

MARIN EMERGENCY RADIO AUTHORITY

c/o Novato Fire Protection District
95 Rowland Way, Novato, CA 94945
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WWW.MERAONLINE.ORG

DRAFT: 6/30/15

Executive Board

Minutes of May 6, 2015 Meeting

Call to Order:

The meeting was called to order by Chair Hymel on March 11, 2015, at 3:34 p.m. in the Heritage Conference Room, Novato Fire Protection District Administration Office, 95 Rowland Way, Novato, CA 94945.

Board Members Present:

County of Marin
Marin County Sheriff
City of San Rafael
City of Novato
Fire Services
Police Departments
Ross Valley Cities/Towns
Southern Marin Cities/Towns
Special Districts

Matthew Hymel
Michael Ridgeway (Designee)
Chris Gray
Jim Berg
Richard Pearce
Todd Cusimano
Debra Stutsman
Jim McCann
Bill Hogan

Staff Present:

MERA Executive Officer
MERA Deputy E.O. – Next Gen Project
MERA Operations Officer
DPW Communications Services Manager
County Communications Engineer
MERA General Counsel
MERA Admin. Assistant – Next Gen Project
Recording Secretary

Maureen Cassingham
Dave Jeffries
Craig Tackabery
Shelly Nelson
Richard Chuck
Trisha Ortiz
Alex Anderson
Jennifer Schwarz

Guests Present:

MERA Finance Committee Vice Chair
Sperry Capital, Inc.
Marin County Public Works Director
Marin Municipal Water District,
Facilities Watershed Division Manager

Tom Gaffney
Jim Gibbs
Raul Rojas
Crystal Yezman

A. Consent Calendar

All matters on the Consent Calendar are to be approved with one motion unless a Member of the Executive Board or the public requests that separate action be taken on a specific item.

1. Minutes from March 11, 2015 Executive Board Regular Meeting
2. Proposed Agreement for FY14-15 Audit Services – Maher Accountancy
3. Proposed Seventh Amendment to Office and Staff Services Agreement between NERA and Novato Fire Protection District
4. Report #26 on Strategic Plan Implementation
5. Update on Bay Hill Tower and Site Sublease
6. Update on Measure A Validation Action
7. Proposed Revisions to NERA Public Records Administrative Policy
8. Confirmation of Bi-Monthly Regular Executive Board Meeting Dates: FY15-16

Stutsman noted that Item 8 listed a November 11, 2015 Executive Board meeting which is the Veterans Day holiday. Cassingham said she would poll the Executive Board at their next meeting for an alternate date.

M/S/P Pearce/Gray to approve Consent Calendar Items 1-8 as presented, with the exception of the November meeting date in Item 8, which is to be determined.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

B. Executive Officer's Report (Cassingham)

1. Nomination of Officers for NERA Governing Board (President and Vice President)

Cassingham summarized the annual nomination of Officers by the Executive Board for election by the Governing Board in May. She noted the extraordinary service of Pearce and Hymel in these capacities. Pearce and Hymel confirmed their willingness to continue as President and Vice President, respectively.

M/S/P Cusimano/Gray to nominate Pearce as President.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

M/S/P Pearce/Cusimano to nominate Hymel as Vice President.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

2. Report #2 on Next Gen Project Oversight Committee (NGPOC) - Jeffries

Jeffries distributed and summarized his Report noting the deadline for proposals for the Wireless Consultant was April 28. Six proposals were received - from AECOM, Blue Wing Services, DELTAWRX, Federal Engineering, Scientel and Tusa Consulting Services. The next step is for the Selection Committee and staff to review proposals tomorrow and identify which firms will be interviewed on May 21.

3. Report on Measure A Citizens Oversight Committee (COC)

Cassingham provided an update on the COC application and appointment process. She thanked Tyrell-Brown, Gaffney, and Shortall for their assistance in developing COC duties and bylaws, and recognized Pearce and Stutsman for their service in interviewing the applicants and for Gray's input on the process. She distributed the list of recommended applicants, along with copies of their applications. She said there was one applicant for Districts 1-4 and two applicants for District 5.

Pearce added the vetting process was interesting and we were fortunate to get an excellent cross section of candidates. Their depth of experience will serve MERA well. Stutsman said the extent of experience will complement the needs of the Oversight Committee.

M/S/P Pearce/Stutsman to recommend Governing Board appointment of Elizabeth Greenberg (District #1), Bill Levinson (District #2), Chuck Reite (District #3), Larry Luckham (District #4) and Paul Herrerias (District #5).

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

4. Proposed MERA Surety Substitution for 2010 Refunding Revenue Bonds Reserve

Cassingham said the Executive Board on March 11, directed Finance Committee Vice Chair Gaffney and her to identify the most cost effective surety policy as a substitution for MERA's 2010 Bond Reserve, estimated at the time to be \$1.5M, to free up these funds to supplement parcel taxes for FY15-16 Project costs. Before the Board is a Resolution recommended for Governing Board approval of a Reserve Fund Surety and appointing the consultants to facilitate this process.

Cassingham said Gaffney estimated consultant services costs at \$10,000. Several proposals were solicited to provide these services. Based on their review of the proposals received, they recommended Sperry Capital, Inc., based on the scope of services and fee of \$5,000. Nossaman Bond Counsel costs are estimated at \$5,000. With the Executive Officer's authorization to proceed, Jim Gibbs with Sperry Capital, has been working with Bond Counsel, BNY Mellon Bond Trustee, and Standard & Poor's to confirm the substitution and next steps in the process. The surety substitution would free up \$2M+ for expenditure on improvements to the MERA system. Calculation of the current required reserve is about \$1.3M which would be the initial amount of the surety policy.

Cassingham added the freed reserve will save about \$2M in interest by postponing bond issuance and will permit confirmation of actual tax proceeds based on FY15-16 collections. Recent completion of the Validation Action is another plus for us when we finance future years of the Project with bonds. To effect surety substitution, the Indenture needs to be amended for the surety option by the Governing Board on May 13, with authorization of award of bid thereafter. She added that this presents a unique opportunity to begin reimbursement of depleted NERA Replacement Reserve expended to advance the Next Gen Project to date and to fund FY15-16 implementation in conjunction with parcel tax proceeds.

Gaffney agreed this is a great way to finance first-year Next Gen Project cash flow. We would, however, be giving up the potential for slightly declining annual payments. Given we have no history of parcel tax cash flow and only recently completed the Validation Action, this puts NERA in a much stronger position with the bond community, while providing us with a much cheaper way to proceed given the 75 basis points yield of current reserve investment, which would be forgone. Generally, the Trustee rebates the declining Reserve requirement difference; however, those amounts have been retained in the Trustee Bond Reserve, which is now to NERA's benefit.

Gaffney credited Gibbs with approaching NERA with this idea and asked him to provide a quick summary. Gibbs said as an alternative to a bond cash reserve, an insurance policy can be purchased and substituted for the cash. There are two specialty bond insurance companies, both rated AA, that are interested in proposing. Before submitting proposals, they will review NERA's credit, review our financials and perform a Project overview. Given the current AA - rating of NERA's bonds, he expects no problems with their reviews which will take 7-10 days after Governing Board approval. Upon receipt and award of bids, the Trustee will liquidate reserve investments, which are primarily in Treasuries, and the cash will come to NERA. This is an excellent management tool and good timing for NERA's cash-flow needs. Pearce stated his appreciation for this option.

McCann asked if NERA's Reserves Policy permitted surety substitution. Gaffney said this is not related to NERA's Reserves and is a Reserve solely for the bonds. McCann asked if the bond covenants permit the substitution. Gaffney said we are working with Bond Counsel, the Trustee and Standard & Poor's to confirm the substitution option which is done all the time. McCann confirmed the 2010 Refunding Bonds were sold by competitive bid.

Cassingham responded to Pearce that these funds would be drawn down from the Trustee. Gaffney and Gibbs said the entire amount would go into a Project Fund which can only be used for capital project purposes. Berg asked if this would appear as revenue in NERA's audit. Gaffney said these are bond proceeds and not revenue. Hymel further clarified before the Reserve was shown as an asset not available for expenditure and now it will be available for expenditure for capital project purposes.

M/S/P Pearce/Stutsman to recommend Governing Board approval of the Resolution of the Governing Board of the Marin Emergency Radio Authority Approving a Reserve Fund Surety and Appointing Consultants in Connection Therewith.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

5. Proposed Agreement By and Between Marin Emergency Radio Authority and the County of Marin Regarding Measure A

Cassingham said when the Governing Board approved the planning MOU with the County for the Next Gen Project, it addressed MERA's responsibilities to provide tax administration services associated with the Measure A Tax Ordinance. The proposed Agreement addresses the transfer of tax proceeds from the County to MERA and the provision of those services. This Agreement will be superseded by a separate and senior agreement when bonds are issued by MERA for the Next Gen Project.

M/S/P Cusimano/McCann to recommend Governing Board approval of the Agreement By and Between Marin Emergency Radio Authority and the County of Marin Regarding Measure A.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

6. Proposed System Analysis Agreement for Next Generation Radio System By and Between Marin Emergency Radio Authority and the County of Marin

Cassingham reported that this Agreement is still being finalized and will be presented at a future meeting.

7. Proposed System Analysis Agreement Between MERA and the County of Marin – NON-Next Gen System Projects: FY15/16 – FY17/18

Cassingham said this three-year agreement is for NON-Next Gen System Projects including the Tomales Site Project, Martha Tiburon Site Project and recently budgeted Bay Hill Tower Project. While these are the projects that are currently budgeted, this Agreement is subject to amendment with other Board-approved projects. Pearce asked about movement on the Martha Project. Tackabery responded that there was no change in status at this time.

M/S/P Pearce/McCann to recommend Governing Board approval of the Proposed System Analysis Agreement between MERA and the County of Marin for NON-Next Gen System Projects for FY15-16 – FY17/18.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

8. Proposed Emergency Communications System Maintenance Agreement between MERA and the County of Marin: FY15/16 – FY17/18

Cassingham said the proposed three-year Agreement, which is part of the Operating Budget, includes preventive and corrective system maintenance and programming costs at an initial annual cost of \$440,866, with an annual CPI increase thereafter. This, plus the Parts, Materials, and Factory Repairs line item budgeted at \$89,000 will likewise be annually adjusted for CPI, brings the total FY15/16 service costs of this contract to \$529,866. Current year total costs in

comparison are \$511,500. Hymel confirmed the proposed amounts were consistent with the previously approved preliminary budgeted amounts.

M/S/P Cusimano/Stutsman to recommend Governing Board approval of the proposed three-year Emergency Communications System Maintenance Agreement between MERA and the County of Marin commencing July 1, 2015, at a cost of \$529,866 with an annual CPI increase thereafter.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

9. Proposed FY15-16 Technical Services Annual Agreement between MERA and the County of Marin

Cassingham noted the services provided in the proposed Agreement have not changed from prior year. Annual cost has increased over \$6,000 from the current year. Costs of training, technical and administrative services in the amount of \$297,507 are included in the proposed FY15-16 Operating Budget. Tackabery noted that MERA members providing training will be reimbursed per Exhibit A, Item 1 Training, Section A.

M/S/P Gray/Cusimano to recommend Governing Board approval of the Proposed FY15-16 Technical Services Agreement between MERA and the County of Marin.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

10. Proposed FY15-16 Communications Engineering Services Annual Agreement between MERA and the County of Marin.

Cassingham noted the current agreement with the County for Richard Chuck's services is ending June 30, 2015. Current total annual costs for his services are \$195,378 and proposed costs are \$201,630 which reflects a 3.2% CPI increase. She noted changes in the Exhibit A Scope of Services which note the County will provide 1.0 FTE Senior Communications Engineer who will attend MERA meetings where engineering matters will be discussed and provide regular statistical reports to the Executive and Governing Boards.

Pearce asked if Chuck's commitment to MERA is 100%. Tackabery said the County is not charging MERA for a full-time employee in that the fee does not include indirect costs which cover space, utilities, etc. Hymel clarified that the fees cover salary and benefits and no overhead.

M/S/P McCann/Stutsman to recommend Governing Board approval of the Proposed FY15-16 Communications Engineering Services Agreement between MERA and the County of Marin.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

11. Proposed FY15-16 MERA Operating Budget and Zero-Rate Fee Schedule for Non-member Users

Cassingham presented the proposed Operating Budget of \$1,811,251. This same preliminary Budget was presented to the Executive Board on March 11 and provided thereafter to the MERA members to facilitate their budget preparation. This Budget represents a 6% increase over prior year. She noted the schedule of member contributions will be presented to the Governing Board on May 13. Her request to continue the zero-rate fee schedule for Non-member system users to allow the Subcommittee of Pearce, Gray and DPW staff, appointed to review the fee schedule, to reconvene and present its recommendations in the near future. Pearce and Gray reconfirmed their availability to work on this matter. Hymel asked about a list of these entities and examples were provided which included CHP, private ambulance companies, GGNRA and Humane Society. Cassingham said these users pay for their own radios and training but do not share System operating costs and debt service.

M/S/P Pearce/Gray to recommend Governing Board approval of the proposed MERA FY2015-16 Operating Budget and Zero-Rate Fee Schedule for Non-member Users.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

12. Proposed FY15-16 MERA New Project Financing and Revenue Bonds Budgets

Cassingham presented the 2007 Citizen Bank Loan Note and 2010 Refunding Revenue Bonds Budgets for FY15-16. The Governing Board has established a set annual budget of \$225,000 for the Note and the Trustee has established the annual debt service for the Bonds, which is \$2,122,025.

M/S/P Ridgeway/Cusimano to recommend Governing Board approval of the Proposed FY15-16 New Project Financing—2007 Bank Note and MERA 2010 Refunding Revenue Bonds Budgets.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

13. Bi-Monthly Report on Reserve Fund Balances and Proposed Interfund Transfer

Cassingham presented the status of MERA's current and projected Reserve Fund Balances, noting the depleted Replacement Reserve due to expenditures for Next Gen System implementation. Based on the uncertain timing of surety substitution funding for MERA's Next Gen cash flow needs, and foreseen and unforeseen current System equipment replacement needs, she is recommending an amendment to the MERA Reserves Policy permitting a short-term interfund transfer or loan from the Emergency Fund to the Replacement Fund. Secondly, she is recommending the transfer amount of \$300,000 on an as-needed basis which would reduce the Emergency Fund from its minimum required balance of \$500,000. Only the Governing Board can amend the Policy to permit a short-term transfer for cash flow purposes and reduce the minimum balance. Finally, she recommended continuing monitoring of Reserve Fund balances by the Executive Board.

Cassingham said the New Project Financing Reserve balance is projected to be \$170,700 on June 30, 2015 and \$83,700 on June 30, 2016. She clarified for Hymel that Auditor Maher will assist in determining where the Bond Reserve freed by the surety will be deposited in either the Replacement Fund or a separate, new Fund. Cassingham reported the Replacement Reserve Fund, which has funded all expenditures for strategic planning for Next Gen, public outreach and Next Gen Project costs, has a projected balance of \$88,825 on June 30, 2015, and a minus \$497,275 balance on June 30, 2016. While the Governing Board approved a reimbursement resolution for these costs from parcel tax proceeds, the issue is cash flow. Estimated reimbursement of the Replacement Fund is \$1M+.

Hymel asked for an explanation of the Replacement Fund estimated negative position on 6/30/16. Cassingham cited the estimated \$75,000 Operating Fund transfer and the projected budgeted FY15-16 expenses of \$200,000 for contract staff and legal, \$14,000 for parcel tax administration, and \$444,500 for equipment replacement of generators and fuel tanks.

Hymel confirmed that the cash flow from the surety or other source will be used to address these expenses. McCann asked how the interfund transfer, if needed, would be approved and whether the Executive Board would be authorized to do so. Cassingham clarified she would request Governing Board authorization of the Executive Board to take this action as needed. McCann said this flexibility seemed reasonable. Hymel confirmed that such a transfer would be short-term until the surety substitution provided cash flow.

M/S/P McCann/Pearce to recommend Governing Board amendment of the NERA Reserves Policy to permit a short-term interfund transfer between Fund 70037 Emergency Fund and Fund 70036 Replacement Fund in the amount of \$300,000, to be authorized by the Executive Board if needed.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

14. Status of FY14-15 Equipment Replacement Requests and
Proposed FY15-16 Equipment Replacement Requests

Tackabery reported on the status of FY14-15 replacements. Four fuel tank replacements at San Pedro Ridge, Big Rock Ridge, Bay Hill and Point Reyes were approved, with Bay Hill and Point Reyes completed. San Pedro and Big Rock are underway with completion expected in Summer 2015. Replacement of the UPS Master Prime Site Batteries is complete. Replacement of the San Pedro and Big Rock generators was approved and DPW staff was requested to report on Generator Shelter options to protect them from weather. In September, based on Executive Board response to this Report, it was agreed that shelters would be evaluated on a case-by-case basis and DPW would seek additional funding if funds were not available for them in the project budget. DPW recommends that shelters not be provided at San Pedro Ridge or Big Rock Ridge due to cost and that these generators use manufacturer weather protective enclosures.

Nelson provided photos of the generator enclosure, which is painted steel with a special coating and is salt-air corrosion resistant. Depending on location, buildings around generators will not be needed with these enclosures. Hymel confirmed these generators will be used with the Next Gen System.

Tackabery said in April, DPW undertook an emergency project to repair the failed Prime Site Uninterruptable Power Supply at a cost of \$50,000. Chuck said the UPS provides the power for the brains of the whole system. During preventive maintenance, there were voltage fluctuations which should not be seen. It was put in the bypass mode for additional testing. It was determined it was failing. It was replaced and DPW was able to reconfigure battery voltage to allow use of batteries that were just replaced. The old UPS was put in service 17 years ago and has run continuously. The new UPS, due to its efficiency, will provide six hours of battery operation versus the four hours we have now. The new UPS is fully operational. During replacement, the system was never down.

Tackabery presented the recommended replacement equipment for FY15-16, which includes five generators - at Mt. Tiburon, Dollar Hill, Forbes Hill, Sonoma and Mt. Barnabe for a total of \$260,000. Shelters are not recommended due to cost but use of manufacturer enclosures to protect them. He is also recommending servicing/replacement of five fuel tanks - at Mt. Tiburon, Dollar Hill, Forbes Hill, Sonoma Mt. and Mt. Barnabe, for a total cost of \$57,500.

M/S/P Pearce/Gray to approve the described FY14-15 Generator Replacement recommendation to not include a shelter, the additional repair of the Prime Site ups, recommend Governing Board approval of the proposed FY15-16 Equipment Replacements for a total estimated cost of \$317,500 and authorize disposition of certain MERA assets as described in the staff report.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

15. System Analysis FY14-15 Capital Project Status and
Proposed FY15-16 System Analysis Capital Projects (non-Next Gen System)

Tackabery summarized the status of FY14-15 Projects noting we are in the final stage of legal language negotiation for the Tomales Emergency Radio Project documents, including the MALT easement and title transfer due to the passing of the owner. He expects the final documents to be presented to the Governing Board in the near future.

The Martha Company Project is being monitored through the development review process which has not been released to date for public comment. Some funds have been budgeted for next year should this project become active. Jeffries asked if these two projects are Next Gen issues. Tackabery said yes and more will be known as to how they fit into Gen II final design.

Tackabery reported on the pending, previously approved Bay Hill Tower which has been estimated at \$75,000 and likely undertaken in FY15-16. He requested approval of the described projects for FY15-16 in the amount of \$93,000.

M/S/P Gray/Cusimano to approve budgets for the Tomales Site, Martha Site and Bay Hill Tower Projects for a total of \$93,000.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

16. Other Information Items

None.

C. Operations Reports (Tackabery)

1. Request for Additional Radios

- Marin County Sheriff's Office

Tackabery said this request was reviewed and approved by the Ops Group. Consistent with MERA's new policy, the additional radio is required to be APX, one-band operational, second upgradeable or APX Dual band, both bands operational. Ridgeway asked if the training for use of these types of radios was different. Tackabery said they were only somewhat different in appearance and will work with the Next Gen System.

M/S/P Gray/McCann to approve the request from the Marin County Sheriff's Office for one additional radio, with the requirement for a one-band operational, second upgradeable or APX Dual-band, both bands operational radio.

AYES: All

NAYS: None

ABSTENTIONS: Ridgeway

Motion carried.

2. Status/Work Statistics Reports (Chuck)

Chuck noted the pie charts for system usage activity for December 2014, January and February 2015, plus the annual usage for 2014. December had call times of 772 hours and ten minutes of busies which is a lot. This was due to a system controller malfunction in the West System which reduced capacity. Public Works took the brunt due to lower priority than Public Safety. January had 740 hours and no busies. February had 718 hours of air time and 26 seconds of busy, which was very good. The 2014 recap shows 9,050 hours of airtime with 11.5 minutes of busies, 10 minutes of which was attributed to the controller malfunction.

Chuck recapped the System Usage Chart for 2006 through 2014. Usage went down in 2010 due to training and has upticked again in 2014. We will look at refreshing training and other factors to address this increase. Nelson added that we also have more users now. Chuck presented a chart on System busies from 2006 to 2014, which reflects the effects of the 2008 storm, second round of training, system expansion and West Smart outage. Pearce asked how long it took to identify the West malfunction in December. Chuck said the alarm system detects almost instantly; however, the work to perform the repairs takes some time.

3. Other Information Items

Tackabery reported on the MERA Ops Working Group, noting we continue to seek additional participation. They have been working on updating all the policies and training materials as a foundation for Next Gen. Training materials are posted to meraonline.org in a protected location. Training of Trainees is being scheduled for May 11 and May 14.

D. Open Time for Items Not On Agenda

None.

E. Adjournment

The meeting was adjourned at 4:33 p.m.

Cassingham requested Executive Board Members to note their calendars for a possible June 10, 2015 Special Meeting, which she will confirm early next week.

Respectfully submitted,

Maureen Cassingham
Executive Officer and Secretary

NEXT: MERA Executive Board Regular Meeting
Wednesday, July 8, 2015 – 3:30 p.m.