

Agenda Item A-2

MARIN EMERGENCY RADIO AUTHORITY

c/o Novato Fire Protection District
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REVISED "DRAFT"

BOARD OF DIRECTORS

REGULAR MEETING MINUTES OF JANUARY 14, 2010

Call to Order

The meeting was called to order by Vice President Nordhoff at 4:05 p.m. at the Novato Fire Protection District Administration Office, Heritage Conference Room, 95 Rowland Way, Novato.

Board Members Present:

City of Belvedere	George Rodericks
Town of Corte Madera	Roger Sprehn (Alternate)
City of Larkspur	Robert Sinnott
City of Novato	Joe Kreins
Town of Ross	Tom Gaffney
Town of San Anselmo	Charles Maynard
City of San Rafael	Ken Nordhoff
County of Marin	Steve Kinsey (arrived at 4:25 p.m.)
City of Sausalito	John Rohrbacher (Alternate)
Town of Tiburon	Michael Cronin
Bolinas Fire Protection District	Anita Tyrell-Brown
Inverness Public Utility District	Jim Fox
Kentfield Fire Protection District	Ron Naso (Alternate)
Marin Community College District	Charles Lacy
Marin County Transit District	David Rzepinski
Marin Municipal Water District	William Hogan (Alternate)
Marinwood C.S.D.	Tom Horne (Alternate)
Ross Valley Fire Service	Roger Meagor
Southern Marin Fire Protection District	Jim Irving (Alternate)
Stinson Beach Fire District	Kenny Stevens (Alternate)
Twin Cities Police Authority	Todd Cusimano (Alternate)

Board Members Absent:

Town of Fairfax
City of Mill Valley
Novato Fire Protection District
Tiburon Fire Protection District

Staff Present:

Maureen Cassingham	Executive Officer
Jim Karpiak	General Counsel
Richard Chuck	Communications Engineer
Denise Wade	Recording Secretary

Guests Present:

Jeff Stava	Bond Counsel
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A. Executive Officer's Report (Cassingham)

- 1) Request to Adopt Resolution Approving and Directing the Execution of the Restated Project Operating Agreement, an Indenture of Trust, an Official Statement, a Purchase Contract and a Continuing Disclosure Agreement, and Directing Certain Related Actions in Connection with the Refinancing of the Marin Emergency Radio Authority 1999 Revenue Bonds (Marin Public Safety and Emergency Radio System)

Cassingham reprised that the Board had approved, on the recommendations of the MERA Finance and Executive Committees, the refunding of the 1999 Revenue Bonds prior to February 15, 2010, for present value estimated interest savings of \$1.3M. All 25 MERA members have or will approve the necessary resolutions and restated project operating agreements by January 14, 2010. She noted that member agency debt services would remain the same, as would the term of the bonds. She identified the great pro bono financial advisory work of Board Member Gaffney as extraordinary and critical to the sale of the new bonds. She also said the member representatives and their staff colleagues were incredible to work with in getting all the member agencies' approvals. They were very professional, timely, and committed to making this all work for the Authority. She also thanked the finance team of Bond Counsel, Stone & Youngberg, and Disclosure Counsel for efforts above and beyond the call of duty to make this happen in such a short timeline. She noted that the County and Cities of San Rafael and Novato had contributed critical core financial information for the Official Statement, as had ten other member agencies in the eleventh hour for the Standard and Poor's credit rating presentation.

Stava was introduced as Bond Counsel for the Authority and asked to brief the Board. He summarized each of the bond documents including the Restated Operating Agreement, Indenture of Trust, Continuing Disclosure Agreement, Official Statement, and Purchase Contract. He noted the changes in the Restated Operating Agreement reflected only that required for the 2010 bonds. Publication of the Preliminary Official Statement would occur tomorrow. He said if the bonds are not sold in January 2010, they cannot be issued until August 2010 when savings could be

affected by rising interest rates. The sale and transfer of funds will be completed before the February 15 call date. Rates will be locked in next week, with any changes in the market the sole risk to the underwriter. The President and Executive Officer, by Board action today, will be authorized to sign on behalf of the Authority. All the projected interest savings will be realized upfront. He announced the Standard and Poor's credit rating from earlier today to be AA+ which he said was a phenomenal rating. Everyone looked at the underlying credit of the member agencies. Gaffney noted that the current interest rate of 4.8% would with refunding be 3.1%. He said a great rating would have been AA given the County's AAA and other agencies' ratings. AA+ is excellent. Stava cited Gaffney and Cassingham as having been phenomenal and doing a great job for the Authority in a very tight timeframe.

M/S/P Lacy/Kreins to Adopt Resolution Approving and Directing the Execution of the Restated Project Operating Agreement, an Indenture of Trust, an Official Statement, a Purchase Contract and a Continuing Disclosure Agreement, and Directing Certain Related Actions in Connection with the Refinancing of the Marin Emergency Radio Authority 1999 Revenue Bonds (Marin Public Safety and Emergency Radio System).

AYES: ALL

NAYS: NONE

Motion carried.

2) Report on Bond Reserve Investment Agreement with Rabobank (Verbal)

Cassingham reported that due to MERA's refunding of the 1999 Bonds, Rabobank notified us on January 12, 2010, that it had terminated MERA's bond reserve investment agreement of \$2.133M at an estimated cost of \$90,000 in charges not subject to negotiation per the agreement. MERA is working with PK Securities, who facilitated the bids for this investment, to identify other investments acceptable under the Indenture for the reserve for the 2010 bonds of \$1.9M. Gaffney said all the permitted investments identified to date have higher yields, in the range of 2.25% to 2.6%, than the 1.8% interest with Rabobank. These higher rates will permit recouping Rabobank's fees within an estimated three to four years. No reserve agreement will be required for the 2010 Bonds and some of the investment options are FDIC insured. Gaffney recommended that while these investments can be handled administratively, the Finance Committee should be polled prior to investment. It was the consensus of the Board to proceed as discussed.

3) Other Information Items

Cassingham reported that the five-year Emergency Communications Maintenance Agreement between the County and MERA terminates on June 30, 2010. It is a very

technically oriented agreement which will be affected by the needs of the aging of the system. This agreement represents nearly 40% of MERA's annual operating budget or \$639,000. She said she understood Chief Gray, from the City of San Rafael, is willing to assist and was seeking another volunteer to help her in reviewing and discussing this agreement with the County. She is seeking volunteers with user background and technical expertise to provide sufficient lead time to present a draft agreement to the Executive Committee and Board in May 2010. Kreins suggested Lt. Jeffries of Novato P.D. assist. Cassingham noted that possibly two meetings might be needed after the volunteers review the current agreement and recent DPW Maintenance billings. Cassingham will work with Gray and Jeffries accordingly.

Cassingham said she had received an inquiry from the City of Novato Finance Manager regarding why MERA's total annual assessment of the members for the 2007 Project Note is \$225,000 versus the annual loan note of \$208,499. She also inquired about the difference between the member percentage shares for the 1999 Bonds and the Project Note. She shared with the Finance Manager that neither the meeting minutes nor staff reports on this for Executive Committee and Board action provided any background and that she would bring these matters to the Board's attention today. Kreins said the Finance Manager was trying to reconcile the costs and percentages for internal and audit purposes. Board members posited that the \$225,000 payment may have been budgeted before finalization of the Project Note payment and the Board continued to approve that same budgeted amount each year. It was also discussed that the difference in percentages between the bond formula and Project Note may have been due to the Marin Community College District prepaying their share of the bonds. Cassingham confirmed that the additional funds collected are accounted for in the Project Note Fund, the balance of which has been allocated for Board-approved capital projects. The Board stated there would be no change in the amount collected.

Cassingham distributed the most recent MERA Board Members and Alternates List, revised on January 9, 2010, for review and update. She said she will add Mike Swezy as Alternate #2 for MMWD.

B. Operations Reports (Mansourian)

Kinsey assumed the Chair on arrival.

1) Report on Additional Frequencies Installation Project

Chuck said the detailed design was near completion.

2) Update on the Tomales Site Coverage Project

Chuck reported that John Roberto and Carlyle Architects were evaluating the

permitting process and determining if a negative declaration was feasible. They should have a better handle on these issues in the next four weeks.

3) Updates on Other Coverage Analyses

Nothing to report.

4) Status/Work Statistics Reports

Chuck stated the system is running well. Rats had created problems in the generator at Mt. Barnabe, which was being addressed. Statistics are similar to last year.

5) Other Information Items

None to report.

C. Open Time for Items Not on Agenda

None to report.

D. Adjournment

The meeting was adjourned at 4:36 p.m.

NOTE: Next MERA Board Meeting –

Wednesday - May 19, 2010 - 3:30pm

Maureen Cassingham, Executive Officer