

MAY 10,
2019

**STATEMENT OF QUALIFICATIONS
FOR
FINANCIAL ADVISORY SERVICES
TO THE
SQUAW VALLEY PUBLIC SERVICE DISTRICT**



By

NHA | ADVISORS
Financial & Policy Strategies.
Delivered.

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May 10, 2019

Mike Geary, General Manager
Squaw Valley Public Service District
305 Squaw Valley Road
Olympic Valley, CA 96146

RE: Squaw Valley Public Service District Land Acquisition Project – Financial Advisory Services

Dear Mr. Geary:

NHA Advisors, LLC appreciates the opportunity to provide information on our firm’s qualifications to serve the Squaw Valley Public Service District (the “District”) as its financial advisor (also known as a Municipal Advisor) for the proposed community engagement, election, formation, and financing of the former 30-acre Poulsen Compound property located at 325 Squaw Valley Road (the “Project”).

We understand that the District has engaged the services of TBWB Strategies to manage the community support process along with NBS Government Services to assist in the formation of the special tax district. We also understand that the District could potentially seek voter approval in November of 2019 for the ability to levy a special tax on all District-served properties (including residential and non-residential).

NHA Advisors has worked for many local agencies on land acquisition projects to support protected open space and eliminate the threat of future development. Our work included a citywide general obligation bond initiative in Santa Cruz and Paso Robles as well as a small neighborhood land acquisition project in Novato. Each of these had similar objectives and funding strategies as the District’s proposed Project including the use of a land trust for protecting future ownership changes. Our experience includes the formation of a special tax district and bond financing to fund the acquisition and improvement in some cases.

NHA Advisors has worked extensively with both TBWB Strategies and NBS on multiple projects and compliments their skills and qualifications. The role of NHA Advisors is to provide sound technical and financial support to the District through the formation (financial analysis), election (education and information), and bond issuance (project manager). Our hands-on approach means NHA Advisors is as an active participant throughout the process, continuing through the annual on-going continuing disclosure requirements (if requested).

We are very familiar with the Lake Tahoe region, having served as financial advisor to the North Tahoe Public Utility District, Northstar Community Services District, City of South Lake Tahoe, South Tahoe Alliance of Resorts, and Tahoe Douglas Visitors Authority. We appreciate the opportunity to share our qualifications and scope of services with you and look forward to meeting soon.

Sincerely,

A handwritten signature in blue ink, appearing to read "GCH", enclosed within a blue circular scribble.

Craig Hill
Managing Principal

I. ORGANIZATION, CREDENTIALS AND EXPERIENCE

ORGANIZATIONAL STRUCTURE

NHA Advisors, LLC (“NHA”) is a privately-owned Independent Registered Municipal Advisor that provides comprehensive, hands-on municipal advisory and consulting services to local government agencies throughout California, with an emphasis on cities and special districts (utilities and community services). NHA works with approximately 80 California public agencies on various financing and debt management projects, and our consulting practice includes work with more than 30 public agencies. More specifically, NHA Advisors has been serving and working with communities in the Lake Tahoe region for more than 20 years.

NHA is headquartered in San Rafael. The firm employs seven registered municipal advisors, all of whom hold the Series 50 license and are fully registered with the regulatory bodies.

FINANCING EXPERIENCE

NHA Advisors is a leading municipal advisory firm to California public agencies with a specialty in community-supported voter initiatives. Our deep understanding of tax rate impacts and the financial commitment required when bonds are issued to fund projects allows us to be responsive and deliver a comprehensive financing plan. This information is critical to the political decisions made by the District Board with the formation of a financing district, election and subsequent bond issuance. For more than 25 years, the professionals at NHA Advisors have worked through the bond parameters and credit issues to develop the lowest cost financing structure which ultimately saves the community and taxpayers money.

CONSULTING EXPERIENCE

NHA also offers a host of consulting services designed to deliver quantitative, qualitative, and policy solutions for local agencies. Our consulting practice has grown organically since the Great Recession, in large part due to the evolving needs of clients that have required more than standard bond transaction services. Many clients rely on us for strategic financial planning and general staff support for items that may go before their elected officials. **Since 2014, NHA staff has completed more than 200 unique consulting assignments for its clients**, many of which were separate from a financing. Additionally, our “*extension of staff*” services have become a critical benefit to many of our clients given the financial and staffing pressures that accompany economic cycles and staff turnover. Fiscal sustainability consulting services have become a growing element of our consulting practice, helping to address the concerns of our clients in light of rapidly growing pension costs, revenue impacts from natural disasters, and continuing needs to fund deferred maintenance and critical services.

LAND SECURED FINANCE

NHA is recognized as a leader in land-secured finance. Our collective experience spans four decades and includes the use of both assessment district (“AD”) and community facilities district (“CFD”) structures for projects as

NHA Advisors Client Map





unique as small, targeted land acquisitions through large master-planned communities. NHA has also worked on a number of district formations to provide funding sources for maintenance, capital replacement, and/or a dedicated revenue source to support bond debt service. **Having formed more than 50 CFDs (including 18 master planned communities) and completed more than 100 CFD financings, NHA’s project team is well equipped to support the District through the CFD formation and financing process.** Since 2010, spanning the peak of the housing downturn, NHA successfully completed financings for 29 CFDs and 11 ADs. In addition, NHA is currently working with a number of California public agencies to form ADs/CFDs and sell bonds to finance projects and/or services.

NHA STAFF RESOURCES

NHA leverages key strengths of the NHA advisory team to most efficiently serve the District, dedicating two senior level advisors to each engagement to ensure the highest level of client service and maximum availability to attend all meetings and conference calls. We will allocate staff resources for this project, based on the scope required which will include:

Name	CRAIG HILL	ROB SCHMIDT	CHRISTIAN SPRUNGER	ROY KIM
Title	Managing Principal	Vice President	Associate	Analyst
Role/ Expertise	Local Government Finance, Voter-Supported Initiatives	Land-Secured Finance, Former Special Tax Consultant	Analytical Support, Cash Flow Modeling, Project Management Support	Analytical Support, Cashflow Modeling, Research Support
Licenses	Series 50	Series 50	Series 50	Series 50
Experience	29 Years	15 Years	3 Years	1 Year
Education	UC Davis	UCLA	Indiana University	Johns Hopkins University
Office 415.785.2025	x2001	x2006	x2007	x2008

INITIAL THOUGHTS ON DISTRICT PROJECT FINANCING

Based on the information reviewed and discussions with outside District consultants already engaged in the Project, we believe the financing plan and strategy already proposed is sound and viable for the community which includes both voters who consider the valley their primary home (and are registered voters) and those who own property which is not their primary residence (therefore will not be eligible to vote). The allocation and incorporation of the non-residential property ownership to pick up a portion of the annual special tax is appropriate and will have a significant financial impact on the amount required from residential property owners.

Once the election is held and the bond financing process begins, we would recommend that a marketing plan be created and implemented that would allow local residents to participate in the purchase of the special tax bonds that will be sold by the District. While we will set the interest rates at competitive market levels (through the underwriting firm), providing a first right to locals often is well received and appreciated. This would include not only registered voters but also anyone within your service area who may be interested in investing in their community through the purchase of a tax-exempt bond.

II. SCOPE OF SERVICE

NHA proposes to work on the District’s Project under two distinct phases. Given the specific objectives of the District to have the community support the acquisition of the property through an election held by a new special tax district which will be formed prior to the November 2019 election, NHA proposes to provide the following municipal advisory services.

Phase 1: Pre-Development Municipal Advisory Services and CFD Formation

NHA Advisors will act in the role of municipal advisor to the District to develop a funding strategy to meet all required Project-related objectives. Work by NHA Advisors for the District will generally include:

- Identify potential on-going public services, maintenance, or other future demands on District resources (e.g. trails, rehabilitation, environmental mitigation, landscaping, etc.) to be funded through the special tax
- Identify method of funding acquisition, improvements, maintenance and services (grants, partnerships, property owners, fees, bonds, state or federal subsidized grant/loan programs or other)
- Work with the special tax consultant to determine the appropriate maximum tax rates for the impacted properties
- If appropriate, prepare an overall financing plan memo for the District on the proposed CFD that addresses the following (1) improvements and/or services to be financed, (2) recommended maximum tax rates
- If applicable and requested by the District, identify possible infrastructure or public facility requirements for another public agency
- Work with District staff and consultants to develop a rate and method of apportionment for the CFD that will best serve the financing plan
- Present the results of this analysis, if required, to the District Board
- Provide and manage a detailed “master schedule” of tasks including district formation, documentation, and approvals
- Work with District consultants to prepare a financing plan for the formation of the CFD
- Work with the District on initial funding options and special tax allocation
- Work with the special tax consultant to develop a rate and method and project cost estimates and parcel tax
- Participate in community residents and property owner’s questions or requests for financing information
- Attend and participate in the District Board meetings (as required)



- Structure a bond financing plan based on the rate and method of apportionment

Phase 2: Bond Issuance upon Successful Election Result

NHA Advisors will serve as the municipal advisor of record for the District and provide the following services:

◆ Project Management

- Provide information and advice on the timing of the financing process and develop timeline (schedule) of tasks
- If requested, work with District staff to solicit and select trustee service provider and negotiate preferred terms and pricing
- If requested, recommend options with respect to other consultants, as applicable, that may be required as part of financing process
- Manage financing process, including the assignment of tasks for all parties involved in the financing

◆ Quantitative Analysis and Financial Structuring

- Prepare, review, analyze, and provide structuring advice for the proposed Project financing
- Evaluate the method of sale (private placement or public offering), bond structure, legal approaches, and financial advantages for each alternative, including the financing terms and call provisions

◆ Project Implementation

- Coordinate the efforts of bond counsel, disclosure counsel, and/or any other legal counsel to prepare the financing documents for approval by the District Board
- Provide advice on the financing structure for incorporation into financing documents
- Upon request, NHA Advisors will make presentations or attend meetings with the District Board or stakeholders to answer questions about the financing and process
- Work with District staff to solicit and select financing partner/funding source (e.g. bank, underwriter, etc.), as necessary
- Work with selected financing partner/funding source to determine optimal bond structure, including serial/term bonds, premium/discount bonds, and redemption provisions
- If a public offering method of sale is utilized:
 - Based on information provided to NHA Advisors by the District, work with disclosure counsel to assemble the official statement for the financing in a manner consistent with existing laws, regulations, and standards of the securities industry. The official



statement serves as a marketing instrument and disclosure document for the District with respect to the financing

- For a negotiated sale, assist the District in the negotiation of underwriting spreads and interest rates for the proposed financing. Monitor the underwriter’s sales effort to ensure the lowest financing costs are achieved.
- If a private placement method of sale is utilized:
 - Prepare a credit package for use by placement agent to provide to potential financial institutions or banks
 - Work with a placement agent to solicit bids from various financial institutions or banks that invest in municipal debt
- Work with bond counsel to finalize documents for execution by the District and prepare a closing memorandum outlining a detailed flow of funds at the time of closing
- Coordinate the delivery, printing and final approval of legal documents, and the preparation of closing certificates and final official statement

III. PROPOSED FEE SCHEDULE

Phase 1: Hourly Consulting

For work described in the Scope of Services as Phase 1, NHA Advisors will be compensated based upon the hourly rate schedule provided in the table to the right. NHA Advisors will invoice the District on a monthly basis for professional time and approved expenses incurred during the course of the Project. The combined not-to-exceed budget for Phase 1 services shall be \$15,000.

Staff Allocation	Hourly Rate
Principal	\$325
Vice President	\$275
Associate	\$225
Analyst	\$150
Administrative	\$ 75

Phase 2: Contingent Tasks

For work described in the Scope of Services as Phase 2 Services, NHA Advisors will be compensated at the time of closing. Compensation will be contingent on completion of the funding and is expected to be paid from proceeds of the transaction. The fee for these services is based on a number of factors, including the financing structure, complexity, series of bonds, funding source, and actual time expected to be spent managing the funding process.

For a private placement with a private party or financial institution (requiring no public offering disclosure document or credit rating), NHA Advisors will charge a fee for service of \$47,500. For a public offering with a pre-selected underwriter, NHA Advisors will charge a fee for service of \$57,500.

Expenses (Out-of-Pocket)

All expenses will be billed directly at cost to the District. Expenses will be limited to those necessary for completion of the project and will not be incurred without the District’s written approval.



IV. DISCLOSURES

NHA Advisors, LLC is registered as a Municipal Advisor with the SEC and Municipal Securities Rulemaking Board (“MSRB”). As such, NHA Advisors, LLC has a Fiduciary duty to the public agency and must provide both a Duty of Care and a Duty of Loyalty that entails the following.

Duty of Care

- a) exercise due care in performing its municipal advisory activities;
- b) possess the degree of knowledge and expertise needed to provide the public agency with informed advice;
- c) make a reasonable inquiry as to the facts that are relevant to the public agency’s determination as to whether to proceed with a course of action or that form the basis for any advice provided to the public agency; and
- d) undertake a reasonable investigation to determine that NHA Advisors, LLC is not forming any recommendation on materially inaccurate or incomplete information; NHA Advisors, LLC must have a reasonable basis for:
 - i. any advice provided to or on behalf of the public agency;
 - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the public agency, any other party involved in the municipal securities transaction or municipal financial product, or investors in the public agency securities; and
 - iii. any information provided to the public agency or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty

NHA Advisors, LLC must deal honestly and with the utmost good faith with the public agency and act in the public agency’s best interests without regard to the financial or other interests of NHA Advisors, LLC. NHA Advisors, LLC will eliminate or provide full and fair disclosure (included herein) to Issuer about each material conflict of interest (as applicable). NHA Advisors, LLC will not engage in municipal advisory activities with the public agency as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the public agency’s best interests.