

RESOLUTION NO. SA-32

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SUCCESSOR AGENCY TO THE SCOTTS VALLEY
REDEVELOPMENT AGENCY APPROVING AN AGREEMENT FOR
SERVICES WITH FRASER AND ASSOCIATES FOR
REDEVELOPMENT AND FINANCIAL CONSULTING FOR CERTAIN
SUCCESSOR AGENCY OBLIGATIONS**

RECITALS:

A. Assembly Bill X1 26 and AB 1484 resulted in the dissolution of the former Scotts Valley Redevelopment Agency and creation of the Scotts Valley Successor Agency, which has all the power and authority of the former agency.

B. The Dissolution Act authorizes the Successor Agency to refund bonds or other indebtedness for the purpose of achieving savings for debt service or other long term obligations.

C. The City engaged NHA Advisors, its municipal advisor to assess the refunding of debt and other obligations. After having analyzed the City's cash flows, and given near-record lows for yields for municipal bonds, NHA determined that a refunding would reduce debt service and other reimbursement obligations, ultimately increasing revenue to taxing entities.

D. Bonds will be issued to refund the following obligations:

The 2003 Certificates of Participation (COP) Reimbursement Obligation by and between the City of Scotts Valley and the Redevelopment Agency of the City of Scotts Valley. The COPs were refunded in prior years, and originally issued by the City to purchase property, which was acquired by the Redevelopment Agency of the City of Scotts Valley. This property is now known as the Scotts Valley Community Center.

The 2006 Redevelopment Agency of the City of Scotts Valley Tax Allocation Bonds. The bonds were previously refunded and issued to pay off a note to the City of Santa Cruz to purchase real property, which is now known as Skypark.

The 2009 Series A and Series B Lease Revenue Bonds Reimbursement Obligation by and between the City of Scotts Valley and the Redevelopment Agency of the City of Scotts Valley. These bonds were previously refunded and originally issued to purchase property, which later became the Scotts Valley Library.

E. Conducting a bond refinancing requires significant support and resources from specialized consultants.

F. Fraser and Associates is a reputable redevelopment and financial consulting firm that provides municipalities and California successor agencies fiscal analysis of tax increment revenues and projections as it relates to bond issuance and refunding.

G. Fraser and Associates regularly advises the City and the former Redevelopment Agency on redevelopment and financial issues.


H. The Successor Agency desires to hire Fraser and Associates to assist with the refinancing.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE SCOTTS VALLEY REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

The Executive Director is hereby authorized and directed to execute the Agreement for Services with Fraser and Associates attached hereto.


The above and foregoing resolution was duly and regularly adopted by the Board of Directors of the Successor Agency of the Scotts Valley Redevelopment Agency, at a regular meeting held on the 19th of October, 2016, by the following vote:

AYES: AGUILAR, BUSTICHI, JOHNSON, LIND, REED
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE



Donna R. Lind, Chairperson

ATTEST:



Tracy A. Ferrara, Secretary

**SUCCESSOR AGENCY OF THE
SCOTTS VALLEY REDEVELOPMENT AGENCY**

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement for Professional Services ("Agreement") is made and entered into as of October 19, 2016, by and between the Successor Agency of the former Scotts Valley Redevelopment Agency, hereinafter referred to as "AGENCY", and Fraser & Associates, hereinafter referred to as "CONSULTANT".

RECITALS

- A. AGENCY desires to retain CONSULTANT for certain professional services as set forth in this Agreement.
- B. CONSULTANT is specially trained, experienced and competent to perform the special services which will be required by this Agreement.
- C. CONSULTANT possesses the skill, ability, background, certification and knowledge to provide the services described in this Agreement on the terms and conditions described herein.

NOW, THEREFORE, in consideration of the recitals and the mutual promises contained herein, AGENCY and CONSULTANT agree as follows:

AGREEMENT

1. **Employment of CONSULTANT:** AGENCY agrees to, and hereby does, retain and employ CONSULTANT to perform the professional services as outlined in the Scope of Work attached hereto and incorporated herein as Exhibit "A". CONSULTANT'S work product shall be performed pursuant to generally accepted standards of practice in effect at the time of performance.
2. **Responsible Personnel:** AGENCY has relied upon the professional training and ability of CONSULTANT to perform the services hereunder as a material inducement to enter into this Agreement. Primary personnel responsible for the completion of the work described in this Agreement shall be Donald Fraser, Fraser & Associates, whose address is 225 Holmfirth Court, Roseville, CA 95661; telephone: (916) 791-8958; fax: (916) 791-9234; Email: dfraser@surewest.net.
3. **Scope of Work:** CONSULTANT shall perform the services as specified in Exhibit A in a professional manner.
4. **Time of Performance:** The services of CONSULTANT are to commence upon execution of this Agreement and shall continue until all authorized work is approved by the AGENCY. All such work shall be completed no later than December 31, 2017. Time is of the essence in the performance of this Agreement. No waiver by either party hereto of the nonperformance or any breach of any term, provision, or condition of this Agreement, or any default hereunder shall be considered to be or operate as a waiver of any subsequent nonperformance, breach or default.

5. **Compensation:** CONSULTANT shall accept compensation for services performed as set forth in Section 3, Exhibit A, items 1-8 in an amount not to exceed \$17,500; items 9 and 10 shall be compensated on a time and materials basis as set forth in Section 3, Exhibit A. Such compensation shall be paid upon the completion of the services set forth in Section 3.

Payments to CONSULTANT shall be made upon invoices submitted by CONSULTANT to AGENCY for review and approval. Invoices will be paid by AGENCY within a reasonable time after said approved invoices are received.

6. **Indemnity:** CONSULTANT shall hold harmless, indemnify and defend AGENCY, its elective and appointive boards, commissions, officers, agents, servants, volunteers, and employees from and against any and all claims, costs, damages, liability, losses, or suits (including court costs and attorney fees) for personal injury (including death), property damage and any other damages of any sort whatsoever, arising out of, or alleged to have arisen out of, the willful or negligent acts, errors, or omissions of CONSULTANT or CONSULTANT'S contractors, subcontractors, agents, or employees in the performance of this Agreement. This indemnity shall not apply to a) claims brought by CONSULTANT for default of this Agreement, or (b) claims brought by AGENCY or any third party where the underlying injury or damage is finally determined by a court of competent jurisdiction to arise solely from the negligent or willful misconduct of AGENCY.

AGENCY shall hold harmless and indemnify CONSULTANT from any damage which may be caused to the AGENCY'S computer network system.

7. **Termination:** This Agreement may be terminated by the AGENCY immediately for cause or by either party without cause upon fifteen days' written notice of termination. Upon termination, CONSULTANT shall be entitled to compensation for services performed up to the effective date of termination.

CONSULTANT shall accept, for itself, as full payment for services rendered and all work to be done and performed hereunder and in complete satisfaction of all claims against AGENCY by reason of voluntary abandonment or suspension of work or termination of the Agreement, the sum determined on an hourly basis in accordance with the provisions of this Agreement, or any modification or amendment thereto, plus all direct expenses incurred, including those expenses incurred which are directly attributable to the incomplete portion of the work which could not be canceled.

In the event of termination, CONSULTANT shall deliver as a condition to the payment of the compensation provided for above, or otherwise make available to AGENCY, all research data, reports, estimates, summaries, and other such information and materials as may have been accumulated by CONSULTANT in performing this Agreement, whether completed or in process in accordance with Section 8 of this Agreement.

8. **Documents:** Notes, studies, charts, computations, electronic files, and other data and information obtained by CONSULTANT for this project shall, upon receipt of payment for services rendered, be made available to AGENCY by CONSULTANT at AGENCY'S request and shall become the property of AGENCY. In the event AGENCY alters the document, AGENCY agrees CONSULTANT shall have no responsibility whatsoever for any claim arising out of, or alleged to have arisen out of, use of the altered document.

All plans, studies, documents, charts, computations, and electronic files prepared by and for CONSULTANT, its officers, employees and agents and subcontractors in the course of implementing this Agreement, except working notes and internal documents, shall become the property of the AGENCY upon payment to CONSULTANT for such work, and the AGENCY shall have the sole right to use such materials in its discretion without further compensation to CONSULTANT or to any other party. CONSULTANT shall, at CONSULTANT'S expense, provide such reports, plans, studies, documents and other writings to AGENCY upon written request.

9. **Independent Contractor:** CONTRACTOR is an independent contractor retained by AGENCY to perform the work described herein. ALL personnel employed by CONSULTANT are not and shall not be deemed to be employees of AGENCY. CONSULTANT shall obtain no rights to retirement benefits or other benefits which accrue to AGENCY'S employees, and CONSULTANT hereby expressly waives any claim it may have to such rights. CONSULTANT shall comply with all state and federal laws pertaining to employment and compensation of its employees and its agents, including the provision of Workers' Compensation.

10. **Licenses:** CONSULTANT represents and warrants to AGENCY that it has all licenses, permits, qualifications, insurance and approvals of whatsoever nature which are legally required of CONSULTANT to practice its profession. CONSULTANT represents and warrants to AGENCY that CONSULTANT shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, insurance and approvals which are legally required of CONSULTANT to practice its profession. Consultant shall maintain a City of Scotts Valley business license.

11. **Assignment:** The parties recognize that a substantial inducement to AGENCY for entering into this Agreement is the professional reputation, experience and competence of CONSULTANT. Assignments of any or all rights, duties or obligations of the CONSULTANT under this Agreement will be permitted only with the express consent of the AGENCY. CONSULTANT shall not subcontract any portion of the work to be performed under this Agreement without the written authorization of the AGENCY. If the AGENCY consents to such subcontract, CONSULTANT shall be fully responsible to AGENCY for all acts or omissions of the subcontractor. Nothing in this Agreement shall create any contractual relationship between AGENCY and subcontractor nor shall it create any obligation on the part of the AGENCY to pay or to see to the payment of any monies due to any such contractor other than as otherwise required by law.

12. **Binding on Successors:** This Agreement is binding on the heirs, successors and assigns of the parties hereto.

13. **Amendment:** This Agreement may be amended, modified or changed by the parties, provided that said Agreement, modification or change is in writing and approved by the authorized representative of the parties.

14. **Applicable Law and Attorney's Fees:** This Agreement shall be construed and enforced in accordance with the laws of the State of California, and any action brought relating to this Agreement shall be held exclusively in a state court in the County of Santa Cruz. Should any legal action be brought by a party for breach of this Agreement or to enforce any provision of the Agreement, the prevailing party of such action shall be entitled to recover its reasonable litigation expenses, including attorney fees.

15. **Entire Agreement:** This Agreement contains the entire understanding between the parties with respect to the subject matter herein. There are no representations, agreements or understandings, whether oral or written, between or among the parties relating to the subject matter of this Agreement which are not fully expressed herein. The drafting and negotiation of this Agreement have been participated in by each of the parties and/or their counsel, and for all purposes this Agreement shall be deemed to have been drafted jointly by all parties.


16. **Waiver:** Waiver of a breach or default under this Agreement shall not constitute a continuing waiver of a subsequent breach of the same or any other provision under this agreement.

17. **Severability:** If any term or portion of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or otherwise unenforceable, the remaining provisions of this Agreement shall continue in full force and effect.

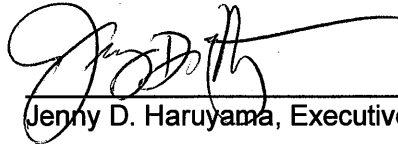
WITNESS WHEREOF this Agreement is executed by AGENCY and by CONSULTANT on this 19th day of October, 2016, at Scotts Valley, California.

CONSULTANT:
FRASER & ASSOCIATES

AGENCY:
SUCCESSOR AGENCY OF THE SCOTTS
VALLEY REDEVELOPMENT AGENCY



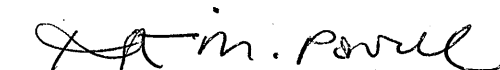
Donald J. Fraser, President



Jenny D. Haruyama, Executive Director

APPROVED AS TO FORM:

ATTEST:



Kirsten M. Powell, Agency Counsel



Tracy A. Ferrara, Secretary

EXHIBIT A
SCOPE OF SERVICES

FA FRASER & ASSOCIATES

Redevelopment and Financial Consulting

225 Holmfirth Court
Roseville CA 95661

Phone: (916) 791-8958
FAX: (916) 791-9234

September 13, 2016

Ms. Jenny Haruyama
City Manager
City of Scotts Valley /Successor Agency
One Civic Center Drive
Scotts Valley, California 95066

Dear Ms. Haruyama:

Fraser & Associates is pleased to provide this proposal for bond services to the Scotts Valley Successor Agency (Agency). The Agency is considering the issuance of tax allocation refunding bonds for the Scotts Valley Redevelopment Project Area (Project Area) and has requested that Fraser & Associates provide fiscal consulting services.

Scope of Services

Fraser & Associates will prepare an in depth analysis of the tax increment revenues to be generated from the Project Area. In order to accomplish this, we recommend the following scope of services:

- 1) **Review of Historical Revenues:** Fraser & Associates will review the growth in taxable values over the past ten fiscal years and provide a table showing such trends. The major reasons for taxable value changes over the recent past will be provided. In addition, an analysis will be prepared of the actual tax increment receipts to the initial County levy in order to determine collection trends.
- 2) **Current Year Revenue Estimate:** An estimate of the 2016-17 tax increment revenues expected to be received in the Project Area will be prepared. Existing liens on tax increment will be estimated in order to determine the amount of tax increment available for debt service. This will include a projection of the impact of pass through payments on the Project Area.
- 3) **Analysis of County Allocation Procedures:** A review of County procedures used for the calculation of tax increment, including tax increment from the application of tax rates to incremental value and unitary property taxes, will be

prepared for the current year revenue estimate. This analysis ensures that the current year revenue estimate is accurate.

- 4) **Tax Increment Projection:** A projection showing the tax increment revenues estimated to be annually allocated to the Agency for the Project Area will be prepared. The projection will include estimates of taxable value of developments identified by the Agency as completed or under construction but not yet on the assessment rolls. An analysis of recently resolved and open appeals will be reflected in the tax increment projection. The tax increment projections will also include an analysis of the senior liens on revenue available for debt service, including pass through payments.
- 5) **Housing Market Impact Analysis:** Volatility in the housing market has caused rating agencies to require additional information concerning housing prices and property transfers. As a result, the impact that housing price declines have had on the Project Area from Proposition 8 will be analyzed, including recent reversals. We will also review recent sales data in order to substantiate that housing price declines and Proposition 8 reductions are unlikely to occur in the near future.
- 6) **Impacts of Redevelopment Dissolution Act:** We will review the impact of AB 26, AB 1484 and SB 107 have on the flow of revenues to the Agency.
- 7) **Fiscal Consultants Report:** A Fiscal Consultants Report (FCR) will be prepared summarizing the analysis of historical, current and projected tax increment revenues. The FCR will include our methodology in preparing the tax increment study. The FCR is typically included as an appendix to the Official Statement for the bond issue.
- 8) **Official Statement Tables:** Fraser & Associates will provide tables on the revenues in the Project Area for inclusion in the offering document based on the data utilized in the services described above.
- 9) **Document Review:** Other documents (Official Statement; Indenture of Trust; etc.) will be reviewed and commented on by Fraser & Associates.
- 10) **Presentations and Meetings:** Fraser & Associates will be available to represent the Agency in meetings and presentations to the private placement bank, and to attend other meetings as requested by the Agency.

Compensation

Services shall be compensated on the basis of a fixed fee of Seventeen Thousand Five Hundred Dollars (\$17,500), exclusive of expenses, for items one through eight above. Service items nine and ten shall be compensated on a time and material basis in accordance with our standard hourly rates:

President
Associate

\$250 per hour
140 per hour

FA FRASER & ASSOCIATES

Ms. Haruyama

09/13/16

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Secretarial/Administrative

60 per hour

It is estimated that hourly rate services will not exceed Four Thousand Dollars (\$4,000). Expenses are estimated at \$1,500.

Payment for services can be made from the cost of issuance fund created as part of the bond issue, but the fee is not contingent upon a successful closing of the bond issue. If the bond issue is not completed, payment shall still be owed to Fraser & Associates.

Fraser & Associates appreciates the opportunity to submit this proposal and looks forward to continuing our relationship with the Agency. Please let me know if you have any questions.

Sincerely,



Donald J. Fraser