

MINUTES OF JUNE 6, 2016

REGULAR MEETING  
OF THE  
CORTE MADERA TOWN COUNCIL

Mayor Bailey called the Regular Meeting to order at Town Hall Council Chambers, 300 Tamalpais Drive, Corte Madera, CA on June 6, 2016 at 6:30 p.m.

**1. ROLL CALL**

Councilmembers Present: Mayor Bailey, Vice Mayor Furst and Councilmembers Andrews, Condon and Lappert

Councilmembers Absent: None

Staff Present: Town Manager/Town Engineer David Bracken  
Director of Administrative Services/Town Treasurer George T. Warman, Jr.  
Director of Planning and Building Adam Wolff  
Town Attorney Randy Riddle  
Senior Civil Engineer Nisha Patel  
Associate Civil Engineer Kelly Crowe  
Senior Planner Phil Boyle  
Interim Fire Chief Scott Shurtz  
Town Clerk/Assistant to the Town Manager Rebecca Vaughn

**CLOSED SESSION**

The Town Council adjourned to Closed Session to discuss the following matters:

I. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**  
Closed Session Pursuant to Cal. Gov't Code Section 54956.9(d)(1)  
Name of case: Ortiz v. Town of Corte Madera

II. **PUBLIC EMPLOYEE APPOINTMENT**  
Closed Session Pursuant to Cal. Gov't Code Section 54957  
Title: Town Manager

III. **CONFERENCE WITH LABOR NEGOTIATORS**  
Agency designated representatives: (Sloan Bailey and James Andrews.)  
Unrepresented employee: (Town Manager candidate)

IV. **Report Out of Closed Session**

**OPEN SESSION**

The Town Council reconvened the regular meeting at 7:30 p.m. Mayor Bailey reported on the Closed Session, stating there was no reportable action taken on Items I and III. Regarding Item II, he reported that the Council has a tentative agreement to appoint Todd Cusimano as the Town Manager subject to a final approval of his employment agreement at a future Council meeting.

**SALUTE TO THE FLAG:** Mayor Bailey led in the Pledge of Allegiance.

Mayor Bailey announced that the published agenda identified Council and Town Manager Reports being heard ahead of Open Time for Public Discussion and he asked for a motion to re-arrange the agenda to switch the items.

MOTION: Moved by Condon, seconded by Furst, and approved unanimously by the following vote: 5-0 (Ayes: Andrews, Condon, Furst, Lappert and Bailey; Noes: None)

To re-arrange the agenda

**2. PRESENTATION** – None

**3. OPEN TIME FOR PUBLIC DISCUSSION** - None

**4. COUNCIL AND TOWN MANAGER REPORTS**

- Town Manager Report

- The Town did not receive a request for a garbage rate increase for this year
- Staff has tentatively agendaized the following items for discussion by the Town Council:
  - Discussion regarding changing the election year - July 19, 2016
  - The Airbnb issue –August 1, 2016
  - Junior Second Units will first be discussed by the Planning Commission on September 13, 2016
  - Filming ordinance will first be discussed by the Parks & Recreation Commission on August 22, 2016 and by the Town Council on September 6, 2016
  - Encroachment permits will first be discussed by the Planning Commission on June 28, 2016, as staffed by the Town Manager
  - Long-term Financial Update – July 19, 2016

- Council Reports

Councilmember Andrews gave the following report:

- He attended an ABAG/MTC Open House meeting and discussed was Plan Bay Area 2040. There are 3 scenarios and projected is a significant increase in population in the entire Bay Area, which will likely result in a fair amount of housing allocation to Marin.

Councilmember Condon gave the following report:

- She attended a LAFCO session regarding legislation being proposed:
  - SB 1266 was introduced by Mike McGuire on the request of Marin LAFCO. This asks that every JPA in a County register with LAFCO and the bill has been well received.
- This weekend is Weekend 100 which starts Friday evening and she urged everybody to enjoy the following events:
  - Games, trivia and dinner will be served at the Community Center on Friday night.
  - Starting Saturday at 10AM there will be old time games for everyone, with yoga in the park, a bike ride around town, a hot dog lunch, and a cherry picker where an aerial photo will be taken of the community. Hall Middle School Band and the Corte Madera Town Band will perform. A ceremony with proclamations and dignitaries attending and cake will be served in the afternoon. At 7PM in the Village parking lot the Band Jimmy Z and the Great Times Band will perform. Fireworks will start around 9:17PM to finish off Saturday.
  - On Sunday, a chili cook-off will be held with many entries, judged by Mayor Bailey and Chef Tyler Florence. A softball game will follow with Fire vs. Police, along with additional activities.

Councilmember Lappert had no report.

Vice Mayor Furst gave the following report:

- She attended the ABAG/MTC Open House and the 3 proposed scenarios were distributed which relates to how dispersed the housing will likely be under these different scenarios. Corte Madera's numbers were not as bad as the 2007-2014

- numbers. She would like to understand what the underlying assumptions were and said the scenarios do not feed into the calculations for RHNA which is the housing quota. Plan Bay Area will be updated every 4 years and will affect transportation and how housing is dispersed to help determine allocation of transportation funds.
- She attended the TAM Board meeting and shared that TAM, due to regional and state requirements, is developing a new computer travel model which helps track and forecast how traffic moves in communities. The model will include cyclists and pedestrian counts, will be available for the Town to use at a cost which may be helpful for Vehicle Miles Traveled (VMT) modeling in future CEQA EIR processes. It is now required under SB 743 which changed the way traffic is analyzed under CEQA. It went from a Level of Service (LOS) which measures delays and backups to VMT.
  - She attended and reported on a TAM Safe Routes to School meeting:
    - Corte Madera has put forth a project for OBAG 2 funding and is one of eight applicants. The amount requested by Corte Madera is \$689,000 for a multi-use pathway along Paradise Drive between San Clemente and Sea Wolf, and the total amount requested by all applicants is close to \$3 million.
    - She also learned at the Safe Routes to School meeting that other cities have required private schools to create transportation plans as part of an approval process during permitting for construction or expansion.

Mayor Bailey gave the following report:

- The Town received a proclamation from Lieutenant Governor Gavin Newsom and read a portion of it, which reads, "Whereas, during their 100 years as an incorporated town, Corte Madera has served as an example of excellence for the State of California; and Now, Therefore, I Gavin Newsom, do hereby congratulate the Town of Corte Madera on their Centennial Celebration of 2016."
- Director of Planning & Building Report on Tamal Vista East Corridor Study
  - The Town posted notice on Friday regarding the Draft Report on the Tamal Vista East Corridor Study. Recommendations will be discussed at the Planning Commission's June 14<sup>th</sup> meeting and staff expects to bring the report to the Town Council in July. Subsequent to the Final Report implementation of ordinance amendments are scheduled to be considered in August and September.

Councilmember Andrews stated the Army Corps of Engineers published notification and a permit application behind the hotel and he asked for the Town's involvement in the permitting process. Director of Planning and Building Adam Wolff clarified that this is between the Army Corps of Engineers and the applicant. Town Manager Bracken added that the Town will be commenting on the application.

## 5. CONSENT CALENDAR

- 5.I Waive Further Reading and Authorize Introduction and/or Adoption of Resolutions and Ordinances by Title Only. (Standard procedural action – no backup information provided)
- 5.II Adopt Resolution 20/2016, Authorizing Submittal of Application for Payment Program Funding and Related Authorizations with the Department of Resources Recycling and Recovery (CalRecycle), as Required Prior to Submittal of Funding Requests  
(Report from Kelly Crowe, Associate Civil Engineer)
- 5.III Adopt Resolution 21/2016, Endorsing the Summer Concert Series Run By the Corte Madera Community Foundation and Approving Temporary Banner Signs in the Public Right-of-Way From June 21, 2016 through July 26, 2016.  
(Report from Adam Wolff, Director of Planning and Building)
- 5.IV Adopt Resolution 22/2016, Determining the Public Convenience or Necessity to Sell Beer Within the Outdoor Enclosed Dining Area of Stang’s Hot Dogs and Sausages Food Kiosk Within the Common Area of the Village at Corte Madera Center, 1618 Redwood Highway, APN 024-032-030  
(Report from Phil Boyle, Senior Planner)
- 5.V Adopt Resolution No. 23/2016, Authorizing the Town Manager to Execute a New 10-Year Joint Powers Agreement Among Marin Cities, Towns Fire Departments and Fire Districts for Hazardous Materials Spills Management, Governed by the Marin County Fire Chief’s Association  
(Report from Scott Shurtz, Interim Fire Chief)
- 5.VI Approve Warrants and Payroll for the Period 5/11/16 through 5/31/16: Warrant Check Numbers 213631 through 213777, Payroll Check Numbers 5207 through 5220, Payroll Direct Deposit Numbers 29516 through 29638, and Payroll Wire Transfer Numbers 2010 through 2017.  
(Report from George T. Warman, Jr., Director of Administrative Services/Town)

MOTION: Moved by Condon, seconded by Furst, and approved unanimously by the following vote: 5-0 (Ayes: Andrews, Condon, Furst, Lappert and Bailey; Noes: None)

To approve the Town Consent Calendar Items 5.I, 5.II, 5.III, 5.IV, 5.V and 5.VI

## 6. PUBLIC HEARINGS

The Town Council convened as the Sanitary District Board of Directors.

### 6.I SANITARY DISTRICT ITEMS:

- 6.I.i Consideration and Possible Action to Approve Proposed Resolution No. 01/2016 Establishing the Sanitary District Appropriation Limit For 2016-2017  
(Report from George T. Warman, Jr., Director of Administrative Services/District Treasurer)

Director of Administrative Services/District Treasurer George Warman stated this is an annual requirement and sets the appropriation limit for the Sanitary District is \$10,117,647 for FY 2016-2016. The reason why the District is required to have an appropriation limit is because it has a property tax levy. If it had no levy, it would be funded by the sewer service charge and by other service charges, federal and state grants.

Mr. Warman stated a reason why the sewer service charges remained fixed for the last several years was because of the increase in the assessed valuation which drives property taxes. The Central Marin Sanitation Agency (CMSA) has a projection that their costs will be increased to member agencies, and it is possible that because of increases, it may not require an increase in the District's sewer service charge.

The estimated proceeds of taxes for the Sanitary District is just over \$3 million and the appropriation limit is over \$7 million below the limit, so the effect is that the GAN limit has no fiscal impact on the District this year or for the foreseeable future. Therefore, the recommendation would be for the District to adopt Resolution No. 01/2016 setting the appropriation limit for the Sanitary District at \$10,117,647 for FY 2016-2017.

President Bailey opened the public comment period and there were no speakers.

MOTION: Moved by Furst, seconded by Lappert, and approved unanimously by the following vote: 5-0 (Ayes: Andrews, Condon, Furst, Lappert and Bailey; Noes: None).

To adopt Resolution No. 01.2016 Establishing the Sanitary District Appropriation Limit for 2016-2017

The Sanitary District Board convened as the Town Council.

## **6.II TOWN ITEMS:**

6.II.i Consideration and Possible Action to Approve Proposed Resolution No. 18/2016 Establishing the Town Appropriation Limit For 2016-2017  
(Report from George T. Warman, Jr., Director of Administrative Services/Town Treasurer)

Director of Administrative Services/District Treasurer George Warman stated this is an annual requirement and sets the appropriation limit for the Town which is \$13,540,628 for FY 2016-2016. He said this only applies to the general unrestricted proceeds of taxes. The available unrestricted general purpose tax revenue is \$15,550,000 and this number is about \$18,991,000 below the allowable limit and it includes the sales tax override which is about \$2.6 million. The Council can see that the GAN limit has no fiscal impact on the Town in FY 2016-2017 nor does it appear it will for the foreseeable future.

Each year in the report filed with the State Controller's Office, a reconciliation report is prepared showing the actual proceeds of taxes at the end of each year. For the last 15 to 20 years the Town has been way below the limit. The recommendation is to adopt Resolution No. 18/2016 which would set the 2016-2017 appropriation limit for the Town of Corte Madera at \$13,540,628.

Mayor Bailey opened the public comment period and there were no speakers.

MOTION: Moved by Furst, seconded by Andrews, and approved unanimously by the following vote: 5-0 (Ayes: Andrews, Condon, Furst, Lappert and Bailey; Noes: None).

To adopt Resolution No. 18/2016 Establishing the Town Appropriation Limit for 2016-2017

6.II.ii Consideration and Possible Action to Introduce an Ordinance to Amend Chapter 16.10 of the Municipal Code, "Flood Damage Prevention"  
(Report from Kelly Crowe, Associate Civil Engineer)

Associate Civil Engineer Kelly Crowe stated the change proposed is to Chapter 16 of the

Municipal Code; Flood Damage Prevention. As background, the Town is a participant of the National Flood Insurance Program and as required, the Town had to adopt an ordinance, enforce an ordinance and maintain an ordinance.

Maintaining the ordinance requires updating the Municipal Code. A key reason is derived from FEMA rate maps which became effective March 16, 2016 and per new FEMA maps, the base flood elevation increased by 1 foot. As a result, the elevation shown in the Municipal Code is inconsistent with that elevation and the Town must update it to be consistent with federal law and participating in the National Flood Insurance Program (NFIP). He requested the amendments be adopted by the Council and that the Town be consistent with FEMA flood insurance rate maps and federal law in participating with the NFIP.

Vice Mayor Furst stated the changes included adding something about “all new construction or substantial improvements.” She asked if the Town should define “substantial improvements” or she asked if it was defined elsewhere.

Mr. Crowe stated this is defined in the Municipal Code and a “substantial improvement” is considered an improvement greater than 50% of the market value of the structure.

Mayor Bailey opened the public comment period and there were no speakers.

MOTION: Moved by Condon, seconded by Furst, and approved unanimously by the following vote: 5-0 (Ayes: Andrews, Condon, Furst, Lappert and Bailey; Noes: None).

To introduce an ordinance to amend Chapter 16.10 of the Municipal Code, “Flood Damage Prevention”

## **7. BUSINESS ITEMS**

The Town Council convened as the Sanitary District Board of Directors.

### **7.I SANITARY DISTRICT ITEMS:**

- 7.I.i Consideration and Possible Action to Approve Response from Sanitary District No. 2 to the Marin County Civil Grand Jury Report Entitled 2015-16 Web Transparency Report Card: Bringing Marin County's Local Government to Light  
(Report from Rebecca Vaughn, District Clerk)

District Clerk Rebecca Vaughn stated the District received review of the Grand Jury's report which awarded the District a B- grade. She brought up the Town's website to be easily navigate-able to the general public and the District is being asked to approve the response. In order to do this, a form is required to be completed and submitted stating the District agrees or disagrees, or agrees/disagrees in part, with the recommendations made in the report.

Ms. Vaughn stated she reviewed their best practices and made what she thought was a complete recommendation. The Grand Jury disagreed on several parts and she asked for an early grading of the District's website in order to make adjustments. She learned early on that the District received a B- grade and one requirement was to increase the previous grade or to exceed a B- level. She is working on several improvements which should be enacted by July 1<sup>st</sup> in which case the Grand Jury would most likely re-grade. Therefore, she indicated that the District was in agreement with the Grand Jury's recommendations; that parts have been enacted in part, and those which have not would be enacted on July 1<sup>st</sup>.

Boardmember Condon thanked the District Clerk on her response. She referred to Finding 4 where the Grand Jury reports that “the County of Marin does not currently publish a definitive list of all of its dependent special districts and JPAs.” This relates to Senator

McGuire's legislation which hopefully will be enacted.

Ms. Vaughn noted that this was particularly a difficult set of suggestions to enact because the Sanitary District, unlike other districts in the county, does not have a self-standing website. It is subsidiary to the Town and it exists on the Town's website as a page on the Town's website. Much of what the Grand Jury requested was duplication of efforts where she was tasked to recreate many pages and change names from "Town" to "District" and "Councilmember" to "Boardmember". However, she did this and it was well-received by the Grand Jury.

President Bailey opened the public comment period.

GEORGE WARMAN stated the County of Marin refuses to recognize that Sanitary District No. 2 is the only subsidiary district in the County. It is not a self-standing special district and the County is treating it as such. He noted that when Proposition 13 passed there were 75 remaining subsidiary districts, almost all of which were in Los Angeles County. One in Marin County has since been dissolved, which was the Belmont Fire District. Pursuant to the Municipal Reorganization Act, which Ms. Vaughn cited as the authority for Sanitary District No. 2, again, the Grand Jury simply refuses to recognize this fact, and he commended her for her work in satisfying their requirements.

Boardmember Lappert said the District has always been the focus of other agencies wanting to merge with the District, and he wanted to ensure that the Town was not giving up its ownership and oversight of Sanitary District No. 2.

Boardmember Condon agreed this had been the case as one city has been pushing to merge with the District and use Corte Madera's funds as an emergency fund to upgrade their systems, which have not been maintained over time. This would cause eventual degradation of the Sanitary District No. 2.

Boardmember Lappert suggested discussion to keep the Sanitary District No. 2 as a website page, given it is Corte Madera's district. Ms. Vaughn commented that she did request that the IT Manager create a domain name which takes viewers to the page on the Town's website and this was submitted to the Grand Jury.

Vice President Furst asked staff to provide her with the differences between a subsidiary district and a JPA. She believes a JPA is a separate agency. Boardmember Condon directed her to the LAFCO website.

Vice President Furst suggested adding a second paragraph in the cover letter stating that Sanitary District No. 2 is a subsidiary district of the Town of Corte Madera and is not a separate agency such as a JPA; that it is the only subsidiary district in Marin and its responsibility falls wholly within the purview of the Town of Corte Madera. Also, regardless of this, the Town has still implemented the suggestions to improve the website for the Sanitary District, as the District recognizes the differences between a district and the JPA which the general public may not be aware of.

Ms. Vaughn asked if she should disengage the URL for the district or maintain it.

Boardmember Lappert suggested not providing this to the Grand Jury.

Vice President Furst stated that LAFCO is currently studying sanitary districts and CMSA as the water treatment plant and potential consolidation with Ross Valley Sanitary District and San Rafael Sanitary District. She thinks it is incredibly important that the District ensure that its interests of ratepayers are protected. She proposed the additional wording to the letter and disengaging the alternative URL.

President Bailey thinks the statutory authority is clear with enabling legislation, but he said he was amenable to disengage the alternative URL.

Vice President Furst suggested adding one sentence on the website about why Sanitary District No. 2 was incorporated as a subsidiary district to the Town of Corte Madera, such as “this was done to improve efficiency.” Ms. Vaughn stated this is already included on the website.

MOTION: Moved by Furst, seconded by Condon, and approved unanimously by the following vote: 5-0 (Ayes: Andrews, Condon, Furst, Lappert and Bailey; Noes: None).

To approve the Response from Sanitary District No. 2 to the Marin County Civil Grand Jury Report Entitled *2015-16 Web Transparency Report Card: Bringing Marin County's Local Government to Light*, with the additional proposed language to be included in the cover letter

## **7.II TOWN ITEMS:**

7.II.i Refinance of 30-Year 2006 Park Madera Center Certificates of Participation (Bonds Dated September 28, 2006) for Remaining 20 Years of Certificates (Bonds) With Maturity (Final Payment) Remaining February 1, 2037

1. Adopt Resolution 15/2016, A Resolution of the Town Council of the Town of Corte Madera Authorizing Delivery and Sale of Refunding Certificates of Participation to Refinance Outstanding 2006 Certificates of Participation, and Approving Related Documents and Actions

And

2. Approve a Supplemental Appropriation of Both the Revenues and Expenditures of the Refinancing Transaction

(Report from George T. Warman, Jr., Director of Administrative Services/Town Treasurer)

Director of Administrative Services/District Treasurer George Warman stated this is a continuation of an item the Town Council considered on May 17, 2016. Based on discussions at the last meeting, Mr. Craig Hill from NHA Advisors and James Wawrzyniak of Jones Hall incorporated wording into the legal documents on the proposed refinance. Mr. Hill has prepared a memorandum explaining the make-whole redemption provision which is attached to his staff report, and Mr. Hill could respond to any question of the Council.

The other item not included in his staff report relates to Vice Mayor Furst's question on the redemption schedule. Rob Schmidt, Vice President, NHS Advisors, prepared a redemption schedule based on assumptions they believe are valid at this time and this can be displayed on the overhead. He said savings based on assumptions at this point in the refinance over the remaining 20 year period would be \$1,135,000. This is an estimate and the Town will not know the exact amount if the Council approves the refinance and when it hits the market. This is why the preliminary official statement does not have the redemption schedule in it, as it will not be known at this time.

Vice Mayor Furst said considering the appraisal value came in over the outstanding current principle and the amount the Town is seeking to refinance, she asked why the other properties are needed as collateral, such as Town Hall and the Fire Station.

Additionally, she said Councilmember Andrews had brought this to her attention and she asked why the Town would not consider putting up as collateral only Town properties that are used as Town properties so bonds could be tax-free and the Town could receive a much more favorable rate. She asked if both of these options have been considered.

Craig Hill, NHA Advisors, said with regards to assets that are securing the financing, the way rating agencies looks at this is because it is a COP or a lease, there is an appropriation. Every year, the Council, as part of their budget process, appropriates a certain amount to pay debt service which is an annual obligation and not one large 20 year obligation.

He said if the Town were to get into a financial bind and the only leased asset was the Park Madera Center, there is a higher probability that if the Town does not make a debt service payment for one year the rating agencies believe that the likelihood of an essential asset not being available is much lower, and it therefore has a rating impact.

Mr. Hill explained that it is possible that they could just commit the Park Madera Center because they have an appraisal that shows the center has a value in excess of what the financing amount would be. Under state law, they will meet lease rules, but it also potentially could negatively impact the rating they would receive, which would mean a higher interest rate. Their recommendation would be to keep the same asset pool together because the Town is receiving the benefit of improving the credit with these other essential assets.

Vice Mayor Furst said if the Town was able to create a pool of properties to put up as collateral such as the Town Center or Fire Station that would meet the requirements or \$9 million, she asked if the Town would qualify for tax free bonding and would it provide a favorable rate.

Mr. Hill said the Town could pool together any other set of assets and it does not have to be Park Madera Center. They must simply come up with a basket of properties that have sufficient value of \$9-\$10 million to meet the lease or rental rules of the State. This does not necessarily remove the taxable versus tax-exempt nature because of what the original use of the proceeds were in 2006. The Town used the proceeds to acquire a property that is used for private use. The IRS does not provide the benefit of allowing it to be tax-exempt. The only way the Town could get to a tax-exempt state is to repurpose the property as a Town or public use.

Councilmember Condon said if the gas station were to decide it wanted to close, she asked if there were non-profits that wanted to partner with the Town, she asked if it would be considered tax-exempt to qualify a public use tied into the Community Center. Mr. Hill said from a business perspective, the Town's revenue stream it receives from the Center helps offset the operations as well as the debt service of the COP. If the Town were to convert it to an all-public use, the question is whether the differential in rental income would be greater or less than the interest savings the Town will receive from a tax-exempt rate. The Town would need to look at whether realistically it would be worth making it a public use facility versus a for-profit operation like it is now.

James Wawrzyniak, Jones Hall, concurred with Mr. Hill's responses relating to the fact it is the use of proceeds that determines whether the Town would have a tax-exempt or a taxable financing.

To Councilmember Condon's question if the Town began using part of the space for public purposes, the Town could refinance the bonds in the future. If the Town moves forward with this proposed transaction, it is a taxable transaction and it could not be converted but the Town could refinance it in the future where part of it was still private and part of it was still public.

Vice Mayor Furst asked if the Town was still assuming an 8 year call and she asked for estimated costs.

Mr. Hill said they discussed this with the underwriters and, given the nature of this 20 year taxable COPs, they do not have to have a fixed non-call period. The protection does not need to be built into documents and the documents drafted before the Council tonight has removed that provision. In lieu of that, there is a make-whole redemption clause and the investor agrees that the Town at any time could ask to pay off the debt. They would ask

that it could be done without any penalties or cost after the 8 years; however, in the beginning, the make-whole clause is a formula whereby an investor, in the event the market goes down or interest rates go lower than they are today, their reinvestment risk increases. If the market goes from 4% to 5%, the investor would be happy to get their money back because they can re-invest it at the higher percentage rate.

Therefore, the make-whole clause provides the Town with full flexibility to pay off all or a portion of the debt with proceeds of a sale. The only potential cost would be the differential between what the interest rate market is today and the interest rate at the time the Town notifies they can be paid off over 8 years and the odds of owing a premium are insignificant.

Mayor Bailey asked what the cost would have been under the traditional no-call provision if the Town sold the bonds after their issuance. Mr. Hill said at the last meeting, they looked at what would occur at year 3 of an 8 year call which would create a 5 year escrow. The effective cost of that on what they considered to be \$10.5 million was the outstanding principle which would be approximately \$200,000. This assumes today's reinvestment market.

Vice Mayor Furst referred to the staff report which states that a high estimate would be \$500,000 but in NHA Advisor's report it states "delivery date expense of \$377,259." Mr. Hill confirmed and stated that \$350,000 to \$375,000 was their working budget right now.

Mayor Bailey opened the public comment period and there were no speakers.

Vice Mayor Furst said she understand the COPs and she looks as this as a loan. She put together an amortization schedule for the existing loan and a refinance loan which she provided. She referred to page 3 and said in looking at a home loan and considering 30 years and how much will go towards interest and principle and what it does to the principle balance. Unfortunately, when starting out with a loan, most of the payment is going towards interest.

She pointed to the first 10 years of the Town's existing loan of \$10,575,000 and the payment. Over 10 years, the Town has made \$7,698,000 in payments. Almost \$6 million of this has gone to interest with approximately \$1.7 million to pay down the principle. Below those calculations are similar calculations over 20 and 30 year totals.

The next page is an amortization schedule under the new loan amount and the new rate which is close to what is identified in the staff report. Over the next 4 years, if the Town refinances, it will pay \$2.8 million in order to pay down about \$1.3 million in principle. \$1.5 million would go straight to interest and while there is not the 8 year payback unless interest rates go lower.

She then referred to page 1 of her document which identifies scenarios:

- Scenario 1 is that the Town does not refinance and holds the property. Annual cash outlay is about \$770,000. Over 30 years, in order to pay off the entire loan, the interest is \$12,519,000.
- Scenario 2 is that if the Town sells now, she thinks if the Town would receive \$9 million and would be able to pay off the existing balance, it would still be at a loss of \$6 million from interest.
- Scenario 3 is that if the Town does not refinance and sells the property in 4 years, the Town would need to make over the next 4 years another \$3 million in payments which would provide more equity. If the Town were able to sell the property for \$9.5 million, the balance is \$7.8 million, with \$8 million in interest paid, with a net gain and loss of over \$6 million.
- Scenarios 4 relates to refinancing. If the Town refinances and holds the property, the total interest over 30 years is \$10,741,000.

- Scenario 5 would need to be re-calculated a bit because there is not the 8 year call.
- Scenario 6 is that if the Town refinanced and sold the property in 8 years, over the next 8 years, the Town would need to make \$5.7 million in payments of which \$2.8 million of that will go straight to interest. Assuming the Town can sell the property for \$10 million, the bond principle at that point is \$6.7 million and net gain/loss is about \$5.5 million.

She said the Town is not gaining a lot as compared to Scenario 2 or if the Town sells the property now. The difference is only about \$470,000. While she does not think the Town needs to sell the property right away, the numbers in the various scenarios are large with very large interest amounts. Therefore, she did not believe the Town needed to rush into refinancing without considering what the Town might want to do with the property. She said possibly the Council would want to subdivide the parcel and sell part of it, rezone it to precisely what they want to see there. She suggested possibly taking the back half of the property and rezoning it for senior housing. At the front of the property there is an incredibly popular Café Verde, an attractive local serving bank and a gas station that has a long lease.

The Town could also potentially take the small building behind Café Verde and part of the parking lot and keep that for the Town and build some flexible space which Café Verde or the Town could use if they have special events and activities, classes, etc.

While these things are not going to be decided tonight, she thinks it is something that the Town should start thinking about and considering before jumping into refinancing. She noted that right away, the cost of the refinance will be \$350,000 to \$375,000. Mr. Hill had indicated in his email that if the Town decided to sell within a few years it does not make sense to refinance and this is what she thinks the Town should be concentrating on now.

Councilmember Lappert said he did not see this as some sort of financial scheme or cost benefit analysis. The Town has a piece of property and it will never have that opportunity again. The Council decided at the time that it was based on the notion of thinking well ahead into the future, and the Town will be thankful it had the foresight to ensure the integrity of the park remain whole because it is the one thing in town which is the focal point of the town. The town does not have a true Town Center except for the park and the Council thought about the fact that this property could be sold at some time in the future and use the proceeds to either pay it down or make the park a Town Center. He said he did not want to muddy the water with the Community Center as part of the discussion. This is purely land banking or an investment for children not born yet. When the population soars to double of what it is now, there will still be a large green patch in the community that cannot be changed. Therefore, this is philosophical and has nothing to do with interest payments or the costs to refinance.

Councilmember Condon concurred with Councilmember Lappert and agreed that a lot is paid in principle over a 30 year period. If the Town sells this property it will never get another chance at it again. They depend on it for community use and she was in agreement that the Town paid too much for it, but the value to the Town and its uses still remain. To be able to guarantee \$90,000, if the Town refinances it is certainly better than zero. She thinks that the Town will not sell the property very soon and it seems logical to refinance it. She feels very protective of the property because regardless of rezoning, the Town may not get a chance to have any say in zoning. The property is an asset and there are many opportunities for community use, and she feels the Town needs to be patient as the property is valuable to keep.

Councilmember Andrews said when he looks at the original purpose and how it was handled, he is flabbergasted. He said his company sold a building on the east coast and letters were received from the purchaser in advance with lease terms and while the Town overpaid for the property, it still owes the money. A way to minimize the cost is to

refinance, but he also thinks the Council should have a discussion of whether the property needs to be disposed. One way to do this is an outright sale and secondly, a long term land lease. This way, over time the land would revert to the Town. He said the University of California San Diego has developed housing near their campus and the leases will expire in 2050 and this is something the Town could consider doing.

He said the Town also leases out the center and they expire anywhere between 4 and 7 years, except for the gas station, and this should also be considered. They also need to think through what sort of restrictions to put on the land. To sell it outright, he could see a developer asking for similar zoning as the WinCup site right next to the Town's park. Therefore, he would like a separate discussion of disposing the Park Madera Center from this underwriting.

Mayor Bailey asked and confirmed that Councilmember Andrews was in favor of the refinance and having a separate discussion about disposal of the property which will take a while.

Councilmember Condon said so everybody is aware, it has been passed in the State of California that if affordable housing units are built, it requires no parking and this has been signed by Governor Brown. Councilmember Andrews stated if the Town leases the land, it would have control over it.

Mayor Bailey said the immediate issue is whether or not to refinance and he thinks there is concurrence to do this. He said Vice Mayor Furst makes smart comments about options available to the Town. The only thing that the options presented tonight is somewhat speculative. What the Town knows it gets by refinancing immediately rather than holding off the decision is that the Town will save approximately \$90,000 a year. While he respects the scenarios presented, he is not sure how they would play out. While the Town saves money refinancing, it is still a loss but mitigating damages.

Mayor Bailey said he was sympathetic to Councilmember Lappert's long-term argument. He believes the Council's role is to set up things for children and their children. If there is an opportunity to set this up in a way so they have an opportunity to do something with the property that benefits the town by expanding the park or developing a public building, there is a tangible benefit to that if it can be done without sacrificing the Town's finances in the interim and he would think it can be done.

He agrees that the Town is not about to resell the property and since this will not occur in the short term, there is no downside to saving the money with the refinancing immediately, and he was in favor of knowing what is going to happen while leaving options open. He agrees with Councilmember Andrews' comments, but disagrees the Council should revisit how it got there which is not helpful to dwell on. He agrees that the Town should consider a long-term lease or sale as options and be mindful that current leases are coming due, except for the gas station. They should also seriously consider restrictions on land and Town staff can comment on this. He therefore believes the Council should move forward with refinancing as proposed.

Vice Mayor Furst asked if the Town could enter into a long term lease with this COP with leases in place.

Mr. Hill said no; these would be assets pledged for the security of the bondholders so the Town would not be able to further encumber them with a lease.

Vice Mayor Furst said the Town could lease individual properties to tenants for a particular period of time, as is currently done. Mr. Hill said yes and this will be disclosed to bondholders.

Vice Mayor Furst pointed out that if the Town were to refinance, it would not be able to enter into a long term lease unless it refinanced again. She also said the Town is assuming \$377,000 in cost. If saving \$90,000 a year, this is a 4.18 year break-even point. Mayor

Bailey said absent of that, the Town is losing money every minute.

Vice Mayor Furst asked if the Town would look at solving this in a couple of years and needing flexibility or was the Town willing to accept a certain amount of commitment here to stick this out for a bit to make it worthwhile.

Mayor Bailey said this is the sort of thing the Council is being asked to commit to and he was willing to commit to it.

Vice Mayor Furst said she thinks she is as well, but does not want to lose out about the conversation about what the plan is for the site. She thinks this discussion is really needed.

The public comment period was re-opened.

Councilmember Andrews said if the Town leases the land for 99 years for a lump sum payment, someone could put up whatever the zoning allows for.

Mr. Hill said as Mr. Wawrzyniak stated, any investor who is buying the bonds understands this is a private use retail center that has tenants. They are not doing a credit review on those tenants and they understand the Town is the obligor. If there are new tenants that come into the space under new terms, this is completely under the control of the Town.

The second question is if there is going to be reuse of the property. The Town would negotiate with a developer to do a ground lease for 50 years and this is going to be a material. They are going to want a security interest in that lease so they can do all improvements and receive construction financing. He said he would expect that the Town would develop a financing plan around this property and evaluate whether a lump sum will be given upfront as part of the 50 year lease, in which case the proceeds of which would pay down all or a portion of the obligation, therefore removing the lien from the property. The Town may have residual obligations on the Fire Stations and Town Hall, but the lien obligation would be removed on Park Madera Center. This will be written into the documents to preserve that right in the future; that there can be a partial redemption of the debt from proceeds of a sale, lease interest or whatever it is.

If the Town were to enter into an agreement whereby a developer was going to pay the Town \$2 million a year but nothing up front, that could be a problem and they would have to look at that. They would have to look at substituting another piece of property in so they could remove Park Madera Center from the leasehold interest for the financing. He suggested that as the Town's advisor, the Town should look at this holistically. If it is not just about debt but what the business plan is with a third party developer.

Councilmember Andrews likened this to a homeowner underwater on their mortgage and wants to pay it off and cannot close the transaction because they do not have the cash available for the unfunded principle. Mr. Hill said this is not accurate because right now, the aggregate appraised value of the assets of 2 Fire Stations, Town Hall and Park Madera Center add up to approximately \$15 million of which they will have an obligation at \$10.5 million. Therefore, if the Council were to choose to have a third party come in and develop something on the site and they only wanted to offer the Town \$2 million, this would be a problem. They will want it unencumbered and the Town does not have the resources to pay down the debt with only \$2 million on lease proceeds they would get from that third party. Therefore, this would be an impediment.

Vice Mayor Furst asked if it was okay if the Town were to rezone the property during the life of the COPs and restrict the types of use as long as they were not affecting existing operations. Mr. Hill said yes because the rating agencies are not looking at this as a revenue property. They are not evaluating the use of Park Madera Center for purposes of a revenue stream. If the Town were to convert it to community space, this would have no negative impact on the credit, the investors or the requirement to do anything different. It may have a financial hardship on the Town because it is not receiving rent on that particular portion of the center, but it would not affect the back side or financing side.

Mr. Wawrzyniak clarified that the documents contemplate that if the Town were to condemn the site, this would be a mandatory pre-payment to bondholders. Otherwise, rezoning is not contemplated by the documents.

Vice Mayor Furst said if the Town was to rezone for moderate mixed use and it would be difficult to quantify the value of the property at that time, she asked if it would require analysis. Mr. Wawrzyniak said he thinks this would be fine for the legal documents.

Mr. Warman noted that the guarantee on the loan is the Town's General Fund.

PATI STOLIAR, Casa Buena Drive, referred to the idea about the use of the center for community purposes, she spoke to Marin Space about having outposts of places like Whistlestop and the Jewish Family Service who pay rent for a position to be in Corte Madera and provide services. If there were a place the Town could provide, there could be those tenants.

Vice Mayor Furst said she thinks the Town's hands are going to be tied regardless; whether it holds onto the existing financial arrangement or if it refinances. She said there is a large outstanding balance that needs to be paid down as well as creditors, and she noted her analysis was strictly about financing. She did not take into consideration rental revenue which offsets costs. She does not think the Council will have an answer in the next 4 years so she thinks it is probably worthwhile to refinance and is glad the 8 year call is removed. She was comfortable with being on the hook with paying the differential between the current and future interest rate, recognizing that reduced interest rates are extremely slim. She can support the recommendation but thinks the Town should figure out what it wants to do with this site and she thinks it is time to consider what to do to ease the financial burden.

MOTION: Moved by Lappert, seconded by Condon, and approved unanimously by the following vote: 5-0 (Ayes: Andrews, Condon, Furst, Lappert and Bailey; Noes: None).

To Adopt Resolution 15/2016, A Resolution of the Town Council of the Town of Corte Madera Authorizing Delivery and Sale of Refunding Certificates of Participation to Refinance Outstanding 2006 Certificates of Participation, and Approving Related Documents and Actions

MOTION: Moved by Lappert, seconded by Condon, and approved unanimously by the following vote: 5-0 (Ayes: Andrews, Condon, Furst, Lappert and Bailey; Noes: None).

To Approve a Supplemental Appropriation of Both the Revenues and Expenditures of the Refinancing Transaction

7.II.ii Consideration and Possible Action to Approve Response from the Town of Corte Madera to the Marin County Civil Grand Jury Report Entitled 2015-16 Web Transparency Report Card: Bringing Marin County's Local Government to Light  
(Report from Rebecca Vaughn, Town Clerk)

Town Clerk Vaughn said the Marin Grand Jury awarded the Town an A+ on its efforts relating to web transparency. She said Recommendation No. 2 states that the "Agency should file and keep updated its Statement of Facts with the California Secretary of State and the Marin County Clerk as required by California Code 53051. What other towns in Marin are saying is this code does not apply to state and towns but to special districts and JPAs.

Given the Town is both a Sanitary District and Town and in responding to two separate

reports as such, Ms. Vaughn said she recommends the Town indicate it will file the Statement of Facts. The Town is not required to file any other recommendations because it exceeded the expectations of the Grand Jury in all other aspects.

Mayor Bailey opened the public comment period and there were no speakers.

Councilmembers commended Ms. Vaughn on the preparation of the response to the Grand Jury.

MOTION: Moved by Lappert, seconded by Condon, and approved unanimously by the following vote: 5-0 (Ayes: Andrews, Condon, Furst, Lappert and Bailey; Noes: None).

To Approve Response from the Town of Corte Madera to the Marin County Civil Grand Jury Report Entitled *2015-16 Web Transparency Report Card: Bringing Marin County's Local Government to Light*

7.II.iii Review of Draft June 21, 2016 Town Council Agenda

Mayor Bailey asked the Town Manager to include proposed Council meeting dates in the information.

Ms. Vaughn noted the dates are included in the Future Draft Agenda list which is posted on the website.

7.II.iv Approval of Minutes of May 17, 2016 Town Council Meeting

MOTION: Moved by Lappert, seconded by Condon, and approved unanimously by the following vote: 5-0 (Ayes: Andrews, Condon, Furst, Lappert and Bailey; Noes: None)

To approve the Minutes of May 17, 2016 Regular Meeting of the Town Council

**8. ADJOURNMENT**

The meeting was adjourned at 9:22 p.m. to the next regular Town Council meeting on June 21, 2016 at Town Hall Council Chambers.