to exercise special skill to audit the AGENCY for Fiscal Years 2017-18 and 2018-19, as set forth in Exhibit A attached hereto and incorporated herein by this reference. CONTRACTOR shall report all findings to the AGENCY or its designee(s).

2. Section 2 of the Contract is hereby amended as follows:

In consideration for CONTRACTOR accomplishing said result, AGENCY agrees to pay CONTRACTOR an amount not to exceed \$5,000 annually for audit related services.

This amount will be compensation in full for all services to be provided and all costs incurred by CONTRACTOR under this Contract, including but not limited to the audit and expenses incidental to the preparation of the required report. CONTRACTOR shall bill the AGENCY upon presentation and acceptance of the final report.

3. Section 3 of the Contract is hereby amended as follows:

The term of this Contract is extended through June 30, 2020.

4. All other provisions of said Contract shall remain the same.

Dated: \_\_\_\_\_

**SANTA CRUZ LIBRARIES FACILITIES FINANCING  
AUTHORITY**

By: \_\_\_\_\_

Edith Driscoll, Treasurer-Controller

Dated: \_\_\_\_\_

**BROWN ARMSTRONG, CPAs**

By: \_\_\_\_\_

Jian Ou-Yang, Principal

Address: 1919 Grand Canal Blvd, Suite C6  
Stockton, CA 95207

Telephone: (209) 451-4833

Email: jyang@bacpas.com

**APPROVED AS TO INSURANCE:**

  
\_\_\_\_\_  
Risk Management

**APPROVED AS TO FORM:**

 5/30/18  
\_\_\_\_\_  
County Counsel

## EXHIBIT A

### SCOPE OF SERVICES

1. The CONTRACTOR shall conduct an examination of the AGENCY'S financial statements and express an opinion on the fair presentation of those statements in conformity with Generally Accepted Accounting Principles and compliance with provisions of Federal, State, and County statutes, ordinances, rules and regulations.
2. The CONTRACTOR shall perform the audit in accordance with Generally Accepted Auditing Standards (GAAS), Generally Accepted Government Auditing Standards (GAGAS) (the Yellow Book), and all applicable pronouncements of the American Institute of Certified Public Accountants (AICPA), Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB).
3. The CONTRACTOR shall provide one (1) unbound original report and ten (10) bound copies of the report to the AGENCY by December 1 (unless circumstances of the AGENCY cause unforeseen delays), and provide all AGENCY report information in an electronic format to be agreed upon with the AGENCY.
4. The CONTRACTOR shall provide the AGENCY with a draft of the "Management Letter" which will include internal control evaluations, findings and recommendations by December 15.

CONTRACT NO. \_\_\_\_\_

## INDEPENDENT CONTRACTOR AGREEMENT

This Contract is entered into this 1st day of July, 2017, by and between the SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY, hereinafter called AGENCY, and BROWN ARMSTRONG, CPAs, hereinafter called CONTRACTOR. The parties agree as follows:

1. Duties

CONTRACTOR agrees to exercise special skill to audit the AGENCY for the year ended June 30, 2017, as set forth in Exhibit A attached hereto and incorporated herein by this reference. CONTRACTOR shall report all findings to the AGENCY or its designee(s).

2. Compensation

In consideration for CONTRACTOR accomplishing said result, AGENCY agrees to pay CONTRACTOR an amount not to exceed \$5,000 for audit related services for fiscal year 2016-2017.

This amount will be compensation in full for all services to be provided and all costs incurred by CONTRACTOR under this Contract, including but not limited to the audit and expenses incidental to the preparation of the required report. CONTRACTOR shall bill the AGENCY upon presentation and acceptance of the final report.

3. Term of Contract

The term of this Contract shall be: July 1, 2017 through June 30, 2018.

4. Purpose of Contract

The purpose of the Contract is to establish the terms and conditions under which the CONTRACTOR shall provide independent audit services to the AGENCY.

5. License and Permits

CONTRACTOR'S employees shall possess all applicable licenses and certifications required by the State of California and the AGENCY. Such licenses and certifications are to be presented to the AGENCY prior to the contract signing.

The CONTRACTOR shall also maintain all other business and professional licenses that may be required by Federal, State and local codes.

6. Compliance with Laws

CONTRACTOR shall comply with all applicable federal, state and local rules, regulations and laws.

7. Early Termination

The AGENCY reserves the right to terminate the Contract, in whole or in part, at any time, for any reason or no reason, without penalty. AGENCY shall give CONTRACTOR thirty (30) days written notification prior to the effective date of termination.

8. Nonassignment

CONTRACTOR shall not assign the Contract, or any interest herein, without the prior written consent of the AGENCY, and then only to a person or persons approved by the AGENCY on such terms and conditions as AGENCY may require. If CONTRACTOR is sold, thirty (30) days advanced notice must be provided to the AGENCY. The AGENCY may elect to cancel the contract at that time. In the AGENCY'S sole



discretion, new owner may be permitted to assume all existing terms and conditions of the contract.

9. Price Guarantee and Change Orders

The AGENCY'S cost will remain the same during the length of the contract. After award, no changes or additional service charges shall be made or imposed during the life of the Contract, nor will bills for changes or extra charges, modifications or deviations be recognized or paid for except as authorized in writing by the AGENCY and approved by the AGENCY.

10. Invoicing

CONTRACTOR shall itemize all applicable service and labor charges on its invoices, which shall be transmitted by the CONTRACTOR to the contracting department. Each invoice must clearly identify the following information:

- Contract number
- Service location
- Time and date of service

11. Off-Shore Outsourcing of Services

CONTRACTOR certifies that any services performed on any purchase order or contract with the AGENCY, either by CONTRACTOR or any subcontractor, will be performed solely by workers within the United States.

12. Severability

Should any part of the Contract be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect the validity of the remainder of the Contract which shall continue in full force and effect; provided that the remainder of the Contract can, absent the excised portion, be reasonably interpreted to give effect to the intentions of the parties.

13. Controlling Law

The Contract shall only be governed and construed in accordance with the laws of the State of California and the County of Santa Cruz, and proper venue for legal action regarding the Contract shall only be in the County of Santa Cruz.

14. Amendment

Amendment to or modification of the terms and conditions of the Contract shall be effective only upon the mutual consent in writing by the parties hereto.

15. Indemnification for Damages, Taxes, and Contributions

CONTRACTOR shall exonerate, indemnify, defend, and hold harmless AGENCY (which for the purpose of Section 15 and 16 of this document shall include, without limitation, its officers, agents, employees and volunteers) from and against:

- a. Any and all claims, demands, losses, damages, defense costs, other legal costs, or liability of any kind or nature which AGENCY may sustain or incur or which may be imposed upon it at any time for injury to or death of persons, or damage to property as a result of, arising out of, or in any manner connected with the CONTRACTOR'S performance under the terms of this Contract, excepting any liability arising out of the sole negligence of the AGENCY. Such indemnification includes any damage to the person(s), or property(ies) of CONTRACTOR and third persons.
- b. Any and all Federal, State and Local taxes, charges, fees, or contributions required to be paid with respect to CONTRACTOR and CONTRACTOR'S

officers, employees and agents engaged in the performance of this Contract (including, without limitation, unemployment insurance, social security and payroll tax withholding).

16. Insurance

CONTRACTOR, at its sole cost and expense, for the full term of this Contract (and any extensions thereof), shall obtain and maintain, at minimum, compliance with all of the following insurance coverage(s) and requirements. Such insurance coverage shall be primary coverage as respects AGENCY and any insurance or self-insurance maintained by AGENCY shall be considered in excess of CONTRACTOR'S insurance coverage and shall not contribute to it. If CONTRACTOR normally carries insurance in an amount greater than the minimum amount required by the AGENCY for this Contract, that greater amount shall become the minimum required amount of insurance for purposes of this Contract. Therefore, CONTRACTOR hereby acknowledges and agrees that any and all insurances carried by it shall be deemed liability coverage for any and all actions it performs in connection with this Contract.

If CONTRACTOR utilizes one or more subcontractors in the performance of this Contract, CONTRACTOR shall obtain and maintain Independent Contractor's Insurance as to each subcontractor or otherwise provide evidence of insurance coverage from each subcontractor equivalent to that required of CONTRACTOR in this contract, unless CONTRACTOR and AGENCY both initial here \_\_\_\_ / \_\_\_\_.

A. Types of Insurance and Minimum Limits

- 1) Worker's Compensation in the minimum statutorily required coverage amounts. This insurance coverage shall be required unless the CONTRACTOR has no employees and certifies to this fact by initialing here \_\_\_\_.
- 2) Automobile Liability Insurance for each of CONTRACTOR'S vehicles used in the performance of this Contract, including owned, non-owned (e.g. owned by CONTRACTOR'S employees), leased or hired vehicles, in the minimum amount of \$500,000 combined single limit per occurrence for bodily injury and property damage. This insurance coverage is required unless the CONTRACTOR does not drive a vehicle in conjunction with any part of the performance of this Contract and CONTRACTOR and AGENCY both certify to this fact by initialing here \_\_\_\_ / \_\_\_\_.
- 3) Comprehensive or Commercial General Liability Insurance 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.
- 4) Professional Liability Insurance in the minimum amount of \$1,000,000 combined single limit, if, and only if, this Subparagraph is initialed by CONTRACTOR and AGENCY g.w. / J.D.

B. Other Insurance Provisions

- A. If any insurance coverage required in this Contract is provided on a "Claims Made" rather than "Occurrence" form, CONTRACTOR agrees to maintain the required coverage for a period of three (3) years after the expiration of this Contract (hereinafter "post Contract coverage") and any extensions thereof. CONTRACTOR may maintain the required post Contract coverage by renewal or purchase of prior acts or tail coverage.

This provision is contingent upon post Contract coverage being both available and reasonably affordable in relation to the coverage provided during the term of this Contract. For purposes of interpreting this requirement, a cost not exceeding 100% of the last annual policy premium during the term of this Contract in order to purchase prior acts or tail coverage for post Contract coverage shall be deemed to be reasonable.

- B. All required Automobile and Comprehensive or Commercial General Liability Insurance shall be endorsed to contain the following clause:

“The Santa Cruz County Library Financing Authority, its officials, employees, agents and volunteers are added as an additional insured as respects the operations and activities of, and on behalf of, the named insured’s performance under its/his/her/their contract with the Santa Cruz County Library Financing Authority.”

- C. If any insurance policy of CONTRACTOR required by this document includes language conditioning the insurer’s legal obligation to defend or indemnify AGENCY on the performance of any act(s) by the named insured, then said insurance policy, by endorsement, shall also name the Santa Cruz County Library Financing Authority as a named insured. Notwithstanding the foregoing, both the CONTRACTOR and its insurers agree that by naming the Santa Cruz County Library Financing Authority as a named insured, the COUNTY may at its sole direction, but is not obligated to, perform any act required by the named insured under said insurance policies.
- D. CONTRACTOR shall do all things required to be performed by it pursuant to its insurance policies including but not limited to paying within five (5) work days, all deductibles and self-insured retentions (SIR) required to be paid under any insurance policy that may provide defense or indemnity coverage to AGENCY or any additional insured.

- E. All required insurance policies shall be endorsed to contain the following clause:

“This insurance shall not be canceled until after thirty (30) days prior written notice has been given to:

**Santa Cruz Libraries Facilities Financing Authority  
Attn: Edith Driscoll  
701 Ocean Street, Room 100  
Santa Cruz, CA 95060**

- F. CONTRACTOR agrees to provide its insurance broker(s) with a full copy of these insurance provisions and provide AGENCY on or before the effective date of this Contract with Certificates of Insurance for all required coverages. All Certificates of Insurance shall be delivered or sent to:

**Santa Cruz Libraries Facilities Financing Authority  
Attn: Edith Driscoll  
701 Ocean Street, Room 100  
Santa Cruz, CA 95060**



17. Equal Employment Opportunity

During and in relation to the performance of this Contract, CONTRACTOR agrees as follows:

- A. The CONTRACTOR shall not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, physical or mental disability, medical condition (cancer related), marital status, sexual orientation, age (over 18), veteran status, gender, pregnancy, or any other non-merit factor unrelated to job duties. Such action shall include, but not be limited to, the following: recruitment; advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training (including apprenticeship), employment, upgrading, demotion, or transfer. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notice setting forth the provisions of this non-discrimination clause.
- B. If this Contract provides compensation in excess of \$50,000 to CONTRACTOR and if CONTRACTOR employees fifteen (15) or more employees, the following requirements shall apply:
  1. The CONTRACTOR shall, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, physical or mental disability, medical condition (cancer related), marital status, sexual orientation, age (over 18), veteran status, gender, pregnancy, or any other non-merit factor unrelated to job duties. Such action shall include, but not be limited to, the following: recruitment; advertising, layoff or termination; rates of pay or other forms of compensation; selection for training (including apprenticeship), employment, upgrading, demotion, or transfer. In addition, the CONTRACTOR shall make a good faith effort to consider Minority/Women/Disabled Owned Business Enterprises in CONTRACTOR'S solicitation of goods and services, Definitions for Minority/Women/Disabled Owned Business Enterprises are available from the County of Santa Cruz General Services Purchasing Division.
  2. In the event of the CONTRACTOR'S non-compliance with the non-discrimination clauses of this Contract or with any of the said rules, regulations, or orders said CONTRACTOR may be declared ineligible for further agreements with the AGENCY.
  3. The CONTRACTOR shall cause the foregoing provisions of this Subparagraphs 7B(1) and 7B(2) to be inserted in all subcontracts for any work covered under this Contract by a subcontractor compensated more than \$50,000 and employing more than fifteen (15) employees, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

18. Living Wage/Prevailing Wage

This Contract is covered under Living Wage provisions if this section is initialed by AGENCY \_\_\_\_\_.



If Item # 18 above is initialed by the AGENCY, then this Contract is subject to the provisions of Santa Cruz County Code Chapter 2.122, which requires payment of a living wage to covered employees. Non-compliance during the term of the Contract with these Living Wage provisions will be considered a material breach, and may result in termination of the Contract and/or pursuit of other legal or administrative remedies.

CONTRACTOR agrees to comply with Santa Cruz County Code section 2.122.140, if applicable.

19. Default

- 1) The AGENCY may, by written notice of default to the CONTRACTOR, terminate the whole or any part of a contract:
  - a) The CONTRACTOR fails to make delivery of the supplies or to perform within the time specified herein or promised, or any extension thereof;
  - or
  - b) The CONTRACTOR fails to perform any of the other provisions of this contract.
  
- 2) In the event the AGENCY terminates a contract in whole or in part, as provided in Paragraph (a), of this clause, the AGENCY may procure, upon such terms and in such manner as may deem appropriate, supplies, services or work similar to those so terminated, and the contractor shall be liable to the County for any excess costs for such similar supplies, services or work; PROVIDED, that the contractor shall continue the performance of this contract to the extent not terminated under the provisions of this clause. The contractor shall not be liable for any excess costs if the failure to perform the contract arises out of causes beyond the control and without the fault and negligence of the CONTRACTOR.

20. Independent Contractor Status

CONTRACTOR and AGENCY have reviewed and considered the principal test and secondary factors below and agree that CONTRACTOR is an independent contractor and not an employee of AGENCY. CONTRACTOR is responsible for all insurance (workers compensation, unemployment, etc.) and all payroll related taxes. CONTRACTOR is not entitled to any employee benefits. AGENCY agrees that CONTRACTOR shall have the right to control the manner and means of accomplishing the result contracted for herein.

Principal Test: The CONTRACTOR rather than AGENCY has the right to control the manner and means of accomplishing the result contracted for.

Secondary Factors: (a) The extent of control which, by agreement, AGENCY may exercise over the details of the work is slight rather than substantial; (b) CONTRACTOR is engaged in a distinct occupation or business; (c) In the locality, the work to be done by CONTRACTOR is usually done by a specialist without supervision, rather than under the direction of an employer; (d) The skill required in the particular occupation is substantial rather than slight; (e) The CONTRACTOR rather than the AGENCY supplies the instrumentalities, tools and work place; (f) The length of time for which CONTRACTOR is engaged is of limited duration rather than indefinite; (g) The method of payment of CONTRACTOR is by the job rather than by the time; (h) The work is part of a special or permissive activity, program, or project, rather than part of the regular business of AGENCY; (i) CONTRACTOR and AGENCY believe they are creating an independent contractor relationship rather than an employer-employee relationship; and (j) The AGENCY conducts public business.

It is recognized that it is not necessary that all secondary factors support creation of an independent contractor relationship, but rather that overall there are significant secondary factors that indicate that CONTRACTOR is an independent contractor.

By their signatures on this Contract, each of the undersigned certifies that it is his or her considered judgment that the CONTRACTOR engaged under this Contract is in fact an independent contractor.

21. Acknowledgement

CONTRACTOR may acknowledge in all reports and literature that the Santa Cruz County Library Financing Authority has provided funding to the CONTRACTOR.

22. Retention and Audit of Records

CONTRACTOR shall retain records pertinent to this Contract for a period of not less than five (5) years after final payment under this Contract or until a final audit report is accepted by AGENCY, whichever occurs first. CONTRACTOR hereby agrees to be subject to the examination and audit by the Santa Cruz County Auditor-Controller, the Auditor General of the State of California, or the designee of either for a period of five (5) years after final payment under this Contract.

23. Presentation of Claims

Presentation and processing of any or all claims arising out of or related to this Contract shall be made in accordance with the provisions contained in Chapter 1.05 of the Santa Cruz County Code, which by this reference is incorporated herein.

24. Attachments

This Contract includes the following attachments, which are incorporated herein:  
Exhibit A – Scope of Services


25. Miscellaneous

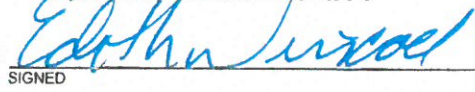
This written Contract, along with any attachments, is the full and complete integration of the parties' agreement forming the basis for this Contract. The parties agree that this written Contract supersedes any previous written or oral agreements between the parties, and any modifications to this Contract must be made in a written document signed by all parties. Any arbitration, mediation, or litigation arising out of this Contract shall occur only in the County of Santa Cruz, notwithstanding the fact that one of the contracting parties may reside outside of the County of Santa Cruz.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first above written.

1. **BROWN ARMSTRONG, CPAs**

3. **SANTA CRUZ LIBRARIES FACILITIES  
FINANCING AUTHORITY**

By:   
SIGNED

By:   
SIGNED

Jian Ou-Yang  
PRINTED

Edith Driscoll  
PRINTED

Title: Partner

Title: Treasurer-Controller

Company Name: Brown Armstrong, CPAs

Address: 5250 Claremont Avenue, Suite 150  
Stockton, CA 95207


Telephone: 209-451-4833


Email: jyang@bacpas.com

2. **APPROVED AS TO INSURANCE:**

4.

**APPROVED AS TO FORM:**

  
Risk Management

  
County Counsel

## EXHIBIT A

### SCOPE OF SERVICES

1. The CONTRACTOR shall conduct an examination of the AGENCY'S financial statements and express an opinion on the fair presentation of those statements in conformity with Generally Accepted Accounting Principles and compliance with provisions of Federal, State, and County statutes, ordinances, rules and regulations.
2. The CONTRACTOR shall perform the audit in accordance with Generally Accepted Auditing Standards (GAAS), Generally Accepted Government Auditing Standards (GAGAS) (the Yellow Book), and all applicable pronouncements of the American Institute of Certified Public Accountants (AICPA), Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB).
3. The CONTRACTOR shall provide one (1) unbound original report and ten (10) bound copies of the report to the AGENCY by December 1 (unless circumstances of the AGENCY cause unforeseen delays), and provide all AGENCY report information in an electronic format to be agreed upon with the AGENCY.
4. The CONTRACTOR shall provide the AGENCY with a draft of the "Management Letter" which will include internal control evaluations, findings and recommendations by December 15.