

Agenda Item E

MARIN EMERGENCY RADIO AUTHORITY

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DATE: July 10, 2019

TO: MERA Finance Committee

FROM: Maureen Cassingham, Executive Officer

SUBJECT: AGENDA ITEM E: MAY 2019 MERA ARBITRAGE REPORT AND
REBATE CALCULATION FOR 2016 SPECIAL
PARCEL TAX REVENUE BONDS AND MERA 2016
BONDS POST ISSUANCE CERTIFICATE FILING

Recommended Action: Review, discuss, receive and file the May 2019 MERA Arbitrage Report and Rebate Calculation for 2016 Special Parcel Tax Revenue Bonds and Post Issuance Certificate Filing.

Background: Willdan Financial Services was engaged to complete the attached Arbitrage Rate calculation for MERA's 2016 Special Parcel Tax Revenue Bonds. The three-year temporary period for the Project Fund expired on May 19, 2019. Any Bond proceeds remaining in the Project Fund as of May 19, 2019, are yield restricted as of that date. IRS Regulations allow the Project Fund to yield a return rate that does not exceed the arbitrage yield by more than .125%.

On December 18, 2018, MERA invested approximately \$30M of the Project Fund in an investment agreement with Bayerische Landesbank that is yielding 3.04%. Since this investment will yield 0.72% more than the Bond yield of 2.32%, Willdan has pointed out that there will be a fairly sizeable Yield Reduction payment due to the IRS within 60 days of the 5th Bond year date of May 19, 2021. Given the timing of projected expenditures for the Project from Bond proceeds, the amount of this payment should be reduced considerably to the point of negligibility. Willdan will prepare a report next May that shows the current yield restriction liability so, if needed, MERA can set aside any amounts due to the IRS.

AGENDA ITEM E: STAFF REPORT – MAY 2019 ARBITRAGE REPORT FOR 2016
BONDS AND POST ISSUANCE CERTIFICATE FILING

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Also attached is the MERA 2016 Bonds Post Issuance Certificate I prepared for our files with guidance from Kutak Rock Bond Counsel. A new Certificate will be prepared in 2 years if MERA has not spent most or all of the 2016 Bond proceeds.

ATTACHMENTS:

- E-1 Willdan Arbitrage Rate Calculation dated May 21, 2019
for MERA 2016 Revenue Bonds
- E-2 MERA 2016 Bonds Post Issuance Certificate dated April 30, 2019