



SANTA CRUZ LIBRARIES FACILITIES FINANCING AUTHORITY

Community Facilities District No. 2016-1

2017/18 Annual Report

January 2018

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1. DISTRICT ANALYSIS

1.1 District

Community Facilities District No. 2016-1 (the “CFD”) was approved by voters in the June 2016 regular election and established to provide funding for 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 improvements funded by the CFD may include new construction and 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”).

The Facilities will 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 acquired in their completed states, pursuant to plans and specifications approved by the Parties to the Authority's Joint Exercise of Powers Agreement.

On June 15th, 2017, the Santa Cruz Libraries Facilities Financing Authority Community Facilities District (the “CFD”) issued the 2017 Special Tax Bonds (the “Bonds”). The Bonds were issued to construct and/or improve library facilities located within the District. Proceeds will be used to purchase a municipal bond debt service reserve insurance policy for the Bonds and pay costs related to the issuance of the Bonds.

The Bonds are scheduled to mature with the September 1, 2045 debt service payment.

1.2 Levy

The CFD’s Fiscal Year 2017/18 annual special tax levy was \$4,453,484.00 and consisted of 69,050 parcels. Pursuant to the Rate and Method of Apportionment for the CFD, all parcels were levied at 100% of their respective maximum annual special tax for Fiscal Year 2017/18.

1.3 Special Issues

During the formation process, NBS identified several Multi-Family Residential parcels with questionable applied unit counts. NBS completed reviewing these parcels to verify the unit allocations. Counts showed a net unit gain of 556 taxable units which resulted in a net levy gain of \$26,433.00.

NBS

Manuel Kauss, Financial Analyst

Tim Seufert, Client Services Director



2. SENATE BILL 165

Senate Bill 165, filed with the Secretary of State on September 19, 2000, enacted the Local Agency Special Tax and Bond Accountability Act (the “Act”). The Act requires that any local special tax or local bond measure subject to voter approval contain a statement indicating the specific purposes of the special tax, require that the proceeds of the special tax be applied to those purposes, require the creation of an account into which the proceeds shall be deposited, and require an annual report containing specified information concerning the use of the proceeds. The Act only applies to any local special tax measure or local bond measure adopted on or after January 1, 2001 in accordance with Section 50075.1 or Section 53410 of the California Government Code.

Some of the requirements of the Act are handled at the formation of the special tax district and others are handled through annual reports. This section of this report intends to comply with Section 50075.3 or Section 53411 of the California Government Code that states:

“The chief fiscal officer of the issuing local agency shall file a report with its governing body no later than January 1, 2002, and at least once a year thereafter. The annual report shall contain all the following:

- a) The amount of funds collected and expended.
- b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 or Section 53410.”

The requirements of the Act apply to the Funds of:

Santa Cruz Libraries Facilities Financing Authority

Community Facilities District No. 2016-1

District formed on February 11, 2016

2.1 Purpose of Special Tax

Community Facilities District No. 2016-1 was established in 2016 to provide funds for 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 improvements funded by the CFD may include new construction and 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.

2.2 Collections & Expenditures

The requirements of the Act apply to the Improvement Fund for the following District:

Date of Issuance	Initial Amount Deposited to Improvement Funds	6/30/2017 Balance	Expended Amount	Project Status
6/1/2017	\$22,003,758.43	\$22,003,758.43	\$0.00	Ongoing

3. FINANCIAL STATUS

3.1 Special Tax Spread

Property Classification	Units Levied	Rate per Parcel Unit	Total Levied by Category (1)	Percentage of Maximum Levied
Agricultural	338	\$86.00	\$29,068.00	100%
Agricultural Residential	661	135.50	94,218.50	100%
Commercial	2,472	86.00	212,592.00	100%
Commercial Residential	303	135.50	52,441.50	100%
Multi-Family Residential	12,524	49.50	1,366,794.00	100%
Recreational	195	86.00	16,770.00	100%
Recreational Residential	1	135.50	135.50	100%
Single Family Residential	52,556	49.50	2,681,464.50	100%
Totals	69,050	N/A	\$4,453,484.00	100%

(1) For fiscal year 2017/18, units were levied at 100% of the Maximum Special Tax.

3.2 CFD Funds

3.2.1 Special Tax Fund

6/30/2017 Balance	9/2/2017 Payment	9/2/2017 Bond Call	Estimated Administrative Expenses (1)	Amount Credited to 2017/18 Levy	Surplus / (Deficit)
\$238,000.00	\$130,780.00	\$0.00	\$50,000.00	\$0.00	\$57,220.00

(1) Represents six months' worth of estimated administrative expenses. The starting amount of Administrative Expenses for the district for fiscal year 2017/18 is \$100,000, and shall increase by 3% commencing fiscal year 2018/19.

3.2.2 Reserve Fund

Initial Proceeds	6/30/2017 Balance	IRS Size Limitation (1)	Reserve Requirement (2)	Surplus / (Deficit)
\$610,250.60	\$610,250.60	\$1,220,501.19	\$610,250.60	\$0.00

(1) An amount not to exceed the lesser of (i) 10% of the initial principal amount of the Bonds; (ii) Maximum Annual Debt Service on the Bonds; or (iii) 125% of the average Annual Debt Service on the Bonds.

(2) An amount not to drop below fifty percent (50%) of the IRS Size Limitation.

3.2.3 Value to Debt Ratio

Total Value (1)	Unbilled Principal	Value to Lien Ratio
\$39,209,134,974.00	\$21,170,000	1852.11:1

(1) Assessed value as of January 1, 2017 for all active parcels.



4. APPENDICES

4.1 Rate and Method of Apportionment

4.2 Final Budget for Fiscal Year 2017/18

4.3 Current Debt Service Schedule

EXHIBIT B

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

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	<u>Reserve Fund Credit</u>
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.

Santa Cruz Public Libraries
Community Facilities District No. 2016-1
Final Budget for Fiscal Year 2017/18

Category/Item	FY 2017/18	FY 2016/17	Increase / (Decrease)
Special Tax Levy			
Special Tax Levy	\$4,414,263.00	\$4,414,263.00	\$0.00
Subtotal:	<u>\$4,414,263.00</u>	<u>\$4,414,263.00</u>	<u>\$0.00</u>
Miscellaneous			
Installment rounding	\$38,280.50	(\$432.50)	\$38,713.00
Subtotal:	<u>\$38,280.50</u>	<u>(\$432.50)</u>	<u>\$38,713.00</u>
Grand Total:	\$4,452,543.50	\$4,413,830.50	\$38,713.00
Total Accounts:	90,416	87,087	3,329
Footnotes:			

Santa Cruz Public Libraries
CFD No. 2016-1 2017 Special Tax Bonds
Current Debt Service Schedule

Bonds Dated: 06/15/2017

Bonds Issued: \$21,170,000.00

Payment Date	CUSIP	Interest Rate	Balance	Principal	Interest	Payment Total	Annual Total	Call Premium	Status
03/01/2018		.0000%	\$21,170,000.00	\$0.00	\$569,835.56	\$569,835.56	\$0.00	0.0000%	Unpaid
09/01/2018	80175LAA2	5.0000	21,170,000.00	250,000.00	400,665.63	650,665.63	1,220,501.19	0.0000	Unpaid
03/01/2019		0.0000	20,920,000.00	.00	394,415.63	394,415.63	.00	0.0000	Unpaid
09/01/2019	80175LAB0	5.0000	20,920,000.00	430,000.00	394,415.63	824,415.63	1,218,831.26	0.0000	Unpaid
03/01/2020		0.0000	20,490,000.00	.00	383,665.63	383,665.63	.00	0.0000	Unpaid
09/01/2020	80175LAC8	5.0000	20,490,000.00	450,000.00	383,665.63	833,665.63	1,217,331.26	0.0000	Unpaid
03/01/2021		0.0000	20,040,000.00	.00	372,415.63	372,415.63	.00	0.0000	Unpaid
09/01/2021	80175LAD6	5.0000	20,040,000.00	475,000.00	372,415.63	847,415.63	1,219,831.26	0.0000	Unpaid
03/01/2022		0.0000	19,565,000.00	.00	360,540.63	360,540.63	.00	0.0000	Unpaid
09/01/2022	80175LAE4	5.0000	19,565,000.00	495,000.00	360,540.63	855,540.63	1,216,081.26	0.0000	Unpaid
03/01/2023		0.0000	19,070,000.00	.00	348,165.63	348,165.63	.00	0.0000	Unpaid
09/01/2023	80175LAF1	5.0000	19,070,000.00	520,000.00	348,165.63	868,165.63	1,216,331.26	0.0000	Unpaid
03/01/2024		0.0000	18,550,000.00	.00	335,165.63	335,165.63	.00	0.0000	Unpaid
09/01/2024	80175LAG9	5.0000	18,550,000.00	545,000.00	335,165.63	880,165.63	1,215,331.26	0.0000	Unpaid
03/01/2025		0.0000	18,005,000.00	.00	321,540.63	321,540.63	.00	0.0000	Unpaid
09/01/2025	80175LAH7	5.0000	18,005,000.00	575,000.00	321,540.63	896,540.63	1,218,081.26	0.0000	Unpaid
03/01/2026		0.0000	17,430,000.00	.00	307,165.63	307,165.63	.00	0.0000	Unpaid
09/01/2026	80175LAJ3	5.0000	17,430,000.00	605,000.00	307,165.63	912,165.63	1,219,331.26	0.0000	Unpaid
03/01/2027		0.0000	16,825,000.00	.00	292,040.63	292,040.63	.00	0.0000	Unpaid
09/01/2027	80175LAK0	5.0000	16,825,000.00	635,000.00	292,040.63	927,040.63	1,219,081.26	0.0000	Unpaid
03/01/2028		0.0000	16,190,000.00	.00	276,165.63	276,165.63	.00	0.0000	Unpaid
09/01/2028	80175LAL8	4.0000	16,190,000.00	665,000.00	276,165.63	941,165.63	1,217,331.26	0.0000	Unpaid
03/01/2029		0.0000	15,525,000.00	.00	262,865.63	262,865.63	.00	0.0000	Unpaid
09/01/2029	80175LAM6	4.0000	15,525,000.00	690,000.00	262,865.63	952,865.63	1,215,731.26	0.0000	Unpaid
03/01/2030		0.0000	14,835,000.00	.00	249,065.63	249,065.63	.00	0.0000	Unpaid
09/01/2030	80175LAN4	4.0000	14,835,000.00	720,000.00	249,065.63	969,065.63	1,218,131.26	0.0000	Unpaid
03/01/2031		0.0000	14,115,000.00	.00	234,665.63	234,665.63	.00	0.0000	Unpaid
09/01/2031	80175LAP9	3.0000	14,115,000.00	750,000.00	234,665.63	984,665.63	1,219,331.26	0.0000	Unpaid
03/01/2032		0.0000	13,365,000.00	.00	223,415.63	223,415.63	.00	0.0000	Unpaid
09/01/2032	80175LAQ7	3.0000	13,365,000.00	770,000.00	223,415.63	993,415.63	1,216,831.26	0.0000	Unpaid
03/01/2033		0.0000	12,595,000.00	.00	211,865.63	211,865.63	.00	0.0000	Unpaid
09/01/2033	80175LAR5	3.0000	12,595,000.00	795,000.00	211,865.63	1,006,865.63	1,218,731.26	0.0000	Unpaid
03/01/2034		0.0000	11,800,000.00	.00	199,940.63	199,940.63	.00	0.0000	Unpaid
09/01/2034	80175LAS3	3.1250	11,800,000.00	815,000.00	199,940.63	1,014,940.63	1,214,881.26	0.0000	Unpaid
03/01/2035		0.0000	10,985,000.00	.00	187,206.25	187,206.25	.00	0.0000	Unpaid
09/01/2035	80175LAT1	3.1250	10,985,000.00	845,000.00	187,206.25	1,032,206.25	1,219,412.50	0.0000	Unpaid
03/01/2036		0.0000	10,140,000.00	.00	174,003.13	174,003.13	.00	0.0000	Unpaid
09/01/2036	80175LAU8	3.2500	10,140,000.00	870,000.00	174,003.13	1,044,003.13	1,218,006.26	0.0000	Unpaid
03/01/2037		0.0000	9,270,000.00	.00	159,865.63	159,865.63	.00	0.0000	Unpaid
09/01/2037		3.3750	9,270,000.00	895,000.00	159,865.63	1,054,865.63	1,214,731.26	0.0000	Unpaid

Santa Cruz Public Libraries
CFD No. 2016-1 2017 Special Tax Bonds
Current Debt Service Schedule

Bonds Dated: 06/15/2017

Bonds Issued: \$21,170,000.00

Payment Date	CUSIP	Interest Rate	Balance	Principal	Interest	Payment Total	Annual Total	Call Premium	Status
03/01/2038		0.0000	8,375,000.00	.00	144,762.50	144,762.50	.00	0.0000	Unpaid
09/01/2038		3.3750	8,375,000.00	930,000.00	144,762.50	1,074,762.50	1,219,525.00	0.0000	Unpaid
03/01/2039		0.0000	7,445,000.00	.00	129,068.75	129,068.75	.00	0.0000	Unpaid
09/01/2039		3.3750	7,445,000.00	960,000.00	129,068.75	1,089,068.75	1,218,137.50	0.0000	Unpaid
03/01/2040		0.0000	6,485,000.00	.00	112,868.75	112,868.75	.00	0.0000	Unpaid
09/01/2040	80175LAV6	3.3750	6,485,000.00	990,000.00	112,868.75	1,102,868.75	1,215,737.50	0.0000	Unpaid
03/01/2041		0.0000	5,495,000.00	.00	96,162.50	96,162.50	.00	0.0000	Unpaid
09/01/2041		3.5000	5,495,000.00	1,025,000.00	96,162.50	1,121,162.50	1,217,325.00	0.0000	Unpaid
03/01/2042		0.0000	4,470,000.00	.00	78,225.00	78,225.00	.00	0.0000	Unpaid
09/01/2042		3.5000	4,470,000.00	1,060,000.00	78,225.00	1,138,225.00	1,216,450.00	0.0000	Unpaid
03/01/2043		0.0000	3,410,000.00	.00	59,675.00	59,675.00	.00	0.0000	Unpaid
09/01/2043		3.5000	3,410,000.00	1,100,000.00	59,675.00	1,159,675.00	1,219,350.00	0.0000	Unpaid
03/01/2044		0.0000	2,310,000.00	.00	40,425.00	40,425.00	.00	0.0000	Unpaid
09/01/2044		3.5000	2,310,000.00	1,135,000.00	40,425.00	1,175,425.00	1,215,850.00	0.0000	Unpaid
03/01/2045		0.0000	1,175,000.00	.00	20,562.50	20,562.50	.00	0.0000	Unpaid
09/01/2045	80175LAW4	3.5000	1,175,000.00	1,175,000.00	20,562.50	1,195,562.50	1,216,125.00	0.0000	Unpaid
Grand Total:			\$21,170,000.00	\$21,922,351.37	\$12,922,351.37	\$34,092,351.37	\$34,092,351.37		