

MEMORANDUM

**TO: MAUREEN CASSINGHAM, EXECUTIVE OFFICER
MARIN EMERGENCY RADIO AUTHORITY**

**FROM: ALBERT R. REYES
PARDIS O. FARROKHYAR
KUTAK ROCK LLP**

DATE: APRIL 10, 2019

**RE: REQUEST FOR CLARIFICATION:
MARIN EMERGENCY RADIO AUTHORITY
(2010 REFUNDING REVENUE BONDS)**

This memorandum is in relation to the Marin Emergency Radio Authority (“MERA”) 2010 Refunding Revenue Bonds (Marin Public Safety and Emergency Radio System) (the “2010 Bonds”) and a request for clarification of three related matters (1) whether MERA can retire the 2010 Bonds early to save the \$80,000 in interest due in 2019, and in such a case, the steps required to accomplish such result, (2) the last date of the MERA Members’ Service Payments which serve as security for the 2010 Bonds, and (3) whether MERA Member Service Payments can be prepaid early.

EARLY RETIREMENT OF 2010 BONDS AND NECESSARY STEPS:

As you are aware, the 2010 Bonds were issued pursuant to and are secured by the Indenture of Trust, dated as of February 1, 2010 (the “Indenture”) by and between MERA and The Bank of New York Mellon Trust Company, N.A., as trustee. Under the Indenture, the 2010 Bonds that mature on or prior to August 15, 2020 cannot be retired early (prior to their stated maturity dates), however, the 2010 Bonds maturing on or after August 15, 2021 can be retired early (on any date on or after August 15, 2020) without a prepayment premium. Currently, the 2019, 2020 and 2021 maturities of the 2010 Bonds are outstanding. Although the 2019 and 2020 maturities cannot be retired early, the 2021 maturity could be.

As stated, under the Indenture, the earliest date that the 2021 maturity of the 2010 Bonds can be retired is August 15, 2020. However, August 15, 2020 falls on a Saturday, and as a result, the next possible earliest date would fall on August 17, 2020. The necessary steps, as set forth in

the Indenture, are as follows: (i) MERA will need to notify the Trustee of such intention, (ii) at least 30, but no more than 45, days prior to the retirement date, the Trustee will be required to provide sufficient notice of the proposed retirement to the holders of the 2021 maturity of the 2010 Bonds, and (iii) the funds that will be used to retire the 2021 maturity of the 2010 Bonds will need to be available and on deposit with the Trustee no later than the retirement date. Under the Indenture, MERA retains the right to rescind the early retirement notice by providing the Trustee with written notice of its plans to not move forward.

DUE DATE OF MERA MEMBER SERVICE PAYMENTS:

Under the Restated Project Operating Agreement, dated as of February 1, 2010 (the “Operating Agreement”), which is between MERA and its Members, the Service Payments that secure the 2010 Bonds are payable by the Members on each Due Date, which is defined to be August 1 of each year. As such, the Members made their last Service Payments to the Trustee on August 1, 2018 and will make their two final Service Payments with respect to the Bonds on August 1, 2019 and August 1, 2020.

WHETHER MERA MEMBER SERVICE PAYMENTS CAN BE PREPAID EARLY:

Under the Operating Agreement, a MERA Member may secure the payment of its respective Service Payment by depositing cash (or, securities, subject to additional requirements) with the Trustee (who would maintain the moneys in a special fund), which together with a pro-rata portion of the amounts on deposit in the Reserve Fund for the 2010 Bonds and any investment income, as applicable, would be fully sufficient to pay the Service Payments on their respective payment dates. In such a case, the obligations of the prepaying MERA Member under the Operating Agreement would terminate, except for the obligation to cause the Trustee to pay all Service Payments from the deposit made by the prepaying Member, and to pay the Operating Payments. It should be noted that such prepayment would only result in a defeasance of a pro-rata portion of the 2010 Bonds under the Indenture and not an early retirement of such pro-rata portion of the 2010 Bonds under the Indenture. The 2010 Bonds would still be subject to that set forth above under the heading “EARLY RETIREMENT OF 2010 BONDS AND NECESSARY STEPS.”