

MARIN EMERGENCY RADIO AUTHORITY
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MEMORANDUM

DATE: February 11, 2009
TO: MERA Executive Committee
FROM: Maureen Cassingham, Executive Officer
SUBJECT: AGENDA ITEM B-4: REPORT ON INVESTMENT OF
1999 BOND RESERVE

Recommended Action: Recommend that the MERA Board receive and file this Report on Investment of the 1999 Bond Reserve.

Background: As reported to the MERA Board on December 17, an Insurer downgrade of MBIA by Moody's Investment Service, Inc. occurred on November 10. This resulted in MERA's termination of its Collateralized Flexible Draw Investment Agreement with them under which our 1999 revenue bonds reserve was invested (2,133,212 plus accrued interest of \$48,975) at annual interest ranging from 3.45% to 5.01%. Bank of New York Mellon Trust Company received the reserve and accrued interest by wire transfer on December 22, 2008, to be held for short-term investment in money markets (under 1% interest). Working with Tom Gaffney, Bartle Wells (MERA's Financial Advisor), PK Securities of San Rafael, Investment Agreement Brokers, was selected to bid out the Reserve Fund to qualified institutions per the original indenture for the best possible interest rate.

Only three financial institutions were qualified to bid: Bank of America, Rabobank and Wells Fargo. Bank of America passed on the offer to bid and Wells Fargo was downgraded and no longer eligible to bid. Attached are the Investment Agreement Bid Results and the Investment Agreement with Rabobank, Nederland, New York Branch which provides for investment of the reserve at 1.80% until 2015. Rabobank has agreed, in the event of a refunding of the 1999 Bonds, the reserve would be transferred to the refunded bonds on their approval, without payment of a brokerage fee. This agreement was reviewed by me on behalf of MERA as issuer, MERA Counsel, Bond Counsel, Financial Advisor Bartle Wells, MBIA, the Trustee Bank of New York and PK Securities, our broker. PK Securities will receive \$4,000 as a broker's fee from Rabobank which is customary and standard.

ATTACHMENTS: Investment Agreement Bid Results and Investment Agreement