

SANTA CRUZ CITY SCHOOLS DISTRICT
SPECIAL MEETING OF THE DISTRICT FINANCE AUTHORITY
WEDNESDAY, OCTOBER 14, 2015
SANTA CRUZ COUNTY OFFICE OF EDUCATION BOARD ROOM
400 ENCINAL STREET, SANTA CRUZ, CA
TIME: IMMEDIATELY FOLLOWING THE ADJOURNMENT OF THE REGULAR MEETING

AGENDA

Item	Purpose / Support
1. Convene Meeting	TBD – IMMEDIATELY FOLLOWING REGULAR MEETING
2. Public Comments	For presentations of matters <i>not</i> on the Agenda. 3 minutes for individuals; 15 minutes per subject. <i>Note to Members of the Public: Thank you for taking the time to attend this meeting. Santa Cruz City School Board Members appreciate your presence and your comments regarding items not on the agenda are valued. Due to the legal constraints of the Brown Act, your Trustees are not allowed to respond or comment on Public Comments during this time.</i>
3. Conduct Business for the District Financing Authority	
3.1. Resolution FA 01-15-16	Adopt Resolution No. FA 01-15-16 Approving, Authorizing and Directing Execution and Delivery of a Site Lease, a Lease Purchase Agreement and an Assignment Agreement and Authorizing Certain Additional Actions
4. Adjournment	

If requested, this agenda shall be made available in appropriate alternative formats to persons with a disability, as required by section 202 of the Americans with Disabilities Act (42 U.S.C. section 12132) and the federal rules and regulations implementing the Act. Individuals requesting a disability-related modification or accommodation may contact the District Office.

The board book for this meeting, including this agenda and back-up materials, may be viewed or downloaded online: <http://www.sccs.santacruz.k12.ca.us/board-of-education/agendas-&-minutes.html> or may be viewed at the District Office, Superintendent's Office, Room 303, 405 Old San Jose Road, Soquel, CA.

Public Participation:

All persons are encouraged to attend and, when appropriate, to participate in meetings of the Santa Cruz City Schools Board of Education. If you wish to speak to an item on the agenda, please be present at the beginning of the meeting as any item, upon motion, may be moved to the beginning of the agenda. Consideration of all matters is conducted in open session except those relating to litigation, personnel and employee negotiations, which, by law, may be considered in closed session.

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Translation Requests:

Spanish language translation is available on an as-needed basis. Please make advance arrangements with Nancy Lentz by telephone at (831) 429-3410 extension 220.

Las Solicitudes de Traducción:

Traducciones del inglés al español y del español al inglés están disponibles en las sesiones de la mesa directiva. Por favor haga arreglos por anticipado con Nancy Lentz por teléfono al numero (831) 429-3410 x220.

Board Meeting Schedule Information

1. The Regular Meeting on October 14, 2015, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
2. The Regular Meeting on October 28, 2015, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
3. The Board Study Session on November 4, 2015, 6:30 p.m., will be held in Room 312 of the Santa Cruz City Schools District Office, 405 Old San Jose Road, Soquel, CA.
4. The Regular Meeting on November 18, 2015, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
5. The Board Study Session on December 2, 2015, 6:30 p.m., will be held in Room 312 of the Santa Cruz City Schools District Office, 405 Old San Jose Road, Soquel, CA.
6. The Regular Meeting on December 9, 2015, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
7. The Regular Meeting on January 13, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
8. The Regular Meeting on January 27, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
9. The Regular Meeting on February 10, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
10. The Regular Meeting on February 24, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
11. The Regular Meeting on March 9, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
12. The Regular Meeting on March 23, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
13. The Board Study Session on April 13, 2016, 5:30 p.m., will be held in Room 312 of the District Office, 405 Old San Jose Road, Soquel, CA.
14. The Regular Meeting on April 20, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
15. The Regular Meeting on May 11, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.

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AGENDA

16. The Regular Meeting on May 25, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
17. The joint meeting of the Board of Education and the Budget Advisory Committee on June 2, 2016, 5:30 p.m., will be held in Room 312 of the District Office, 405 Old San Jose Road, Soquel, CA.
18. The Regular Meeting on June 15, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.
19. The Regular Meeting on June 22, 2016, 6:30 p.m., will be held at the Santa Cruz County Office of Education, 400 Encinal Street, Santa Cruz, CA.

SANTA CRUZ CITY SCHOOLS FINANCING AUTHORITY

AGENDA ITEM: Resolution No. FA 01-15-16 Approving, Authorizing And Directing Execution and Delivery Of A Site Lease, a Lease Purchase Agreement, and an Assignment Agreement and Authorizing Certain Additional Actions

MEETING DATE: October 14, 2015

FROM: Jim Monreal, Treasurer

THROUGH: Kris Munro, Executive Director

RECOMMENDATION:

Adopt Resolution No. FA 01-15-16 Approving, Authorizing and Directing Execution and Delivery of a Site Lease, a Lease Purchase Agreement and an Assignment Agreement and Authorizing Certain Additional Actions

BACKGROUND:

The Santa Cruz City High School District is in the process of issuing its 2015 Certificates of Participation via a direct placement with a financial institution. For smaller, shorter-term financings, the direct placement method can be advantageous as it has lower issuance costs. The private placement lease financing is being done to finance field replacement at Soquel High School and to pay a principal payment due from previous financing.

Under the oversight of the District's financial advisor, Dale Scott & Company, a request for proposals from potential lenders was issued. The RFP was sent to eleven banks that are regular investors in California school district financings. The District received a strong response with six banks submitting proposals. Interest rates in the proposals ranged from a low of 2.24% to a high of 3.28%. The bank submitting the lowest cost proposal to the District was BB&T, a bank based out of Charlotte, NC. The term of the financing will be ten years and the District will have the option to repay the financing without penalty on or after May 1, 2017.

The role of the Santa Cruz City Schools Financing Authority is to assist its member districts with lease-based capital financings. By adopting the Resolution, the Board of Directors is approving this financing and approving a series of agreements in form only, which will be finalized by staff as we move towards the closing. A set of the draft agreements has been included in the Board packet for review.

FISCAL IMPACT:

The total amount projected to be financed is \$1,782, 429.

RESOLUTION NO. FA 01-15-16

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CRUZ CITY SCHOOLS FINANCING AUTHORITY APPROVING, AUTHORIZING AND DIRECTING EXECUTION AND DELIVERY OF A SITE LEASE, A LEASE PURCHASE AGREEMENT, AND AN ASSIGNMENT AGREEMENT AND AUTHORIZING CERTAIN ADDITIONAL ACTIONS

WHEREAS, the Santa Cruz City School Financing Authority (the "Authority"), a duly organized joint powers agency comprised of the Santa Cruz City High School District ("High School District") and the Santa Cruz City Elementary School District ("Elementary School District"), which two districts are operated by a joint administration and collectively referred to as Santa Cruz City Schools ("Santa Cruz City Schools"), is authorized to assist in financing and refinancing school facilities projects for the benefit of Santa Cruz City Schools; and

WHEREAS, Santa Cruz City Schools has previously entered into that certain Lease Agreement, dated July 1, 2010 (the "2010 Lease"), by and between Santa Cruz City Schools and the Authority, in connection with which Santa Cruz City Schools caused to be executed and delivered \$2,346,000 aggregate principal amount of its Certificates of Participation (2010 Qualified School Construction Bonds—Federally Taxable—Direct Subsidy) (the "2010 Certificates");

WHEREAS, the High School District intends to pay a portion of the outstanding 2010 Certificates and to construct certain athletic improvements at existing school facilities (the "Project");

WHEREAS, the High School District has requested the Authority to assist the High School District in paying a portion of the 2010 Certificates and financing the Project through the execution and delivery of a Lease Purchase Agreement;

WHEREAS, there has been presented to this meeting of the Board the following documents:

- 1) Proposed form of Site Lease Agreement, by and between the High School District and the Authority (the "Site Lease");
- 2) Proposed form of Lease Purchase Agreement, by and between the High School District and the Authority (the "Lease Purchase Agreement"); and
- 3) Proposed form of Assignment Agreement, by and between the Authority BB&T Governmental Finance ("Lender") (the "Assignment Agreement");

WHEREAS, it appears to the Board of Directors ("Board") that the authorization, approval, execution, and delivery of the Site Lease, the Lease Purchase Agreement, the Assignment Agreement, and other documents contemplated thereby or incidental thereto are desirable and in the best interests of the Authority.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Authority as follows:

Section 1. Recitals. This Board finds and determines that all of the above recitals are true and correct.

Section 2. Authorization of Officers. Execute and Deliver Documents. The Board hereby approves the form of the Site Lease, the Lease Purchase Agreement, and the Assignment Agreement as presented to this meeting and on file with the Executive Director of the Authority. The Board hereby authorizes and directs the Chair, Vice-Chair, Secretary, Treasurer and Executive Director of the Authority (the "Designated Officers"), and each of them individually, for and in the name of and on behalf of the Authority, to execute and deliver the Site Lease, the Lease Purchase Agreement, and the Assignment Agreement in substantially the form presented to this meeting, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the Designated Officer or Officers executing the documents for the Authority. The execution of the foregoing by a Designated Officer or Officers shall constitute conclusive evidence of such officer's or officers' and the Board's approval of any such changes, insertions, revisions, corrections, or amendments to the respective form of documents presented to this meeting.

Section 3. General Authorization. The Designated Officers and other officers of the Authority, and each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute and deliver any and all documents, to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, in order to consummate the delivery of the Site Lease, the Lease Purchase Agreement, and the Assignment Agreement and to effect the purposes of this resolution. All actions heretofore taken by officers, employees, and agents of this Authority that are in conformity with the purposes and intent of this resolution are hereby approved, confirmed, and ratified.

Section 4. Effective Date. This resolution shall take effect immediately upon adoption.

The foregoing resolution was duly passed at a meeting of the Board of Directors of the Santa Cruz City Schools Financing Authority held on October 14, 2015, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Chair, Board of Directors
Santa Cruz City Schools Financing Authority

RECORDING REQUESTED BY:
Santa Cruz City High School District

WHEN RECORDED RETURN TO:
Dannis Woliver Kelley
750 B Street, Suite 2310
San Diego, CA 921010
Attn: Janet L Mueller

ASSIGNMENT AGREEMENT

By and between

SANTA CRUZ CITY SCHOOLS FINANCING AUTHORITY

and

Dated OCTOBER 1, 2015

This recording is exempt from recording fees pursuant to California Government Code section 27383. This transfer is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code section 11922.

ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT, dated October 1, 2015 (the "Assignment Agreement"), is made by the Santa Cruz City Schools Financing Authority (the "Authority") and is accepted by _____ (the "Lender").

WHEREAS, the Authority and the Santa Cruz City High School District (the "District") have executed and entered into a Lease Purchase Agreement (the "Lease Purchase Agreement") dated the date hereof, whereby the Authority has agreed to lease to the District the real property described on Exhibit A hereto (the "Facilities");

WHEREAS, under and pursuant to the Lease Purchase Agreement, the District is obligated to make Rental Payments, as defined therein, to the Authority for the lease of the Facilities;

WHEREAS, the Authority desires to assign without recourse all of its rights to receive the Rental Payments scheduled to be paid by the District under and pursuant to the Lease Purchase Agreement to the Lender;

WHEREAS, in consideration of such assignment, the Lender has agreed to deliver \$_____ to the Authority in satisfaction of the Authority's obligation to make a payment to or for the account of the District under the Site Lease dated the date hereof by and between the Authority and the District; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Assignment Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law and the parties hereto are now duly authorized to execute and enter into the Assignment Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Assignment. The Authority hereby transfers, assigns and sets over to the Lender all of the Authority's rights under the Site Lease and the Lease Purchase Agreement (hereinafter, collectively, the "Assigned Property"), including, in particular:

(A) the right to receive and collect all of the Rental Payments from the District under the Lease Purchase Agreement;

(B) the right to take all actions and give all consents under the Site Lease and the Lease Purchase Agreement; and

(C) the right to exercise such rights and remedies conferred on the Authority pursuant to the Site Lease and the Lease Purchase Agreement as may be necessary or convenient (i) to enforce payment of the Rental Payments, or (ii) otherwise to protect the interests of the Lender (as assignee of the Authority) in the event of default by the District under the Lease Purchase Agreement.

Section 2. Acceptance. The Lender hereby accepts the foregoing assignment. The above assignment is intended to be an absolute and unconditional assignment to the Lender and is not intended as a loan by the Lender to the Authority. Accordingly, in the event of

bankruptcy of the Authority, the Assigned Property shall not be part of the Authority's estate. However, if the above assignment is deemed to be a loan by the Lender to the Authority, then the Authority shall be deemed to have granted to the Lender, and hereby grants to the Lender, a continuing first priority security interest in the Assigned Property and all proceeds thereof as collateral security for all obligations of the Authority hereunder and all obligations of the District under the Lease Purchase Agreement and this Assignment Agreement shall be deemed a security agreement with respect to such loan.

Section 3. Representations. The Authority represents and warrants to the Lender that:

(A) Enforceability of Assignment Agreement. The Authority has the power, authority, and legal right to execute, deliver and perform this Assignment Agreement and this Assignment Agreement is a valid, binding, and enforceable obligation of the Authority, except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles; and

(B) Marketable Title. Good and marketable title to the Assigned Property has been duly vested in the Lender free and clear of any liens, security interests, encumbrances or other claims other than the rights of the District under the Lease Purchase Agreement, and the Authority has not assigned or transferred any of the Assigned Property or any interest in the Assigned Property to any party other than the Lender.

Section 4. Covenants.

(A) Non-impairment of Lease Purchase Agreement. The Authority agrees that it (1) shall not have any right to amend, modify, compromise, release, terminate or permit prepayment of the Lease Purchase Agreement, and (2) shall not take any action that may impair the payment of Rental Payments or the validity or enforceability of the Lease Purchase Agreement.

(B) Rental Payments. If the Authority receives any Rental Payments, then the Authority shall receive such payments in trust for the Lender and shall immediately deliver the same to the Lender in the form received, duly endorsed by the Authority for deposit by the Lender.

(C) Further Assurances. The Authority shall execute and deliver to the Lender such documents, in form and substance reasonably satisfactory to the Lender, and the Authority shall take such other actions, as the Lender may reasonably request from time to time to evidence, perfect, maintain, and enforce the Lender's rights in the Assigned Property and/or to enforce or exercise the Lender's rights or remedies under the Lease Purchase Agreement.

Section 5. Execution in Counterparts. This Assignment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and which together shall constitute but one and the same instrument.

Section 6. Definitions. Unless the context otherwise requires, capitalized terms used herein shall have the meanings specified in the Lease Purchase Agreement.

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

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Assignment Agreement by their officers thereunto duly authorized as of the day and year first above written.

**SANTA CRUZ CITY SCHOOLS FINANCING
AUTHORITY**

President

By:

CONSENT TO ASSIGNMENT

The Santa Cruz City High School District hereby consents to the assignment of the Authority's rights under the Site Lease and the Lease Purchase Agreement pursuant to the above Assignment Agreement and agrees to comply with the terms and conditions thereof.

SANTA CRUZ CITY HIGH SCHOOL DISTRICT

EXHIBIT A

DESCRIPTION OF THE PROPERTY

The Facilities shall consist of Soquel High School located at 410 Soquel San Jose Road, Soquel, California 95073.

The legal description for the Facilities is as follows: