

Agenda Item B-1

MARIN EMERGENCY RADIO AUTHORITY

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DATE: April 27, 2016

TO: MERA Governing Board

FROM: Maureen Cassingham, Executive Officer

SUBJECT: AGENDA ITEM **B-1**: UPDATE ON MERA 2016 SPECIAL PARCEL TAX
BOND FINANCING – NEXT GEN PROJECT

Recommended Action: Receive and file Update on MERA 2016 Special Parcel Tax Bond Financing – Next Gen Project.

Background: Since the Governing Board authorized MERA on March 23, 2016, to issue bonds secured by Measure A Parcel Taxes, related documents and authorizations to execute and deliver same to consummate sale of the bonds, the following significant actions have taken or will take place:

- 1) Bond documents have been updated and distributed for ratings application packages and sale process.
- 2) A PPT was developed and finalized for rating agency briefings.
- 3) Conference calls with Fitch and S&P were conducted on March 30 and April 4 respectively, and follow-up questions and requests for additional information were addressed, including the preparation of additional Tables by NBS (e.g. 10 years tax collections, 10 years parcel counts, etc.).
- 4) Updated Project cost estimate and draw schedules were prepared by Federal Engineering on March 23 and April 4 respectively.
- 5) The Board of Supervisors conducted a public hearing on April 5 wherein a resolution was unanimously approved authorizing the Financing Agreement between MERA and the County as additional security for the bonds, approving issuance of bonds as required by State law and approving the Preliminary Official Statement for MERA's 2016 Special Parcel Tax Revenue Bonds.
- 6) MERA authorized the engagement of the Rating Agencies to proceed with the rating process on April 6.

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- 7) During the rating process, the Financing Team made certain adjustments in the financing plan to (1) increase the amount raised in the bond sale and (2) add features to the bond structure that will provide a better bond rating and reduce the interest rate on the bonds.

The changes include:

- a) Extension of the bond term from 2033 to 2035, which is the last year of the Parcel Tax.
- b) Sale of the full bond authorization of \$33M.
- c) Addition of a Debt Service Reserve Fund.
- d) Adjustment of the condition for issuance of additional bonds to require debt service coverage by annual tax revenues of at least 110%.
- e) Application for bond insurance and a reserve fund surety.

These changes should give MERA the capacity to finance a Project cost of up to \$51.5M on the Project schedule and up to \$11.6 M later. The current estimate is \$42.6 M.

- 8) On April 13, MERA withdrew its rating request of S&P and determined to use Moody's instead, based on the greater specificity of their rating criteria and ease of use in anticipating potential ratings outcomes.
- 9) A conference call was conducted with Moody's on April 18.
- 10) Bond ratings will be received on April 28.
- 11) Bond sale will be conducted and awarded on May 5.
- 12) Pre-closing and Closing are scheduled for May 18 and May 19, respectively.

Any additional updates will be provided at your meeting.