



DATE: March 11, 2020

MEMO TO: MROSD Board of Directors

THROUGH: Ana Ruiz, General Manager 

FROM: Stefan Jaskulak, Chief Financial Officer

SUBJECT: Interest on Measure AA Bond Proceeds

Midpeninsula Regional Open Space District (District) voters approved Measure AA in 2014, enabling the District to issue \$300 million in bonds over the next 30 years to fund 25 priority portfolios of capital projects and land acquisitions. The \$300 million of bonds are issued in tranches as projects and acquisitions are identified over a three-year period for each tranche. The first tranche of \$45 million was issued in 2015 and the second tranche of \$50 million was issued in 2018. Future tranches will be issued as the current proceeds are spent down and new projects and acquisitions are identified.

Once a tranche is issued, the bond proceeds are deposited with a trustee, who holds the proceeds while the District works through its capital program and executes on acquisitions. Periodically, the District requests reimbursement from the trustee and effectively draws the bond proceeds down as work progresses and expenditures incurred. During the time the trustee holds the bond proceeds, awaiting gradual drawdown, the proceeds are invested based on the Controller's direction and in accordance with Board Policy 3.08 – *Statement of Investment*.

The interest earned to date is as follows:

FY2016	\$481,822
FY2017	\$549,424
FY2018	\$486,723
FY2019	\$929,330
Total	\$2,447,300

These interest earnings must be expended on Measure AA projects and are ideally suited to supplement funding for those portfolios or projects where Measure AA funds may not be fully sufficient. The General Manager will work with staff to identify eligible projects that may need this additional funding to accomplish the voter-approved Measure AA Expenditure Plan priorities.