

# Local Currency Report

By John Reed, Fairfax Town Council

## **Progress**

Progress is being made on the Local Currency project, in that legal issues are being defined and researched, concerns of various stakeholders are being identified and addressed, and the form and structure of an interim Steering Committee is being discussed. The form and structure of the ultimate governing group of the non-profit entity is also being discussed.

## **Legal**

On legal matters, our Town Counsel, Jim Karpiak, has amended the resolution before the Council to reflect his legal concerns, and has also outlined possible issues to be dealt with in a final agreement between the Town and the non-profit entity.

## **Memorandum of Understanding**

The Town of Fairfax will need an agreement or MOU with the entity ("FairBuck Board"), with specific terms of reimbursement of funds. The MOU will need to also specify what the Town's role is on the Board, what actions are required in exchange for the funds, and what kind of insurance the entity will have.

## **Awaiting US Treasury Clarification**

In addition, a letter has been sent to the US Treasury by Mayor Bragman, requesting clarification of the federal position on issues relating to the local currency. We are awaiting a response.

## **Chamber showing interest**

A presentation has been made to the Fairfax Chamber of Commerce at their January meeting, similar to the presentation given to the Council at the last meeting. They showed interest and support of the concept of the FairBuck project, similar to what the Council has shown.

## **Currency Board Structure**

The form of the organization and board is being discussed, with one option being that the initial start-up period have a steering committee made up of the three parties providing seed money to the project, each having one vote, and a number of at-large members functioning on an advisory level. The start-up period will have a defined limit, of say, six months. After the start-up period, the non-profit entity could be formalized and expanded to include various members, representative of the principal founders as well as others in the community. The voting structure of the final entity is yet to be determined, and this determination is to be made during the start-up period.

## **Project Objectives**

The objectives and schedule of the FairBuck Currency Project remain unchanged, with a launch date of the Fairfax Festival. The proceeds from the initial sale of the tokens will

be used to: a) establish a reserve to ensure businesses can readily exchange tokens for US dollars b) return the initial investment to the three funding organizations c) fund local projects with each of the three organizations directing equal amounts of project funding. The objective of these projects is to improve the local business climate and community.

**Risk-Free Principal Investment Guarantee**

In addition, a mechanism is proposed that will guarantee the initial stakeholders' investments, via a pledge by eight financially secure individuals to back the project with their own funds. This backing will remain in place until the reserve expands to a point when seed money is returned.

**RESOLUTION NO. 11-02**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX SUPPORTING  
A LOCAL CURRENCY PROJECT IN COOPERATION WITH SUSTAINABLE FAIRFAX  
AND/OR THE FAIRFAX CHAMBER OF COMMERCE AND COMMITTING \$4000 TO  
SUPPORT THE PROJECT**

WHEREAS, the Town of Fairfax has endeavored to improve the climate for local commerce through local economic development projects; and

WHEREAS, the Town of Fairfax has been a leader in creative problem solving, developing solutions responsive to the community's needs; and

WHEREAS, the Town of Fairfax desires a thriving local economy; and

WHEREAS, numerous municipalities around the country have established a "local currency system" in which merchants voluntarily sell tokens that can be exchanged for goods or services with other local merchants or sold as souvenirs or collectors' items, with the profits supporting community resources or projects;

WHEREAS, representatives of Sustainable Fairfax and the Fairfax Chamber of Commerce, along with other local citizens, have been meeting to design such a local currency project for Fairfax, which would have the potential to support local merchants, encourage money to remain in the local community, and benefit the Fairfax economy in general; and

WHEREAS, the Town of Fairfax stands to benefit from the increase in sales taxes resulting from an increase in local commerce; and

WHEREAS, the local currency project as proposed would result in a surplus of funds after tokens sold are collected by tourists or other collectors, enabling said surplus to be used to benefit the community of Fairfax; and

WHEREAS, the project would be operated by a nonprofit corporation to be established under California law; and

WHEREAS, to establish the project, local entities and organizations are being asked to provide initial seed money; and

WHEREAS, contributing entities and organizations will be represented on the board of the organization or on an advisory committee that will determine how surplus funds will be used to benefit the Fairfax community.

NOW, THEREFORE, BE IT RESOLVED that the Town of Fairfax endorses the efforts of the local currency project; and

BE IT FURTHER RESOLVED that the Town of Fairfax will commit to providing funds to help initiate the project, in the sum of \$4000.00, to be provided to a properly formed nonprofit organization pursuant to an agreement to be approved by the Town Council at a future meeting.

The foregoing Resolution was duly introduced and adopted at a regular meeting of the Town

Council of the Town of Fairfax held in said Town on the 2nd day of February, 2011, by the following vote, to wit:

AYES:

NOES:

ABSENT:

---

LARRY BRAGMAN, MAYOR

---

Judy Anderson, Town Clerk