

**MARIN EMERGENCY RADIO AUTHORITY**

**DATE:** June 15, 2016  
**TO:** Measure A Citizens Oversight Committee  
**FROM:** Maureen Cassingham, Executive Officer  
**SUBJECT:** AGENDA ITEM C: REPORT ON NEXT GEN SYSTEM PROJECT FINANCING

Recommended Action: Receive and file the Report on Next Gen System Project Financing.

Background: Since the MERA Governing Board authorized the issuance of bonds for the Next Gen Project on March 23, 2016, secured by Measure A Parcel Taxes, the following very significant actions have taken place:

- 1) Bond ratings were received on April 28 and accepted and released. Moody's was AA1 (one "notch" below AAA) and Fitch was AA-.
- 2) The Finance Team (Gaffney, Gibbs, Vujovich and Cassingham), to reduce the potential amount of a second financing at the start of construction, decided to sell the full \$33M of bonds authorized by the Governing Board at the April 27 meeting. Under the final terms of the bond sale, the bonds and parcel taxes will provide about \$42,250,000 in Project funding during the construction period ending October, 2018.
- 3) Competitive bidding for a Reserve Fund Surety was completed on May 2 along with prequalification of Bond insurers. The Surety bid was awarded to Build America Mutual (BAM) who provided MERA with the 2010 Bond Reserve Surety for Next Gen Project cash flow. BAM bid 3.00% of the Reserve Requirements or about \$85,500 to be paid from Bond proceeds. The second bidder, Assured Guaranty, bid 3.10%, or about \$88,350.
- 4) Bond sale was conducted and awarded on May 5 to underwriter Bank of America Merrill Lynch (BAML) at a true interest rate of 2.534130%

6 bids were received ranging in interest cost of 2.53% to 2.74%; BAML and Raymond James were the top 2 bidders.

A Guaranteed Investment Contract for the investment of Bond proceeds initially funded at \$32,865,000 by the Trustee were solicited by a competitive bid process. Nataxis Funding Corporation was one of two bidders. Interest earnings of 1.191% will be applied to the Project. The first draw on the contract for Project costs will be permitted on April 1, 2017.

- 5) Pre-closing and Closing occurred on May 18 and May 19, respectively.