

**MARIN EMERGENCY RADIO AUTHORITY**

c/o Novato Fire Protection District  
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**MEMORANDUM**

**DATE:** May 18, 2011  
**TO:** MERA Board of Directors  
**FROM:** Maureen Cassingham, Executive Officer  
**SUBJECT:** AGENDA ITEM C-6: REPORT ON 2010 REFUNDING REVENUE BONDS  
RESERVE REQUIREMENT

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Recommended Action: As recommended by the Executive Committee, receive and file the Report on 2010 Refunding Revenue Bonds Reserve Requirement.

Background: The Bank of New York Mellon Trust Company, Trustee for MERA's 2010 Refunding Revenue Bonds, recently conducted a reserve requirement valuation as periodically required by the Indenture. It was determined that the initial deposit into the 2010 Reserve Fund was over the Reserve Requirement. The initial deposit should have been 10% of the amount of the outstanding bonds. However, the original deposit was 10% based on the principal amount of the bonds plus the original issue premium. Therefore, the original deposit was \$1,950,938.21 but should have been 10% of \$18,575,000, resulting in over-funding the account by \$77,334.19. BNY Mellon confirmed this calculation with Underwriters Stone and Youngberg Bond Counsel. \$54,834.52, in liquid money market funds, was wired to MERA while the remainder is being held by the Trustee in a Fannie Mae security which matures 12/11/13.

These excess funds have been deposited into the Replacement Fund pursuant to Section 5.09 of the Indenture. Use of these funds are outlined in Section 3.06 of the Project Operating Agreement. Specifically, "the Authority may withdraw amounts from the Replacement Fund for use in repairing, improving or replacing the Project or any component thereof; provided, that in the event any Service Payment is abated as provided herein, amounts on deposit in the Replacement Fund shall only be used for transfer to the Trustee in an amount equal to such abated Service Payments, until such time as the abatement is discontinued".