

Chair Jamie Goldstein  
Vice Chair Martin Bernal  
Board Member Carlos Palacios  
Board Member Tina Friend



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

**REGULAR BOARD MEETING**

**THURSDAY JANUARY 9, 2020**

**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 Tina Friend

**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 January (PG.4-7)

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

**7. CONSENT CALENDAR**

- A. Approve Minutes of the December 5, 2019 Board Meeting  
RECOMMENDED ACTION: Approve Minutes (PG.8-10)
- B. FY 2018-2019 Community Facilities District Reports  
RECOMMENDED ACTION: Receive Reports (PG.11-19)

*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. Elect Chair and Vice-Chair for 2020  
RECOMMENDED ACTION: Elect Chair and Vice-Chair (PG.20-21)
- B. 2<sup>nd</sup> Bond Issuance Approval CFD No. 2016-1 Bond Issuance Disclosure by NBS  
RECOMMENDED ACTION: Approve NBS Consulting Agreement (PG.22-31)
- C. Municipal Advisor Agreement  
RECOMMENDED ACTION: Approve Municipal Advisor Agreement - Subject to Final Review and Approval by Legal Counsel (PG.32-42)

*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>February 6, 2020</b>	<b>Downtown Branch Library</b>	<b>Upcoming Agenda Items</b>
	<b>224 Church Street Santa Cruz, CA 95060</b>	<b>Final Approval of Bond Documents</b>

**10. ADJOURNMENT**

Adjourned to a Regular Meeting of the Libraries Facilities Financing Authority (LFFA) to be held on Thursday February 6, 2020 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).

## **January 2020**

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

#### **Aptos**

Criteria documents are currently being finalized for approval by the Board of Supervisors in January 2020. A community meeting was held on December 12, 2019 to present the preferred option. A design build firm will be selected in the spring of 2020 with construction beginning in early 2021.

#### **Boulder Creek**

Project plans are being reviewed and finalized. Construction is planned to begin in March 2020 with a Grand Opening in October 2020.

#### **Branciforte**

Jayson Architecture will be presenting to City Council on their designs for Branciforte and Garfield Park on January 14, 2020. Jayson Architecture created several options for both branches at different levels and costs.

#### **Capitola**

Exterior walls are completed. Roof trusses have been installed and roofing is being installed. Currently, the project is working on funding for undergrounding the power lines. Grand Opening is still expected in summer of 2020.

#### **Downtown**

Jayson Architecture created a cost estimate model for an option that would include the partial demolition of the Downtown Library and then a reconstruction/remodel of the remaining building. They presented their final report, including conceptual designs on December 13, 2019. The Library Director's response is attached for your information.

A separate RFP has been developed and issued to pursue a study that would help answer the question: What level or type of library could the City attain through a mixed-use project with its budget? The goal is to compare the cost modeling for the Downtown proposal with the mixed-use estimate.

#### **Felton**

Felton is nearing completion but its **Grand Opening has been delayed to February**. The contractor is working on the final elements including interior finishes and landscape plantings. The collection and shelving have arrived.

#### **Garfield**

As noted above, Jayson Architecture will be presenting to City Council on their designs for Branciforte and Garfield Park on January 14, 2020. Jayson Architecture created several options for both branches at different levels and costs.

#### **La Selva Beach**

Construction on the branch will begin in early January 2020. Bidding efforts were successful with six total bids. The contract was awarded by the Board of Supervisors on December 10, 2019. Grand Opening is expected in summer 2020.



**Live Oak**

Construction documents are currently being developed. Construction will begin in the fall of 2020.

**Live Oak Annex**

Staff continues to work with consultants on a revised proposal. A recommendation was approved by the the Board of Supervisors on December 10, 2019 with a request to amend the architects contract to allow the completion of construction documents. Construction is expected to begin in early 2021.

**Scotts Valley**

Library staff met with Kimi Owen and City staff and created a master list of issues. Roof repairs will take place first and begin this winter. The following major upgrades will be addressed throughout 2020. Currently, there is a review being conducted to bring an architect under contract to explore those remaining upgrades.

**Memo**

**To:** City of Santa Cruz Subcommittee on the Downtown Branch Library  
**From:** Susan Nemitz, Library Director  
**cc:** Amanda Rotella  
**Date:** December 15, 2019  
**Re:** Renovation Cost Assessment of the Downtown Branch of the Santa Cruz Public Libraries

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I would like to acknowledge the hard work and talent of Jayson Architects. They have done a thorough job outlining the current building's deficiencies, the Library's needs and the goals of the Santa Cruz community as well as formulating an approach to remodeling the Downtown Branch within the \$27 million budget by reducing the physical size of the facility.

From my perspective, the Jayson Architects' proposal presents five major concerns:

1. **It maintains an inadequate infrastructure.** The proposal fails to meet the basic infrastructure needs for elevators, public restrooms and perimeter control. A single elevator is inadequate to serve the accessibility needs of our patrons as well as serve the staff in restocking returns for the entire adult collection. Five single occupancy restrooms will not serve the nearly 1,000 people a day we have entering the building. Large, unprogrammed spaces surrounding the building will exacerbate the negative effects of loitering and camping.
2. **It reduces access to collections system wide.** A permanent reduction to the collection will reduce access to adult materials at all ten branches by about 12% overall. The Downtown branch serves as the warehouse for many items that patrons put on hold for delivery to their local branch. Materials such as genealogical resources, local history and the Sentinel Newspaper Archive will be downsized.
3. **It fails to serve teens and provide other high demand services.** The Downtown Branch has meager space and collections for teens. The proposal also limits the adult literacy services, genealogy and local history research area, technology literacy programs and quiet study spaces.
4. **It provides no services to the Downtown patrons for the two years of construction.** The loss of key library services such as public bathrooms, weather shelter, computing/Wi-Fi/printing, and free meeting and study spaces will have a profound impact on some of our most vulnerable patrons. Taking the entire Downtown Branch collection offline for this time period will make 40% of the system's collection unavailable for the entire Santa Cruz County community. At a minimum, the Library will be required to find office space for fifteen employees and warehouse space for the collection. These costs are not included in the analysis and will have to be paid by the project budget.

5. **It limits the long-term ability to expand or add green features.** Because the proposal fails to upgrade the City water and electrical hookups, the Library will not be able to expand square footage or add green features like solar panels in the future without significant expense.

This building needs to last a generation. The report says: *“the base, while achieving significant programmatic and layout improvements, is of low quality and excludes many building elements that would be typical of a modern library.”* It outlines 14 alternates at an additional cost of approximately \$5 million and goes on to say *“even with these additional features, the building is only improved to a low-medium quality facility and will lack many of the amenities the public has come to expect in a modern library.”*

To guarantee that best use of taxpayer funds, I support the proposal to evaluate the costs and benefits of incorporating the library into a mixed use facility.

Chair Carlos Palacios  
Vice Chair Jamie Goldstein  
Board Member Martin Bernal  
Board Member Tina Friend



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

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

**REGULAR MEETING MINUTES  
THURSDAY DECEMBER 5, 2019  
9:00 A.M.**

**1. ROLL CALL**

**PRESENT:** Martin Bernal, Jamie Goldstein, Tina Friend and Nicole Coburn (Alternate)  
**STAFF:** Library Director Susan Nemitz, Assistant Director Eric Howard, Edith Driscoll,  
Treasurer-Controller

**2. ADDITIONAL MATERIALS**

Santa Cruz Downtown Renovation Analysis Progress Update – November 2019

**3. ADDITIONS AND DELETIONS TO AGENDA**

The Agenda of December 5, 2019 was approved by consensus.

**4. ORAL COMMUNICATIONS**

A member of the public presented her assessment of decisions made during the past year.

**5. EXECUTIVE DIRECTOR REPORT**

A. Library Director's Report – December 2019

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

Susan Nemitz discussed the consequences of reducing the size of the Downtown Branch Library, mainly that the adult collection will be significantly reduced.

Tina Friend reported that the City of Scotts Valley is working on ideas for interior enhancements in the existing Branch Library.

Martin Bernal mentioned that the City is doing an in-depth analysis on the mixed used facility. Improvements of the Garfield Park Branch Library and the Branciforte Library should be done correctly rather than cutting back. Fundraising efforts are under way to address the funding gap.

Nicole Coburn reported that the County is awarding a construction contract for the La Selva Beach Branch. Also a contract amendment with Noll and Tam for work on the conceptual documents for the Live Oak Annex.

Jamie Goldstein explained the LFFA Board's role: the Board is the custodian of the bond funds and updates are purely informational. All decisions how funds are used are made by the individual jurisdictions.

**7. CONSENT CALENDAR**

<p><b>RESULT:</b>        <b>APPROVED CONSENT CALENDAR</b> <b>A. Approved Minutes of October 3 , 2019</b> <b>B. Accepted Community Facilities District No. 2016-1 Amended FY 2018/19 Revised Annual Report Updated September 2019</b> <b>C. Accepted Senate Bill 165 Filing</b> <b>D. Accepted Basic Financial Statements and Independent Auditor's Report FY ended June 30, 2019[UNANIMOUS]</b></p> <p><b>MOVER:</b>        <b>Tina Friend</b> <b>SECONDER:</b> <b>Nicole Coburn</b> <b>AYES:</b>        <b>Bernal, Friend, Goldstein, Coburn (Alternate)</b></p>
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**8. GENERAL BUSINESS**

A. Determine Annual Meeting Schedule

<p><b>RESULT:</b>        <b>Accepted Annual Meeting Schedule with appropriate changes [UNANIMOUS]</b></p> <p><b>MOVER:</b>        <b>Nicole Coburn</b> <b>SECONDER:</b> <b>Tina Friend</b> <b>AYES:</b>        <b>Bernal, Friend, Goldstein, Coburn (Alternate)</b></p>
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B. Plan for 2<sup>nd</sup> Bond Issuance. Edit Driscoll, Treasurer/Controller reported on the recommendation of the subcommittee. Suzanne Harrell presented. The Board decided to add a meeting on February 6, 2020 at 9 a.m. to the regular meeting calendar.

**RESULT:** Reconsider the former action on Agenda item 8. A. determining annual meeting schedule for the purpose of adding a new regular meeting in February 2020. [UNANIMOUS]

**MOVER:** Tina Friend

**SECONDER:** Martin Bernal

**AYES:** Bernal, Friend, Goldstein, Coburn (Alternate)

## 9. ADJOURNMENT

The Libraries Facilities Financing Authority (LFFA) adjourned at 9:29 a.m. to the Regular Meeting on Thursday January 9, 2020 at 9:00 a.m. at the Downtown Branch Library, located at 224 Church Street, 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

AGENDA: January 9, 2020  
DATE: December 12, 2019  
TO: Board of Directors  
FROM: LFFA Treasurer-Controller  
SUBJECT: Receive 2018-19 Community Facilities District Reports

### **RECOMMENDATION**

Receive the Annual Community Facilities District Reports for the fiscal year ended June 30, 2019 from the Members of the Libraries Facilities Financing Authority (LFFA).

### **DISCUSSION**

Per the Joint Community Facilities Agreement, paragraph 4, Annual Reporting: Each Member shall, no later than 90 days after the end of the Member's fiscal year, file with the Authority a written report (the "Annual CFD (Community Facilities District) Report") containing the following information for the prior fiscal year:

- i. The amount of Bond proceeds received and expended during such fiscal year, any cash balance of Bond proceeds remaining on hand at the end of such fiscal year, and a summary of the Facilities for which Bond proceeds were expended.
- ii. The amount of Special Taxes received and expended during such fiscal year, any cash balance of Special Taxes remaining on hand at the end of such fiscal year, and a summary of the Facilities for which Special Taxes were expended.

Please find attached and receive the Annual Community Facilities District Reports for the fiscal year ended June 30, 2019 for the following members of the LFFA:

- City of Santa Cruz
- City of Capitola
- City of Scotts Valley
- County of Santa Cruz

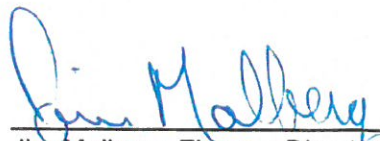
Annual Community Facilities District Report  
 Proceeds and Expenditures of  
 Library Facilities Financing Authority Bond and Special Tax Revenue  
 For the City of Capitola  
 For the fiscal year ended June 30, 2019

This report is prepared pursuant to the Santa Cruz Libraries Facilities Financing Authority Joint Exercise of Powers agreement, paragraph 4: Annual Reporting, dated January 6, 2017; which requires each member to file with the Authority a written report containing the following information for the prior fiscal year:

1. The amount of Bond proceeds received and expended during the fiscal year, any cash balance of Bond proceeds remaining on hand at the end of the fiscal year and a summary of the Facilities for which Bond proceeds were expended.
2. The amount of Special Taxes received and expended during the fiscal year, any cash balance of Special Taxes remaining on hand at the end of the fiscal year and a summary of the Facilities for which Special Taxes were expended.

	On hand July 1, 2018	Received	Expended	On hand June 30, 2019
<b>Proceeds from Bonds</b>				
CAPITOLA LIBRARY	\$ (1,135.09)	\$ 2,167,242.82	\$ 2,554,913.96	\$ (388,806.23)
<b>Total Proceeds from Bonds:</b>	<b>\$ (1,135.09)</b>	<b>\$ 2,167,242.82</b>	<b>\$ 2,554,913.96</b>	<b>\$ (388,806.23)</b>
<b>Special Taxes</b>				
CAPITOLA LIBRARY	\$ -		\$ -	\$ -
<b>Total Special Taxes:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

I certify that to the best of my knowledge and belief that the representations contained in this report are true and accurate.

  
 \_\_\_\_\_  
 Jim Malberg, Finance Director  
 City of Capitola

## Facilities Project Summary

**Capitola Branch Library** – 2005 Wharf Road Capitola, CA 95010

Design, permitting and construction of a new branch library of approximately 11,700 square feet.

Annual Community Facilities District Report  
 Proceeds and Expenditures of  
 Library Facilities Financing Authority Bond and Special Tax Revenue  
 For the City of Santa Cruz, CA  
 Fiscal Year Ended June 30, 2019

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- i. The amount of Bond proceeds received and expended during the fiscal year, any cash balance of Bond proceeds remaining on hand at the end of the fiscal year and a summary of the Facilities for which Bond proceeds were expended.
- ii. The amount of Special Taxes received and expended during the fiscal year, any cash balance of Special Taxes remaining on hand at the end of the fiscal year and a summary of the Facilities for which Special Taxes were expended.

	On hand July 1, 2018	Received	Expended	On hand June 30, 2019
<b>Proceeds from Bonds</b>				
Branciforte Library	\$ -	\$ -	\$ -	\$ -
Downtown Library	-	-	-	-
Garfield Park Library	-	-	-	-
<b>Total Proceeds from Bonds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Special Taxes</b>				
Unallocated	\$ 3,495,595.39	\$ 1,560,142.29	\$ -	\$ 5,055,737.68
Branciforte Library	-	47,618.21	47,618.21	-
Downtown Library	-	-	-	-
Garfield Park Library	-	43,858.20	43,858.20	-
<b>Total Special Taxes</b>	<b>\$ 3,495,595.39</b>	<b>\$ 1,651,618.70 <sup>(1)</sup></b>	<b>\$ 91,476.41</b>	<b>\$ 5,055,737.68</b>

Note 1: A portion of the special taxes has not yet been allocated to the individual branches.

I certify that to the best of my knowledge and belief that the representations contained in this report are true and accurate.

  
 Martín Bernal, City Manager  
 September 13, 2019

Proceeds of bonds are held in trust at the Bank of New York Mellon.

Special Taxes are collected and distributed to members of the Authority by the Treasurer twice annually in January and June, or as soon as practical upon receipt.

## Facilities Projects Summary

**Branciforte Branch Library** – 230 Gault St., Santa Cruz, CA 95062

Upgrades to the existing building including but not limited to: electrical, plumbing, telecom, interior finishes, and building exteriors.

**Downtown Branch Library** – 224 Church St., Santa Cruz, CA 95060

Design, permitting, and construction of a new or remodel of the old branch library, associated on and off-site improvements, utilities, furniture, fixtures, and equipment.

**Garfield Park Branch Library** – 705 Woodrow Ave., Santa Cruz, CA 95060

Upgrades to the existing building including but not limited to: electrical, plumbing, fire sprinkler, telecom, interior finishes, and building exteriors.

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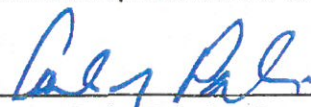
**Annual Community Facilities District Report  
 Proceeds and Expenditures of  
 Library Facilities Financing Authority Bond and Special Tax Revenue  
 For the County of Santa Cruz  
 Fiscal Year Ended June 30, 2019**

This report is prepared pursuant to the Santa Cruz Libraries Facilities Financing Authority Joint Exercise of Powers Agreement, paragraph 4: Annual Reporting, dated January 6, 2017; which requires each member to file with the Authority a written report (the "Annual CFD Report") containing the following information for the prior fiscal year:

- i. The amount of Bond proceeds received and expended during the fiscal year, any cash balance of Bond proceeds remaining on hand at the end of the fiscal year and a summary of the Facilities for which Bond proceeds were expended.
- ii. The amount of Special Taxes received and expended during the fiscal year, any cash balance of Special Taxes remaining on hand at the end of the fiscal year and a summary of the Facilities for which Special Taxes were expended.

	On hand July 1, 2018	Received	Expended	On hand June 30, 2019
<b>Proceeds from Bonds</b>				
APTOS LIBRARY	\$ -	\$ 261,198.49	\$ 261,198.49	\$ -
BOULDER CRK LIBRARY	-	58,459.75	58,459.75	-
FELTON LIBRARY	227,524.72	4,483,184.39	4,710,709.11	-
LA SELVA LIBRARY	-	133,184.51	133,184.51	-
LIVE OAK LIBRARY/ANNEX	730.49	98,319.51	98,319.51	730.49
<b>Total Proceeds from Bonds:</b>	<b>\$ 228,255.21</b>	<b>\$ 5,034,346.65</b>	<b>\$ 5,261,871.37</b>	<b>\$ 730.49</b>
<b>Special Taxes</b>				
UNALLOCATED <sup>1</sup>	\$ 978,617.00	\$ 1,092,133.68	\$ -	\$ 2,070,750.68
APTOS LIBRARY	74,689.80	-	-	74,689.80
BOULDER CRK LIBRARY	61,138.99	-	-	61,138.99
FELTON LIBRARY	1,001,706.43	-	711,834.28	289,872.15
LA SELVA LIBRARY	58,475.95	-	-	58,475.95
LIVE OAK LIBRARY/ANNEX	67,609.79	-	-	67,609.79
<b>Total Special Taxes:</b>	<b>\$ 2,242,237.96</b>	<b>\$ 1,092,133.68</b>	<b>\$ 711,834.28</b>	<b>\$ 2,622,537.36</b>

I certify that to the best of my knowledge and belief that the representations contained in this report are true and accurate.

  
 \_\_\_\_\_  
 Carlos Palacios, County Administrative Officer  
 November 22, 2019

Bond proceeds in this report represent amounts that have been distributed to the County of Santa Cruz by the Libraries Facilities Financing Authority (LFFA). Balance of bond proceeds available are held in trust at the Bank of New York Mellon and distributed to members by the LFFA upon request.

Special Taxes are collected by the LFFA and distributed to members twice annually in January and June, or as soon as practical.

<sup>1</sup>Unallocated special taxes have been received by the County but not yet allocated to a County libraries project.



## Facilities Projects Summary

### **Aptos Branch Library – 7695 Soquel Dr. Aptos, CA 95003**

Design and permitting of a major renovation and possible addition to existing branch library to include upgrades to the existing building including but not limited to structural, roofing, mechanical, electrical, plumbing, data systems, building interiors and finishes, and site improvements.

### **Boulder Creek Branch Library – 13390 W. Park Ave. Boulder Creek, CA 95006**

Design of accessibility, circulation design, lighting, power, data and utility upgrades, and other interior and site improvements at existing branch library.

### **Felton Branch Library – Gushee St, Felton, CA 95018**

Design, permitting and construction of a new branch library of approximately 9,000 square feet, single story building, associated on and off-site improvements, utilities, furniture, fixtures and equipment.

### **La Selva Branch Library – 316 Estrella Ave, La Selva Beach, CA 95076**

Design, permitting, and renovation of existing branch library including accessibility, mechanical, power and data systems, circulation desk, and other interior and patio improvements, plus furniture, fixtures and equipment.

### **Live Oak Branch Library/Annex – 2380 Portola Drive, Santa Cruz, CA 95062 and 979 17<sup>th</sup> Avenue, Santa Cruz, CA 95062**

Design and permitting, as required, of upgrades to existing mechanical system, circulation desk, reference desk and other interior upgrades at existing branch library.

Design and permitting of a building addition and renovation of a portion of an existing community center including but not limited to structural, roofing, mechanical, electrical, plumbing and data systems, building interiors and finishes, and site improvements.

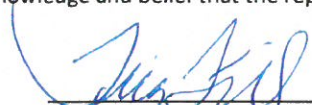
**Annual Community Facilities District Report  
 Proceeds and Expenditures of  
 Library Facilities Financing Authority Bond and Special Tax Revenue  
 For the City of Scotts Valley  
 Fiscal Year Ended June 30, 2019**

This report is prepared pursuant to the Santa Cruz Libraries Facilities Financing Authority Joint Exercise of Powers Agreement, paragraph 4: Annual Reporting, dated January 6, 2017; which requires each member to file with the Authority a written report (the "Annual CFD Report") containing the following information for the prior fiscal year:

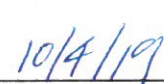
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- ii. The amount of Special Taxes received and expended during the fiscal year, any cash balance of Special Taxes remaining on hand at the end of the fiscal year and a summary of the Facilities for which Special Taxes were expended.

	<u>On hand July 1, 2018</u>	<u>Bond Proceeds Received</u>	<u>Investment Earnings</u>	<u>Expended</u>	<u>On hand June 30, 2019</u>
<b><u>PROCEEDS FROM BONDS</u></b>					
Scotts Valley Library	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>On hand July 1, 2018</u>	<u>Special Taxes Received</u>	<u>Investment Earnings</u>	<u>Expended</u>	<u>On hand June 30, 2019</u>
<b><u>PROCEEDS FROM SPECIAL TAXES</u></b>					
Scotts Valley Library	\$ 369,549.27	\$ 188,045.42	\$ 9,734.22	\$ 23,557.79	\$ 543,771.12

I certify that to the best of my knowledge and belief that the representations contained in this report are true and correct.



\_\_\_\_\_  
 Name & Title of responsible party



\_\_\_\_\_  
 Date

Proceeds of bonds are held in trust at the Bank of New York Mellon.

Special Taxes are collected and distributed to members of the Authority by the Treasurer twice annually in January and June, or as soon as practical upon receipt.

**Annual Community Facilities District Report  
Facilities Projects Summary of  
Library Facilities Financing Authority Bond and Special Tax Revenue  
For the City of Scotts Valley  
Fiscal Year Ended 30, 2019**

**Scotts Valley Library** - 251 Kings Village Road, Scotts Valley, CA 95066

Design and planning for replacement of the HVAC system, roof repairs, installation of sound attenuation equipment, major building improvements and parking lot improvements.

Painting of exterior deck.

Construction of outside shed for storage.

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Proceeds of bonds are held in trust at the Bank of New York Mellon.

Special Taxes are collected and distributed to members of the Authority by the Treasurer twice annually in January and June, or as soon as practical upon receipt.

Chair            Jamie Goldstein  
Vice Chair      Martin Bernal  
Board Member   Carlos Palacios  
Board Member   Tina Friend



## **STAFF REPORT**

DATE:            January 9, 2020  
TO:                LFFA Board of Directors  
FROM:             Susan Nemitz, Library Director  
RE:                Annual Election of Board Chair and Board Vice-Chair

### **RECOMMENDATION**

That by motion the Board elects the Calendar year 2020 Board Chair and Vice-Chair as the City of Capitola and City of Santa Cruz respectively.

### **DISCUSSION**

Staff Report presented in 2016 by the former LFFA Interim Executive Director Marcus Pimentel is attached for reference.

Attachment:

Staff Report from January 14, 2016



**STAFF REPORT**

AGENDA: January 14, 2016  
DATE: January 5, 2016  
TO: Library Facilities Financing Authority (LFFA) Board of Directors  
FROM: Marcus Pimentel, Interim Executive Director  
SUBJECT: Item 6.a. –Annual election of Board Chair and Board Vice-Chair

**RECOMMENDATION**

That by motion the Board elects the Calendar year 2016 Board Chair and Vice-Chair as the City of Capitola and City of Santa Cruz respectively.

**BACKGROUND**

The LFFA agreement requires that at the first meeting of January the Board shall elect a Chair and a Vice-Chair. The Chair is the presiding officer and shall sign all contracts of the LFFA unless otherwise provided by a Board resolution.

**DISCUSSION**

At the LFFA’s first meeting in January 2015, the Board established a rotation schedule that would set for 2016 the City of Capitola as the Chair and the City of Santa Cruz as the Vice-Chair. The rotation for 2016 and the next 4 years are as follows:

<i>Year</i>	<i>Chair</i>	<i>Vice-Chair</i>
2016	City of Capitola	City of Santa Cruz
2017	City of Santa Cruz	City of Scotts Valley
2018	City of Scotts Valley	County of Santa Cruz
2019	County of Santa Cruz	City of Capitola
2020	City of Capitola	City of Santa Cruz

Prepared and approved by:  
Marcus Pimentel  
Interim Executive Director

ATTACHMENTS:  
None

Chair            Jamie Goldstein  
Vice Chair     Martin Bernal  
Board Member  Carlos Palacios  
Board Member  Tina Friend



## **STAFF REPORT**

DATE:            January 9, 2020  
TO:              LFFA Board of Directors  
FROM:           Susan Nemitz, Library Director  
RE:              NBS Consulting Agreement Approval

### **RECOMMENDATION**

In order to go forward with the Bond Issuance the attached agreement with NBS Government Finance Group needs to be approved.

Attachment:

Consulting Agreement with NBS



# CONSULTING AGREEMENT

This Consulting Agreement (Agreement) is made as of the \_\_\_\_ day of \_\_\_\_\_, 2019 (the "Effective Date"), by and between NBS GOVERNMENT FINANCE GROUP, a California corporation, dba "NBS" ("Consultant"), and SANTA CRUZ PUBLIC LIBRARIES LFFA ("Client") (collectively referred to as the "Parties").

## RECITALS

- A. The Client desires to obtain certain consulting services for Bond Issuance Disclosure Services related to the issuance of bonds expected in 2020 for Community Facilities District No. 2016-1.
- B. The Client desires to engage Consultant as an independent contractor to perform such services on the terms and conditions set forth herein.

In consideration of the foregoing and of the mutual promises set forth herein, and intending to be legally bound, the Parties hereto agree as follows:

## AGREEMENT

- 1. Services.** Consultant shall perform the scope of services described in Exhibit A, which is attached hereto and incorporated herein by reference ("Services"). Any other services required or requested by Client shall be subject to mutual agreement of the Parties and may be subject to additional scope of work and fee negotiations.
- 2. Term.** The term of this Agreement shall commence on the Effective Date provided above.
- 3. Compensation.** Compensation to be paid by Client to Consultant shall be in accordance with the schedule set forth in Exhibit B, which is attached hereto and incorporated herein by reference. Client and Consultant recognize that the scope of the project may change from that defined in Exhibit A and that significant changes in the scope of services will require renegotiation of fees.
- 4. Expenses.** Except certain billable expenses as set forth in Exhibit B, Consultant will be responsible for all of its expenses incurred in performing the Services hereunder. The Client shall not be responsible for any travel, meal, or lodging reimbursements to Consultant and/or Consultant's employees. The total fees and costs of Consultant's services shall not exceed the amount described in the Fee Schedule.
- 5. Qualifications of Consultant.** Client has relied upon the professional training and ability of Consultant to perform Services hereunder as a material inducement to enter into this Agreement. Consultant shall therefore provide properly skilled professional and technical personnel to perform all Services under this Agreement. All work performed by Consultant under this Agreement shall be in accordance with applicable legal requirements and shall meet the standard of quality ordinarily to be expected of competent professionals in Consultant's field of expertise. Consultant represents and warrants that Consultant: (i) is fully experienced and properly qualified to perform the work and services provided for herein, (ii) has the financial capability required for the performance of the work and services, and (iii) is properly equipped and organized to perform the work and services in a competent, timely, and proper manner, in accordance with the requirements of this Agreement.





6. Independent Contractor Status. The relationship of Consultant and Client hereunder is an independent contractor relationship and nothing in this Agreement shall be construed to create any other relationship. No agent, employee, or representative of Consultant shall be deemed to be an agent, employee, or representative of Client for any purpose. Consultant agrees that neither it nor any of its employees, is entitled to the rights or benefits afforded to Client's employees, including disability or unemployment insurance, workers' compensation, medical insurance, sick leave, or any other employment benefit. Consultant is responsible for providing, at its own expense, disability, unemployment, workers' compensation, training, permits, and licenses for its employees. Consultant does not have, nor shall it hold itself out as having, any right, power or authority to create any contract or obligation, either express or implied, on behalf of, in the name of, or binding Client.

7. Income Taxes. Consultant is responsible for paying when due all federal, state and local income taxes, incurred as a result of the compensation paid by Client to Consultant for Services under this Agreement. Consultant agrees to indemnify Client for any claims, costs, losses, fees, penalties, interest, or damages suffered by Client resulting from Consultant's failure to comply with this provision.

8. Insurance Requirements. Consultant, at its own cost and expense, shall procure and maintain, for the duration of this Agreement, commercial general liability insurance (said insurance shall have a limit for each occurrence of at least Two Million Dollars (\$2,000,000), and Four Million Dollars \$4,000,000 aggregate) naming Santa Cruz Public Libraries LFFA as additional insureds, in connection with Consultant's activities, officers, employees, officials, agents, officers, staff and Board members), workers' compensation insurance and employer's liability insurance as required by the State of California (said insurance shall not be less than One Million Dollars (\$1,000,000) per accident or disease), and professional errors and omissions liability insurance (said insurance shall cover Consultant's performance under this Agreement with a limit of liability of at least Two Million Dollars (\$2,000,000) for any one claim and aggregate), and automobile insurance with a limit of at least One Million Dollars (\$1,000,000). Prior to commencement of the Services, Consultant shall deliver to Client a Certificate of Insurance evidencing compliance with this paragraph. The certificate shall stipulate that advance written notice of cancellation of the required policy shall be given to the Client by any and all insurance companies. The Parties agree that for any claims related to this Agreement, Consultant's insurance coverage will be primary insurance as respects the Client, its officers, employees, and volunteers. Any insurance or self-insurance maintained by the Client will be excess of Consultant's insurance and will not contribute with it. Each insurance policy required above shall state that the coverage shall not be canceled, except with notice to the Client. 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 Client. Client reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances. Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that Client is an additional insured on insurance required from subconsultant/subcontractors.

Consultant hereby grants to Client a waiver of any right to subrogation which any insurer of said Consultant may acquire against the Client by virtue of the payment of any loss, including attorneys' fees, under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Client has received a waiver of subrogation endorsement from the insurer. The Worker's Compensation policy will be endorsed with a waiver of subrogation in favor of Client for all work performed by the Consultant and its employees.



9. Client's Responsibilities. The Client shall furnish Consultant with any pertinent information that is available to Client and applicable to the Services. The Client shall designate a person to act with authority on its behalf in respect to the Services. The Client shall promptly respond to Consultant's requests for reviews and approvals of its work, and to its requests for decisions related to the Services.

10. Indemnification.

For General Services: To the fullest extent permitted by law, Consultant agrees to indemnify, defend, and hold harmless the Client, its officials, officers, employees, and volunteers from and against any and all claims, demands, actions, liabilities, damages, judgments, or expenses (including attorneys' fees and costs) arising from the acts or omissions of Consultant, or Consultant's employees or agents in any way related to the obligations or in the performance of services under this Agreement, except for design professional services as defined set forth in Civil Code § 2782.8, and except where caused by the sole or active negligence, or willful misconduct of Client.

For Design Professional Services under Civil Code §2782.8: To the fullest extent permitted by law, Consultant agrees to indemnify, defend, and hold harmless Client, its officials, officers, employees, and volunteers from and against any and all claims, demands, actions, liabilities, damages, or expenses (including attorneys' fees and costs) arising from the negligence, recklessness, or willful misconduct of the Consultant, or Consultant's employees, or agents in any way related to the obligations or in the performance of design professional services under this Agreement as defined set forth in Civil Code §2782.8, except where caused by the sole or active negligence, or willful misconduct of Client. The costs to defend charged to the Consultant relating to design professional services shall not exceed the Consultant's proportionate percentage of fault per Civil Code §2782.8. The provisions of this Section 10 shall survive termination of this Agreement.

12. Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, disability, ancestry, sex, gender identity, sexual orientation, or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

13. Attorneys' Fees. In the event of any action or other proceeding, including arbitration or other non-judicial proceedings, arising from, in, under or concerning this Agreement and any amendment thereof, including, without limiting the generality of the foregoing, any claimed breach hereof, the prevailing party in such action or proceeding shall be entitled to recover from the other party in such action or proceeding, such sum as the court shall fix as reasonable attorneys' fees incurred by such prevailing party.

14. Compliance with Law. In connection with the services rendered hereunder, Consultant agrees to abide by all federal, state, and local laws, ordinances and regulations.

15. Entire Agreement; Amendment. This Agreement, including the Exhibits attached hereto, constitutes the final, complete and exclusive statement of the terms of the agreement between Client and Consultant with respect to the transactions contemplated hereby and supersedes all prior and contemporaneous agreements, arrangements or understandings between them with respect



thereto. This Agreement may not be amended, modified or changed except by instruments in writing signed by all of the parties hereto.

16. Nonwaiver. No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged.

17. Controlling Law; Jurisdiction. This Agreement shall be construed and enforced in accordance with the laws of the State of California without reference to its choice of law provisions.

18. Counterparts. This Agreement may be executed in any number of counterparts and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

19. Further Assurances. The Parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.

20. Successors and Assigns. Consultant and Client each binds itself, its partners, its successors, legal representatives and assigns to the other party of this Agreement and to the partners, successors, legal representatives and assigns of such other party in respect of all covenants and agreements contained herein.

21. Confidentiality. During the course of this Agreement, each party may disclose to the other certain information which may be considered confidential by the disclosing party. ("Confidential Information"). Confidential Information shall mean any and all information or proprietary materials (in every form and media) not generally known to the public and which has been or is hereafter disclosed or made available by either Party (the "Disclosing Party") to the other Party (the "Receiving Party"), either verbally or in writing, in connection with this Agreement, including the terms of this Agreement.

Unless otherwise required by law, and except as expressly provided in this Agreement, the Receiving Party will not use or disclose any Confidential Information of the Disclosing Party without the Disclosing Party's prior written consent, except disclosure to and subsequent uses by the Receiving Party's employees or consultants on a need-to-know basis, provided that each are under confidentiality obligations similar to those contained herein. The Disclosing Party's Confidential Information may only be used by the Receiving Party of the purpose of implementing this Agreement. The Receiving Party agrees to use at least the same care and precaution in protecting such Confidential Information as the Receiving Party uses to protect the Receiving Party's own Confidential Information and trade secrets, and in no event less than reasonable care. Upon the Disclosing Party's written request, the Receiving Party shall return or certify the destruction of all Confidential Information.

22. Assignment. This Agreement shall not be assigned without first obtaining the express written consent of Client. Neither party may assign this Agreement unless this Agreement is amended in accordance with its terms.

23. Notices. All notices, requests, demands, and other communications required to or permitted to be given under this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; or (b) when received when sent by e-mail or facsimile at the address and number set forth below (provided, however, that the receiving party confirms receipt of such notice by e-mail, facsimile or any other method permitted hereunder,

and that any notice given by e-mail or facsimile shall be deemed received on the next business day if such notice is received after 5:00 p.m. (recipient's time) or on a non-business day); or (c) three business days after the same have been deposited in a United States post office with first class or certified mail return receipt requested postage prepaid and addressed to the parties as set forth below; or (d) the next business day after same has been deposited with a reputable overnight delivery service reasonably known by the parties (such as FedEx, DHL WorldWide Express, California Overnight, USPS Priority Mail Express, etc.), postage prepaid, addressed to the parties as set forth below with next-business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

If to Consultant:

NBS Government Finance Group  
Attention: Michael Rentner, Chief Executive Officer  
32605 Temecula Parkway, Suite 100  
Temecula, CA 92592  
Telephone: (951) 296-1997  
Fax No.: (951) 296-1998  
E-Mail: [mrentner@nbsgov.com](mailto:mrentner@nbsgov.com)

If to Client:

Santa Cruz Public Libraries LFFA  
Attention: Susan Nemitz, Executive Director  
c/o 809 Center Street, Room 101  
Santa Cruz, CA 95060  
Telephone: (831) 427-7706  
E-Mail: [nemitzs@santacruzpl.org](mailto:nemitzs@santacruzpl.org)

24. **References and Titles.** All references in this Agreement to Articles, Sections, Subsections and other subdivisions refer to corresponding Articles, Sections, Subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivision are for convenience only and do not constitute any part of such subdivision and shall be disregarded in construing the language contained in such subdivision. The words this Agreement, this instrument, herein, hereof, hereby, hereunder, and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

25. **Time.** Time is of the essence.

26. **No Third Party Beneficiaries.** Nothing contained in this Agreement is intended to and nothing contained herein shall be interpreted to confer on any party the rights of a third party beneficiary and this Agreement shall be for the sole benefit of the parties hereto.

27. **Severability.** If any term, covenant, condition or provision of this Agreement, or the application thereof to any person or circumstances is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will, nevertheless, continue in full force and effect without being impaired or invalidated in any way.




28. Language. The language of this Agreement shall be construed as a whole and in accordance with the fair meaning of the language used. The language of this Agreement shall not be strictly construed against either party based upon the fact that either party drafted or was principally responsible for drafting this Agreement or any specific term or condition hereof.

29. Termination. This Agreement may be terminated by either party by giving thirty (30) business days written notice to the other party of its intent to terminate this Agreement. 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. Client's only obligation to the Consultant will be just and equitable payment for services authorized by, and received to the satisfaction of, the Client 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 Client upon the termination date. The Client reserves the right to obtain services 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 Client. In no event will the Client 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 Client under the Agreement.

IN WITNESS WHEREOF, Client and Consultant have executed this Agreement on the day and year first above written.

**CONSULTANT**

NBS GOVERNMENT FINANCE GROUP,  
a California corporation, dba NBS

By:   
Name: Michael Rentner  
Title: CEO & President  
Date: 12/20/19

**CLIENT**

SANTA CRUZ PUBLIC LIBRARIES LFFA

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Attachments:**

- Exhibit A: Consultant Scope of Services
- Exhibit B: Compensation for Services





# EXHIBIT A

## CONSULTANT SCOPE OF SERVICES

### Bond Issuance Disclosure for Community Facilities District No. 2016-1

#### KICK-OFF MEETING, PROJECT SCHEDULE

NBS will meet with Client's staff, legal counsel, any financial advisor and other interested parties to:

- Establish lines of communication
- Clarify the specific project goals and criteria that will meet the Client's preference
- Identify and resolve any special circumstances regarding the bond issuance
- Develop project schedules to meet legal requirements and provide for effective interaction of all involved parties
- Establish meeting dates consistent with schedule to achieve project milestones

#### LOCAL GOALS & POLICIES

NBS will review existing local goals and policies as required by the Mello-Roos Community Facilities Act of 1982 (the "Act").

#### DATA COLLECTION

NBS will gather and review data relevant to the bond issuance. Data will be obtained from various sources, including Client records, Assessor's parcel maps, and County Assessor information.

#### PROPERTY DATA

NBS will provide certain disclosure data for the bond offering documents. Such data shall include parcel data, assessed value data, land use, development status and special tax classification information. NBS will also coordinate with the financing team to order overlapping debt data and sample tax bills, as requested.

#### REVIEW BOND DOCUMENTS

NBS will review all bond documents prepared and provided by bond or other legal counsel and the financial advisor including the Official Statement, the Bond Indenture and the Continuing Disclosure Agreement.

#### DATA PROCESSING

NBS will process the property data and provide the following as requested:

- Current and prior years' special tax delinquencies.
- Assessed Valuation History
- Top CFD Property Owners
- Value to Lien Calculations



## EXHIBIT B

### COMPENSATION FOR SERVICES

#### Bond Issuance Disclosure for Community Facilities District No. 2016-1, Series 2020

Consulting Fee .....	\$ 14,500
Estimated Expenses (1) .....	\$ 2,750
Total Not to Exceed .....	\$ 17,250

(1) See description of expenses below

#### EXPENSES

Customary out-of-pocket expenses will be billed to the Client at actual cost to NBS. These expenses may include, but not be limited to, mailing fulfillment, postage, reproduction, telephone, and various third-party charges for data, maps, and recording fees. The Client shall not be responsible for any travel, meal, or lodging reimbursements to Consultant and/or Consultant's employees. The total fees and costs of Consultant's services shall not exceed the amount described in the Fee Schedule.

#### ADDITIONAL SERVICES

The following table shows our current hourly rates. Additional services authorized by the Client but not included in the scope of services will be billed at this rate or the then applicable hourly rate.

Title	Hourly Rate
Director	\$225
Associate Director	\$210
Senior Consultant / Manager	\$175
Consultant	\$155
Analyst	\$130
Clerical/Support	\$105

#### TERMS

Consulting services will be invoiced on a monthly basis. Expenses will be itemized and included in the next regular invoice. If the project is prematurely terminated by either party, NBS shall receive payment for work completed, and work authorized by Client and received to the satisfaction of Client. Payment shall be made within 30 days of submittal of an invoice. Either party may cancel this contract with 30 days written notice.



## EXHIBIT C

### DISCLOSURE OF CONFLICTS OF INTEREST AND LEGAL OR DISCIPLINARY EVENTS

Pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients and potential clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of NBS and its associated persons.

#### CONFLICTS OF INTEREST

##### Compensation

NBS represents that in connection with the issuance of municipal securities, NBS may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, NBS hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding NBS' ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair NBS' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

It should be noted that other forms of compensation (i.e. hourly or fixed fee based) may also present a potential conflict of interest regarding NBS' ability to provide advice regarding a municipal security transaction. These other potential conflicts of interest will not impair NBS' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

##### Other Municipal Advisor Relationships

NBS serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another NBS client. For example, NBS serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to Santa Cruz County Public Libraries. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, NBS could potentially face a conflict of interest arising from these competing client interests. NBS fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with Santa Cruz County Public Libraries.

If NBS becomes aware of any additional potential or actual conflict of interest after this disclosure, NBS will disclose the detailed information in writing to the issuer or obligated person in a timely manner.

#### LEGAL OR DISCIPLINARY EVENTS

NBS does not have any legal events or disciplinary history on NBS' Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access NBS' most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html).

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against NBS, NBS will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate NBS, its management and personnel.

Chair                Jamie Goldstein  
Vice Chair        Martin Bernal  
Board Member    Carlos Palacios  
Board Member    Tina Friend



## **STAFF REPORT**

DATE:            January 9, 2020  
TO:                LFFA Board of Directors  
FROM:            Susan Nemitz, Library Director  
RE:                Municipal Advisor Agreement Approval

### **RECOMMENDATION**

In order to go forward with the Bond Issuance the attached Municipal Advisor Agreement with Harrell & Company Advisors is presented for approval (subject to final review and approval by Legal Counsel).

Attachment:

Municipal Advisor Agreement

## MUNICIPAL ADVISOR AGREEMENT

**THIS AGREEMENT** is made and entered into as of this 1st day of January 2020, by and between the Santa Cruz Libraries Facilities Financing Authority (hereinafter, the "LFFA"), whose address is 117 Union Street, Santa Cruz, CA 95060, and Harrell & Company Advisors, LLC, (hereinafter, The "ADVISOR"), whose address is 333 City Boulevard West, Suite 1215, Orange, CA 92868.

### WITNESSETH:

**WHEREAS**, the LFFA desires to retain ADVISOR to do the necessary financial consulting, municipal advisory and analytical work hereinafter outlined, upon the terms and conditions hereinafter set forth, for the issuance of Library Facility Improvement Bonds (the "2020 Library CFD Bond"); and

**WHEREAS**, ADVISOR is specifically trained and experienced in providing the services requested by LFFA regarding the 2020 Library CFD Bond, and hereby represents that it is ready, willing and able to perform said work; and

**WHEREAS**, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") ADVISOR is duly registered as a "municipal advisor" with, and subject to certain rules promulgated by, the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"); and

**NOW, THEREFORE**, in consideration of the covenants and premises herein contained and other good and valuable consideration, the parties hereto agree as follows:

#### 1. Description of Work

ADVISOR shall perform the work set forth in Exhibit A, attached hereto and made a part hereof.

ADVISOR shall provide all labor, equipment, material and supplies required or necessary to properly, competently and completely perform the work or render the services under this Agreement. ADVISOR shall determine the method, details and means of doing the work or rendering the services.

#### 2. Compensation

The total compensation for ADVISOR services in connection with the work described in Exhibit A is \$60,000 with an expense reimbursement limit of an additional \$2,000. LFFA payment of the ADVISOR fee for this engagement and the ADVISOR reimbursement of expenses, if any, will be contingent upon the successful sale and closing of 2020 Library CFD Bond. The fee shall be paid from the proceeds of 2020 Library CFD Bond. If the 2020 Library CFD Bond is not issued, ADVISOR shall be paid for services related to the CFD as noted in Exhibit A.



**3. Term and Time For Completion**

This Agreement shall become effective on the date first hereinabove written and will continue in effect until the services provided herein have been completed, unless sooner terminated as provided in Paragraph 11.

**4. Payment For Services**

ADVISOR shall submit to LFFA invoice(s) at the time of completion for the services rendered. If the work is satisfactorily completed, LFFA shall pay such bill within thirty (30) days of its receipt. Should the 2020 Library CFD Bonds close, all fees will be credited against the bond issuance costs shown in Exhibit A. Should LFFA dispute any portion of any bill, LFFA shall pay the undisputed portion within the time stated above, and at same time advise ADVISOR in writing of the disputed portion.

**5. Compliance with Laws**

ADVISOR agrees that it shall conduct its work and perform its services in compliance with all laws and regulations of Santa Cruz County, California, and any officer, department or agency thereof, as well as other laws and regulations as may be applicable thereto.

**6. Errors and Omissions Insurance**

ADVISOR shall have such errors and omissions insurance as shall protect LFFA, it's officers, directors, employees and agents from claims based on alleged errors or negligent acts or omissions which may arise from ADVISOR's operations or performance under this Agreement, whether claims be made during or subsequent to the term of this Agreement, and whether such operations or performance be by ADVISOR or its employees, ADVISOR's, agents or anyone else directly or indirectly employed by any of the foregoing. The amount of this insurance shall not be less than \$1,000,000 per occurrence.

ADVISOR shall provide to LFFA a certificate of insurance on a form acceptable to LFFA indicating the deductible or self-retention amounts and the expiration date of said policy, and shall provide renewal certificates within ten (10) days after expiration of each policy term.

**7. General Insurance**

ADVISOR shall, at its expense, maintain in effect at all times during the duration of this Agreement not less than the following coverage and limits of insurances:

A. Workers Compensation. ADVISOR shall obtain and keep in full force and effect Worker's Compensation insurance 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.



B. General Liability. ADVISOR shall obtain and keep in full force and effect general liability insurance including provisions for contractual liability, personal injury, ADVISOR's contractors and broad form property damage coverages. This insurance shall be on a comprehensive occurrence basis form with a stand cross liability clause or endorsement. The limit for this insurance shall be no less than \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. The City, its officers, officials and employees will be covered as additional insureds on this policy with respect to liability arising out of work or operations performed by or on behalf of ADVISOR.

C. Automobile Liability. Since the ADVISOR will not operate any vehicle on LFFA property or elsewhere on LFFA's behalf or on LFFA business, Automobile Liability coverage is not required.

D. Certificates of Insurance. Promptly upon execution of this Agreement and prior to commencement of any work, ADVISOR shall provide LFFA with certificates of insurance evidencing that all insurance and/or endorsements required by this Agreement have been obtained and are in full force and effect. Approval of the insurance by LFFA shall not relieve or decrease any liability of ADVISOR. The certificates and policies of ADVISOR shall provide thirty (30) days' written notice of any material change, reduction in coverage or cancellation of the insurance policies will be provided to LFFA. In addition, in the event any change is made in the insurance carrier, policies or nature of coverage required under this Agreement, ADVISOR shall notify LFFA prior to making such changes. Such insurance shall include a provision for endorsement naming LFFA, its officers, directors, employees and agents as additional insureds with respect to liability arising out of the performance of any work under this Agreement, and providing that such insurance is primary insurance with respect to the interest of LFFA and that any other insurance maintained by LFFA is excess and not contributing insurance with the insurance required hereunder.

E Waiver of Subrogation. ADVISOR hereby grants to LFFA a waiver of any right to subrogation which any insurer of said ADVISOR may acquire against the LFFA by virtue of the payment of any loss under such insurance. ADVISOR 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 LFFA has received a waiver of subrogation endorsement from the insurer.

## **8. Indemnification and Hold Harmless**

ADVISOR shall protect, indemnify, hold harmless and defend LFFA, its directors, officers, employees and agents, from any and all claims, fines, demands, costs, expenses (including but not limited to attorneys' fees and costs of litigation or arbitration), liability, losses, penalties, causes of action, awards, suits or judgments for damages of any nature whatsoever (hereinafter collectively referred to as "Claims") to the extent arising out of the breach of this Agreement in whole or in part by, or willful or fraudulent misconduct or negligent acts, errors or omissions by ADVISOR, its employees, agents or contractors, or the agent, employee or constructors of any one

of them in the performance of their duties or in their operations under this Agreement, but not including the sole or active negligence or the willful misconduct of LFFA.

Neither termination of this Agreement nor completion of the acts to be performed under this Agreement shall release ADVISOR from its obligations to indemnify as to any claims so long as the event upon which such Claims is predicated shall have occurred prior to the effective date of any such termination or completion and arose out of or was in any way connected with performance or operations under this Agreement by ADVISOR, its employees, agents or ADVISORS, or the employee, agent or ADVISOR of any one of them.

Submission of insurance certificates or other proof of compliance with the insurance requirements in this Agreement does not relieve ADVISOR from liability under this indemnification and hold harmless clause. The obligation of this indemnity article shall apply whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

**9. Conflicts of Interest**

Except as disclosed in Exhibit B, ADVISOR is unaware of any actual or potential conflicts of interest of which might impair its ability either to render unbiased and competent advice to or on behalf of the LFFA or to fulfill its fiduciary duty to the LFFA. Furthermore, ADVISOR hereby represents that it has not (i) made any payments directly or indirectly to obtain or retain the LFFA's municipal advisory business, (ii) received any payments from third parties to enlist the ADVISOR's recommendation to the LFFA of its services, any municipal securities transaction or any municipal financial product, (iii) made any fee-splitting arrangements with any provider of investments or services to the LFFA, (iv) entered into any other engagements or relationships that might impair the ADVISOR's ability either to render unbiased and competent advice to or on behalf of the LFFA or to fulfill its fiduciary duty to the client.

**10. Representations of ADVISOR**

ADVISOR makes the following representations to the LFFA:

(i) ADVISOR does not have any legal or disciplinary events that are either (a) considered material to the City's evaluation of the ADVISOR or the integrity of its management or advisory personnel, or (b) which was disclosed by ADVISOR on the most recent Form MA filed with the SEC;

(ii) ADVISOR believes that compensation provided for herein is fair and reasonable, and therefore not excessive, in relation to the municipal advisory activities to be performed;

(ii) ADVISOR will not deliver an invoice for fees or expenses for municipal advisory activities that does not accurately reflect the activities actually performed or the personnel that actually performed those services;

(iii) ADVISOR will not make, or participating in, any fee-splitting arrangements with underwriters, or any undisclosed fee-splitting arrangements with providers of investments or services to the LFFA; and

(iv) ADVISOR will not make payments for the purpose of obtaining or retaining municipal advisory business of the LFFA.

#### **11. Termination**

This Agreement may be terminated at any time and for any reason by LFFA upon thirty (30) days' advance written notice. In the event of such termination, ADVISOR is to be fairly compensated for all work performed to the date of termination as calculated by LFFA based on Paragraph 2 hereof, provided that such compensation shall not in any case exceed the maximum sum set forth in Paragraph 2 hereof. Compensation under this paragraph shall not include costs related to lost profit associated with the expected completion of the work or other such payments relating to the benefit of the bargain.

#### **12. Attorneys' Fees**

In the event that any arbitration, litigation or other action or proceeding of any nature between LFFA and ADVISOR becomes necessary to enforce or interpret all or any portion of this Agreement or because of an alleged breach by either party of any of the terms hereof, it is mutually agreed that the losing or defaulting party shall pay the prevailing party's reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action or proceeding.

#### **13. Entire Agreement**

This writing constitutes the entire Agreement between the parties relative to the services specified herein, and no modifications hereof shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Agreement. There are no understandings, agreements, conditions, representations, warranties or promises with respect to the subject matter of this Agreement except those contained in or referred to in this writing.

#### **14. Independent Contractor**

It is expressly understood and agreed by the parties hereto that ADVISOR's relationship to LFFA is that of an independent contractor. All persons hired by ADVISOR and performing the work shall be ADVISOR's employees or agents. LFFA shall not be obligated in any way to pay any wages or other claims by any such employees or agents or any other person by reason of this Agreement. ADVISOR shall be solely liable to such employees and agents for losses, costs, damage of injuries by said employees or agents during the course of the work.

**15. Ownership of Work**

All original documents prepared by ADVISOR for this Agreement, whether complete or in progress, are the property of the LFFA, and shall be given to LFFA at the completion of ADVISOR's services, or upon demand from the LFFA. No such documents shall be revealed or made available by ADVISOR to any third party without the prior written consent of the LFFA. ADVISOR shall be allowed to retain copies of all documents prepared under this Agreement.

**16. Successors and Assignment**

This Agreement shall be binding on the heirs, successors, executors, administrators and assigns of the parties; however, ADVISOR agrees that it will not assign, transfer, convey or otherwise dispose of this Agreement or any part thereof, or its rights, title or interest therein, or its power to execute the same without the prior written consent of LFFA.

**17. Severability**

If any provision of this Agreement is held to be unenforceable, the remainder of this Agreement shall be severable and not affected thereby.

**18. Waiver of Rights**

Any waiver at any time by either party hereto of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any other breach, default or matter.

**19. Remedies Not Exclusive**

The use by either party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of any remedy provided by law.

**20. Notices**

All notices, statements, reports, approvals or requests or other communications that are required either expressly or by implication to be given by either party to the other under this Agreement shall be in writing and signed for each party by such officers as each may, from time to time, authorize in writing to so act. All such notices shall be deemed to have been received on the date of delivery if delivered personally or three (3) days after mailing if enclosed in a properly addressed and stamped envelope and deposited in the U.S. post office for delivery. Unless and until formally notified otherwise, all notices shall be addressed to the parties at their addresses shown on the following page:



LFFA  
Susan Nemitz  
Santa Cruz Public Libraries  
117 Union Street  
Santa Cruz, CA 95060

ADVISOR  
Suzanne Harrell  
Harrell & Company Advisors, LLC  
333 City Boulevard West, Suite 1215  
Orange, CA 92868

**21. Sub-Consultants**

No sub-contract shall be awarded, or an outside consultants engaged, by ADVISOR unless prior written approval is obtained from LFFA.

**IN WITNESS WHEREOF** the parties execute this Agreement on the day and year first hereinabove written.

LFFA

ADVISOR

By: \_\_\_\_\_  
Name: Susan Nemitz  
Title: Executive Director

By: \_\_\_\_\_  
Name: Suzanne Harrell  
Title: Managing Member

## EXHIBIT "A"

### PROFESSIONAL MUNICIPAL ADVISORY SERVICES

#### SCOPE OF SERVICES

ADVISOR shall perform the following services for the 2020 Library CFD Bond:

1. Structure and size the 2020 Library CFD Bonds.
2. Prepare the Official Statement including any required information relating to the CFD and RMA, the County and the Cities within the District.
3. Review and comment on all legal documents, including bond resolutions and closing documents.
4. Prepare rating agency presentation.
5. Prepare Staff for dialogue with ratings analysts/bond insurers (if any).
6. Draft staff reports for Authority Board actions (and any member agency board actions if required).
7. Keep the Authority apprised of market conditions relating to interest rates.
8. If appropriate, analyze insurance bids and make a recommendation for purchase of full, partial or no insurance on the 2020 Library CFD Bonds.
9. Prepare staff for due diligence call.
10. For the competitive sale of 2020 Library CFD Bonds:
  - a. conduct the public sale using IPREO® internet platform;
  - b. arrange for advertising of the bond sale in nationally prominent financial publications
  - c. coordinate local publication requirements; and
  - d. evaluate the bids and recommend the most favorable bid for award.
11. Provide guidelines for post-closing compliance with continuing disclosure requirements.
12. Provide schedule of actions required to comply with Non-arbitrage certificate post-closing (relevant dates and actions).
13. Provide any post-closing follow up as required.
14. Provide any other services reasonably requested and not otherwise set forth above.

## EXHIBIT "B"

### MUNICIPAL ADVISOR DISCLOSURES

Harrell & Company Advisors, LLC (Harrell & Co.) is registered as a "municipal advisor" pursuant to Section 15B of the Securities Exchange Act (Act) and rules and regulations adopted by the United States Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB"). The SEC has approved MSRB Rule G-42 which, among other matters, requires Harrell & Co. to provide the LFFA with information regarding any conflicts of interest that Harrell & Co. may have and with information about where to find Harrell & Co.'s SEC filings on the SEC website.

As a municipal advisor in connection with the 2020 Library CFD Bonds, Harrell & Co. will owe a fiduciary duty to the LFFA and will carry out its duties in accordance with such duty. Simply put, this means that Harrell & Co. owes the LFFA both a duty of loyalty and a duty of care and that in performing services that Harrell & Co. may undertake in connection with any bond issue, Harrell & Co. will put the needs of the LFFA ahead of its own. This standard of care is higher than that required of other financial services providers such as underwriters.

The fees to be paid by the LFFA to Harrell & Co. are based on the relative size of the transaction and are contingent on the successful closing of the financing. Although this form of compensation may be customary, it presents a conflict because Harrell & Co. may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the LFFA. In addition, if facts or circumstances arise that could cause the financing to be delayed or fail to close, Harrell & Co. may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing. Harrell & Co. manages and mitigates this conflict primarily by adherence to the fiduciary duty which Harrell & Co. owes to municipal entities such as the LFFA which require Harrell & Co. to put the interests of the LFFA ahead of its own.

Harrell & Co. separately provides municipal advisory services to the County of Santa Cruz, which is a member of the LFFA, but not in connection with the 2020 Library CFD Bonds.

Harrell & Co. has determined, after exercising reasonable diligence, that other than described above, it has no known material conflicts of interest that would impair its ability to provide advice to the LFFA in accordance with its fiduciary duty to municipal entity clients such as the LFFA. To the extent any such material conflicts of interest arise after the date of our engagement Harrell & Co. will inform the LFFA of such conflicts as described below.

The LFFA may terminate Harrell & Co.'s services at any time upon written notice as provided in the Agreement. Harrell & Co. may withdraw from its representation as Municipal Advisor upon

written notice to the LFFA subject to the fiduciary duty described above which may require it to continue to represent the LFFA until an appropriate replacement is identified which will depend on the status of the transaction.

Harrell & Co. is required to disclose to the SEC information regarding criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation involving us. Pursuant to MSRB Rule G-42, Harrell & Co. is required to disclose any legal or disciplinary event that is material to the LFFA's evaluation of Harrell & Co. or the integrity of its management or advisory personnel. As reflected in Harrell & Co.'s filings with the SEC, Harrell & Co. has determined that no such event exists.

Copies of our filings with the United States Securities and Exchange Commission can currently be found by accessing the SEC's EDGAR system Company Search Page which is currently available at <https://www.sec.gov/edgar/searchedgar/companysearch.html> and searching for either "Harrell & Co Advisors" or for our CIK number which is 0001610917.

The Act further prohibits underwriters from switching from a financial advisory role in developing a financing to an underwriting role. Harrell & Co. is not engaged in underwriting.

The MSRB has made available on its website ([www.msrb.org](http://www.msrb.org)) a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the appropriate regulatory authority.