

MARIN EMERGENCY RADIO AUTHORITY

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MEMORANDUM

DATE: March 10, 2010

TO: MERA Executive Committee

FROM: Maureen Cassingham, Executive Officer

SUBJECT: AGENDA ITEM B-2: FINAL REPORT ON INVESTMENT OF 2010
REFUNDING BONDS RESERVE

Recommended Action: Recommend to Board to receive and file the Final Report on Investment of 2010 Refunding Bonds Reserve.

Background: On January 14, 2010, the Board was briefed on Rabobank's termination of MERA's 1999 bond reserve investment agreement in the amount of \$2.133M at 1.8% interest due to the issuance of refunding bonds. The Bank's estimated charges of \$85,000 associated with termination were not subject to negotiation per the investment agreement. MERA worked with PK Securities to identify other investments permitted under the new Indenture for the 2010 bonds reserve of \$1,903,500.

Given the options presented, MERA staff turned to Bond Trustee Bank of New York Mellon to identify additional acceptable options. These options were shared with the MERA Finance Committee who concurred with the reserve investment in the Federal National Mortgage Association (FNMA) at a yield of 2% with a maturity date of December 31, 2013. This shorter-term investment, which is in accordance with the County's Investment Policy, will preserve the opportunity to consider permitted investments later on when interest rates are hopefully higher.