

MARIN EMERGENCY RADIO AUTHORITY

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DATE: July 22, 2020

TO: MERA Governing Board

FROM: Maureen Cassingham, Executive Officer

SUBJECT: AGENDA ITEM **A-3**: WILLDAN ARBITRAGE REPORT AND
REBATE CALCULATION FOR 2016 SPECIAL
PARCEL TAX REVENUE BONDS – JUNE 2020

Recommended Action: Receive and file the Willdan Arbitrage Report and Rebate Calculation for 2016 Special Parcel Tax Revenue Bonds – June 2020.

Background: MERA engaged the Willdan Federal Compliance Group in 2017 to produce annual Arbitrage Reports for the 2016 Bonds.

The June 2020 Report notes the 3-year temporary period for the Project Fund expired 5/19/2019. This means that any Bond proceeds remaining in the Project Fund as of 5/19/2019 are yield restricted as of that date. IRS Regulations allow the Project Fund to yield a return that does not exceed the arbitrage yield by more than .125%.

The reason that a yield reduction liability will exist is that on 12/18/2018, the Authority invested approximately \$30M of the Project Fund in a Guaranteed Investment Contract with Bayerische Landesbank that is yielding 3.04%. Since this investment will yield approximately 0.72% more than the Bond yield of 2.32%, there will be a Yield Reduction payment due to the IRS within 60 days of the 5th Bond year date of 5/19/2021. As of 5/19/2020, the liability is \$177,142.35 and that will grow depending on how quickly proceeds are expended.

It should also be noted that the Executive Officer, with the advice of Bond Counsel, prepares an Annual Post-Issuance Certificate on Project expenditure levels and detailed reasons for the nearly \$30M in Bond proceeds currently remaining in the Project Fund. These Certificates are on file in the event of an IRS Audit.

ATTACHMENT:

A-3a Willdan Arbitrage Report and Rebate Calculation for 2016 Special Parcel Tax Revenue Bonds – June 2020