

MARIN EMERGENCY RADIO AUTHORITY

DATE: May 11, 2016
TO: MERA Governing Board
FROM: Maureen Cassingham, Executive Officer
SUBJECT: AGENDA ITEM **C-1**: UPDATE ON MERA 2016 SPECIAL PARCEL TAX
BOND FINANCING – NEXT GEN PROJECT

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

Background: Since the Governing Board received the previous Bond Financing Update on April 27, 2016, the following significant actions have taken or will take place:

- 1) Bond ratings were received on April 28 and accepted and released. Moody's is AA1 (one "notch" below AAA) and Fitch is AA-.
- 2) The Finance Team (Gaffney, Gibbs, Vujovich and Cassingham), to reduce the potential amount of a second financing at the start of construction, decided to sell the full \$33M of bonds authorized by the Governing Board at the April 27 meeting. Under the final terms of the bond sale, the bonds and parcel taxes will provide about \$42,250,000 in Project funding during the construction period ending October, 2018.
- 3) Competitive bidding for a Reserve Fund Surety was completed on May 2 along with prequalification of Bond insurers. The bid was awarded to Build America Mutual (BAM) who provided MERA with the 2010 Bond Reserve Surety. BAM bid 3.00% of the Reserve Requirements or about \$85,500 to be paid from Bond proceeds. The second bidder, Assured Guaranty, bid 3.10%, or about \$88,350.
- 4) Bond sale was conducted and awarded on May 5 to underwriter Bank of America Merrill Lynch (BAML) at a true interest rate of 2.534130%

6 bids were received ranging in interest cost of 2.53% to 2.74%; BAML and Raymond James were the top 2 bidders.

It should be noted that Sperry Capital months ago anticipated a TIC of 2.5%

A Guaranteed Investment Contract for the investment of Bond proceeds initially funded at \$32,905,000 by the Trustee will be solicited by a competitive bid process. Interest earnings will be applied to the Project. The process has commenced with the issuance of an RFB for a bid to be held and awarded on May 10. Settlement date is on or about May 19.

- 5) Pre-closing and Closing are still scheduled for May 18 and May 19, respectively.

Any additional updates will be provided at your meeting.