



Item No. 17 Town of Atherton

CITY COUNCIL STAFF REPORT – REGULAR AGENDA

TO: HONORABLE MAYOR AND CITY COUNCIL

**FROM: GEORGE RODERICKS, CITY MANAGER
ROBERT BARRON III, FINANCE DIRECTOR**

DATE: NOVEMBER 20, 2019

SUBJECT: REVIEW, DISCUSS, AND PROVIDE FURTHER DIRECTION ON ISSUES RELATED TO THE TOWN CENTER FINANCING: 1) RECEIVE A PRESENTATION FROM URBAN FUTURES AND DISCUSS THE CASH FLOW AND FINANCE PLAN FOR THE TOWN CENTER; 2) REVIEW AND PROVIDE FEEDBACK REGARDING A DRAFT DEBT POLICY RELATED TO THE ISSUANCE OF DEBT; 3) PROVIDE DIRECTION REGARDING THE POTENTIAL ENGAGEMENT OF A FUNDRAISING CONSULTANT; AND 4) PROVIDE DIRECTION, AND POSSIBLE ACCEPTANCE OF A DONATION TOWARD THE TOWN CENTER IN EXCHANGE FOR A SPECIFIED NAMING OPPORTUNITY

RECOMMENDATION

Review, discuss, and provide further direction on issues related to the Town Center:

- 1) Receive a presentation from Urban Futures and discuss the Cash Flow and Finance Plan for the Town Center;
- 2) Review a draft Debt Policy related to the Issuance of Debt and provide feedback for future adoption;
- 3) Provide direction regarding the potential engagement of a fundraising consultant; and
- 4) Provide direction, and possible acceptance of, a donation toward the Town Center in exchange for a specified naming opportunity.

BACKGROUND

At its September 4, 2019 Study Session, the City Council reviewed and discussed the cash flow planning and projection for the Town Center. Based on the projected draw down payment schedule and the input of Urban Futures, staff presented financing scenarios for the project. Scenarios were based on the total bid amount of \$28,701,034 for the admin/PDCDD facility.

Review, Discussion, and Direction for Civic Center Cash Flow Planning

November 20, 2019

Page 2 of 7

The breakdown is as follows:

Item Description	Amount
Admin/PD/CDD	\$27,677,000
Site Improvements	\$1,524,034
Project Costs	\$28,701,034
Contingency (10%)	\$2,870,103
Total Construction Cost Requirements	\$31,571,137

The specifics of cash flow projections do not include the contingency amount of \$2,870,103. During the meeting it was discussed that based on the Draw Down Schedule, available cash and cash flow, the Town's General Fund operational requirements will face a shortfall that triggers a need for financing. The available and projected funding for the construction of a new City Hall and Police Station was as follows:

Funding Source	Amount
Atherton Now (as of 6/2019)	\$4,576,976
Estimated Unallocated GF Balance 6/2019	\$17,276,210
Remaining CIP Funds Allocated	\$2,643,138
Building Facility Fund Allocated	\$505,000
Available Projected Cash Balance	\$25,001,324
ERAF Surplus Revenue Projections (19/20-21/22)	\$6,600,000
Total	\$31,601,324

Based on what was projected, the Town will have sufficient funding to complete the Project. However, staff advised that there would be cash flow shortfalls based on the project draw down schedule and operational requirements during the construction period of the project. It was presented that the Draw Down Schedule projects a need for \$18.86 million through March 2020. Without an influx of cash, the General Fund balance was projected to be at negative \$1.9 million by October 2020.

Staff presented options for short-term borrowing via a Certificate of Participation (COP) to solve the cash flow shortfall.

ANALYSIS

Staff presented various COP scenarios set at 10, 15, and 20-year funding horizons and at varying amounts. Staff advised that based on timing, cash needs, and available reserves, it would be prudent to begin the formal process of a COP by December 2019. The Council did not want to foreclose on any opportunities for donations toward the project to either offset the amount of COP financing required and/or the ability to receive donations to reduce the Town's debt service. Staff advised that the process of a COP should be run concurrently with any future discussion of fundraising and continued discussion of the exact funding amount and call periods for a COP.

Review, Discussion, and Direction for Civic Center Cash Flow Planning

November 20, 2019

Page 3 of 7

Urban Futures and staff recommended a COP with proceeds between \$8 and \$10 Million. It was recommended that the Town's reserves policies continue to be met as they will be required for credit rating purposes and to show the ability to maintain debt service payments if there was an emergency or economic downturn.

The following scenarios were presented to the City Council to address the funding needs of the project:

	\$7MM Par	\$7MM Proceeds	\$8MM Par	\$8MM Proceeds	\$9MM Par	\$9MM Proceeds
Project Proceeds	\$8,243,291	\$7,000,000	\$9,449,649	\$8,000,000	\$10,655,888	\$9,000,000
Par amount	\$7,000,000	\$5,970,000	\$8,000,000	\$6,800,000	\$9,000,000	\$7,630,000
All-in TIC	1.59%	1.67%	1.52%	1.60%	1.48%	1.55%
Total Debt Service	\$8,929,183	\$7,614,318	\$10,205,095	\$8,673,678	\$11,480,758	\$9,732,537
Min. Balance Level	\$3,170,391	\$2,134,464	\$4,171,836	\$2,966,355	\$5,173,163	\$3,793,246

Note: Analysis assumes AA+ rating and current interest rates. Results are preliminary and subject to change.

The City Council expressed a desire to assess funding options that were below \$8 million in proceeds and explored the opportunity to use a portion of the Town's operational reserves. The Council also expressed a desire to establish a call period at the 5-year mark (or earlier if possible). The Council also directed that staff explore the possibility of a line of credit and explore the possibility of a donation and Tax Revenue Anticipation Note (TRAN) combination. After clarifying questions regarding the various options, staff met with Urban Futures to explore the following:

1. \$ 7 Million Proceed COP (10 years with a 5 Year Call Option)
2. \$ 5 Million Donation and a \$2 Million TRAN
3. Line of Credit \$9 Million

In the intervening time, staff updated information related to the Annual Audit, future expenditure projections, and donor commitments from Atherton Now. The following table reflects an update of available funding for the project as a result.

Funding Source	Amount	Change
Atherton Now	\$3,476,976	(\$1,100,000)
Unallocated General Fund Balance	\$17,437,410	\$161,200
Remaining CIP Funds Allocated	\$2,593,138	(\$50,000)
Building Facility Fund Allocated	\$505,000	\$0
Available Projected Cash Balance	\$24,012,524	(\$988,900)
ERAF Surplus Revenue Projections (19/20-21/22)	\$6,600,000	\$0
Total	\$30,612,524	(\$988,900)

Assumptions/Cash Flow

The attached Draw Down Schedule (Attachment No. 1) updated as the Town is now on Payment Application #5 for the Project. The original schedule is adjusted out by about a month in work and the project amount total is currently \$28.7 million. The updated Draw Down Schedule projects a

Review, Discussion, and Direction for Civic Center Cash Flow Planning

November 20, 2019

Page 4 of 7

need for \$17.3 million through March 2020. Without an influx of cash, the General Fund balance is projected to begin negative cash flow a month earlier, *September 2020*.

Based on the updated assumptions above and projected drawdown payment schedule, staff with the assistance of Urban Futures, created the additional funding scenarios:

- COP: A minimum COP amount of \$7,000,000 with a 10-year funding horizon and a 5-year call providing a minimum balance level \$1.76 Million in November 2021.
- Line of Credit: Staff researched the possibility of a Line of Credit (LOC) of \$9 Million. Urban Futures was only able to obtain one vendor willing to provide a Line of Credit. The Line of Credit would be required to be structured similar to a COP and would provide a minimum balance level of \$1.50 Million in November 2021. This option may not be a feasible option as most banks contacted declined to provide a LOC and the Town would run a substantial risk that it would not be approved by an underwriter.
- Donation and TRAN: The proposal was explored for a donation followed by a short-term TRAN. In order to make this option feasible, a minimum donation was required up front.

Attached are the Financing Funding Scenarios (Attachment Nos. 2 & 3). Staff is seeking specific direction on financing options to pursue further. The specific amount of funding can be determined during the financing process. Urban Futures will assist in the presentation of options for examination by the Council.

Urban Futures and staff recommend that the Town pursue a stand-alone COP between \$7 and \$8 Million for the purposes of this Project. As discussed later in this Report, if the Council desires to pursue additional fundraising, that fundraising can reduce the amount of any COP at the time the Town initiates the financing; the fundraising can be used to reduce the annual debt service; and/or the fundraising can be used to retire the debt.

While a call period can be initiated at the 5-year mark and staff anticipates being able to make that call requirement; staff's recommendation is that the COP be structured with a 10-year funding horizon to allow for a lesser and consistent debt service as the Town's revenues and expenditures.

Debt Management Policy

As the Town initiates financing, the City Council must adopt a Debt Management Policy. Attached for Council review is a Draft Debt Management Policy (Attachment No. 4). The Policy would be adopted at the time the Town initiates debt. The Policy must comply with applicable State law related to the management of debt. The attached draft Policy is written to be compliant with those laws. A Debt Policy governs all or any debt of the Town and is not specific to the issuance of a COP for the Town Center.

The Policy covers purposes of which debt may be issued, types of debt, relationship of debt to Capital Improvement programming, planning goals and objectives. There is nothing in the Policy

Review, Discussion, and Direction for Civic Center Cash Flow Planning

November 20, 2019

Page 5 of 7

that prevents future City Councils from paying debt off earlier or prevents Councils from holding bonds to maturity. Early pay down of debt is determined by bond or debt documents and not the Debt Policy. One City Council cannot bind the processes of a future City Council via the Debt Policy.

However, the Debt Policy is adopted by Resolution. That Resolution, while not binding, can lay out the intent of the current City Council in adoption of debt. These could include an intent to retire debt as early as is feasible or to use the proceeds of a specific debt issuance for a specific purpose (this would also be in the bond documents).

The draft Debt Policy is not set for adoption this evening. The Debt Policy would be returned at the time of debt issuance for adoption and the accompanying Resolution would be drafted at that time.

Fundraising

Atherton Now has been the primary fundraising group for the Town Center. There is an identifiable gap between the amount successfully fundraised by Atherton Now for construction (approximately \$3.3 million) and the overall cost of the new Town Center (\$28.7 million plus contingency). The \$25+ million gap is projected to be funded by current and future General Funds with a Certificate of Participation (COP) to mitigate cash flow challenges during the project timeline. Members of the City Council have expressed an interest in fundraising that could result in a lesser amount of borrowing (depending on timing) and/or contributions that could be used to pay down debt service on any borrowing instrument.

As the Council is aware, there are a couple of issues that arise when an individual makes a donation *at the behest* of an elected official. One is a *perception* issue for the public or the potential donor that contributing *at the behest* of an elected official will somehow curry favor. The other is a disclosure issue governed by the Political Reform Act.

Perception issues can be addressed with disclosure and, if appropriate, a recusal. The disclosure requirements are outlined in the Political Reform Act (PRA). The City Attorney has advised that the PRA states that if an individual or entity *at the behest of an elected officer* makes monetary or in-kind donations totaling \$5,000 or more in a calendar year for legislative, governmental or charitable purposes, that officer must file a report detailing those donations with their public agency, in this case the Town, within 30 days after reaching the \$5,000 threshold and each 30 days thereafter for additional donations by the same donor. There is a specific FPPC form for this purpose. Beyond that, since the individual members do not have a financial interest in the donations, they are generally not prohibited from participation in any decisions regarding how such funds may be used. As such, there does not appear to be any other prohibitions on City Councilmember participation in soliciting donations for building a new Town Center. Staff cannot solicit for donations.

Beyond individual members of the Council soliciting donations for the Town Center, there has been discussion of the Town engaging a fundraising consultant to manage a fundraising program.

Review, Discussion, and Direction for Civic Center Cash Flow Planning

November 20, 2019

Page 6 of 7

Staff has not explored this possibility; but there are firms that specialize in these sorts of efforts, largely for non-profits in the private sector. Should the Council desire, the Town could solicit via a Request for Proposal for firms to provide the desired service. It is unknown at this time what the estimated cost would be for such services. Staff estimates that it would take approximately 60-90 days to engage such a consultant. Given the unknowns of success and timing, in the intervening time, staff recommends that the Town continue to move forward with a Certificate of Participation.

Specific direction is requested this evening on this issue.

Acceptance of Donation

The Town is in receipt of a written commitment from Bob and Connie Lurie to donate \$500,000 in exchange for naming rights to the Cafe Terrace area (the outdoor deck in front of the Library). The Cafe Terrace was released in fundraising material, approved by the Council and released via Atherton Now, as a naming opportunity at \$1 million. A copy of an early version of that publication is attached.

In consideration of this donation, the Council may wish to consider that there are other donors at amounts larger than \$500,000 that contributed via Atherton Now that are not receiving a naming opportunity. Although Atherton Now has advised that none of the donors have specifically requested naming opportunities, the Council may also wish to discuss ways to reach out to those donors.

In addition, the written commitment was received at \$500,000; but the Council has the option to return to the donor with other requirements for the naming opportunity which could include a request for a higher donation amount in exchange for the identified space.

Specific direction and/or acceptance of the donation with acceptance of the naming request is required.

POLICY ISSUES

The Town does not have a history of debt. However, most agencies will enter into short- or long-term debt for large structural capital projects that exceed their budget constraints. Typical facilities financed via COPs include administration buildings, water and sewer systems, public safety facilities, schools, parking garages, etc. While the Town is fortunate to have cash on hand, donations, and projected revenues to complete its most significant capital infrastructure project, that cash will not be fully realized until the project is complete. This creates a cash flow burden on the Town's General Fund and triggers the need for a COP.

A part of this financing process it is a requirement that the Town also have a Debt Management Policy that underlines guidelines and purposes for debt. The Council will be reviewing a draft as it embarks on financing options. The objectives of any debt issuance must be well thought out and fit within the goals of the public agency. While the California Constitution provides that COPs

Review, Discussion, and Direction for Civic Center Cash Flow Planning

November 20, 2019

Page 7 of 7

may be issued by a public entity; do not constitute indebtedness under the California Constitutional debt limit; and do not trigger voter approval, thoughtful deliberation by the Council is encouraged.

FISCAL IMPACT

None currently. It is important to note that the projections for cash flow and drawn down are projections. They may change and are subject to modification based on emergencies, economic fluctuations, and, for the project, the weather and construction issues that may cause project delay or cost modifications. While the Town should limit the amount of a COP to only what is needed, staff does not recommend undercutting the amount of the COP based on possible future project donations, overly optimistic revenues, or other cost-cutting opportunities. The Town's General Fund is its primary operating fund for the Town. Staff cautions against burdening it unnecessarily.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power, and sewer), and regional elected officials. The Town maintains an active and up to date Project Website at <http://ca-atherton.civicplus.com/index.aspx?NID=290>.

ATTACHMENTS

Attachment 1: Civic Center Project Draw Down Schedule

Attachment 2: COP Funding Scenarios

Attachment 3: Atherton Civic Center Cash Flow Funding Analysis Worksheets

Attachment 4: Draft Debt Management Policy

Attachment 5: Naming Opportunities

ATTACHMENT 1

Civic Center Project Atherton Draw Down Schedule

Year	Month	PD/Admin	PD Site	Ch. Orders	Library	Library Site	Ch. Orders	Total
2019	June	\$ 877,991	\$ 105,542		\$ 373,093	\$ 149,135	\$ 16,394	\$ 1,522,155
2019	July	\$ 464,268	\$ 76,405		\$ 213,191	\$ 369,074	\$ 4,772	\$ 1,127,710
2019	August	\$ 473,128	\$ 132,530		\$ 175,972	\$ 796,782		\$ 1,578,412
2019	September	\$ 621,214	\$ 336,841	\$ 39,180	\$ 281,309	\$ 351,676	\$ 5,333	\$ 1,635,551
2019	October	\$ 900,888	\$ 68,568	\$ 3,802	\$ 193,237	\$ 32,871	\$ 22,722	\$ 1,222,089
2019	November	\$ 3,287,463	\$ 52,416		\$ 453,993	\$ 334,667		\$ 4,128,539
2019	December	\$ 3,473,344	\$ 42,483		\$ 2,078,337	\$ 231,560		\$ 5,825,724
2020	January	\$ 3,330,809	\$ 42,483		\$ 1,649,800	\$ 167,741		\$ 5,190,833
2020	February	\$ 2,837,341	\$ 61,197		\$ 930,199	\$ 173,543		\$ 4,002,280
2020	March	\$ 1,622,721	\$ 42,485		\$ 1,137,642	\$ 7,551		\$ 2,810,399
2020	April	\$ 976,336	\$ 114,648		\$ 349,747	\$ 381,022		\$ 1,821,753
2020	May	\$ 1,408,113	\$ 5,268		\$ 234,683	\$ 7,551		\$ 1,655,615
2020	June	\$ 1,062,149	\$ 5,268		\$ 381,165	\$ 25,964		\$ 1,474,546
2020	July	\$ 907,571	\$ 6,585		\$ 749,045	\$ 9,439		\$ 1,672,640
2020	August	\$ 1,085,712	\$ 6,585		\$ 279,889	\$ 315,769		\$ 1,687,955
2020	September	\$ 1,140,285	\$ 6,585		\$ 332,589	\$ 205,447		\$ 1,684,906
2020	October	\$ 812,054	\$ 52,188		\$ 386,158	\$ 248,136		\$ 1,498,536
2020	November	\$ 413,812	\$ 205,221		\$ 552,140	\$ 173,892		\$ 1,345,065
2020	December	\$ 360,404	\$ 6,585		\$ 704,395	\$ 134,527		\$ 1,205,911
2021	January	\$ 310,674	\$ 6,585		\$ 415,083	\$ 155,890		\$ 888,232
2021	February	\$ 168,244	\$ 11,853		\$ 39,733	\$ 241,639		\$ 461,469
2021	March	\$ 194,165	\$ 16,740		\$ 22,000	\$ 366,797		\$ 599,702
2021	April	\$ 168,059	\$ 103,170		\$ 47,291	\$ 245,603		\$ 564,123
2021	May	\$ 145,814	\$ 15,804		\$ 87,814	\$ 22,653		\$ 272,085
2021	June	\$ 134,442			\$ 5,525			\$ 139,967
		\$ 27,177,000.92	\$ 1,524,035.01	\$ 42,982.36	\$ 12,074,030.14	\$ 5,148,928.23	\$ 49,221.02	\$ 46,016,197.68

FUNDING OPTION SCENARIOS FOR CIVIC CENTER

	COP⁽¹⁾	LOC⁽²⁾	Donation and TRAN⁽³⁾
Project Proceeds	\$7,000,000	\$7,000,000	\$7,000,000
Borrowing Amount	\$6,720,000	\$7,175,000	\$2,175,000
TIC	2.50%	2.38%	0.00%
Total Net Debt Service (to Call)	\$7,620,500	\$7,954,090	\$2,175,000
Min. Balance Level	\$1,765,454	\$1,505,442	\$ (409,546)

⁽¹⁾10-year amortization with 4.5-year par call. Capitalized interest through 11/1/2021. Assumes COP's are called on 11/1/2024--Net Debt Service is to Call Date. Assumes AA+ rating and current interest rates. Results are preliminary and subject to change.

⁽²⁾Assumes \$9 million line of credit and a draw of \$7 million. Assumes 2.30% interest on drawn amount and 0.30% interest on undrawn amount. Actual rates will be floating. No capitalized interest.

⁽³⁾Assumes a \$5 million donation and \$2.175 million 0% interest TRAN.

ATHERTON CIVIC CENTER CASH FLOW ANALYSIS

Available Project Cash

Unallocated General Fund Balance-ending FY 18/19	\$ 17,437,410
CIP Fund Balance	\$ 2,593,138
Facility Funds	\$ 505,000
Atherton Now Funds-Reduced by \$1 Million	\$ 3,476,976
	\$ 24,012,524

LINE OF CREDIT AMOUNT: \$9 Million
ISSUANCE: \$7 Million
FUNDING HORIZON: 5-Years
EST. ANNUAL DEBT SERVICE: \$87K

UPDATED DRAW DOWN SCHEDULE

Expenditures		General Fund Ops	Project	GF Revenue	COP Debt Service	GF Revenue	Running Balance	
		(average)		Property Tax		Other	\$ 24,012,524	
July 2019		\$ (1,650,000)	(983,533)			\$ 457,258	\$ 21,836,249	
August 2019		\$ (1,200,000)	(540,673)			\$ 1,288,745	\$ 21,384,321	
September 2019		\$ (1,425,000)	(605,658)			\$ 544,216	\$ 19,897,879	
October 2019		\$ (1,225,000)	(997,235)			\$ 431,000	\$ 18,106,644	
November 2019		\$ (1,125,000)	(973,258)			\$ 325,000	\$ 16,333,386	
December 2019		\$ (1,260,000)	(3,339,879)	\$ 5,055,000		\$ 500,000	\$ 17,288,507	
January 2020	ERAF	\$ (1,220,000)	(3,515,827)	\$ 835,834		\$ 470,000	\$ 13,858,514	
February 2020		\$ (1,118,000)	(3,373,292)	\$ 613,647		\$ 400,000	\$ 10,380,869	
March 2020		\$ (1,035,000)	(2,898,537)			\$ 480,000	\$ 6,927,332	
April 2020		\$ (1,110,000)	(1,665,206)			\$ 500,000	\$ 4,652,126	
May 2020		\$ (1,185,000)	(1,090,984)	\$ 5,055,000	\$ 7,000,000	\$ 400,000	\$ 14,831,142	
June 2020		\$ (1,150,000)	(1,413,381)	\$ 613,647		\$ 300,000	\$ 13,181,408	
July 2020		\$ (2,150,000)	(1,067,417)			\$ 500,000	\$ 10,463,991	
August 2020		\$ (1,230,000)	(914,156)			\$ 400,000	\$ 8,719,835	
September 2020		\$ (1,510,000)	(1,092,297)			\$ 430,000	\$ 6,547,538	
October 2020		\$ (1,375,000)	(1,146,870)			\$ 445,000	\$ 4,470,668	
November 2020		\$ (1,175,000)	(864,242)		\$ (87,144)	\$ 325,000	\$ 2,669,282	Line of Credit Interest
December 2020		\$ (1,450,000)	(619,033)	\$ 5,434,000		\$ 500,000	\$ 6,534,249	
January 2021		\$ (1,232,000)	(366,989)	\$ 1,313,000		\$ 475,000	\$ 6,723,260	
February 2021		\$ (1,040,000)	(317,259)	\$ 610,000		\$ 375,000	\$ 6,351,001	
March 2021		\$ (1,057,000)	(180,097)			\$ 465,000	\$ 5,578,904	
April 2021		\$ (1,120,000)	(210,905)	\$ 610,000	\$ (1,000,000)	\$ 373,000	\$ 4,230,999	FF&E
May 2021		\$ (1,065,000)	(271,229)	\$ 5,434,100	\$ (85,724)	\$ 425,000	\$ 8,668,146	Line of Credit Interest
June 2021		\$ (1,075,000)	(161,618)			\$ 300,500	\$ 7,732,028	
July 2021		\$ (2,500,000)	(134,442)			\$ 490,000	\$ 5,587,586	
August 2021		\$ (1,400,000)				\$ 460,000	\$ 4,647,586	
September 2021		\$ (1,550,000)				\$ 420,000	\$ 3,517,586	
October 2021		\$ (1,475,000)				\$ 500,000	\$ 2,542,586	
November 2021		\$ (1,375,000)			(87,144)	\$ 425,000	\$ 1,505,442	Line of Credit Interest
December 2021		\$ (1,425,000)		\$ 5,822,000		\$ 525,000	\$ 6,427,442	
January 2022		\$ (1,350,000)		\$ 1,326,130		\$ 550,000	\$ 6,953,572	
February 2022		\$ (1,025,000)		\$ 450,000		\$ 375,000	\$ 6,753,572	
March 2022		\$ (1,032,000)				\$ 450,000	\$ 6,171,572	
April 2022		\$ (1,025,000)				\$ 400,000	\$ 5,546,572	
May 2022		\$ (1,075,000)		\$ 5,700,000	(85,724)	\$ 450,000	\$ 10,535,848	Line of Credit Interest
June 2022		\$ (1,095,000)		\$ 274,000		\$ 374,000	\$ 10,088,848	

July 2022		\$ (2,700,000)				\$ 500,000	\$ 7,888,848	
August 2022		\$ (1,500,000)				\$ 400,000	\$ 6,788,848	
September 2022		\$ (1,575,000)				\$ 410,000	\$ 5,623,848	
October 2022		\$ (1,485,000)				\$ 475,000	\$ 4,613,848	
November 2022		\$ (1,410,000)			(87,144)	\$ 375,000	\$ 3,491,704	Line of Credit Interest
December 2022		\$ (1,425,000)		\$ 6,116,000		\$ 500,000	\$ 8,682,704	
January 2023		\$ (1,360,000)		\$ 1,339,391		\$ 450,000	\$ 9,112,095	
February 2023		\$ (1,050,000)		\$ 531,000		\$ 375,000	\$ 8,968,095	
March 2023		\$ (1,095,000)				\$ 400,000	\$ 8,273,095	
April 2023		\$ (1,155,000)				\$ 350,000	\$ 7,468,095	
May 2023		\$ (1,160,000)		\$ 5,925,000	(85,724)	\$ 450,000	\$ 12,597,371	Line of Credit Interest
June 2023		\$ (1,163,000)		\$ 590,000		\$ 403,000	\$ 12,427,371	
July 2023		\$ (2,650,000)				\$ 418,000	\$ 10,195,371	
August 2023		\$ (1,550,000)				\$ 460,000	\$ 9,105,371	
September 2023		\$ (1,525,000)				\$ 408,000	\$ 7,988,371	
October 2023		\$ (1,400,000)				\$ 509,000	\$ 7,097,371	
November 2023		\$ (1,375,000)			(87,144)	\$ 412,000	\$ 6,047,227	Line of Credit Interest
December 2023		\$ (1,375,000)		\$ 6,478,000		\$ 600,000	\$ 11,750,227	
January 2024		\$ (1,460,000)		\$ 1,352,785		\$ 450,000	\$ 12,093,012	
February 2024		\$ (1,150,000)		\$ 531,000		\$ 375,000	\$ 11,849,012	
March 2024		\$ (1,114,000)				\$ 400,000	\$ 11,135,012	
April 2024		\$ (1,155,000)				\$ 350,000	\$ 10,330,012	
May 2024		\$ (1,160,000)		\$ 6,022,000	(86,197)	\$ 450,000	\$ 15,555,815	Line of Credit Interest
June 2024		\$ (1,163,000)		\$ 590,000		\$ 403,000	\$ 15,385,815	
July 2024		\$ (2,650,000)				\$ 418,000	\$ 13,153,815	
August 2024		\$ (1,450,000)				\$ 460,000	\$ 12,163,815	
September 2024		\$ (1,425,000)				\$ 408,000	\$ 11,146,815	
October 2024		\$ (1,300,000)				\$ 509,000	\$ 10,355,815	
November 2024		\$ (1,275,000)			(7,262,144)	\$ 412,000	\$ 2,230,670	Line of Credit
December 2024		\$ (1,375,000)		\$ 7,188,510		\$ 600,000	\$ 8,644,180	
		\$ (90,139,000)	\$ (28,744,017)	\$ 75,810,044				

ATHERTON CIVIC CENTER CASH FLOW ANALYSIS

Available Project Cash

Unallocated General Fund Balance-ending FY 18/19	\$ 17,437,410
CIP Fund Balance	\$ 2,593,138
Facility Funds	\$ 505,000
Atherton Now Funds-Reduced by \$1 Million	\$ 3,476,976
	\$ 24,012,524

Donation AMOUNT: \$5 Million
TRAN AMOUNT: \$2.175 Million
FUNDING HORIZON: unknown
EST. ANNUAL DEBT SERVICE: \$2.175 M

UPDATED DRAW DOWN SCHEDULE

5

Expenditures		General Fund Ops	Project	GF Revenue	COP Debt Service	GF Revenue	Running Balance
		(average)		Property Tax		Other	\$ 24,012,524
July 2019		\$ (1,650,000)	(983,533)			\$ 457,258	\$ 21,836,249
August 2019		\$ (1,200,000)	(540,673)			\$ 1,288,745	\$ 21,384,321
September 2019		\$ (1,425,000)	(605,658)			\$ 544,216	\$ 19,897,879
October 2019		\$ (1,225,000)	(997,235)			\$ 431,000	\$ 18,106,644
November 2019		\$ (1,125,000)	(973,258)			\$ 325,000	\$ 16,333,386
December 2019		\$ (1,260,000)	(3,339,879)	\$ 5,055,000		\$ 500,000	\$ 17,288,507
January 2020	ERAF	\$ (1,220,000)	(3,515,827)	\$ 835,834		\$ 470,000	\$ 13,858,514
February 2020		\$ (1,118,000)	(3,373,292)	\$ 613,647		\$ 400,000	\$ 10,380,869
March 2020		\$ (1,035,000)	(2,898,537)			\$ 480,000	\$ 6,927,332
April 2020		\$ (1,110,000)	(1,665,206)			\$ 500,000	\$ 4,652,126
May 2020		\$ (1,185,000)	(1,090,984)	\$ 5,055,000	\$ 5,000,000	\$ 400,000	\$ 12,831,142
June 2020		\$ (1,150,000)	(1,413,381)	\$ 613,647		\$ 300,000	\$ 11,181,408
July 2020		\$ (2,150,000)	(1,067,417)		\$ 2,000,000	\$ 500,000	\$ 10,463,991
August 2020		\$ (1,230,000)	(914,156)			\$ 400,000	\$ 8,719,835
September 2020		\$ (1,510,000)	(1,092,297)			\$ 430,000	\$ 6,547,538
October 2020		\$ (1,375,000)	(1,146,870)			\$ 445,000	\$ 4,470,668
November 2020		\$ (1,175,000)	(864,242)			\$ 325,000	\$ 2,756,426
December 2020		\$ (1,450,000)	(619,033)	\$ 5,434,000	\$ (1,175,000)	\$ 500,000	\$ 5,446,393
January 2021		\$ (1,232,000)	(366,989)	\$ 1,313,000		\$ 475,000	\$ 5,635,404
February 2021		\$ (1,040,000)	(317,259)	\$ 610,000		\$ 375,000	\$ 5,263,145
March 2021		\$ (1,057,000)	(180,097)			\$ 465,000	\$ 4,491,048
April 2021		\$ (1,120,000)	(210,905)	\$ 610,000	\$ (1,000,000)	\$ 373,000	\$ 3,143,143
May 2021		\$ (1,065,000)	(271,229)	\$ 5,434,100	\$ (1,000,000)	\$ 425,000	\$ 6,666,014
June 2021		\$ (1,075,000)	(161,618)			\$ 300,500	\$ 5,729,896
July 2021		\$ (2,500,000)	(134,442)			\$ 490,000	\$ 3,585,454
August 2021		\$ (1,400,000)				\$ 460,000	\$ 2,645,454
September 2021		\$ (1,550,000)				\$ 420,000	\$ 1,515,454
October 2021		\$ (1,475,000)				\$ 500,000	\$ 540,454
November 2021		\$ (1,375,000)				\$ 425,000	\$ (409,546)
December 2021		\$ (1,425,000)		\$ 5,822,000		\$ 525,000	\$ 4,512,454
January 2022		\$ (1,350,000)		\$ 1,326,130		\$ 550,000	\$ 5,038,584
February 2022		\$ (1,025,000)		\$ 450,000		\$ 375,000	\$ 4,838,584
March 2022		\$ (1,032,000)				\$ 450,000	\$ 4,256,584
April 2022		\$ (1,025,000)				\$ 400,000	\$ 3,631,584
May 2022		\$ (1,075,000)		\$ 5,700,000		\$ 450,000	\$ 8,706,584

TRAN PAYBACK

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TRAN PAYBACK

June 2022		\$ (1,095,000)		\$ 274,000		\$ 374,000	\$ 8,259,584
July 2022		\$ (2,700,000)				\$ 500,000	\$ 6,059,584
August 2022		\$ (1,500,000)				\$ 400,000	\$ 4,959,584
September 2022		\$ (1,575,000)				\$ 410,000	\$ 3,794,584
October 2022		\$ (1,485,000)				\$ 475,000	\$ 2,784,584
November 2022		\$ (1,410,000)				\$ 375,000	\$ 1,749,584
December 2022		\$ (1,425,000)		\$ 6,116,000		\$ 500,000	\$ 6,940,584
January 2023		\$ (1,360,000)		\$ 1,339,391		\$ 450,000	\$ 7,369,975
February 2023		\$ (1,050,000)		\$ 531,000		\$ 375,000	\$ 7,225,975
March 2023		\$ (1,095,000)				\$ 400,000	\$ 6,530,975
April 2023		\$ (1,155,000)				\$ 350,000	\$ 5,725,975
May 2023		\$ (1,160,000)		\$ 5,925,000		\$ 450,000	\$ 10,940,975
June 2023		\$ (1,163,000)		\$ 590,000		\$ 403,000	\$ 10,770,975
July 2023		\$ (2,650,000)				\$ 418,000	\$ 8,538,975
August 2023		\$ (1,550,000)				\$ 460,000	\$ 7,448,975
September 2023		\$ (1,525,000)				\$ 408,000	\$ 6,331,975
October 2023		\$ (1,400,000)				\$ 509,000	\$ 5,440,975
November 2023		\$ (1,375,000)				\$ 412,000	\$ 4,477,975
December 2023		\$ (1,375,000)		\$ 6,478,000		\$ 600,000	\$ 10,180,975
January 2024		\$ (1,460,000)		\$ 1,352,785		\$ 450,000	\$ 10,523,760
February 2024		\$ (1,150,000)		\$ 531,000		\$ 375,000	\$ 10,279,760
March 2024		\$ (1,114,000)				\$ 400,000	\$ 9,565,760
April 2024		\$ (1,155,000)				\$ 350,000	\$ 8,760,760
May 2024		\$ (1,160,000)		\$ 6,022,000		\$ 450,000	\$ 14,072,760
June 2024		\$ (1,163,000)		\$ 590,000		\$ 403,000	\$ 13,902,760
July 2024		\$ (2,650,000)				\$ 418,000	\$ 11,670,760
August 2024		\$ (1,450,000)				\$ 460,000	\$ 10,680,760
September 2024		\$ (1,425,000)				\$ 408,000	\$ 9,663,760
October 2024		\$ (1,300,000)				\$ 509,000	\$ 8,872,760
November 2024		\$ (1,275,000)				\$ 412,000	\$ 8,009,760
December 2024		\$ (1,375,000)		\$ 7,188,510		\$ 600,000	\$ 14,423,270
		\$ (90,139,000)	\$ (28,744,017)	\$ 75,810,044			

ATTACHMENT 4

DEBT MANAGEMENT POLICY

This Debt Management Policy (the “Debt Policy”) of the Town of Atherton (the “Town”) was approved by the Town’s City Council on _____, 2019. The Debt Policy may be amended by the City Council as it deems appropriate from time to time in the prudent management of the debt of the Town. Any approval of debt by the City Council that is not consistent with this Debt Policy shall constitute a waiver of this Debt Policy.

1. Findings

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and shall govern all debt undertaken by the Town.

The Town hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the Town’s sound financial position.
- Ensure the Town has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the Town’s credit worthiness. Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the Town.
- Ensure that the Town’s debt is consistent with the Town’s planning goals and objectives and capital improvement program or budgets, as applicable.

2. Policies

A. Purposes For Which Debt May Be Issued

(i) Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the Town.

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the Town and its taxpayers and ratepayers.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The Town may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the City Council.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The Town estimates that sufficient revenues will be available to service the debt through its maturity.
- The Town determines that the issuance of the debt will comply with the applicable state and federal law.

(ii) Short-term debt. Short-term debt may be issued to provide financing for the Town's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the Town may undertake lease-purchase financing for equipment.

(iii) Financings on Behalf of Other Entities. The Town may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of the Town. In such cases, the Town shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

B. Types of Debt

For purposes of this Debt Policy, "debt" shall be interpreted broadly to mean loans, bonds, notes, certificates of participation, financing leases, or other financing obligations, but the use of such term in this Debt Policy shall be solely for convenience and shall not be interpreted to characterize any such obligation as an indebtedness or debt within the meaning of any statutory or constitutional debt limitation where the substance and terms of the obligation comport with exceptions thereto.

The following types of debt are allowable under this Debt Policy:

- general obligation bonds
- bond or grant anticipation notes
- lease revenue bonds, certificates of participation and lease-purchase transactions
- other revenue bonds and certificates of participation

- tax and revenue anticipation notes
- land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- conduit financings, such as financings for affordable rental housing and qualified 501(c)3 organizations
- state or federal loans, including Revolving Fund loans
- loans and lines of credit with banks and other financial institutions
- refunding bonds, notes, loans and other obligations

The Town may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

Debt shall be issued as fixed rate debt unless the Town makes a specific determination as to why a variable rate issue would be beneficial to the Town in a specific circumstance.

C. Relationship of Debt to Capital Improvement Program and Budget

The Town is committed to long-term capital planning. The Town intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the Town's capital budget and the capital improvement plan.

The Town shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The Town shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The Town shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the Town's public purposes.

The Town shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The Town shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

D. Policy Goals Related to Planning Goals and Objectives

The Town is committed to long-term financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget

administration. The Town intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the Town's annual operations budget.

It is a policy goal of the Town to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The Town will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the Town to do so either for the purpose of realizing debt service savings or for the purpose of restructuring debt in a manner which is in the best financial interests of the Town. Any refinancing of debt for the purpose of realizing debt service savings shall achieve a minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount or such lesser amount as shall be designated in the resolution adopted by the City Council which authorizes the refunding proceedings.

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the Town shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The Town will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- the Town's investment policies as they relate to the investment of bond proceeds.

It is the policy of the Town to ensure that proceeds of debt are spent only on lawful and intended uses. Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the Town will submit written requisitions for such proceeds. The Town will submit a requisition only after obtaining the signature of the City Manager. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the person performing the function of chief financial officer of the Town shall retain records of all expenditures of proceeds through the final payment date for the debt.

F. Adoption By Related Local Agency

This Debt Policy may be adopted, and shall be applicable to, any other local agency for which the City Council acts as the governing board thereof (each, a "**Local Agency**"). The adoption of this Debt Policy by the Local Agency shall be evidenced by a resolution adopted by the City Council, in its capacity as the governing board of such Local

Agency, adopting this Debt Policy and specifying the officer(s) authorized to submit the requisitions, and required to retain the records, described in Section E above on behalf of such Local Agency.



Atherton Now – Building Community Capital Campaign

Naming Opportunities for Fundraising

The following naming opportunities have been vetted and approved by a sub-committee named by the Town Council, after discussion with Town Staff, Council and members of the *Atherton Now* campaign committee. These names and values represent the most current available information from the site drawings by architects, WRNS, and may change from time to time as further details emerge. *Thank you for your interest.*

TYPE OF AREA	LOCATION	NAMING	INVESTMENT
INDOOR/OUTDOOR SPACE			
	Lobby Entrance	Donor Wall	\$100,000 - \$10 MILLION
	New Road	New road that connects Ashfield & Fair Oaks	\$10 MILLION
	Former Council Chambers	“Historic” Town Hall	\$5 MILLION
	“Historic” Town Hall	Café & Catering Kitchen	\$1 MILLION
	Admin. Services & Police Wing	Technology Hub (Server Room)	\$100,000
	Police Secure Parking	Canine Corner	\$50,000
OUTDOOR SPACE			
	Off new Council Chambers	Civic Court	\$3 MILLION
	Roof area	Photovoltaics	\$2 MILLION
	Near Library	Reading Garden (fenced)	\$1 MILLION
	Near Library/Café	Library Terrace	\$1 MILLION
	Near Library	Redwood Grove	\$500,000
	Between Library/Council Chambers	Cedar Play Area	\$500,000
	At Admin. Services & Police Wing	Water Feature/Entry Court	\$250,000
	Near Parking Area	Native Species Garden	\$250,000
		Librarian’s Garden	\$100,000

LIBRARY	
Children’s Room	\$1 MILLION DOLLARS
Young Adult Space	\$750,000
Adult Space	\$500,000
Adult Space (quiet)	\$500,000
Digital Maker’s Space	\$500,000
Tech Center	\$500,000
Heritage Room (Historian)	\$500,000
Conference Rm.1-Legends of Atherton	\$500,000
Conference Rm. 2	\$250,000
Conference Rm. 3	\$250,000
Makers Outdoor Workshop	\$250,000
Environmental Dashboard	\$100,000-250,000
Display Cases	TBD

Imagine if the renovated Historic Town Hall had a catering kitchen so groups of all ages could enjoy meals from local restaurants and chefs featuring farm-to-table recipes, and other specialties that could accompany meetings, and social gatherings.

Imagine if the renovated Library would commemorate our Atherton ‘Legends’ in the areas of Sports, Authors, Entrepreneurs, or Technology.

Imagine if the new Atherton Civic Center had a children’s play area that featured recycled trees, with local artists’ input.

Imagine if the new Atherton Civic Center had an outdoor deck where friends and children could meet, talk, play and plan for the future.

Imagine if the new Atherton Civic Center had a café where friends and colleagues could meet for coffee, tea, and meaningful conversation.

In addition, in the ‘community phase’ of the capital campaign we will offer donors, and donor families, naming opportunities such as:

- “in honor of” and “in memory of” garden areas (\$25-\$50,000 each)
- Benches
- Bricks
- Path and wayfinding markers/signage
- Other friendly and appropriate signage (dog friendly area, etc.)