

MARIN EMERGENCY RADIO AUTHORITY

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MEMORANDUM

DATE: July 15, 2009

TO: MERA Board of Directors

FROM: Maureen Cassingham, Executive Officer

SUBJECT: AGENDA ITEM B-1: APPROVAL OF UPDATE ON MERA 1999 BOND AND NEW PROJECT FUND BALANCES AND RESOLUTION ALLOCATING FUND BALANCES FOR CAPACITY AND COVERAGE PROJECTS

Recommended Action: Recommend Board approval of the Maher report on the updated, unaudited MERA 1999 Bond and New Project Fund Balances through May 31, 2009 and resolution allocating these Fund Balances 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 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 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 overstatement of the 1999 fund balance. Given the significant reduction in available 1999 Bond Funds for projects, the Board is asked to approve the use of both the 1999 Bond fund balance of \$1,041,262 and the New Projects Fund balance of

\$1,194,886 to fund the estimated \$1.6M for frequencies' acquisition and installation costs and \$600,000 to partially fund the Tomales 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 under Agenda Item C1 & C2.

ATTACHMENTS: Maher – Available Balances Analysis, May 2009
Resolution Allocating Fund Balances for Capacity and
Coverage Projects (same resolution referenced in
Agenda Items C1 & C2)