

MARIN EMERGENCY RADIO AUTHORITY

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MEMORANDUM

DATE: July 8, 2009

TO: MERA Executive Committee

FROM: Maureen Cassingham, Executive Officer

SUBJECT: AGENDA ITEM B-1: RECOMMENDATION TO BOARD – UPDATE ON MERA 1999 BOND AND NEW PROJECT FUND BALANCES AND USE OF NEW PROJECT FUND BALANCE FOR CAPACITY AND COVERAGE PROJECTS

Recommended Action: Recommend Board acceptance of report on the updated, unaudited MERA 1999 Bond and New Project Fund Balances through May 31, 2009 and approval of the use of the New Project Fund Balance for the Capacity and Coverage Projects.

Background: On February 11, 2009, and March 11, 2009, the Executive Committee and Board respectively recommended/approved funding the capacity (frequencies acquisition and build-out) and coverage (Tomales Site) projects from the \$2.9M balance in the 1999 Bond Fund. Specifically, the Board approved use of the 1999 Bond Fund to acquire and implement the additional frequencies (\$1.6M estimated cost) and use the remaining balance to fund, in full or in part, the Tomales Site coverage project (\$2M estimated cost). While I accurately reported the \$2.9M 1999 Bond Fund balance to the Committee and Board, only \$1,041,262 is actually available for projects. The difference between the reported balance and the amount available for projects is the amount of the required bond reserve which is invested with Rabobank. I did not complete the verification of 1999 Bond fund balance with MERA Auditor John Maher which resulted in the overstatement of funds available.

Mr. Maher has prepared the attached “MERA Reconciliation of Net Assets per Audited Financial Statements to Fund Balances for Individual Funds as of May 31, 2009 – Unaudited Numbers”. He has projected that \$1,041,262 is available for projects from the 1999 Bond Fund balance and \$1,194,886 is available from the New Projects Citizen Bank loan for a total of \$2,236,148 as of May 31, 2009. The appropriateness of the expenditure of these funds for the capacity and coverage projects has been confirmed by MERA’s General Counsel and Bond Counsel. I have briefed Acting Board President Nordhoff, Board President Kinsey, County Alternate and County Administrator Hymel, and County Department of Public Works Director/MERA Operations Officer Mansourian on the situation. Given the significant reduction in available 1999 Bond Funds for projects, the Executive Committee should consider recommending to the Board the use of

the New Projects Fund balance of \$1,194,886 to fund the remainder of the frequencies' installation costs and partially fund the coverage project.

Operations Officer Mansourian has prepared a detailed report including estimated costs and projected timelines for expenditures for the capacity and coverage project costs, which is presented as part of his Operations Report later in this agenda.

ATTACHMENT: Maher – Available Balances Analysis, May 2009