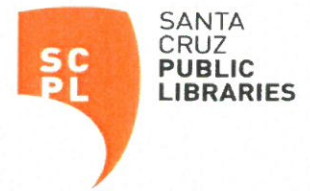


Chair Jenny Haruyama
Vice Chair Carlos Palacios
Board Member Jamie Goldstein
Board Member Martin Bernal



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

Special Session

THURSDAY AUGUST 30, 2018

9:00 A.M.

**DOWNTOWN BRANCH LIBRARY
224 CHURCH STREET, SANTA CRUZ, CA 95060**

1. CALL TO ORDER / ROLL CALL

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

2. ADDITIONS AND DELETIONS TO AGENDA

3. 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.

4. GENERAL BUSINESS

- A. First Supplement to Amended and Restated Joint Exercise of Powers Agreement for the LFFA (PG.3-8)

RECOMMENDED ACTION: Approve First Supplement to Amended and Restated Joint Exercise of Powers Agreement for the LFFA.

5. SCHEDULED UPCOMING MEETINGS

October 4, 2018	Scotts Valley Branch Library	Agenda Items:
	251 Kings Village Road, Scotts Valley, CA 95066	

6. ADJOURNMENT

Adjourned to a Regular Meeting of the Libraries Facilities Financing Authority (LFFA) to be held on Thursday October 4, 2018 at 6:00 p.m. at the Scotts Valley Branch Library, located at 251 Kings Village Road, 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

AGENDA: August 30, 2018
DATE: August 20, 2018
TO: Board of Directors
FROM: Nicole Coburn, Assistant County Administrative Officer
SUBJECT: First Supplement to Amended and Restated Joint Exercise of Powers Agreement for the Santa Cruz Libraries Facilities Financing Authority

RECOMMENDATION

Recommend that the Governing Boards of the City of Capitola, City of Scotts Valley, City of Santa Cruz and County of Santa Cruz approve the First Supplement to the Amended and Restated Joint Exercise of Powers Agreement for the Santa Cruz Libraries Facilities Financing Authority (LFFA).

DISCUSSION

In 2016, the LFFA formed a community facilities district to finance modernization, upgrades and repairs of local libraries in Santa Cruz, Aptos, Live Oak, Scotts Valley, Boulder Creek, Capitola, Felton and La Selva Beach. On June 7, 2016, Santa Cruz County voters approved Measure S, which authorized the LFFA to issue up to \$67,000,000 in bonds, and levy a special tax annually on parcels within the community facilities district to pay debt service on the bonds and directly pay the costs of the authorized library projects.

Beginning with the first levy in Fiscal Year 2016-17, Measure S revenues have exceeded estimated amounts as a result of several factors. First, the actual tax generated has exceeded the initial projection following tax administration services performed by NBS to calculate the annual levy, which included auditing the number of units for multifamily property. In addition, the pricing and costs of the first bond issuance in June 2017 were lower than anticipated.

On June 7, 2018, the LFFA Board formed an ad-hoc subcommittee comprised of Capitola and County representatives to evaluate Measure S revenues and possible disbursement strategies. Based on the subcommittee's work, an additional \$15.5 million, or 25%, in Measure S funding (a combination of additional bond proceeds and annual taxes) could be distributed to the jurisdictions over a period of time. An updated bond expenditure plan is needed to show the timing of distributions, and staff are working with the jurisdictions to produce the updated plan by this Fall.

On August 2, 2018, the LFFA Board received an update on available Measure S revenues, and supported distributing the additional revenues based on the original formula

contained in the Amended and Restated Joint Exercise of Powers Agreement (the Existing JPA Agreement). Modifications to the distribution table require an amendment to the Existing JPA Agreement, which must be approved by the Capitola, Santa Cruz and Scotts Valley City Councils, and the Santa Cruz County Board of Supervisors.

Accordingly, staff worked with bond counsel to prepare the attached First Supplement to the Amended and Restated Joint Exercise of Powers Agreement, which provides that special tax revenues and net bond proceeds are to be distributed to the jurisdictions in the modified maximum amounts specified below using the percentages specified below. This provides a 25% increase to each jurisdiction's maximum amount for a total increase of \$15.5 million, from \$62.0 million to \$77.5 million. The distribution percentages remain the same.

	Original Maximum Amount	Modified Maximum Amount	Percentage
City of Capitola	\$8,000,000	\$10,000,000	12.90%
City of Santa Cruz	\$25,000,000	\$31,250,000	40.32%
City of Scotts Valley	\$3,000,000	\$3,750,000	4.84%
County of Santa Cruz	\$26,000,000	\$32,500,000	41.94%
Total	\$62,000,000	\$77,500,000	100.00%

SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY

**FIRST SUPPLEMENT TO
AMENDED AND RESTATED
JOINT EXERCISE OF POWERS AGREEMENT**

This FIRST SUPPLEMENT TO AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT (this "First Supplement"), dated _____, 2018, is entered into by and among the CITY OF SANTA CRUZ, a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California, the CITY OF SCOTTS VALLEY, a general law city and municipal corporation duly organized and existing under the laws of the State of California, the CITY OF CAPITOLA, a general law city and municipal corporation duly organized and existing under the laws of the State of California, and the COUNTY OF SANTA CRUZ, a California county duly organized and existing under the laws of the State of California.

BACKGROUND:

1 The Cities and the County previously entered into an Amended and Restated Joint Exercise of Powers Agreement dated February 28, 2017 (the "Original Agreement"), which governs the joint powers authority known as the Santa Cruz Libraries Facilities Financing Authority (the "Authority"), whose members are the Cities and the County, for the purpose of financing the acquisition, construction and improvement of public library facilities (the "Public Library Improvements") through the formation of a community facilities district under 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 (the "Mello-Roos Act") and the authorization and issuance of bonds under the Mello-Roos Act.

2. The Cities and the County desire to amend the Original Agreement to modify certain terms regarding the distribution of Special Taxes and Net Bond Proceeds, as set forth in this First Supplement.

3. This First Supplement is entered into in accordance with Section 14 of the Original Agreement. Capitalized terms used but not defined in this First Supplement have the meanings set forth in the Original Agreement.

AGREEMENT:

For and in consideration of the premises and the material covenants hereinafter contained, the Parties hereto hereby formally covenant, agree and bind themselves as follows:

SECTION 1. *Amendment of Original Agreement.* The Original Agreement is hereby amended as follows:

(a) Section 2(b)(ii). Paragraph of (b)(ii) of Section 2 of the Original Agreement is hereby deleted and amended in its entirety by the following:

(ii) Maximum Distributions to Parties. The Facilities Authority shall distribute the

Special Taxes and Net Bond Proceeds to each of the Parties in the maximum amounts specified below using the percentages specified below (adjusted for rounding) in order to undertake and complete the construction of the Public Library Improvements:

Member	Maximum Amount	Percentage
City of Capitola	\$10,000,000	12.90%
City of Santa Cruz	\$31,250,000	40.32%
City of Scotts Valley	\$3,750,000	4.84%
County of Santa Cruz	\$32,500,000	41.94%
Total	\$77,500,000	100.00%

Changes to the total amount of the Bonds to be issued, or to the distribution of Special Taxes and Net Bond Proceeds among the Parties, shall require an amendment to this Agreement by the unanimous affirmative vote of all of the Directors, in accordance with the further requirements set forth in Section 14, and shall be subject to the requirements of the Mello-Roos Act and the Joint Powers Act.

(b) Section 2(b)(iii). Paragraph of (b)(iii) of Section 2 of the Original Agreement is hereby deleted and amended in its entirety by the following:

(iii) Distribution of Special Tax Proceeds. 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 each Party's allocable share of 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 accordance with the Bond Expenditure Plan.

When the total of net Special Taxes and Net Bond Proceeds distributed to the Parties equals the maximum amounts specified in Section 2 (ii) and a total of \$77,500,000, further distribution of net Special Taxes to each of the Parties shall be made in accordance with the Bond Expenditure Plan subject to the unanimous affirmative vote of all of the Directors.

Each of the Parties shall deposit or cause to be deposited all Special Tax proceeds it receives 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 shall spend all Special Tax proceeds in accordance with the JCFA, and will be required to execute and deliver certifications and make representations and covenants regarding the administration and expenditure of net Special Taxes, as may be required by bond counsel in order to ensure compliance with applicable provisions of Mello-Roos Act.

SECTION 2. *Authority*. This First Supplement is being executed pursuant to and in accordance with Section 14 of the Original Agreement.

SECTION 3. *Original Agreement Continues in Effect.* Except as amended and supplemented by this First Supplement, the Original Agreement shall remain in full force and effect.

SECTION 4. *Effective Date.* This First Supplement shall become effective upon the date hereof.

Approved As To Form:

Jones Hall

Jones Hall, A Professional Law Corporation

Date: August 23, 2018

IN WITNESS WHEREOF, the Parties hereto have caused this First Supplement to be executed and attested by their proper officers thereunto duly authorized, and their official seals to be hereto affixed, as of the day and year first above written.

CITY OF SANTA CRUZ

By: _____

Attest:

CITY OF SCOTTS VALLEY

By: _____

Attest:

CITY OF CAPITOLA

By: _____

Attest:

COUNTY OF SANTA CRUZ

By: _____

Attest:
