

CONTRIBUTION AND REIMBURSEMENT AGREEMENT

SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY Community Facilities District No. 2016-1

THIS CONTRIBUTION AND REIMBURSEMENT AGREEMENT (the "Agreement"), dated for convenience as of March 3, 2016, is by and among the Santa Cruz Libraries Facilities Financing Authority (the "LFFA"), on behalf of itself and the Santa Cruz Libraries Facilities Financing Authority Community Facilities District 2016-01 (the "CFD"), and the Joint Powers Authority created by the 1996 Agreement (the "Authority").

RECITALS:

WHEREAS, the members of the Authority have undertaken proceedings (the "Proceedings") to establish the LFFA and the CFD, to authorize the levy of special taxes (the "Special Taxes") to finance the acquisition and construction of certain public library facilities (including assessment of the probability of a successful ballot measure to authorize the Special Taxes), and to authorize the issuance of one or more series of bonds or other debt (collectively, the "Bonds") under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act") secured by the Special Taxes;

WHEREAS, section 53314.9 of the California Government Code allows the LFFA, as legislative body of the CFD, to accept advances of funds or work in-kind from any source before or after the CFD formation, and may enter into an agreement, by resolution, with a public entity advancing the funds or work in-kind to repay all or a portion of such advances;

WHEREAS, the Authority is willing to advance funds to the LFFA or to its agents and consultants as necessary to ensure payment of any and all costs of the LFFA in connection with the Proceedings and the issuance of Bonds, provided that such advances are reimbursed to the Authority by the LFFA, as may be allowed by its legislative body, from the proceeds of the Special Taxes and the Bonds, to the extent legally permissible;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth herein, and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT:

Section 1. The Advances.

(a) The Authority agrees to advance to the LFFA, or provide directly on behalf of the LFFA, from time to time and upon written request submitted by the LFFA, or in the judgment of the Authority, amounts (collectively the "Advances") incurred or reasonably

expected to be incurred by the LFFA to pay Initial Costs (as defined below), understanding that such initial costs may have been incurred before or after the formation of the LFFA.

(b) The "Initial Costs" include, but are not limited to:

(i) the fees and expenses of any consultants to the LFFA engaged in connection with the Proceedings and the issuance of Bonds (such as engineering, legal counsel, including special counsel to the LFFA, financial advisory and special tax consultant), excluding such fees and expenses that are payable on a basis contingent on the issuance of the Bonds;

(ii) the costs of appraisals, absorption studies and other reports necessary or deemed advisable by LFFA or Authority staff in connection with the Proceedings and the issuance of Bonds;

(iii) costs of publication of notices, preparation and mailing of ballots and other costs related to any election with respect to the CFD, the Special Taxes or the Bonds; but in all cases excluding any costs related to advocacy in connection with any CFD elections;

(iv) the costs of any action prosecuted in the superior court to validate the CFD, the Special Taxes or the Bonds;

(v) a reasonable charge for an allocable share of administrative expenses with respect to staff of the Authority's or LFFA's members related to the Proceedings, the issuance of Bonds, or the design and planning activities for the Bond-financed facilities;

(vi) any costs incurred by the Authority or LFFA in connection with discussions with or applications to bond rating agencies, if applicable; and

(vii) any and all other actual costs and expenses, direct and indirect, incurred by the Authority or LFFA with respect to the Proceedings, the Special Taxes and the Bonds.

Section 2. Reimbursement of Advances. The Advances shall be reimbursed by the LFFA solely from the following sources, and solely to the extent permitted under the Act: (a) available proceeds of the Special Taxes, if and to the extent levied, (b) available proceeds of the Bonds, if and to the extent issued.

Section 3. Reimbursement of Other Costs. Nothing contained herein shall prohibit reimbursement of other costs and expenses of the Authority or the LFFA incurred in connection with the Proceedings, the Special Taxes and the Bonds from any legally available sources of funds, including without limitation available proceeds of the Special Taxes or the Bonds.

Section 4. Agreement Not Debt or Liability of the LFFA. It is hereby acknowledged and agreed that this Agreement is not a debt or liability of the LFFA or the CFD.

Section 5. Accounting. The Advances may be commingled with other funds of the LFFA for purposes of investment and safekeeping, but the Authority, unless otherwise directed by the LFFA legislative body, shall at all times maintain records of the receipt, expenditure and reimbursement of all Advances. The cost of maintaining such records shall be considered an Initial Cost.

Section 6. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

Section 7. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of California.

Section 8. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

Section 9. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS THEREOF, the parties have executed this Agreement as of the day and year first written above.

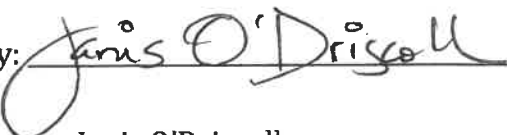
SANTA CRUZ LIBRARIES FACILITIES
FINANCING AUTHORITY

By: 

Name: Richard Hill

Its: Interim Executive Director

AUTHORITY

By: 

Name: Janis O'Driscoll

Its: Interim Executive Director