

Campaign Goal

- Gain funding to move Police Department from a cramped, poorly operating building into a properly sized and designed Police Station

3

Before the Campaign Starts

- Key Notes:
 - Your campaign starts long before you may think it does
 - You can't sell a bad product

4

Pre-Bond Campaign

- Facilities Plan Prepared by Architectural Firm
 - September 2011
- Council Prioritizes Facility Improvements
 - March 2012
- Due Diligence Report on Proposed Building (\$14,000)
 - June 2012
- Contract Signed for Property
 - November 2012

5

Why Take These Steps?

- Showed that the City had done its homework:
 - It established that the current Police Station was very deficient
 - It established that a new Police Station was its top priority
 - It showed with a high degree of certainty that the proposed building could be renovated to meet modern Police Station standards at a very reasonable cost

6

Use of City Resources

- City resources may be used prior to filing for election
- Use of City resources is highly limited after the ballot has been filed

7

Bond Campaign (before ballot filing)

- | | |
|--|-----------------------|
| • Preliminary Bond Levy Analysis Prepared | December 2012 |
| • Public Opinion Survey Completed (\$19,500) | January 2013 |
| — Key Finding: | |
| • Projected 53% Yes Vote | |
| — Key Messages Identified: | |
| • Strong support for City and Police Department | |
| • Expiration of Library Bond a major selling point | |
| • Meets long-term needs of department | |
| • Increased facility security a plus | |
| • City Newsletter Articles On Bond Measure | January-March 2013 |
| • Community Group Presentations | January-February 2013 |
| • Police Station Open House | February 2013 |

8

Bond Campaign (after ballot filing)

- Election Law Compliance Feb-Mar 2013
 - Informed Employees of limitations
 - Had Information fact sheet certified by State
 - Elected officials have more flexibility
- Campaign shifted to PAC March 2013
 - Website and Facebook
 - Door Knocking Campaign
 - Letters to the Editor
 - Community Forum
- Election Result – 59.7 Yes May 2013

9

Lessons Learned

- Map out your campaign in advance; pre-campaign steps are very important
- A well thought out project is an easier sell
- Abide by elections laws, but remember that a City does have the ability to advocate for their measure

10



Using Polling for GO Bond Campaigns

www.dhmresearch.com



Common polling questions

- When to conduct a poll?
- How are polls conducted?
- How big of a sample is necessary?
- How much does a poll cost?

12

When to Conduct a Poll

When are polls conducted?

- Before campaigns – do you have chance?
 - 60/30 rule
 - Develop project list, measure price sensitivity, test ballot title language
 - Guidance on election timing

14

When are polls conducted?

- Early in campaigns – what’s your game plan?
 - To determine which demographic groups are most and least supportive
 - To determine which demographic groups are “swing” or “persuadable” voters
 - To develop and test campaign messages

15

When are polls conducted?

- Mid/late campaign – to make tactical decisions
 - To get a current read on the race
 - To refine messages
 - To make decisions about specific demographic groups to target, including which media and messengers are most effective

16

How are Polls Conducted

Common Data Collection Methods

- Telephone Surveys
 - Primarily rely on registered voter lists
 - Live interviewer surveys
 - Longer, more complicated surveys
 - Include cell phones
 - Interactive Voice Response (IVR)
 - Simple questions, short surveys, no open ends
 - Landlines only

18

Common Data Collection Methods

- Telephone Surveys – cell phones
 - Federal Trade Commission (FCC) prohibits autodialing cell phones
 - Reaching a cell phone costs 2-4 times more than a land line
 - At least 85+% of Oregon have cell phone, 40+% of homes are “cell phone only”
 - Cell phone only homes are more likely to be young, minority and lower income

19

Common Data Collection Methods

- Online surveys
 - Becoming more common, but limited to larger communities
 - Rely on professional panels...of varying quality
 - Difficult to target likely voters
 - Can be excellent tool to test television, radio and print advertisements

20

Sampling???

Sampling: It's necessary

- Not enough money in the world to talk to everyone
- Good news, we don't have to talk to everyone. Sampling works. Elections (mostly) prove it

22

Sampling: How big? First some concepts...

- Margin of Error: the range in which we would expect the true population value to fall. The larger the sample size, the smaller the margin of error
- Confidence Interval: The level of confidence that the true population value falls within the margin of error
 - Political polls almost always use the 95% confidence interval

23

Sampling: How big? First some concepts...

- Example: Survey results show that 50% support for a GO Bond with a margin of error of 4% at the 95% confidence interval
 - That means that we are 95% confident that the true percentage of voters who support the GO Bond is somewhere between 46% and 54%
 -

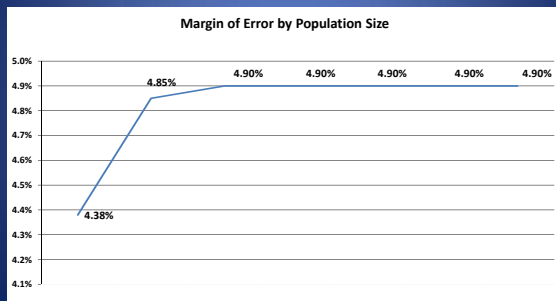
24

Sampling: How big? First some concepts...

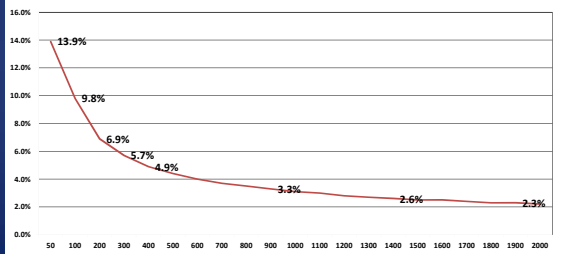
- The margin of error is affected by:
 - The size of the population from which the sample is drawn
 - The size of the sample
- But perhaps not as much as you think...

25

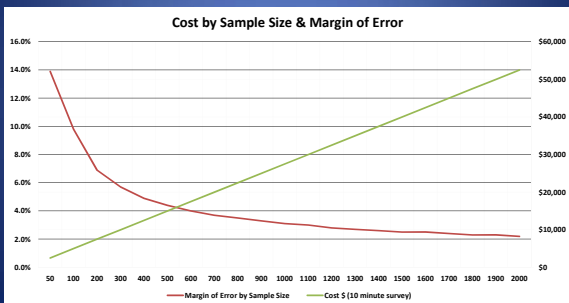
Sampling: The population size has little effect on the margin of error



Sampling: There are diminishing gains in accuracy with larger sample



Sampling: Survey costs increase steadily with larger sample sizes



Sampling: modeling and predicting the future

- Samples must be representative of the population
- Not all demographic groups are equally like to participate in surveys
 - Women > men
 - Older > younger
 - Landline > than cell phone

Sampling: modeling and predicting the future

- Polls have to predict the future!
- Set sample “quotas” to estimate the political/demographic profile of who will show up election day

30

Sampling: Predicting the future and setting quotas

- Typically set quotas on
 - Age*
 - Gender
 - Political party*/political ideology
 - Vote history*
 - Area*
- Less often, but also education, income

*Data available in Oregon sample files

31

Sampling: Predicting the future and setting quotas

- Factors in estimating voter turnout
 - Past election turnout
 - Current registration statistics
 - General interests/excitement about election
 - What is on the ballot
 - Your smarts and your gut

32

How Much do Polls Cost?

Costs


- What you're paying for:
 - Questionnaire development
 - Sample design
 - Survey administration
 - Analysis
- Biggest cost drivers:
 - Questionnaire length
 - Sample size

34



Costs

N-Size	Margin of Error	Length	Cost
300	±5.7%	5 minutes (15 questions)	~\$10,000
400	±4.9%	7 minutes (21 questions)	~\$14,000
600	±4.0%	10 Minutes (30 questions)	~\$23,000
800	±3.5%	12 minutes (36 questions)	~\$34,000

35



John Horvick
jhorvick@dhmresearch.com
(503) 220-0575
www.dhmresearch.com




WEDBUSH

General Obligation Bonds 101
Legal & Financial Basics

Ronald Lehr, Senior Vice President
ronald.lehr@wedbush.com
(503) 471-6794

Michael E. Schrader, Attorney
mschrader@orrick.com
(503) 943-4840

Why Borrow?



- Health and safety
- Overcrowding
- Investments produce gains
- Accumulating funds is politically difficult

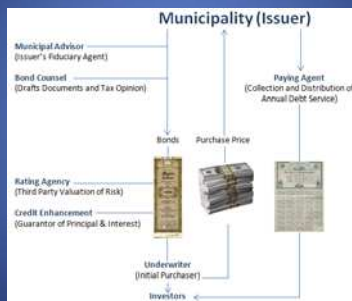
38

Overview of Municipal Bonds

- Securities
- Access to municipal market: exempt from registration
- Sold to the public or to a limited number of sophisticated investors, or placed privately
- Issued by state and local governments
- Ave. life of bonds \leq useful life of the asset
- Taxable or tax-exempt; fixed or floating rates

39

Schematic of Tax-Supported Securities



40

City Considerations



- Need for project
- Community support
- Funding options
- Maximum maturity
- Maximum principal

41

Role of the City Council



- Long-term planning
- Adopt financial policies
- Decision on funding source (budget process)
- Adopt resolutions
- Champion ballot measure

42

Council Delegation to Staff



- Implement policies
- Sets terms of financing within Resolution limitations
- NOTE: Restrictions on ballot measure campaigning

43

Investors



- Weigh risk of default against reward of Return on Investment
- Highly rated securities from frequent issuers are often already vetted
- Clear, complete and concise disclosure is critical

44

Financing Team – Who Are They?



- Issuer (City)
- Municipal Advisor
- Bond Counsel
- Underwriter
- Disclosure Counsel
- Fiscal Agent
- Rating Agency

45

New: Municipal Advisor Rules



- Implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act
- imposes a fiduciary duty on municipal advisors

46

Bond Counsel



- State law
- Securities law
- Federal Tax law

47

Ballot Title Legal Requirements

- Ballot Measure Resolution and SEL 803
- Caption: 10 words
- Question: 20 words
- Summary: 175 words
- Explanatory Statement: 500 words
 - File if county plans to circulate a voter's pamphlet

48

Underwriters



- Buys securities in an arm's length transaction
- Resells securities to investors
- May take securities into inventory
- Underwriter's counsel represents the underwriter

49

Disclosure Counsel



- Prepares Official Statement
- Provides 10b-5 opinion
- Helps Issuer (City) prevent fraud
- Underwriter's Counsel or Bond Counsel may fill this role.

50

Official Statement

- A document prepared by an issuer of municipal securities that sets forth information concerning the terms of the proposed issue of securities, including financial information or operating data concerning such issuer and those other entities, enterprises, funds, accounts, and other persons material to an evaluation of the securities.



51

Rule 10b-5

- Unlawful, in connection with the purchase or sale of securities in interstate commerce, (a) to employ any device, scheme, or artifice to defraud, (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

52

Materiality

- Substantial likelihood that, under all the circumstances, a fact would assume actual significance in the deliberations of a reasonable investor.
- SEC Enforcement Actions and Bond Investor Claims.



53

Fiscal Agent



- Maintains the bond registrar
- Prepares invoices for the issuer
- Interfaces with DTC
- Additional duties as specified

54

Rating Agencies

Moody's

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

Fitch Ratings

- Third party review measured against national medians

55

Process



- Structuring and tax diligence
- Ballot title resolution and filing
- Election
- Sale method selection
- Adopt bond resolution
- Preliminary Official Statement
- Rating agency presentation
- Bond sale
- Closing
- Post-issuance tax and covenant compliance

56







Communication



Project Management

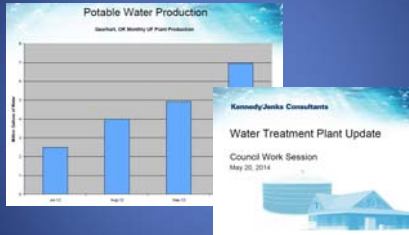
Highly technical project
Small City – limited staffing
Surround yourself with the
right people



Celebrate



Continuing Education



Monmouth Police Station Bond Campaign May 21, 2013 Ballot



Frequently asked questions and facts:

Where will the new Police Station be located?

The proposed site of the new Monmouth Police Station is the vacant Forest Capital Building (formerly Boise Cascade) located near the intersection of Hwy. 99W and Church St.

How much will it cost?

The property tax rate would be about .45 cents per thousand; or about \$81 per year for a home assessed at \$180,000. The current Monmouth Library Bond will be paid off before the Police Station Bond would be assessed. As a result, the **net** increase in property taxes would be about \$31 per year, or about \$2.58 per month on a home assessed at \$180,000.

Why is the City considering a used building?

According to cost estimates included in the Due Diligence Report prepared by Group Mackenzie, renovating the Forest Capital Building could save about \$1 million over building brand new. When it was rebuilt by Boise Cascade in 2000, it was constructed to high seismic and security specifications similar to those of a modern police facility.

Will space be adequate at the new Police Station?

Yes. All records and evidence that are currently stored at multiple locations will be consolidated and stored in a single secure location in the new building and in an on-site auxiliary building. The police cars and equipment currently stored at Volunteer Hall will also move to a secure parking lot at the new facility.

Will the new Police Station provide security for both employees and the public?

Yes. The new building will provide two temporary holding rooms and two private interview rooms that will keep suspects appropriately separate from staff and visitors. Additionally, suspects will be transferred in and out of the facility in a designated secure area, which is something the current facility is lacking.

How long will the new Police Station last?

The new Police Station should have enough space to meet the needs of police services for at least 25 years.

What will happen to the old police station if the bond passes?

The Monmouth City Council will determine the highest and best use for the old police station.

General Obligation Bonds Key Decisions and Tasks

Date	Task
Prior to Election	
	Include project(s) in Capital Improvement Plan
	Include project(s) in Annual Budget
	Review financial policies and update, as appropriate
	Conduct Public Hearing(s) on need for project(s)
	Conduct Community Survey/Poll
	Engage Municipal Advisor and/or Underwriter to run financing options
	Determine financing parameters: structure, maximum principal and maturity
	Engage Bond Counsel (draft ballot title, SEL 802 form and resolution)
	City Council action to adopt Ballot Title Resolution
	Hold meeting with staff on campaign restrictions for public employees
	File SEL 802 form with county
	File Explanatory Statement with county if a voter's pamphlet is to be circulated
	Form Campaign Committee (outside parties)
After Election	
	Thank voters
After Successful Election	
	City Council action to accept vote tally
	Request contractor bids
	Determine sale method, number of series and timing for bond issue(s)
	City Council action to adopt Authorizing Resolution (NOTE: this Resolution delegates authority to key parties and may include language allowing reimbursement of city funds spent on the project prior to closing the bond sale.)
	City staff works with the financing team to issue the bonds
	Consider forming a citizen committee to monitor the use of bond proceeds
	Confirm that procedures are in place for meeting on-going compliance requirements