

# NOVATO SANITARY DISTRICT

Meeting Date: September 6, 2017

**The Finance Committee of the Novato Sanitary District will hold a meeting at 3:30 PM, Wednesday, September 6, 2017, at the District offices, 500 Davidson Street, Novato.**

## **AGENDA**

### **1. AGENDA APPROVAL**

### **2. PUBLIC COMMENT (PLEASE OBSERVE A THREE-MINUTE TIME LIMIT):**

This item is to allow anyone present to comment on any subject not on the agenda, or to request consideration to place an item on a future agenda. Individuals will be limited to a three-minute presentation. No action will be taken by the Committee at this time as a result of any public comments made.

### **3. APPROVAL OF MINUTES:**

- a. Receive and consider approval of minutes of December 5, 2016 meeting.

### **4. 2011 CERTIFICATES OF PARTICIPATION (COPS):**

- a. Receive staff report - Refinancing of the District's 2011 Certificates of Participation (COPs).
- b. Receive presentation from Mr. Steven Gortler, registered Municipal Advisor, on refinancing the District's 2011 COPs.
- c. Recommend the following action items for consideration by the District Board at its September 11, 2017 meeting:
  - i) Direct staff to proceed with refinancing the 2011 COPs.
  - ii) Provide direction to staff on retaining Mr. Steven Gortler as the District's Financial Advisor (FA) for the refinancing process.
  - iii) Direct staff to return to the Board for formal approval of the refinancing, when the required financing documents have been drafted, and
  - iv) Direct staff and the financing team to provide periodic updates to the Board.

### **5. ADJOURNMENT**

***In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 892-1694 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.***

***Materials that are public records and that relate to an open session agenda item will be made available for public inspection at the District office, 500 Davidson Street, Novato, during normal business hours.***

## NOVATO SANITARY DISTRICT

Finance Committee Meeting Minutes

Meeting Date: December 5, 2016

A regular meeting of the Finance Committee of Novato Sanitary District was held at 3:00 p.m., Monday, December 5, 2016, at the District office, 500 Davidson Street, Novato.

COMMITTEE MEMBERS PRESENT: Members Jerry Peters and William C. Long.

STAFF PRESENT: General Manager-Chief Engineer Sandeep Karkal, Finance Officer Laura Creamer, and Administrative Secretary Julie Hoover.

ALSO PRESENT: Erik Brown, Technical Services Manager  
Vikki Rodriguez, CPA, Vice President, Maze and Associates

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

APPROVAL OF MINUTES: The April 18, 2016 meeting minutes were approved as presented.

### FISCAL YEAR (FY) 2015-16 DRAFT ANNUAL AUDIT:

- Receive report from independent auditor, Maze and Associates and review draft Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2016, and 2015, including draft audited financial statements. The General Manager introduced Ms. Vikki Rodriguez of Maze and Associates and stated that she would present the Comprehensive Annual Financial Report for the fiscal years ended June 30, 2016 and June 30, 2015.

Ms. Rodriguez presented an overview of the District's Annual Audit and stated that Maze and Associates had concluded, based on their audit, that there was a reasonable basis for rendering an unmodified (unqualified) opinion. She stated that the District's financial statements for the fiscal year ended June 30, 2016 are fairly presented, and conform to Generally Accepted Accounting Principles (GAAP). Ms. Rodriguez noted that the unmodified opinion is the highest rating given (cleanest possible opinion). She stated that there were no major reporting changes, no new pronouncements, and no material weaknesses when internal controls were reviewed.

Discussion followed between Committee Members Peters and Long, and Ms. Rodriguez. Minor edits were noted and the General Manager stated that these edits would be reflected in the final CAFR. Committee Members Peters and Long thanked Ms. Rodriguez for her presentation.

- Consider making a recommendation to the District Board to accept the audit and CAFR, subject to minor edits. Committee Member Long made a recommendation that the District Board accept the audit and CAFR, subject to minor edits, and Committee Member Peters concurred.

- Receive draft "Memorandum on Internal Control and Required Communications for Year ended June 30, 2016" from the District's independent outside auditor, Maze and Associates. Committee Member Long made a recommendation to receive the draft "Memorandum on Internal Control and Required Communications for Year ended June 30, 2016" from the District's independent outside auditor, Maze and Associates and Committee Member Peters concurred.

The General Manager stated that Ms. Rodriguez would return to the December 12<sup>th</sup> regular Board meeting to review the CAFR with the full Board.

UPDATE ON POST-EMPLOYMENT BENEFITS TRUST:

- Receive update on implementation of the combined Post-Employment Benefits Trust to address the District's liabilities related to Governmental Accounting Standards Board Statement No. 45 ("GASB 45") for Post Employment Benefits Other than Pensions, and GASB 68 for Net Pension Liability (NPL). The General Manager stated that at its November 14, 2016 meeting, the District Board approved implementing a combined Post-Employment Benefits Trust with Public Agency Retirement Services (PARS) to address the District's GASB 45 and 68 liabilities. He stated that subsequently, PARS has provided the District with the necessary agreements and legal documents to implement the Trust Program. He stated that District Counsel Kent Alm has reviewed these documents and that they are now ready to be executed by the District. He anticipates that the trust program will be in place by the end of the current year or early in 2017. The General Manager continued, and provided details of how the District intends to fund the GASB 45 and GASB 68 programs, as authorized by the District Board at their November 14, 2016 meeting.

ADJOURNMENT: There being no new business to come before the Committee, the meeting was adjourned at 3:23 p.m.

Respectfully submitted,

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Sandeep Karkal  
Secretary

Julie Hoover, Recording

## NOVATO SANITARY DISTRICT

### MEMORANDUM

**MEETING DATE:** September 6, 2017

**TO:** Finance Committee of the Board of Directors, Novato Sanitary District

**FROM:** Sandeep Karkal, General Manager-Chief Engineer  
Laura Creamer, Finance Officer  
Kenton Alm, District Counsel

**SUBJECT:** Refinancing of 2011 Certificates of Participation (COPs)

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#### A. Background

The District issued \$21,750,000 of Wastewater Revenue Certificates of Participation (hereinafter "COPs" or "2011 COPs") in October 2011 to finance wastewater system and recycled water system capital projects. The COPs are secured by and payable from wastewater system net revenues.

The annual 2011 COPs Payment Schedule is provided as Table 1 of Attachment A to this memo for informational purposes. As seen from this table, currently \$17,475,000 of the 2011 COPs remains as outstanding debt.

#### B. Potential Benefits of Refinancing

Currently, interest rates on municipal debt are significantly lower than in 2011. For example, when the 2011 COPs were sold on September 27, 2011 the Bond Buyer Revenue Bond Index\* was 4.96%, as compared to 3.72% today. Additionally, the 2011 COPs now have only 15 years remaining until final maturity, as compared to 21 years originally. Hence, the 2011 COPs can potentially be refinanced today at a rate of approximately 2.50%, as compared to an effective rate of approximately 4.35% on the outstanding 2011 COPs.

It is estimated that refinancing the outstanding 2011 COPs at 2.50% will save approximately \$152,000 per year from 2018-2031, for total savings of about \$2 million, as illustrated in Table 2 of Attachment A.

\* *The Bond Buyer Revenue Bond Index is a widely-used index that measures the 'yield' on a national sample of 25 highly-rated long-term municipal revenue bonds.*

#### C. Potential Considerations to Refinancing

If the District decides to pursue a refinancing effort, some potential considerations to keep in mind include:

1. Schedule and interest rate risk: While a typical index interest rate relevant to the COPs refinancing is not directly tied to US Treasury rates (such as the 10-year Treasury bond), it is influenced by economic conditions, financial market conditions, public policy, and/or national or

world events. Although current interest rates are relatively low, it is possible that rates may rise before the refinancing is complete due to changes in these factors. Thus, if the District decides to move forward with a refinancing effort, it would be prudent to move as quickly and efficiently as possible. For informational purposes only, according to a recent research paper by Bank of New York/Mellon: "Using history as a guide, a 100-basis-point rise in 10-year Treasury yields, reflecting a 100-basis-point rise in interest rates would likely be accompanied by a 60-basis-point rise in municipal bond yields".

2. Implementation considerations: While it is expected that a refinancing will be fairly straightforward, it is anticipated that it will still require significant management and staff time.

The District has traditionally operated with a lean staffing structure. Also, with the imminent retirements of the Field Services Manager, the Collection System Superintendent, the Senior Engineer, and the Construction Inspector (and efforts to replace them), a refinancing effort at this time will affect the workload of (among others), the General Manager, the Technical Services Manager, the Finance and Administrative/Risk Services Officers, and the Administrative Secretary. Thus, it is possible that portions of the budgeted Fiscal Year FY17-18 capital and operating work may have to be reprioritized or deferred to accommodate a refinancing effort.

#### **D. Optional Prepayment of the 2011 COPs**

The 2011 COPs include Optional Prepayment language (Page 2 of the Official Statement), which states that "The Certificates maturing on or before February 1, 2020 are not subject to optional prepayment prior to maturity". Staff's understanding is that this does not preclude "advance" refunding of the COPs to the first optional prepayment date on February 1, 2020. An advance refunding of the 2011 COPs would be accomplished by depositing the proceeds from the potential refunding into an Escrow Fund held by the Trustee. Scheduled annual principal and semi-annual interest payments on the 2011 COPs would be made until February 1, 2020, at which time all of the remaining unpaid principal will be repaid, together with a prepayment premium of 0.50%.

#### **E. Refinancing Options: COPs, Revenue Bonds, etc.**

Although COPs are perceived to be one of the more straightforward debt financing avenues for entities such as the District, staff also reviewed the possibility of issuing revenue bonds with District Counsel, as an alternative to refinancing the 2011 COPs.

Upon discussion, it appears at this time, that while the District may have the ability to issue revenue bonds, the logistical aspects of conducting a new sale of revenue bonds would significantly affect potential cost savings vis-à-vis refinancing the 2011 COPs.

For example, District Counsel noted that special districts typically have to obtain voter approval for a revenue bond issuance. Alternatively, the District could form or join a Joint Powers Authority (JPA) and then use its legal authority to issue revenue bonds. It is a legal anomaly, but JPA's may issue revenue bonds without voter approval. Either undertaking voter approval or use of the JPA method could result in additional cost or administrative burdens (e.g. election costs or procedural maintenance of a JPA for the term of the bonds), In addition, either of these alternatives could impose schedule delays and resulting interest rate changes while meeting procedural requirements.

Therefore, staff is of the opinion that if the District were to consider refinancing the 2011 COPs, it should do so through a straightforward or plain vanilla COPs refinancing rather than consider revenue bonds or more procedurally involved modes such as general obligation bonds, etc.

## **F. Method of Sale**

If the District were to proceed with a potential refinancing of the 2011 COPs, the District would have to consider a refinancing method. The two most common refinancing methods for issuers such as the District are: (a) competitive sales, and (b) negotiated sales. In a competitive sale, the issuer (District) acting through its Financial Advisor (FA) solicits 'bids' from all qualified underwriters and awards the Bonds to the underwriter who submits the bid with the lowest interest rate. By contrast, in a negotiated sale the issuer selects a prequalified underwriter in advance, and then negotiates the interest rate with the chosen underwriter.

All else being equal, the District is likely to obtain a lower interest rate and realize greater savings by utilizing a competitive sale. The District sold the 2011 COPs through a competitive process, and staff is of the opinion that any refinancing should follow this process as well.

## **G. Municipal Advisor/Financial Advisor (MA/FA, or FA)**

1. Selecting a MA/FA: A refinancing effort by an entity such as the District typically requires a financing team including (among others): the issuer (District), its Legal Counsel, its MA/FA, its Bond Counsel, etc. The Municipal Securities Rule Making Board (MSRB) provides a white paper on its website on the roles and responsibilities of the various team members. This white paper is provided as Attachment B for informational purposes.

The MSRB also provides perspective on the significance of the MA/FA with regard to the financing team, as illustrated in the chart provided as Attachment C. In addition to assisting the issuer (District) in developing the plan of finance and related transaction timetable, the MA/FA also develops the requests for qualifications/proposals (RFPs/RFQs) for the bond and disclosure counsel, the underwriters, and other elements of the financing team.

The District has historically utilized Bartle Wells Associates (Berkeley, CA) and one of its then Principals (Tom Gaffney) as its MA/FA, and BWA and Mr. Gaffney served as the FA for the District's 2011 COP issuance. Mr. Gaffney is now retired, although he has said that he will assist select prior clients such as the District with specific projects, for instance, when he helped prepare the District's 2016 Wastewater Capacity Fee Study, and the 2016 Sewer Rate Study.

Separately, the City of Petaluma issued Refunding Bonds via a competitive sale in June 2017 to refinance \$22,465,000 of outstanding wastewater debt, utilizing the services of an independent registered Municipal Advisor, Mr. Steven Gortler. Mr. Gortler is a registered Municipal Advisor with both the Securities and Exchange Commission (SEC) and the MSRB. With Mr. Gortler's help, Petaluma received nine competitive bids from underwriters offering to buy the Petaluma wastewater bonds, with total savings of more than \$5.25 million over 19 years. Information on Mr. Gortler's background and experience (including his resume) is provided as Attachment D.

Staff discussed with District Counsel the possibility of retaining Mr. Gortler as a potential MA/FA for a potential refinancing of the 2011 COPs. Based on these discussions, the Finance Committee has the option to recommend that the District Board retain Mr. Gortler as its MA/FA for a potential refinancing effort of the 2011 COPs.

2. Compensating the MA/FA: Regardless of the FA selection process, the District can opt to compensate the FA similar to how it typically compensates other providers of professional services, i.e. on a not-to-exceed basis under a professional services agreement.

Alternately, the FA can be compensated from the proceeds of the refinancing, and the FA's compensation can be rolled into the refinanced amount. If the refinancing does not occur for any reason, the FA does not receive any compensation. Note that regardless of how the FA is compensated, this method is the typical mode of compensation for the remaining members of the financing team (i.e. bond counsel, disclosure counsel, auditor, trustee, etc.)

For the 2011 COPs issuance, the District adopted the former method i.e. not-to-exceed amount through a professional services agreement. This method has the advantage of providing a degree of independence to the MA/FA, and potentially removes the pressure of "getting the deal done" to be compensated. Accordingly, District Counsel prefers this method as it is often viewed as the best method to insure the financial advice is truly independent as markets change and is often recommended as the best practice for municipal financing.

Regardless of the mode of compensation, based on a review of similar recent municipal refinancing efforts, staff estimated that the typical fee for an effort of this nature would be less than the General Manager's signing authority of \$45,000 for professional services contracts. Staff also asked Mr. Gortler to provide a preliminary fee estimate if he were to provide MA/FA services. Mr. Gortler has presented a preliminary scope of services and fee estimate of \$35,000. For informational purposes, a sampling of MA/FA fees on comparable recent municipal financings is provided as Attachment E.

## **H. Recommendations**

Staff suggests that upon reviewing the material presented herein, and any presentations received during the Finance Committee meeting, that the Committee recommend the following action items for consideration by the full District Board:

1. Direct staff to proceed with refinancing the 2011 COPs.
2. Provide direction to staff on retaining Mr. Steven Gortler as the District's Financial Advisor (FA) for the refinancing process.
3. Direct staff to return to the Board for formal approval of the refinancing, when all of the necessary financing documents have been drafted, and
4. Direct staff and the financing team to provide periodic updates to the Board.

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Attachment A: Table 1 – Installment Debt Payment Schedule, 2011 COPs  
Table 2 – Estimated Annual Debt Service Savings

Attachment B: MSRB – Roles and Responsibilities: The Financing Team.

Attachment C: MSRB – Professionals Involved In A Competitive Municipal Bond Financing Transaction.

Attachment D: Background Information – Mr. Steven Gortler, independent financial advisor

Attachment E: Comparative Financial Advisory Fees

**Table 1 - Installment Debt Schedule**

**NSD Wastewater Certificates of Participation (2011) - Original Amount, \$21,750,000**

Payment Date	Principal Amount	Interest Rate	Interest Amount	Period Debt Svc	Fiscal Year Debt Svc	Remaining Debt
8/1/2012			442,848.75	442,848.75		
2/1/2013	800,000	3.00%	442,848.75	1,242,848.75	1,685,697.50	20,950,000
8/1/2013			430,848.75	430,848.75		
2/1/2014	830,000	3.00%	430,848.75	1,260,848.75	1,691,697.50	20,120,000
8/1/2014			418,398.75	418,398.75		
2/1/2015	855,000	3.00%	418,398.75	1,273,398.75	1,691,797.50	19,265,000
8/1/2015			405,573.75	405,573.75		
2/1/2016	885,000	4.00%	405,573.75	1,290,573.75	1,696,147.50	18,380,000
8/1/2016			387,873.75	387,873.75		
2/1/2017	905,000	4.00%	387,873.75	1,292,873.75	1,680,747.50	17,475,000
8/1/2017			369,773.75	369,773.75		
<b>2/1/2018</b>	<b>925,000</b>	<b>4.00%</b>	<b>369,773.75</b>	<b>1,294,773.75</b>	<b>1,664,547.50</b>	<b>16,550,000</b>
8/1/2018			351,273.75	351,273.75		
2/1/2019	945,000	4.00%	351,273.75	1,296,273.75	1,647,547.50	15,605,000
8/1/2019			332,373.75	332,373.75		
2/1/2020	970,000	4.00%	332,373.75	1,302,373.75	1,634,747.50	14,635,000
8/1/2020			312,973.75	312,973.75		
2/1/2021	1,000,000	4.00%	312,973.75	1,312,973.75	1,625,947.50	13,635,000
8/1/2021			292,973.75	292,973.75		
2/1/2022	1,035,000	4.00%	292,973.75	1,327,973.75	1,620,947.50	12,600,000
8/1/2022			272,273.75	272,273.75		
2/1/2023	1,065,000	4.00%	272,273.75	1,337,273.75	1,609,547.50	11,535,000
8/1/2023			250,973.75	250,973.75		
2/1/2024	1,105,000	4.00%	250,973.75	1,355,973.75	1,606,947.50	10,430,000
8/1/2024			228,873.75	228,873.75		
2/1/2025	1,145,000	4.00%	228,873.75	1,373,873.75	1,602,747.50	9,285,000
8/1/2025			205,973.75	205,973.75		
2/1/2026	1,190,000	4.00%	205,973.75	1,395,973.75	1,601,947.50	8,095,000
8/1/2026			182,173.75	182,173.75		
2/1/2027	1,235,000	4.25%	182,173.75	1,417,173.75	1,599,347.50	6,860,000
8/1/2027			155,930.00	155,930.00		
2/1/2028	1,285,000	4.25%	155,930.00	1,440,930.00	1,596,860.00	5,575,000
8/1/2028			128,623.75	128,623.75		
2/1/2029	1,340,000	4.50%	128,623.75	1,468,623.75	1,597,247.50	4,235,000
8/1/2029			98,473.75	98,473.75		
2/1/2030	1,395,000	4.50%	98,473.75	1,493,473.75	1,591,947.50	2,840,000
8/1/2030			67,086.25	67,086.25		
2/1/2031	1,455,000	4.70%	67,086.25	1,522,086.25	1,589,172.50	1,385,000
8/1/2031			32,893.75	32,893.75		
2/1/2032	1,385,000	4.75%	32,893.75	1,417,893.75	1,450,787.50	0
<b>Totals</b>	<b>21,750,000</b>		<b>10,736,377.50</b>	<b>32,486,377.50</b>	<b>32,486,377.50</b>	

**Table 2 - Estimated Annual Debt Service Savings  
NSD Wastewater Certificates of Participation (2011) - Original Amount, \$21,750,000**

FYE 6/30	2011 Certificates of Participation				Proposed Refunding Bonds			Annual Savings	Cumulative Savings
	Principal	Interest	Reserve	Total	Principal	Interest	Total		
2018	925,000	369,774		1,294,774	780,000	361,625	1,141,625	153,149	153,149
2019	945,000	702,548		1,647,548	810,000	684,250	1,494,250	153,298	306,447
2020	970,000	664,748		1,634,748	835,000	643,750	1,478,750	155,998	462,445
2021	1,000,000	625,948		1,625,948	870,000	602,000	1,472,000	153,948	616,393
2022	1,035,000	585,948		1,620,948	905,000	558,500	1,463,500	157,448	773,841
2023	1,065,000	544,548		1,609,548	940,000	513,250	1,453,250	156,298	930,139
2024	1,105,000	501,948		1,606,948	985,000	466,250	1,451,250	155,698	1,085,837
2025	1,145,000	457,748		1,602,748	1,030,000	417,000	1,447,000	155,748	1,241,585
2026	1,190,000	411,948		1,601,948	1,080,000	365,500	1,445,500	156,448	1,398,033
2027	1,235,000	364,348		1,599,348	1,130,000	311,500	1,441,500	157,848	1,555,881
2028	1,285,000	311,860		1,596,860	1,185,000	255,000	1,440,000	156,860	1,712,741
2029	1,340,000	257,248		1,597,248	1,245,000	195,750	1,440,750	156,498	1,869,239
2030	1,395,000	196,948		1,591,948	1,305,000	133,500	1,438,500	153,448	2,022,687
2031	1,455,000	134,173		1,589,173	1,365,000	68,250	1,433,250	155,923	2,178,610
2032	1,385,000	65,788	(1,696,148)	(245,361)				(245,361)	1,933,249
<b>TOTALS</b>	<b>17,475,000</b>	<b>6,195,523</b>	<b>(1,696,148)</b>	<b>21,974,374</b>	<b>14,465,000</b>	<b>5,576,125</b>	<b>20,041,125</b>	<b>1,933,249</b>	



## Roles and Responsibilities: The Financing Team in an Initial Municipal Bond Offering

A key part of issuing new debt is to assemble a team that works for the state or local government. Generally, the bond offering process is a coordinated effort among various professionals to finance a state or local government's capital projects. A municipal government can benefit from an understanding of the roles and responsibilities of its deal team.

Once a state or local government decides to finance a capital project by issuing bonds, it would hire a financing team to finalize the financing plan, develop offering documents, prepare for any rating agency and investor presentations, market the bond offering to investors, price the bonds and close the transaction.

The roles and responsibilities of an issuer's team may vary depending upon the bond offering method of sale — competitive bid, negotiated sale or private placement.

In a negotiated sale, an initial bond offering by an issuer is directly sold to an underwriter or underwriting syndicate selected by the issuer.<sup>1</sup> In addition to the underwriter or underwriting syndicate, the professionals involved in a negotiated municipal bond financing transaction may include municipal advisors, underwriter's counsel, bond counsel, feasibility consultants, credit enhancers, selling group members, auditors, rating agencies, trustees, disclosure counsel and other counsel.



[View a chart of the professionals involved in a negotiated transaction.](#)

Among the primary points of negotiation for an issuer are the interest rate, call features and purchase price of the issue,

as well as covenants or other key terms of the bond documents viewed as important in marketing the new issue.

A competitive bid is a transaction in which potential underwriters submit proposals for the purchase of a new issue of municipal securities and the securities are awarded to the underwriter or underwriting syndicate presenting the best bid according to stipulated criteria set forth in the notice of sale. The underwriting of securities in this manner may also be referred to as a "public sale" or "competitive sale." The professionals that may be involved in competitive transactions include underwriters, municipal advisors, underwriter's counsel, bond counsel, feasibility consultants, credit enhancers, auditors, rating agencies and trustees.



[View a chart of the professionals involved in a competitive transaction.](#)

The following provides general descriptions of the role, activities and responsibilities of members of a bond financing team in an initial bond offering. Other activities conducted by these professionals will depend on the particular type of transaction, the presence of additional financing team members and any restricted role they perform as the issuer may determine.



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*The state or local government selects and manages the financing team.*

## The State or Local Government

- Defines the financing requirements
- Determines the method of sale
- Sets and implements debt management policies and procedures of the municipality
- Determines available resources for payment of principal and interest of new debt issue
- Selects and manages the financing team
- Prepares offering documents in consultation with the financing team
- Works with the senior manager to determine how orders are filled or allotted<sup>2</sup> to investors from the bond pricing order period
- Determines participation<sup>3</sup> of the senior manager's and syndicate members' liability in a negotiated bond issuance
- Determines the compensation of financing team
- Negotiates with the underwriter the final purchase price of the bonds
- Executes the bond purchase agreement<sup>4</sup> with the senior manager
- Adopts bond resolution and/or executes any trust indenture, loan agreement or other bond financing documents
- Pays principal and interest on the bonds as they become due
- Complies with tax and other covenants included in the bond financing documents
- Submits continuing disclosures to the MSRB's [Electronic Municipal Market Access \(EMMA®\)](#) system under the issuer's continuing disclosure agreement

## Municipal Advisor

- Acts in a fiduciary capacity for the state or local government<sup>5</sup>
- Develops requests for proposals and qualifications for underwriters, bond or disclosure counsel, credit enhancement facilities and investment products
- Assists in developing the plan of finance and related transaction timetable
- Identifies and analyzes financing solutions and alternatives for funding capital improvement plan
- Advises on the method of sale, taking into account market conditions and near-term activity in the municipal market
- Assists in preparation of any rating agency strategies and presentations
- Coordinates internal/external accountants, feasibility consultants and escrow agents
- Assists with the selection of underwriters, underwriter compensation issues, syndicate structure and bond allocations
- Assists with negotiated sales, including advice regarding retail order periods and institutional marketing, analysis of comparable bonds and secondary market data
- assists with competitive bond sales, including preparation of notice of sale and preliminary official statement, bid verification, true interest cost (TIC) calculations and reconciliations/verifications of bidding platform calculations, preparation of notice of sale, obtaining CUSIP numbers
- Prepares preliminary cash flows/ preliminary refunding analysis



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- Analyzes whether to use SLGS,<sup>6</sup> open markets and/or agency securities for purposes of investment of bond proceeds
- Manages the escrow bids or reviewing SLGS applications for structuring advance refunding escrow
- Assists in procuring printers, verification agents, etc.
- Verifies cash flow calculations
- Plans and coordinates bond closings
- Prepares any required post-sale reports of bond sales
- Evaluates market conditions and pricing performance of senior manager and co-managers' distribution of bonds

*The underwriter has an "arm's-length" relationship with the municipal government.*

### **Bond Counsel**

- Drafts bond resolution, indenture, loan agreement and/or other bond financing documents
- Reviews applicable law to confirm the issuer's authority to issue the bonds and its conformity with other legal requirements
- Affirms issuer's authorization of the bond offering
- Discloses and examines litigation that may jeopardize the validity of the bond issue
- Interprets arbitrage regulations and tax law
- Attests to the validity and enforceability of the bonds
- Provides guidance in structuring issues related to tax law
- Confirms tax-exempt status
- Drafts tax certificate

### **Underwriter (also known as Senior Manager, Lead Manager or Bookrunner)**

- Has an "arm's-length" relationship with the municipal government<sup>7</sup>
- Provides proceeds at closing and obtains funds from investors
- Manages the affairs of any underwriting syndicate formed in connection with a new issue
- In a negotiated offering:
  - Works with state or local government and municipal advisor to design the plan of finance
  - Develops the bond structure
  - Assists in determining timing to sell bonds based on market conditions
  - Assists in the development of the bond documents
  - Assists in preparing any rating agency strategy and presentation
  - "Runs numbers" providing quantitative analysis of financing structure
  - Manages the pricing process
  - Executes pre-sale marketing
  - Solicits price views from syndicate members, which provides preliminary pricing indications among underwriters and customers about the offering range of a new issue
- Prepares distribution analysis
  - Works with the state or local government to determine how orders are filled from the bond pricing order period
  - Executes the bond purchase agreement with the municipal government on behalf of the syndicate



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- Submits bid in a competitive sale following evaluation of pricing of comparable issues, discussions with potential investors, accessing supply of bonds in the market or bonds scheduled to come to market, weighing possible competition from other firms

### **Underwriting Syndicate (also known as Co-Manager(s))**

- Has an “arm’s-length” relationship with the state or local government
- Under the direction of the senior manager, purchases an initial bond issue from state or local government and offers it for resale to investors
- Provides sufficient capital to purchase an issue
- Shares the risks of underwriting the issue with the senior manager
- Distributes the bonds to investors

### **Underwriter’s Counsel**

- Drafts bond purchase agreement, blue sky memorandum<sup>8</sup> and agreement among underwriters<sup>9</sup>
- Advises underwriters regarding their legal positions with respect to the issue
- Advises underwriters on state and federal securities laws
- Assists underwriters in undertaking due diligence review and provides legal opinion that, based on such review, official statement does not contain misleading information or omit materials information

### **Rating Agencies**

- Assess the credit quality of the bonds
- Assigns rating to the bond issue
- Updates ratings periodically while debt is outstanding

### **Trustee (also known as Paying Agent, or Registrar)**

- Acts in a fiduciary role for the benefit of bondholders in enforcing the terms of the trust indenture
- Transmits principal and interest payments from an issuer of municipal securities to the bondholders
- Holds and invests moneys held in a construction fund, reserve fund or other funds that serve as security for payment of debt service on the bonds
- Maintains records on behalf of the issuer that identify the registered owners of the bonds and related matters
- Represents the interests of bondholders in the event of a default

Depending upon the type of transaction, other deal participants may be retained as required including:

### **Other Counsel**

Other counsel in the bond issuance process may include disclosure counsel, special tax counsel, bank counsel, and borrower’s counsel. Such special counsel may be necessary for specific issues that are more complex or have particular characteristics.

### **Feasibility Consultant**

- Writes the feasibility report prepared for revenue bond sales (such as in airport and water and sewer revenue bond offerings) and included in the official statements.

*The trustee acts in a fiduciary role for the benefit of bondholders and represents the interests of bondholders in the event of a default.*



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The report may evaluate the economic viability, or the adequacy of revenues generated by a capital project or program to repay debt. The report generally describes historic and projected demand for the services, economic trends, user base, user fees and rates that generate revenues pledged to cover debt service.

### **Credit Enhancers**

- Support an issuer's credit in exchange for a fee or a premium, in the form of enhancement such as bond insurance or a letter of credit

### **Selling Group Members**

- Assist in the distribution of a new issue of municipal securities
- Acquire new issue securities from the underwriting syndicate but do not participate in residual syndicate profits nor share any liability for unsold bonds

### **Verification Agent**

- Verifies cash flow sufficiency to the call date of the escrow securities to pay principal and interest on refunded bonds

### **Escrow Agent**

- Serves as custodian of funds and holds securities to pay debt service on refunded bonds

### **Printer**

- Prints, or creates the electronic version of, the preliminary and final official statements for distribution to the marketplace

### **Auditor**

- Compiles and examines the municipal government's financial statements upon which the auditor has expressed or disclaimed an opinion
- Reports, audits or investigates a municipal government's financial position and results of operations for a set period of time

Generally, the audit includes: (a) a statement of the scope of the audit; (b) explanatory comments concerning exceptions from generally accepted accounting principles and auditing standards; (c) expression or disclaimer of opinions; (d) explanatory comments concerning verification procedures; (e) financial statements and schedules; and (f) statistical tables, supplementary comments and recommendations.



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<sup>1</sup> Private placements also are sold by negotiation and involve the sale by a placement agent directly to institutional or private investors rather than through an offering to the general investing public. Investors purchasing privately placed securities often must meet certain standards of sophistication and also are often required to agree to restrictions as to resale and are sometimes required to provide a private placement letter to that effect.

<sup>2</sup> Allotments are the number of bonds that are actually sold by an underwriter to an investor.

<sup>3</sup> Participation is the portion of a new municipal bond issue, expressed as a percentage of the number of bonds, for which the senior manager and syndicate members have a legal liability, regardless of whether they sell that many bonds. There are two major types of syndication agreements:

*Undivided or Eastern Account* — A method for determining liability stated in the agreement among underwriters in which each member of the underwriting syndicate is liable for any unsold portion of the issue according to each member's percentage participation in the syndicate. Syndicates most frequently are structured as undivided accounts.

*Divided or Western Account* — A method for determining liability stated in the agreement among underwriters in which each member of an underwriting syndicate is liable only for the amount of its participation in the issue, and not for any unsold portion of the participation amounts allocated to the other underwriters.

<sup>4</sup> Bond purchase agreement is the contract between an underwriter and issuer setting forth final terms, prices and any other relevant conditions upon which underwriter purchases a new municipal bond issue.

<sup>5</sup> MSRB Rule G-42 sets forth the core elements of the fiduciary duty standard as consistent with the mandates of the Dodd-Frank Act and the federal fiduciary duty imposed on municipal advisors in their relationship with municipal entity clients under Section 15B(c)(1) of the Securities Exchange Act of 1934.

<sup>6</sup> SLGS are U.S. Treasury securities issued under its State and Local Government Series program for purposes of complying with arbitrage rules under the federal tax code.

<sup>7</sup> MSRB Rule G-17 requires dealers to deal fairly with issuers in connection with the underwriting of municipal securities and to disclose to the issuer that its primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction.

<sup>8</sup> Blue sky memorandum specifies the way a specific issue will be treated under state securities laws, usually including all 50 states and U.S. Territories, as well as the steps that must be undertaken to qualify the issue for sale in those jurisdictions.

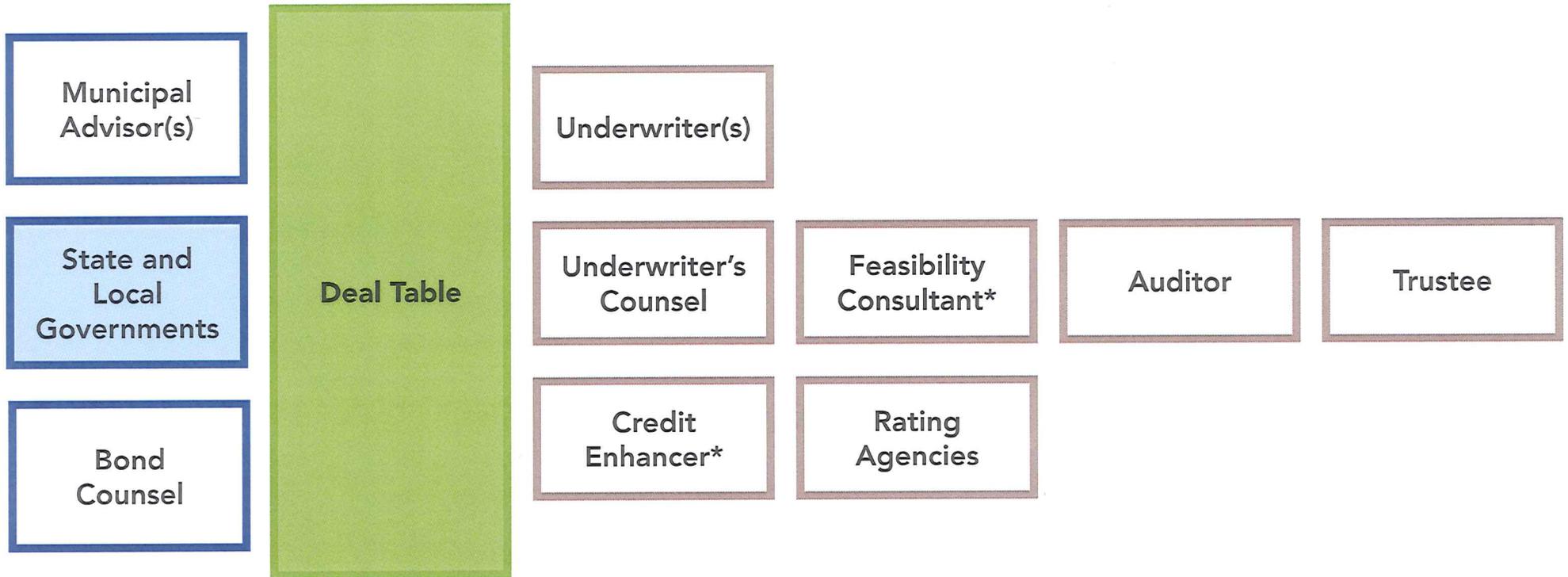
<sup>9</sup> Agreement among underwriters is a contract among syndicate group members setting forth their rights, duties and underwriter's commitments to each other with respect to a new issue of securities.



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# Professionals Involved in a Competitive Municipal Bond Financing Transaction



This chart illustrates the various professionals involved in a competitive municipal bond financing transaction.  
\* The type and feature of the bond transaction will determine the participation of these professionals.

## **Background Information**

**Mr. Steven Gortler**  
**Registered Municipal Advisor**

## Background Information

Steven Gortler is a self-employed Municipal Advisor organized as a sole proprietorship. As required, the firm is registered with the Securities & Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB) as follows:

- SEC Municipal Advisor Registration No. 867-01128
- Municipal Securities Rulemaking Board ID No. K0871

Steven primarily works from his home office at 212 McDonnell Road, Alameda CA 94502. Since starting his firm in April 2013, Steven has completed 17 bond financings with a total par value of \$352.5 million, including successor agency refunding bonds, assessment bonds, lease revenue bonds, general obligation bonds and wastewater revenue bonds. Included among those 17 bond financings were six negotiated sales, three competitive sales, and eight private placements. Additionally, Steven is currently in the process of completing an \$11.8 million lease revenue bond for the City of San Pablo to finance the construction of a new City Hall complex, and a \$4.7 million refinancing for the Sand City Successor Agency. Since starting his firm, Steven has completed the following financings:

Sale Date	Client Name	Par Amount	Transaction	Method of Sale
08/30/2017	San Pablo JPA	11,815,000	Lease Revenue Bonds	Negotiated Sale (Stifel Nicolaus)
07/27/2017	Sand City Successor Agency	4,685,000	Tax Allocation Refunding Bonds	Private Placement (BBVA Compass)
06/01/2017	City of Petaluma	23,365,000	Wastewater Revenue Rfdg. Bonds	Competitive Sale (BofA Merrill Lynch)
05/31/2017	Petaluma Successor Agency	35,945,000	Tax Allocation Refunding Bonds	Negotiated Sale (Morgan Stanley)
10/18/2016	San Pablo Successor Agency	3,700,000	Tax Allocation Refunding Bonds	Private Placement (Retail)
09/15/2016	City of Albany	14,750,000	General Obligation Rfdg Bonds	Competitive Sale (Fidelity Capital Mkts)
04/26/2016	Watsonville Successor Agency	14,210,000	Tax Allocation Refunding Bonds	Negotiated Sale (Hilltop Securities)
03/22/2016	Petaluma JPA	4,530,000	Lease Revenue Refunding Bonds	Private Placement (BBVA Compass)
01/28/2016	City of Albany	4,810,000	Sewer Revenue Refunding Bonds	Private Placement (JP Morgan Chase)
01/21/2016	Tracy Successor Agency	33,720,000	Tax Allocation Refunding Bonds	Negotiated Sale (Stifel Nicolaus)
12/04/2015	City of Morgan Hill	5,605,000	Assessment District Rfdg Bonds	Private Placement (Umpqua Bank)
12/02/2015	Morgan Hill JPA	9,025,000	Lease Revenue Refunding Bonds	Competitive Sale (Raymond James)
11/05/2015	City of Morgan Hill	4,415,000	Assessment District Rfdg Bonds	Private Placement (Umpqua Bank)
03/27/2015	Petaluma Successor Agency	19,545,000	Tax Allocation Refunding Bonds	Private Placement (Western Alliance)
03/27/2015	Petaluma Successor Agency	16,060,000	Tax Allocation Refunding Bonds	Private Placement (JP Morgan Chase)
02/18/2015	San Pablo JPA	15,810,000	Lease Revenue Bonds	Negotiated Sale (Stifel Nicolaus)
06/25/2014	Clayton Successor Agency	3,790,000	Tax Allocation Refunding Bonds	Private Placement (JP Morgan Chase)
06/03/2014	San Pablo Successor Agency	54,565,000	Tax Allocation Refunding Bonds	Negotiated Sale (Morgan Stanley)
11/19/2013	Morgan Hill Successor Agency	88,657,000	Tax Allocation Refunding Bonds	Negotiated Sale (Morgan Stanley)

Overall, Steven has more than 30-years of public finance experience, including:

- Twelve years as a financial advisor serving California cities, counties, school districts and special districts;
- Seven years as a public finance investment banker and municipal bond underwriter serving California cities and redevelopment agencies;
- Eight years as a municipal bond credit rating analyst;
- Four years as a tax analyst with the New York City Office of Management & Budget.

Steven has managed the issuance of more than \$2.50 billion of bonds for California cities, counties, school districts and special districts, including many large/complex financings. Experience as a financial advisor, investment banker, underwriter and rating analyst have enabled Steven to acquire a broad range of skills. Additionally, Steven has many personal qualities that enhance his qualifications including intelligence, dedication and judgment.

### **Investment Banking and Bond Underwriting Experience**

Steven was an investment banker and bond underwriter with Piper Jaffray in San Francisco from 2005-2011, where he structured, marketed and priced bonds for California cities and redevelopment agencies. At Piper Jaffray Steven acquired superior analytical, quantitative and structuring skills, enhancing his qualifications to serve as the District's financial advisor.

### **Rating Agency Experience**

Steven was a credit rating analyst with Standard & Poor's in New York City from 1991-1998, where he analyzed and rated a wide-variety of bonds for state and local governments including many California cities, counties, school districts and special districts. Steven's intimate understanding of rating criteria enables him to more accurately explain each client's credit strengths and weaknesses, and their ability to mitigate credit risk. Moreover, Steven's knowledge of credit helps him structure bonds more efficiently, which is especially important for revenue bonds, where structure is central to credit quality. Overall, Steven's knowledge of credit and his expertise in structuring bonds has helped achieve rating upgrades for many of his clients.

### **Financial Advisory Experience**

Overall, Steven has twelve years of experience as a financial advisor serving California cities, counties, school districts and special districts. Prior to starting his own firm in 2013, Steven had **7+** years of experience with other Bay Area financial advisory firms.

## Resources

## Resources

Steven subscribes to Thomson Municipal Market Monitor (TM3) which is an on-line, municipal bond data and document retrieval service offered by Thomson Reuters <https://www.tm3.com/homepage/homepage.jsf?ur=y> TM3 delivers real-time municipal market news and commentary; primary market calendars; new issue sale results and pricing information including coupon rates, re-offering yields, prices and credit spreads; MMD proprietary yield curves; and, official statements for all public sales. TM3 is an essential tool for serious public finance professionals with powerful search features that allow for easy pricing comparisons among deals.

Steven also has a single-user license for Munex – a commercial software package developed by the Ferrand Consulting Group. Munex is widely used by public finance investment bankers and financial advisors to structure and price municipal bonds. Steven has used Munex since 2005 to structure all of the bonds for his clients when he was at Piper Jaffray, and ever since. Steven is an accomplished expert in the use of Munex.

Additionally, Steven has an account with Ipreo, which owns and operates the leading on-line bidding platform used by public agencies to issue municipal bonds via competitive sale.

## References

## References

Listed below are three Bay Area clients who have each worked with Steven on multiple bond financings over many years. Steve Rymer, Matt Rodriguez and John Brown can provide a very well-informed assessment of Steven's personal and professional capabilities.

### **City of Morgan Hill**

Steve Rymer, City Manager

Tel. (408) 310-4625

Email: [steve.rymer@morganhill.ca.gov](mailto:steve.rymer@morganhill.ca.gov)

### **City of San Pablo**

Matt Rodriguez, City Manager

Tel. (510) 215-3016

Email: [mattr@sanpabloca.gov](mailto:mattr@sanpabloca.gov)

### **City of Petaluma**

John Brown, City Manager

Tel. (707) 778-4345

Email: [jbrown@ci.petaluma.ca.us](mailto:jbrown@ci.petaluma.ca.us)

## **Resume**

**STEVEN GORTLER**  
212 McDonnell Road, Alameda, CA 94502  
Tel. (415) 298-3319  
Email: steven.gortler@att.net

## **EXPERIENCE**

**April 2013  
to present**

**Independent Registered Municipal Advisor (self-employed)**

Municipal advisor specializing in the structuring, marketing and pricing of municipal debt obligations for California cities. Bay Area clients include the cities of Albany, Clayton, Morgan Hill, Petaluma, San Pablo, Tracy and Watsonville. Responsible for managing all aspects of the bond issuance process including originating transactions; recommending an appropriate plan of finance, bond structure and method of sale; assembling and coordinating the financing team; overseeing the preparation of all financing and disclosure documents; obtaining bond ratings and credit enhancements;

**January 2012  
to April 2013**

**Caldwell Flores Winters, Inc.  
Vice President, Public Finance**

Financial advisor serving California K-12 school districts, responsible for managing all aspects of the bond issuance process including originating transactions; recommending an appropriate plan of finance, bond structure and method of sale; assembling and coordinating the financing team; overseeing the preparation of all financing and disclosure documents; obtaining bond ratings and credit enhancements; and overseeing bond pricing, closing and post-closing activities.

**July 2005 to  
Dec. 2011**

**Piper Jaffray & Co.  
Vice President, Public Finance**

Investment banker serving California cities, responsible for structuring, marketing and pricing a wide variety of municipal debt types, including fixed and variable-rate debt, public offerings and private placements, new-money and refunding bonds, special tax and assessment district bonds, tax allocation bonds and water/sewer revenue bonds. Responsible for managing all aspects of the bond issuance process including originating transactions; recommending an appropriate plan of finance and bond structure; coordinating the financing team; overseeing the preparation of all financing and disclosure documents; obtaining bond ratings and credit enhancements; and overseeing bond pricing, closing and post-closing activities.

**Sept. 2004 to  
June 2005**

**Deutsche Bank  
Underwriter, Commercial Real Estate**

Underwriter of Fannie Mae and Freddie Mac-backed multi-family housing project debt.

**Sept. 1998 to  
Sept. 2004**

**Leifer Capital and Kelling, Northcross & Nobriga (KNN)  
Vice President, Public Finance**

Financial advisor serving California counties, responsible for structuring, marketing and pricing a wide variety of municipal debt types, including long and short-term debt, fixed-rate and variable-rate debt, tax-backed bonds, appropriation-backed debt, enterprise fund bonds and asset-backed bonds. Responsible for managing all aspects of the bond issuance process including originating transactions, recommending financing strategies and bond structuring options, assembling and coordinating the financing team, overseeing the preparation of financing documents, obtaining bond ratings and credit enhancements, and overseeing bond pricing, closing and post-closing activities.

**Jan. 1991 to  
Aug. 1998**

**Standard & Poor's  
Associate Director, Public Finance**

Rated municipal bonds for State and local government agencies including GO bonds, COPs, TRANS, water, sewer, solid-waste and waste-to-energy bonds, parking bonds, pension obligation bonds, tax increment bonds, port revenue bonds, CCRC bonds, higher education bonds, multi-family housing revenue bonds and sales tax bonds. Published articles and reports on credit trends, economic trends, regulatory issues, judicial decisions, and the impact of current events on municipal credit quality.

**1989 to 1990**

**Economic Data Service**

Self-employed. Created a database of national, state and local economic statistics. Produced monthly reports analyzing economic and demographic trends.

**1988**

**Round-the-World Bicycle Trip**

**1983 to 1987**

**New York City Office of Management & Budget  
Senior Analyst, Tax Policy, Revenue Forecasting and Economic Analysis**

Assisted in the preparation of New York City's general fund tax revenue budget. Responsible for forecasting personal income tax revenue and sales tax revenue. Analyzed the impact of State and local fiscal policy on New York City tax revenues.

**EDUCATION**

**MS Public Policy, Carnegie-Mellon University (candidate)**

Concentration: Public Finance

**BA Economics, State University of New York at Albany**

Concentration: Public Finance

**LICENSES**

**Series 7 and Series 63 (inactive)**

## Steven Gortler Completed Financings

<b>Client</b>	<b>Dated Date</b>	<b>Par Amount</b>	<b>Type of Debt</b>	<b>Role</b>
City of Petaluma	6/15/2017	23,365,000	Wastewater Bonds	Financial Advisor
Petaluma Successor Agency	6/15/2017	35,945,000	Tax Allocation Bonds	Financial Advisor
San Pablo Successor Agency	11/1/2016	3,700,000	Tax Allocation Bonds	Financial Advisor
City of Albany	9/28/2016	14,750,000	General Obligation Bonds	Financial Advisor
Watsonville Successor Agency	5/10/2016	14,210,000	Tax Allocation Bonds	Financial Advisor
Petaluma Public Financing Authority	3/22/2016	4,530,000	Lease Revenue Bonds	Financial Advisor
Tracy Successor Agency	2/9/2016	33,720,000	Tax Allocation Bonds	Financial Advisor
City of Albany	1/28/2016	4,810,000	Sewer Revenue Bonds	Financial Advisor
Morgan Hill Financing Authority	12/16/2015	9,025,000	Lease Revenue Bonds	Financial Advisor
City of Morgan Hill	12/4/2015	5,605,000	Assessment Dist Bonds	Financial Advisor
City of Morgan Hill	11/5/2015	4,415,000	Assessment Dist Bonds	Financial Advisor
Petaluma Successor Agency	3/27/2015	35,635,000	Tax Allocation Bonds	Financial Advisor
City of San Pablo	3/4/2015	15,810,000	Lease Revenue Bonds	Financial Advisor
Clayton Successor Agency	6/25/2014	3,790,000	Tax Allocation Bonds	Financial Advisor
San Pablo Successor Agency	6/12/2014	54,565,000	Tax Allocation Bonds	Financial Advisor
Morgan Hill Successor Agency	12/4/2013	88,675,000	Tax Allocation Bonds	Financial Advisor
Mojave Unified School District	1/24/2013	2,730,000	General Obligation Bonds	Financial Advisor
Oxnard School District	12/27/2012	18,390,000	General Obligation Bonds	Financial Advisor
Konocti Unified School District	12/27/2012	9,745,000	General Obligation Bonds	Financial Advisor
Mojave Unified School District	12/4/2012	9,300,000	QZAB Lease	Financial Advisor
Mammoth Unified School District	11/28/2012	2,360,000	General Obligation Bonds	Financial Advisor
Southern Mono Heath Care District	11/20/2012	11,295,000	General Obligation Bonds	Financial Advisor
Selma Unified School District	9/19/2012	4,055,000	Certificates of Participation	Financial Advisor
Escalon Unified School District	8/1/2012	5,890,000	General Obligation Bonds	Financial Advisor
El Rancho Unified School District	7/10/2012	21,580,000	General Obligation Bonds	Financial Advisor
Rialto Unified School District	6/5/2012	29,865,000	General Obligation Bonds	Financial Advisor
Antelope Valley Joint Union HSD	5/24/2012	37,685,000	General Obligation Bonds	Financial Advisor
Ripon Unified School District	5/23/2012	5,145,000	General Obligation Bonds	Financial Advisor
Centralia School District	3/13/2012	8,660,000	General Obligation Bonds	Financial Advisor
City of Yucaipa	12/21/2011	26,125,000	Special Tax Bonds	Underwriter
City of Lincoln	11/3/2011	41,800,000	Assessment Dist Bonds	Underwriter
City of Pittsburg	8/25/2011	17,840,000	Assessment Dist Bonds	Underwriter
City of Folsom	8/2/2011	10,855,000	Special Tax Bonds	Underwriter
King City Community Dev Agency	6/20/2011	5,240,000	Tax Allocation Bonds	Underwriter
Petaluma Community Dev Commission	3/17/2011	11,369,000	Tax Allocation Bonds	Underwriter
City of Petaluma	3/8/2011	22,465,000	Sewer Revenue Bonds	Underwriter
Davis Redevelopment Agency	3/1/2011	18,000,000	Tax Allocation Bonds	Underwriter
City of Millbrae	12/23/2009	15,810,000	Sewer Revenue Bonds	Underwriter
City of Half Moon Bay	7/22/2009	16,680,000	Judgment Obligation Bonds	Underwriter

## Steven Gortler Completed Financings

<b>Client</b>	<b>Dated Date</b>	<b>Par Amount</b>	<b>Type of Debt</b>	<b>Role</b>
Government of Guam	6/18/2009	202,425,000	Limited Tax Bonds	Underwriter
Pittsburg Redevelopment Agency	11/19/2008	61,660,856	Tax Allocation Bonds	Underwriter
San Pablo Redevelopment Agency	6/17/2008	36,000,000	Tax Allocation Bonds	Underwriter
Pittsburg Redevelopment Agency	5/14/2008	117,615,000	Tax Allocation Bonds	Underwriter
Menlo Park Community Dev Agency	4/23/2008	70,820,000	Tax Allocation Bonds	Underwriter
Hawaiian Paradise Park Owners Assoc	6/21/2007	12,085,000	HOA Revenue Bonds	Underwriter
City of Clayton	6/7/2007	5,060,000	Special Tax Bonds	Underwriter
Rosemead Comnty Dev Commission	12/21/2006	24,230,000	Tax Allocation Bonds	Underwriter
San Pablo Redevelopment Agency	10/5/2006	36,000,000	Tax Allocation Bonds	Underwriter
Menlo Park Community Dev Agency	5/25/2006	72,430,000	Tax Allocation Bonds	Underwriter
Manteca Redevelopment Agency	12/13/2005	50,760,000	Tax Allocation Bonds	Underwriter
Sunnyvale School District	7/1/2003	5,000,000	Tax Revenue Anticipation Note	Financial Advisor
Fairfield-Suisun Unified School District	7/1/2003	5,000,000	Tax Revenue Anticipation Note	Financial Advisor
Stanislaus County	10/31/2002	30,000,000	Tax Revenue Anticipation Note	Financial Advisor
Fresno County	7/25/2002	92,955,000	Tobacco Bonds	Financial Advisor
Sunnyvale School District	7/2/2002	5,000,000	Tax Revenue Anticipation Note	Financial Advisor
Merced County	7/1/2002	15,705,000	Certificates of Participation	Financial Advisor
Kern County	5/30/2002	105,245,000	Tobacco Bonds	Financial Advisor
Sonoma County	4/30/2002	67,410,000	Tobacco Bonds	Financial Advisor
Stanislaus County	4/4/2002	67,305,000	Tobacco Bonds	Financial Advisor
Merced County	4/4/2002	30,515,000	Tobacco Bonds	Financial Advisor
Fresno County	3/21/2002	117,055,000	Pension Obligation Bonds	Financial Advisor
Kern County	1/1/2002	14,165,000	Solid Waste Bonds	Financial Advisor
Sonoma County	11/1/2001	43,000,000	Tax Revenue Anticipation Note	Financial Advisor
Stanislaus County Redev Agency	7/24/2001	4,525,000	Loan Anticipation Note	Financial Advisor
Kern County	7/2/2001	60,000,000	Tax Revenue Anticipation Note	Financial Advisor
Fresno County	7/2/2001	72,000,000	Tax Revenue Anticipation Note	Financial Advisor
Stanislaus County	11/15/2000	27,000,000	Tax Revenue Anticipation Note	Financial Advisor
Sonoma County	11/2/2000	48,000,000	Tax Revenue Anticipation Note	Financial Advisor
Kern County	7/5/2000	46,000,000	Tax Revenue Anticipation Note	Financial Advisor
Fresno County	7/5/2000	75,000,000	Tax Revenue Anticipation Note	Financial Advisor
Stanislaus County	2/1/2000	58,780,000	Resource Recovery Bonds	Financial Advisor
Sonoma County	11/2/1999	54,250,000	Tax Revenue Anticipation Note	Financial Advisor
Napa County	7/1/1999	43,650,000	Sales Tax Bonds	Financial Advisor
Kern County	7/1/1999	46,000,000	Tax Revenue Anticipation Note	Financial Advisor
Fresno County	7/1/1999	75,000,000	Tax Revenue Anticipation Note	Financial Advisor
Merced County	7/1/1999	13,000,000	Tax Revenue Anticipation Note	Financial Advisor
Merced County	2/11/1999	63,070,000	Pension Obligation Bonds	Financial Advisor
Kern County Water Agency	2/1/1999	7,155,000	Water Revenue Bonds	Financial Advisor

**Attachment E - Comparative Financial Advisory Fees**

Illustrative examples of financial advisory fees on a sampling of recent financings:

<b>Sale Date</b>	<b>Issuer</b>	<b>Par Amount</b>	<b>Financial Advisor</b>	<b>FA Fee</b>	<b>Security</b>	<b>Method of Sale</b>
Jun 1, 2017	City of Petaluma	23,365,000	Steven Gortler	\$42,500	Wastewater Rev	Competitive
Jun 1, 2017	San Juan Water District	26,125,000	Urban Futures	\$40,000	Water Rev	Negotiated
Apr 26, 2017	Yorba Linda Water District Fin. Auth.	29,335,000	Fieldman Rolapp	\$49,045	Water Rev	Negotiated
Apr 26, 2017	LA Dept Wtr & Pwr	530,270,000	PRAG	\$68,000	Water Rev	Negotiated
Apr 11, 2017	Marin PFA	38,365,000	Bartle Wells	\$43,500	Wastewater Rev	Competitive
Apr 11, 2017	Santa Clara Valley Water District	54,710,000	PRAG	\$70,000	Water Rev	Competitive
Mar 21, 2017	Marin PFA	33,630,000	Bartle Wells	\$43,500	Wastewater Rev	Competitive
Mar 8, 2017	Garden Grove Sanitation District	15,970,000	Urban Futures	\$47,500	Wastewater Rev	Negotiated
Feb 14, 2017	Santa Clara Valley Water District	59,390,000	PRAG	\$70,000	Water Rev	Negotiated
Jan 19, 2017	Chino Basin Regional Fin. Auth.	67,615,000	PFM	\$65,000	Wastewater Rev	Negotiated
Jan 17, 2017	Orange County Sanitary District	66,370,000	PRAG	\$100,500	Wastewater Rev	Competitive
Oct 12, 2016	LA County San. Dist. Fin. Auth.	170,265,000	Montague DeRose	\$52,000	Wastewater Rev	Negotiated
Jun 22, 2016	City of Tulare	58,265,000	Bartle Wells	\$75,500	Wastewater Rev	Negotiated