

MARIN EMERGENCY RADIO AUTHORITY

c/o Novato Fire Protection District
95 Rowland Way, Novato, CA 94945

DATE: March 13, 2019
TO: MERA Executive Board
FROM: Maureen Cassingham, Executive Officer
SUBJECT: AGENDA ITEM **A-3**: UPDATE ON REINVESTMENT OF
2016 BONDS PROCEEDS AND
NEW GUARANTEED INVESTMENT CONTRACT (GIC)

Recommended Action: Receive and file the Update on Reinvestment of Remaining 2016 Bonds Proceeds and New Guaranteed Investment Contract (GIC) presented to the MERA Governing Board on January 23, 2019.

Background: The Guaranteed Investment Contract with Natixis for the 2016 Proceeds of \$32,905,000 was entered into on May 19, 2016. The Contract expired on November 30, 2018. Pursuant to the authorization granted to the Executive Officer by Governing Board Resolution 2016-04, and working with Finance Committee Vice Chair Gaffney, Sperry Capital was engaged again to provide reinvestment advisory services for the remaining \$29,927,900 in 2016 Bond proceeds by conducting a competitive bid process for a new GIC. Sperry, as GIC broker, worked with MERA to develop a new request for bid form, including a revised Exhibit A, which specified a new drawdown schedule for Project Funds. Sperry was also charged with attracting multiple bids to provide MERA with optimal quality bidders and interest rates. Bid specifications contained bid date, closing date, estimated drawdown schedule, drawdown restrictions, interest and payment dates, provider downgrade provisions, termination provisions, broker fee and legal counsel firm and trustee contacts.

December 10, 2018, was established as the bid submittal date. Of the 6 eligible GIC providers contacted, 2 bids were received with the following results:

Bayerische Landesbank (BLB) – New York Branch - 3.042%
Natixis Funding Corporation 2.841%

BLB was awarded the winning bid on December 10, 2018 based on credit strength, financial funding goals and interest rate. The winning bidder provided a draft investment agreement for review and comment by MERA, Bond Counsel Albert Reyes with Kutak Rock and Sperry Capital. U.S. Bank continues as 2016 Bonds Trustee. This GIC is invested for 2 years, 2019 and 2020.

Sperry's Brokerage Fee for advisory services is \$7,500 and is paid by the provider contingent on successful GIC closing and settlement on December 18, one day later than previously reported. This extension was required due to time needed to finalize GIC language, produce a new Draw Schedule due to the change in the investment amount and exchange of executed documents.