

**MARIN EMERGENCY RADIO AUTHORITY**

c/o Novato Fire Protection District  
95 Rowland Way, Novato, CA 94945  
PHONE: (415) 878-2690 FAX: (415) 878-2660

**MEMORANDUM**

**DATE:** January 14, 2010

**TO:** MERA Board of Directors

**FROM:** Maureen Cassingham, Executive Officer

**SUBJECT:** AGENDA ITEM A-1: REQUEST TO ADOPT RESOLUTION APPROVING AND DIRECTING THE EXECUTION OF THE RESTATED OPERATING AGREEMENT, AN INDENTURE OF TRUST, AN OFFICIAL STATEMENT, A PURCHASE CONTRACT AND A CONTINUING DISCLOSURE AGREEMENT, AND DIRECTING CERTAIN RELATED ACTIONS IN CONNECTION WITH THE REFINANCING OF THE MARIN EMERGENCY RADIO AUTHORITY 1999 REVENUE BONDS (MARIN PUBLIC SAFETY AND EMERGENCY RADIO SYSTEM).

Recommended Action: That the MERA Board of Directors adopt the resolution approving the issuance of the 2010 Bonds, and approving the forms of the Restated Agreement, an indenture of trust, a continuing disclosure agreement, a bond purchase contract and an official statement; making certain determinations relating thereto; and authorizing certain other actions in connection with the issuance of the Bonds, and authorizing staff to take the necessary actions to close the financing.

Background: The Marin Emergency Radio Authority (the "Authority") is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), formed by certain public agencies (the "Members") in the County of Marin, pursuant to a Joint Powers Agreement dated as of February 28, 1998, as amended (the "Agreement").

The Members (or their predecessors in interest) have previously entered into that certain Project Operating Agreement, dated as of February 1, 1999 (the "Operating Agreement"), with the Authority, whereby the Authority owns and operates a County-wide emergency radio system (the "Project") for the benefit of the Members, and the Members agree to pay, on a pro rata basis, the cost of the Project (the "Service Payments") and its annual operation (the "Operating Payments") (collectively, the "Member Payments").

The Authority has previously issued its Marin Emergency Radio Authority 1999 Revenue Bonds (Marin Public Safety and Emergency Radio System), in the original principal

amount of \$26,940,000 (the “1999 Bonds”), which 1999 Bonds are secured by the Service Payments, for the purpose of providing money to acquire the Project.

Economic conditions are currently favorable to allow the Authority to refund the 1999 Bonds through the issuance of refunding bonds (the “2010 Bonds”). In order to issue such 2010 Bonds and provide debt-service savings to the Authority, it is necessary to execute a Restated Operating Agreement (the “Restated Agreement”) to secure repayment of such obligations, the terms of which incorporate the provisions of the Operating Agreement, except as otherwise provided in the Restated Agreement.

The Authority’s Executive and Finance Committees have recommended proceeding with the refunding, and the full Board approved the refunding at its December 9, 2009, meeting. The current estimated present value of the savings from issuing the 2010 Bonds is approximately \$1.3 million, which will be used to fund additional improvements to the Project.

The current economic conditions, which allow for debt-service savings, require immediate action by the Authority, since if the 2010 Bonds are not sold in January 2010, they cannot be issued again until August 2010, at which time interest rates may have risen and eliminated the savings.

In addition to the Restated Agreement, the Bond Documents presented for approval include the Continuing Disclosure Agreement, the Official Statement, the Indenture of Trust, and the Purchase Contract. The following is a brief summary of each:

**Indenture of Trust:** This document is the contract between the Authority and the Trustee (on behalf of the Bondholders). The Indenture contains the mechanics of the Bonds (e.g., interest rates, time of payment, redemption provisions, pledge of Revenues, events of defaults, etc.), and also contains certain covenants of the Authority relating to the Service Payments (e.g., promise not to issue additional debt secured by the Service Payments without meeting certain conditions).

**Continuing Disclosure Agreement:** This document is required by the Securities and Exchange Commission, and provides that the Authority will annually submit information on the Bonds. The Authority has already been providing such information in connection with the 1999 Bonds.

**Official Statement:** This is the disclosure document to be provided to potential purchasers of the 2010 Bonds, and contains information on the 2010 Bonds, the Authority, the Restated Agreement, the Project, and the Members.

**Purchase Contract:** This document is the contract between the Authority and the Underwriter, and provides that the Underwriter will purchase the 2010 Bonds

on a specific date, at specific interest rates, at a specific price. The final terms will be included on the pricing date for the 2010 Bonds.

Fiscal Impact: The net present value savings associated with the issuance of the 2010 Bonds are currently projected to be approximately \$1.3 million, which will be used to fund additional improvements to the Project to be approved by the Board of the Authority at a later date.

The maturity of the 2010 Bonds will be the same as the 1999 Bonds. The debt service allocated to the Members will not change.

The 2010 Bonds are planned to be sold in January, in order to refund the 1999 Bonds at the next call date of February 15, 2010. If the 2010 Bonds are not sold in time, then the next available redemption date for the 1999 Bonds is August 15, 2010, at which time interest rates may have risen to the point where a refunding no longer provides economic benefit to the Member.

The Restated Agreement will only become effective if the 2010 Bonds are issued and the 1999 Bonds refunded.

ATTACHMENTS: Resolution  
Restated Operating Agreement  
Indenture of Trust  
Preliminary Official Statement (w/Appendix A + B)  
Purchase Contract (Bond Purchase Agreement)  
Continuing Disclosure Agreement  
Escrow Instructions