



TOWN OF FAIRFAX

STAFF REPORT

November 5, 2014

TO: Mayor and Town Council

FROM: Michael Vivrette, Finance Director *UV*

SUBJECT: Adoption of a Resolution Providing for the Borrowing of Funds for Fiscal Year 2014-2015 from the County of Marin

RECOMMENDATION

Adopt a resolution authorizing the Town Manager to execute a Tax Revenue Anticipation Note (TRAN) with the County of Marin to meet the Town's short-term obligations.

DISCUSSION

In 2012, the Town's financial advisor and investment banker, Wulff Hanson and Company, worked with the Finance Department at the County of Marin to provide a short-term borrowing for the Town of Fairfax from the County of Marin. In November, 2012 the Town borrowed \$500,000 at 3.5% for the term November 9th to December 14th to be paid back through property tax receipts from the first installment of property taxes. The arrangement was more convenient for the Town than in prior years when there were more complex loan documents required and associated bond council legal expenses. The County required the Town Council approve the agreement with a resolution prior to the transaction. Typically, the Town borrows every year on a short-term basis (30 days) to address its cash flow needs. In November, 2013, the Town borrowed \$800,000 due to additional capital project expenses incurred (e.g., Pastori Bank Stabilization and Bike Spine projects).

Staff is recommending this arrangement be renewed this year for \$400,000. The term would be from November 14th to December 12th, 2014. In essence, the loan is a short-term advance against property taxes and allows the Town more flexibility to address its cash flow needs.

FISCAL IMPACT

The Town has budgeted \$3,000 for short-term financing costs in the current fiscal year. The total interest cost to the Town is estimated to be \$1,100.

ATTACHMENTS

Resolution
Tax Revenue Anticipation Note

AGENDA ITEM # 4

RESOLUTION 14 __

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX
PROVIDING FOR THE BORROWING OF FUNDS FOR
FISCAL YEAR 2014-2015 FROM THE COUNTY OF MARIN**

WHEREAS, the Town of Fairfax ("Town") is a municipality located in Marin County; and

WHEREAS, in accordance with California Government Code § 53850 *et seq.*, the Town requests the sum of \$400,000.00 be transferred from the funds in the custody of the Finance Department of the County of Marin for meeting the Town's obligations incurred for the Fiscal Year 2014-2015; and

WHEREAS, said funds are to be used for meeting the obligations incurred for maintenance purposes only; and

WHEREAS, said sum does not exceed eighty-five percent (85%) of the anticipated revenues accruing to said entity and shall be replaced from the revenues accruing to the Town before any other obligations are met from said revenues; and

WHEREAS, the Town agrees to issue a tax revenue anticipation note for repayment of the entire borrowed amount, plus interest;

NOW THEREFORE, BE IT RESOLVED by the Town Council of the Town of Fairfax that it hereby approves the tax revenue anticipation note attached hereto and authorizes the Town Manager to execute the note.

The foregoing Resolution was duly passed and adopted at a regular meeting of the Town Council of the Town of Fairfax held in said Town on the 5th day of November 2014, by the following vote, to wit:

AYES:

NOES:

ABSENT:

DAVID WEINSOFF, Mayor

Attest:

Michele Gardner, Town Clerk

Town of Fairfax
Fairfax, CA
2014/2015 TAX AND REVENUE ANTICIPATION NOTE

| | |
|-------------------|-------------------|
| MATURITY DATE: | ISSUE DATE: |
| December 12, 2014 | November 14, 2014 |
| INTEREST RATE: | |
| 3.5% | |

REGISTERED OWNER: COUNTY OF MARIN, CALIFORNIA

PRINCIPAL SUM: \$400,000.00

The Town of Fairfax, Fairfax, Marin County, State of California (the "Town" acknowledges itself indebted, and promises to pay, to the ("County"), on the Maturity Date stated above, the Principal Sum stated above, in lawful money of the United States of America, and to pay interest hereon in like lawful money at the rate per annum stated above, calculated on the basis of 360-day year. The principal of and interest on this Note shall be payable at maturity to the "County of Marin."

It is hereby certified, recited and declared that this Note, in the aggregate principal amount of \$400,000.00, issued pursuant to the provisions of a resolution of the Town of Fairfax, Fairfax, CA, entitled "A RESOLUTION PROVIDING FOR THE BORROWING OF FUNDS FOR FISCAL YEAR 2014-2015," duly passed and adopted on November 5, 2014 (the "Resolution"), and pursuant to Article 7.6 (commencing with section 53850) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all things, conditions and acts required to exist, happen and be performed precedent to and in the issuance of this Note exist, have happened and have been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the Town, does not exceed any limit prescribed by the constitution or statutes of the State of California.

Town of Fairfax
Fairfax, CA
2014/2015 TAX AND REVENUE ANTICIPATION NOTE

The principal amount of this Note, together with the interest hereon, shall be payable from taxes, revenue and other moneys which are received by the Town and specifically with respect to the property tax revenue to be received by the Town in December 2014. As security for the payment of the principal and interest on this Note, the Town has pledged all property tax revenues receivable by the Town (such pledged amounts being hereinafter called the "Pledged Revenues"). The principal of this Note and the interest hereon shall constitute a first lien and charge thereon and shall be paid from the Pledged Revenues. To the extent not so paid from the Pledged Revenues, this Note shall be paid from any other moneys of the District lawfully available for the repayment of this Note and interest hereon. The Town has irrevocably directed the Marin County Director of Finance to transfer to the "County of Marin," on the maturity date of the Note, the total principal amount of the Note, plus interest accrued thereon to such date.

This Note is not subject to exchange or transfer.

IN WITNESS WHEREOF, the Town of Fairfax, Fairfax, CA, has caused this Note to be issued in the name of the Town and to be executed by the manual signature of the Town of Fairfax Manager, all as of the issue Date stated above.

TOWN OF FAIRFAX, CA

By _____
Garrett Toy, Town Manager
Town of Fairfax

Countersigned:

Town Clerk