



**Marin Emergency Radio Authority [MERA]**

PROPOSAL to PROVIDE  
FINANCIAL ADVISORY and  
BOND SALES SERVICES  
for the  
MARIN EMERGENCY RADIO AUTHORITY

AUGUST 28, 2015

**Sperry Capital Inc.**

Three Harbor Drive, Suite 101  
Sausalito, CA 94965

# Table of Contents

- |  |           |
|--|-----------|
| 1. Cover Letter & Proposal                             | Pages 1-5 |
| 2. Attachment A- Resumes                               |           |
| 3. Attachment B-Preliminary Financing Plan             |           |
| 4. Attachment C-Additional Relevant California Clients |           |
| 5. Attachment D-Sample Professional Services Agreement |           |
| 6. Attachment E-Sample RFP for Trustee Services        |           |



August 28, 2015

Ms. Maureen Cassingham  
MERA Executive Officer  
c/o Novato Fire Protection Authority  
95 Rowland Way  
Novato, CA 94945

BY EMAIL: [mlc1945@aol.com](mailto:mlc1945@aol.com)

Dear Maureen,

Sperry Capital Inc. ("Sperry Capital") is very pleased to submit this proposal to provide financial advisory and bond sale services to the Marin Emergency Radio Authority ("MERA" or the "Authority") in response to the Request for Proposals distributed on August 12, 2015. We present our response to the requested Proposal Content in this five page letter. The subsequent attachments consist of our team's resumes, a preliminary finance plan which, in place of a brochure, addresses most of the substantive matters listed under Scope of Services, additional relevant California experience, our sample professional services agreement and, lastly, a draft request for proposals for a new trustee. We hope you find this proposal complete and persuasive enough to permit us to continue to work with you on this important project.

We value the experience we gained advising MERA on the purchase of a reserve fund surety which released \$2,063,000 of 2010 bond proceeds for application to Next Generation System capital expenditures. We proposed that transaction to MERA after closely studying the Authority's capital structure and funding needs, finding an idea that produced needed liquidity in a relatively short period of time.

In preparing this proposal, we have again looked closely at certain key elements of the project financing in order to show our understanding of the Authority's funding requirements. We have prepared a preliminary financing plan (see *Attachment B*) to meet those needs. In doing so we have noted the following:

1. The 2010 reserve fund release together with the first receipts of parcel taxes should contribute at least \$8 million to project funding and perhaps more. We estimate the bond issue size as \$28 million, the interest cost as 2.45% and annual debt service as \$2.6 million with a 15 year amortization period.
2. We believe the MERA parcel tax bonds should be able to secure a AAA bond rating which will yield the lowest available interest rates.
3. Surplus parcel tax receipts should be able to fund a system replacement reserve of at least \$26 million and possibly more, depending upon how short an amortization period MERA chooses for the bond issue.
4. The financing team should explore obtaining a bank construction line of credit if negative arbitrage in the construction fund is a concern. This would give MERA a lot of flexibility to select the moments it enters the long term bond market. It would eliminate the carrying cost of unspent construction proceeds.

We offer the following responses to the proposal content requirements:



## (a) Sperry Capital Inc. and Principal Contact Information

Three Harbor Drive, Suite 101  
Sausalito, California 94965  
[www.SperryCapital.com](http://www.SperryCapital.com)

**Primary Contact: James H. Gibbs, Principal**

Office: 415-339-9203, Cell: 415-608-1744

Email: [jgibbs@sperrycapital.com](mailto:jgibbs@sperrycapital.com)

## (b) Qualifications of Sperry Capital

Founded in 1994, Sperry Capital Inc. is an independent registered municipal and investment advisory firm headquartered in Sausalito, California having advised on over \$35 billion of debt transactions. We serve our clients by acting as an extension of their financial staff, assisting in the development of a viable debt management strategy to facilitate their long term financing objectives. Sperry Capital has been licensed to do business as a corporation in the State of California (No. C1929237) since May 15, 1995. Our Federal Employee ID Number is: #94-3222765. Sperry Capital is also registered with the Securities and Exchange Commission (CRD#136584) and the Municipal Securities Rulemaking Board (#K0514).

Sperry's team of highly knowledgeable and experienced advisors work collaboratively to provide our clients with the highest level of service as needed for all their financial advisory activities. All of Sperry Capital's principals have served a broad spectrum of State and local government clients, non-profit organizations, private corporations and joint powers authorities throughout California and across the country. Sperry Capital's senior advisors all began their careers with large, national investment banking firms and commercial banks trained in bond finance, quantitative analysis, credit structure and analysis, financial modeling of debt structures, and underwriting and marketing strategies for unrated and rated bonds. As an independent financial advisory firm, Sperry brings a balanced depth of knowledge of the bond markets, a thorough understanding of the requirements of national rating agencies, deep experience working with underwriting firms, bond counsel firms and conduit issuers to each advisory assignment. Our comprehensive quantitative and qualitative analysis we perform for each financing structure we are asked to review includes examining alternative structures and providing independent market research and bond pricing input on all pre-pricing calls to insure our client's best interests are being met. Sperry Capital's principals have long and extensive experience planning and managing financings for municipal utilities in California. We also have valuable experience in carrying out innovative project delivery strategies including a public private partnership for the design, construction, financing and operation of the new Presidio Parkway in San Francisco and the privately owned EnerTech Environmental Inc. regional biosolids treatment facility in Rialto, California.

## (c) Principal Financial Advisors Responsible for Providing Services to MERA

James H. Gibbs, Principal, Martha J. Vujovich, Principal, and Michelle Parra-Guedez, Associate will be the consulting team for MERA, bringing with them highly relevant experience with municipal enterprises. Our résumés are included as *Attachment A*.

**Jim Gibbs, Principal** will serve as Team Leader, and will be responsible for interfacing with MERA's Executive Officer and selected Board members, as requested, to organize work, define and deliver tasks, schedule deliverables, and oversee written reports requested by MERA. As he did in the surety procurement,



he will personally perform a major portion of the advisory tasks in this engagement. **Martha Vujovich, Principal**, will provide project support to Jim Gibbs to deliver all required tasks of the contract. She will work with MERA's Executive Officer to coordinate all the various contract firms, such as Trustee, Bond Counsel, etc. integral to the financial planning process and bond issuances. In addition, Martha will provide expertise and advice regarding the investment of bond proceeds. **Michelle Parra-Guedez, Associate**, will be under the direct supervision of Jim Gibbs and Martha Vujovich and provide expert quantitative analysis services and participation in support of all aspects of the engagement.

#### **(d) Firm's Bay Area Experience**

It is contemplated that MERA will be issuing bonds secured by the parcel tax adopted in November of 2014. These will be very high quality bonds. Sperry Capital is highly experienced at extracting low interest rates in the market for high grade bonds and cites the following engagements as examples of our experience. Our experience with Marin County credits is particularly relevant:

**Marin Municipal Water District:** In June 2012, Mr. Gibbs and Ms. Vujovich advised on an \$85 million water revenue bond issue for Marin Municipal Water Authority and continues to serve as MMWD's on-call financial advisor. The 2012 bond issue was the culmination of a comprehensive financial planning process conducted in concert with the staff and Board of Directors. Taking advantage of historically low interest rates, the financing refunded and restructured over \$35 million of outstanding bonds, saving \$4.5 million and creating capacity for new capital financing. The debt amortization period was extended to 40 years for \$55 million in new borrowing. The interest cost of the total financing was 3.85%. The 2012 bonds were issued under a subordinate lien with a new bond indenture and did not require a reserve fund. The issue is rated AA by S&P and AA+ by Fitch. *(Reference #1)*

**Ross Valley Sanitary District:** Mr. Gibbs and Ms. Vujovich served as financial advisors to RVSD on the competitive bid sale of \$30.2 million in tax exempt revenue bonds issued in November of 2014. Services included recommending an optimal financing structure, evaluating repayment terms, security covenants, reviewing legal documents, costs of issuance, preparing credit rating presentation, a pre-pricing internet "road show" and discussion, conducted the competitive bid sale, advised on the investment of bond proceeds, and provided a post-sale evaluation report for the RVSD Board. RVSD utilized bond insurance and a debt service reserve surety policy from Build America Mutual (BAM) for their bond issue. *(Reference #2)*

**California Independent System Operator Corporation:** Sperry Capital, led by Mr. Gibbs, has acted as financial advisor to the California Independent System Operator Corporation ("CAISO") since 2004. We have advised on five transactions totaling \$773 million in par amount. The bonds, all tax exempt, have ranged from variable rate demand bonds to long term fixed rate securities. We negotiated the acquisition of interest rate swaps to hedge the variable rate exposure. When the corporation decided to restructure its debt and eliminate counterparty risk we negotiated the termination of the swaps. Ms. Vujovich acted as broker in the acquisition of structured investments for bond proceeds including long term forward delivery agreements for reserve funds. In all derivative negotiations we use the resources of BLX Group as a co-consultant. *(Reference #3).*

**Transportation Authority of Marin** – Ms. Vujovich has provided on-call financial advisory services for TAM since 2008, including periodically reviewing cash flows for potential sales tax revenue bond issuance,



reviewing TAM’s annual investment policy, assisting in RFPs for investment of funds and other financial analyses as requested by the TAM Executive Director and Chief Financial Officer .

Additional relevant and ongoing California clients are listed and briefly described in *Attachment C*.

**(e) References – please refer to (d) for description of services Sperry provided.**

Reference 1.	Reference 2.	Reference 3.
<b>Krishna Kumar</b> Marin Municipal Water District General Manager (415) 945-1460 Work (415) 419-9975 Mobile kkumar@marinwater.org 220 Nellen Avenue Corte Madera, CA 94925-1169 www.marinwater.org	<b>Greg Norby</b> Ross Valley Sanitary District General Manager  (415) 259-2949 Work gnorby@rvsd.org  2960 Kerner Blvd. San Rafael, CA 94901	<b>Ryan Seghesio</b> California Independent System Oper... CFO and Treasurer (916) 351-4422 Work (916) 474-0361 Mobile rseghesio@caiso.com 250 Outcropping Way Folsom, CA 95630 www.caiso.com

**(f) Conflicts of Interest**

We are not aware of any sources of conflicts of interest in providing financial advisory services to MERA.

**(g) Compensation: Fees, Costs and Charges**

Sperry Capital proposes to be compensated for bond issuance services in the first 3 years of our engagement according to the following schedule:

1. Bonds up to \$10,000,000:	\$30,000
2. Bonds from \$10,000,000 to \$20,000,000:	\$35,000
3. Bonds over \$20,000,000:	\$40,000

For services other than a bond sale process, Sperry Capital will negotiate project or task fees based upon our billing rates or, for incidental matters, will work on a time and materials basis according to our billing rates. Our billing rates in the first three years of our engagement are as follows:

James H. Gibbs	\$350 per hour
Martha J. Vujovich	\$300 per hour
Michelle Parra-Guedez	\$125 per hour

In the event we are engaged for a bond sale and our services are terminated without cause prior to closing, we will be paid a fee equal to one half of our advisory fee for the sale from proceeds of any financing completed by other means thereafter.

*Invoicing:* Bond sale advisory fees will be invoiced at the bond closing and will therefore be contingent on a successful sale. Invoices will be submitted for payment monthly in arrears for work not associated with a specific bond sale.



*Cost of Issuance Estimate:* For each of the bond issue size ranges, we *estimate* cost of issuance as follows:

Bond Proceeds	Bond Counsel/ Disclosure Counsel	Financial Advisor	Ratings	Trustee	OS Printing	Total
Up to \$10,000,000	\$80,000	\$30,000	\$34,000	\$5,000	\$2,000	\$151,000
\$10,000,000 - \$20,000,000	\$85,000	\$35,000	\$38,000	\$5,000	\$2,000	\$165,000
\$20,000,000 - \$40,000,000	\$90,000	\$40,000	\$46,000	\$5,000	\$2,000	\$183,000

## (h) Insurance Coverage

Sperry Capital carries the following general and professional insurance coverages. Each Sperry principal maintains his or her own automobile liability coverage.

Type of Insurance Policy	Per Event Coverage	Aggregate Coverage
General Commercial Liability	\$2 million	\$4 million
Professional Liability	Prior to 9/1/2011: \$1 million 9/1/2011 and after: \$2 million	Prior to 9/1/2011: \$1 million 9/1/2011 and after: \$2 million
Automobile Liability	Principal's own policy	Principal's own policy

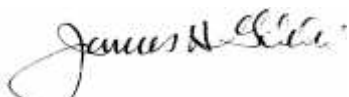
## (i) Professional Services Agreement

Our form of professional services agreement is included as *Attachment D*.

## Summary

We hope we have shown you herein a good grasp of your requirements and our preparation for and qualifications to do an excellent bond transaction.

Yours very truly,



James H. Gibbs, Principal



# ATTACHMENT A

## RÉSUMÉS



Sperry Capital Inc.  
Three Harbor Drive, Suite 101  
Sausalito, CA 94965



# JAMES H. GIBBS

*Principal*

Sperry Capital

3 Harbor Drive, Suite 101

Sausalito, CA 94965

T : 415.339.9203

F : 415.339.6030

C : 415.608.1744

[JGibbs@SperryCapital.com](mailto:JGibbs@SperryCapital.com)

## Education

- BS Electrical Engineering, University of California Berkeley
- MBA Stanford University

## Function and Specialization

Specializes in providing advisory services for,

- Capital Finance
- Financing Planning
- Debt Issuance
- Renewable Energy Project Financing
- Swap Advisory

## Professional Experience:

Sperry Capital

Lehman Brothers

E.F. Hutton

**Year of Experience: 35**

## Summary of Background and Qualifications

Mr. Gibbs has over 35 years of experience in public finance consulting and investment banking. Prior to joining Sperry, he was Managing Director and California Regional Manager of Public Finance for Lehman Brothers. Mr. Gibbs has managed major financing transactions for water and sewer utilities, public power agencies, renewable energy corporations, transportation agencies, general government, and 501(c)(3) nonprofit organizations. Working throughout his career from the San Francisco Bay Area, his general government clients have included the State of California, Los Angeles County, Alameda County, San Diego County, the City and County of San Francisco, and Sacramento County. He has also consulted for the California Health Facilities Financing Authority. His municipal utility clients have included the State Department of Water Resources, the Metropolitan Water District of Southern California and the Marin Municipal Water District. He has also served as financial advisor to the California Independent System Operator Corporation, and several renewable resource corporations, such as EnerTech Environmental Inc., Tracy Renewable Energy LLC, Combined Sola Technologies, American Biodiesel, and Global OrganicS Energy.

## Professional and Industry Experience

- **Marin Municipal Water District (MMWD):** In June 2012, Jim managed an \$85 M water revenue bond issue. Taking advantage of historically low interest rates, the financing refunded debt creating \$4.5M in savings.
- **California Independent System Operator Corporation (CAISO):** Jim has acted as financial advisor to the CAISO since 2004 and advised on 5 transactions totaling over \$773 M the most recent in late 2013. The bonds, all tax exempt, have ranged from variable rate demand bonds to long term, fixed rate securities. Jim negotiated the acquisition and later termination of interest rate swaps to hedge the variable rate exposure. Sperry also acted as broker in the acquisition of structured investments for bond proceeds including long term forward delivery agreements for reserve funds.
- **California Health Facilities Financing Authority (CHFFA):** Jim leads the team advising CHFFA on grants for the children's hospital program and the HELP II revolving loan program for small and rural health clinics.
- **Ross Valley Sanitary District (RVSD):** In 2014, Jim served as financial advisor to the RVSD for the issuance of \$30.155 M tax exempt bonds sold competitively. Bonds were structured without a debt service reserve fund based solely on the District's strong credit.



# MARTHA J. VUJOVICH

*Principal*

Sperry Capital

3 Harbor Drive, Suite 101

Sausalito, CA 94965

T : 415.339.9202

F : 415.339.6030

C : 415.608.9754

[MVujovich@SperryCapital.com](mailto:MVujovich@SperryCapital.com)

## Education

- BA, St. Olaf College

## Function and Specialization

Ms. Vujovich specializes in providing advisory services for,

- 501(c)(3) Nonprofit Tax Exempt Financing
- Renewable Energy Projects
- Debt Issuance
- Structured Investment Brokerage
- Credit Analysis

## Professional Experience

- Sperry Capital
- California Higher Education Loan Authority, San Francisco
- Manufacturers Hanover Trust Company, New York

**Year of Experience: 23**

## Summary of Background and Qualifications

Martha has over 23 years of experience in commercial and investment banking, financial advisory and marketing services. Martha has led financial advisory engagements for a variety of clients utilizing fixed and variable rate taxable and tax exempt debt. Martha has had experience planning capital financing programs for first time borrowers, negotiating letters of credit in support of new variable rate debt financings, and overseeing the introduction new credits to the bond market for non-profit corporations. Martha is also working with several renewable energy clients interested in capital financing utilizing traditional and innovative funding options.

## Professional and Industry Experience

- **CHFFA:** Martha serves on the advisory team analyzing the timing of grant requests, schedule of approved disbursements and requests for bond funding for the Children's Hospital Program in order to more efficiently forecast funding needs. In 2015, Martha completed an analysis of CHFFA's HELP II program cashflows to assist the Board in refining loan program parameters and availability of excess funds for new grant programs. She is also assisting in the review of credit qualifications of a \$160 M grant for the Loma Linda University Children's Hospital.
- **California Independent System Operator Corporation:** Martha reviewed and analyzed underwriter proposals and financing alternatives for the 2013 issuance of \$191.82 M of refunding revenue bonds. She also served as broker for the investment of bond proceeds including the termination of a Forward Delivery Agreement attached to the refunded issue.
- **Santa Clara Family Health Plan:** Martha analyzed SCFHP's investment policy, portfolio manager's performance review and reporting procedures for adherence to portfolio diversification guidelines and overall compliance with board-approved investment policy and the California Government Code permitted investments.
- **Santa Barbara Center for the Performing Arts, The Walt Disney Family Museum and the Santa Margarita Catholic High School:** For these 501(c)(3) bond financings, advisory services included assembling the underwriting and legal team, analyzing the optimal debt structure, reviewing bond documents, sale and closing process and investment of bond proceeds.



# MICHELLE PARRA-GUEDEZ

*Associate*

Sperry Capital  
3 Harbor Drive, Suite 101  
Sausalito, CA 94965

T : 415. 887-9258

F : 415.339.6030

[MParraGuedez@SperryCapital.com](mailto:MParraGuedez@SperryCapital.com)

## Education

- BS, Northeastern University

## Function and Specialization

Specializes in financial modeling, P3s, public finance, and procurement support

## Professional Experience

- Sperry Capital
- Bank of America Merrill Lynch, Public Finance, San Francisco
- BNP Paribas Securities Division, Paris, France

**Years of Experience: 1**

## Summary of Background and Qualifications

Since joining Sperry in 2014, Michelle has gained extensive industry experience advising public sector clients. She has also become specialized in financial modeling. Prior to Sperry, Michelle held an investment banking internship at Bank of America Merrill Lynch as an analyst for the Public Finance team in San Francisco, where she focused on capital structuring and bond underwriting transactions for the State of California and State of Oregon.

## Professional and Industry Experience

- **Transbay Joint Powers Authority:** Michelle provided support to the TJPA to offer financial advisory services on the \$1.899 billion Phase I. She used DBC Finance to structure the loan along with the underwriter. Michelle also uses the same program to find debt capacity from possible funding sources.
- **LA Metro:** Michelle provided assistance to the Sperry team in the Sepulveda Pass analysis modeling possible scenarios on both excel and DBC Finance. While working for Bank of America Merrill Lynch, she compiled necessary to create and maintain debt portfolios and monitor refunding opportunities.
- **Bay Area Rapid Transit:** Michelle is currently assisting the Sperry team in the refunding of Sales Tax Revenue Bonds and General Obligation Bonds. She has prepared rating presentations will monitor the market and model the refunding on DBC Finance.
- **California High Speed Rail Authority:** Michelle has advised CHSRA as part of the Core Advisors team analyzing the feasibility of private investment and additional revenue as well as assisting in the procurement financial analysis for various stages of this proposed high speed rail project from the San Francisco Bay Area to Southern California. Michelle runs DBC Finance models to find debt capacity from possible funding sources.
- **Orange County Transportation Authority:** Michelle joined the OCTA team to assist in the modeling involved in the project. She has focused on cash flow models to including revenue and expenses forecasts, debt service coverage and debt capacity using both excel and DBC Finance models.
- **Caltrans:** Michelle joined the team advising Caltrans' SR-156 project with the California Transportation Commission process as a potential P3 focusing on the Project Proposal Report.



# ATTACHMENT B

## Next Generation Radio Project *Preliminary* Financing Plan



Sperry Capital Inc.  
Three Harbor Drive, Suite 101  
Sausalito, CA 94965

**Marin Emergency Radio Authority**  
**Next Generation Radio Project**  
**Preliminary Financing Plan**  
**August 28, 2015**

To prepare its response to the financial advisor request for proposal, Sperry Capital prepared a preliminary financing plan to explore some of the possible approaches to efficiently raising the necessary capital to fund the project.

The cost and schedule information presented in the AECOM System Design Report date April 29, 2010 provides the basis for our analysis. With the passage of over five years we expect the final cost will be somewhat different but our findings are useful anticipating how the project may play out financially.

**Schedule**

With the proposed selection of Federal Engineering to prepare the Next Gen II vendor bidding package, the procurement of the new system is truly underway. The System Design Report included a schedule for project procurement that, when shifted in time, suggests the vendor should be selected and construction underway by August 2016. We have used this assumption in our financial analysis.

**Parcel Tax Receipts and Bond Issue Sizing**

The relationship in time between the Next Gen II procurement schedule and the annual receipt of the parcel taxes is very important in planning the funding process.

For purposes of our initial calculations, we have assumed that a single bond issue will be sold in August 2016 that, together with amounts available from the release of the 2010 bond reserve fund and from the first parcel tax receipts, will fund the entire Next Gen II project cost. Attached to this plan is a table titled Capital Requirements and Sources that details the contributions of the bond issue, the parcel tax and the 2010 reserve fund to the project funding. We have assumed that all of the first parcel tax payment (\$3.5 million in 2015/16) and \$2.5 million from the second (2016/17) will be placed in the Next Gen System Project Fund. The reserve fund release and initial parcel taxes provide about \$8 million for the project under our assumptions.

We have also assumed that the 2007 note, which has a relatively high interest rate of 4.43%, will be paid off in this transaction. Its payment in full will save on interest expense since we estimate that the interest cost of the bonds will be about 2.45%.

Using these assumptions, the bond issue will raise \$33.1 million to complete the project financing. We have prepared and attached a six page bond sizing package which serves as an example of our quantitative and bond sizing expertise. Regarding the Sources and Uses page, the premium of \$5.2 million is typical under current bond pricing practices. The Cost of Issuance and Underwriter's Discount are reasonable estimates. Please also note that there is no Debt Service Reserve Fund. It should not be necessary for a tax-backed issue. The result of our calculations is a \$28.3 million bond issue.

On the succeeding pages of the bond sizing calculations, you can see that the bonds have a 15 year amortization period and equal annual debt service payments. The annual debt service is \$2.6 million for the 15



years, far less than the \$3.5 million parcel tax. MERA has the option of paying the bonds faster with higher annual debt service which we can present as planning options. An amortization period of about 9 years is probably the shortest feasible. The 15 year period will generate annual surpluses that may be useful for building a capital reserve early.

### **Bond Rating and Interest Cost**

We expect the MERA parcel tax bonds will receive the same bond credit rating as the 2010 Tamalpais Union High School District general obligation bonds. They are both secured by real property-related tax levies paid on the County tax bill by property owners in essentially the whole county. TUHSD bonds are rated AAA by Standard & Poor's. As our bond calculations show, using today's market rates for AAA GO bonds, the true interest cost for the bonds should be about 2.45%.

### **Repayment Term and the System Replacement Reserve Fund**

We have assumed that the bonds will be repaid over a fifteen year period. This is consistent with the useful life of the radio system and assures that the amount of the annual parcel tax receipts will be more than is required to pay annual debt service. We have attached a spreadsheet showing capital related revenue (parcel tax and service payments) for the twenty year life of the parcel tax and debt service for MERA in that time frame. At today's interest rates, the debt service coverage is ample at 1.3x.

After the payment of debt service, in our model, there are annual surpluses of about \$900,000 through 2032, the last year that debt service is due. The full amount of the parcel tax can be set aside for system replacement in 2033 through 2035. If all of the annual surpluses after the system is completed were to be accumulated through 2035, a reserve equal to \$26.7 million could be created for system replacement. This would help to diminish the amount of the new parcel tax needed to complete the replacement.

### **Negative Arbitrage and Construction Financing**

Very low short term rates over the past several years have caused losses on the investment of bond proceeds (negative arbitrage) in construction funds. The bond market has been waiting for the Federal Reserve to raise rates and begin to cure this problem and perhaps they will in the next twelve months. If rates remain low, it may be wise to look into getting a construction line of credit from a local bank and plan to take out the line with a bond issue at the end of the construction period. As we approach the bond sale date we can analyze that possibility based on market conditions at the time and see if money can be saved. Such a decision would be balanced against the possibility of long term bond rates rising over the period of construction. We can calculate the amount that rates would have to rise in the long term market to make this strategy ill advised.

Implicit in the wording of this request for proposals is the notion of issuing the bonds in several tranches during the construction period to reduce the negative arbitrage problem. Once again, we can analyze the risks and benefits of this approach as the time to start construction approaches. If we secure a bank construction line, there would be a lot of flexibility in timing incremental bond issues.

### **Conclusion**

MERA is in a very strong position to successfully fund the Next Gen System. The release of the 2010 bond reserve fund together with the impending receipt of parcel tax proceeds in December and April provides good liquidity for front end project costs. The possible AAA rating of the bonds is a major enhancement in keeping interest costs down. The annual parcel tax levy, at \$3.5 million, provides ample revenue to pay debt service and accumulate a surplus in a reserve for future system replacement.



# Marin Emergency Radio Authority

## Capital Requirements and Sources

August 28, 2015

### Capital Requirements

Gen II Project Cost	\$40,000,000
Refinance 2007 Bank Note	<u>1,231,776</u>
Total Capital Requirement	\$41,231,776

### Capital Sources

Released 2010 Bond Reserve	\$2,063,000
2015/16 Parcel Tax Proceeds	3,545,366
2016/17 Parcel Tax (partial)	2,500,000
2016 Bond Proceeds	<u>33,123,410</u>
Total Sources	\$41,231,776



**Sources and Uses of Funds**  
Marin County  
Marin Emergency Radio Authority 2016

Sources:

---

Bond Proceeds:		
	Par Amount	28,250,000.00
	Premium	5,197,671.15
		<b>33,447,671.15</b>

---

---

Uses:

---

Project Fund Deposits:		
	Project Fund	33,123,410.00
Delivery Date Expenses:		
	Cost of Issuance	183,000.00
	Underwriter's Discount	141,250.00
		<b>324,250.00</b>
Other Uses of Funds:		
	Additional Proceeds	11.15
		<b>33,447,671.15</b>

---

---





## Bond Summary Statistics

Marin County

Marin Emergency Radio Authority 2016

Dated Date	8/1/2016
Delivery Date	8/1/2016
Last Maturity	8/1/2031

Arbitrage Yield	2.068924%
True Interest Cost (TIC)	2.454028%
Net Interest Cost (NIC)	2.765775%
All-In TIC	2.528566%
Average Coupon	4.791950%

Average Life (years)	8.834
Duration of Issue (years)	7.491

Par Amount	28,250,000.00
Bond Proceeds	33,447,671.15
Total Interest	11,958,550.00
Net Interest	6,902,128.85
Total Debt Service	40,208,550.00
Maximum Annual Debt Service	2,642,000.00
Average Annual Debt Service	2,680,570.00

Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000

Total Underwriter's Discount	5.000000
------------------------------	----------

Bid Price	117.898836
-----------	------------

Bond Component	Par Value	Price	Average Coupon	Average Life
Serials 2016 thru 2031	28,250,000.00	118.399	4.792%	8.834
	<b>28,250,000.00</b>			<b>8.834</b>

	TIC	All-In TIC	Arbitrage Yield
Par Value	28,250,000.00	28,250,000.00	28,250,000.00
+ Accrued Interest			
+ Premium (Discount)	5,197,671.15	5,197,671.15	5,197,671.15
- Underwriter's Discount	-141,250.00	-141,250.00	
- Cost of Issuance Expense		-183,000.00	
- Other Amounts			
Target Value	33,306,421.15	33,123,421.15	33,447,671.15
Target Date	8/1/2016	8/1/2016	8/1/2016
Yield	2.454028%	2.528566%	2.068924%



Sperry Capital Inc.  
Three Harbor Drive, Suite 101  
Sausalito, CA 94965

**Bond Pricing**  
**Marin County**  
**Marin Emergency Radio Authority 2016**

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serials 2016 thru 2031:					
	8/1/2017	1,415,000	2.000%	0.230%	101.766
	8/1/2018	1,450,000	2.000%	0.590%	102.799
	8/1/2019	1,485,000	3.000%	0.830%	106.416
	8/1/2020	1,530,000	3.000%	1.060%	107.578
	8/1/2021	1,585,000	4.000%	1.300%	113.029
	8/1/2022	1,650,000	4.000%	1.470%	114.478
	8/1/2023	1,725,000	5.000%	1.630%	122.208
	8/1/2024	1,815,000	5.000%	1.800%	123.742
	8/1/2025	1,910,000	5.000%	1.960%	124.970
	8/1/2026	2,005,000	5.000%	2.130%	125.726
	8/1/2027	2,110,000	5.000%	2.220%	124.807 C
	8/1/2028	2,215,000	5.000%	2.310%	123.896 C
	8/1/2029	2,330,000	5.000%	2.410%	122.893 C
	8/1/2030	2,450,000	5.000%	2.500%	121.999 C
	8/1/2031	2,575,000	5.000%	2.590%	121.112 C
		<b>28,250,000</b>			

Dated Date 8/1/2016  
Delivery Date 8/1/2016  
First Coupon 2/1/2016

Par Amount 28,250,000.00  
Premium 5,197,671.15

-----  
Production 33,447,671.15 118.398836%  
Underwriter's Discount -141,250.00 -0.500000%

-----  
Purchase Price 33,306,421.15 117.898836%  
Accrued Interest

-----  
Net Proceeds 33,306,421.15



**Bond Debt Service**  
**Marin County**  
**Marin Emergency Radio Authority 2016**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
2/1/2017			616,950	616,950	
6/30/2017					616,950
8/1/2017	1,415,000	2.000%	616,950	2,031,950	
2/1/2018			602,800	602,800	
6/30/2018					2,634,750
8/1/2018	1,450,000	2.000%	602,800	2,052,800	
2/1/2019			588,300	588,300	
6/30/2019					2,641,100
8/1/2019	1,485,000	3.000%	588,300	2,073,300	
2/1/2020			566,025	566,025	
6/30/2020					2,639,325
8/1/2020	1,530,000	3.000%	566,025	2,096,025	
2/1/2021			543,075	543,075	
6/30/2021					2,639,100
8/1/2021	1,585,000	4.000%	543,075	2,128,075	
2/1/2022			511,375	511,375	
6/30/2022					2,639,450
8/1/2022	1,650,000	4.000%	511,375	2,161,375	
2/1/2023			478,375	478,375	
6/30/2023					2,639,750
8/1/2023	1,725,000	5.000%	478,375	2,203,375	
2/1/2024			435,250	435,250	
6/30/2024					2,638,625
8/1/2024	1,815,000	5.000%	435,250	2,250,250	
2/1/2025			389,875	389,875	
6/30/2025					2,640,125
8/1/2025	1,910,000	5.000%	389,875	2,299,875	
2/1/2026			342,125	342,125	
6/30/2026					2,642,000
8/1/2026	2,005,000	5.000%	342,125	2,347,125	
2/1/2027			292,000	292,000	
6/30/2027					2,639,125
8/1/2027	2,110,000	5.000%	292,000	2,402,000	
2/1/2028			239,250	239,250	
6/30/2028					2,641,250
8/1/2028	2,215,000	5.000%	239,250	2,454,250	
2/1/2029			183,875	183,875	
6/30/2029					2,638,125
8/1/2029	2,330,000	5.000%	183,875	2,513,875	
2/1/2030			125,625	125,625	



6/30/2030					2,639,500
8/1/2030	2,450,000	5.000%	125,625	2,575,625	
2/1/2031			64,375	64,375	
6/30/2031					2,640,000
8/1/2031	2,575,000	5.000%	64,375	2,639,375	
6/30/2032					2,639,375
	<b>28,250,000</b>		<b>11,958,550</b>	<b>40,208,550</b>	<b>40,208,550</b>



**Attachment B**

**MERA Pro Forma Debt Service Cashflow**

<b>FISCAL YEAR ENDING</b>	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
	Actual	Budget					
<b>CAPITAL RELATED REVENUE</b>							
Member Service Payments	\$2,346,325	\$2,346,325	\$2,346,325	\$2,346,325	\$2,346,325	\$2,346,325	\$2,346,325
Measure A Parcel Tax			3,545,000	3,545,000	3,545,000	3,545,000	3,545,000
<b>TOTAL REVENUE</b>	<b>\$2,346,325</b>	<b>\$2,346,325</b>	<b>\$5,891,325</b>	<b>\$5,891,325</b>	<b>\$5,891,325</b>	<b>\$5,891,325</b>	<b>\$5,891,325</b>
<b>DEBT SERVICE</b>							
2010 Revenue Bonds	\$2,099,350	\$2,101,575	\$2,089,425	\$2,088,325	\$2,093,913	\$2,086,900	\$2,087,800
2016 Revenue Bonds (Estimate)				616,950	2,634,750	2,641,100	2,639,325
2007 Bank Note	208,500	208,499	208,499				
<b>TOTAL DEBT SERVICE (1)</b>	<b>\$2,307,850</b>	<b>\$2,310,074</b>	<b>\$2,297,924</b>	<b>\$2,705,275</b>	<b>\$4,728,663</b>	<b>\$4,728,000</b>	<b>\$4,727,125</b>
<b>REVENUE NET OF DEBT SERVICE</b>	<b>\$38,475</b>	<b>\$36,251</b>	<b>\$3,593,401</b>	<b>\$3,186,050</b>	<b>\$1,162,662</b>	<b>\$1,163,325</b>	<b>\$1,164,200</b>

Notes:

1. 2010 and 2007 debt service are actual. 2007 Note is assumed to be prepaid from 2016 bond proceeds. 2016 bonds close on 8/1/2016. See bond run.
2. The net parcel tax revenues in the fiscal years ending June 30, 2016 through June 30, 2019 (**bold**) total \$9,094,213. These funds might be used for Gen II procurement. This analysis assumes the use of about \$6,000,000 of the initial parcel tax receipts to fund Gen II procurement, thus reducing the bond issue size.
2. The sum of net parcel tax revenues for fiscal years ending June 30, 2020 through June 30, 2035 is about \$26.7 million which could fund a replacement reserve



<b>FISCAL YEAR ENDING</b>	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028
<b>CAPITAL RELATED REVENUE</b>								
Member Service Payments	\$2,346,325	\$2,346,325						
Measure A Parcel Tax	3,545,000	3,545,000	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000
<b>TOTAL REVENUE</b>	<b>\$5,891,325</b>	<b>\$5,891,325</b>	<b>\$3,545,000</b>	<b>\$3,545,000</b>	<b>\$3,545,000</b>	<b>\$3,545,000</b>	<b>\$3,545,000</b>	<b>\$3,545,000</b>
<b>DEBT SERVICE</b>								
2010 Revenue Bonds	\$2,080,800	\$2,080,800						
2016 Revenue Bonds (Estimate)	2,639,100	2,639,450	\$2,639,750	\$2,638,625	\$2,640,125	\$2,642,000	\$2,639,125	\$2,641,250
<b>TOTAL DEBT SERVICE</b>	<b>\$4,719,900</b>	<b>\$4,720,250</b>	<b>\$2,639,750</b>	<b>\$2,638,625</b>	<b>\$2,640,125</b>	<b>\$2,642,000</b>	<b>\$2,639,125</b>	<b>\$2,641,250</b>
<b>REVENUE NET OF DEBT SERVICE</b>	<b>\$1,171,425</b>	<b>\$1,171,075</b>	<b>\$905,250</b>	<b>\$906,375</b>	<b>\$904,875</b>	<b>\$903,000</b>	<b>\$905,875</b>	<b>\$903,750</b>



<b>FISCAL YEAR ENDING</b>	6/30/2029	6/30/2030	6/30/2031	6/30/2032	6/30/2033	6/30/2034	6/30/2035	6/30/2035
<b>CAPITAL RELATED REVENUE</b>								
<b>Member Service Payments</b>								
<b>Measure A Parcel Tax</b>	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000
<b>TOTAL REVENUE</b>	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000
<b>DEBT SERVICE</b>								
<b>2016 Revenue Bonds (Estimate)</b>	\$2,638,125	\$2,639,500	\$2,640,000	\$2,639,375				
<b>TOTAL DEBT SERVICE</b>	\$2,638,125	\$2,639,500	\$2,640,000	\$2,639,375				
<b>REVENUE NET OF DEBT SERVICE</b>	\$906,875	\$905,500	\$905,000	\$905,625	\$3,545,000	\$3,545,000	\$3,545,000	\$3,545,000

Net Parcel Tax Revenues 2020-2035

\$26,738,825



# ATTACHMENT C

## Additional Relevant California Clients

**Caltrans – Presidio Parkway Project** – Sperry served on the advisory team for the State’s first Public Private Partnership formed to provide financing to reconstruct Doyle Drive.

**Transbay Joint Powers Authority (TJPA)** – Sperry serves as the financial advisor to the TJPA for the development of the Transbay Terminal. Included in our work was the negotiation of a federal TIFIA loan, and bridge loan as part of the project’s financing structure.

**BART** – Sperry has served as financial advisor to BART since 2012; currently advising on a \$200+ million sales tax revenue bond refunding and a \$200+ million GO refunding bond issue to be sold in late 2015

**Ross Valley Fire Department** – Sperry provided analysis of funding options its unfunded pension liability

**Santa Clara Family Health Plan** – Sperry provided financial review and recommendations of investment strategy, investment policy and oversight procedures for its Board of Directors

**The Walt Disney Family Museum (Presidio)** – Sperry served as financial advisor to the Disney Family Foundation for the issuance of \$58 million of revenue bonds to construct the museum (located in the Presidio) through a state conduit issuer; we also advised on the development of the Foundation’s investment policy and selection of investment advisors.

**SF Muni** – Sperry provided advisory services and negotiated financial terms for the vendor financing option for Siemen’s light rail vehicles included in the \$1.2 billion purchase program by SF Muni.

**City and County of San Francisco** - Sperry is advising on a \$40+ million San Francisco Housing Trust Fund Certificates of Participation to be issued in late 2015.

**California Department of Finance (DOF)** – on call financial advisory services beginning August 2015.

**California Department of Transportation (Caltrans)** – on call financial advisor since 2003; lead P3 advisor

**California Health Facilities Finance Authority (CHFFA)** – on call financial advisory services for credit analysis of California hospital grant recipients and funding analysis for the HELP II program.

**Orange County Transportation Authority (OCTA)** – serves as on call financial advisor for sales tax revenue bond issuances other quantitative analysis projects since 1995





ATTACHMENT D  
SAMPLE PROFESSIONAL SERVICES  
AGREEMENT



Sperry Capital Inc.  
Three Harbor Drive, Suite 101  
Sausalito, CA 94965

# DRAFT ONLY

September , 2015

Ms. Maureen Cassingham, Executive Officer  
Marin Emergency Radio Authority  
c/o Novato Fire Protection Authority  
95 Rowland Way  
Novato, CA 94945

Dear Maureen,

Sperry Capital Inc. (“Sperry Capital”) is very pleased to submit for your approval this Engagement Letter to provide financial advisory services to the Marin Emergency Radio Authority (“MERA or the Authority”) for the proposed approximate \$\_\_\_million Series A 2016 revenue bonds and subsequent bond issuances during the term of this Engagement Letter. This Engagement Letter will also provide for additional financial services as requested by the Authority under separate task orders which may be negotiated throughout the term of this Engagement Letter.

## Scope of Services

This Engagement Letter will confirm the understanding between Sperry Capital and MERA regarding the provision of advisory services. MERA hereby engages Sperry Capital to provide the services described herein. Sperry Capital hereby accepts this engagement and commits to provide the services necessary to support the completion of multiple financings, either by negotiated or by competitive sale, throughout the term of this Engagement Letter, which services shall include but not be limited to the following:

1. Provision of financial planning services on an as requested basis.
2. Working closely with the MERA finance team to develop an overall financing strategy for the next three years, including use of pay-as-you-go and the timing of one or more bond issues
3. Review and advise regarding the option of vendor financing
4. Develop options for funding a Gen III Replacement Reserve, funded by continuing member debt service payments or other sources.
5. Assistance in assembling the financial team.
  - a. Develop RFPs for Trustee services, possible credit enhancement providers and other services as necessary.
  - b. Assist in evaluating proposals.
6. Identification of tasks, responsibilities and dates for completing activities leading up to bond sales.
7. Advice on and recommendation of bond terms and conditions.
8. Advice on approach to ratings, assist with rating presentation and preparation of the presentation.
9. Evaluation of use and bids for credit enhancement (if appropriate).



Sperry Capital Inc.  
Three Harbor Drive, Suite 101  
Sausalito, CA 94965

10. Assistance in reviewing documents, including preliminary and final official statements, legal documents, etc.
11. Review of underwriter bids and assistance with further underwriter negotiations as needed.
12. Assistance with closing arrangements.
13. Assistance with the presentation of recommendations to MERA management and Executive and Governing Boards.
14. Development of financial analyses and special reports as requested.

**B. Compensation**

The compensation to Sperry Capital for the aforementioned services pertaining to bond issuance during the term of this Engagement Letter shall be as follows and paid from the cost of issuance fund for each bond issue:

<b>Bond Proceeds</b>	<b>Sperry Capital Fees</b>
Up to and including \$10,000,000	\$30,000
Greater than \$10,000,000 up to and including \$20,000,000	\$35,000
Greater than \$20,000,000	\$40,000

The Sperry Capital fees for each of the elements of work are contingent upon the completion of each described transaction. Sperry Capital’s fees will be inclusive of any out-of-pocket expenses incurred for bond issuances during the term of this Engagement Letter.

For additional advisory services not related to bond issuance, including and not limited to developing financial analyses and special reports as requested, Sperry Capital will be compensated at the following hourly rates for services under separate task orders.

James H. Gibbs	\$350 per hour
Martha J. Vujovich	\$300 per hour
Michelle Parra-Guedez	\$125 per hour

**C. Indemnification of Liability, Duty to Defend**

1. As to professional liability, to the fullest extent permitted by law, Sperry Capital shall defend, through counsel approved by the Authority (which approval shall not be unreasonably withheld), indemnify and hold harmless the Authority, its officers, representatives, agents and employees against any and all



suits, damages, costs, fees, claims, demands, causes of action, losses, liabilities and expenses, including without limitation attorneys' fees, to the extent arising or resulting directly or indirectly from any willful or negligent acts, errors or omissions of Sperry Capital or Sperry Capital's assistants, employees or agents including all claims relating to the injury or death of any person or damage to any property.

2. As to other liability, to the fullest extent permitted by all, Sperry Capital shall defend, through counsel approved by the Authority (which approval shall not be unreasonably withheld), indemnify and hold harmless the Authority, its officers, representatives, agents and employees against any and all suits, damages, costs, fees, claims, demands, causes of action, losses, liabilities and expenses, including without limitation attorneys' fees, arising or resulting directly or indirectly from any act or omission of Sperry Capital or Sperry Capital's assistants, employees or agents including all claims relating to the injury or death of any person or damage to any property. This indemnification of the Authority shall not apply to claims, actions, demands, costs, judgments, liens, penalties, liabilities, damages, losses, and expenses arising from the willful misconduct of the Authority, its officers, representatives, agents and employees.

#### D. Term

This Engagement Letter is for a term of \_\_\_\_\_ from the date of execution. This Engagement Letter is renewable at the option of the Authority subject to a renegotiation of fees. Subject to the provisions of sections B, C, E, F, G, and H, which shall survive the termination of this Engagement Letter, the agreement shall terminate in three years or when all services have been completed whichever is later. Prior to that date, each party may terminate the engagement hereunder at any time for any reason by giving the other party at least 30 days written notice. If MERA terminates the services of Sperry Capital without cause prior to the closing of any of the transactions described herein or prior to the completion of any task order, Sperry Capital shall be entitled to 65% of the fees for those transactions or task orders as previously approved by the Authority.

- E. MERA represents and warrants to Sperry Capital that there are no brokers, representatives or other persons that have an interest in compensation due Sperry Capital from any transaction contemplated herein.
- F. The benefits of this Engagement Letter (including the indemnity) shall inure to the benefit of respective successors and assigns of the parties hereto and of the indemnified parties hereunder and their successors and assigns and representatives, and the obligations and liabilities assumed in this Engagement Letter by the parties hereto shall be binding upon their respective successors and assigns.
- G. If Sperry Capital successfully completes this engagement, MERA agrees that Sperry Capital has the right to place advertisements in financial and other newspapers and journals at its own expense describing its services to MERA hereunder subject to the prior approval of MERA which shall not be unreasonably withheld.



- H. This Engagement Letter may not be amended or modified except in writing and shall be governed by and construed in accordance with the laws of the State of California, without regard to principles of conflicts of laws.
- I. This Engagement Letter shall not be assignable by either party without the prior written approval of the other party provided that MERA may assign this agreement to any entity which is wholly owned by it or which wholly owns MERA.

J. Insurance

In addition to any other obligations under this Engagement Letter, Sperry Capital shall, at no cost to the Authority, obtain and maintain throughout the term of this engagement: (a) Commercial Liability Insurance with a minimum combined single limit coverage of \$1,000,000 per occurrence for all damages due to bodily injury, sickness or disease, or death to any person, and damage to property, including the loss of use thereof; and (b) Professional Liability Insurance (Errors & Omissions) with a minimum coverage of \$1,000,000 per occurrence and aggregate. As a condition precedent to Authority's obligations under this Engagement Letter, Sperry Capital shall furnish evidence of such coverage (naming Authority, its officers and employees as additional insureds on the Comprehensive Liability insurance policy referred to in (a) immediately above) and requiring thirty (30) days written notice of policy lapse or cancellation, or of a material change in policy terms.

K. Books and Records

1. Sperry Capital shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to Authority and all documents and records which demonstrate performance under this Engagement Letter for a minimum period of four (4) years, or for any longer period required by law, from the date of termination or completion of this Engagement Letter.
  2. Any records or documents required to be maintained pursuant to this Engagement Letter shall be made available for inspection or audit, at any time during regular business hours, upon written request by the General Manager, Authority Counsel, or a designated representative of any of the foregoing. Copies of such documents shall be provided to Authority for inspection when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records shall be available at Sperry Capital's address, Three Harbor Drive, Suite 101, Sausalito, CA 94965.
  3. Pursuant to California Government Code Section 10527, the parties to this Engagement Letter shall be subject to the examination and audit by representatives of the Auditor General of the State of California for a period of three (3) years after final payment under this Engagement Letter. The examination and audit shall be confined to those matters connected with the performance of this Engagement Letter including, but not limited to, the cost of administering the Engagement Letter.
- L. The invalidity or unenforceability of any provisions of this Engagement Letter shall not affect the validity or enforceability of any other provision of this Engagement Letter, which shall remain in full force and effect.

M. This Engagement Letter may be executed in one or more counterparts, together which shall constitute



Sperry Capital Inc.  
Three Harbor Drive, Suite 101  
Sausalito, CA 94965

one and the same instrument.

We are very pleased to have this opportunity to serve MERA. To confirm your approval of the scope of services and the compensation for Sperry Capital, please counter sign this letter and return one copy to us.

Yours Very Truly,

James H. Gibbs  
Principal

Approved and Accepted as to the services of Sperry Capital Inc.:

Marin Emergency Radio Authority (MERA)

By: \_\_\_\_\_

Ms. Maureen Cassingham, MERA Executive Officer

Dated: \_\_\_\_\_



Sperry Capital Inc.  
Three Harbor Drive, Suite 101  
Sausalito, CA 94965

# ATTACHMENT E

## SAMPLE RFP FOR TRUSTEE SERVICES



Sperry Capital Inc.  
Three Harbor Drive, Suite 101  
Sausalito, CA 94965

## I. INTRODUCTION

# SAMPLE ONLY

Purpose of Request for Proposals for Trustee Services (RFP)

MERA is seeking proposals from qualified financial institutions to furnish professional services as corporate trustee and paying agent for MERA's bond issuance for its 2016? Indenture.

## II. TERM OF SERVICE

It is expected that the institution selected pursuant to this Request for Proposals will serve as trustee beginning with the all series of bonds issued for the 201\_ Indenture (unless replaced). MERA reserves the right, at its sole discretion, to terminate the agreement with any institution selected pursuant to this RFP. MERA anticipates issuing multiple series of bonds under the 201\_ Indenture but can provide no assurance as to the number of issues or timing of issuances under the 201\_ Indenture.

## III. ELIGIBILITY REQUIREMENTS

Only those institutions who meet the following minimum criteria are eligible to serve as Trustee for MERA:

1. Be a corporation that is subject to federal supervision and audited by independent public accountants on an annual basis; and
2. Have equity capital and surplus of at least \$250 million; and
3. Describe at least 3 years' experience as trustee for California local agency bond issues.

## IV. GUIDELINES AND INSTRUCTIONS

< INSERT RFP TIMELINE >

< FORM of RESPONSE >

< PROPOSAL SUBMISSION SPECIFICS >

< INQUIRIES- CONTACT AT MERA >

< RESERVATION OF RIGHTS >

## V. SCOPE OF SERVICES

The trustee selected will be responsible for providing the following services:

1. Account for required flows of funds, investments and yield tracking as required by the applicable trust indenture;
2. Be available to attend MERA Board of Directors and other meetings of MERA, bond closings, and to execute bonds as needed;



Sperry Capital Inc.  
Three Harbor Drive, Suite 101  
Sausalito, CA 94965



3. Transact all receipts and disbursements under the 2016? Indenture as directed by MERA, including ACH and other electronic funds transfers, wire transfers and checks;
4. Reconcile and confirm cash balances, investments and bonds outstanding;
5. Prepare and confirm bond redemption calculations and monitor key dates and reporting requirements;
6. Furnish current market information relating to MERA's assets in trust:
7. Provide redemption notices and other notices and post to the Electronic Municipal Market Access ("EMMA") as required under the Securities and Exchange Commission (SEC) secondary market disclosure rules;
8. Provide all trust transaction information in electronic format. Train MERA staff on utilization of all electronic transaction and/or reporting systems;
9. Provide monthly trust statements in electronic format;
10. perform paying agent functions including disbursement of funds and payment of all bond interest and principal payments to The Depository Trust Company ("DTC"), any other successor depository or to bondholders in the event the services provided by DTC are discontinued for any reason;
11. Furnish trust transaction and balance information in electronic format to financial advisors, bond underwriters, rebate analysts and independent auditors as directed by MERA;
12. Furnish annual audited financial statements and annual Service Organization Control (SOC 1) Report, or equivalent information;
13. Respond to MERA electronic messages or telephone calls and resolve any MERA questions on a timely basis; and
14. Furnish such other trustee services as requested by MERA.

## **VI. STRUCTURE AND CONTENT OF PROPOSAL**

Respondents interested in providing trustee services to MERA should submit the following information:

- A. Cover Letter stating that (a) the information submitted in and with the proposal is true and accurate and (b) the person signing the letter is authorized to submit the proposal on behalf of the proposer.
- B. Institution Information. Description of the institution, location of main office; any ownership changes in the last three (3) years.
- C. Contact person and staffing. Provide the name, mailing address, telephone number, fax number, and email address of the primary contact person regarding this proposal and the primary contact person for day-to-day operations regarding MERA's account. List personnel and location of staff that would be assigned to perform the services required. Please attach relevant resumes or give brief descriptions of the experience of the personnel that would be responsible for the MERA account.



D. References – provide 3 references for primary account officer for similar types of services provided in the last 3 years.

## **VII. FEES**

Please provide a schedule of all upfront fees and expenses and annual fees/transaction fees to act as Trustee/Issuing Paying Agent for bond related services.



Sperry Capital Inc.  
Three Harbor Drive, Suite 101  
Sausalito, CA 94965