



S

Community Facilities District library bond

Ballot question

To modernize, upgrade and repair local libraries in Santa Cruz, Aptos, Live Oak, Scotts Valley, Boulder Creek, Capitola, Felton and La Selva Beach -- replace failing roofs, outdated bathrooms, electrical systems/ structurally damaged facilities; support growing use by children, seniors, veterans and others; expand access to modern technology; and construct/ expand facilities where necessary; shall Santa Cruz Libraries Facilities Financing Authority issue \$67,000,000 in bonds for Santa Cruz Libraries Facilities Financing Authority Community Facilities District No. 2016-1; levy a special tax annually on parcels within the Community Facilities District; establish an initial appropriations limit; and assure mandatory accountability?

Pregunta de boleta

A fin de modernizar, actualizar y repara las bibliotecas locales en Santa Cruz, Aptos, Live Oak, Scotts Valley, Boulder Creek, Capitola, Felton y La Selva Beach - reemplazar techos deteriorados, baños obsoletos, sistemas eléctricos/ establecimientos estructuralmente dañados; apoyar el aumento en el uso por parte de niños, personas mayores, veteranos y otros; ampliar el acceso a la tecnología moderna; y construir/ampliar establecimientos donde fuera necesario; ¿debe la Autoridad de Financiamiento para Establecimientos de Bibliotecas de Santa Cruz emitir \$67,000,000 en bonos para el Distrito No. 2016-1 de Establecimientos Comunitarios de la Autoridad de Financiamiento para Establecimientos de Bibliotecas de Santa Cruz; establecer un límite inicial de apropiaciones; y asegurar la rendición de cuentas obligatoria?

What your vote means

YES	NO
A "Yes" vote is a vote to authorize the bonds to be issued and to levy special taxes on real property.	A "No" vote is a vote against issuing the proposed bonds and levying the special tax.

For and against Measure S

FOR	AGAINST
<p>Jim Hart Santa Cruz County Sheriff's Office</p> <p>Mary Lou Goeke United Way of Santa Cruz County</p> <p>Michael C. Watkins Santa Cruz County Superintendent of Schools</p> <p>Hilary Bryant Former Santa Cruz Mayor, CMO Calliope Waterworks</p> <p>Bruce McPherson Santa Cruz County Supervisor</p>	<p>No argument against was filed.</p>



Local ballot measure: S

Arguments and replies are the opinions of the authors. We print them exactly as submitted, including errors.

Argument for Measure S

No argument against Measure S was filed.

Vote YES on S to strengthen our local libraries – a vital community resource for students, seniors, young children, veterans and community members of all ages.

Measure S funds critical repairs and upgrades to support a steady increase in library usage and bring all ten branches up to 21st century standards.

Expanded computer and Internet access is crucial for those who don't have access at home or work. Many students and low-income residents come to our libraries for schoolwork, to stay informed or apply for jobs, yet several local libraries have 50-year-old wiring that is completely inadequate for modern technology.

Additionally, many roofs are worn out, leaky and in serious need of replacement. Library materials have been ruined and some roofs are over 50 years old. Other branches have failing plumbing or antiquated heaters. One building dates from 1893, unsuitable for modern use; another operates in temporary modular units.

Vote YES on S to provide locally controlled funding to strengthen our local libraries.

- Upgrade outdated and inadequate electrical wiring
- Replace worn out, leaky roofs
- Improve spaces for programs serving all ages: students, seniors, young children, and community groups
- Ensure fully accessible libraries and programs

Our libraries offer safe places for local students after school, including homework and tutoring centers. Many seniors and people on fixed incomes rely on our extensive collection of books, media and online resources. Programs like story time and computer instruction are popular with young children and their families. Measure S improves library facilities for all these programs.

Measure S includes mandatory fiscal accountability provisions to ensure all funds are spent as described.

Join us in strengthening our local libraries – vital resources for community members of all ages in Santa Cruz, Aptos, Live Oak, Scotts Valley, Boulder Creek, Capitola, Felton and La Selva Beach. **Please vote YES on S.**

Jim Hart

Santa Cruz County Sheriff's Office

Mary Lou Goeke

United Way of Santa Cruz County

Michael C. Watkins

Santa Cruz County Superintendent of Schools

Hilary Bryant

Former Santa Cruz Mayor, CMO Calliope Waterworks

Bruce McPherson

Santa Cruz County Supervisor



Impartial analysis of Measure S

Dana McRae, County Counsel

By Jane M. Scott, Assistant County Counsel

If approved by at least two-thirds of those voting on the measure, this measure will authorize the Santa Cruz Libraries Facilities Financing Authority (“the Authority”) to issue bonds in an aggregate principal amount not exceeding \$67,000,000.

The measure will also authorize a special tax on real property.

The Authority has formed the “Santa Cruz Libraries Facilities Financing Authority Community Facilities District No. 2016-1” (“the CFD”) pursuant to State law for the purpose of financing or funding library facilities, as described in the ballot question and the Resolutions printed in this ballot pamphlet.

All developed parcels of real property within the boundaries of the CFD will be taxed to pay the interest and principal on the bonds which are issued for those purposes.

The annual special tax will be set at a maximum flat rate of \$49.50 for single family residential properties or per unit of a multi-family residential property, and \$86.00 for commercial, agricultural or recreational parcels. An owner may appeal the amount or application of the special tax if the owner claims it is incorrect, by filing a written appeal with the District Administrator.

The special tax will be levied for a period not to exceed thirty years commencing with fiscal year 2016-17. It will be collected in the same manner as ad valorem property taxes, unless the CFD collects it in a different manner as necessary to meet its financial obligations.

The bonds will constitute an indebtedness of the CFD. The interest paid on the bonds will be limited by State law, and their terms will be limited to thirty years from issuance.

Accountability requirements carried out under State law are to ensure that the tax proceeds are applied only to the purposes identified by the ballot measure. The measure also establishes a legal appropriations limit which authorizes the CFD to spend the monies raised.

This measure was placed on the ballot by the Board of the Santa Cruz Libraries Facilities Financing Authority.

A “yes” vote on Measure S is a vote to authorize the bonds to be issued and to levy special taxes on real property.

A “no” vote on Measure S is a vote against issuing the proposed bonds and levying the special tax.

Fiscal impact statement of Measure S

Edith Driscoll, County Auditor-Controller-Treasurer-Tax Collector

This measure would levy a Special Tax for Public Library purposes.

Special Tax proceeds are to be used for purposes of and relating to modernizing, upgrading and repairing local libraries in County of Santa Cruz, including but not limited to Aptos, Boulder Creek, Branciforte, Capitola, Downtown Santa Cruz, Felton, Garfield Park, La Selva Beach, Live Oak and Scotts Valley, but excluding library facilities in the City of Watsonville. This shall include, without limitation, new construction, building renovations and service model upgrades such as separate areas for teens and children, flexible spaces and/or meeting rooms and study rooms, flooring, painting, shelving, furniture, technology, and power/data to support other upgrades.

Fiscal Effect

Measure S will authorize issuance of bonds up to \$67,000,000 to finance costs related to the support and construction of the Public Library improvements described above. The Special Tax is expected to generate approximately \$4,150,000 annually to finance the necessary direct costs and debt payments. Some Public Library improvements may be funded on a pay-as-you go basis from Special Taxes and not from bond proceeds.

The maximum annual Special Tax will not exceed (1) \$49.50 per parcel for a single-family residential parcel, (2) \$49.50 per each unit for multi-family residential, (3) \$86.00 per parcel for agricultural, commercial or recreational parcels, or (4) for parcels with multiple uses, the sum of the maximum annual Special Taxes. All real property within the boundaries of the Community Facilities District, unless exempted by law or other provisions, shall be taxed.



The Special Tax is authorized to be levied for a period not to exceed 30 years commencing with the 2016-17 fiscal year. A pre-payment option is available to property owners. The proposed Special Tax does not replace any existing taxes or charges.

Distribution and Accountability of Funds

Net Special Taxes and net bond proceeds will be apportioned as follows: City of Scotts Valley 4.84%, City of Capitola 12.90%, City of Santa Cruz 40.32%, and County of Santa Cruz 41.94%. Each party will be responsible for overseeing the Public Library improvements within its own jurisdiction. Each party shall deposit and track the funds in a separate account which will be subject to an annual independent audit.

As per Government Code, The chief fiscal officer shall file a report with the governing body annually, reporting on the amount of funds collected and expended and the status of any projects required or authorized to be funded.

Tax Rate Statement Bond Measure S

RATE AND METHOD OF APPORTIONMENT FOR SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2016-1

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels of Taxable Property within the Santa Cruz Libraries Facilities Financing Authority's Community Facilities District No. 2016-1 ("CFD No. 2016-1") and collected each Fiscal Year commencing in Fiscal Year 2016/17, in an amount determined by the Board of Directors of the Santa Cruz Libraries Facilities Financing Authority or its designee, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2016-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State.

"Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of CFD No. 2016-1; including, without limitation: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the Authority or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the Authority, CFD No. 2016-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the Authority, CFD No. 2016-1 or any designee thereof of complying with disclosure requirements under applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the Authority, CFD No. 2016-1 or any designee thereof related to any appeal of the Special Tax; the costs associated with the release of funds from any escrow account; and the Authority's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the Authority or CFD No. 2016-1 for any other administrative purposes of CFD No. 2016-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Agricultural Property" means all Assessor's Parcels of Developed Property used for farming or agriculture. Typical County Use Codes include: 410, 411, 412, 420,421, 422, 430, 431,432,450, 451, 452, 470, 480, and 490.

"Assessor's Data" means Acreage, Use Code, Building Square Footage, or other information regarding Assessor's Parcels contained in the records of the County Assessor.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the County Assessor of the County designating parcels by Assessor's Parcel number.

"Authority" means the Santa Cruz Libraries Facilities Financing Authority.

"Board" means the Board of Directors of the Authority, acting as the legislative body of CFD No. 2016-1.

"CFD Administrator" means an official of the Authority, or designee thereof, responsible for determining the Special Tax Requirement, and providing for the levy and collection of the Special Taxes.

"CFD No. 2016-1" means Santa Cruz Libraries Facilities Financing Authority Community Facilities District No. 2016-1.



"CFD No. 2016-1 Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by the Authority for CFD No. 2016-1 under the Act.

"Commercial Property" means all Assessor's Parcels of Developed Property used for hotels, stores, shopping centers, offices, restaurants, banks, nurseries, manufacturing, warehousing, food/mineral processing and industry. Typical County Use Codes include: 070, 071, 072, 074, 080, 083, 085, 116, 120, 121, 122, 123, 131, 140, 150, 151, 152, 153, 160, 161, 170, 171, 172, 173, 180, 181, 182, 183, 184, 185, 190, 191, 192, 200, 201, 202, 210, 211, 220, 221, 222, 223, 230, 231, 232, 250, 251, 260, 261, 262, 310, 320, 321, 322, 323, 330, 331, 340, 341, 342, 343, 344, 345, 350, 351, 352, 353, 354, 360, and 361.

"County" means the County of Santa Cruz.

"Developed Property" means for each Fiscal Year, all Taxable Property, exclusive of Taxable Public Property, for which the County has assigned a Use Code indicating residential, commercial, agricultural, or recreational use which are not vacant. Agricultural property used for farming is considered Developed Property even if there is no structure on the property.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Homeowner's Exemption" means the \$7,000 assessed value exemption granted for Assessor's Parcels owned and occupied by an owner as their principal residence.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which CFD No. 2016-1 Bonds are issued, as modified, amended and/or supplemented from time to time.

"Maximum Special Tax" means the Maximum Special Tax determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Multi Family Residential Property" means all Assessor's Parcels of Developed Property with one or more residential structures intended for more than one dwelling unit. Multi Family Residential also includes mobiles homes, condos and townhomes. Typical County Use Codes include: 021,025, 027, 030, 032, 033, 034, 041, 042, 043, 044, 045, 046, 100, 101, 103, and 104.

"Outstanding Bonds" means all CFD No. 2016-1 Bonds which are outstanding under an Indenture.

"Proportionately" means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property respectively. The term "Proportionately" may similarly be applied to other categories of Taxable Property as listed in Section C below

"Public Property" means property within the boundaries of CFD No. 2016-1 owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State, the County, the Authority, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be classified as Taxable Property, taxed, and classified according to its use.

"Recreational Property" means all Assessor's Parcels of Developed Property used for amusements, sports activities, clubs, camps and conference facilities. Typical County Use Codes include: 600, 601, 602, 603, 610, 611,612, 613, 614, 615, 620, 621,622, 631, and 633.

"Single Family Residential Property" means all Assessor's Parcels of Developed Property with a residential structure intended for a single dwelling unit. Typical County Use Codes include: 016, 020, 023, 024, 026, 028, 029, 031, 060, 061, 062, 063,064, 065, 067, and 068.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within CFD No. 2016-1 to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 2016-1 to: (i) pay debt service on all Outstanding Bonds which is due in the calendar year that commences in such Fiscal Year; (ii) pay periodic costs on the CFD No. 2016-1 Bonds, including but not limited to, rebate payments on the CFD No. 2016-1 Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or construction of CFD No. 2016-1 facilities eligible to be funded by CFD No. 2016-1 under the Act; (vi) pay for reasonably anticipated Special Tax delinquencies based on the delinquency rate for the Special Tax levy in the previous Fiscal Year; (vii) pay for the accumulation of funds reasonably required for future debt service; (viii) pay lease payments for existing or future facilities; (ix) pay costs associated with the release of funds from an escrow account; less (x) a credit for funds available, if any, to reduce the annual Special Tax levy, as determined by the CFD Administrator.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2016-1 which are not exempt from the Special Tax pursuant to law or Section E below.



"Taxable Public Property" means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E below.

"Trustee" means the trustee or fiscal agent under the Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property or Taxable Public Property. Typical County Use Codes include: 010, 011, 015, 040, 050, 051, 052, 053, 054, 055, 056, 057, 058, 059, 05A, 05B, 05C, 05D, 05E, 05F, 05G, 05H, 090, 091, 092, 093, 110, 115, 116, 300, 301, 500, 501, 505, 510, 511, 515, 520, 521, 525, 530, 531, 535, 540, 541, and 545.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Assessor's Parcels of Taxable Property within CFD No. 2016-1 shall be classified as Developed Property, Taxable Public Property, or Undeveloped Property, and all Assessor's Parcels of Developed Property and Taxable Public Property shall be assigned to a Property Type in accordance with Table 1 below and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

C. MAXIMUM SPECIAL TAX

a. Developed Property and Taxable Public Property

(1). Maximum Special Tax

The Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel is shown in Table 1.

TABLE 1

Maximum Special Tax for Developed Property in CFD No. 2016-1 in any Fiscal Year

Property Type	Per	Maximum Special Tax
Single Family Residential	Unit	\$49.50
Multi Family Residential	Unit	49.50
Agricultural	Parcel	86.00
Commercial	Parcel	86.00
Recreational	Parcel	86.00

(2). Multiple Property Types

In some instances, an Assessor's Parcel of Developed Property may contain more than one property type/use. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax for all property uses located on that Assessor's Parcel.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2016/17 and for each following Fiscal Year, the Board or its designee shall determine the Special Tax Requirement and shall levy the Special Tax until the total Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

Step 1: The Special Tax shall be levied on each Assessor's Parcel of Developed Property, Proportionately, up to 100% of the Maximum Special Tax to satisfy the Special Tax Requirement.

Notwithstanding the above the Board may, in any Fiscal year, levy Proportionately less than 100% of the Maximum Special Tax in step one (above), when (i) the Board is no longer required to levy the Special Tax at 100% in order to meet the Special Tax Requirement, and (ii) all authorized CFD No. 2016-1 Bonds have already been issued or the Board has covenanted that it will not issue any additional CFD No. 2016-1 Bonds (except refunding Bonds) to be supported by the Special Tax.

Further, notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2016-1.

E. EXEMPTIONS

No Special Tax shall be levied on Public Property and Undeveloped Property. However, should an Assessor's Parcel no longer be classified as Public Property or Undeveloped Property its tax- exempt status will be revoked. In the case of Public Property and pursuant to Section 53317.3 of the Act, if property not otherwise exempt from the Special Tax levied pursuant to this chapter is acquired by a public entity through a negotiated transaction, or by gift or devise, the special tax shall, notwithstanding Section 53340, continue to be levied on the property acquired and shall be enforceable against the public entity that acquired the property. However, the public agency that acquires the property may prepay and satisfy the obligation to pay the tax pursuant to Section H below.



Taxable Public Property shall be subject to the levy of the Special Tax, assigned to a Property Type in accordance with the use of the property, and shall be taxed Proportionately as part of the first step in Section D above, at up to 100% of the applicable Maximum Special Tax.

F. APPEALS AND INTERPRETATIONS

Any property owner may file a written appeal of the Special Tax with the CFD Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than the June 30th of the Fiscal Year in which the Special Tax is due and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made.

The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD Administrator's decision relative to the appeal, the owner may then file a written appeal with the Board whose subsequent decision shall be final and binding on all interested parties. If the decision of the CFD Administrator or subsequent decision by the Board requires the Special Tax to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Tax levy (ies).

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 2016-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

The following definition applies to this Section H:

"CFD Public Facilities" means either \$78,100,000 in 2016 dollars, which shall increase by the Construction Inflation Index on July 1, 2017, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 2016-1 under the authorized bonding program for CFD No. 2016-1, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more CFD No. 2016-1 Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

"Construction Fund" means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible to be funded by CFD No. 2016-1 under the Act.

"Construction Inflation Index" means the annual percentage change in the April to April Engineering News-Record Building Cost Index for San Francisco, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the April to April Engineering News-Record Building Cost Index for San Francisco.

"Future Facilities Costs" means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

"Outstanding Bonds" means all Previously Issued Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

"Previously Issued Bonds" means all CFD No. 2016-1 Bonds that have been issued by CFD No. 2016-1 prior to the date of prepayment.

1. Prepayment in Full

The obligation of an Assessor's Parcel to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made after at least one series of CFD No. 2016-1 Bonds has been issued and only for Assessor's Parcels of Developed Property or Undeveloped Property for which a Final Subdivision has been recorded prior to January 1 of the prior Fiscal Year, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The



CFD Administrator may charge a fee for providing this service. Prepayment in any six month period must be made not less than 45 days prior to the next occurring date that notice of redemption of CFD No. 2016-1 Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Special Tax Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount

plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit

Total: equals Prepayment Amount

As of the proposed date of prepayment, the Special Tax Prepayment Amount (defined below) shall be calculated by the CFD Administrator as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Maximum Special Tax applicable for the Assessor's Parcel to be prepaid.
3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total estimated Maximum Special Tax for CFD No. 2016-1 based on the Developed Property Special Tax which could be charged in the current Fiscal Year, excluding any Assessor's Parcels which have been prepaid, and
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (e.g., the redemption price-100%), if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
10. Add the amounts computed pursuant to paragraphs 8 and 9 to determine the "Defeasance Amount".
11. Verify the administrative fees and expenses of CFD No. 2016-1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No.2016-1 Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement on the prepayment date or the redemption date.
13. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10 and 11, less the amount computed pursuant to paragraph 12 (the "Prepayment Amount").
14. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 10 and 12 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by CFD No. 2016-1.

The Special Tax Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of CFD No. 2016-1 Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of CFD No. 2016-1 Bonds or to make debt service payments.



As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Tax that may be levied on Taxable Property within CFD No. 2016-1 both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding CFD No. 2016-1 Bonds.

2. Prepayment in Part

The Special Tax may be partially prepaid, provided that a partial prepayment may be made after at least one series of CFD No. 2016-1 Bonds has been issued and only for Assessor's Parcels of Developed Property, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of partial prepayment. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated by the CFD Administrator according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment

P_E = the Special Tax Prepayment Amount calculated according to Section H.1

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The Special Tax partial prepayment amount must be sufficient to redeem at least a \$5,000 increment of Bonds.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute the prepayment funds remitted according to Section H.1, and (ii) indicate in the records of CFD No. 2016-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 -F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for a period not to exceed 30 years commencing with Fiscal Year 2016/17

Full text of Measure S

RESOLUTION NO. 2016-001

RESOLUTION OF FORMATION OF COMMUNITY FACILITIES DISTRICT

SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY

Community Facilities District No. 2016-1

WHEREAS, on December 17, 2015, this Board (the "Board") of the Santa Cruz Libraries Facilities Financing Authority (the "Authority") adopted a resolution entitled "Resolution of Intention to Establish a Community Facilities District" (the "Resolution of Intention"), stating its intention to form the "Santa Cruz Libraries Facilities Financing Authority Community Facilities District No. 2016-1" (the "CFD"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act");

WHEREAS, the Resolution of Intention, incorporating a map of the proposed boundaries of the CFD and stating the facilities to be provided (as set forth in the list attached hereto as Exhibit A), and the rate and method of apportionment of the special tax to be levied within the CFD to pay the principal and interest on bonds proposed to be issued with respect to the CFD, is on file with the Secretary of the Authority and the provisions thereof are incorporated herein by this reference as if fully set forth herein;

WHEREAS, on this date, this Board held a noticed public hearing as required by the Act and the Resolution of Intention relative to the proposed formation of the CFD;



WHEREAS, at the hearing all interested persons desiring to be heard on all matters pertaining to the formation of the CFD, the facilities to be provided therein, and the levy of said special tax were heard and a full and fair hearing was held;

WHEREAS, at the hearing evidence was presented to this Board on said matters before it, including a report caused to be prepared by the Executive Director (the "Report") as to the facilities to be provided through the CFD and the costs thereof, a copy of which is on file with the Secretary of the Authority, and this Board at the conclusion of said hearing is fully advised in the premises; and

WHEREAS, written protests with respect to the formation of the CFD, the furnishing of specified types of facilities and the rate and method of apportionment of the special taxes have not been filed with the Secretary of the Authority by 50% or more of the registered voters residing within the territory of the CFD or property owners of one-half or more of the area of land within the CFD and not exempt from the proposed special tax.

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

1. Recitals Correct. The foregoing recitals are true and correct.

2. No Majority Protest. The proposed special tax to be levied within the CFD has not been precluded by majority protest pursuant to section 53324 of the Act.

3. Prior Proceedings Valid. All prior proceedings taken by this Board in connection with the establishment of the CFD and the levy of the special tax have been duly considered and are hereby found and determined to be valid and in conformity with the Act.

4. Name of CFD. The community facilities district designated the "Santa Cruz Libraries Facilities Financing Authority Community Facilities District No. 2016-1" is hereby established pursuant to the Act.

5. Boundaries of CFD. The boundaries of the CFD, as set forth in the map of the CFD heretofore recorded in the Santa Cruz County Recorder's Office on January 12, 2016, in Volume 17 of Maps of Assessment and Community Facilities Districts at Page 24, as Instrument No. 20160001073, are hereby approved, are incorporated herein by reference and shall be the boundaries of the CFD.

6. Description of Facilities. The type of public facilities proposed to be financed by the CFD and pursuant to the Act shall consist of those items listed as facilities in Exhibit A hereto and by this reference incorporated herein (the "Facilities").

7. Special Tax.

a. Except to the extent that funds are otherwise available to the CFD to pay for the Facilities, and/or the principal and interest as it becomes due on bonds of the CFD issued to finance the Facilities, a special tax (the "Special Tax") sufficient to pay the costs thereof, secured by the recordation of a continuing lien against all non-exempt real property in the CFD, is intended to be levied annually within the CFD, and collected in the same manner as ordinary ad valorem property taxes or in such other manner as may be prescribed by this Board.

b. The proposed rate and method of apportionment of the Special Tax among the parcels of real property within the CFD, in sufficient detail to allow each landowner within the proposed CFD to estimate the maximum amount such owner will have to pay, with certain minor revisions and clarifications from the version attached to the Resolution of Intention, are shown in Exhibit B attached hereto and hereby incorporated herein (the "Rate and Method").

In the case of the Special Tax when it is levied on any parcel used for private residential purposes to pay for the Facilities, the Special Tax shall not be levied in the CFD after the final tax year specified in the Rate and Method, except that a Special Tax that was lawfully levied in or before the final tax year and that remains delinquent may be collected in subsequent years. Under no circumstances shall the Special Tax levied against any parcel in the CFD to pay for the Facilities and used for private residential purposes be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within the CFD by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

8. Responsible Official. The Interim Executive Director of the Authority, 117 Union Street, Santa Cruz CA 95060, telephone: 831-427-7700, is the officer of the Authority who will be responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number and who will be responsible for estimating future special tax levies pursuant to the Act.

9. Tax Lien. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code of California, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in the CFD and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the tax by the Authority ceases.

10. Appropriations Limit. In accordance with the Act, the annual appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, of the CFD is hereby preliminarily established at \$67,000,000, and said appropriations limit shall be submitted to the voters of the CFD as hereafter provided. The proposition establishing



said annual appropriations limit shall become effective if approved by the qualified electors voting thereon and shall be adjusted in accordance with the applicable provisions of the Act.

11. Election. Under the Act, the proposition of the levy of the special tax and the proposition of the establishment of the appropriations limit specified above shall be submitted to the qualified electors of the CFD at an election. The time, place and conditions of the election shall be as specified by a separate resolution of this Board.

12. Effective Date. This resolution shall be effective upon its adoption by the Board.

EXHIBIT A

SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY

Community Facilities District No. 2016-1

DESCRIPTION OF FACILITIES TO BE FINANCED BY THE CFD

The types of Facilities proposed to be financed or funded in whole or in part by the Community Facilities District No. 2016-1 (the "CFD") of the Santa Cruz Libraries Facilities Financing Authority (the "Authority") under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act") are as follows:

The Facilities means library facilities in the County of Santa Cruz, including but not limited to Aptos, Boulder Creek, Branciforte, Capitola, Downtown Santa Cruz, Felton, Garfield Park, La Selva Beach, Live Oak and Scotts Valley, but excluding library facilities in the City of Watsonville. The Facilities shall include any of the following: new construction, building renovations and service model upgrades needed to provide service desks, an area for displaying materials, separate areas for teens and children, flexible spaces and/or meeting rooms and study rooms, places to display art, new flooring, paint, shelving, furniture and technology, power/data to support library technology, and other upgrades.

The Facilities shall also include, without limitation, the attributable costs of engineering, design, planning, materials testing, coordination, construction staking, and construction, together with the expenses related to issuance and sale of any "debt", as defined in Section 53317(d) of the Act, including underwriters' discount, appraisals, market studies, reserve fund, capitalized interest, bond counsel, special tax consultant, financial advisor, bond and official statement printing, administrative expenses of the Authority, the CFD and bond trustee or fiscal agent related to the CFD, and any such debt and all other incidental expenses. The Facilities shall be constructed or modified, upgraded or otherwise renovated, whether or not acquired in their completed states, pursuant to plans and specifications approved by the Parties to the Authority's Joint Exercise of Powers Agreement.

The Facilities listed in this Exhibit A are representative of the types of improvements to be furnished by the CFD. Detailed scope and limits of specific projects will be determined as appropriate by the Parties. Addition, deletion or modification of descriptions of Facilities may be made consistent with the requirements of the Authority, the CFD and the Act.

RESOLUTION NO. 2016-002

RESOLUTION DETERMINING NECESSITY TO INCUR BONDED AND OTHER INDEBTEDNESS

SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY

Community Facilities District No. 2016-1

WHEREAS, on December 17, 2015, this Board (the "Board") of the Santa Cruz Libraries Facilities Financing Authority (the "Authority") adopted a resolution entitled "Resolution of Intention to Establish a Community Facilities District" (the "Resolution of Intention"), stating its intention to form the "Santa Cruz Libraries Facilities Financing Authority Community Facilities District No. 2016-1" (the "CFD"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act");

WHEREAS, on December 17, 2015, this Board also adopted a resolution entitled "Resolution of Intention to Incur Bonded and Other Indebtedness" (the "Resolution of Intention to Incur Indebtedness") stating its intention to incur bonded indebtedness and other debt (as defined in the Act) within the boundaries of the CFD for the purpose of financing the costs of certain facilities specified in the Resolution of Intention;

WHEREAS, this Board has held a noticed public hearing as required by the Act about the determination to proceed with the formation of the CFD, the provision of certain public facilities by the CFD and the rate and method of apportionment of the special tax to be levied within the CFD to pay the cost of the facilities, the principal and interest on the proposed bonded indebtedness and other debt in the CFD and the administrative costs of the Authority relative to the CFD;

WHEREAS, subsequent to the public hearing, this Board adopted a resolution entitled "Resolution of Formation of Community Facilities District" (the "Resolution of Formation");

WHEREAS, this Board has also held a noticed public hearing as required by the Act relative to the matters material to the questions set forth in the Resolution of Intention to Incur Indebtedness; and



WHEREAS, no written protests with respect to the matters material to the questions set forth in the Resolution of Intention to Incur Indebtedness have been filed with the Secretary of the Board.

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

- 1. Recitals.** The foregoing recitals are true and correct.
- 2. Necessity.** This Board deems it necessary to incur bonded indebtedness and other debt in the maximum aggregate principal amount of \$67,000,000 within the boundaries of the CFD for the purpose of financing the costs of all or a portion of the facilities defined in the Resolution of Formation (the "Facilities"), including, but not limited to, the costs of issuing and selling bonds and incurring debt to finance all or a portion of the Facilities and the costs of the Authority in establishing and administering the CFD.
- 3. Entire CFD Liable.** The whole of the CFD shall pay for the bonded indebtedness and other debt through the levy of the special tax. The tax is to be apportioned in accordance with the formula set forth in Exhibit "B" to the Resolution of Formation.
- 4. Bonds and Other Debt.** Bonds and other debt in the maximum amount of \$67,000,000 are hereby authorized subject to voter approval. The bonds and other debt may be issued in one or more series and mature and bear interest at such rate or rates, payable semiannually or in such other manner, all as this Board or its designee shall determine, at the time or times of sale of such bonds or the incurrence of such other debt; provided, however, that the interest rate or rates shall not to exceed the maximum interest rate permitted by applicable law at the time of sale of each series of the bonds or the incurrence of such other debt, and each series of the bonds or other debt shall have a maximum term not to exceed 30 years from its respective date of issuance.
- 5. Election.** The proposition of incurring the bonded indebtedness and other debt herein authorized shall be submitted to the qualified electors of the CFD and shall be consolidated with elections on the proposition of levying special taxes within the CFD and the establishment of an appropriations limit for the CFD pursuant to Section 53353.5 of the Act. The time, place and further particulars and conditions of such election shall be as specified by separate resolution of this Board.
- 6. Effective Date.** This Resolution shall take effect upon its adoption.

RESOLUTION NO. 2016-003

**RESOLUTION CALLING SPECIAL ELECTION
SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY
Community Facilities District No. 2016-1**

WHEREAS, on February 4, 2016, this Board (the "Board") of the Santa Cruz Libraries Facilities Financing Authority (the "Authority") adopted a resolution entitled "Resolution of Formation of Community Facilities District" (the "Resolution of Formation"), ordering the formation of the "Santa Cruz Libraries Facilities Financing Authority Community Facilities District No. 2016-1" (the "CFD"), authorizing the levy of a special tax on property within the CFD and preliminarily establishing an appropriations limit for the CFD, all pursuant to the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act"); and

WHEREAS, this Board has also adopted a resolution entitled "Resolution Determining the Necessity to Incur Bonded and Other Indebtedness" (the "Resolution Determining Necessity"), determining the necessity to incur bonded indebtedness and other debt (as defined in the Act) in the maximum aggregate principal amount of \$67,000,000 upon the security of the special tax to be levied within the CFD pursuant to the Act; and

WHEREAS, under the Resolution of Formation and the Resolution Determining Necessity, the propositions of the levy of the special tax, the establishment of the appropriations limit and the incurring of the bonded indebtedness or other debt (as defined in the Act) shall be submitted to the qualified electors of the CFD as required by the provisions of the Act.

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

- 1. Issues Submitted.** Pursuant to Sections 53326, 53351 and 53325.7 of the Act, the following issues shall be submitted to the qualified electors (as defined below) of the CFD at an election called therefor as provided below: (i) levy of the special tax, (ii) incurring of bonded indebtedness or other debt and (iii) establishment of the appropriations limit.
- 2. Voter Approval.** Under the Act, the propositions described above in section 1 shall be submitted to the voters of the CFD at an election called therefor as hereinafter provided. The ballot measures to be voted upon by the voters shall be the following:

BALLOT MEASURE: To modernize, upgrade and repair local libraries in Santa Cruz, Aptos, Live Oak, Scotts Valley, Boulder Creek, Capitola, Felton and La Selva Beach -- replace failing roofs, outdated bathrooms, electrical systems/ structurally damaged facilities; support growing use by children, seniors, veterans and others; expand access to modern technology; and construct / expand facilities where necessary; shall Santa Cruz Libraries Facilities Financing Authority



issue \$67,000,000 in bonds for Santa Cruz Libraries Facilities Financing Authority Community Facilities District No. 2016-1; levy a special tax annually on parcels within the Community Facilities District; establish an initial appropriations limit; and assure mandatory accountability?

YES: _____

NO: _____

3. Electors Determined. This Board hereby finds that more than 12 persons have been registered to vote within the CFD for each of the 90 days preceding the close of the hearing heretofore conducted and concluded by this Board for the purposes of these formation proceedings. Accordingly, and pursuant to the Act, this Board finds that for purposes of these proceedings the qualified electors are the registered voters within the CFD and that the vote shall be by said registered voters.

4. Election; Consolidation. This Board hereby calls a special election to consider the issues described in Section 2 above, which shall be held on June 7, 2016 (the "Election Day"), during which the polls shall be open between the hours of 7:00 a.m. and 8:00 p.m. The official of the County responsible for the conduct of elections (the "Election Official") is hereby designated as the official to conduct said election. The Board of Supervisors of the County and the Election Official are hereby requested to provide such services as may be necessary to properly and lawfully hold and conduct the special election pursuant to the provisions hereof and applicable provisions of the California Elections Code, including coordination with all appropriate election officials in the County, and the consolidation of said special election with other elections being held on the Election Day.

5. Actions Authorized. Pursuant to section 53326 of the Act, and within three business days of the adoption of the Resolution of Formation, but in no event later than the date specified by the Election Official for receipt, the Secretary of the Board shall cause to be provided to the Election Official a certified copy of the Resolution of Formation, the Resolution Determining Necessity, and this Resolution Calling Special Election, together with a certified copy of the map of the boundaries of the CFD, as filed in the Office of the Recorder of the County. The Secretary of the Board is hereby authorized and directed to enter into an agreement with the Election Official for the services of such official and to provide for the reimbursement by the Authority of the costs of the Election Official in conducting the election. The Secretary of the Board and all the members of the Board and officers of the Authority, and their designees, are hereby authorized and directed to execute and deliver any documents and to perform all acts necessary to place the measure on the ballot including making any revisions, correction or alterations to the language of the ballot measure to comply with requirements of law and Election Official and to ensure that the applicable requirements of the Elections Code are met, including without limitation the preparation and provision to the voters of all documents and instructions required by and specified in the Elections Code.

6. Accountability. Under Section 50075.1 of the Government Code, the following accountability provisions shall apply to the special taxes:

- (a) the Facilities and the incidental costs thereof, all as defined in the Resolution of Formation, shall constitute the specific single purpose;
- (b) the proceeds shall be applied only to the specific purposes identified in (a) above;
- (c) there shall be created one or more special accounts or funds into which the proceeds shall be deposited; and
- (d) there shall be caused to be prepared an annual report if required by Section 50075.3 of the Government Code.

7. Effective Date. This resolution shall be effective upon its adoption by the Board.