

MARIN EMERGENCY RADIO AUTHORITY

c/o Novato Fire Protection District
95 Rowland Way, Novato, CA 94945
PHONE: (415) 878-2690 FAX: (415) 878-2660
WWW.MERAONLINE.ORG

DRAFT: 1/6/16

Executive Board

Minutes of November 18, 2015 Meeting

Call to Order:

The meeting was called to order by Chair Hymel on November 18, 2015, at 4:10 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
Ross Valley Cities/Towns
Southern Marin Cities/Towns
Special Districts

Matthew Hymel
Robert Doyle
Chris Gray
Jim Berg
Richard Pearce
Debra Stutsman
Jim McCann
Bill Hogan

Board Members Absent:

Police Departments

Todd Cusimano

Staff Present:

MERA Executive Officer
MERA General Counsel
MERA Operations Officer
Recording Secretary

Maureen Cassingham
Trisha Ortiz
Pat Echols
Jennifer Schwarz

Guests:

MERA Finance Committee Vice Chair
Maher Accountancy
Sperry Capital, Inc.
Sperry Capital, Inc.

Tom Gaffney
John Maher
Jim Gibbs
Martha Vujovich

Introduction: Pat Echols, MERA Operations Officer

Hymel introduced Echols who is replacing Craig Tackabery as MERA's Operations Officer. Echols presented his background and that he has been with the County for 8 years, most recently as an Assistant Director. Prior to this, he was Public Works Director for Tiburon, Fairfax and San Anselmo. He was with the Public Works Agency for MERA Gen I and looks forward to working on the Next Gen Project.

A. Closed Session

Public Employee Performance: Executive Officer Evaluation
Pursuant to Government Code – Section 54947

There was concurrence this Closed Session would not be needed.

B. 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) Report from Executive Officer Work Plan Committee (EOWP)
 - a) 2015 Executive Officer Work Plan Update
 - b) Proposed 2016 Executive Officer Work Plan
 - c) Recap of Executive Officer Work Hours
- 2) 2015 Annual Progress Report on Authority Operations and Activities
- 3) Minutes from September 9, 2015 Executive Board Regular Meeting
- 4) FY14-15 Draft Audited Financial Statements and Auditors' Report – Maher Accountancy
- 5) Bi-Monthly Report on MERA Reserve Funds Balances
- 6) Report No 32 on Strategic Plan Implementation
- 7) Report on Next Gen System Project Costs Replenishment
- 8) Report on Public Records Act Request – SMARTPROCURE
- 9) Marin County Civil Grand Jury Report RE: Meraonline.org

Pearce requested separate action on Item 1. Cassingham requested separate action on Item 4 subsequent to Maher's presentation on the Draft Audit.

M/S/P Pearce/Doyle to approve Consent Calendar Items 2, 3, 5, 6, 7, 8 and 9 as presented.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

Pearce said he met with Cassingham regarding questions on Item 1. He prepared a summary of those responses for the Work Plan Committee. He noted MERA's move from an operations mode to Next Gen Implementation and offered kudos to Cassingham for her efforts. Given the additional hours required for Next Gen, he has proposed an increase in compensated hours from 7 to 11 for these duties for a not-to-exceed total of 29 hours per week retroactive to July 1, 2015.

The Committee also recommends review of the Executive Officer's hourly rate which has not been adjusted since 2007. A comparison to like positions would be undertaken as part of the FY16-17 Budget process. Hymel suggested an hourly rate adjustment to reflect a 3% COLA at this time.

Regarding Item 4, Cassingham noted the Draft Audit had been reviewed by the Finance Committee and their comments have been incorporated by Maher in the Draft before the Board. Maher said the Audit presented a clean opinion. Pages 3-7 included a Management Discussion and Analysis with changes from the Committee. He noted significant assumptions relative to rate of depreciation of the current System. The rate was accelerated with the exception of the towers and other System equipment, to December 31, 2017. Due to this, we are now in a negative equity position. Next year, we will also go negative. This is only an assumption for financial reporting purposes. There is no cash flow impact. Depreciation is not a cash item. Maher said the usefulness issue will be revisited next year. Hymel said the Audit was fully discussed by the Committee along with capitalization of Next Gen costs and budgeting of same.

M/S/P Doyle/Berg to recommend Governing Board approval of Item 1 and acceptance of Item 4 as presented and discussed.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

C. Executive Officer's Report (Cassingham)

1) Recommendation from MERA Finance Committee to Engage Bond and Disclosure Counsels and Trustee for Future Bond Financing

Cassingham introduced the Finance Committee's recommendation, noting Gibbs and Vujovich's attendance to provide additional input. She said during the November 4 Committee meeting, there was considerable discussion of the timing of bond financing. Gibbs and Vujovich will be developing options. The Committee supported engaging the

rest of the Financing Team to be poised to issue bonds when directed by the Governing Board.

Hymel noted the advantages of going to the capital market as soon as possible given current low interest rates and the Project budget based on a 4% rate. Even partially bonding the \$40M Project cost would be appropriate, so we need to be prepared to go to market as quickly as possible, which was the direction from the Finance Committee. Gibbs noted they have run a number of calculations to guide MERA. He estimated it will take 90 days to get ready for market. We are looking at a 2.5% interest rate versus the budgeted rate of 4%, so this is a good time to assemble the Team. MERA's parcel tax is a credit that has never been in the bond market; however, our rating should be close to AAA. In laying the groundwork for borrowing with the Financing Team, we will set the stage for direction to proceed and committing funding for the Team. Thereafter, it will take 60 days.

Gibbs said generally you go to market when you know when you will build a project and have a good idea about its cost. He agreed with Hymel that it may be prudent to issue a first phase of bonds early given interest rates and determine what funding is needed and timing of additional borrowing thereafter. He noted the history of bond interest rates in trying to decide when to borrow and he is working on an interest rate sensitivity analysis. In response to McCann, he noted this borrowing is unlike a school G.O., which is unlimited, whereas MERA's parcel tax is fixed.

Berg asked how Bond and Disclosure Counsels would be identified. Gibbs said the candidates are known and proposals would be solicited. Doyle asked Hymel about the Finance Committee's direction. He said it was to assemble the Finance Team and get prepared as soon as possible to go to market as a risk mitigation against the market change. Net proceeds will vary greatly based on interest rates which are by far the most sensitive factor. In response to Hogan, Hymel said proceeds normally need to be spent within 3 years. He added we are not in an arbitrage environment where we would be earning more interest on the investment of funds than we are paying.

Gibbs said, the point here with phased bond issuance, is to capture long-term current interest rates. Hymel said we are in the advantageous position of getting the net proceeds early on with leftover revenue coming in which would permit issuance of more debt later or spend as we go. The bottom line is to be ready for market. Berg confirmed that going to market is a Governing Board decision. Gibbs, in response to Pearce, clarified that it would take 30 days to get organized, complete research and address legal questions. Another 60 days would be required to complete all tasks leading to the sale of bonds. After the first 30 days, information would be presented to the Governing Board to assist with their authorization to issue bonds.

Hymel said the deciding factors would be the debt service costs and the net proceeds achieved against interest rate changes. Gibbs noted the longer we defer going to market, using parcel tax cash flow, the less we borrow. He added the Finance Committee will go through the financing models to better analyze this equation.

M/S/P Pearce/Gray to recommend Governing Board approval of the engagement of Bond and Disclosure Counsels and a Trustee to prepare for issuance of bonds for the Next Gen Project.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

2) Report No 7 from Next Gen Project Oversight Committee (NGPOC) - Jeffries

Cassingham summarized this informational report which presents the status of activities to date with consultant Federal Engineering (FE) and recaps the October 28 Kick-off Meeting. The calendaring of critical milestone dates, including the Coverage Analysis Workshop beginning on January 26, is completed. Jeffries and Anderson will be reaching out to members to insure their representation at the Workshop. Sites 1-7 will be fully vetted so attendance is critical. Echols added the Operations Work Group will be an outreach resource for communicating with the members about the Workshop. Cassingham said the engagement of Federal Engineering has added confidence to the process of completing the Project on time and on budget.

3) Appointment of Next Gen Project Oversight Committee Alternates

Cassingham said it is the recommendation of this Committee and staff that the Executive Board consider approving Project Oversight Committee Alternates to assist in meeting the Next Gen Project schedule. The request is for one designated Alternate for each Committee member to be appointed by that NGPOC Committee Member. The goal is to have Alternates designated at the earliest possible date to better assure meeting quorums. Pearce confirmed alternates would have all the voting rights of the Committee members.

M/S/P McCann/Gray to approve the appointment of one Designated Alternate by each member of the MERA Project Oversight Committee.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

4) Report on Measure A Tax Administration

Cassingham is seeking Executive Board input regarding some issues that have arisen during year one of the administration of the Measure A Parcel Tax. She noted Ortiz has been in discussions with County Counsel's Office regarding the application of Measure A on floating homes and mobile homes on leased property. MERA is in agreement with the County's past practices with regard to floating homes and is still in discussions on current County practices regarding manufactured homes on leased property.

Cassingham reported on other categories of exemptions being requested. The Tax Ordinance provides for only one exemption which is for low-income seniors. 117 applications were approved and 11 were denied due to late submission. This is an annual application process, so those denied can reapply in 2016. A review of this year's outreach efforts for the exemption will be conducted to determine what more might be done in 2016. She noted a number of communications issues arose between MERA's consultant NBS, the County Assessor's Office, NFPD Staff and her, regarding Measure A inquiries and other exemption requests beyond the scope of the Ordinance, will also be addressed.

Cassingham stated also that she has taken the approach that MERA has no authority to grant other exemptions on an ad hoc basis. Per the Ordinance, only the County Board of Supervisors may do so by resolution. Regarding County Assessor approved combined APNs, MERA will likewise recognize the newly combined APNs with the FY16-17 tax bills. MERA will also follow the County's denial of other APN changes since Measure A applies to all parcels having a separate APN. She said the County has referred requestors to the levying agency to pursue exemptions for "duplicate" levies, which is why we have received many calls. She added that all parcels with APNs receive police and fire services no matter what their unique characteristics may be. Ortiz said there is no basis for MERA to start recognizing other than legally combined APNs.

Hymel said the number of senior exemptions is very low, which may change from year to year. In response to Berg, Cassingham said she has referred other exemption requestors to the County to apply for combination of APNs. At Mr. Clothier's request, she distributed a letter from him to the Board seeking exemption for his second APN, for which his request for combination was denied by the County. Ortiz added, to the extent MERA would want to consider other exemptions, the County Board of Supervisors would need to approve them by resolution. On its own, MERA has no such authority. Pearce complemented Cassingham, Ortiz and NFPD staff on handling these requests and inquiries. Stutsman commented on what seemed like a large number of calls and asked if this was typical. Hymel said this is the first year the tax has appeared and it covers the County, which is 90,000+ parcels.

M/S/P Pearce/Gray to accept the Report on Measure A Tax Administration as presented.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

5) Other Information Items

None.

D. Operations Reports (Echols)

1) Update on Bay Hill Tower Replacement Project

Echols presented the latest update on this Project. At the time of the Board's last meeting, the temporary antenna and cables were installed with no problems or coverage issues. The new tower is complete. Due to a contractor schedule conflict, new antennas and cables will be installed the week of November 30. Once operational, the temporary facilities will be removed. Costs are expected to be within budget.

2) Proposed NERA User Training Policy

Echols said since the need for a System User Training Policy was presented to the Board on September 9, a draft was developed and vetted through the Ops Group on October 7. The policy before the Board emphasizes the need for end-user training, stipulates all users should receive at least the minimum training and appropriate personnel be afforded Manager, Supervisor and Dispatch training.

Echols said each agency is mandated to have at least one NERA trainer and smaller agencies may obtain training from larger agencies. Classes were held on November 12 and 17 and sign-ups were strong. The Ops Group helped with outreach.

M/S/P Gray/Doyle to approve the NERA User Training Policy as presented.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

3) Request for Additional Radios – Marin County Road Maintenance Division

Echols presented the request for three radios by County Maintenance. The Ops Group vetted the request and found it to be consistent with policy

M/S/P Doyle/Gray to approve the request for three radios by the County Maintenance Division with a requirement for an APX one-band operational, second upgradeable on APX Dual band, both band operational.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

4) Request for Approval of Aviatcare Maintenance Agreement

Echols presented the proposed agreement for constellation maintenance. DPW negotiated a 20% discount for a 3-year agreement for MERA's 14 constellation microwave radios through the implementation of the Next Gen system. He noted the average repair cost is \$1,700 with 5-7 repairs per year at an annual cost of \$8,500. Total cost of the agreement is \$13,675 or \$4,558 per year. Savings to MERA is likely \$10,000 or more over the next three years given the aging of our equipment. Echols confirmed this was a fixed-price contract.

M/S/P Doyle/Stutsman to approve the Aviatcare Maintenance Agreement and authorize the Operations Officer to execute same.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

5) VHF Overlay Plan Update

Echols said the Ops Group conducted its periodic review of the Plan on November 4 and concurred no changes are warranted at this time. The group recommends the Plan be accepted as current. Pearce asked if the Plan would be exercised before the storms. Echols said the work Group supports such an exercise.

M/S/P Pearce/Gray to accept the VHF Overlay Plan as current.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

6) Other Information Items

Echols said FE will be conducting site visits of the proposed seven new sites beginning tomorrow. The Coverage Analysis Workshop is scheduled for January 26 and 27. DPW is still working on finalizing the Tomales Site documents. We are still waiting on the owner's heirs and their attorneys in estate proceedings. Documents are expected by calendar year ending.

E. Open Time for Items Not on Agenda

None.

F. Adjournment

The meeting was adjourned at 5:05 p.m.

Respectfully submitted,

Maureen Cassingham
Executive Officer and Secretary