



**Agenda
City of Vernon
Regular Successor Agency to the Redevelopment
Agency Meeting
Tuesday, February 1, 2022, 9:00 AM
Remote Location Via Zoom**

**Melissa Ybarra, Chairperson
William Davis, Vice-Chairperson
Leticia Lopez, Member
Crystal Larios, Member
Judith Merlo, Member**

SPECIAL REMOTE PROTOCOLS

Assembly Bill 361 (AB 361) authorizes public meetings to take place via teleconference because State and Local officials are recommending measures to promote social distancing. This meeting will be conducted entirely by remote participation via Zoom Webinar.

The public is encouraged to view the meeting at <https://www.cityofvernon.org/webinar-cc> or by calling (408) 638-0968, Meeting ID 870-7426-0632#. You may address the Successor Agency via Zoom or submit comments to PublicComment@ci.vernon.ca.us with the meeting date and item number in the subject line.

CALL TO ORDER

FLAG SALUTE

ROLL CALL

APPROVAL OF THE AGENDA

PUBLIC COMMENT

At this time the public is encouraged to address the Successor Agency to the Redevelopment Agency on any matter that is within the subject matter jurisdiction of the Successor Agency. The public will also be given a chance to comment on matters which are on the posted agenda during deliberation of those specific matters.

CONSENT CALENDAR

All matters listed on the Consent Calendar are to be approved with one motion. Items may be removed from the Consent Calendar for individual consideration. Removed items will be considered immediately following the Consent Calendar.

1. City Clerk

[Approval of Minutes](#)

Recommendation:

Approve the February 2, 2021 Regular Successor Agency to the Redevelopment Agency meeting minutes.

[1. 20210202 SA Minutes](#)

2. Finance/Treasury

[Recognized Obligation Payment Schedule for the Period of July 1, 2022 through June 30, 2023](#)

Recommendation:

- A. Receive and file the recognized obligation payment schedule (ROPS) of the Successor Agency of the Former Redevelopment Agency of the City of Vernon for the period July 1, 2022 through June 30, 2023; and
- B. Authorize Successor Agency staff to provide any additional requested information to the Los Angeles County Auditor-Controller and/or California Department of Finance to substantiate the information contained in the ROPS and effectuate said schedule.

[1. Resolution No. OB-49 & 2022-23 ROPS](#)

NEW BUSINESS

3. Finance/Treasury

[Appointment of Samuel A. Ramirez & Co., Inc. for Investment Banking and Underwriting Services and Purchase Contract with HdL Coren & Cone for Fiscal Consulting Services](#)

Recommendation:

- A. Approve refunding of Tax Allocation Bond (TAB) Series 2005A and 2011A;
- B. Appoint Samuel A. Ramirez & Co., Inc. as underwriters in accordance with staff's recommendation for a cost not-to-exceed \$134,000 to be paid from bond proceeds upon transaction completion; and
- C. Approve and authorize the issuance of a purchase contract with HdL Coren & Cone for fiscal consulting services for a total amount not-to-exceed \$25,000.

[1. Investment Banking and Underwriting Services RFP](#)

[2. Ramirez Proposal - City of Vernon RFP \(VF\) \(10-25-21\)](#)

[3. Vernon SA 2022 Refunding Bonds - Fiscal Consulting Services Proposal](#)

ORAL REPORTS

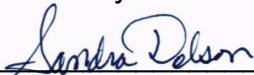
Brief reports, announcements, or directives to staff.

Next regular meeting: Tuesday, September 6, 2022 at 9:00 a.m.

ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted in accordance with applicable legal requirements. Regular and Adjourned Regular meeting agendas may be amended up to 72 hours prior to the meeting.

Dated this 27th day of January, 2022.

By: 
Sandra Dolson, Administrative Secretary

Successor Agency to the Redevelopment Agency Agenda Item Report

Submitted by: Sandra Dolson
Submitting Department: City Clerk
Meeting Date: February 1, 2022

SUBJECT

Approval of Minutes

Recommendation:

Approve the February 2, 2021 Regular Successor Agency to the Redevelopment Agency meeting minutes.

Background:

Staff has prepared and hereby submits the minutes for approval.

Fiscal Impact:

There is no fiscal impact associated with this report.

Attachments:

1. [20210202 SA Minutes](#)

MINUTES
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
REGULAR MEETING
TUESDAY, FEBRUARY 2, 2021
COUNCIL CHAMBER, 4305 SANTA FE AVENUE

CALL TO ORDER

Chair Lopez called the meeting to order at 11:02 a.m.

FLAG SALUTE

The Flag Salute was not conducted.

ROLL CALL

PRESENT: Leticia Lopez, Chair (via remote access)
Melissa Ybarra, Vice Chair (via remote access)
William Davis, Member (via remote access)
Carol Menke, Member (via remote access)
Diana Gonzales, Member (via remote access)

STAFF PRESENT:

Carlos Fandino, City Administrator (via remote access)
Arnold Alvarez-Glasman, Interim City Attorney (via remote access)
Lisa Pope, City Clerk (via remote access)

APPROVAL OF THE AGENDA

MOTION

Vice Chair Ybarra moved and Member Davis seconded a motion to approve the agenda. The question was called and the motion carried unanimously.

PUBLIC COMMENT

None.

CONSENT CALENDAR

MOTION

Vice Chair Ybarra moved and Member Gonzales seconded a motion to approve the Consent Calendar, with the exception of Item No. 2. The question was called and the motion carried unanimously.

The Consent Calendar consisted of the following items:

1. Approval of Minutes

Recommendation: Approve the February 4, 2020 Regular Successor Agency to the Redevelopment Agency meeting minutes.

The following item was pulled from the Consent Calendar for individual consideration:

2. Recognized Obligation Payment Schedule for the Period of July 1, 2021 through June 30, 2022

Recommendation: A. Receive and file the recognized obligation payment schedule (ROPS) of the Successor Agency of the Former Redevelopment Agency of the City of Vernon for the period July 1, 2021 through June 30, 2022; and B. Authorize Successor Agency staff to provide any additional requested information to the Los Angeles County Auditor-Controller and/or California Department of Finance to substantiate the information contained in the ROPS and effectuate said schedule

Finance Director Williams presented the staff report.

In response to Board questions, Finance Director Williams explained the end of the Successor Agency and transfer of debt service to the City.

MOTION

Vice Chair Ybarra moved and Chair Lopez seconded a motion to receive and file the recognized obligation payment schedule (ROPS) of the Successor Agency of the Former Redevelopment Agency of the City of Vernon for the period July 1, 2021 through June 30, 2022; and B. Authorize Successor Agency staff to provide any additional requested information to the Los Angeles County Auditor-Controller and/or California Department of Finance to substantiate the information contained in the ROPS and effectuate said schedule. The question was called and the motion carried unanimously.

ORAL REPORTS

None.

ADJOURNMENT

Chair Lopez adjourned the meeting at 11:08 a.m.

MELISSA YBARRA, Chair

ATTEST:

LISA POPE, Secretary
(seal)

Successor Agency to the Redevelopment Agency Agenda Item Report

Submitted by: Angela Melgar
Submitting Department: Finance/Treasury
Meeting Date: February 1, 2022

SUBJECT

Recognized Obligation Payment Schedule for the Period of July 1, 2022 through June 30, 2023

Recommendation:

- A. Receive and file the recognized obligation payment schedule (ROPS) of the Successor Agency of the Former Redevelopment Agency of the City of Vernon for the period July 1, 2022 through June 30, 2023; and
- B. Authorize Successor Agency staff to provide any additional requested information to the Los Angeles County Auditor-Controller and/or California Department of Finance to substantiate the information contained in the ROPS and effectuate said schedule.

Background:

Pursuant to Senate Bill 107, the Successor Agency must submit an annual Recognized Obligation Payment Schedule by February 1st of each year to the Los Angeles County Auditor-Controller and California Department of Finance. The attached ROPS for fiscal year July 1, 2022 through June 30, 2023 was submitted to and approved by the Los Angeles County Oversight Board at its January 10, 2022 meeting for the First District.

Following review by the Successor Agency, staff will submit the ROPS to the County Auditor-Controller, the State Controller, and the California Department of Finance.

Fiscal Impact:

The Successor Agency is requesting \$4,269,496 in Redevelopment Property Tax Fund monies for its enforceable obligation payments during Fiscal Year 2022-2023.

Attachments:

- 1. [Resolution No. OB-49 & 2022-23 ROPS](#)

RESOLUTION NO. OB-49

A RESOLUTION OF THE LOS ANGELES COUNTY FIRST SUPERVISORIAL DISTRICT CONSOLIDATED OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JULY 1, 2022 THROUGH JUNE 30, 2023 OF THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF VERNON

WHEREAS, pursuant to ABx 1 26, enacted on June 28, 2011, and as subsequently amended by AB 1484, SB 341, and SB 107 ("Dissolution Act"), the Redevelopment Agency of the City of Vernon was dissolved as of February 1, 2012, and the City of Vernon elected to serve as the Successor Agency to the former Redevelopment Agency of the City of Vernon.

WHEREAS, pursuant to Health and Safety Code Section 34179 (q), commencing on and after July 1, 2018, the County of Los Angeles, where more than 40 oversight boards were created by the Dissolution Act, shall have five consolidated oversight boards each encompassing the five supervisorial districts;

WHEREAS, the First Supervisorial District Consolidated Oversight Board ("Oversight Board") has jurisdiction over the Successor Agency of the Former Redevelopment Agency of the City of Vernon;

WHEREAS, the First Supervisorial District Consolidated Oversight Board held a regular/special meeting on January 10, 2022.

NOW THEREFORE, THE LOS ANGELES COUNTY FIRST SUPERVISORIAL DISTRICT CONSOLIDATED OVERSIGHT BOARD DOES HEREBY RESOLVE AND FIND AS FOLLOWS:

Section 1. Pursuant to its responsibility set forth in Section 34180(g) of the California Health and Safety Code, the 1st District Consolidated Oversight Board hereby approves the Recognized Obligation Payment Schedule (ROPS) for the Successor Agency of the Former Redevelopment Agency of the City of Vernon, attached hereto as Exhibit "A".

Section 2. The 1st District Consolidated Oversight Board's Clerk shall certify the adoption of this Resolution.

Section 3. The Successor Agency's officials and staff are hereby authorized and directed to transmit this Resolution and take all other necessary and appropriate actions as required by law in order to effectuate its purposes.

PASSED, APPROVED AND ADOPTED this 10th day of January 2022, by the following vote:

Ayes: Board Members Hart, Rehman, Rojas, Sandoval, Scroggins,

Vice Chair Duarte-White and Chair Koffroth.

Noes:


Abstain:

Absent:



Steve Koffroth, First Supervisorial District
Consolidated Oversight Board, Chair

ATTEST:



Cesar Hernandez, Deputy Clerk

EXHIBIT A

**Recognized Obligation Payment Schedule (ROPS 22-23) - Summary
 Filed for the July 1, 2022 through June 30, 2023 Period**

Successor Agency: Vernon
County: Los Angeles

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	22-23A Total (July - December)	22-23B Total (January - June)	ROPS 22-23 Total
A Enforceable Obligations Funded as Follows (B+C+D)	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	\$ 3,086,443	\$ 1,183,053	\$ 4,269,496
F RPTTF	2,961,443	1,058,053	4,019,496
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E)	\$ 3,086,443	\$ 1,183,053	\$ 4,269,496

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

STEVE KOFFROTH CHAIR
 Name Title

/s/ [Signature] 1/10/22
 Signature Date

Vernon
Recognized Obligation Payment Schedule (ROPS 22-23) - ROPS Detail
July 1, 2022 through June 30, 2023

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 22-23 Total	ROPS 22-23A (Jul - Dec)					22-23A Total	ROPS 22-23B (Jan - Jun)					22-23B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								\$39,165,000		\$4,269,496	\$-	\$-	\$-	\$2,961,443	\$125,000	\$3,086,443	\$-	\$-	\$-	\$1,058,053	\$125,000	\$1,183,053
1	Industrial RP - Acct. #276.02 & 99 ANX - Acct. #276.03	Fees	02/01/2012	06/30/2018	Bank of New York-Trustee	See Item 11	Acct. #276.02 & 99, ANX - Acct. #276.03	-	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
3	Industrial RP - Acct. #276.02 & 99 ANX - Acct. #276.03	Bonds Issued On or Before 12/31/10	09/21/2005	09/01/2035	Bank of New York-Trustee	Series 2005 Principal and/or Interest on Bonds	Acct. #276.02 & 99, ANX - Acct. #276.03	30,785,000	N	\$2,618,921	-	-	-	1,905,431	-	\$1,905,431	-	-	-	713,490	-	\$713,490
4	Industrial RP - Acct. #276.02 & 99 ANX - Acct. #276.03	Bonds Issued After 12/31/10	02/15/2011	09/01/2030	Bank of New York-Trustee	Series 2011 Principal and/or Interest on Bonds	Acct. #276.02 & 99, ANX - Acct. #276.03	8,130,000	N	\$1,400,575	-	-	-	1,056,012	-	\$1,056,012	-	-	-	344,563	-	\$344,563
11	Industrial RP - Acct. #276.02 & 99 ANX - Acct. #276.03	Admin Costs	09/21/2005	09/01/2035	City of Vernon	Administrative cost to wind down RDA and outside counsel legal fees	Acct. #276.02 & 99, ANX - Acct. #276.03	250,000	N	\$250,000	-	-	-	-	125,000	\$125,000	-	-	-	-	125,000	\$125,000
12	Industrial RP - Acct. #276.02 & 99 ANX - Acct. #276.03	Fees	09/21/2005	09/01/2035	Bond Logistix	See Item 11	Acct. #276.02 & 99, ANX - Acct. #276.03	-	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-

Vernon
Recognized Obligation Payment Schedule (ROPS 22-23) - Report of Cash Balances
July 1, 2019 through June 30, 2020
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.							
A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 19-20 Cash Balances (07/01/19 - 06/30/20)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	Comments
1	Beginning Available Cash Balance (Actual 07/01/19) RPTTF amount should exclude "A" period distribution amount.	7,478,461	15,194,034	-	-	1,467	
2	Revenue/Income (Actual 06/30/20) RPTTF amount should tie to the ROPS 19-20 total distribution from the County Auditor-Controller	1,041,857	38,590			3,899,770	
3	Expenditures for ROPS 19-20 Enforceable Obligations (Actual 06/30/20)	5,181,875	1,042,110			580,553	ROPS 19-20 Enforceable Obligations paid from bond proceeds (column C) erroneously.
4	Retention of Available Cash Balance (Actual 06/30/20) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)					2,676,519	
5	ROPS 19-20 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 19-20 PPA form submitted to the CAC			No entry required		(1)	
6	Ending Actual Available Cash Balance (06/30/20) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$3,338,443	\$14,190,514	\$-	\$-	\$644,166	

Vernon
Recognized Obligation Payment Schedule (ROPS 22-23) - Notes
July 1, 2022 through June 30, 2023

Item #	Notes/Comments
1	
3	
4	
11	
12	

**The Successor Agency to the Former Redevelopment Agency of the City of Vernon
Administrative Costs Budget
Fiscal Year 2022-2023**

	Annual Budget	Funding Source
Administrative Costs:		
Legal, Financial Advisory/Continuing Disclosure, Audit, and Banking	\$ 50,000.00	RPTTF Administrative Allowance
Administrative Overhead:		
Utilities, Supplies, Equipment, Risk Management/Insurance, and Property Maintenance	40,000.00	RPTTF Administrative Allowance
Salaries and Benefits	160,000.00	RPTTF Administrative Allowance
Total Budget	<u><u>\$ 250,000.00</u></u>	

Successor Agency to the Redevelopment Agency Agenda Item Report

Submitted by: Angela Melgar
Submitting Department: Finance/Treasury
Meeting Date: February 1, 2022

SUBJECT

Appointment of Samuel A. Ramirez & Co., Inc. for Investment Banking and Underwriting Services and Purchase Contract with HdL Coren & Cone for Fiscal Consulting Services

Recommendation:

- A. Approve refunding of Tax Allocation Bond (TAB) Series 2005A and 2011A;
- B. Appoint Samuel A. Ramirez & Co., Inc. as underwriters in accordance with staff's recommendation for a cost not-to-exceed \$134,000 to be paid from bond proceeds upon transaction completion; and
- C. Approve and authorize the issuance of a purchase contract with HdL Coren & Cone for fiscal consulting services for a total amount not-to-exceed \$25,000.

Background:

The City seeks to refinance the existing series 2005 and 2011 (Taxable) Industrial Redevelopment Project Tax Allocation Bonds (TAB) in order to realize interest rate savings, structure to front-load debt service, and accelerate repayment of the TABs which would allow the City to begin receiving its portion of tax-increment sooner.

The underwriter is one of the key participants in the refinance of bonds. The primary functions of the bond underwriter are to develop the financing plan, market, sell, and underwrite the bonds. Other duties include creating a rating strategy to optimize the City's presentation to rating agencies, and identifying ways to enhance the City's capital markets strategy across projects and credits to identify potential opportunities.

On October 14, 2021, City staff issued a Request for Proposals (RFP) for Investment Banking and Underwriting Services for three project categories: 1) Redevelopment Agency Financing, 2) Pension Obligation Financing, and 3) Financing of Major Maintenance/Infrastructure Improvements and Asset Acquisitions. The RFP was distributed to the following 10 firms that specialize in public bond financing: Bank of America Merrill Lynch, Piper Sandler, Raymond James & Associates, Inc., Goldman Sachs, Citigroup Global Markets Inc., Hilltop Securities Inc., J.P. Morgan, Morgan Stanley, Samuel A. Ramirez & Co., Inc., RBC Capital Markets, and Stifel Public Finance. In an effort to maximize the diversity of the firms notified, staff advertised the RFP on PlanetBids, via which 19 vendors were notified, including the aforementioned. Timely proposals were received from the following seven firms: Citigroup Global Markets, Raymond James & Associates, Inc., Drexel Hamilton, Goldman Sachs, Hilltop Securities Inc., Stifel Public Finance, and Samuel A. Ramirez & Co., Inc. (Ramirez). Six of the seven proposals responded to the Redevelopment Agency bond refinance project; Goldman Sachs was the only firm that did not.

A review panel evaluated the six TAB refunding project proposals received from qualified respondents. A comprehensive and impartial evaluation of the proposals was conducted in accordance with the specifications set forth within the RFP on the basis of four weighted criteria: Qualifications 40%, Costs and Fees 30%, Responsiveness 10%, and References

20%. Ramirez was determined to be the best fit due to the firm's exceptional qualifications, competitive prices, and past experience. Ramirez has a focus on municipal bond underwriting, long-term stability, and transparency that make the firm a great suitable choice for the City. Its detailed proposal demonstrated thoughtful alignment with the City's goals. At this time, staff recommends that the City Council appoint Ramirez as underwriters for the TAB refunding to allow the firm to commence work on this transaction.

In light of the anticipated issuance of the 2022 Tax Allocation Refunding Bonds by the Successor Agency of the Redevelopment Agency of the City of Vernon, staff also requested proposals for a Fiscal Consultant Report. This report is the foundation that contains most of the information found in the Official Statement. An official statement describes the essential terms of the bonds, and typically provides the most detailed description of the features of the bonds.

Staff reached out to five firms, but only received a proposal from HdL Coren and Cone (HdLCC) to perform the analysis for a fiscal consultant report. HdLCC currently provides property tax services to 68 of the 88 cities in Los Angeles County, and has extensive experience working with redevelopment agencies. It is very familiar with the City of Vernon and has participated in the refinancing of existing bonds for more than 50 successor agencies.

Some of the services under this proposal include:

1. A projection of tax increment revenues through the term of the Bonds for the former Project Area based upon 2021-22 assessed values, property tax growth trends, and transfers of ownership.
2. Preparation of the Fiscal Consultant Report describing its assumptions and presenting its projections of the Project Area revenues as well as an aggregation of these revenues for inclusion with the offering documents of the proposed bond issuance.
3. Review of the bond issuance offering documents as they related to the Project Area revenues and issues discussed in the Fiscal Consultant Report.

The proposal has been reviewed and approved as to form by the City Attorney's Office. The vendor has agreed to sign the City's purchase contract.

Next Steps in Bond Process:

Upon finalizing the Series 2022 bond financial requirements and disclosure documents, the Successor Agency (City Council) will be presented the legal documents for its consideration (expected March 15, 2022 Special Successor Agency meeting) and will be briefed on the specifics of the bonding transaction before proceeding with a final sale. On April 11, 2022, staff will present the financing to the First District, Los Angeles Consolidated Oversight Board for approval. At that time, staff will request that Council approve a resolution to move forward with the bond transaction, including approval of the Bond Purchase and Sale Agreement with Ramirez, approval of the Preliminary Official Statement, and authorization for the Director of Finance to accept or reject bids and set the interest rates on the bonds sold (expected at the May 17, 2022 Special Successor Agency meeting). A calculation will be completed by the City's Financial Advisor to determine the lowest cost investor bids to be accepted.

This information will be presented to City Council, and will be incorporated into the authorizing resolution.

Fiscal Impact:

The total estimated cost for investment banking and underwriting services is expected not-to-exceed \$134,000 based on a \$35 million bond transaction (\$3.80/\$1,000 bond), and will be paid from bond proceeds upon transaction completion.

The fiscal impact for the proposed Purchase Contract with HdLCC is not-to-exceed \$25,000 for one-time fiscal consulting services and related fiscal agent report, which includes a fee of \$22,500 plus the cost of any actual incurred expenses. There are sufficient funds in the Administrative Redevelopment Property Tax Trust Fund (RPTTF) allocated by the California Department of Finance to the Successor Agency of the Former Redevelopment Agency of the City of Vernon for the 2021-2022 period.

Attachments:

1. [Investment Banking and Underwriting Services RFP](#)
2. [Ramirez Proposal - City of Vernon RFP \(VF\) \(10-25-21\)](#)
3. [Vernon SA 2022 Refunding Bonds - Fiscal Consulting Services Proposal](#)

**City of Vernon
Request for Proposals (RFP)**

**Investment Banking and Underwriting
Services**



**City of Vernon
Finance Department
4305 Santa Fe Avenue, Vernon, CA 90058
Phone: (323) 583-8811**

1 **INTRODUCTION AND PROJECT**

The City of Vernon is requesting proposals for investment banking and underwriting services for the execution of a restructuring/refinancing of outstanding redevelopment agency debt, financing all or a portion of the City's Unfunded Accrued Liability (UAL) pension obligations, and financing for major acquisitions and/or maintenance and revenue-financed infrastructure improvements.

Redevelopment Agency Financing: The City seeks to refinance its existing series 2005 Industrial Redevelopment Project Tax Allocation Bonds (of which \$30,785,000 is currently outstanding), and series 2011 Industrial Redevelopment Project Tax Allocation Bonds (Federally Taxable) (of which \$8,130,000 is currently outstanding), in order to realize interest rate savings.

Pension Obligation Financing: The City is also interested in pursuing financing opportunities to benefit the City and increase financing options/flexibility in the near and long term and is exploring pension obligation bonds in order to stabilize UAL costs over time.

Financing of Major Maintenance/Infrastructure Improvements and Asset Acquisitions: The City may engage in or pursue major maintenance projects, revenue-financed infrastructure improvements, and asset acquisitions in order to strengthen the City's infrastructure and long-term ability to provide necessary City services. The City is interested in pursuing financing opportunities to fund such maintenance, improvements and/or acquisitions.

Proposers may submit a proposal for one or multiple service categories. The City will select one or more firms, based on demonstrated competence and qualifications to perform investment banking and underwriting services. Proposers must demonstrate a comprehensive understanding of municipal finance.

The City intends to use this solicitation to select the firm(s) that, at the City's sole discretion, is/are found to offer the most favorable recommendations and terms. Depending on the structure and size of the chosen approach, the City may later, at the City's sole discretion, choose firms for co-manager roles. The City is not obligated to proceed with any transaction or to select any underwriting firm pursuant to this RFP.

2 **BACKGROUND**

The City of Vernon was founded in 1905, is approximately 5.2 square miles in size and is located approximately 5 miles southeast of downtown Los Angeles California. Over its long history, Vernon has been developed as an industrial community. At the turn of the 20th century the lands that make up Vernon were comprised largely of farmlands. The presence of three major rail lines in the area led influential business and property owners to encourage the railroad companies to run spur lines onto the farmlands. These rail extensions enabled the creation of an exclusively industrial city. By the 1920s, Vernon was attracting large stockyards and meatpacking facilities. In the 1930s, Vernon became the location of choice for many heavy industrial plants. As economic conditions changed over the decades, these large-scale industrial operations have relocated out of

City of Vernon Investment Banking and Underwriting Services Request for Proposals

Southern California and Vernon has attracted smaller, lighter industrial facilities. The City's business friendly environment, low cost utilities and key location for trucking and rail transport continue to position Vernon as an ideal location for industrial uses.

City Government: The City Council consists of five members, elected at-large, who serve five-year staggered terms. A Mayor and a Mayor Pro Tem are annually appointed according to a rotation schedule based on year of election.

Labor Force: Vernon has approximately 225 employees, and its departments include a Police Department, Finance Department, Public Works Department, Public Utilities Department and Health and Environmental Control Department. Present bargaining units include the Vernon Police Officers Benefit Association, Vernon Police Management Association, International Brotherhood of Electrical Workers Local 47, and Teamsters Local 911.

3. FINANCING CATEGORIES

A. FORMER REDEVELOPMENT AGENCY OUTSTANDING DEBT

The City is considering opportunities to refinance the existing Series 2005 and Series 2011 (Taxable) Tax Allocation Bonds in an optimal way to decrease debt service and term. The former Redevelopment Agency currently has \$38,915,000 (as of 9/1/2021) of outstanding debt. The following table provides the maturity schedule of the two bonds.

Industrial Redevelopment Project Outstanding Debt Summary						
Series	Tax Status	Type	Original Issue Size	Outstanding Par	Call Option	Final Maturity
2005A	Tax-Exempt	Fixed Rate	49,420,000	30,785,000	9/1/2015	9/1/2035
2011A	Taxable	Fixed Rate	19,490,000	8,130,000	9/1/2021	9/1/2030

B. PENSION OBLIGATIONS

The City is also considering financing opportunities to finance all or a portion of its existing unfunded actuarial liability. As of the June 30, 2020 CalPERS valuations reports, the City's UAL is \$146,631,689, as shown in the table below.

CalPERS Employer ID	Employer Name	Employer Plan	UAL Balance 6/30/22
3431795727	City of Vernon	Safety Fire	57,738,402
3431795727	City of Vernon	Safety Local Prosecutor	8,762
3431795727	City of Vernon	PEPRA Safety Fire	155,136
3431795727	City of Vernon	PEPRA Safety Police	62,844
3431795727	City of Vernon	Miscellaneous	52,417,380
3431795727	City of Vernon	Safety Police	36,249,165
			146,631,689

C FINANCING OF MAJOR MAINTENANCE/INFRASTRUCTURE IMPROVEMENTS AND ASSET ACQUISITIONS

The City may engage in or pursue major maintenance projects, revenue-financed infrastructure improvements, and asset acquisitions in order to strengthen the City's infrastructure and long-term ability to provide necessary City services. The City is interested in pursuing financing opportunities to fund such maintenance, improvements and/or acquisitions.

4 SCOPE OF SERVICES REQUIRED

With respect to each type of contemplated financings, the City of Vernon is seeking the services of a highly qualified consulting firm to assist in the following

- A. Provide continued analyses to help determine an optimal approach for financing/refinancing and other opportunities
- B. Attend and participate in meetings related to the financing(s)
- C. Provide support services for completion of the financing(s), including periodical preparation of schedules and distribution lists
- D. Provide ongoing information to the finance team regarding the activity and status of the financing(s) and market conditions, including regular updates to financing scales and numbers
- E. Assist in preparation of presentations to rating agencies and investors
- F. Structure, schedule, market, and purchase the bonds including underwriting any balances of unsold bonds
- G. Present a timely, comprehensive summary of management performance and
- H. Obtain bids for credit enhancement and recommend efficient utilization of available credit enhancement, including but not limited to bank facilities and bond insurance, if necessary.

5 QUALIFICATIONS CRITERIA

- A. **Qualifications:** The City of Vernon may select one or more firms to provide the outlined Scope of Service on the bases of qualifications, experience, and cost. The following are the minimum qualifications to be used to evaluate responses to this Request for Proposals

Respondents must have a minimum of five (5) years of municipal finance experience serving as an underwriter for acquisition, redevelopment and/or pension obligation transactions, as required based on the scope of proposed services. Experience in financing/refinancing similar sizes and types of bond issuances in the State of California is desired.

- B. **Selection Criteria:** The City will conduct a comprehensive, fair, and impartial evaluation of proposals received in response to this RFP. All proposals received will be reviewed and evaluated by a committee of qualified personnel. The name, information, or experience of the individual members will not be made available to any proposer. The Evaluation Committee will first review and screen all proposals submitted, except for the

City of Vernon Investment Banking and Underwriting Services Request for Proposals

cost proposals, according to the minimum qualifications set forth above. The following criteria will be used in reviewing and comparing the proposals and in determining the highest scoring bid

1. 40% Qualifications, background and prior experience of the firm in the Service Area(s) being proposed, experience of key staff assigned to oversee services provided to Vernon, evaluation of size and scope of similar work performed and success on that work.
2. 30% Cost and fees to the City for handling matters. Cost is not the sole determining factor but will be taken into consideration. Proposer must offer services at a rate comparable to the rate proposer offers to other governmental entities for similar work. Offering a higher rate to the City than the comparable rate is grounds for disqualification of the Proposer. If rates differ for different types or levels of service, or for different Service Areas, the Proposer should so state.
3. 10% Responsiveness to the RFP, and quality and responsiveness of the proposal.
4. 20% References including past performance of proposer.

6% FORMAT AND DELIVERY OF RESPONSE

Respondents are asked to submit an electronic copy via email to Scott Williams, Director of Finance/City Treasurer to swilliams@ci.vernon.ca.us of their proposals in sufficient detail to allow for a thorough evaluation and comparative analysis. The proposal should include, at a minimum, the following information in sectionalized format addressing all phases of the work in the RFP.

- A. **Format:** Limit your proposal to 15 typed 8.5"X 11" pages, or fewer. You may attach a firm brochure if you wish, but it must be as a separate attachment and independent from the required elements noted above.
 1. Use a conventional typeface with a minimum font size of 12 points. Use a 1" margin on all borders.
 2. Organize your submittal in the order described above.
 3. Prominently label the package "Investment Banking and Underwriting Services RFP" and include the name of the primary contact for the respondent.
 4. Responses are due on or **before 5:00 p.m. on October 25, 2021**. Late response will not be accepted.
 5. If you have any questions about this RFP, please contact Scott Williams via email at swilliams@ci.vernon.ca.us. Please note that any questions asked and any response provided by Vernon will be sent to every person who will be submitting a proposal, to the extent the City is aware of them.

City of Vernon Investment Banking and Underwriting Services Request for Proposals

- B. **Cover Letter:** All proposals shall include a cover letter which states that the proposal shall remain valid for a period of not less than ninety (90) days from the date of submittal. If the proposal contemplates the use of sub-contractors, the sub-contractors shall be identified in the cover letter. If the proposal is submitted by a business entity, the cover letter shall be executed by an officer authorized to contractually bind the business entity. With respect to the business entity, the cover letter shall also include the identification of the business entity, including the name, address and telephone number of the business entity and the name, title, address and telephone number of a contact person during the proposal evaluation period.
- C. **Introduction:** Present an introduction of the proposal and your understanding of the assignment and significant steps, methods and procedures to be employed by the proposer to ensure quality deliverables that can be delivered within the required time frames and your identified budget.
- D. **General Scope of Work:** Briefly summarize the scope of work as the proposer perceives or envisions it for each Service Area proposed.
- E. **Work Plan:** Present concepts for conducting the work plan and interrelationship of all projects. Define the scope of each task including the depth and scope of analysis or research proposed.

Provide clear and concise responses to the following

- 1. **Other Financing Opportunities** Provide a summary of the firm's approach to other financing opportunities that could benefit the City. Specifically, provide a detailed discussion regarding the firm's recommendation of fixed versus variable rate bonds and the considerations surrounding same. Additionally, provide an opinion on an appropriate amortization schedule. If applicable, discuss the subtopics listed in the "Refinancing Approach" section below and how they affect the firm's other financing opportunities recommendation.
- 2. **Financing/Refinancing Approach** Provide a summary of the firm's approach to debt financing/refinancing followed by a more detailed discussion of the ideas and considerations surrounding the recommended approach. If applicable, provide series-specific descriptions and results followed by the aggregate anticipated outcome. As part of the discussion, address the following as they relate to the recommended approach
 - a. **Structure** The proposal should include other alternatives explored and why those options were not selected as the primary recommendation.
 - b. **Credit Ratings** Given the City's ratings and any information that can be ascertained from rating agency reports, disclosure documents and financials, which ratings should the City plan to

seek in association with the recommended transaction □ Provide information on how many ratings the firm would recommend procuring and which rating agencies the firm recommends approaching. Which ratings does the firm expect City to receive □ What are the primary areas of concern and how does the firm recommend addressing them □ What implications will the proposed refinancing have on credit ratings and how should they be addressed □

3. **Approach to Sale** □ Detail the recommended approach to the potential bond sale associated with the recommended refinancing approach. Describe the firm's marketing strategy, including □ retail order period, net roadshow, sealed bid, syndicate policies, etc. Explain how the firm intends to sell the bonds at the best rates and include the firm's proposal for total compensation and liability.
- F. **Fees and costs:** Although an important aspect of consideration, the financial cost estimate will not be the sole justification for consideration. Negotiations may or may not be conducted with the proposer □ therefore, the proposal submitted should contain the proposer's most favorable terms and conditions, since selection and award may be made without discussion with any firm. All prices should reflect □ not to exceed □ amounts per item. Proposer must offer services at a rate comparable to the rate proposer offers to other governmental entities for similar work. Offering a higher rate to the City than the comparable rate is grounds for disqualification of the Proposer.

Please provide a maturity-by-maturity takedown request for the potential transaction assuming only one underwriter is selected. The City may ultimately decide to appoint a co-manager or group of co-managers to work with the lead manager which the City is intending to select. Also please detail all expected expenses and management fee in a dollar-per-bond format. Assume \$50,000 for □ underwriter's Counsel. Proposer must offer services at a rate comparable to the rate Proposer offers to other governmental entities for similar work.

- G. **Ability of the Proposer to Perform:** Provide a detailed description of the proposer and his/her/its qualifications, including names, titles, detailed professional resumes and past experience in similar work efforts/products of key personnel who will be working on the assignment. Provide a list of specific related work projects that have been completed by the proposer which are directly related to the assignment described in this RFP. Note the specific individuals who completed such project(s). Identify role and responsibility of each member of the project team. Include the amount of time key personnel will be involved in the respective portions of the assignment. Provide the names, contact information and very brief resumes for the core (no more than 3 individuals) banking team that would be assigned to this contract. Provide the name, contact information and very brief resume for the underwriter who would be assigned for the sale of any bonds. Focus resumes on relevant experience and particularly highlight any

direct experience with transactions for the City of Vernon. Include the amount of time key personnel will be involved in the respective portions of the assignment. The identification and utilization of specific key personnel throughout the contract term are important factors in the City's consideration and selection of a firm. Any changes in identified key personnel after the award of the agreement must be approved by the City in writing before the change is made. The City reserves the right to cancel the agreement if it objects to a change in identified key personnel after the award, and to award the contract to the next highest proposer or conduct a new RFP. Respondents are encouraged to supply relevant examples of their professional product. Provide a list of references.

The selected firm shall not subcontract any work under the RFP nor assign any work without the prior written consent of the City.

If selected to participate in the interview phase, proposers will be asked to address whether there are any conflicts of interest that would limit the proposer's ability to provide the requested service.

- H. **Affidavit of Non-Collusion.** Proposer must submit a completed and executed, Affidavit of Non-Collusion. (Copy attached as Exhibit A).

7 ADDENDA, CHANGES, AND AMENDMENTS TO THIS SOLICITATION

At any time prior to the due date for responses, the City may make changes, amendments, and addenda to this solicitation, including changing the date due to allow respondents time to address such changes. Addenda, changes, and amendments, if made, will be posted on the City's website (www.cityofvernon.org/planetbids), which is deemed adequate notice. A proposer may make a request to the City's project coordinator to be placed on a list of persons to receive notice of any such addenda, changes, or amendments. The preferred manner of communications is via e-mail due to its timeliness.

8 CONDITIONS FOR RESPONSES TO RFP

The following conditions apply to this RFP process

- A. Nothing contained in this RFP shall create any contractual relationship between the respondent and the City.
- B. This RFP does not obligate the City to establish a list of service providers qualified as prime contractors, or award an agreement to any respondent. The City reserves the right to amend or cancel this RFP without prior notice, at any time, at its sole discretion.
- C. The City shall not be liable for any expenses incurred by any individual or organization in connection with this RFP.
- D. No conversations or agreements with any officer, agent, or employee of the

City of Vernon Investment Banking and Underwriting Services Request for Proposals

City shall affect or modify any terms of this RFP. Oral communications or any written/e-mail materials provided by any person other than designated contact staff of City shall not be considered binding.

- E. The City reserves the right, in its sole discretion, to accept or reject any or all Proposals without prior notice and to waive any minor irregularities or defects in a Proposal. The City reserves the right to seek clarification on a Proposal with any source.
- F. The dates, times, and sequence of events related to this RFP shall ultimately be determined by the City. The schedule shown above is subject to change, at the sole discretion of the City, although the City will attempt to follow it and, if it must be altered, will attempt to provide reasonable notice of the changes.
- G. Respondents shall not issue any news release pertaining to this RFP, or the City without prior written approval of the City.
- H. All submitted proposals and information included therein or attached thereto shall become public record upon delivery to the City.

9 RIGHT B THE CIT TO WITHDRAW THIS REQUEST

The City may, at its sole discretion and for any reason whatsoever, withdraw this solicitation at any time.

10 STANDARD TERMS AND CONDITIONS

Prior to the award of any work hereunder, City and proposer shall enter into the City's standard form services agreement attached hereto as Exhibit B. Proposers responding to this RFP are strongly advised to review all the terms and conditions of the Agreement. The term of the Agreement shall not exceed three (3) years pursuant to the Vernon Municipal Code.

EXHIBIT A

AFFIDAVIT OF NON-COLLISION

EXHIBIT B

STANDARD FOR AGREEMENT

SERVICES AGREEMENT BETWEEN THE CITY OF VERNON AND CONTRACTOR'S
NAME FOR INVESTMENT BANKING AND UNDERWRITING SERVICES

COVER PAGE

Contractor	insert name of contractor
Responsible Principal of Contractor	insert name, title
Notice Information - Contractor	insert name of contractor insert street address insert city, state, zip code Attention insert name, title Phone insert phone number
Notice Information - City	City of Vernon 4305 Santa Fe Avenue Vernon, CA 90058 Attention Scott Williams Director of Finance/City Treasurer Telephone (323) 583-8811 ext. 849 Email swilliams@ci.vernon.ca.us
Commencement Date	insert commencement date
Termination Date	insert termination date
Consideration	Total not to exceed \$ insert amount (includes all applicable sales tax) and more particularly described in Exhibit B
Records Retention Period	Three (3) years, pursuant to Section 11.20

SERVICES AGREEMENT BETWEEN THE CITY OF VERNON AND [CONTRACTOR'S NAME] FOR INVESTMENT BANKING AND UNDERWRITING SERVICES

This Agreement is made between the City of Vernon ("City"), a California charter City and California municipal corporation ([City]), and [Contractor's Name], a [State] incorporated in [State] corporation ([Contractor]).

The City and Contractor agree as follows:

1.0 EMPLOYMENT OF CONTRACTOR. City agrees to engage Contractor to perform the services as hereinafter set forth as authorized by the City Council on [DATE], [DATE].

2.0 SCOPE OF SERVICES.

2.1 Contractor shall perform all work necessary to complete the services set forth in the City's Request for Proposals issued on or about _____, and titled _____, and Contractor's proposal to the City ("Proposal") dated _____, Exhibit [A], a copy which is attached to and incorporated into this Agreement by reference.

2.2 All services shall be performed to the satisfaction of City.

2.3 All services shall be performed in a competent, professional, and satisfactory manner in accordance with the prevailing industry standards for such services.

3.0 PERSONNEL.

3.1 Contractor represents that it employs, or will employ, at its own expense, all personnel required to perform the services under this Agreement.

3.2 Contractor shall not subcontract any services to be performed by it under this Agreement without prior written approval of City.

3.3 All of the services required hereunder will be performed by Contractor or by City approved subcontractors. Contractor, and all personnel engaged in the work, shall be fully qualified and authorized or permitted under State and local law to perform such services and shall be subject to approval by the City.

4.0 TERM. The term of this Agreement shall commence on [state date] and it shall continue until [state date] which may not be more than three years from the commencement date, unless terminated at an earlier date pursuant to the provisions thereof.

5.0 COMPENSATION AND FEES.

5.1 Contractor has established rates for the City of Vernon which are comparable to and do not exceed the best rates offered to other governmental entities in and around Los Angeles County for the same services. For satisfactory and timely performance of

the services, the City will pay Contractor in accordance with the payment schedule set forth in Exhibit B attached hereto and incorporated herein by reference.

5.2 Contractor's grand total compensation for the entire term of this Agreement, shall not exceed a state amount without the prior authorization of the City, as appropriate, and written amendment of this Agreement.

5.3 Contractor shall, at its sole cost and expense, furnish all necessary and incidental labor, material, supplies, facilities, equipment, and transportation which may be required for furnishing services pursuant to this Agreement. Materials shall be of the highest quality. The above Agreement fee shall include all staff time and all clerical, administrative, overhead, insurance, reproduction, telephone, air travel, auto rental, subsistence, and all related costs and expenses.

5.4 City shall reimburse Contractor only for those costs or expenses specifically approved in this Agreement, or specifically approved in writing in advance by City. Unless otherwise approved, such costs shall be limited and include nothing more than the following costs incurred by Contractor:

5.4.1 The actual costs of subcontractors for performance of any of the services that Contractor agrees to render pursuant to this Agreement, which have been approved in advance by City and awarded in accordance with this Agreement.

5.4.2 Approved reproduction charges.

5.4.3 Actual costs and/or other costs and/or payments specifically authorized in advance in writing and incurred by Contractor in the performance of this Agreement.

5.5 Contractor shall not receive any compensation for extra work performed without the prior written authorization of City. As used herein, "extra work" means any work that is determined by City to be necessary for the proper completion of the Project, but which is not included within the Scope of Services and which the parties did not reasonably anticipate would be necessary at the time of execution of this Agreement. Compensation for any authorized extra work shall be paid in accordance with the payment schedule as set forth in Exhibit B, if the extra work has been approved by the City.

5.6 Licenses, Permits, Fees, and Assessments. Contractor shall obtain, at Contractor's sole cost and expense, such licenses, permits, and approvals as may be required by law for the performance of the services required by this Agreement. Contractor shall have the sole obligation to pay for any fees, assessments, and taxes, plus applicable penalties and

interest, which may be imposed by law and which arise from or are necessary for the performance of the Services by this Agreement.

6.0 PAYMENT.

6.1 As scheduled services are completed, Contractor shall submit to the City an invoice for the services completed, authorized expenses, and authorized extra work actually performed or incurred according to said schedule.

6.2 Each such invoice shall state the basis for the amount invoiced, including a detailed description of the services completed, the number of hours spent, reimbursable expenses incurred and any extra work performed.

6.3 Contractor shall also submit a progress report with each invoice that describes in reasonable detail the services and the extra work, if any, performed in the immediately preceding calendar month.

6.4 Contractor understands and agrees that invoices which lack sufficient detail to measure performance will be returned and not processed for payment.

6.5 City will pay Contractor the amount invoiced within thirty (30) days after the City approves the invoice.

6.6 Payment of such invoices shall be payment in full for all services, authorized costs, and authorized extra work covered by that invoice.

7.0 CITY'S RESPONSIBILITY. City shall cooperate with Contractor as may be reasonably necessary for Contractor to perform its services and will give any required decisions as promptly as practicable so as to avoid unreasonable delay in the progress of Contractor's services.

8.0 COORDINATION OF SERVICES. Contractor agrees to work closely with City staff in the performance of Services and shall be available to City's staff, consultants, and other staff at all reasonable times.

9.0 INDEMNITY. Contractor agrees to indemnify City, its officers, elected officials, employees and agents against, and will hold and save each of them harmless from, any and all actions, suits, claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities (herein "claims or liabilities"), including but not limited to professional negligence, that may be asserted or claimed by any person, firm or entity arising out of or in connection with the work, operations or activities of Contractor, its agents, employees, subcontractors, or invitees, provided for herein, or arising from the acts or omissions of Contractor hereunder, or arising from Contractor's performance of or failure to perform any term, provision, covenant or condition of this Agreement, except to the extent such

claims or liabilities arise from the gross negligence or willful misconduct of City, its officers, elected officials, agents or employees.

10.0 INSURANCE. Contractor shall, at its own expense, procure and maintain policies of insurance of the types and in the amounts set forth below, for the duration of the Agreement, including any extensions thereto. The policies shall state that they afford primary coverage.

i. Automobile Liability with minimum limits of at least \$1,000,000 combined single limit, including owned, hired, and non-owned liability coverage.

ii. Contractor agrees to subrogate automobile liability resulting from performance under this Agreement by agreeing to defend, indemnify and hold harmless, the City, and its respective employees, agents, and City Council from and against all claims, liabilities, suits, losses, damages, injuries and expenses, including all costs and reasonable attorney's fees (Claims), which are attributable to any act or omission by the City under the performance of the services.

iii. General Liability with minimum limits of at least \$1,000,000 per occurrence and \$2,000,000 aggregate written on an Insurance Services Office (ISO) Comprehensive General Liability "occurrence" form or its equivalent for coverage on an occurrence basis.

Premises/Operations and Personal Injury coverage is required. The City of Vernon, its directors, commissioners, officers, employees, agents, and volunteers must be endorsed on the policy as additional insureds as respects liability arising out of the Contractor's performance of this Agreement.

(1) If Contractor employs other contractors as part of the services rendered, Contractor's Protective Coverage is required. Contractor may include all subcontractors as insureds under its own policy or shall furnish separate insurance for each subcontractor, meeting the requirements set forth herein.

(2) Contractor agrees to subrogate General Liability resulting from performance under this Agreement by agreeing to defend, indemnify and

hold harmless, the City, and its respective employees, agents, and City Council from and against all claims, liabilities, suits, losses, damages, injuries and expenses, including all costs and reasonable attorney's fees (Claims), which are attributable to any act or omission by the City under the performance of the services.

iv. Professional Errors and Omissions coverage in a sum of at least \$1,000,000, where such risk is applicable. Applicable aggregates must be identified and claims history provided to determine amounts remaining under the aggregate. Contractor shall maintain such coverage for at least one (1) year after the termination of this Agreement.

v. Contractor shall comply with the applicable sections of the California Labor Code concerning workers' compensation for injuries on the job. In addition, Contractor shall require each subcontractor to similarly maintain workers' compensation insurance in accordance with the laws for California for all of the subcontractor's employees. Compliance is accomplished in one of the following manners:

- (1) Provide copy of permissive self-insurance certificate approved by the State of California or
- (2) Secure and maintain in force a policy of workers' compensation insurance with statutory limits and Employer's Liability Insurance with a minimal limit of \$1,000,000 per accident. The policy shall be endorsed to waive all rights of subrogation against City, its directors, commissioners, officers, employees, and volunteers for losses arising from performance of this Agreement or
- (3) Provide a "waiver" form certifying that no employees subject to the Labor Code's Workers' Compensation provision will be used in performance of this Agreement.

vi. Each insurance policy included in this clause shall be endorsed to state that coverage shall not be cancelled except after thirty (30) days' prior written notice to City.

vii. Insurance shall be placed with insurers with a Best's rating of no less than A-VIII.

viii. Prior to commencement of performance, Contractor shall furnish City with a certificate of insurance for each policy. Each certificate is to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificate(s) must be in a form approved by City. City may require complete, certified copies of any or all policies at any time.

ix. Failure to maintain required insurance at all times shall constitute a default and material breach. In such event, Contractor shall immediately notify City and cease all performance under this Agreement until further directed by the City. In the absence of satisfactory insurance coverage, City may, at its option (a) procure insurance with collection rights for premiums, attorney's fees and costs against Contractor by way of set-off or recoupment from sums due to Contractor, at City's option (b) immediately terminate this Agreement and seek damages from the Agreement resulting from said breach or (c) self-insure the risk, with all damages and costs incurred, by judgment, settlement or otherwise, including attorney's fees and costs, being collectible from Contractor, by way of set-off or recoupment from any sums due to Contractor.

11.0 GENERAL TERMS AND CONDITIONS.

11.1 INDEPENDENT CONTRACTOR.

11.1.1 It is understood that in the performance of the services herein provided for, Contractor shall be, and is, an independent contractor, and is not an agent, officer or employee of City and shall furnish such services in its own manner and method except as required by this Agreement, or any applicable statute, rule, or regulation. Further, Contractor has and shall retain the right to exercise full control over the employment, direction, compensation and discharge of all persons employed by Contractor in the performance of the services hereunder. City assumes no liability for Contractor's actions and performance, nor assumes responsibility for taxes, bonds, payments, or other commitments, implied or explicit, by or for Contractor. Contractor shall be solely responsible for, and shall indemnify, defend and save City harmless from all matters relating to the payment of its employees, subcontractors and independent contractors, including compliance with social security, withholding and all other wages, salaries, benefits, taxes, exactions, and regulations of any nature whatsoever.

11.1.2 Contractor acknowledges that Contractor and any subcontractors, agents or employees employed by Contractor shall not, under any circumstances, be considered employees of the City, and that they shall not be entitled to any of the benefits or rights afforded employees of City, including, but not limited to, sick leave, vacation leave,

holiday pay, Public Employees Retirement System benefits, or health, life, dental, long-term disability or workers' compensation insurance benefits.

11.2 CONTRACTOR NOT AGENT. Except as the City may authorize in writing, Contractor and its subcontractors shall have no authority, express or implied, to act on behalf of or bind the City in any capacity whatsoever as agents or otherwise.

11.3 OWNERSHIP OF WORK. All documents and materials furnished by the City to Contractor shall remain the property of the City and shall be returned to the City upon termination of this Agreement. All reports, drawings, plans, specifications, computer tapes, floppy disks and printouts, studies, memoranda, computation sheets, and other documents prepared by Contractor in furtherance of the work shall be the sole property of City and shall be delivered to City whenever requested at no additional cost to the City. Contractor shall keep such documents and materials on file and available for audit by the City for at least three (3) years after completion or earlier termination of this Agreement. Contractor may make duplicate copies of such materials and documents for its own files or for such other purposes as may be authorized in writing by the City.

11.4 CORRECTION OF WORK. Contractor shall promptly correct any defective, inaccurate or incomplete tasks, deliverables, goods, services and other work, without additional cost to the City. The performance or acceptance of services furnished by Contractor shall not relieve the Contractor from the obligation to correct subsequently discovered defects, inaccuracy, or incompleteness.

11.5 RESPONSIBILITY FOR ERRORS. Contractor shall be responsible for its work and results under this Agreement. Contractor, when requested, shall furnish clarification and/or explanation as may be required by the City, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Contractor occurs, then Contractor shall, at no cost to City, provide all necessary design drawings, estimates and other Contractor professional services necessary to rectify and correct the matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

11.6 WAIVER. The City's waiver of any term, condition, breach, or default of this Agreement shall not be considered to be a waiver of any other term, condition, default or breach, nor of a subsequent breach of the one waived. The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and executed

by a duly authorized representative of the party against whom enforcement of a waiver is sought.

11.7 SUCCESSORS. This Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective heirs, successors, and/or assigns.

11.8 NO ASSIGNMENT. Contractor shall not assign or transfer this Agreement or any rights hereunder without the prior written consent of the City and approval by the City Attorney, which may be withheld in the City's sole discretion. Any unauthorized assignment or transfer shall be null and void and shall constitute a material breach by the Contractor of its obligations under this Agreement. No assignment shall release the original parties from their obligations or otherwise constitute a novation.

11.9 COMPLIANCE WITH LAWS. Contractor shall comply with all Federal, State, County and City laws, ordinances, rules and regulations, which are, as amended from time to time, incorporated herein and applicable to the performance hereof. Violation of any law material to performance of this Agreement shall entitle the City to terminate the Agreement and otherwise pursue its remedies. Further, if the Contractor performs any work knowing it to be contrary to such laws, rules, and regulations Contractor shall be solely responsible for all costs arising therefrom.

11.10 ATTORNEY'S FEES. If any action at law or in equity is brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

11.11 INTERPRETATION.

11.11.1 Applicable Law. This Agreement shall be deemed an agreement and shall be governed by and construed in accordance with the laws of the State of California. Contractor agrees that the State and Federal courts which sit in the State of California shall have exclusive jurisdiction over all controversies and disputes arising hereunder, and submits to the jurisdiction thereof.

11.11.2 Entire Agreement. This Agreement, including any exhibits attached hereto, constitutes the entire agreement and understanding between the parties regarding its subject matter and supersedes all prior or contemporaneous negotiations, representations, understandings, correspondence, documentation, and agreements (written or oral).

11.11.3 Written Amendment. This Agreement may only be changed by written amendment executed by Contractor and the City Administrator or other authorized

representative of the City, subject to any requisite authorization by the City Council. Any oral representations or modifications concerning this Agreement shall be of no force or effect.

11.11.4 Severability. If any provision in this Agreement is held by any court of competent jurisdiction to be invalid, illegal, void, or unenforceable, such portion shall be deemed severed from this Agreement, and the remaining provisions shall nevertheless continue in full force and effect as fully as though such invalid, illegal, or unenforceable portion had never been part of this Agreement.

11.11.5 Order of Precedence. In case of conflict between the terms of this Agreement and the terms contained in any document attached as an Exhibit or otherwise incorporated by reference, the terms of this Agreement shall strictly prevail. The terms of the City's Request for Proposals shall control over the Contractor's Proposal.

11.11.6 Construction. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

11.12 TIME OF ESSENCE. Time is strictly of the essence of this agreement and each and every covenant, term, and provision hereof.

11.13 AUTHORITY OF CONTRACTOR. The Contractor hereby represents and warrants to the City that the Contractor has the right, power, legal capacity, and authority to enter into and perform its obligations under this Agreement, and its execution of this Agreement has been duly authorized.

11.14 ARBITRATION OF DISPUTES. Any dispute for under \$25,000 arising out of or relating to the negotiation, construction, performance, non-performance, breach, or any other aspect of this Agreement, shall be settled by binding arbitration in accordance with the Commercial Rules of the American Arbitration Association at Los Angeles, California and judgment upon the award rendered by the Arbitrators may be entered in any court having jurisdiction thereof. The City does not waive its right to object to the timeliness or sufficiency of any claim filed or required to be filed against the City and reserves the right to conduct full discovery.

11.15 NOTICES. Any notice or demand to be given by one party to the other must be given in writing and by personal delivery or prepaid first-class, registered or certified mail, addressed as follows. Notice simply to the City of Vernon or any other City department is not adequate notice.

If to the City

City of Vernon
Attention Scott Williams, Director of Finance/City Treasurer
4305 Santa Fe Avenue
Vernon, CA 90058

If to the Contractor

Any such notice shall be deemed to have been given upon delivery, if personally delivered, or, if mailed, upon receipt, or upon expiration of three (3) business days from the date of posting, whichever is earlier. Either party may change the address at which it desires to receive notice upon giving written notice of such request to the other party.

11.16 NO THIRD PARTY RIGHTS. This Agreement is entered into for the sole benefit of City and Contractor and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right or remedy in, under, or to this Agreement.

11.17 TERMINATION FOR CONVENIENCE (Without Cause). City may terminate this Agreement in whole or in part at any time, for any cause or without cause, upon fifteen (15) calendar days' written notice to Contractor. If the Agreement is thus terminated by City for reasons other than Contractor's failure to perform its obligations, City shall pay Contractor a prorated amount based on the services satisfactorily completed and accepted prior to the effective date of termination. Such payment shall be Contractor's exclusive remedy for termination without cause.

11.18 DEFAULT. In the event either party materially defaults in its obligations hereunder, the other party may declare a default and terminate this Agreement by written notice to the defaulting party. The notice shall specify the basis for the default. The Agreement shall terminate unless such default is cured before the effective date of termination stated in such notice, which date shall be no sooner than ten (10) days after the date of the notice. In case of default by Contractor, the City reserves the right to procure the goods or services from other sources and to hold the Contractor responsible for any excess costs occasioned to the City thereby. Contractor shall not be held accountable for additional costs incurred due to delay or default as a result of Force majeure. Contractor must notify the City immediately upon knowing that non-performance or delay will apply to this Agreement as a result of Force majeure. At that time Contractor is to submit in writing a Recovery Plan for this Agreement. If the Recovery Plan

is not acceptable to the City or not received within 10 days of the necessary notification of Force majeure default, then the City may cancel this order in its entirety at no cost to the City, owing only for goods and services completed to that point.

11.19 TERMINATION FOR CAUSE. Termination for cause shall relieve the terminating party of further liability or responsibility under this Agreement, including the payment of money, except for payment for services satisfactorily and timely performed prior to the service of the notice of termination, and except for reimbursement of (1) any payments made by the City for service not subsequently performed in a timely and satisfactory manner, and (2) costs incurred by the City in obtaining substitute performance. If this Agreement is terminated as provided herein, City may require, at no additional cost to City, that Contractor provide all finished or unfinished documents, data, and other information of any kind prepared by Contractor in connection with the performance of Services under this Agreement. Contractor shall be required to provide such document and other information within fifteen (15) days of the request.

11.19.1 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

11.20 MAINTENANCE AND INSPECTION OF RECORDS.

The City, or its authorized auditors or representatives, shall have access to and the right to audit and reproduce any of the Contractor's records to the extent the City deems necessary to insure it is receiving all money to which it is entitled under the Agreement and/or is paying only the amounts to which Contractor is properly entitled under the Agreement or for other purposes relating to the Agreement.

The Contractor shall maintain and preserve all such records for a period of at least three (3) years after termination of the Agreement.

The Contractor shall maintain all such records in the City of Vernon. If not, the Contractor shall, upon request, promptly deliver the records to the City of Vernon or reimburse the City for all reasonable and extra costs incurred in conducting the audit at a location other than the City of Vernon, including, but not limited to, such additional (out of the City) expenses for personnel, salaries, private auditors, travel, lodging, meals, and overhead.

11.21 CONFLICT. Contractor hereby represents, warrants, and certifies that no member, officer, or employee of the Contractor is a director, officer, or employee of the City of Vernon, or a member of any of its boards, commissions, or committees, except to the extent permitted by law.

11.22 HEADINGS. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

11.23 ENFORCEMENT OF WAGE AND HOUR LAWS. Eight hours labor constitutes a legal day's work. The Contractor, or subcontractor, if any, shall forfeit twenty-five dollars (\$25) for each worker employed in the execution of this Agreement by the respective Contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of Sections 1810 through 1815 of the California Labor Code as a penalty paid to the City provided, however, work performed by employees of contractors in excess of 8 hours per day, and 40 hours during any one week, shall be permitted upon compensation for all hours worked in excess of 8 hours per day at not less than 1½ times the basic rate of pay.

11.24 EQUAL EMPLOYMENT OPPORTUNITY PRACTICES. Contractor certifies and represents that, during the performance of this Agreement, it and any other parties with whom it may subcontract shall adhere to equal employment opportunity practices to assure that applicants, employees and recipients of service are treated equally and are not discriminated against because of their race, religion, color, national origin, ancestry, disability, sex, age, medical condition, sexual orientation or marital status. Contractor further certifies that it will not maintain any segregated facilities. Contractor further agrees to comply with The Equal Employment Opportunity Practices provisions as set forth in Exhibit C.

☐Signatures Begin on Next Page☐

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Commencement Date stated on the cover page.

City of Vernon, a California charter City and California municipal corporation

CONTRACTOR'S NAME, a State incorporated in corporation

By _____
Carlos R. Fandino, Jr.
City Administrator

By _____
Name _____
Title _____

ATTEST

Lisa Pope, City Clerk

By _____
Name _____
Title _____

APPROVED AS TO FOR

Raynah N. Boussa,
Interim City Attorney

EXHIBIT A
CONTRACTOR'S PROPOSAL

EXHIBIT B
SCHEDULE

EXHIBIT C

EQUAL EMPLOYMENT OPPORTUNITY

PRACTICES PROVISIONS

- A. Contractor certifies and represents that, during the performance of this Agreement, the contractor and each subcontractor shall adhere to equal opportunity employment practices to assure that applicants and employees are treated equally and are not discriminated against because of their race, religious creed, color, national origin, ancestry, handicap, sex, or age. Contractor further certifies that it will not maintain any segregated facilities.
- B. Contractor agrees that it shall, in all solicitations or advertisements for applicants for employment placed by or on behalf of Contractor, state that it is an "Equal Opportunity Employer" or that all qualified applicants will receive consideration for employment without regard to their race, religious creed, color, national origin, ancestry, handicap, sex or age.
- C. Contractor agrees that it shall, if requested to do so by the City, certify that it has not, in the performance of this Agreement, discriminated against applicants or employees because of their membership in a protected class.
- D. Contractor agrees to provide the City with access to, and, if requested to do so by City, through its awarding authority, provide copies of all of its records pertaining or relating to its employment practices, except to the extent such records or portions of such records are confidential or privileged under state or federal law.
- E. Nothing contained in this Agreement shall be construed in any manner as to require or permit any act which is prohibited by law.

October 25, 2021



CITY OF VERNON

INVESTMENT BANKING AND UNDERWRITING SERVICES RFP

RAMIREZ & Co., Inc.

LOS ANGELES OFFICE
633 W. 5TH, SUITE 2600
LOS ANGELES, CALIFORNIA 90071
PHONE: (213) 605-5120





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Appendix A: Affidavit of Non-Collusion

Appendix B: California POB Case Studies

Appendix C: Work Plan Matrix

Appendix D: Base-by-Base Refunding Analysis

Appendix E: POB Summary Graphs and Cash Flow Detail

Appendix F: California POB Investors

Appendix G: Team Resumes

Legal Disclaimer



October 25, 2021

Scott Williams
Director of Finance/City Treasurer
swilliams@ci.vernon.ca.us

Dear Scott,

Thank you for the opportunity to present Samuel A. Ramirez & Co., Inc.'s ("Ramirez & Co.") proposal to provide Bond Underwriting Services to the City of Vernon (the "City"). In making your selection, we ask that you consider the following:

We paid attention to the City. Ramirez & Co. presented a POB presentation deck to the City in August 2021. Additionally, while at my prior firm, I provided numerous updates on the TAB refunding opportunity. And, we have provided the City with a weekly concise municipal market update since I joined Ramirez & Co. in February.

We know how to sell the City's credit. Notably, the Ramirez & Co. team includes Peter Block, a former 14-year S&P State & Local Gov't Rating Analyst that developed a credit model to provide an indicative 'AA-' POB rating for the City (General Fund LRBs/COPs will receive an 'A+' rating). Our credit analysis includes a summary of the City's current metrics and a review of the most important credit factors for investors.

Ramirez & Co. has delivered the lowest borrowing cost for pension financings time and time again. At the time of pricing, Ramirez & Co. has achieved the all-time lowest priced POBs for two California cities: Monterey Park in 2021 and Coachella in 2020. Most impressive was our POB performance for the City of San Fernando. Ramirez & Co. priced San Fernando's POBs within 2 trading days of a higher rated (natural 'AA') POB issued by the City of Whittier and despite a significantly lower rating (2 notches lower), Ramirez & Co. priced San Fernando's POBs at equal or lower spreads in all maturities 2022 – 2041. **Appendix B.** includes several POB case studies.

Sophisticated POB Modeling. The most recent CalPERS reports do not reflect the FY2021 investment gain of 21.3% and the expected reduction in discount rate. Our analysis projects the value of the City's UAL in July 2022 and provides a thoughtful approach to the proposed financing. We can utilize our Pension Optimization Model to target the UAL bases that produce the greatest savings and conduct Monte Carlo Simulations to assess the various variables inherent in a POB issuance

Relevant Experience. Since January 2017, Ramirez has senior managed **50** California financings for a total par amount of **\$10.2 billion - \$203.5 million average issue size** - including 6 senior managed utility financings totaling \$547.1 million. Additionally, since 2017, Ramirez has senior managed 6 tax allocation bond financings totaling \$97.6 million.

Distribution Resources to Deliver the Lowest Borrowing Rate. Ramirez & Co.'s distribution resources are comparable to our larger competitors: 17 taxable municipal bond specialists, 16 fixed income (corporate bond) sales specialists, and three sales professionals focused on state & local government investment pools and pensions systems. With sufficient capital to sole manage a \$3.7 billion bond issue, Ramirez & Co. will make the City of Vernon a firm-wide priority. We commit to dedicate all of the Firm's resources to ensure the best execution.



Thank you for your consideration of Ramirez & Co. to serve the City, as senior manager. We look forward to serving the City.

Raul Amezcua
Senior Managing Director
(213) 605-5120
raul.amezcua@ramirezco.com

Fernando Guerra
Managing Director
(310) 993-1440
fernando.guerra@ramirezco.com

Michael Mejia
Senior Vice President
(510) 364-1423
michael.mejia@ramirezco.com

Required Information: The proposal shall remain valid for a period of not less than ninety (90) days from the date of the submittal / 13-2695511 / Samuel A. Ramirez & Co., Inc. / 61 Broadway, 29th Floor, New York, NY 10006 / Contact Information: Raul Amezcua, Senior Managing Director, 633 West Fifth Street, Suite 2693, Los Angeles, California 90071, T: (213) 605-5120.



C. INTRODUCTION

Present an introduction of the proposal and your understanding of the assignment and significant steps, methods and procedures to be employed by the proposer to ensure quality deliverables that can be delivered within the required time frames and your identified budget.

Firm Introduction. Ramirez & Co. celebrates its 50th anniversary in 2021! Since its inception in 1971, municipal bonds remain our most important business (i.e. 80% of revenues). Our focus on Public Finance elevates the importance of each municipal bond transaction within the Firm. **Simply put, underwriting municipal bonds is the largest and most important business for Ramirez & Co.**

Ramirez & Co. National Presence	
	<input type="checkbox"/> 3 municipal underwriters
	<input type="checkbox"/> 16 taxable fixed income sales professionals
	<input type="checkbox"/> 3 state & local government investment pool specialists
	<input type="checkbox"/> 9 retail brokers
	<input type="checkbox"/> 17 municipal sales specialists
	<input type="checkbox"/> 134 employees
	<input type="checkbox"/> 12 offices nationally
	<input type="checkbox"/> \$3.7 billion underwriting capacity

The stability and resiliency of Ramirez & Co. is hard to match. In 50 years, Ramirez & Co. has not had a change in ownership, merger, name change or Federal bailout. Ramirez & Co. has 134 employees in twelve U.S. offices, including **Los Angeles**, New York, Boston, and Chicago. We offer the City a firm with long-term stability that is fully committed to public finance.

Understanding of Assignment. The City seeks to engage qualified firms for the execution of financings in the following categories: A) Tax Allocation Bond Refunding, B) Pension Obligation Bonds and C) Financing Major Maintenance/Infrastructure Improvements and Asset Acquisitions (this includes the City’s Electric System, Water System and General Fund Infrastructure). Our response to question D & E detail our approach to these assignments.

Significant Steps. There are four significant steps to any bond underwriting, which include the following: 1) Analyze Opportunity, 2) Manage Financing Process, 3) Execution and 4) Closing.

Methods and Procedures. Over the 50-years Ramirez & Co. has been in the public finance business, we have completed thousands of senior managed issues and have developed methods and procedures that have delivered proven results to clients in California and throughout the Country. These include the following:

Commitment to Transparency. We believe it is our duty to maintain complete transparency with our clients and partners on every engagement. We believe this guiding principal is essential in earning our clients trust and delivering the best results.

Team Work. We believe the best results are delivered by generating the best ideas from the best individuals. As such, we will share and discuss all information with the City and the financing team to ensure the City has the information needed to make the optimal decisions.

Superior Execution. Once the City has made any decision, it is our responsibility to deliver the best execution. To accomplish this, we will make the City a firm-wide priority by dedicating all of Firm’s resources to the City’s proposed financings. This includes the time and energy of our



banking, underwriting and sales team, as well as, the Firm’s capital. We commit that Ramirez & Co. will not underwrite any other transaction on the day of the City’s pricing. No other large competitor can match this commitment.

D. GENERAL SCOPE OF WORK

Briefly summarize the scope of work as the proposer perceives or envisions it for each Service Area proposed.

As detailed in our response above, the scope of work for the City’s proposed financings generally includes four steps of the underwriting process, below is a brief summary of each:

- 1. Analyze Opportunity.** Evaluate the City’s credit and current market dynamics to help determine the optimal approach for the City’s proposed financings/refundings.
- 2. Prepare and Manage Financing Process.** Provide support services such as participate in all relevant meetings, prepare schedules and distribution lists and maintain the financing team apprised of developments in financial markets. The most important underwriting assignments in this phase are 1) preparation of the rating presentation and guiding the City through the credit strategy, 2) reviewing and commenting on all legal documents and 3) structuring the financing to meet the City’s goals and generate strong investor demand.
- 3. Execution.** Development and execution of robust marketing plan to ensure maximum investor participation. Manage flow of information between investors and the financing team while ensuring complete transparency. Enter the market with an aggressive scale and underwrite any unsold bonds to deliver the lowest borrowing costs.
- 4. Closing.** Review all closing documents and provide post-pricing summary to the City and the entire financing. Coordinate with all team members to ensure a smooth closing.

E. WORK PLAN

Present concepts for conducting the work plan and interrelationship of all projects. Define the scope of each task including the depth and scope of analysis or research proposed.

Appendix C includes a matrix detailing the work plan for the three assignment categories including tasks, analyses and the interrelationship between them. The various tasks and analyses are separated by the four steps outlined in the general scope of work listed above. Asterisks indicate tasks/analyses that are specific to that financing.

1. OTHER FINANCING OPPORTUNITIES

Provide a summary of the firm’s approach to other financing opportunities that could benefit the City...

Refinancing Approach. The key component of Ramirez & Co.’s banking coverage and approach is to consistently monitor financial markets and update the City when a refunding can generate savings above the minimum thresholds recommended by the GFOA (Govt. Finance Officers Association). An example of this, is a refunding update we provided the City on November 1, 2018 in which we detailed savings for a refunding of the City’s 2005 and 2011 Tax Allocation Bonds. Our response below will provide additional detail on our refunding and credit strategy for this particular opportunity.



The adjacent table is a debt profile summarizing the City’s outstanding bonds, including Vernon Public Utilities. The Electric System, Series 2012B bonds have a call date on August 1, 2022 and will be eligible to be refunded on a tax-exempt basis as early as April 2022. Our team will continue to monitor this opportunity and notify the City of any upcoming changes.

Fixed vs. Variable. The City and VPU currently have no outstanding variable rate bonds. Our recommendation on the issuance of fixed-rate

bonds vs. variable rate bonds is that when the yield curve is relatively flat and long-term interest rates are low, as is the situation in the current market, issue fixed-rate bonds. Conversely, if/when long-term interest rates are relatively high and the yield curve is relatively steep, issue variable rate bonds. Below is a matrix outlining our thoughts on the issuance of fixed-rate bonds vs. variable rate bonds.

DEBT PROFILE						
CITY OF VERNON						
Series	Dated Date	Par Amount		Final		Call Option
		Original	Outstanding	Maturity	Coupon	
Tax Allocation Bonds						
Series 2011 ¹	3/4/11	\$19,490,000	\$8,130,000	9/1/30	9.25%	Anytime @ 100
Series 2005	10/12/05	\$49,420,000	\$30,785,000	9/1/35	5.00%	Anytime @ 100
Total		\$68,910,000	\$38,915,000			
VERNON PUBLIC UTILITIES (VPU)						
Series	Dated Date	Par Amount		Final		Call Option
		Original	Outstanding	Maturity	Coupon	
Electric System						
Series 2020A	3/10/20	\$71,990,000	\$19,305,000	8/1/37	5.00%	2/1/30 @ 100
Series 2015A ¹	7/21/15	\$111,720,000	\$111,720,000	8/1/26	4.85%	MWC
Series 2012A ¹	1/19/12	\$37,640,000	\$37,640,000	8/1/41	5.50%	MWC
Series 2012B	1/19/12	\$35,100,000	\$35,100,000	8/1/26	6.50%	8/1/22 @ 100
Series 2008A ¹	9/24/08	\$43,765,000	\$37,895,000	7/1/38	8.59%	MWC
Total		\$228,225,000	\$222,355,000			
Water System						
Series 2020A	5/6/20	\$14,840,000	\$14,600,000	8/1/50	3.50%	8/1/2030 @ 100

Southern California Public Power Authority (SCPPA)

SCPPA bonds are not obligations of any SCPPA member.

VPU purchased a 5.91% interest in the Palo Verde project.

Power Purchase Commitments:

Astoria 2 Solar Proj, Puente Hills Landfill Gas-to-Energy Proj, Antelope DSR 1 Solar Proj.

¹Taxable.

Market	Strategy	Benefit of the Strategy
Low Rates / Steep Yield Curve	Issue both long and short fixed rate bonds (barbell approach)	Takes advantage of the very low short rates and the attractive long rates; leaves room in the middle that may be filled later when long rates are high
High Rates / Steep Yield Curve	Issue variable rate and short-term fixed rate bonds	Allows the issuer to take advantage of the short end of the curve without locking in high long-term rate
High Rates / Flat Yield Curve	Issue variable rate bonds and short debt/short calls	Lowest cost of borrowing; provides flexibility by allowing the issuer to refund with fixed rate bonds when rates have come down
Low Rates / Flat Yield Curve (Current)	Issue long-term fixed rate bonds	Allows the issuer to lock in low long rates at levels only marginally high than short-term bonds

Variable Rate Alternatives and Using the Short End of the Yield Curve. To the extent the City would like to issue variable rate bonds, we recommend that utilizing short-term mandatory tender bonds with short maturities and/or a put (3 – 5 years) with a call option 6 – 12 months in advance of the maturity/put date as an alternative to traditional variable rate debt. Given the



shape of the current yield curve and the risk that variable rates will increase in the future, short fixed rate can be a very effective hedge in a rising rate environment.

We believe that the use of this type of instrument serves to not only act as a hedge against rate increases while locking in attractive financing, but it enables the City to lessen its reliance on bank credit/liquidity support as well.

Amortization Structure. VPU’s outstanding electric revenue bonds are largely front-loaded in the first 20 years (2021-2041). Hence, given current ‘near-historic’ low rates, **we recommend that VPU also consider a back-loaded structure with all principal amortized in 2042-2051.** This essentially takes maximum advantage of low rates by locking in longer term rates. Since these bonds will be callable in 10 years, it also preserves the ability to shorten their maturity when they are refunded, if so desired. This strategy essentially serves as a hedge against rising interest rates since future issues can be structured with lower-cost, shorter maturities, if rates do rise.

Pension Management Policy and OPEB. The City should approve a Pension Funding Policy that details the use of POB budgetary savings at the same time that the proposed POBs are approved. Having a strategy in place for long-term pension management is viewed favorably by investors and rating agencies. Issuing POBs when the City’s credit is at its strongest will ensure the strongest rating and lowest borrowing cost. POBs are only one tool in the larger toolbox of pension management strategies.

2. FINANCING/REFINANCING APPROACH

Provide a summary of the firm’s approach to debt financing/refinancing followed by a more detailed discussion of the ideas and considerations surrounding the recommended approach...

RDA Financing Approach. The City’s Tax Allocation Bonds, Series 2005 and 2011 (Taxable) are eligible to be called anytime at par. The Series 2005 TABS can be refunded on a tax-exempt basis and the Series 2011 TABs can be refunded with taxable bonds.

RDA Credit and Rating Strategy. The City’s TABs were reviewed by S&P in Q4 of 2020 and the underlying rating of ‘A’ (stable) was confirmed. We reached out to the lead S&P rating analyst and expect no change to the City’s underlying rating on the upcoming refunding. We recommend utilizing an S&P rating only to minimize costs of issuance. Utilizing an S&P rating only will have no negative impact on the marketing or pricing of the bonds.

TAB Refunding Structure and Savings. We recommend marketing the refunding bonds for the Series 2005 TABs and Series 2011 TABs with a tax-exempt and taxable series of bonds on the same POS. This approach is common in the municipal market for similar transactions and will reduce cost of issuance. The refunding analysis assumes an underlying rating of ‘A’ from S&P with bond insurance and a reserve fund surety. Interest rates are based on recent comparable financings and secondary market trades for similar transactions. The analysis assumes that the estimated balance of the prior reserve fund is deposited in the proposed refunding to downsize the transaction and improve savings. We estimated the balance of prior reserve fund based on the par amount of the bonds outstanding at the time of pricing.



Our analysis evaluates two refunding structures summarized below (table with refunding summary is included on the following page).

- **Scenario 1** utilizes a traditional refunding structure with equal savings annually. This approach is the most common option in the municipal market and produces combined cash flow savings of \$13.8 million throughout the life of the financing and NPV savings of \$8.5 million or 21.8%.
- **Scenario 2** is structured to front-load debt service and accelerate repayment of the TABs. By front-loading debt service of the refunding bonds, savings through 2031 and 2026 for the Series 2005 TABs and Series 2011 TABs, respectively, are eliminated. However, by accelerating total repayment of the TABs principal, the City can begin receiving its portion of tax-increment faster. Cash flow savings for this option are \$16.0 million and NPV savings of \$9.4 million or 24.1%.

Refunding Summary						
	Equal Savings Annually (Scenario 1)			Front Load Debt Service (Scenario 2)		
	Tax-Exempt Series 2005	Taxable Series 2011	Combined	Tax-Exempt Series 2005	Taxable Series 2011	Combined
Refunded Par	\$30,785,000	\$8,130,000	\$38,915,000	\$30,785,000	\$8,130,000	\$38,915,000
Refunding Par	\$25,500,000	\$7,765,000	\$33,265,000	\$25,500,000	\$7,765,000	\$33,265,000
Prior Reserve ¹	\$2,825,535	\$813,000	\$3,638,535	\$2,825,535	\$813,000	\$3,638,535
Final Maturity²	2035	2030	-	2032	2027	-
All-in TIC	2.42%	2.59%	2.45%	2.18%	2.39%	2.20%
Gross Savings	\$10,025,617	\$3,781,330	\$13,806,947	\$11,902,116	\$4,119,445	\$16,021,560
NPV Savings (\$)	\$5,861,698	\$2,639,029	\$8,500,727	\$6,630,104	\$2,782,256	\$9,412,359
NPV Savings (%)	19.04%	32.46%	21.84%	21.54%	34.22%	24.19%
Annual Cash Flow Savings						
9/1/2022	\$493,029	\$291,091	\$784,120	\$4,728	\$3,434	\$8,162
9/1/2023	\$730,781	\$433,650	\$1,164,431	\$2,581	\$1,838	\$4,420
9/1/2024	\$732,025	\$434,954	\$1,166,979	\$3,225	\$1,943	\$5,168
9/1/2025	\$731,500	\$436,581	\$1,168,081	\$3,300	\$4,089	\$7,389
9/1/2026	\$734,175	\$437,761	\$1,171,936	\$2,775	\$2,464	\$5,239
9/1/2027	\$735,663	\$437,124	\$1,172,787	\$2,463	\$165,377	\$167,839
9/1/2028	\$735,119	\$437,200	\$1,172,319	\$1,519	\$1,346,638	\$1,348,156
9/1/2029	\$732,450	\$434,301	\$1,166,751	\$4,850	\$1,315,438	\$1,320,288
9/1/2030	\$732,625	\$438,668	\$1,171,293	\$2,225	\$1,278,225	\$1,280,450
9/1/2031	\$735,350	-	\$735,350	\$3,750	-	\$3,750
9/1/2032	\$735,650	-	\$735,650	\$1,059,450	-	\$1,059,450
9/1/2033	\$731,900	-	\$731,900	\$3,545,500	-	\$3,545,500
9/1/2034	\$733,950	-	\$733,950	\$3,632,750	-	\$3,632,750
9/1/2035	\$731,400	-	\$731,400	\$3,633,000	-	\$3,633,000
Total	\$10,025,617	\$3,781,330	\$13,806,947	\$11,902,116	\$4,119,445	\$16,021,560

¹Prior reserve fund deposit estimate. ²Final maturity of refunding bonds.

Recommendation. We recommend that the City pursue Scenario 2 for its proposed TAB refunding. Scenario 2 delivers better value to the City because it allows the City’s General Fund to recapture all of its tax-increment revenues faster. This is important because the City’s General Fund only receives a portion of refunding savings. Additionally, the current market exhibits strong demand for short-term bonds and long-term bonds with limited demand in the “belly of the curve” (i.e. maturities 2029 – 2040). By shortening the final maturity, Scenario 2 places all of the bonds in the maturities with the greatest demand in the current market.



POB Financing Approach. Ramirez & Co. has the relevant experience, staffing and technical resources to help the City meet its stated goals: (1) Our Pension Optimization Model and Monte Carlo simulation software can develop an optimal structure that maximizes savings while being resilient to future economic changes. (2) We can assist in developing a pension policy that both rating agencies and investors will approve. (3) Our Municipal Credit Strategist, Peter Block, is a former S&P Rating Analyst, who will help develop a rating presentation that earns the highest rating possible. (4) We will prudently size the bond issue to account for expected changes in the CalPERS discount rate. Towards that end, we offer the following structuring considerations.

Rating Strategy. Ramirez & Co. recommends utilizing an S&P rating only. S&P rates POBs based on an issuer’s GO rating due to an acknowledgement that revenue used to pay for POB debt service is not limited in scope and is not distinct or separate from the issuer’s General Fund. Moody’s and Fitch rate POBs one to two notches lower and recent POB pricing results indicate a single S&P rating will not impact pricing. Additionally, S&P is credit neutral on the issuance of POBs and therefore the proposed transaction will not negatively impact the City’s credit rating.

Credit Overview. The City’s financial position has significantly improved in the last 5 years. Most notably, the City has gone from a structural deficit of \$10.9 million in FY2017 to a General Fund surplus of \$8.5 million in FY2020, with an expectation that the City will continue to add to that surplus in upcoming years. Two factors have driven this improvement. First, was the approval of Measure R in 2019 (Utility Users Tax) to increase the City’s Utility Users Tax from 1% to 6%. This approval eliminated the transfers from enterprise activities to the General Fund. The second major driver was the City’s decision to transition its fire department to LA County. Several upfront costs associated with this transition have limited the savings through FY2020, however, beginning in FY2022 the City is expecting large savings that are expected to grow in the following years. Conservative budgeting has been a critical component in managing rising costs and better than expected revenues throughout the COVID-19 shutdown further contributed to the City’s current financial outlook.

Ramirez & Co. S&P Rating Projections. The Ramirez & Co. team includes Peter Block, a former 14-year S&P State & Local Gov’t Rating Analyst. With Peter’s help, we developed an ‘S&P’ credit model to provide an indicative rating for the City’s upcoming POB transaction.

Factor Score Weighted Avg	
Score	Rating
1.00 - 1.64	AAA
1.95 - 2.34	AA
2.35 - 2.84	AA-
2.85 - 3.24	A+
3.25 - 3.64	A
3.65 - 3.94	A-
3.95 - 4.24	BBB+
4.25 - 4.54	BBB
4.55 - 4.74	BBB-
4.75 - 4.94	BB
4.95 - 5.00	B

Assessing the City’s General Fund credit is important due to its unique structure (small population and large industrial presence). Rating agencies utilize a formulaic approach in their credit review in order to provide a rating that can be used to compare one credit to another. We developed a model similar to the one used by S&P to help articulate the nuances of the City’s General Fund credit.

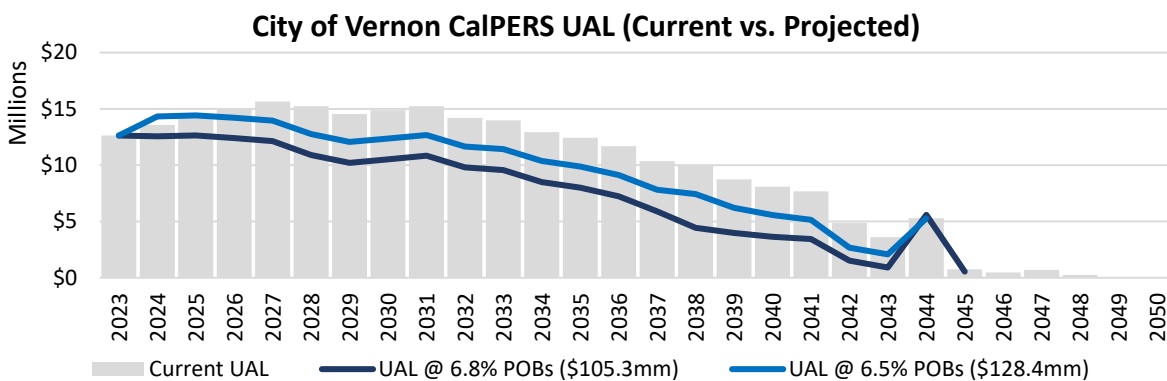
The City’s economy is 30% of S&P’s rating and we estimate a “4” ranking. We use this conservative estimate because certain traditional metrics such as per capita income are skewed due to the small population of the City. As we work through the credit narrative, we believe there is a possibility to improve this ranking to a “3”. In that scenario, the City’s Factor Score would improve to “2.40” resulting in a strong ‘AA-’ rating (no upgrade). We also assign the



strongest possible score for Budgetary Performance and Liquidity. Budgetary Flexibility is on the border of a “2” and “3” score because the General Fund balance is >8.2% of expenditures. Debt & Contingent Liability is ranked “5” due to high pension liabilities (similar to nearly all California cities). The below summarizes our S&P credit model for the City.

City of Vernon - S&P Local Government Score Card - Rating Model			
Weight	Category	Score	Comments
30%	Economy	4	Conservative estimate, can improve on narrative.
20%	Management	2	Strong management.
10%	Budgetary Flexibility	2	Avail Bal is >8.2% of Exp (score is on border of 2 and 3).
10%	Budgetary Performance	1	FY 20 GF Net Result of 13.4%. Total Govt Net Result 5%.
10%	Liquidity	1	Total Gov Cash 17.3% of Total Gov Exp. Total Gov Cash well over 120% of DS.
10%	Debt & Contingent Liability	5	High outstanding pension liabilities impact score (similar to nearly all California cities).
10%	Institutional Framework	2	Same for all California cities.
Factor Score		2.70	
Indicative Rating		AA-	

Sophisticated POB Structuring. As discussed in the cover letter of this RFP, the City’s most recent CalPERS reports do not reflect the FY2021 investment gain of 21.3% and the reduction in discount rate. Due to the 2021 earnings, CalPERS’ Risk Mitigation Strategy triggered an automatic reduction in the discount rate to 6.8%; however, we have received information indicating CalPERS is likely to further reduce the discount rate to 6.5%. Our preliminary estimates indicate the CalPERS UAL for the July 2022 report could range between \$105.3 million (6.8%) and \$128.4 million (6.5%) for the City’s combined Miscellaneous and Safety plans. We recommend structuring the proposed POBs based on the projected UAL to avoid the risk of overfunding. Our structuring analysis is based on the projected data generated from the CalPERS Pension Outlook tool. The graphs and tables below highlight the projected changes in the City’s UAL, further analysis will be conducted once we are engaged on the transaction.



Optimal Funding Level. Based on the information we have today, we recommend targeting a 100% funding level of the projected UAL assuming a 6.5% discount (\$128.4 million payoff amount). If CalPERS chooses a different discount rate in its November 2021 board meeting (e.g. leaves discount rate at 6.8%), we recommend funding to the projected July 2022 UAL based on that CalPERS discount rate. This approach maximizes savings while minimizing the risk of



overfunding. The following analysis will be based on the 6.5% discount rate and a \$128.4 million payoff, additional scenarios can be evaluated as more information becomes available after the November 2021 CalPERS board meeting.

City of Vernon CalPERS UAL (Current vs. Projected)			
Scenario	Current	6.8% Discount (2022)	6.5% Discount (2022)
Returns	21.3% in FY2021		
Discount Rate	7.0%	6.8%	6.5%
Accrued Liability	\$479.4	\$549.5	\$570.5
Market Value of Assets	\$332.6	\$444.2	\$442.1
Unfunded Accrued Liability	\$146.78	\$105.33	\$128.40
Current Funding Ratio	69%	81%	77%

Dollar amounts in millions.

Pension Optimization Model (UAL Base Selection). Ramirez & Co.’s Pension Optimization Model can evaluate a refinancing of all possible UAL base combinations. The model ranks each individual amortization base based on PV savings. Importantly, we incorporate PV savings figures because each UAL base has a different amortization periods. PV figures help compare savings from long bases with savings from shorter bases using today’s dollars. This is important because our recommendation will be to refund the projected UAL balance, which will be lower than the current UAL (\$146.6 million). Because of this, identifying the optimal combination of bases will be important to maximize savings. **Appendix D** includes a base-by-base refunding analysis and the target UAL bases identified by our proprietary model (highlighted in light blue). Final base selection will depend on structure and funding strategy at the time of pricing.

Assumptions. Our analysis assumes a closing on December 30, 2021, principal payments on July 1, and interest payments on July 1 and January 1 (beginning July 1, 2022). Savings calculations are based on the current UAL as reported in the City’s July 2020 CalPERS Actuarial Valuation. The table below summarizes the three (3) scenarios evaluated by our team and **Appendix E** includes summary graphs and additional cash flow detail for each option.

Savings Overview			
(all scenarios target 100% funding based on projected 2022 UAL assuming 6.5% discount)			
Structure	Scenario 1 Hybrid	Scenario 2 Level (Current) ¹	Scenario 3 Level (25-year)
UAL Payoff	\$128,400,000	\$128,400,000	\$128,400,000
Final Maturity (FY)	2050	2050	2047
All-in-TIC	3.22%	3.45%	3.36%
Average Life (yrs)	11.5	16.0	14.0
POB Debt Service	\$176,518,067	\$200,154,278	\$189,802,297
Cash Flow Savings	\$80,846,319	\$57,210,108	\$67,562,089
PV Savings (\$) (All-in TIC)	\$65,244,181	\$61,503,238	\$62,934,294
PV Savings (%) (All-in TIC)	44%	42%	43%
PV Savings (\$) (6.8% Discount)	\$52,706,587	\$57,236,298	\$55,554,982
PV Savings (%) (6.8% Discount)	36%	39%	38%

An Optimal Structure to Maximize Savings and Future Resilience. In our opinion, Scenario 3 – Level (25-yrs) strikes a balance between the two additional options and is our recommended structure at this time. Although total cash flow savings are lower than Scenario 1, this option



produces substantially more cash flow savings through FY2041 (total cash flow savings through FY2041 are \$16.1 million higher in Scenario 3 vs. Scenario 1). The improved cash flow savings will allow the City to create a pension management reserve, which will improve the City’s resiliency to future economic shocks, including any new CalPERS UALs. This level of detail should also be discussed with the rating agencies to help garner the strongest possible credit rating. We prefer Scenario 3 over Scenario 2 because the shorter final maturity reduces the significant negative cash flow savings generated by Scenario 2 in FY2045 through FY2050 (over \$6.3 million negative cash flow savings annually when compared to the current amortization for a total of \$40.6 million). We acknowledge that Scenario 3 creates greater negative cash flow savings in FY2042 through 2047 than Scenario 1, however, we believe the benefit of cash flow savings upfront is more important at this time. Moreover, the proposed POBs will have a 10-year par call and are likely to be refunding in the future.

Vernon Public Utilities Renewable Energy Mandates. VPU’s 2018 Integrated Resource Plan sets a target of achieving 60% Renewable Portfolio Standard mandate by 2030 and reducing greenhouse gas emissions by 40% from 1990 levels by 2030 (required by Senate Bill 32 (SB 32)). Given VPUs Electric Bond ratings of Baa2/BBB+, financing new projects to achieve these goals will place significant pressure on the current ratings. However, the rating agencies strongly value proactive management, especially in what they deem to be a very stringent regulatory environment. Maintaining progress in meeting the renewable energy requirements will be crucial in addressing this challenge facing VPU, not only to be in compliance with regulatory requirements but to maintain its current ratings.

3. APPROACH TO SALE.

Detail the recommended approach to the potential bond sale associated with the recommended refinancing approach...

Distribution Capabilities. Developed over 50 years, Ramirez & Co.’s taxable bond distribution capabilities rival any firm on Wall Street, based on the number of sales people and experience. Led by our lead underwriter, Patty McGorry, Ramirez & Co. utilizes 3 distribution channels when pricing California POBs:

- 17 taxable municipal sales specialists with 20 years average municipal bond sales experience.
- 16 investment grade/corporate bond sales specialists that will expand the investor base with cross over buyers and non-traditional investors.





- 3 member sales group, with 70+ years combined experience, targeting pension funds and municipal governments.

Institutional and Retail Sales Capabilities. Ramirez & Co.’s balanced retail and institutional distribution platform is national in scope. Ramirez & Co.’s underwriting desk strives to and consistently exceeds our client pricing expectations.

Ramirez & Co. Balanced Distribution Network		
Institutional Network	Retail Network	Marketing/Credit Expert
<ul style="list-style-type: none"> ▪ 17 member muni sales force averaging over 20 years of experience ▪ 16 member corp./investment grade sales force ▪ 6 municipal bond traders ▪ Coverage of Tier I, II, III institutional inv. 	<ul style="list-style-type: none"> ▪ Retail salesforce with muni focus ▪ Dedicated retail trader ▪ Over \$1 billion in assets, 1,250 accounts, 80% invested in municipal bonds 	<ul style="list-style-type: none"> ▪ Municipal Strategist, Peter Block, with over 23 years of experience ▪ Former S&P Local Gov’t Rating Analysts based in San Francisco ▪ Focused on investor outreach

Resources for Retail Investor Demand. Ramirez & Co.’s in-house retail network consists of sales professionals who manage over 1,250 high-net worth clients and smaller institutions, 82% of which is invested in municipal bonds. The Firm does not rely on distribution agreements with third parties. Electronic communication networks (ECNs) provide access to 165,000 FAs, brokers and buy-side firms as well as over 20 million retail accounts. Notably, in today’s market, robust participation by individual investors is impeded by a very low level of interest rates. Most retail participation today is comprised of “professional” retail investors or SMAs. Ramirez & Co. covers professional retail investors as well as any firm on Wall Street.

Municipal Buyers in California. An often overlooked segment of buyers that Ramirez & Co. covers thoroughly are municipalities. In California and the greater Los Angeles region in particular, we have seen a number of these accounts participate meaningfully in large transactions over the years. Some of these accounts include The State of California, Southern California Public Power Authority, Los Angeles Department of Water and Power, New York State Common Retirement System, New York City Housing Development Corporation, and the cities of Los Angeles, San Francisco, Houston and Atlanta.

Marketing Strategy – Tax Allocation Refunding Bonds. The City’s refunding TABs will have a small par amount of approximately \$33.2 million and a short final maturity (2035 for the tax-exempt series and 2030 for the taxable series). In this structure, demand will be driven by professional retail investors and SMAs (Separately Managed Accounts) with limited participation from large bond funds. The smaller par amount will require additional focus from the City’s marketing team to ensure the broadest possible participation from investors.

1. Secure Credit Approval from Broadest Universe of Investors. The City’s ‘A’ S&P rating is unique among California TABs because most rating have been upgraded to the ‘AA’ category since the dissolution of redevelopment agencies. The unique dynamics of the City and its redevelopment project areas (i.e. population size, etc.), have limited upgrades within S&P’s rating matrix. We believe it is important to educate our sales force on the unique nuances of California TABs and to make our banking team available for one-on-one calls with investors. These efforts will secure credit approval from a larger pool of potential investors.



2. Target Largest Professional Retail and SMA Investors of California TABs.

As indicated above, due to the size and amortization of the proposed refunding, professional retail will largely drive demand. We recommend focusing on this investor segment and targeting the investors highlighted in the table to the right (largest professional retail investors or California TABs). This includes Blackrock, GSAM, American Century, Deutsche Bank, Wells Fargo, T Rowe Price and Alliance Bernstein. Their large

holdings in this credit sector indicate they will understand and be willing to pay a premium for the inherent value/strength in the City's TAB credit.

3. Current TAB Buyers. In preparation for the City's upcoming TAB refunding, our underwriting team has surveyed investors to identify investors currently purchasing California TABs. Our survey has identified the following investors:

Currently Active California TAB Investors Based on Ramirez & Co. Survey			
Bel Air Investments	Neuberger & Berman	J.P. Morgan	Chilton Investments
Belle Haven	Union Bank	Northern Trust	Putnam
Breckinridge Capital	Templeton Financial	Mackay Shields	US Trust Corporation

Marketing Strategy – Pension Obligation Bonds. Ramirez & Co.'s lead underwriter Patty McGorry has been the lead underwriter on 20% of all POBs issued in California since 2018. Based on this experience, we have developed a comprehensive six-step marketing plan designed to maximize investor demand for the County's POBs.

1. Pre-Issuance Credit and Structuring. The rating presentation, POS and Investor Roadshow will highlight the strength of the City's management team by 1) detailing the response to COVID-19, 2) conservative budgeting process that has produced better than anticipated results and 3) create a narrative of economic growth. In addition to this, we would recommend developing an investor roadshow without narration to ensure that all investors review the materials. We do not recommend utilizing a marketing video since the \$15,000 cost does not materially improve investor participation.

2. Anchor Investors. Since 2017, Ramirez & Co. has been a leader in the POB market and responsible for expanding the depth of California POB investors. We continuously monitor all POB investors in the primary *and* secondary markets. **Appendix F** details the 65 Tier 1 through Tier 3 California POB investors that are most likely to anchor the City's overall transaction.

Top 30 California TAB Holders					
Rank	Investor	Par Held (millions)	Rank	Investor	Par Held (millions)
1	Vanguard	\$705.6	16	Guggenheim	\$76.2
2	Tiaa-Cref	\$511.5	17	New York Life	\$75.5
3	Franklin	\$282.8	18	Michigan Farm Bur	\$66.7
4	Invesco	\$266.7	19	T Rowe Price	\$66.1
5	Capital Group	\$225.2	20	Ameriprise	\$64.4
6	Blackrock	\$221.8	21	Lord Abbett	\$56.4
7	GSAM	\$160.2	22	Milliman	\$52.3
8	American Century	\$136.3	23	Alliance Bernstein	\$51.1
9	Deutsche Bank	\$108.1	24	Knights Of Columbus	\$48.9
10	Wells Fargo	\$101.6	25	Sentry Insurance	\$47.3
11	Thornburg	\$96.6	26	Pinebridge	\$46.4
12	Victory Capital	\$90.9	27	Massachusetts Fin	\$42.5
13	WAMCO	\$90.0	28	Putnam	\$42.1
14	Nuveen	\$87.2	29	Securian Mngt	\$38.1
15	Barings	\$82.1	30	Hartford	\$36.5



3. Expand Investor Demand. In addition to identifying the most active POB investors, our proprietary database has identified 175 additional investors that have purchased one or two POB transactions in the primary or secondary market. We will conduct an aggressive marketing campaign to generate demand from these investors. This investor list can be found in **Exhibit B**.

4. New Cross-Over and Non-Traditional Buyers. The resurgence of California POBs started with our 2017 Brawley POB, primarily sold to hedge funds and cross-over investors, such as Hopwood Lane, Multi-Bank, Spring Lake Asset Management and Wall Street Access. The POB market has evolved and today, the largest buyers are large bond funds and insurance companies such as Wells Capital and Allstate. As the market has matured, Hedge Funds, SMAs, professional retail investors, pension funds and local governments have become the non-traditional buyers that could expand demand for the City’s transaction. Below we list key cross-over buyers within these sectors. The list is not exhaustive and represents only specific cross-over buyers identified in our proprietary POB investor model.

- ✓ Hedge Funds and Proprietary Trading Desks: Manteio Capital LLC, Maritime Capital, Merrill Lynch Prop Trading Desk, Bluefin Trading, Morgan Stanley Arb, among others.
- ✓ SMAs and Professional Retail: Santa Barbara Asset Management
- ✓ Pension Funds and Local Gov: Ventura County and Los Angeles DWP

5. Aggressive Scale and Willingness to Underwrite Unsold Bonds. It is critical to enter the market with an aggressive scale after a thoughtful and comprehensive premarketing effort. This approach has produced better than expected results in every POB transaction our team has lead. We consistently put capital at risk to support the most aggressive pricing and this approach delivers exceptional results for our issuer clients.

6. Complete Transparency to the County and its Municipal Advisor. We commit to provide full disclosure and a transparent process. We will provide (i) access to Ipreo Gameday on the pricing day to ensure access to real time investor order information, and (ii) ongoing market feedback through the structuring process and pricing.

Marketing Strategy – VPU and Green Bonds. Separately Managed Accounts (SMA’s) invest ~\$600 billion in municipal bonds, almost as much as municipal bond funds (\$900 billion). Importantly, SMA’s are keen on ‘impact’ investing. SMA’s are particularly focused on ESG metrics. Some of the largest Investors of VPU’s Bonds are focused on ESG. Vanguard, the VPU’s second largest holder, launched its first bond ETS that screens out bonds its managers deem “un-green” in 2020. Invesco, the VPU’s fifth largest holder, incorporates ESG analysis into its credit processes while focusing on sectors which they believe provide sustainable value, including education, social improvement and infrastructure improvements. VPU has developed an Integrated Resource Plan that incorporates the procurement of more renewable energy resources rather than carbon-emitting resources. We believe these efforts should be highlighted in the POS, the rating presentation, and during the marketing period to increase demand from this growing subset of investors. As a member of the State Treasurer’s Green Bond Development Committee, Raul Amezcua is in constant contact with investors and understands what is required to appeal to this growing segment of investors.



F. FEES AND COSTS

Please provide a maturity-by-maturity takedown request for the potential transaction assuming only one underwriter is selected...

Pension Obligation Bonds. Assuming a sole senior managed taxable POB transaction with a par amount of \$130.0 million, we propose an underwriting fee that includes a takedown of \$2.00/bond for all maturities plus the standard underwriting expenses detailed in the table to the right.

Tax Allocation Bonds. Assuming a par amount of \$35.0 million for a refunding of the City's outstanding TABs, we propose an underwriting fee that includes a takedown of \$2.00/bond for all maturities plus the standard underwriting expenses detailed in the table to the right.

Water and Electric Revenue Bonds. Assuming a par amount of \$100.0 million for a sole senior managed water and electric revenue bond financing, we propose an underwriting fee that includes a takedown of \$2.00/bond and \$2.50/bond, respectively, for all maturities plus the standard underwriting expenses detailed in the table to the right.

We note that a low underwriting fee does not always result in the best deal or lowest borrowing cost. An example of low underwriting fee bids with negative impacts are two recent POBs that priced with a make-whole-call option. This feature will have negative lasting impacts on the two issuers because they will not have the ability to refinance or restructure those obligations. This is indicative of how an UW Fee is not the most important component when selecting an underwriter. Ramirez & Co. is willing to negotiate our fee, if it does not meet the City's expectations.

	Proposed Underwriter Fee			
	Taxable POBs		TAB Refunding (TXBL/TE)	
	\$/Bond	Total	\$/Bond	Total
Underwriters' Discount				
Takedown	\$2.000	\$260,000.00	\$2.000	\$70,000.00
Management Fee	\$0.000	\$0.00	\$0.000	\$0.00
Expenses	\$0.578	\$75,139.91	\$1.800	\$63,006.03
Total Discount	\$2.578	\$335,139.91	\$3.800	\$133,006.03
Estimated Expenses				
UW Counsel	\$0.385	\$50,000.00	\$1.429	\$50,000.00
CDC Review	\$0.014	\$1,800.00	\$0.051	\$1,800.00
IPREO	\$0.068	\$8,828.67	\$0.070	\$2,436.62
IPREO Gameday	\$0.033	\$4,246.13	\$0.033	\$1,143.19
CDIAC	\$0.038	\$5,000.00	\$0.143	\$5,000.00
DTC	\$0.006	\$800.00	\$0.023	\$800.00
CUSIP	\$0.007	\$854.00	\$0.024	\$854.00
Day Loan	\$0.028	\$3,611.11	\$0.028	\$972.22
Total Expenses	\$0.578	\$75,139.91	\$1.800	\$63,006.03
Par Amount		\$130,000,000		\$35,000,000

	Proposed Underwriter Fee			
	Water Revenue Bonds		Electric Revenue Bonds	
	\$/Bond	Total	\$/Bond	Total
Underwriters' Discount				
Takedown	\$2.000	\$200,000.00	\$2.500	\$250,000.00
Management Fee	\$0.000	\$0.00	\$0.000	\$0.00
Expenses	\$0.713	\$71,308.16	\$0.713	\$71,308.16
Total Discount	\$2.713	\$271,308.16	\$3.213	\$321,308.16
Estimated Expenses				
UW Counsel	\$0.500	\$50,000.00	\$0.500	\$50,000.00
CDC Review	\$0.018	\$1,800.00	\$0.018	\$1,800.00
IPREO	\$0.068	\$6,810.13	\$0.068	\$6,810.13
IPREO Gameday	\$0.033	\$3,266.25	\$0.033	\$3,266.25
CDIAC	\$0.050	\$5,000.00	\$0.050	\$5,000.00
DTC	\$0.008	\$800.00	\$0.008	\$800.00
CUSIP	\$0.009	\$854.00	\$0.009	\$854.00
Day Loan	\$0.028	\$2,777.78	\$0.028	\$2,777.78
Total Expenses	\$0.713	\$71,308.16	\$0.713	\$71,308.16
Par Amount		\$100,000,000		\$100,000,000



G. ABILITY OF THE PROPOSER TO PERFORM

Provide a detailed description of the proposer and his/her/its qualifications, including names, titles, detailed professional resumes and past experience in similar work efforts/products of key personnel who will be working on the assignment...

Ramirez & Co., is a leader in California POBs, tax allocation bonds, and utility financings. Ramirez & Co., remains focused on providing the best level of underwriting services for every client and assures every financing will get the necessary and critical attention to yield the best results.

California Pension Obligation Bond Experience. Ramirez & Co.’s proposed lead banker, Raul Amezcua, Senior Managing Director, is an expert in California City Bonds. Notably, Raul Amezcua, was formerly the head of the Stifel CA Public Finance Team and the De La Rosa & Co. Banking Group prior to joining Ramirez in 2021. His experience includes POB issues for the cities of Redondo Beach, Placentia, Chula Vista, Riverside and the Counties of Orange, Riverside, San Bernardino, among others. Since January 1, 2017, Ramirez & Co. has underwritten 10 California POB transactions with a total par amount of \$1.3 billion. This includes 8 senior managed transactions with a total par amount of \$697.6 million (we include Joint-Senior managed assignments because our team was specifically hired due to our technical expertise with California POBs).

California Tax Allocation Bond Experience. Ramirez & Co., has further bolstered our Tax Allocation Bond experience by the hiring of Raul Amezcua. In 2014, Raul Amezcua led the Los Angeles County TAB Refunding Program, in which 10 Successor Agencies participated, and received the 2014 Bond Buyer Deal of the Year Award. Since January 1, 2017, Ramirez & Co. has underwritten 8 California TAB transactions with a total par amount of \$119.1 million. This includes 6 senior managed transactions with a total par amount of \$97.3 million

California Utility Bond Experience. Ramirez & Co. has a dedicated public power/utilities group whose members have provided senior manager and/or financial advisory services to many major public utilities throughout the country. Since January 1, 2017, Ramirez & Co. has underwritten 30 California utility transactions with a total par amount of \$3.1 billion. This includes 6 senior managed transactions with a total par amount of \$457.1 million

Ramirez & Co. has Sufficient Capital to Underwrite a Sole Managed \$3.75 Billion Bond Issue. As of August 31, 2021, the Firm’s total available capital, including our access to a Temporary Subordinated Loan (“TSL”), is sufficient to underwrite a sole managed \$3.75 billion bond issue, after applying the maximum 7% regulatory haircut. The Firm employs limited leverage and has historically funded its underwriting needs through its excess net capital position. Importantly, and in contrast to most other firms, nearly all of the Firm’s capital is dedicated toward municipal underwriting activities in both the primary and secondary markets.

Ramirez & Co. Capital Position	
(\$ in millions)	8/31/2021
Total Capital (100% Equity)	\$53.4
Excess Net Capital	\$43.2
Haircut for Inventory	\$4.1
Capital Avail. for Muni Bonds	\$47.3
TSL	\$215.84
Total Available for Muni Bond Underwriting and Inventory	\$263.1
Underwriting Capacity Based on 7% Haircut	\$3,758.6



Proposed Team. Below we list the individuals who will work on the City’s proposed financings and their relevant experience, involvement and roles. Appendix G includes brief resumes and contact information

Team Member % Involvement	Title	Exp.	Role / Responsibilities	Select Experience
Banking				
Raul Amezcua (40%)	Senior Managing Director	30+ yrs	Lead Banker (Head of West Coast Pub Fin)	Cities of LA, Placentia, Chula Vista, Redondo Beach, Riverside, El Centro, LADWP, MWD, LA County TAB Pool, among others
Michael Mejia (30%)	Senior Vice President	15+ yrs	Day-to-Day Banking (CA POB Specialist)	Monterey Park, Santa Ana, Ontario, Santa Monica, San Fernando, Cudahy, Coachella, among others
Fernando Guerra (30%)	Managing Director	31+ yrs	Project Support	State of CA, LAWA, MWD and SCPPA, among others
Underwriting/Credit				
Patty McGorry	Managing Director	19+ yrs	Lead Underwriter	All Ramirez CA Financings for the past 8 years

Below we list three references for recent transactions similar to those proposed by the City.

City of Monterey Park	City of San Fernando	LADWP
<p>Martha Garcia <i>Director of Mgmt Services</i> 320 West Newmark Ave. Monterey Park, CA 91754 (626) 307-1349 magarcia@montereypark.ca.gov</p>	<p>Nick Kimball <i>City Manager</i> 117 Macneil St. San Fernando, CA 91340 (818) 898-1201 NKimball@sfcity.org</p>	<p>Peter Huynh <i>Assist. CFO/Treasurer</i> 111 North Hope Street Los Angeles, CA 90012 (213) 367-4671 Peter.huynh@ladwp.com</p>
<p>Senior Manager \$17.7 million 2021 Street Bonds \$106.3 million 2021 POB</p>	<p>Sole Manager \$36.5 million 2021 POB</p>	<p>Senior Manager \$120.5 million 2020 WRB</p>

H. AFFIDAVIT OF NON-COLLUSION

Proposer must submit a completed and executed, “Affidavit of Non-Collusion.” (Copy attached as Exhibit A).

Please see **Appendix A.**



APPENDIX A. AFFIDAVIT OF NON-COLLUSION

AFFIDAVIT OF NON-COLLUSION BY CONTRACTOR

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

_____ Vincent A. Mazzaro _____, being first duly sworn deposes

and says that he/she is _____ Chief Operating Officer _____
(Insert "Sole Owner", "Partner", "President", "Secretary", or other proper title)

of _____ Samuel A. Ramirez & Co., Inc. _____
(Insert name of bidder)

who submits herewith to the City of Vernon a bid/proposal;

- That all statements of fact in such bid/proposal are true;
- That such bid/proposal was not made in the interest of or on behalf of any undisclosed person, partnership, company, association, organization or corporation;
- That such bid/proposal is genuine and not collusive or sham;
- That said bidder has not, directly or indirectly by agreement, communication or conference with anyone attempted to induce action prejudicial to the interest of the City of Vernon, or of any other bidder or anyone else interested in the proposed contract; and further

That prior to the public opening and reading of bids/proposals, said bidder:

- a. Did not directly or indirectly, induce or solicit anyone else to submit a false or sham bid/proposal;
- b. Did not directly or indirectly, collude, conspire, connive or agree with anyone else that said bidder or anyone else would submit a false or sham bid/proposal, or that anyone should refrain from bidding or withdraw his/her bid/proposal;
- c. Did not, in any manner, directly or indirectly seek by agreement, communication or conference with anyone to raise or fix the bid/proposal price of said bidder or of anyone else, or to raise or fix any overhead, profit or cost element of his/her bid/proposal price, or of that of anyone else;
- d. Did not, directly or indirectly, submit his/her bid/proposal price or any breakdown thereof, or the contents thereof, or divulge information or data relative thereto, to any corporation, partnership, company, association, organization, bid depository, or to any member or agent thereof, or to any individual or group of individuals, except the City of Vernon, or to any person or persons who have a partnership or other financial interest with said bidder in his/her business.

I certify under penalty of perjury that the above information is correct

By: _____  _____ Title: _____ Chief Operating Officer _____

Date: _____ October 22, 2021 _____



APPENDIX B. CALIFORNIA POB CASE STUDIES

The Case studies below highlight our success



\$36,525,000, City of San Fernando, Taxable Pension Obligation Bonds, Series 2021AB **Ramirez & Co. Role: Sole Manager**

- Ramirez & Co. introduced the City’s credit to S&P and investors (no prior credit rating).
 - ✓ Comprehensive credit analysis highlighted the City’s unique credit strengths and helped secure a strong ‘A+’ (Stable) rating from S&P.
- Aggressive marketing plan included substantial investor outreach and education regarding the nuances of the City’s proposed transaction.
- The City’s POBs priced within 2 trading days of a higher rated (natural ‘AA’) POB issued by Whittier.
 - ✓ Despite a significantly lower rating (2 notches lower), Ramirez & Co. priced the City’s Series 2021A POBs at equal or lower spreads in all 2022 – 2041 maturities.

Sale Date	8/5/2021 City of San Fernando Taxable POBs, Series 2021A				8/3/2021 City of Whittier 2021 Taxable POBs				Ramirez Pricing Benefit	
Issuer	Par				Par					
Issue	Call Date				Call Date					
Par	Insurance				Insurance					
Call Date	Rating				Rating					
Insurance	Under.				Under.					
Rating	UW				UW					
Under.	Year	Par	Yield	UST	Spread	Par	Yield	UST	Spread	
UW										
	2022	\$1,240	0.242	2-yr	0.04	\$5,670	0.212	1-yr	0.04	0.00
	2023	\$1,030	0.352	2-yr	0.15	\$5,075	0.322	2-yr	0.15	0.00
	2024	\$1,035	0.578	3-yr	0.20	\$5,095	0.519	3-yr	0.20	0.00
	2025	\$1,040	0.869	5-yr	0.15	\$5,120	0.799	5-yr	0.15	0.00
	2026	\$1,050	1.109	5-yr	0.39	\$5,160	1.069	5-yr	0.42	-0.03
	2027	\$1,060	1.379	7-yr	0.37	\$5,215	1.347	7-yr	0.40	-0.03
	2028	\$1,075	1.599	7-yr	0.59	\$5,285	1.567	7-yr	0.62	-0.03
	2029	\$1,090	1.735	10-yr	0.52	\$5,370	1.722	10-yr	0.55	-0.03
	2030	\$1,110	1.895	10-yr	0.68	\$5,460	1.872	10-yr	0.70	-0.02
	2031	\$1,130	1.995	10-yr	0.78	\$5,565	1.972	10-yr	0.80	-0.02
	2032	\$1,155	2.195	10-yr	0.98	\$5,675	2.172	10-yr	1.00	-0.02
	2033	\$1,180	2.345	10-yr	1.13	\$5,795	2.322	10-yr	1.15	-0.02
	2034	\$1,205	2.465	10-yr	1.25	\$5,930	2.442	10-yr	1.27	-0.02
	2035	\$1,235	2.595	10-yr	1.38	\$6,075	2.572	10-yr	1.40	-0.02
	2036	\$1,270	2.675	10-yr	1.46	\$6,235	2.632	10-yr	1.46	0.00
	2041	\$6,905	2.892	30-yr	1.02	\$33,875	2.882	30-yr	1.02	0.00
	2046	\$7,970	3.000	30-yr	1.13	\$17,295	2.962	30-yr	1.10	0.03

Dollar amounts in thousands.



\$226,180,000, Redondo Beach CFA, Lease Revenue Bonds, Series 2021A
Ramirez & Co. Role: Joint Senior Manager

- Selected as Joint-Senior Manager due to our pension structuring expertise and credit insight.
- Ramirez & Co. developed a proprietary Monte Carlo Simulation model to help determine the optimal structure and CalPERS UAL funding level (Quantitative analyses were presented to the City's Budget and Finance Commission to help inform their recommendation to the City Council).
- In addition to leading the pension structuring efforts, Ramirez & Co.'s banking team was critical in developing the legal mechanism to pledge City streets.
 - ✓ Legal structure eliminated the need for title insurance on the leased asset (city streets).
 - ✓ To protect City residents, the ability of investors to re-let the leased property (city streets) in the event of default was removed from the lease structure.
- Comprehensive credit effort secured a 'AA' LRB rating from S&P.



\$110,000,000, Monterey Park, Taxable Pension Obligation Bonds, Series 2021
Ramirez & Co. Role: Sole Manager

- Introduced the City's general fund credit to S&P for the first time (no prior rating was available).
- The financing was designed to restructure the City's long-term pension costs.
- Transaction priced at lower spreads than any prior POB issued in CA (incl higher rated 'AAA' POBs).



\$17,590,000, Coachella, Taxable Pension Obligation Bonds, Series 2020
Ramirez & Co. Role: Sole Manager

- Ramirez & Co. successfully guided the City to secure a 'AA-' (stable) rating despite falling revenues from COVID-19 and helped develop a bond structure that maximized savings for the City.
- POBs shortened the final maturity of the City's UAL amortization from 24 years to 15 years.
- Aggressive marketing helped secure the lowest spreads of any 'AA-' rated California POB in the history of the muni bond market.



\$219,935,000, Pomona, 2020 Taxable Pension Obligation Bonds, Series BJ
Ramirez & Co. Role: Joint-Book Runner

- Due to COVID-19, the City's budget surplus quickly turned into a projected deficit in FY2021 and FY2022 that created significant challenges and uncertainty.
- Ramirez & Co. led the rating and structuring efforts. Our banking team helped develop a pension funding policy that would address the short-term budget challenges and deliver long-term fiscal sustainability. Efforts helped preserve a 'AA-' (stable) S&P rating despite large budget challenges.
- Ramirez & Co. recommended deferring principal for one year and changing principal payment dates to address the City's budget deficit. This strategy delayed the 1st principal payment by one fiscal year and reduced interest cost by shortening the final maturity from 6/1/2047 to 8/1/2046.



\$118,725,000, El Monte, Taxable Pension Obligation Bonds, Series 2020
Ramirez Role: Senior Manager

- Ramirez & Co. worked with City staff for over 18 months to help educate all stakeholders on the issuance of POBs.
- COVID-19 impacted the City because a large share of sales tax revenues resulted from auto sales within the City. In addition to the City's large budget deficit, this transaction was particularly challenging because it was the first POB transaction over \$100 million with an 'A' category rating.



- Designed an ascending debt service to address the City's budget deficit and align POB debt service with the City's pension tax revenues. To improve the marketability of the bonds and to ensure the broadest distribution, Ramirez & Co. worked with the bond insurers to secure insurance from AGM.
- Marketing included an investor roadshow presentation and multiple one-on-one calls with investors, which helped achieve lower spreads than all comparable POBs despite lower ratings.



\$121,865,000, Hawthorne, 2019 Taxable Pension Obligation Bonds

Ramirez & Co. Role: Sole Manager

- Sole manager for the largest financing in the history of the City and the largest CA POB of 2019.
- POBs funded 100% of the City's outstanding CalPERS UAL and were structured with 30-year level debt service to provide long-term pension cost management.
- Aggressive marketing efforts maximized investor demand and secured orders from buyers that had never purchased California POBs prior to the sale (Wells Capital Management, among others).



\$54,085,000, Baldwin Park, 2019 Taxable Pension Obligation Bonds

Ramirez & Co. Role: Sole Manager

- Due to a comprehensive marketing strategy, Ramirez & Co. successfully generated over \$73.4 million in orders (1.4x oversubscribed).
- The transaction was priced in a very challenging market and was successful due to a focused marketing effort and willingness to underwrite unsold bonds.



\$16,310,000, Brawley, Taxable Pension Obligation Bond, Series 2017

Ramirez & Co. Role: Sole Manager

- POBs refinanced the City's existing CalPERS side-fund obligation and shortened the overall final maturity from 25 years to 15 years.



APPENDIX C. WORK PLAN MATRIX

Work Plan			
Tax Allocation Bond Refunding	Pension Obligation Bonds	Maintenance/Infrastructure	
Tasks and Analyses for Each Step of the Underwriting Process	Analyze Opportunity		
	Assess credit of specific financing (prepare proprietary credit model)		
	Evaluate market and prepare scale based on comparable transactions		
	Conduct and present financial analysis to determine optimal approach		
	* DOF approval & optimal savings	*Pension Optimization Model and Monte Carlo Model	*Define project
	Prepare & Manage Financing Process		
	Prepare distribution list and financing schedule		
	Review all legal documents (POS, Indenture, BPA, etc.)		
	Monitor financial markets and provide updates to financing team		
	Develop final structuring recommendations based on market and investor demand		
	Credit Rating: 1) develop credit strategy based on investor demand and market feedback, 2) develop credit narrative and rating presentation, 3) coordinate with rating agencies, 4) help prepare City staff for rating presentation		
	Evaluate final timing to enter the market		
	Bond Insurance: 1) procure bond insurance bids, 2) negotiate bids, 3) conduct cost-benefit and break-even analysis		
	Complete final due diligence, final internal credit committee review and post POS		
	Execution		
	Complete Marketing Plan based on investor survey and market demand		
	Educate sales force on credit narrative		
	Schedule calls with investors		
	Coordinate with underwriting syndicate		
	Pre-Pricing calls		
Enter market with aggressive scale			
Final Pricing Call			
Build book of investors, underwrite unsold bonds and designate buyers			
*Investor Presentation	*Investor Presentation		
Closing			
Post final OS			
Review all closing documents			
Finalize closing memo and coordinate final wire for closing			



APPENDIX D. BASE-BY-BASE REFUNDING ANALYSIS

Base-by-Base Refunding Analysis (Blue Highlights Indicate Selected Bases)						
Reason for Base	Date	Amort. Period	Balance 6/30/2022	Savings		
				Cash Flow	PV (\$)	PV (%)
Miscellaneous						
Fresh Start	6/30/06	16	3,288,196	1,346,556	1,069,714	33%
Benefit Change	6/30/07	6	4,708,580	775,054	734,337	16%
Assumption Change	6/30/09	9	4,741,989	1,179,159	1,068,167	23%
Special (Gain)/Loss	6/30/09	19	1,046,844	506,130	378,950	36%
Special (Gain)/Loss	6/30/10	20	1,087,951	559,427	411,462	38%
Assumption Change	6/30/11	11	2,074,040	598,032	524,088	25%
Special (Gain)/Loss	6/30/11	21	(8,344,272)	-	-	-
Payment (Gain)/Loss	6/30/12	22	303,252	169,733	119,636	39%
(Gain)/Loss	6/30/12	22	1,063,101	610,091	430,642	41%
(Gain)/Loss	6/30/13	23	19,587,905	11,094,400	7,804,785	40%
Assumption Change	6/30/14	14	6,503,040	2,129,536	1,789,100	28%
(Gain)/Loss	6/30/14	24	(24,358,351)	-	-	-
(Gain)/Loss	6/30/15	25	8,433,303	5,298,176	3,588,683	43%
Assumption Change	6/30/16	16	3,068,655	1,156,763	934,387	30%
(Gain)/Loss	6/30/16	26	9,184,936	6,068,175	4,038,535	44%
Assumption Change	6/30/17	17	3,283,335	1,342,315	1,062,222	32%
(Gain)/Loss	6/30/17	27	(1,379,236)	-	-	-
Method Change	6/30/18	18	1,957,173	872,031	675,394	35%
Assumption Change	6/30/18	18	6,418,707	2,862,002	2,216,516	35%
(Gain)/Loss	6/30/18	28	1,125,129	864,252	542,585	48%
Non-Investment (Gain)/Loss	6/30/19	19	1,474,209	656,624	497,295	34%
Investment (Gain)/Loss	6/30/19	19	1,124,482	556,443	416,659	37%
Non-Investment (Gain)/Loss	6/30/20	20	2,073,486	974,218	724,670	35%
Investment (Gain)/Loss	6/30/20	20	3,950,926	2,227,534	1,597,949	40%
Safety - Police						
Fresh Start	6/30/05	15	(1,153,551)	-	-	-
Benefit Change	6/30/06	5	1,174,448	162,048	155,355	13%
Assumption Change	6/30/09	9	1,295,607	308,601	279,714	22%
Special (Gain)/Loss	6/30/09	19	2,566,681	1,251,286	938,016	37%
Special (Gain)/Loss	6/30/10	20	(447,385)	-	-	-
Assumption Change	6/30/11	11	1,039,203	300,041	262,534	25%
Special (Gain)/Loss	6/30/11	21	(5,006,515)	-	-	-
Payment (Gain)/Loss	6/30/12	22	118,597	67,499	48,317	41%
(Gain)/Loss	6/30/12	22	11,414,095	6,554,391	4,649,218	41%
Benefit Change	6/30/12	11	184,520	50,215	43,285	23%
(Gain)/Loss	6/30/13	23	10,541,040	5,968,513	4,198,608	40%
Assumption Change	6/30/14	14	5,053,477	1,659,253	1,393,364	28%
(Gain)/Loss	6/30/14	24	(7,755,594)	-	-	-
(Gain)/Loss	6/30/15	25	3,262,074	2,045,289	1,387,260	43%
Assumption Change	6/30/16	16	1,802,601	677,844	547,190	30%
(Gain)/Loss	6/30/16	26	4,983,505	3,292,081	2,190,189	44%
Assumption Change	6/30/17	17	2,115,460	862,017	681,875	32%
(Gain)/Loss	6/30/17	27	(2,301,512)	-	-	-
Method Change	6/30/18	18	722,978	321,873	249,307	34%



Base-by-Base Refunding Analysis (Blue Highlights Indicate Selected Bases)

Reason for Base	Date	Amort. Period	Balance 6/30/2022	Savings		
				Cash Flow	PV (\$)	PV (%)
Assumption Change	6/30/18	18	3,653,204	1,628,764	1,261,824	35%
(Gain)/Loss	6/30/18	28	(1,778,668)	-	-	-
Non-Investment (Gain)/Loss	6/30/19	19	1,972,927	886,311	670,296	34%
Investment (Gain)/Loss	6/30/19	19	348,783	170,867	126,809	36%
Non-Investment (Gain)/Loss	6/30/20	20	383,291	174,242	130,842	34%
Investment (Gain)/Loss	6/30/20	20	2,059,899	1,156,759	830,400	40%
Safety - Police (PERPA)						
Fresh Start	6/30/05	15	(1,812)	-	-	-
Benefit Change	6/30/06	5	1,845	255	244	13%
Assumption Change	6/30/09	9	2,036	485	440	22%
Special (Gain)/Loss	6/30/09	19	4,032	1,966	1,474	37%
Special (Gain)/Loss	6/30/10	20	(703)	-	-	-
Assumption Change	6/30/11	11	1,633	471	413	25%
Special (Gain)/Loss	6/30/11	21	(7,864)	-	-	-
Payment (Gain)/Loss	6/30/12	0	-	-	-	-
(Gain)/Loss	6/30/12	22	17,929	10,295	7,303	41%
Benefit Change	6/30/12	11	291	79	68	23%
(Gain)/Loss	6/30/13	23	16,559	9,376	6,596	40%
Assumption Change	6/30/14	14	7,939	2,607	2,189	28%
(Gain)/Loss	6/30/14	24	(12,184)	-	-	-
(Gain)/Loss	6/30/15	25	5,124	3,213	2,179	43%
Assumption Change	6/30/16	16	2,832	1,065	860	30%
(Gain)/Loss	6/30/16	26	7,829	5,172	3,441	44%
Assumption Change	6/30/17	17	3,323	1,354	1,071	32%
(Gain)/Loss	6/30/17	27	(3,615)	-	-	-
Method Change	6/30/18	18	1,136	506	392	34%
Assumption Change	6/30/18	18	5,738	2,558	1,982	35%
(Gain)/Loss	6/30/18	28	(2,793)	-	-	-
Non-Investment (Gain)/Loss	6/30/19	19	3,099	1,392	1,053	34%
Investment (Gain)/Loss	6/30/19	19	548	268	199	36%
Non-Investment (Gain)/Loss	6/30/20	20	1,299	591	443	34%
Investment (Gain)/Loss	6/30/20	20	8,623	4,842	3,476	40%
Safety - Fire						
Fresh Start	6/30/05	15	(1,841,023)	-	-	-
Benefit Change	6/30/06	5	1,874,375	260,011	249,205	13%
Assumption Change	6/30/09	9	2,067,738	499,187	452,057	22%
Special (Gain)/Loss	6/30/09	19	4,096,325	2,000,753	1,500,401	37%
Special (Gain)/Loss	6/30/10	20	(714,010)	-	-	-
Assumption Change	6/30/11	11	1,658,529	479,494	419,563	25%
Special (Gain)/Loss	6/30/11	21	(7,990,208)	-	-	-
Payment (Gain)/Loss	6/30/12	22	189,275	106,025	73,262	39%
(Gain)/Loss	6/30/12	22	18,216,467	10,470,408	7,424,683	41%
Benefit Change	6/30/12	11	294,487	82,453	72,044	24%
(Gain)/Loss	6/30/13	23	16,823,103	9,533,934	6,705,680	40%
Assumption Change	6/30/14	14	8,065,157	2,641,769	2,219,231	28%
(Gain)/Loss	6/30/14	24	(12,377,637)	-	-	-
(Gain)/Loss	6/30/15	25	5,206,148	3,269,523	2,215,353	43%



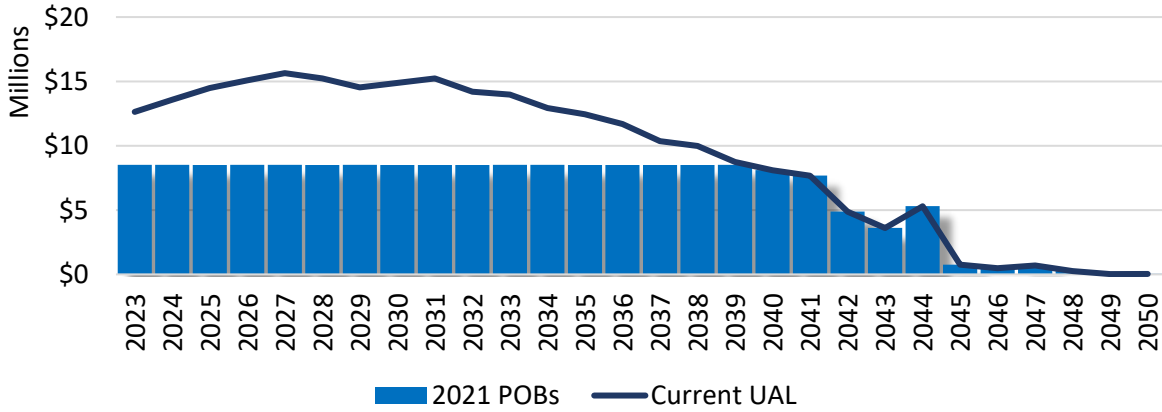
Base-by-Base Refunding Analysis (Blue Highlights Indicate Selected Bases)

Reason for Base	Date	Amort. Period	Balance 6/30/2022	Savings		
				Cash Flow	PV (\$)	PV (%)
Assumption Change	6/30/16	16	2,876,884	1,080,382	872,461	30%
(Gain)/Loss	6/30/16	26	7,953,488	5,254,824	3,495,736	44%
Assumption Change	6/30/17	17	3,376,193	1,376,695	1,089,996	32%
(Gain)/Loss	6/30/17	27	(3,673,126)	-	-	-
Method Change	6/30/18	18	1,153,846	512,698	397,342	34%
Assumption Change	6/30/18	18	5,830,377	2,597,627	2,014,018	35%
(Gain)/Loss	6/30/18	28	(2,838,686)	-	-	-
Non-Investment (Gain)/Loss	6/30/19	19	3,148,718	1,416,739	1,070,542	34%
Investment (Gain)/Loss	6/30/19	19	556,646	273,456	203,629	37%
Non-Investment (Gain)/Loss	6/30/20	20	598,658	280,831	208,949	35%
Investment (Gain)/Loss	6/30/20	20	3,186,678	1,797,398	1,288,510	40%
Safety - Fire (PEPRA)						
Fresh Start	6/30/05	15	(4,713)	-	-	-
Benefit Change	6/30/06	5	4,799	666	638	13%
Assumption Change	6/30/09	9	5,294	1,278	1,157	22%
Special (Gain)/Loss	6/30/09	19	10,488	5,123	3,842	37%
Special (Gain)/Loss	6/30/10	20	(1,828)	-	-	-
Assumption Change	6/30/11	11	4,248	1,228	1,075	25%
Special (Gain)/Loss	6/30/11	21	(20,458)	-	-	-
Payment (Gain)/Loss	6/30/12	22	485	272	188	39%
(Gain)/Loss	6/30/12	22	46,643	26,809	19,011	41%
Benefit Change	6/30/12	11	753	211	184	24%
(Gain)/Loss	6/30/13	23	43,075	24,411	17,170	40%
Assumption Change	6/30/14	14	20,650	6,764	5,682	28%
(Gain)/Loss	6/30/14	24	(31,692)	-	-	-
(Gain)/Loss	6/30/15	25	13,331	8,372	5,673	43%
Assumption Change	6/30/16	16	7,366	2,766	2,234	30%
(Gain)/Loss	6/30/16	26	20,365	13,455	8,951	44%
Assumption Change	6/30/17	17	8,645	3,525	2,791	32%
(Gain)/Loss	6/30/17	27	(9,404)	-	-	-
Method Change	6/30/18	18	2,955	1,313	1,018	34%
Assumption Change	6/30/18	18	14,929	6,651	5,157	35%
(Gain)/Loss	6/30/18	28	(7,269)	-	-	-
Non-Investment (Gain)/Loss	6/30/19	19	8,063	3,628	2,741	34%
Investment (Gain)/Loss	6/30/19	19	1,425	700	521	37%
Non-Investment (Gain)/Loss	6/30/20	20	2,369	1,111	827	35%
Investment (Gain)/Loss	6/30/20	20	14,617	8,244	5,910	40%
Safety - Local Prosecutor						
Fresh Start	6/30/20	4	8,762	(56)	(191)	-2%

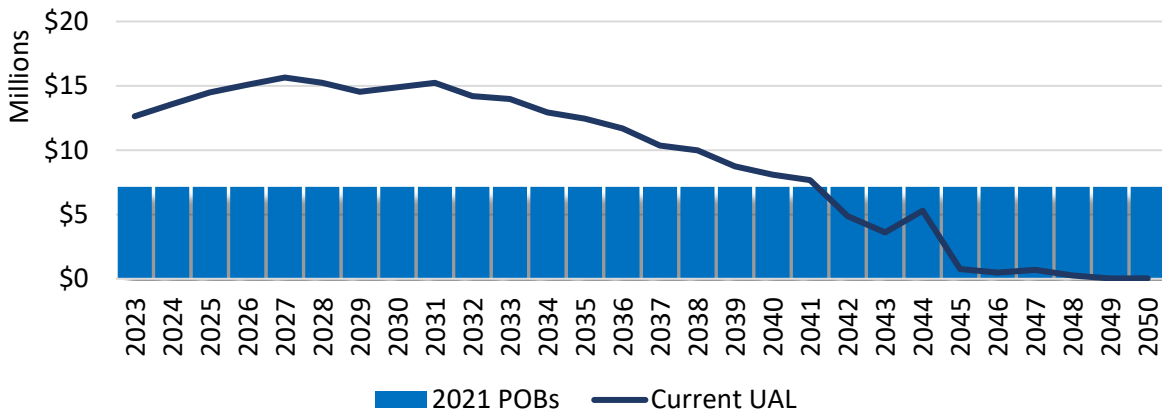


APPENDIX E. POB SUMMARY GRAPHS AND CASH FLOW DETAIL

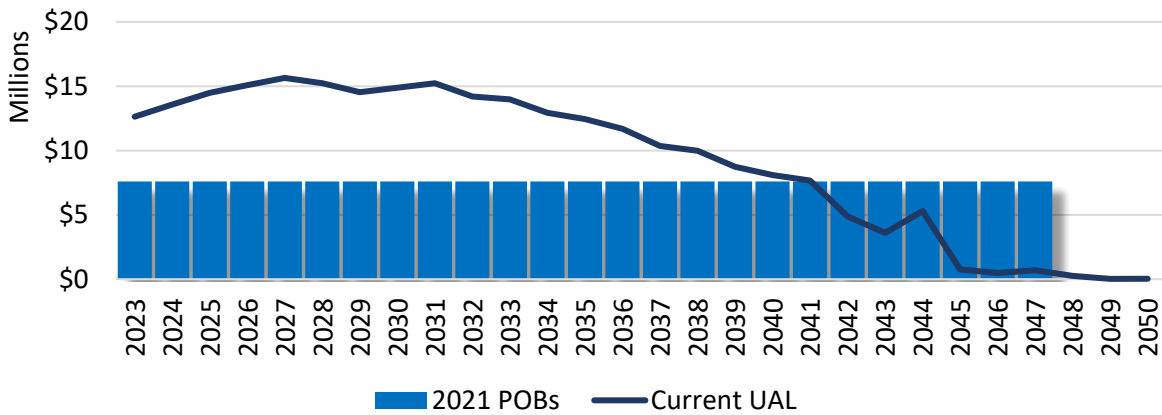
Scenario 1 - Hybrid



Scenarios 2 - Level (Current)



Scenario 3 - Level (25-year)





Cash Flow Savings Detail

Year	Current UAL	Scenario 1 - Hybrid		Scenario 2 - Level (Current)		Scenario 3 - Level (25-year)	
		2021 POBs	Savings	2021 POBs	Savings	2021 POBs	Savings
2023	12,629,301	8,509,651	4,119,650	7,146,515	5,482,786	7,592,406	5,036,895
2024	13,576,474	8,511,008	5,065,467	7,150,215	6,426,259	7,593,671	5,982,803
2025	14,484,699	8,507,767	5,976,932	7,149,116	7,335,584	7,591,795	6,892,905
2026	15,081,005	8,509,486	6,571,520	7,150,092	7,930,913	7,589,621	7,491,384
2027	15,642,088	8,510,852	7,131,236	7,146,213	8,495,875	7,590,742	8,051,347
2028	15,230,230	8,507,791	6,722,439	7,148,043	8,082,187	7,590,818	7,639,412
2029	14,536,246	8,509,537	6,026,709	7,150,038	7,386,209	7,589,294	6,946,953
2030	14,877,765	8,507,470	6,370,296	7,148,126	7,729,640	7,592,194	7,285,572
2031	15,228,684	8,507,156	6,721,529	7,147,685	8,081,000	7,589,943	7,638,741
2032	14,197,108	8,508,041	5,689,067	7,148,350	7,048,758	7,592,149	6,604,959
2033	13,977,947	8,510,659	5,467,288	7,150,457	6,827,491	7,594,192	6,383,755
2034	12,928,230	8,509,155	4,419,076	7,148,469	5,779,761	7,590,478	5,337,752
2035	12,439,100	8,507,613	3,931,488	7,146,816	5,292,284	7,590,295	4,848,805
2036	11,684,907	8,506,641	3,178,266	7,150,798	4,534,109	7,593,996	4,090,911
2037	10,357,112	8,506,893	1,850,219	7,145,908	3,211,204	7,592,126	2,764,987
2038	9,987,138	8,507,419	1,479,719	7,146,605	2,840,533	7,594,003	2,393,135
2039	8,735,754	8,510,902	224,852	7,149,524	1,586,230	7,591,733	1,144,021
2040	8,092,636	8,102,645	(10,009)	7,146,701	945,935	7,592,677	499,959
2041	7,672,548	7,680,130	(7,582)	7,147,962	524,586	7,591,574	80,974
2042	4,875,642	4,885,813	(10,171)	7,148,046	(2,272,404)	7,593,163	(2,717,521)
2043	3,603,972	3,614,751	(10,779)	7,148,967	(3,544,995)	7,593,864	(3,989,892)
2044	5,292,597	5,303,854	(11,257)	7,150,277	(1,857,680)	7,593,210	(2,300,613)
2045	753,125	759,497	(6,372)	7,149,338	(6,396,213)	7,593,965	(6,840,840)
2046	476,256	484,180	(7,924)	7,145,970	(6,669,714)	7,590,859	(7,114,603)
2047	694,596	704,132	(9,536)	7,149,815	(6,455,219)	7,593,534	(6,898,938)
2048	255,400	262,268	(6,868)	7,147,256	(6,891,856)	-	255,400
2049	23,166	32,024	(8,858)	7,147,812	(7,124,646)	-	23,166
2050	30,660	40,736	(10,076)	7,149,168	(7,118,508)	-	30,660
Total	257,364,386	176,518,067	80,846,319	200,154,278	57,210,108	189,802,297	67,562,089



APPENDIX F. CALIFORNIA POB INVESTORS

Tier 1 through Tier 3 Investors – Most Likely to Anchor Overall Transaction

Tier 1 Investors (Purchase > 8 Deals)			Tier 2 Investors (Purchase 5 - 7 Deals)			Tier 3 Investors (Purchase 3 - 4 Deals)		
Investor	# POBs	Issuers	Investor	# POBs	Issuers	Investor	# POBs	Issuers
Wells Capital	15	<i>Azusa</i>	GC Advisors	7	<i>Azusa</i>	American Fam Ins	4	<i>Azusa</i>
Invesco	12	<i>Baldwin Prk</i>	Kayne Anderson	7	<i>Baldwin Prk</i>	Barings LLC	4	<i>Baldwin Prk</i>
Blackrock	10	<i>Carson</i>	Medley Capital	7	<i>Brawley</i>	New York Life Ins	4	<i>Chula Vista</i>
Delphi Cap Mngmt	10	<i>Chula Vista</i>	Prudential	7	<i>Carson</i>	Victory Cap Mngmt	4	<i>Coachella</i>
Wellington	9	<i>Coachella</i>	Tennenbaum Cap	7	<i>Coachella</i>	Oceanview Mngmt	4	<i>El Cajon</i>
Earnest Partners	9	<i>Downey</i>	Belle Haven	7	<i>El Monte</i>	PIMCO	4	<i>El Monte</i>
GSAM	8	<i>El Cajon</i>	Canyon Partners	6	<i>Hawthorne</i>	Reams Mngmt	4	<i>Gardena</i>
JPM Invest Mngmt	9	<i>El Monte</i>	CQS US LLC	6	<i>Inglewood</i>	Securian Mngmt	4	<i>Hawthorne</i>
New Eng Mngmt	9	<i>Gardena</i>	Doubleline Capital	6	<i>La Verne</i>	Searle	4	<i>Ing 20</i>
40/86 Advisors	8	<i>Hawthorne</i>	Eagle Point Mngmt	6	<i>Monrovia</i>	Verde Mngmt	4	<i>La Verne</i>
ACORE Capital LP	8	<i>Huntington Beach</i>	HIG Capital	6	<i>Montebello</i>	Aetna	3	<i>Monterey Prk</i>
Acres Capital LLC	8	<i>Inglewood</i>	Knights of Col	6	<i>Monterey Prk</i>	Apollo Cap Mngmt	3	<i>Ontario</i>
Bain Capital	8	<i>La Verne</i>	Neuberger Berman	6	<i>Ontario</i>	Ariel Investments	3	<i>Pasadena</i>
Bel Air Invest Adv	8	<i>Montebello</i>	PGIM Inc	6	<i>Pasadena</i>	CL King Arb	3	<i>Pomona</i>
Berkshire Hathaway	8	<i>Monterey Prk</i>	Prophet Cap Mngmt	6	<i>Pomona</i>	Loews Corp	3	<i>Redondo</i>
Flaherty & Crumrine	8	<i>Ontario</i>	RCG Longview	6	<i>Redondo</i>	Franklin	3	<i>Riverside</i>
Gugg (GSAM/40-86)	8	<i>Pomona</i>	Sit Fixed Income	6	<i>Riverside</i>	MacKay Shields	3	<i>Placentia</i>
HPS Inv Partners	8	<i>Redondo</i>	WAMCO	6	<i>Placentia</i>	MetLife	3	<i>Torrance</i>
Spring Lake Mngmt	8	<i>Riverside</i>	Nomura	5	<i>Torrance</i>	Millennium Ptnrs	3	
TCW Asset Mngmt	8	<i>Placentia</i>				Nuveen	3	
Allstate	8	<i>Torrance</i>				Old Orchard Cap	3	
Performance Trust	8					Paterson Capital	3	
						Schroder Mgmt	3	
						Union Bank of CA	3	

Blue fonts indicate buyers of the Redondo Beach pension transaction

Investor Insight (Tier 1 – Tier 3). Light Blue highlights indicate investors that purchased the recent Redondo Beach pension financing (Ramirez & Co. served as 50/50 Joint Senior manager). **Wells Capital** is the most active buyer of California POBs and will be an important target on the County’s POBs. **Bel Air Investment Advisors, Spring Lake Management** and **Belle Haven** have been important POB buyers and purchased the Redondo transaction due to the high profile name (likely to express interest due to the County’s marquee name). **PIMCO, Franklin** and **Nuveen** represent a unique investor niche of California POBs (muni bond behemoths that only purchase select California POBs). These three investors bring strong liquidity, and they will only purchase high credit quality POBs such as the County. We recommend specifically targeting this niche group of investors.



New Investors (Purchased 2 or 3 California POBs)

Bought 2 Deals (39 Investors)		Bought 1 Deals (136 Investors)			
16th Amendment	Hexagon Asset Mgmt	20 Gates Mngmt	Family Heritage Life Ins	Los Angeles DWP	DWS Invest Mnmgt
AIG	Highbridge Mngmt	Alagna Advisors	Federated	LS Investment Adv	Reich Invest Advisors
Allianz SE	Hopwood	American Fam Mutual	Fiduciary Trust of NY	Madison Capital	Robinson Capital Mgmt
Americo Life Ins	Industry Mngmt	Ameriprise	First Bankers Bank	Manteio Capital	Samuel Capital
Ashmore Group	Jefferies Arb	Amerisafe Ins	FirstMark Capital LLC	Manulife Financial Corp	Santa Barbara Mngmt
Barclays Arb	Merrill Arb	AMUNDI USA INC	Flippin, Bruce & Porter	Maritime Capital	San Antonio Wtr Sys
Bluefin	Northern Trust	Aquiline Holdings LLC	Fort Washington Inv Adv	Mason St Advisors	Schafer Cullen Mngmt
Build Cap Ptr	One Oak Capital	Ares Capital Mnmgt	Fundamental Advisors	Massachusetts Fin Serv	Schroders
Cerberus Capital	PNC Capital Adv	ASB Capital Mgmt	GE Asset Mngmt	Met Life Ins Co	Securities America Adv
Conning Inc	Shenkman Mngmt	Ausbil Mnmgt	GenTrust Wealth Mgmt	Mechanics Bank	Select Funeral & Life Ins
Country Trust	Southern Farm Bureau	Auto Club Services	Global Investors Svcs	Meeder Pub Funds	Select Ins Co of America
County Ins	Teachers Ins & Ann	Blackstone	Globe Life Insurance Co NY	Mid Atlantic Capital	Sentinel Asset Mgmt
Cumberland Adv	Tortoise Capital	Boston Part Global	Global Atlantic Advisors	Millenium Muni Trading	Standard Insurance
Definitive Mgmt	Unionbanc Invest	Bridge Harbor Capital	GoldenTree Asset Mngmt	Milliman Financial	State Street Corp
Deutsche Bank AG	Whitehaven Mngmt	Brotherhood Mutual	GoldPoint Partners	Morgan Stanley Arb	Stone Point Capital
Feinberg Stephen	Whittier Trust	C2P Capital Adv	Gramercy Funds Mngmt	MTR Municipal Strategies	STW Fixed Income
First NY Sec	National Inv Serv	Calamos Advisors	Great Lakes Advisor	Multi-Bank	Sun Trust Bank Georgia
Greystone Consul	TCG Advisors	Cantor Fitzgerald	Greenspring Associates	Mutual of Omaha	SWBC Invest
Gulfstream Cap	Wasmer & Schroeder	Carlyle Inv Mngmt	Halyard Asset Mgmt	NB Alternatives Advisers	Transmarket Bastion
Hartford Mgmt		Centiva Capital LP	Harrison Street Sec	Nebrodi Partners	TIAA-CREF
		City National Sec	Integrity Fixed Income	NFJ Inv Group	Toqueville Asset Mngmt
		Churchille Mngmt	Inverness Counsel	Northwestern Mutual	Trustmark Insurance
		Citigroup Relative Val	Janney Capital Mngmt	Norges Bank	UBS
		Clearlake Capital	John Hancock	NRECA	United American Ins
		Cline Financial	KKR	NYL Investors	United Heritage Fin
		Cohen & Steers Inc	Kline Hill Partners	Oppenheim Inv Mgmt	USAA Real Estate
		Commerce Bank	Knighthed Cap Mngmt	PA Capital LLC	Value Credit Partners
		Conning, Inc	Lancer Global Inv	Parker Hunter Mgmt	Ventura County
		Credit Agricole SA	Las Virgenes Muni Wtr	Payden & Rygel	Voya Investment Mngmt
		Crescent Capital	Lattice Strategies	Pine River Cap Mngmt	Wall Street Access
		Delaware Invest.	Lincoln Investment	PineBridge Inv	Warburg Pincus
		DFW Airport	Linfield Capital	PPM America Inc	Whitebox Advisors
		DV Trading	Liberty Bankers Life	Principal Fin Group	Winthrop Capital Mngmt
		Eaton Vance	Logan Capital Mngmt	RE Advisers	XFUND LTD

Blue fonts indicate buyers of the Redondo Beach pension transaction

Investor Insight (New Investors). Due to the strong credit and high profile name of the Redondo Beach transaction, the majority of investors were first (or second) time buyers of California POBs. The marquee name attracted 17 first time buyers of California POBs that included international investors, muni mutual funds, hedge funds and professional retail. **Norges Bank** is an international pension fund that purchased \$60.9 million of the Redondo transaction due to the large size (+\$200 million par), taxable structure and credit quality. Due to the proposed size of the County’s transaction, we anticipate limited participation from international investors. **DFW Airport, Las Virgenes Municipal Water Authority and San Antonio Water System** are municipal governments that purchased the Redondo POBs due to the incremental taxable POB yield and strong credit quality. We expect strong participation from similar governmental entities on the County’s POBs due to the ‘AAA’ rating. The most noteworthy of the remaining investors are **Millenium Municipals Trading** who purchased \$11 million of the Redondo transaction and **Payden & Rygel** who purchased \$14.5 million. Millenium is a hedge fund pioneering electronic alternative trading systems in the municipal market. We expect they will remain opportunistic buyers going forward. Payden & Rygel is a Los Angeles based mutual fund that will expand their participation with high profile names such as the County.



APPENDIX G. TEAM RESUMES

Team Member	Role, Responsibility and Relevant Experience
Banking: Los Angeles Office: 633 West Fifth Street, Suite 2693, Los Angeles, California 90071	
<p><u>Lead Banker/Project Oversight</u> Raul Amezcua <i>Senior Managing Director</i> M: (213) 605-5120 E: raul.amezcua@ramirezco.com</p>	<ul style="list-style-type: none"> ✓ 30+ years of municipal finance exp ✓ Joined Ramirez & Co. in 2021. Most recently, he managed Stifel's California Public Finance Group and served on the Executive Committee from 2014 to 2020 ✓ \$2 billion of pension financing experience spanning three decades; includes POB issues for the cities of Placentia, Chula Vista, Riverside and the Counties of Orange, Riverside, San Bernardino, among others ✓ Completed 250 senior-managed issues exceeding \$30 billion ✓ MBA from the Anderson School of Business at UCLA, B.S. USC
<p><u>Day-to-Day Contact</u> Michael Mejia <i>Senior Vice President</i> M: (510) 364-1423 E: michael.mejia@ramirezco.com</p>	<ul style="list-style-type: none"> ✓ 15+ years of municipal finance exp ✓ Structured over 150 municipal financings totaling \$4.5 billion ✓ California POB specialist (completed 8 California POB transactions) ✓ B.S. in Env Economics and Policy from UC Berkeley
<p><u>Banking Support</u> Dr. Fernando Guerra <i>Managing Director</i> M: (310) 993-1440 E: fernando.guerra@ramirezco.com</p>	<ul style="list-style-type: none"> ✓ 30+ years of California municipal finance exp ✓ B.A. in International Relations from the University of Southern California and M.A. and Ph.D. in Political Science from the University of Michigan
Underwriting: New York Office: 61 Broadway, 29th Floor, New York, New York 10006	
<p><u>Lead Underwriter</u> Patty McGorry <i>Managing Director</i> P: (212) 248-3884 E: patty.mcgorry@ramirezco.com</p>	<ul style="list-style-type: none"> ✓ Underwritten over \$40 billion of senior managed financings ✓ 19+ years of municipal finance experience ✓ B.A. from Villanova University



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Responsibilities of Ramirez as an underwriter. As an underwriter, Ramirez is required to deal fairly at all times with both municipal issuers and investors. Ramirez must purchase securities with a view to distributing securities in an arm's-length commercial transaction with the issuer and has financial and other interests that differ from those of the issuer. Ramirez has a duty to purchase securities from issuers at a fair and reasonable price, but must balance that duty with its duty to sell them to investors at prices that are fair and reasonable.

January 24, 2022

Mr. Scott Williams
Finance Director
City of Vernon
4305 Santa Fe Avenue
Vernon, CA 90058

Dear Mr. Williams:

HdL Coren & Cone is pleased to present this proposal to provide services for the preparation of a fiscal consultant's report for the anticipated issuance of the 2022 Tax Allocation Refunding Bonds by the Successor Agency to the Redevelopment Agency of the City of Vernon (the "Successor Agency"). We understand that the proposed financing will be secured by a pledge of revenue from the former Industrial Redevelopment Project Area (the "Project Area").

Description of the Firm's Business

HdL Coren & Cone ("HdLCC") was established in 1992 to provide property tax data base management, analytical and auditing services to cities, redevelopment agencies, special districts and Counties. HdLCC, along with Hinderliter de Llamas & Associates and HdL Software comprise the HdL Companies. The HdL Companies are located in Brea, California.

Our services are based upon the firm's large investment in computers and specially designed software for the management of large property tax databases. We currently have on line more than 400 gigabits of property tax data, including the complete secured and unsecured tax rolls for Los Angeles County since 1992. Our software capability gives us the ability to audit an entire county for the benefit of our clients. Over the years, we have corrected the allocation of \$3.2 billion in assessed values resulting in the recovery of more than \$29 million for our clients.

HdLCC currently is providing on-going property tax analytical and auditing services for over 250 cities, successor agencies and special districts. For these clients we serve as adjunct staff on all property tax matters, including auditing county allocation procedures, researching property tax related issues, providing revenue estimates to assist in the budget process, and preparing updated tables for continuing disclosure. Within Los Angeles County, we currently provided property tax services to 68 of the 88 cities in the County, including the City of Vernon.

In addition to our property tax expertise HdLCC has extensive experience working with redevelopment agencies and redevelopment finance. Prior to the dissolution of redevelopment agencies by the State of California, we assisted numerous redevelopment agencies with statements of indebtedness, annual financial reports low-and-moderate income housing calculations, including deficit reduction plans and excess surplus calculations. HdLCC has participated in the issuance of tax increment supported debt for more than 200 bond issues involving more than \$5.2 billion of total bonds. Since the dissolution of redevelopment agencies by the State, we have participated in the refinancing of existing bonds for more than 50 separate successor agencies.

HdLCC has been at the forefront of the analysis and implementation of AB x1 26, AB x1 27, AB



1484 and SB 107. We have worked with our client agencies, county auditor controllers and other consultants to determine how these new laws would affect redevelopment in California and to assist former redevelopment agencies to adapt to and work within the new laws.

Staff Assignment for Preparing Fiscal Consultant Report

David Schey will be the principal responsible for services to the Successor Agency. All of the HdLCC staff will be available to assist as needed with services to the Successor Agency. Mr. Schey's principal associate for services to the Successor Agency will be Cheryl Murase. All HdLCC staff is located in the Brea Office and may be reached at (714) 879-5000.

Scope of Services

The services under this proposal include the following:

1. A historical review of the assessed values of the former Project Area;
2. An investigation and verification, if required, of any anomalies or discrepancies revealed by the historical review of the Project Area assessed values;
3. A projection of tax increment revenues through the term of the Bonds for the former Project Area based upon 2021-22 assessed values, property tax growth trends and transfers of ownership. In the event that the proposed refunding bonds are not issued prior to the time that the tax roll data for fiscal year 2022-23 are available, the projections of tax increment will be updated to reflect the 2022-23 data;
4. A listing of the top ten taxpayers in the Project Area and a determination of their tax payment status (i.e. delinquencies);
5. A review of the tax allocation and disbursement procedures of Los Angeles County in the aftermath of AB x1 26, AB 1484 and SB 107;
6. A review of outstanding appeals of property taxes for the Project Area subject to the availability of appeals data from the County Assessment Appeals Board;
7. A review of any proposed or recently adopted legislation and its impact on the pledge of the tax increment revenues of the Project Area;
8. Preparation of the Fiscal Consultant Report describing our assumptions and presenting our projections of the Project Area revenues as well as an aggregation of these revenues for inclusion with the offering documents of the proposed bond issuance;
9. Attendance at one meeting as authorized by the Successor Agency and preparation for and participation in the ratings process. Direct costs for travel to attend this meeting will be billed based only on actual out of pocket expenses. These travel costs, if any, will be in addition to the fee indicated below. If the ratings process requires travel outside of Southern California, travel costs will be billed as additional incurred expenses as outlined below;
10. Review of the bond issuance offering documents as they relate to the Project Area revenues and issues discussed in the Fiscal Consultant Report;
11. Additional Services are services not described above which are authorized in writing by the Successor Agency. Additional Services may include, but are not limited to, additional meetings and presentations to rating agencies and insurance companies.



Fees

HdLCC is prepared to provide the fiscal consulting services outlined above for a fee of \$22,500 plus the cost of any actual incurred expenses. Actual incurred expenses include such items as express deliveries, travel to rating agency and insurance presentation and/or overnight accommodations, and other out-of-pocket expenses, which may be incurred. Additional Services described in Item 11 above and authorized by the Successor Agency will be provided at the following hourly rates along with actual incurred expenses.

Partner	\$225.00 per hour
Principal	\$195.00 per hour
Associate	\$150.00 per hour
Analyst	\$100.00 per hour

All fees will be billed and payable the sooner of the close of the bond sale, one year from authorization to proceed or upon the Successor Agency’s determination not to proceed with a bond issue. In the event that the Successor Agency determines not to proceed with the issuance of the bonds, the fee, less \$5,000, will be prorated based upon the percentage of completion of the scope of work at the time of the Successor Agency’s determination. If the scope of work has been completed prior to the Successor Agency’s determination not to proceed with the issuance of the bonds the fee, less \$5,000, will be due and payable.

Schedule

We are prepared to proceed with the Scope of Work based on your verbal authorization and in a time-frame as required in order to accommodate the Successor Agency’s schedule. The completion of Additional Services, if any, will be scheduled at the time of authorization.

An authorized signature below will be considered our authorization to proceed. Please call me if you have any questions or would like additional information. My direct line is (714) 462-1656.

HdL Coren & Cone

David Schey
Principal

Authorized:

Signature

Date

Printed Name

Title