

March 22, 2016

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT REQUEST FOR PROPOSALS FOR FINANCIAL ADVISORY SERVICES

I. INTRODUCTION

The Midpeninsula Regional Open Space District (District) is requesting proposals from qualified financial institutions to provide financial advisory services under a contract with a term of up to three years with one three-year renewal at the option of the District.

The internal bond issuance team consists of the General Manager, General Counsel, Controller and Chief Financial Officer/Director of Administrative Services. This RFP for Financial Advisor is issued concurrently with RFPs for Underwriter, Bond Counsel and Disclosure Counsel to complete the external components of the District's bond issuance team for refunding existing bonds and issuing new bonds.

Any inquiries about the RFP should be addressed via email to Stefan Jaskulak, Chief Financial Officer/Director of Administrative Services at sjaskulak@openspace.org and be submitted no later than 5:00 p.m. on Tuesday March 27, 2016. Answers will be posted directly to the website no later than 5:00 p.m. on Friday April 1, 2016. Information on existing public notes and bonds can be found on the EMMA website. The latest District audited financial statements are available on EMMA and the District website, www.openspace.org.

To be considered, seven (7) hardcopies and one electronic copy on a USB drive of a proposal must be received by the Chief Financial Officer/Director of Administrative Services at 330 Distel Circle, Los Altos, CA, 94022 by 5:00 p.m. on Monday April 11, 2016. The District reserves the right to reject any and all proposals submitted.

During the evaluation process, the District reserves the right, where it may serve the District's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. There will be no public opening and reading of proposals, however, once received, all proposals become public records.

The District reserves the right to retain all proposals submitted and to use any ideas in a proposal, regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submittal, and confirmed in the contract between the District and the firm selected.

The District will review all proposals submitted and may select up to three proposals for final evaluation. These final three firms may be invited to make a presentation to

the District's internal bond issuance team in early May, at a location to be determined, at no cost to the District.

There is no expressed or implied obligation for the District to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

It is anticipated the selection process of a firm will be completed by May 2016 and staff's recommendation will be presented to the Board of Directors at its first meeting in June 2016.

II. DESCRIPTION OF THE DISTRICT

The District is a public agency formed by voters in 1972 to preserve a regional open space greenbelt, linking District preserves with other public parklands. Initially located in northwestern Santa Clara County, the voters expanded the District's boundaries in 1976 to include southern San Mateo County. In 2004, the District's boundary was extended to the Pacific Ocean in San Mateo County, from the southern borders of Pacifica to the San Mateo/Santa Cruz County line. The District now covers 550 square miles.

The District is located in the heart of Silicon Valley, encompassing Palo Alto, Mountain View, Los Altos, Los Altos Hills, Sunnyvale, Cupertino, Saratoga, Monte Sereno, and Los Gatos in Santa Clara County and Woodside, San Carlos, Half Moon Bay, Menlo Park, East Palo Alto, Atherton, Portola Valley and Redwood City in San Mateo County. The District has a population of over 700,000 persons.

During its first 44 years, the District has preserved over 62,000 acres of foothill and baylands open space in 26 open space preserves.

The District is divided into seven geographic wards, each represented for a staggered four-year term by an elected Board member. The Board holds public meetings on the second and fourth Wednesdays of each month at 7:00 p.m., at the District offices.

The staff consists of over 135 employees in nine departments: Real Property, Public Affairs, Planning, Natural Resources, Visitor Services, Land & Facilities Management, Finance, Human Resources and Information Systems & Technology.

In May 1996, the District and Santa Clara County established the Financing Authority with the purpose of providing financing assistance to the District to fund the acquisition of land to preserve and use as open space, and to finance public capital improvements. The District and Financing Authority are accounted for as one blended unit for financial statement purposes. Between 1996 and 2011, the District issued six series of Financing Authority debt, two of which remain outstanding following the issuance of the 2014 Refunding Notes. With legislative passage and the governor's signature of AB612 in 2011, the District is now able to sell notes to the public with maturities out to thirty years. This eliminated the major

advantage of the Financing Authority and it is unlikely that any future District debt will be issued under the Financing Authority structure.

The District’s debt structure is as follows:

OUTSTANDING DEBT SCHEDULE					
FISCAL YEAR 2015-2016					
			Principal		
	S&P	Fitch	Original Note	Balance on 2/1/16	Maturity
Promissory Notes			2,590,000.00	1,540,761.78	04/01/2023
2007 Bonds Series A	AAA		52,415,000.00	47,300,000.00	09/01/2027
2011 Bonds	AA+	AA+	20,500,000.00	20,290,000.00	09/01/2041
2012 Refunding Notes	AAA	AAA	31,264,707.20	32,874,501.25	09/01/2041
2015 Refunding Notes	AAA	AAA	23,630,000.00	23,225,000.00	09/01/2034
Measure AA Series A	AAA	AAA	40,000,000.00	40,000,000.00	09/01/2045
Measure AA Series B	AAA	AAA	5,000,000.00	5,000,000.00	09/01/2021
			172,809,707.20	168,689,501.25	
Total Debt Outstanding			175,399,707.20	170,230,263.03	

The primary revenue source is a share of the annual total property tax collected within the District. This revenue amounts to about 1.7¢ per \$100 of assessed property value, which provided \$35.1 million in fiscal year 2014-2015.

In June 2014, voters within the District passed Measure AA, authorizing up to \$300 million of general obligation (GO) bonds over the next thirty years. It is currently anticipated that the District will issue tranches of GO bonds approximately every three years, with the size of each tranche based on projections of the amount of capital spending which is expected to be accomplished in that time frame. The first tranche of GO bonds were issued in the summer of 2015. Beginning in fiscal 2016, the regular tax revenue is supplemented by incremental taxes levied to cover the debt service on new issues of general obligation bonds authorized in Measure AA. Other revenue sources include federal, state and county grants, grants from nonprofit organizations, interest income, property management income, and donations.

III. SCOPE OF SERVICES REQUIRED

The District is seeking to retain a qualified financial advisory firm to provide advice and services related to the future sale of bonds and notes, especially general obligation (GO) bonds. It is expected that the financial advisor will work closely with the District’s internal bond issuance team, bond and/or disclosure counsel, and bond trustee, making recommendations and performing activities related to the issuance and sale of debt and the maintenance of the District’s credit rating. The District expects to negotiate a contract for up to three years plus one three-year option to renew. Specifically, the financial advisor will provide the following services:

1. Services

- a. Review and evaluate the District's existing capital financing plans and work closely with CFO and the internal bond issuance team to determine whether the current borrowing strategy should be amended.
- b. Evaluate possible financing options and scenarios for the District and make recommendations.
- c. Assist in evaluating potential underwriters for a negotiated sale, direct placement or define the process for a competitive sale.
- d. Identify and evaluate opportunities to retire or refund outstanding debt. (for example, refunding the 2007 bonds in August 2016)
- e. Assist in furnishing materials and data to rating agencies, bond insurers and general investor relations, including preparation of any presentations.
- f. Provide advice related to compliance with arbitrage regulations.
- g. Develop financial analyses and special reports as requested by the District.

2. Transactions

- a. Attend all organizational, document review and special meetings related to bond financings.
- b. Evaluate, advise and consult with the internal bond issuance team and bond and/or disclosure counsel regarding financial and non-financial bond covenants of each debt issue.
- c. Recommend advantageous timing of bond sales.
- d. Identify tasks, responsibilities and dates for completing activities leading up to bond sales, and assist with coordinating all tasks associated with a sale, including preparation of the Official Statement.
- e. For each competitive sale, coordinate pre-sale publicity, call for bids, evaluation of bids (including accuracy of TIC calculations), recommendations to the District regarding sufficiency of bids, and awarding of bids.
- f. For each negotiated sale, assist with the selection of the underwriter and advise District CFO and the internal bond issuance team on proposed structure, documents and pricing (including accuracy of TIC calculations). Note that the financial advisor is precluded from participation in the underwriting as co-manager or syndicate member.
- g. Coordinate closing arrangements with the District, including review of the closing memorandum with bond counsel to confirm closing activities.
- h. Prepare an oral and written recommendation to the District Board of Directors for each bond issue, regarding financial feasibility, bond covenants and pricing, and other relevant analyses.

IV. SCHEDULE

The following is a list of key dates up to and including the award of contract by the District's Board of Directors:

Request for proposals issued	March 22, 2016
Question due	March 27, 2016
Due date for proposals	April 11, 2016
Initial Management selection	April 22, 2016
Interviews	April/May, 2016
Final Management selection	May 18, 2016
Board approval of selection	June 8, 2016
Begin work on refunding 2007 GO bonds	June/July, 2016
Refund 2007 Bonds	August, 2016

V. PROPOSAL CONTENT AND BASIS FOR EVALUATION

All firms shall submit seven (7) hardcopies and one electronic copy on a USB drive of their proposal in the following order and outline them in the following manner:

A. Title Page (1 page)

Show the RFP subject, the name of the firm, local office address, telephone number, the name of the principal contact person, and the date of the submittal.

B. Table of Contents (1 page)

Include a clear identification of the material by section and by page number.

C. Cover Letter and Executive Summary (not to exceed 4 pages)

The person in your firm who is authorized to negotiate terms, render binding decisions and commit the firm's resources should sign this letter. Summarize the firm's understanding of the District and the work to be done and make a positive commitment to perform the work necessary. This section should summarize the key points of the submittal.

D. Firm Qualifications and Experience (not to exceed 12 pages)

The proposal should state the firm's overall qualifications and experience in providing municipal financial advisory services in the state of California.

- Identify the office of the firm which is proposed as the base for provision of services to the District.
- Specify the number of professionals employed in this office who serve as financial advisors to public agencies in California. Qualifications of staff, proposed for assignment and availability of technical, legal, or analytical support services, including the in-house capability to provide technical

support, computer modeling, financial analysis, and the organization of the firm including backup resources available if needed.

- Specify the number of California public agencies (municipal and special district) for which your firm currently is under contract to serve as financial advisor, and provide the number and volume of debt issuance transactions completed pursuant to such contracts in the last five years.
- Provide a list of the five most comparable California public agencies (in terms of their charter, organization and outstanding debt) for which your firm currently provides financial advisory services.
- Confirm that the firm is registered with the SEC and MSRB.
- Disclosure of any violations of Federal, state or local regulations or laws within the last three years, and any pending or current litigation, pending investigation of the firm or individuals or enforcement and disciplinary actions taken by the SEC or other regulatory bodies.
- Disclose any conflicts of interest which might impact your firm's provision of financial advisory services to the District, any affiliation with any broker-dealer, underwriting firm or commercial bank. Disclose any finder's fees, fee splitting, payments to consultants or other contractual arrangements of the firm that could present a real or perceived conflict of interest.

E. Individual Qualifications (not to exceed 8 pages)

Identify the individual who will serve as the primary point of contact with the District under this financial advisory contract and other individuals of the team who are expected to be regular contributors. Provide brief biographical information of each of these individuals which identifies their educational background, relevant certifications and credentials, work history and past responsibilities serving in similar financial advisory roles. Describe the specific experience of the proposed team leader in accomplishing the competitive sale of GO bonds.

F. References (not to exceed 2 pages)

Provide up to five references (name, title, employer, phone number, e-mail) for the proposed team leader. Specify what services he/she provided to each reference. At least two of the references should be for clients no longer under contract or that have retained services of a different financial advisory firm.

G. Fees (not to exceed 2 pages)

Present your compensation approach and fee proposal for the scope of work as District financial advisor, as described in Sections II and III. Please document any key assumptions made in developing the fee proposal and any other contingencies the District should be aware of. Proposals should include all costs to be charged to the District under the proposed contract. For special project work, indicate your hourly rates. For transactions, describe how your fees are calculated for each type and size of transaction, and provide examples. State and explain any minimum or maximum charges per transaction. State what costs are included in the transaction

fees and what costs are to be separately reimbursed. As a summary example, provide an estimate and, preferably, a not-to-exceed fee, for the total charges by the firm to design and lead a competitive, negotiated or direct placement refunding of the 2007 bonds for the summer of 2016 and a sale of District GO bonds in the amount of \$30 and \$50 million in 2017/2018.

H. Contract Form

Provide your firm's proposed form of contract.

VI. INQUIRIES

Inquiries concerning the request for proposals and the subject of the request for proposals must be made via email and be submitted no later than 5:00 p.m. on Tuesday March 27, 2016. Answers will be posted directly to the website no later than 5:00 p.m. on Friday April 1, 2016.

Stefan Jaskulak
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Midpeninsula Regional Open Space District
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VII. SELECTION PROCESS

A. Staff Evaluation

The District internal bond issuance team will evaluate all proposals submitted. The District may select up to three proposals for a final evaluation. These final three firms may be invited to make a presentation, in person by no more than three people including the responsible engagement partner and actively involved personnel, to the District's internal bond issuance team, at a location to be determined, at no cost to the District.

B. Final Selection

The District's Board of Directors will select a firm based upon the recommendation of the District internal bond issuance team.

It is anticipated the selection process of a firm will be completed in May 2016 and the staff recommendation will be presented to the Board of Directors at its first meeting in June 2016. Following the notification of the selected firm, it is expected a contract will be executed between both parties by the end of June 2016.