

# TOWN OF CORTE MADERA

## **\$10,575,000** **2006 CERTIFICATES OF PARTICIPATION** **(Taxable)**

**Marin County, California**  
**Dated: September 28, 2006**  
**Base CUSIP<sup>+</sup>: 220508**



## **2010 ANNUAL CONTINUING DISCLOSURE** **INFORMATION STATEMENT**

**Dated March 31, 2011**

Also available at:



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## LIST OF PARTICIPANTS

<p><b>TOWN OF CORTE MADERA</b> <i><a href="http://www.ci.corte-madera.ca.us">www.ci.corte-madera.ca.us</a></i></p>
<p>George T. Warman, Jr. Director of Administrative Services &amp; Finance/Town Treasurer 300 Tamalpais Drive Corte Madera, California 94925</p>
<p><b>DISCLOSURE CONSULTANT &amp; DISSEMINATION AGENT</b></p>
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<p><b>UNDERWRITER</b></p>
<p>E.J. De La Rosa &amp; Co. Investment Bankers</p>
<p><b>SPECIAL COUNSEL</b></p>
<p>Jones Hall, A Professional Law Corporation San Francisco, California</p>
<p><b>TRUSTEE</b></p>
<p>Wade Winkler The Bank of New York Mellon Trust Company, N.A. 550 Kearny St. Suite 600 San Francisco, California 94108</p>

\* In its role as Disclosure Consultant and Dissemination Agent, Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.

## ***I. INTRODUCTION***

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Pursuant to an Official Statement dated September 13, 2006, the Town of Corte Madera (the "Town") issued \$10,575,000 2006 Certificates of Participation (Taxable) (the "Certificates"). The proceeds of the Certificates were issued to finance the acquisition of land and improvements constituting an office and retail center known as Park Madera Center.

The Town is located in Marin County, approximately eight miles north of San Francisco off U.S. Highway 101. East of the Town is the East Bay area, including the Cities of Oakland and Berkeley. Other nearby communities include the Cities of San Rafael and Mill Valley.

The Certificates are payable solely from the lease payments per a lease agreement for the premises, as defined in the Official Statement, the "Project" or "Park Madera Center" and retail buildings. The Town has covenanted to make lease payments as an obligation payable each year from the Town's general fund or any source of fund legally available for the payment, but not constitute a debt of the Town or of the State of California or of any political subdivision thereof.

This Annual Continuing Disclosure Information Statement is being provided pursuant to a covenant made by the Town for the benefit of the holders of the Certificates and includes the information specified in a Continuing Disclosure Certificate. For further information and a more complete description of the Town and the Certificates, reference is made to the Official Statement.

The information set forth herein has been furnished by the Town and by sources, which are believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement which involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the Town or any other parties described herein.

## II. CERTIFICATE INFORMATION

### A. PRINCIPAL OUTSTANDING

Certificates	As of February 11, 2011
2006 Certificates of Participation	\$9,965,000

### B. FUND BALANCE

Fund	As of February 11, 2011
Reserve	(1)
Reserve Requirement	\$747,079.88

(1) The Reserve Fund Requirement is being met with a surety bond with Ambac Assurance Corporation.

## III. FINANCIAL INFORMATION

The complete audited financial statements for the Town for the fiscal year ended June 30, 2010 will be separately filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") and are hereby incorporated by reference into this Annual Information Statement.

### A. COMPARATIVE GENERAL FUND FINANCIAL STATEMENTS

	2007	2008	2009	2010
Revenues:				
Taxes	\$12,185,555	\$13,353,881	\$12,933,565	\$11,828,004
Fines and forfeitures	21,250	3,690	4,918	1,208
Intergovernmental	858,744	434,288	487,008	229,617
Use of money and property	48,637	90,401	50,288	45,321
Charges for services	1,056,211	1,510,984	1,291,051	1,227,610
Other revenues	342,757	261,992	330,519	108,344
<b>Total Revenues</b>	<b>\$14,513,154</b>	<b>\$15,655,236</b>	<b>\$15,097,349</b>	<b>\$13,440,104</b>
Expenditures				
Current:				
General government	\$1,854,362	\$1,881,785	\$1,892,189	\$1,793,732
Community development	1,087,044	1,119,899	1,045,073	868,356
Public safety	7,139,191	7,709,041	8,649,087	7,386,609
Public works	1,779,045	1,804,312	1,639,123	1,682,968
Culture and leisure	1,735,201	1,850,402	1,757,833	907,248
Debt Service	142,032	160,792	230,792	357,905
<b>Total Expenditures</b>	<b>\$13,736,875</b>	<b>\$14,526,231</b>	<b>\$15,214,097</b>	<b>\$12,996,818</b>
Revenues over (under) expenditures	\$776,279	\$1,129,005	(\$116,748)	443,286
Other Financing Sources (Uses)				
Lease Proceeds	-	-	\$968,000	-
Transfers in	730,695	-	2,773,908	15,699
Transfers out	(1,494,215)	(1,961,230)	(1,466,355)	(615,669)
<b>Total other financing sources</b>	<b>(\$763,520)</b>	<b>(\$1,961,230)</b>	<b>\$2,275,553</b>	<b>(\$599,970)</b>
Net change in fund balances	\$12,759	(\$832,225)	\$2,158,805	(\$156,684)
<b>Fund balances:</b>				
Beginning of year	(590,073)	(577,314)	(1,409,539)	749,266
End of year	<b>(\$577,314)</b>	<b>(\$1,409,539)</b>	<b>\$749,266</b>	<b>\$592,582</b>

## B. TOTAL BUDGET FOR THE TOWN

	2009/10 Final Estimate	2010/11 Adopted Budget
<b>REVENUES:</b>		
Taxes		
Property tax	\$3,938,000	\$3,938,000
Sales and use tax	5,000,000	5,200,000
Transient occupancy tax	400,000	400,000
Chamber of Commerce	100,000	100,000
Franchise tax	765,000	846,000
Business license tax	455,000	460,000
Real property transfer tax	45,000	45,000
Library special tax	-	-
Property tax - in-lieu of MVLF	733,000	733,000
Paramedic special tax	364,000	397,000
Storm drainage tax	640,000	640,000
<b>Total Taxes</b>	<b>\$12,440,000</b>	<b>\$12,759,000</b>
Fines and forfeitures	\$33,000	\$33,000
Investment earnings	466,600	457,500
State motor vehicle license fees	25,000	25,000
State Gasoline Taxes	182,000	182,000
State Traffic Congestion Relief	90,000	90,000
State property tax relief	23,000	23,000
State sales tax public safety	60,000	60,000
State Mandated Cost Reimbursement	-	-
TAM Sales Tax Override	80,000	72,000
<b>Subtotal</b>	<b>\$959,600</b>	<b>\$942,500</b>
Charges for services	\$1,844,000	\$1,901,000
Grants and other	395,100	1,039,000
Proceeds TRANS	3,460,000	3,460,000
<b>Subtotal</b>	<b>\$5,699,100</b>	<b>\$6,400,000</b>
<b>Total Revenues</b>	<b>\$19,098,700</b>	<b>\$20,101,500</b>
<b>EXPENDITURES:</b>		
General government	\$1,815,500	\$1,812,200
Community development	877,200	701,300
Public safety	7,281,500	7,331,600
Public works	1,827,900	1,812,700
Capital projects	650,000	3,125,000
Debt Service	1,012,800	1,014,400
TRANS repayment	3,584,000	3,584,000
Culture and leisure	1,971,800	2,100,600
<b>Total Expenditures</b>	<b>\$19,020,700</b>	<b>\$21,481,800</b>
Revenues over (under) expenditures	\$78,000	(\$1,380,300)
Other financing sources/uses		
Savings/deferrals	\$-	\$1,500,000
<b>Total Other</b>	<b>\$-</b>	<b>\$1,500,000</b>
Fund balances:		
Beginning of year	\$633,500	\$711,500
<b>End of year</b>	<b>\$711,500</b>	<b>\$831,200</b>

### C. GENERAL FUND REVENUES BY SOURCE TYPE

<b>Fiscal Year</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
Property Tax	\$4,035,548	\$5,232,406	\$5,263,304	\$4,630,655
Sales and Use Tax	5,921,805	5,822,064	5,310,483	5,034,997
Transient Occupancy Tax	609,644	655,053	567,229	524,561
Franchise Tax	602,922	646,884	785,718	768,610
Business License Tax	472,331	501,450	495,942	456,632
Real Property Transfer Tax	122,561	78,088	53,343	48,305
Library Special Tax	126,126	124,848	125,989	-
Paramedic Special Tax	294,618	293,088	331,557	364,244
<b>Total Taxes</b>	<b>\$12,185,555</b>	<b>\$13,353,881</b>	<b>\$12,933,565</b>	<b>\$11,828,004</b>

## IV. OPERATION INFORMATION

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### A. ASSESSED VALUATIONS

Fiscal Year	Secured Valuation	Utility Value	Unsecured Valuation	Total Assessed Valuation
2005/06	\$1,780,622,805	\$596,474	\$114,504,768	\$1,895,724,047
2006/07	1,926,263,094	596,474	109,238,810	2,036,098,378
2007/08	2,056,150,020	596,474	115,768,278	2,172,514,772
2008/09	2,209,437,143	846,376	118,067,969	2,328,351,488
2009/10	2,268,044,786	846,376	122,446,799	2,391,337,961

Source: County of Marin.

### B. TAXABLE TRANSACTIONS

- The following table shows taxable transactions (\$'s in thousands) in the City by type of business from calendar years 2005 through 2008.

Business	2005	2006	2007	2008
Apparel stores	\$65,770	\$60,024	\$58,952	\$89,807
General merchandise stores	101,497	103,680	103,474	66,559
Food stores	13,400	12,016	12,438	13,197
Eating & drinking places	34,898	35,734	38,479	40,035
Home furnishings & appliances	39,486	29,721	29,509	32,292
Building materials & farm implements	25,152	25,464	23,520	18,540
Auto dealers and auto supplies	119,736	110,517	108,401	84,631
Other retail stores	73,019	74,976	73,173	71,361
<b>Retail Stores Totals</b>	<b>\$472,958</b>	<b>\$452,132</b>	<b>\$447,946</b>	<b>\$416,422</b>
All other outlets	60,381	66,676	80,090	82,139
<b>Total all outlets</b>	<b>\$533,339</b>	<b>\$518,808</b>	<b>\$528,036</b>	<b>\$498,561</b>

Source: State Board of Equalization

Note: Totals may not add up due to rounding.

2. The following table shows taxable transactions (\$'s in thousands) in the City by type of business with revised categories released by the State Board of Equalization beginning calendar year 2009.

<b>Business</b>	<b>2009</b>
Clothing and Clothing Accessories Stores	\$117,953
Food Services and Drinking Places	37,059
Food and Beverage Stores	14,231
Home Furnishing and Appliance Stores	36,140
Bldg. Matrl. and Garden Equip. and Supplies	11,039
Motor Vehicle and Parts Dealers	71,420
Other Retail Group	104,048
<b>Total Retail and Food Services</b>	<b>\$391,891</b>
All Other Outlets	69,200
<b>Totals All Outlets</b>	<b>\$461,091</b>

Source: State Board of Equalization

Note: Totals may not add up due to rounding.

### **C. PROPERTY TAX COLLECTIONS**

The County of Marin has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan, the participating local agency, such as the Town, levying property taxes in their respective county may draw on the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county retains all delinquent taxes, interest and penalties as collected, that would have been due the local agency.

### **D. RETIREMENT PROGRAM**

**Public Employees' Retirement System.** The Town contributes to the California Public Employee's Retirement System ("**CalPERS**"), an agent multiple-employer public employee retirement system that acts as a common investment and, administrative agent for participating public entities within the State of California.

All permanent and temporary employees who work more than 1,000 hours in a fiscal year are eligible to participate in the CalPERS. Benefits vest after 5 years of service. Benefits for employees vary based upon final yearly compensation, safety or non-safety status, length of service and age at retirement. CalPERS also provides death and disability benefits.

**Funding Policy.** Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The Town makes the contributions required of some Town employees on their behalf and for their account. The Town is required to contribute at an actuarially determined rate; the FY 2009/10 rate is 16.922% for miscellaneous employees, and 33.930% for safety employees, of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by CALPERS.

**Annual Pension Cost.** For 2010, the Town's annual pension cost of \$1,577,757 for CalPERS was equal to the Town's required and actual contribution. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% of investment rate of return (net of administrative expenses) and (b) 3.55% to 14.45% projected annual salary increases that vary by age, duration of service and type of employment. Both (a) and (b) included an inflation component of 3%, payroll growth of 3.25%, and annual production growth of 0.25%.

#### **E. ELIGIBLE INVESTMENTS AND DIVERSIFICATION**

The ultimate goal of the Town's Investment Policy is to enhance the economic status of the Town while protecting pooled cash. The Town's criteria for selecting investments, in the following order of priority are:

1. Safety: The safety and risk associated with an investment refers to the potential loss of principal, interest, or a combination of these amounts. The Town only operates in those investments that are considered very safe.
2. Liquidity: This refers to the ability to "Cash in" at any moment in time with a minimal chance of losing some portion of principal or interest.
3. Yield: Yield is the potential dollar earnings an investment can provide, and sometimes is described as the rate of return.

**F. GENERAL FUND LONG TERM DEBT**

**(a) Long Term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2010:

	<b>Balance June 30, 2010</b>
<b>Governmental Activities:</b>	
Capital Lease Obligations	\$548,609
Court Fines	51,641
Lease Purchase	940,005
Net OPEB obligation	1,389,000
Liability for claims	723,000
Total governmental activities	<b>\$3,652,255</b>
<b>Business-type activities:</b>	
2006 Certificates of Participation	\$10,130,000
Total business-type activities	<b>\$10,130,000</b>
Due within one year	\$331,157
Due after one year	11,339,098
Net OPEB obligation	1,389,000
Liability for claims	723,000
Total	<b>\$13,782,255</b>
	<b>Total</b>
Due within one year	\$331,157
Due after one year	11,339,098
	<b>\$11,670,255</b>

**(b) Capital Lease Obligations**

On August 15, 2005, the Town entered into a 9 year 10 month Site Lease with Municipal Finance Corporation to finance the acquisition of certain real property within the Town limits. The total amount financed was \$1,000,000 with an annual interest rate of 4.35% for total payments of \$1,232,708. The agreement requires semi-annual payments of \$61,635.40 until June 15, 2015.

**Capital Lease Obligations**

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Annual Total</b>
2011	\$100,487	\$22,784	\$123,271
2012	104,906	18,365	123,271
2013	109,519	13,752	123,271
2014	114,335	8,936	123,271
2015	119,362	3,907	123,269
	<b>\$548,609</b>	<b>\$67,744</b>	<b>\$616,353</b>

**(c) Court Fines**

As a result of an audit by the State, the County of Marin discovered overpayments for fines and forfeitures related to traffic school to the Town of \$170,307. Beginning with the December 2006 payment, the County will withhold \$3,126.71 per month from the Town's fines and forfeitures collections for sixty months until the overpayment is paid in full with the November 2011 withholding. The monthly payment includes interest calculated at the rate of 3.873%.

**Court Fines**

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Annual Total</b>
2011	\$36,158	\$1,363	\$37,521
2012	15,483	150	15,633
	<b>\$51,641</b>	<b>\$1,513</b>	<b>\$53,154</b>

**(d) Lease Purchase Agreement – Police Facility Site**

On March 17, 2009, the Town Council approved a lease purchase agreement with Zions National Bank to finance a payment to the Twin Cities Police Authority for the Town’s portion of the acquisition of the new Police Facility site. The Town used the Corporation Yard as collateral for this lease/purchase. Lease payments will begin on September 20, 2009 at the rate of 5.35% per annum and end on March 20, 2029.

Lease payments owed by the Town are paid in installments on March 20<sup>th</sup> and September 20<sup>th</sup> of each year. Amounts adjusted to the Town’s fiscal year are as follows:

**Police Facility Site**

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Annual Total</b>
2011	\$29,512	\$49,901	\$79,413
2012	31,112	48,301	79,413
2013	32,799	46,614	79,413
2014	34,577	44,836	79,413
2015	36,452	42,961	79,413
2016-2020	214,136	195,305	409,441
2021-2025	278,828	88,253	367,080
2026-2029	282,589	52,673	335,262
	<b>\$940,005</b>	<b>\$568,843</b>	<b>\$1,508,849</b>

**G. CURRENT INVESTMENTS**

The table below provides a summary of the current investments of the Town as of June 30, 2010.

	<u>Deposits</u>	<u>Fair Market Value</u>
Cash equivalents and investments pooled		
Pooled cash, at fair value		
Cash	\$36,041	\$36,041
Petty cash	500	500
Cash held by Trustees	42,335	42,335
<b>Total pooled items</b>	<b>\$78,876</b>	<b>\$78,876</b>
Pooled investments, at fair value		
Interest obligations		
State of California Local Agency Investment Fund	-	9,000,000
<b>Total pooled investments - interest obligations</b>	<b>-</b>	<b>9,000,000</b>
<b>Total cash equivalents and investments pooled</b>	<b>\$78,876</b>	<b>\$9,078,876</b>
Amounts reported in:		
Governmental activities - Unrestricted		1,220,822
Governmental activities - Restricted		3,529,185
Business-type activities - Unrestricted		3,829,262
Business-type activities - Restricted		32,335
Fiduciary activities - Agency funds		467,272
<b>Total</b>		<b>\$9,078,876</b>

**H. APPROPRIATIONS SUBJECT TO LIMITATIONS AND ACTUAL**

The Town's appropriations limit and actual appropriations for last three fiscal years were as follows:

<u>Fiscal Year</u>	<u>Appropriations Limit</u>	<u>Actual Appropriations</u>
2006/07	\$23,308,816	\$11,116,261
2007/08	24,574,485	11,560,293
2008/09	25,867,103	10,915,543
2009/10	27,050,966	10,641,812

## **I. REPORTING OF SIGNIFICANT EVENTS**

The Continuing Disclosure Covenants outline the Significant Events that must be reported if they are deemed material. The Town has no knowledge that any of the events listed below have occurred or have not been previously reported during the fiscal year ended June 30, 2010.

1. Principal and interest payment delinquencies on the Certificates.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting this taxable security.
7. Modifications to rights of security holders.
8. Contingent or unscheduled bond calls.
9. Defeasances.
10. Release, substitution, or sale of property securing repayments of the securities.
11. Rating changes.