

# CENTRAL MARIN POLICE COUNCIL

SPECIAL MEETING  
TO BE HELD AT  
CENTRAL MARIN POLICE AUTHORITY COMMUNITY ROOM  
250 DOHERTY DRIVE  
LARKSPUR, CA 94939  
ON  
THURSDAY, MAY 14, 2015  
AT 4:00 P.M.

## AGENDA

- I. **ROLL CALL**
- II. **PLEDGE OF ALLEGIANCE**
- III. **OPEN TIME FOR PUBLIC EXPRESSION**

Please Note: Please confine your comments during this portion of the agenda to matters not already on this agenda. The public will be given an opportunity to speak on each agenda item at the time it is called.

- IV. **REPORTS AND COMMENTS**
  - A. COUNCIL MEMBERS
  - B. MANAGEMENT COMMITTEE
  - C. CHIEF CUSIMANO

- V. **CONSENT CALENDAR**

No Items

- VI. **BUSINESS ITEMS**
  - A. Resolution 2015/13 Amending resolution 2015/12 –relating to the issuance of special tax refunding bonds for the Twin Cities Police Authority community facilities district  
*Recommendation: that Council receive presentation and approve resolution 2015/13 on the amendment of resolution 2015/12.*

**VII. ADJOURN MEETING**

**The 2015 Central Marin Police Authority Police Council Meetings are scheduled for: February 05, 2015, June 04, 2015, September 03, 2015, and November 05, 2015 at 6:00 p.m. in the Community Room, 250 Doherty Drive, Larkspur.**

**The Central Marin Police Authority holds Special Meetings throughout the year as needed.**

**In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Central Marin Police Authority Clerk at (415) 927-5150. Notification at least 48 hours prior to the meeting will enable the Authority to make reasonable accommodations to help insure accessibility to this meeting.**

**Any writings or documents provided to a majority of the Central Marin Police Council regarding any item on this Agenda are available during normal business hours, for public inspection at the Central Marin Police Authority, 250 Doherty Drive, Larkspur, CA. Any reports that are provided after the posting of this Agenda and prior to the meeting will be made available at this same location simultaneously as it is provided to the Police Council.**

**I certify that this agenda was posted on or before Monday, April 20, 2015 in full public view and access at least 72 hours prior to the Police Council meeting time in accordance with the Brown Act.**

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Zaneta Feleo, Authority Clerk  
Central Marin Police Authority



*Central Marin Police Authority  
Staff Report*

**TO:** Police Council of the Central Marin Police Authority

**FROM:** Mark Pressman, Municipal Financial Advisor to the Central Marin Police Authority

**DATE:** May 14, 2015

**SUBJECT:** Resolution amending Sections 1 and 4 of prior Resolution 2015-12 relating to Refunding of Twin Cities Police Authority 2009 Community Facilities District Special Tax Bonds

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**ACTION REQUESTED**

That the Council receive the staff report, take public comment, then adopt the attached Resolution No. 2015/13 amending Sections 1 and 4 of Resolution No. 2015-12.

**REFERENCES**

Resolution 2015/13 of Central Marin Police Authority amending Sections 1 and 4 of prior Resolution 2015-12 relating to Issuance of Special Tax Bonds for the Twin Cities Police Authority, supplied by the Authority's Bond/Disclosure counsel, Quint & Thimmig, LLP. (Attachment 1).

**FISCAL IMPACT**

Since approval of Resolution No. 2015-12 on April 30, 2015, general municipal bond interest rates have increased beyond the 4.00% TIC (True Interest Cost) parameter set in that Resolution. Although an increased interest rate on the proposed Refunding bonds will result in lower savings, the proposed new parameter of 4.30% TIC will still allow a minimum average annual savings to the Authority of approximately \$65,000, or approximately \$1.86 million over the life of the issue.

**SUMMARY AND BACKGROUND**

Long-term municipal bond rates have increased by approximately 35 basis points over the past 3 weeks. The proposed Twin Cities Police Authority bond sale cannot be completed under the April 30<sup>th</sup> Resolution requirements if the TIC exceeds the previously approved parameter of 4.00%.



*Central Marin Police Authority  
Staff Report*



The previous parameter of 4.00% TIC would have resulted in bond debt service savings to the Authority in excess of \$100,000 per year. However, that interest rate limitation no longer reflects current market conditions. By increasing the maximum TIC parameter to 4.30%, the proposed bond sale should be able to proceed under current market conditions and is anticipated to produce average annual savings of at least \$65,000 per year.

The Council is reminded that part of the new structure of this bond refunding is eliminating the current cash reserve fund of \$1.2 million and replacing it with a bond insurance surety reserve fund by paying a one-time premium of approximately \$15,000. The structure also captures approximately \$1.1 million in special tax revenues available for debt service on the 2009 Bonds and utilizes \$734,000 to pay the 8/1/15 payment on the refunding bonds debt service, leaving a net contribution to the transaction of \$368,768.

If the bonds are sold at or near the upper TIC parameter, the TCPA would enjoy reduced annual debt service payments of approximately \$65,000, however the Net Present Value (NPV) savings would be negative because of the cash contributions discussed above. The amendment to Section 1 of the April 30<sup>th</sup> Resolution allows for this by deleting "net" when measuring interest savings, as allowed by the Mello-Roos Act, so long as the total debt service on the refunding bonds is less than the total debt service on the 2009 Bonds to be refunded.

**RECOMMENDATION**

It is recommended that the Central Marin Police Council consider and discuss the proposed Resolution amending the previous Resolution No. 2015-12, ask any questions of staff and its financial advisor who will attend the meeting. Upon completion of the discussion, with any attending Council members from San Anselmo abstaining, approve Resolution No. 2015/13 amending Sections 1 and 4 of Resolution No. 2015-12 and thereby authorizing an increase in the maximum TIC parameter to 4.30% for sale of the 2015 Refunding Bonds.

**Attachments**

1. Resolution amending Resolution No. 2015/12 approved on April 30, 2015.
2. Resolution 2015/13

**CENTRAL MARIN POLICE AUTHORITY  
RESOLUTION NO. 2015/13**

**A RESOLUTION OF THE CENTRAL MARIN POLICE COUNCIL OF THE  
CENTRAL MARIN POLICE AUTHORITY AMENDING PRIOR RESOLUTION  
RELATING TO THE ISSUANCE OF SPECIAL TAX REFUNDING BONDS FOR  
THE TWIN CITIES POLICE AUTHORITY COMMUNITY FACILITIES DISTRICT**

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**RESOLVED**, by the Central Marin Police Council (the "Council") of the Central Marin Police Authority (the "Authority") as follows:

**WHEREAS**, on April 30, 2015, the Council adopted Resolution No. 2015/12 (the "Bond Resolution"), which Bond Resolution authorized the issuance of up to \$20,000,000 of special tax refunding bonds of the Authority for the Twin Cities Community Facilities District No. 2008-1 (the "Bonds"), in order to refund the outstanding Twin Cities Police Authority Community Facilities District No. 2008-1 (Public Safety, Police and Emergency Response Facilities and Services) 2009 Special Tax Bonds, and approved various legal documents related thereto; and

**WHEREAS**, the Bond Resolution authorized a competitive sale of the Bonds so long as certain conditions could be satisfied, as set forth in Section 1 of the Bond Resolution; and

**WHEREAS**, Section 4 of the Bond Resolution authorized the Fiscal Officer to accept the highest responsible bid for the Bonds, so long as the conditions set forth in Section 1 of the Bond Resolution are satisfied and the true interest cost of the Bonds did not exceed four percent (4.0%) per annum (the "Net Interest Limitation"); and

**WHEREAS**, due to recent unexpected increases in interest rates generally, it does not appear that the Bonds can be sold within certain of the parameters set forth in Section 1 of the Bond Resolution and within the Net Interest Limitation, and

**WHEREAS**, the Council now desires to amend the Bond Resolution to allow more flexibility in the issuance of the Bonds and to increase the Net Interest Limitation, so that the sale and issuance of the Bonds can proceed as otherwise contemplated by the Bond Resolution.

**NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:**

*Section 1.* Clause (ii) of the first sentence of the second paragraph of Section 1 of the Bond Resolution is hereby amended by deleting the word "net" each time it appears in said clause.

*Section 2.* The second paragraph of Section 4 of the Bond Resolution is hereby amended by deleting "four percent (4.0%)" therein, and by inserting therein, in lieu thereof, the following "four and three tenths percent (4.3%)."

*Section 3.* Except as amended pursuant to Section 1 above, the Bond Resolution is hereby ratified and confirmed.

*Section 4.* This Resolution shall take effect upon its adoption.

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I hereby certify that the foregoing resolution was duly adopted at a special meeting of the Central Marin Police Council of the Central Marin Police Authority held on the 14<sup>th</sup> day of May, 2015, by the following vote:

AYES:	COUNCILMEMBERS:	Ravasio, Chu, Condon
NOES:	COUNCILMEMBERS:	
ABSENT:	COUNCILMEMBERS:	Morrison, McInerney
ABSTAIN:	COUNCILMEMBERS:	Wright

ATTEST:

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Zaneta Feleo, Authority Clerk  
Central Marin Police Authority

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Bob Ravasio, Council Co-Chair  
Central Marin Police Authority



May 18, 2015

**VIA E-MAIL**

Mr. Todd Cusimano, Chief of Police  
Central Marin Police Authority  
250 Doherty Drive  
Larkspur, California 94939

Re: Municipal Bond Debt Service Reserve Insurance Policy relating to the Central Marin Police Authority for and on behalf of Twin Cities Police Authority Community Facilities District No. 2008-1 (Public Safety, Police and Emergency Response Facilities and Services) 2015 Special Tax Refunding Bonds

Dear Mr. Cusimano:

Attached please find Assured Guaranty Municipal Corp.'s ("AGM") municipal bond debt service reserve commitment letter (the "Commitment") in respect of the above-referenced issue. Please return one fully executed copy to Nicole Dimarco, of our office, prior to any reference to AGM as reserve fund insurer of the issue being made in marketing efforts in respect of the issue.

Please note that a blacklined copy of each draft of the financing documents, opinions and preliminary and final official statements should be delivered to AGM for review and comment.

Upon acceptance and satisfaction of the conditions of the Commitment, the following must occur in order for AGM to complete its review of the disclosure and financing documents in advance of the closing date, and timely issue its insurance policy:

- The financing schedule and a distribution list should be forwarded to the attention of the Closing Coordinator listed below.
- A copy of the preliminary official statement and the final official statement.
- Once determined, the final debt service schedule for the Bonds should be delivered to the credit analyst responsible for the transaction, by fax and/or e-mail in order that AGM may confirm the premium to be paid for the insurance policy.

**AGM will deliver to Bond Counsel at the pre-closing, assuming the requirements of the Commitment have been met, an opinion of counsel as to the validity of the insurance policy and the executed original insurance policy.**

Please include the following people on the Distribution List for this transaction:

Natalie Woodruff, Counsel

Telephone: (212) 261-5553

Telecopier: (212) 445-8705

E-Mail: [NWoodruff@assuredguaranty.com](mailto:NWoodruff@assuredguaranty.com)

Amanda Rosenblum, Analyst

Telephone: (415) 995-8059

Telecopier: (415) 957-0452

E-Mail: [ARosenblum@assuredguaranty.com](mailto:ARosenblum@assuredguaranty.com)

Nicole DiMarco, Closing Coordinator

Telephone: (212) 261-5593

Telecopier: (212) 581-3268

E-Mail: [NDiMarco@assuredguaranty.com](mailto:NDiMarco@assuredguaranty.com)

**Assured Guaranty Municipal Corp.**

31 West 52<sup>nd</sup> Street  
New York, NY 10019

main 1 212 974 0100  
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Mr. Todd Cusimano, Chief of Police

Central Marin Police Authority for and on behalf of Twin Cities Police Authority Community Facilities District No. 2008-1 (Public Safety, Police and Emergency Response Facilities and Services)

May 18, 2015

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As a post-closing condition, AGM shall receive one original and two copies of the final closing transcript of proceedings. Such closing transcript may be in the form of either hard copies or three CD-ROMs.

AGM looks forward to working with you on this transaction.

Very truly yours,



Natalie Woodruff  
Counsel

cc: Paul J. Thimmig, Esq.; Quint & Thimmig LLP  
Mark Pressman, Principal; Wulff, Hansen & Co.





## MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE COMMITMENT

**Issuer:** Central Marin Police Authority for and on behalf of Twin Cities Police Authority Community Facilities District No. 2008-1 (Public Safety, Police and Emergency Response Facilities and Services)

**Date of Commitment:** May 18, 2015                      **Expiration Date:** Friday, July 17, 2015

**Premium:** 1.70% of Policy Limit

**Related Bonds:** 2015 Special Tax Refunding Bonds

**Policy Limit:** A dollar amount equal to the Reserve Requirement for the Related Bonds, as specified under the Authorizing Document (defined below)

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), a stock insurance company, hereby commits to issue its Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Policy"), in the form attached hereto as Exhibit B, relating to the above-described debt obligations (the "Bonds"), subject to the terms and conditions contained herein or added hereto. All terms used herein and not otherwise defined shall have the meanings ascribed to them in Indenture by and between the Issuer and MUFG Union Bank, as trustee for the Bonds (the "Indenture").

### **CALIFORNIA BOND PURCHASE DISCLOSURE**

CALIFORNIA LAW PROHIBITS A FINANCIAL GUARANTY INSURER FROM PROMISING OR AGREEING TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY BONDS TO BE INSURED IN EXCHANGE FOR THE USE OF ITS INSURANCE.

To keep this Commitment in effect after the Expiration Date set forth above, a request for renewal must be submitted to AGM prior to such expiration date. AGM reserves the right to refuse wholly or in part to grant a renewal. To keep the Commitment in effect to the Expiration Date set forth above, AGM must receive a duplicate of this Commitment executed by an authorized officer of the Issuer by the date which is ten days from the date of this Commitment.

THE RESERVE POLICY SHALL BE ISSUED UPON SATISFACTION OF THE FOLLOWING CONDITIONS:

1. The documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any purchaser of the Bonds, otherwise required, not to be required to purchase the Bonds on the date scheduled for the issuance and delivery thereof.
3. There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the Official Statement (or any similar disclosure documents) to be executed and delivered in connection with the issuance and sale of the Bonds from the descriptions or forms thereof approved by AGM.
4. Any Official Statement (or similar disclosure document) relating to the Bonds shall contain only such references to the Reserve Policy and AGM as AGM shall approve.

5. The Reserve Policy shall expire on the earlier of the date the Bonds are no longer outstanding and the final maturity date of the Bonds.
6. The Indenture shall incorporate the terms and provisions set forth in Exhibit A – Indenture Requirements.
7. Prior to closing of the Bonds, AGM shall be provided with:
  - (a) A letter from Quint & Thimmig LLP ("Bond Counsel") addressed to AGM to the effect that AGM may rely on the approving opinion(s) of Bond Counsel as if such opinion(s) were addressed to AGM;
  - (b) An opinion(s) of Bond Counsel, addressed to and in form and substance satisfactory to AGM, as to (i) the due authorization, validity and enforceability of the Indenture and the Insurance Agreement, (ii) the Reserve Policy constituting a permitted debt service reserve instrument under the applicable provisions of the Indenture, (iii) the repayment obligations owed to AGM in connection with the Reserve Policy being secured by a valid lien on all revenues and other collateral securing the Bonds (subject only to the priority of payment provisions set forth under the Indenture), and (iv) such other matters AGM shall reasonably request;
  - (c) A fully-executed copy of the Insurance Agreement in substantially the form of Exhibit C hereto; and
  - (d) Evidence of wire transfer in federal funds in an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Reserve Policy.
8. Promptly after the issuance of the Reserve Policy, AGM shall receive a complete set of executed documents implementing the requirements of this Commitment.

ASSURED GUARANTY MUNICIPAL CORP.

  
\_\_\_\_\_  
Authorized Officer

\*To keep this commitment in effect to the Expiration Date set forth on the first page, AGM must receive by the date which is ten days from the date of this Commitment a duplicate of this Commitment executed by an appropriate officer of the Issuer.

**[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

The undersigned, an authorized officer of the Issuer, agrees that (i) if the debt service reserve fund requirement for the Bonds is satisfied by a credit instrument, such credit instrument shall be the Reserve Policy provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to obtain the Reserve Policy and whether the Reserve Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer deposit a credit instrument into the debt service reserve fund for the Bonds or obtain the Reserve Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Reserve Policy, any related insurance document or the documentation governing the Bonds do not constitute a recommendation to obtain the Reserve Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including, without limitation, being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse affect on the Bonds or on the Reserve Policy constituting a permitted debt service reserve instrument under the Authorizing Document; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. ***Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.***

CENTRAL MARIN POLICE AUTHORITY FOR AND ON BEHALF OF TWIN CITIES POLICE AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2008-1 (PUBLIC SAFETY, POLICE AND EMERGENCY RESPONSE  
FACILITIES AND SERVICES)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## INDENTURE REQUIREMENTS

The Indenture shall incorporate the following requirements either in one section or article entitled "Provisions Relating to Reserve Policy" (or the like), the provisions of which section or article shall be stated in the Indenture to govern, notwithstanding anything to the contrary set forth in the Indenture, or individually in the appropriate sections. The Indenture otherwise shall be in form and substance acceptable to AGM:

(a) The prior written consent of AGM shall be a condition precedent to the deposit of any credit facility (a "Credit Facility") credited to the debt service reserve fund established for the Bonds (the "Reserve Fund") in lieu of a cash deposit into the Reserve Fund. Amounts drawn under the Reserve Policy shall be available only for the payment of scheduled principal and interest on the Bonds when due.

(b) The Issuer shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by AGM and shall pay interest thereon from the date of payment by AGM at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then applicable highest rate of interest on the Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as AGM shall specify. If the interest provisions of this subparagraph (b) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by AGM, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and AGM had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to AGM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to AGM on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Bonds (subject only to the priority of payment provisions set forth under this Indenture).

All cash and investments in the Reserve Fund shall be transferred to the BondFund for payment of debt service on Bonds before any drawing may be made on the Reserve Policy or any other Credit Facility credited to the Reserve Fund in lieu of cash. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the

Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(c) Upon a failure to pay Policy Costs when due or any other breach of the terms of this Indenture, AGM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture, other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds

(d) This Indenture shall not be discharged until all Policy Costs owing to AGM shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

(e) The Issuer shall include any Policy Costs then due and owing AGM in the calculation of the Parity Bonds test set forth in Section 2.14 of this Indenture and the rate covenant in this Indenture.

(f) This Indenture shall require the Trustee to ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (b) hereof and to provide notice to AGM in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the Issuer with the Trustee to the debt service fund for the Bonds more often than semi-annually, the Trustee shall be instructed to give notice to AGM of any failure of the Issuer to make timely payment in full of such deposits within two business days of the date due.

(g) The Issuer will pay or reimburse AGM any and all charges, fees, costs, losses, liabilities and expenses which AGM may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of this Indenture or any document executed in connection with the Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Issuer) relating to this Indenture or any other Related Document, any party to this Indenture or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under this Indenture or any other Related Document, if any, or the pursuit of any remedies under this Indenture or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to this Indenture, the Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by AGM to cure a default or termination or similar event (or to mitigate the effect thereof) under this Indenture or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of AGM spent in connection with the actions described in clauses (ii) through (v) above. AGM reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Indenture or any other Related Document. Amounts payable by the Issuer hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by AGM until the date AGM is paid in full.

(h) The obligation of the Issuer to pay all amounts due to AGM shall be an absolute and unconditional obligation of the Issuer and will be paid or performed strictly in accordance with the provisions of this [Section/Article], irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Bonds, this Indenture or any other Related Document, or (ii) any amendment or other modification of, or waiver with respect to the Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Bonds, this Indenture or any other Related Documents; (iv) whether or not such Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the Reserve Policy, this Indenture or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Issuer may have at any time against the Trustee or any other person or entity other than the

Insurer, whether in connection with the transactions contemplated herein or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Insurer under the Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Reserve Policy.

(i) The Issuer shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the Insurer) of this Indenture applicable to it, each of the provisions thereof being expressly incorporated into this Indenture by reference solely for the benefit of AGM as if set forth directly herein. No provision of this Indenture or any other Related Document shall be amended, supplemented, modified or waived, without the prior written consent of AGM, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Issuer hereunder or the priority accorded to the reimbursement of Policy Costs under this Indenture. The Insurer is hereby expressly made a third party beneficiary of this Indenture and each other Related Document

(j) The Issuer covenants to provide to AGM, promptly upon request, any information regarding the Bonds or the financial condition and operations of the Issuer as reasonably requested by AGM. The Issuer will permit AGM to discuss the affairs, finances and accounts of the Issuer or any information AGM may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer and will use commercially reasonable efforts to enable AGM to have access to the facilities, books and records of the Issuer on any business day upon reasonable prior notice.

(k) Notices and other information to AGM shall be sent to the following address (or such other address as AGM may designate in writing): Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No.\_\_\_\_\_.



## MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER:

Policy No.:

BONDS:

Effective Date:

Premium: \$

Termination Date:

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AGM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy. Upon such payment, AGM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Insurance Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to AGM by or on behalf of the Issuer. Within three Business Days of such reimbursement, AGM shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall AGM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that AGM has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the

stated date for payment of interest. "Insurance Agreement" means the Insurance Agreement dated as of the effective date hereof in respect of this Policy, as the same may be amended or supplemented from time to time. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed \$ . The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be cancelled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

(212) 974-0100



## INSURANCE AGREEMENT

THIS INSURANCE AGREEMENT, dated June 10, 2015 (the "Agreement"), by and between the Central Marin Police Authority for and on behalf of Twin Cities Police Authority Community Facilities District No. 2008-1 (Public Safety, Police and Emergency Response Facilities and Services) (the "Issuer") and Assured Guaranty Municipal Corp. (the "Insurer").

In consideration of the issuance by the Insurer of its Municipal Bond Debt Service Reserve Insurance Policy No. \_\_\_\_\_ (the "Reserve Policy") with respect to the Issuer's 2015 Special Tax Refunding Bonds (the "Bonds") issued under the Indenture dated as of June 1, 2015 (the "Indenture") by and between the Issuer MUFG Union Bank, N.A., as trustee for the Bonds (the "Trustee") and the Issuer's payment to the Insurer of the insurance premium for the Reserve Policy, the Insurer and the Issuer hereby covenant and agree as follows:

1. Upon any payment by the Insurer under the Reserve Policy, the Insurer shall furnish to the Issuer written instructions as to the manner in which payment of amounts owed to the Insurer as a result of such payment under the Reserve Policy shall be made. Amounts drawn under the Reserve Policy shall be used solely to pay scheduled payments of principal and interest due on the Bonds.

2. The Issuer shall pay the Insurer the principal amount of any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such national bank as the Insurer shall designate. If the interest provisions of this Section 2 shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

3. Repayment of draws and payment of expenses and the interest accrued thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12th of the aggregate of Policy Costs related to such draw. Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due.

4. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

5. All cash and investments in the Reserve Fund shall be transferred to the Bond Fund for payment of debt service on the Bonds before any drawing may be made on the Reserve Policy or on any alternative credit

instrument. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all alternative credit instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro rata basis (calculated by reference to available coverage under each such alternative credit instrument) after applying available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to alternative credit instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

6. Upon a failure to pay Policy Costs when due or any other breach of the terms of this Agreement, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture, other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

7. The Indenture shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

8. In order to secure the Issuer's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of the Insurer a security interest (subject only to the priority of payment provisions set forth under the Indenture) in all revenues and collateral pledged as security for the Bonds.

9. Policy Costs due and owing shall be included in debt service requirements for purposes of calculation of the Parity Bonds test set forth in Section 2.14 of the Indenture and the rate covenant in the Indenture.

10. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of Section 5 hereof and shall provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the Issuer with the Trustee to the debt service fund for the Bonds more often than semi-annually, the Trustee shall give notice to the Insurer of any failure of the Issuer to make timely payment in full of such deposits within two business days of the date due.

11. The Issuer will pay or reimburse the Insurer any and all charges, fees, costs, losses, liabilities and expenses which the Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of this Agreement, the Indenture or any other document executed in connection with the Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Issuer) relating to this Agreement, the Indenture, or any other Related Document, any party to this Agreement, the Indenture or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under this Agreement, the Indenture or any other Related Document, if any, or the pursuit of any remedies under this Agreement, the Indenture or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to this Agreement, the Indenture, the Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by the Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Insurer spent in connection with the actions described in clauses (ii)-(v) above. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Agreement, the Indenture or any other Related Document. Amounts payable by the Issuer hereunder shall bear

interest at the Late Payment Rate from the date such amount is paid or incurred by the Insurer until the date the Insurer is paid in full.

12. The obligation of the Issuer to pay all amounts due under this Agreement shall be an absolute and unconditional obligation of the Issuer and will be paid or performed strictly in accordance with this Agreement, irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Bonds, the Indenture or any other Related Document, or (ii) any amendment or other modification of, or waiver with respect to the Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Bonds, this Agreement, the Indenture or any other Related Documents; (iv) whether or not such Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from this Agreement, the Reserve Policy, the Indenture or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Issuer may have at any time against the Trustee or any other person or entity other than the Insurer, whether in connection with this Agreement, the transactions contemplated herein, in the Indenture or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Insurer under the Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Reserve Policy.

13. The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit facility credited to the Reserve Fund in lieu of a cash deposit into the Reserve Fund.

14. The Issuer shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the Insurer) of the Indenture applicable to it, each of the provisions thereof being incorporated herein by reference as if set forth directly herein. No provision of the Indenture or any other Related Document shall be amended, supplemented, modified or waived, without the prior written consent of the Insurer, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Issuer hereunder or the priority accorded to the reimbursement of Policy Costs under the Indenture. The Insurer is hereby expressly made a third party beneficiary of the Indenture and each other Related Document.

15. The Issuer covenant to provide to the Insurer, promptly upon request, any information regarding the Bonds or the financial condition and operations of the Issuer [and the Obligor] as reasonably requested by the Insurer. The Issuer [and the Obligor] will permit the Insurer to discuss the affairs, finances and accounts of the Issuer [and the Obligor] or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer [and the Obligor] and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Issuer on any business day upon reasonable prior notice.

16. Notices to the Insurer shall be sent to the following address (or such other address as the Insurer may designate in writing): Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director- Surveillance, Re: Policy No.\_\_\_\_\_.

17. If any one or more of the agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

18. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.

19. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.

20. This Agreement and the rights and obligations of the parties of the Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York.

*[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed in their respective names as of the date first written above.

CENTRAL MARIN POLICE AUTHORITY FOR AND ON  
BEHALF OF TWIN CITIES POLICE AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2008-1  
(PUBLIC SAFETY, POLICE AND EMERGENCY  
RESPONSE FACILITIES AND SERVICES)

ASSURED GUARANTY MUNICIPAL CORP.

By: \_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Title: Authorized Officer

**PROCEDURES FOR PREMIUM PAYMENT  
TO  
ASSURED GUARANTY MUNICIPAL CORP.  
("AGM")**

AGM's issuance of its municipal bond debt service reserve insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid:	<b>Upon determination of the final debt service schedule, fax such schedule to AGM</b> Attention: Amanda Rosenblum, Analyst Phone No.: (415) 995-8059 Fax No.: (415) 957-0452
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**Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.**

Payment Date: Date of Delivery of the insured bonds.

Method of Payment: Wire transfer of Federal Funds.

**Wire Transfer Instructions:**

Bank:	The Bank of New York
ABA#:	021 000 018
Acct. Name:	Assured Guaranty Municipal Corp.
Account No.:	8900297263
Policy No.:	[To Be Assigned]

**CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING**

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Nicole DiMarco, Closing Coordinator - (212) 261-5593.