

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

G.B. 3/23/16 AGENDA ITEM A-3

GOVERNING BOARD

Minutes of February 24, 2016 Regular Meeting

DRAFT: 3/16/16

Call to Order and Introductions:

The meeting was called to order by President Pearce on February 24, 2016 at 3:30 p.m. at the Novato Fire Protection District's Administration Office, Heritage Conference Room, 95 Rowland Way, Novato, CA 94945. Self-introductions followed.

Governing Board Members & Alternates Present:

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| City of Belvedere | Trisha Seyler (Alternate) |
| Town of Fairfax | David Cron (Alternate) |
| City of Larkspur | Scott Shurtz |
| City of Mill Valley | Angel Bernal |
| City of Novato | Pam Drew (Alternate) |
| Town of Ross | Tom Gaffney |
| Town of San Anselmo | Doug Kelly |
| City of San Rafael | Bob Sinnott (Alternate) |
| County of Marin | Matthew Hymel |
| City of Sausalito | Bill Fraass (Alternate) |
| Town of Tiburon | David Hutton (Alternate) |
| Bolinas Fire Protection District | Anita Tyrell-Brown |
| Inverness Public Utility District | James Fox |
| Kentfield Fire Protection District | Paul Smith, Ron Naso (Alternate) |
| Marin Transit | Amy Van Doren |
| Marin Municipal Water District | Bill Hogan |
| Novato Fire Protection District | Steve Matco, L. J. Silverman (Alternate) |
| Ross Valley Fire Department | Mark Mills |
| Southern Marin Fire Protection District | Chris Tubbs (Alternate) |
| Tiburon Fire Protection District | Richard Pearce |
| Central Marin Police Authority | Michael Norton (Alternate) |

Governing Board Member Agencies Absent:

Town of Corte Madera
Marin Community College District
Marinwood Community Services District
Stinson Beach Fire Protection District

Staff Present:

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|--|--------------------|
| NERA Executive Officer | Maureen Cassingham |
| NERA General Counsel | Trisha Ortiz |
| NERA Deputy Executive Officer – Next Gen Project | Dave Jeffries |
| NERA Operations Officer | Pat Echols |
| Communications Services Mgr. (DPW) | Shelly Nelson |
| County Communications Engineer | Richard Chuck |
| Recording Secretary | Denise Wade |

Guests Present:

| | |
|-----------------|--|
| Mark Pomi | Kentfield Fire Protection District Chief |
| Jim Gibbs | Sperry Capital, Inc. |
| Martha Vujovich | Sperry Capital, Inc. |

A. Consent Calendar

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

1. Resolution of Commendation – Retired Fire Department Board Member Richard Shortall, Ross Valley Fire Department and MERA Governing Board Member
2. Minutes from January 26, 2016 Special Joint Meeting – Coverage Analysis Workshop
3. Minutes from January 27, 2016 Governing Board Regular Meeting
4. Report No 36 on Strategic Plan Implementation

M/S/P Kelly/Sinnott to approve Consent Calendar Items 1-4 as presented.

AYES: ALL

NAYS: NONE

ABSTENTIONS: Item 2: Town of San Anselmo, Town of Tiburon, County of Marin, Southern Marin Fire Protection District, City of Belvedere, Ross Valley Fire Department
Item 3: Town of Fairfax, City of Mill Valley, City of Novato, Bolinas Fire Protection District

Motion carried.

B. Executive Officer's Report (Cassingham)

1) Report from MERA Finance Committee Re: Financial Advisor's Summary of Financing Alternatives – Next Gen Project

Updating her staff report, Cassingham reported that the Finance Committee, on Monday of this week, met to discuss and recommend financing options for the Next Gen Project prepared by Sperry Capital as noted in their attached letter. The Committee voted unanimously to proceed with Case A and the sale of sufficient bonds combined with parcel taxes received thus far, and through construction, to fund the estimated Project cost of \$40M. This course of action is intended to take advantage of current historically low interest rates.

Cassingham noted, with Governing Board direction, bond financing documents will be prepared by the Financing Team for presentation at the March 23 Governing Board meeting. She invited Hymel as Committee Chair, Gaffney as Committee Vice Chair, and Sperry Capital Principals Gibbs and Vujovich to add to her report. Pearce said it is important to quickly finalize the financing package to capture current bond interest rates. Gaffney said the proposal is to sell \$30M in bonds, with \$10M in pay-as-we-go parcel tax proceeds, which helps reduce costs.

Gaffney asked Gibbs to distribute and comment on the draft proposed Financing Schedule. He said if we get going now, we should have funding on May 5. The Schedule identifies all the steps in between. Gibbs also distributed an interest rate graph. The point of the graph from the left to right shows rates from 10 years ago to present. The spike in 2008 reflects the Great Recession. After that, rates trended down except for two major spikes. Municipal bankruptcies affect the market along with changes in global capital. Likewise, supply and demand for municipal bonds affects the market. He noted today's very low rates of 2.5% and that we are concerned they could trend up. After much study of Hymel's initial support for proceeding to market, Sperry concurs. With Bond and Disclosure Counsels in place, and with Governing Board direction, work will begin on February 29.

Hymel added the discussions by the Finance Committee were focused on risk aversion. We are in a favorable position with current low interest rates to proceed, even with carrying some financing costs for a short period of time when we don't need the cash flow. But this would be more than offset by any interest rate increases. Gaffney said two areas of good planning for this financing is our history of collecting revenues and Validation of the Parcel Tax, which reassures bond buyers our revenue source is secure. Gibbs confirmed the day the rate is locked is the date of sale of the bonds. Hymel said we need to be ready to go to market to act quickly. In response to Brown, Gaffney said the \$30M in bonds would be complemented with \$10M in parcel tax collections for the \$40M Project. Pearce said every tranche we go out for incurs more costs. He added that this financing strategizing has been an excellent exercise and MERA is in good hands.

M/S/P Kelly/Gaffney to receive and file the report from the MERA Finance Committee regarding proceeding with the issuance of tax exempt bonds to finance the Next Gen System as set forth in Case A of Sperry Capital's letter to the Committee and concurrence with the development of bond documents for presentation on March 23, 2016.

AYES: ALL
NAYS: NONE
ABSTENTIONS: NONE
Motion carried.

2) Report No 11 from Next Gen Project Oversight Committee (Jeffries)

Jeffries presented his report, noting the current quiet period which will be followed by Federal Engineering's (FE) issuance of the draft vendor RFP on March 1. It will be distributed to the Executive Board, Project Oversight Committee, Ops Work Group and DPW and MERA staff, with a 20-day comment period. Those comments will be given to FE to produce the final RFP schedule for Governing Board action on April 27, followed by Board of Supervisors action on May 3. The document will be 80-100 pages.

Jeffries anticipated vendor proposals will be due by early to mid-July 2016. Hopefully we will receive several proposals which will be much lengthier documents. More hard discussions will follow once Project costs are known along with costs of additional sites. He confirmed that some vendors may be invited to make formal presentations of their proposals followed by reference checks.

M/S/P Hymel/Fox to receive and file Report No 11 from the Next Gen Project Oversight Committee.

AYES: ALL
NAYS: NONE
ABSTENTIONS: NONE
Motion carried.

3) Other Information Items

None.

C. Operations Reports (Echols)

1) Update on Project Delivery Approach

Echols noted he provided a verbal overview regarding Project delivery options at the January 27 meeting and the written summary of same has been provided for discussion today. He said the Implementation Agreement between MERA and the County requires the County to follow its procurement procedures. He added two delivery approaches have been contemplated, namely design-Build and design-bid-build.

Echols described the design-build process which allows vendor selection based on best value rather than lowest bid. Most cities and counties, including Marin, cannot use this process except for building construction of \$1M or more in value. The Design-Bid-Build process is a 2-step, one for design and a separate solicitation of bids for construction of those plans, using

lowest responsible bid criteria. MERA Next Gen Project is not a building project, noting small equipment structures may be required at some MERA sites.

Echols said some public agencies have been challenged for using design-build versus design-bid-build for communications systems, noting San Diego's successful legislative authorization to do design-build, which would not be achievable within our Next Gen Project timeline. Other options considered were a modification of MERA's JPA, designating one of its Special District Members which are authorized to use design-build as lead agency and a Joint Exercise of Powers Agreement between the County and one of the Special Districts. It was agreed both options had issues which could risk Project delay.

Echols said the intention is to proceed with design-bid-build method. There is no impact to Federal Engineering's contract. The only change would be to the vendor RFP scope which would not include construction of civil/infrastructure work. The vendor would include design, prepare plans, specifications, estimates and contractor bid assistance. Bids for tower and site work would be separately solicited, resulting in the County's administration of two contracts. There is no impact to MERA's contract with the County at this time.

Echols said more coordination will be required from the County should there be issues between the design vendor and construction contractor. However, there may be cost savings from competitive bidding for construction costs. Pearce noted this is a significant departure from our plan. He asked how we account for either up-charges or savings resulting from this delivery approach. Echols said this will not be known until bids are received. He estimated construction was 20%-25% of total Project costs. Competitive bidding this segment could result in savings. Jeffries noted the vendor under design-build would likely mark up the oversight of the construction contractor. Echols said this has been Federal Engineering's recent experience.

In response to Drew's question about additional liability and staff time with two vendors, Echols said a little more staff time would be involved since there would be a second contract to administer. He noted there was not necessarily more liability. Echols confirmed for Kelly that we are not required to accept the lowest bid for design. He said the Government Code provides the authority for this. Hymel added that, for example, building a road requires a standard approach versus software design, which includes many variables like functionality, etc. Cost is just one of many variables for selection.

M/S/P Drew/Hymel to receive and file the Update on Project Delivery Approach as presented.

AYES: ALL

NAYS: NONE

ABSTENTIONS: NONE

Motion carried.

2) Other Information Items

Echols said DPW has reviewed a preliminary draft of the RFP to give FE some feedback. We are expecting a draft on March 1 for the 20-day review period.

D. Open Time for Items Not on Agenda

Pearce noted his receipt of a request from the Marin County Office of Education (MCOE) for an allocation of 20 radios for each District Office and the Marin County Office of Education. He will refer this matter to the Executive Board.

Nelson clarified that there are 19 District Offices and MCOE.

E. Adjournment

The meeting was adjourned at 4:04 p.m.

Respectfully submitted,

Maureen Cassingham
Executive Officer and Secretary

NEXT: MERA Governing Board Meeting
Wednesday - March 23, 2016 – 3:30pm