

MARIN EMERGENCY RADIO AUTHORITY

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DATE: September 23, 2020

TO: MERA Governing Board

FROM: Maureen Cassingham, Executive Officer

SUBJECT: AGENDA ITEM A-5: UPDATE ON 2007 CITIZENS BANK NOTE RETIREMENT

Recommended Action: Receive and file the Update on 2007 Citizens Bank Note Retirement.

Background: At the July 22, 2020 meeting, the MERA Governing Board again discussed the retirement of the 2007 Citizens Bank Note. The \$2,225,000 note, which was issued to pay for supplemental capital improvements for the current MERA System, carries an interest rate of 4.43% with a term ending February 15, 2022. The annual member payment is \$225,000.

While it would be possible to retire the Note one-year early based on the 6/30/21 projected balance Fund 70032 - New Project Financing of \$263,000, the interest savings to MERA would be approximately \$8,844. Additionally, prepayment would eliminate a dedicated current System funding source to address the increasing costs of maintaining it, as evidenced by the recent HVAC Equipment Replacement approvals, pending expenditures for Microwave Channel Bank Hardware and projected future needs through the 2022-23 cutover to the Next Gen System.