

MARIN EMERGENCY RADIO AUTHORITY

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MEMORANDUM

DATE: April 8, 2004

TO: MERA Board of Directors

FROM: Martin J. Nichols, Executive Officer

SUBJECT: AGENDA ITEM F: AGREEMENT WITH MUNIFINANCIAL FOR
ARBITRAGE ANALYSIS

Recommended Action: Authorize the Executive Officer to execute an agreement with MuniFinancial for the required MERA Bond Arbitrage Analysis.

Background:

MERA bonds are earning interest that exceeds the rates we are paying for the bonds (because they are tax exempt). These earnings are called arbitrage and the amount we can earn and keep is limited by the IRS. This contract conducts the required analysis of these earnings and once completed, we will be required to rebate any excess earnings to the IRS.

We received three proposals. The Finance Committee has received the responding firms and recommends MuniFinancial for this project. The fee is \$2,500. We will have the ability to use this firm for the next five-year analysis, if warranted.