EXHIBIT # H

ESCROW DEPOSIT AND TRUST AGREEMENT

by and between the

TOWN OF FAIRFAX

and

U.S. BANK NATIONAL ASSOCIATION, as Escrow Bank

Dated March 1, 2012

Relating to the Refunding of
Town of Fairfax
(Marin County, California)
General Obligation Bonds, Series 2002

ESCROW DEPOSIT AND TRUST AGREEMENT

This Escrow Deposit and Trust Agreement (this "Agreement"), dated March 1, 2012, is by and between the TOWN OF FAIRFAX, a municipal corporation and general law city duly created and existing pursuant to the laws of the State of California, (the "Town"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as escrow bank (the "Escrow Bank").

W I T N E S S E T H:

WHEREAS, the Town has heretofore issued its Town of Fairfax (Marin County, California) General Obligation Bonds, Series 2002, dated June 1, 2002, in the principal amount of $3,000,000, of which $2,670,000 is currently outstanding (the "Prior Bonds");

WHEREAS, pursuant to Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act"), the Town is empowered to issue general obligation refunding bonds;

WHEREAS, the Prior Bonds were issued under and pursuant to resolutions of the Town Council of the Town (the "Prior Bond Resolutions");

WHEREAS, the Town has determined that it is in the best interests of the Town to refund the Prior Bonds and the Town has proposed to cause to be provided funds required to refund all of the Prior Bonds, and it is desirable to enter into this Agreement to provide for the refunding of the Prior Bonds;

WHEREAS, the Town Council of the Town, by resolution adopted on February 1, 2012 (the "Refunding Bond Resolution"), has authorized the execution and delivery of the Town's $_____ Town of Fairfax (Marin County, California) 2012 General Obligation Refunding Bonds (the "2012 Refunding Bonds"), and has determined to use the proceeds of the 2012 Refunding Bonds to redeem the Prior Bonds on March 19, 2012 (the "Redemption Date") at a redemption price equal to 100% of the principal amount of the Prior Bonds (the "Redemption Price"), all as more specifically described in Exhibit A attached hereto;

WHEREAS, the Town, in the Refunding Bond Resolution, has directed that the proceeds of the sale of the 2012 Refunding Bonds be deposited hereunder, such amount deposited to be in an amount sufficient to provide for the refunding of the Prior Bonds as described above;

WHEREAS, the cash has been verified by the Town's financial advisor and the paying agent for the Prior Bonds to be sufficient for such purposes;

WHEREAS, in furtherance of such redemption, the Town wishes to provide for the use and disposition of the funds deposited hereunder prior to payment of the Prior Bonds; and

WHEREAS, the Escrow Bank has full powers to perform the duties and obligations to be undertaken by it pursuant to this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto do hereby agree as follows:

Section 1. Discharge of Prior Bonds. The Town hereby irrevocably elects to pay and discharge all indebtedness payable by the Town under the Prior Bond Resolutions with respect to the Prior Bonds, and to terminate all obligations of the Town thereunder with respect thereto.

Section 2. Prior Bonds Escrow Fund. There is hereby established a special fund, to be held in trust by the Escrow Bank for the benefit of the owners of the Prior Bonds, to be known as the "Prior Bonds Escrow Fund." Upon the issuance of the 2012 Refunding Bonds, there shall be deposited into the Prior Bonds Escrow Fund an amount equal to $_____, derived from the proceeds of the 2012 Refunding Bonds.

The total amount deposited in the Prior Bonds Escrow Fund shall be held in cash, uninvested. All cash shall be applied, and the Escrow Bank is hereby directed to apply said amounts, solely to the payment of the Redemption Price on the Redemption Date.

The Town hereby represents to the Escrow Bank that the cash is sufficient to pay in full Redemption Price on the Redemption Date, as set forth herein, and that no other moneys are required to provide for such payment.

Section 3. Notice; Application of Certain Terms.

(a) The Escrow Bank, as paying agent for the Prior Bonds, has previously been directed to give notice of redemption of the Prior Bonds to the owners of the Prior Bonds, in accordance with the provisions of the Prior Bond Resolutions.

(b) All of the terms of the Prior Bond Resolutions relating to the making of payments of principal and interest on the Prior Bonds, and for call and redemption of the Prior Bonds prior to maturity, are incorporated in this Agreement as if set forth in full herein.

Section 4. Surplus Moneys. Any money left on deposit in the Prior Bonds Escrow Fund after payment in full of the Prior Bonds, and the payment of all amounts due to the Escrow Bank hereunder, shall be paid to the Town.

Section 5. Escrow Bank.

(a) The Escrow Bank shall look solely to the Town for compensation for its duties under this Agreement and shall have no right whatsoever against the Prior Bonds Escrow Fund for fees, compensation, costs or expenses. The Town shall also reimburse the Escrow Bank for out-of-pocket costs such as cost of giving notice of redemption of the Prior Bonds, legal fees and other costs and expenses relating hereto, but under no circumstances shall amounts deposited in the Prior Bonds Escrow Fund be deemed to be available for said purposes.

(b) The Town agrees to indemnify the Escrow Bank, its agents and its officers and employees for, and hold the Escrow Bank, its agents and its officers and employees harmless from, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind (including without limitation, reasonable fees and disbursements of counsel or accountants for the Escrow Bank) which may be imposed on, incurred by, or asserted against the Escrow Bank or such other party at any time by reason of, or in connection with, the performance of its duties as Escrow Bank hereunder, unless due to the negligence or willful misconduct of the particular indemnified party. Such indemnity shall survive the termination or discharge of this Agreement.

(c) The Escrow Bank shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. The Escrow Bank shall have no duty or responsibility

under this Agreement in the case of any default in the performance of the covenants or agreements contained in the Prior Bond Resolutions or in the Refunding Bond Resolution.

(d) The Escrow Bank may consult with counsel of its own choice (which may be counsel for the Town) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

(e) The Escrow Bank shall not be responsible for any of the recitals or representations contained herein, in the Prior Bond Resolutions or in the Refunding Bond Resolution.

(f) The Escrow Bank may become the owner of, or acquire any interest in, any of the 2012 Refunding Bonds with the same rights that it would have if it were not the Escrow Bank, and may engage or be interested in any financial or other transaction with the Town.

(g) The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal and interest on the Prior Bonds.

(h) The Escrow Bank shall not be liable for any action or omission of the Town under this Agreement, under the Prior Bond Resolutions or under the Refunding Bond Resolution.

(i) Whenever in the administration of this Agreement, the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusive proved and established by a certificate and shall, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

(j) The Escrow Bank may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided to it in connection with this Agreement, and shall be protected in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Bank in accordance with this Agreement and reasonably believed by the Escrow Bank to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(k) The Escrow Bank may at any time resign by giving written notice to the Town of such resignation. The Town shall promptly appoint a successor Escrow Bank by the resignation date. Resignation of the Escrow Bank will be effective only upon acceptance of appointment by a successor Escrow Bank. If the Town does not appoint a successor, the Escrow Bank may petition any court of competent jurisdiction for the appointment of a successor Escrow Bank, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Bank. After receiving a notice or resignation of an Escrow Bank, the Town may appoint a temporary Escrow Bank until the Town appoints a successor Escrow Bank. Any such temporary Escrow Bank so appointed by the Town shall immediately and without further act be superseded by the successor Escrow Bank so appointed.

(l) The Escrow Bank shall perform such duties and only such duties as are specifically set forth in this Agreement, and no implied actions, covenants or obligations shall be read into this Agreement against the Escrow Bank.

Section 6. No Rights to Others. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the Town, the Escrow Bank and the owners of the Prior Bonds any legal or equitable right, remedy or claim under or in respect to this Agreement or any covenants, conditions or provisions herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Town, the Escrow Bank and the owners of the Prior Bonds.

Section 7. Notices. All notices, requests, demands and other communications under this Agreement by any person shall be in writing (unless otherwise specified herein) and shall be sufficiently given on the date of service if served personally upon the person to whom notice is to be given or on receipt if sent by telex or other telecommunication facility or courier or if mailed by registered or certified mail, postage prepaid, and properly addressed as follows:

(a) if to the Town, to Town of Fairfax, 142 Bolinas Road, Fairfax, California 94930Attention: Town Manager; and

(b) if to the Escrow Bank, to U.S. Bank National Association, One California Street, Suite 1000, San Francisco, CA 94111, Attention: Corporate Trust Department.

Section 8. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 9. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provisions had never been contained herein.

Section 10. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and such counterparts, or as many of them as the Town and the Escrow Bank shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11. Business Days. Whenever any act is required by this Agreement to be done on a specified day or date, and such day or date shall be a day other than a business day for the Escrow Bank, then such act may be done on the next succeeding business day.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed in their respective names by their respective duly authorized officers, all as of the day and year first above written.

TOWN OF FAIRFAX

By _____
Name _____
Title _____

U.S. BANK NATIONAL ASSOCIATION, as Escrow Bank

By _____
Name _____
Title _____

EXHIBIT A

PAYMENT AND REDEMPTION SCHEDULE OF PRIOR BONDS

Date	Maturing Principal	Called Principal	Interest	Premium	Total Payment
3/19/12	—	$2,670,000		—	

EXHIBIT # I

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the TOWN OF FAIRFAX (the "Town") in connection with the issuance by the Fairfax Financing Authority (the "Authority") of its $_____ Fairfax Financing Authority Revenue Bonds, Series 2012 (Town of Fairfax General Obligation Refunding Bond Program) (the "Bonds"). The Bonds are being issued pursuant to an indenture, dated as of March 1, 2012, by and between the Authority and U.S. Bank National Association, as trustee (the "Indenture"). The Town covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

"*Annual Report*" shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Beneficial Owner*" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"*Dissemination Agent*" shall mean the Town or any successor Dissemination Agent designated in writing by the Town and which has filed with the Town a written acceptance of such designation. In the absence of such a designation, the Town shall act as the Dissemination Agent.

"*EMMA*" or "*Electronic Municipal Market Access*" means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"*Listed Events*" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Participating Underwriter*" shall mean any original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the D isclosure Certificate. This Disclosure Certificate is being executed and delivered by the Town for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The Town shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the Town's fiscal year (which currently ends on June 30), commencing with the report for the 2011-12 Fiscal Year, which is due not later than March 31, 2012, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Town may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the Town's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the Town shall provide the Annual Report to the Dissemination Agent (if other than the Town). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Town.

(d) *Report of Non-Compliance.* If the Town is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the Town shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the Town is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the Town, file a report with the Town certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the Town for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the Town's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the

audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited final statements of the Town, the Annual Report shall also include financial and operating data with respect to the Town for preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the official statement for the Bonds, as follows:

(i) The Town's approved budget for the then current fiscal year;

(ii) Assessed value of taxable property in the Town as shown on the recent equalized assessment role; and

(iii) Property tax levies, collections and delinquencies for the Town, for the most recent completed fiscal year.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Town or related public entities, which are available to the public on EMMA. The Town shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the Town shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The Town shall, or shall cause the Dissemination (if not the Town) to, give notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Unscheduled draws on debt service reserves reflecting financial difficulties.

(3) Unscheduled draws on credit enhancements reflecting financial difficulties.

(4) Sub stitution of credit or liq uidity providers, or their failure to perform.

(5) Defeasances.

(6) Rating changes.

(7) Tender offers.

(8) Bankruptcy, insolvency, receivership or similar event of the obligated person.

(9) Adverse tax opinions, the issuance b y the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security , or other material events affecting the tax status of the security .

(b) *Material Reportable Events.* The Town shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) Non-payment related defaults.

(2) Modifications to rights of security holders.

(3) Bond calls.

(4) The release, substitution, or sale of property securing repayment of the securities.

(5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(6) Appointment of a successor or additional trustee, or the chang e of name of a trustee.

(c) *Time to Disclose.* Whenever the Town obtains knowledge of the occurrence of a Listed Event, the Town shall, or shall cause the Dissemination Agent (if not the Town) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Resolution.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Town's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Town shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The Town may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Town, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Town pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the Town. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Town shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the Town.

(b) *Compensation of Dissemination Agent*. The Dissemination Agent shall be paid compensation by the Town for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Town from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Town, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the Town or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the Town. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent*. In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the Town to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the Town under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Town may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the Town that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances*. If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date*. The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion*. The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the Town shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Town. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in

quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Town chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Town shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Town to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Town to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the Town to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, and the Town agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have the same rights, privileges and immunities hereunder as are afforded to the Paying Agent under the Resolution. The obligations of the Town under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Town, the D issemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: March 1, 2012

TOWN OF FAIRFAX

By _____
Name _____
Title _____

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Fairfax Financing Authority

Name of Issue: $_____ Fairfax Financing Authority Revenue Bonds, Series 2012 (Town of Fairfax General Obligation Refunding Bond Program)

Name of Obligor: Town of Fairfax

Date of Issuance: March 1, 2012

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated March 1, 2012, furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Dated: _____

TOWN OF FAIRFAX, as Dissemination Agent

By _____
Title _____

cc: Trustee

EXHIBIT # J

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 15, 2012

NEW ISSUE—BOOK-ENTRY ONLY
BANK QUALIFIED

RATING:
S&P: " "
See "RATING" herein.

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject to compliance by the Authority and the Town with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations and the Bonds are "qualified tax exempt obligations" under the small issuer exception provided under section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS" herein.

$_____*
Fairfax Financing Authority
(Marin County, California)
Revenue Bonds, Series 2012
(Town of Fairfax General Obligation Bond Refinancing Program)

Dated: Date of Delivery **Due: August 1, as shown below**

The $_____* Fairfax Financing Authority (Marin County, California) Revenue Bonds, Series 2012 (Town of Fairfax General Obligation Bond Refinancing Program)(the "Bonds"), are being issued by the Fairfax Financing Authority, a joint exercise of powers entity organized and existing under the laws of the State of California (the "Authority"), pursuant to Article 4, Chapter 5, Division 7, Title 1 (commencing with section 6584) of the California Government Code, a resolution of the Authority authorizing the issuance of the Bonds and an Indenture, dated as of March 1, 2012 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). The Bonds are being issued to (a) purchase the Town of Fairfax, California, 2012 General Obligation Refunding Bonds (the "Town Bonds"), issued by the Town of Fairfax (the "Town") and (b) finance the acquisition and construction of public capital improvements in the Town. The Town Bonds are being issued by the Town to refinance an existing series of general obligation bonds of the Town issued in 2002. See "THE FINANCING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Bonds are secured by a pledge of and lien on the Revenues, consisting primarily of payments of principal and interest made with respect to the Town Bonds which will be issued by the Town concurrently with the Bonds. The Board of Supervisors of the County of Marin (the "County") is empowered and obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Town Bonds upon all property subject to taxation within the Town (except certain personal property which is taxable at limited rates), all as more fully described herein. See "SECURITY FOR THE BONDS" herein.

The Bonds are dated as of their date of delivery and are issuable as current interest bonds. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2012. See "THE BONDS" herein.

The Bonds will be delivered in fully registered form only, and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS" herein and APPENDIX E—BOOK-ENTRY ONLY SYSTEM.

The Bonds are subject to optional and mandatory redemption as described herein. See "THE BONDS—Redemption" herein.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES PLEDGED UNDER THE INDENTURE. THE BONDS ARE NOT A DEBT OF THE TOWN, THE COUNTY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS, EXCEPT THE AUTHORITY TO THE EXTENT DESCRIBED HEREIN, AND NEITHER THE TOWN, THE COUNTY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS, EXCEPT THE AUTHORITY TO THE EXTENT DESCRIBED HEREIN, IS LIABLE THEREON. IN NO EVENT SHALL THE BONDS OR ANY INTEREST THEREON BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS SET FORTH IN THE INDENTURE. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AUTHORITY, THE TOWN NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE.

MATURITY SCHEDULE

CUSIP† Prefix: _____

Maturity (August 1)	Principal Amount	Interest Rate	Reoffering Yield	CUSIP† Suffix	Maturity (August 1)	Principal Amount	Interest Rate	Reoffering Yield	CUSIP† Suffix
2012					2020				
2013					2021				
2014					2022				
2015					2023				
2016					2024				
2017					2025				
2018					2026				
2019					2027				

Bids for the purchase of the Bonds will be received by the Authority on Wednesday, February 15, 2012, *electronically only*, through the I-Deal LLC BiDCOMP/PARITY© system, until 10:00 A.M., Pacific Standard time. The Bonds will be sold pursuant to the terms of sale set forth in the Official Notice of Sale, dated February 2, 2012.

The following firm, serving as financial advisor to the Authority and the Town, has structured this issue:

Wulff, Hansen & Co.
Established 1931
Investment Bankers

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds will be offered when, as and if issued, and received by the Underwriter, subject to the approval as to their validity by Quint & Thimmig LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by Quint & Thimmig LLP, San Francisco, California, Disclosure Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about March 1, 2012.

Dated: February __, 2012

*Preliminary, subject to change.

† Copyright 2012, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the Town and are included solely for the convenience of the registered owners of the Bonds. Neither the Authority nor the Town is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any Bond Owner and the Authority, Town or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by Authority, the Town or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, Town or the Underwriter.

Involvement of Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Underwriter may over-allot or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Estimates and Projections. When used in this Official Statement and in any continuing disclosure by the Town, in any press release and in any oral statement made with the approval of an authorized officer of the Town, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements." Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the Authority, the Town and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Involvement of Trustee. The Trustee has provided the following statements for inclusion in this Official Statement. The Authority has appointed U.S. Bank National Association, a national banking association organized under the laws of the United States of America to serve as Trustee for the Bonds. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the Authority, the Town, the County, the other parties described in this Official Statement, or the condition of the property within the Town since the date of this Official Statement.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE ON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The Town maintains a website. Unless specifically indicated otherwise, the information presented on such website is ***not*** incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

TOWN OF FAIRFAX

FAIRFAX FINANCING AUTHORITY

142 Bolinas Road | Fairfax, California 94930 | Phone: 415-453-1584 | Fax: 415-453-1618

TOWN COUNCIL/AUTHORITY BOARD OF DIRECTORS

Pam Hartwell-Herrero, *Mayor/Authority Chair*
John Reed, *Vice Mayor/Authority Vice Chair*
Larry Bragman, *Councilmember/Authority Member*
David Weinsoff, *Councilmember/Authority Member*
Ryan O'Neil, *Councilmember/Authority Member*

TOWN STAFF

Michael Rock, *Town Manager*
Mark Lockaby, *Public Works Manager*
James M. Moore, *Director of Planning & Building Services*
Michael Vivrette, *Town Finance Director*
Judy Anderson, CMC, *Town Clerk*

FINANCIAL ADVISOR
Wulff, Hansen & Co.
San Francisco, California

BOND COUNSEL AND DISCLOSURE COUNSEL
Quint & Thimmig LLP
San Francisco, California

TRUSTEE
U.S. Bank National Association
San Francisco, California

TABLE OF CONTENTS

INTRODUCTION 1
The Authority 1
The Town 1
Purpose of Issue 1
Description of the Bonds 2
Registration 2
Redemption 2
Security for the Bonds 2
Legal Matters 2
Tax Matters 3
Continuing Disclosure 3
Offering and Delivery of the Bonds 3
Other Information 3
THE FINANCING PLAN 3
ESTIMATED SOURCES AND USES OF FUNDS 4
THE BONDS 4
Authority for Issuance 4
General Description 5
Redemption 5
Registration, Transfer and Exchange of Bonds 6
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 7
Assignment of Town Bonds; Pledge of Revenues 7
Debt Service Coverage 8
Town Bonds 8
SECURITY FOR THE TOWN BONDS 9
General 9
Ad Valorem Property Taxation 9
Assessed Valuations 10
Property Tax Collections 11
Tax Rates 12
Largest Secured Taxpayers 13
Overlapping Debt Obligations 13
THE AUTHORITY 14
THE TOWN OF FAIRFAX 15
General Information 15
Municipal Services 15
Labor Relations 15
Risk Management 15
Retirement System 16
Other Post Employment Benefit 17
Joint Ventures 18
Education 19
Health Services 19
Utilities 19
TOWN FINANCIAL INFORMATION 19
Accounting Practices 19
Principal Sources of General Fund Revenues 20
Financial Statements 21
Budget Process 23
General Fund Budget 24
Short-Term Obligations 25
Long-Term Obligations 25
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS 26
Article XIIIA of the California Constitution 26
Article XIIIB of the California Constitution 27
Proposition 218 28
Proposition 1A of 2004 30
Proposition 22 31
Future Initiatives 31
STATE BUDGET INFORMATION 31
CONTINUING DISCLOSURE 34
FINANCIAL ADVISOR 34
LEGAL MATTERS 35
TAX MATTERS 35
NO LITIGATION 37
RATING 37
UNDERWRITING 37
FINANCIAL STATEMENTS 38
ADDITIONAL INFORMATION 38

APPENDIX A AUDITED FINANCIAL STATEMENTS OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2010
APPENDIX B GENERAL INFORMATION ABOUT THE TOWN OF FAIRFAX AND MARIN COUNTY
APPENDIX C SUMMARY OF PRINCIPAL LEGAL DOCUMENTS
APPENDIX D FORM OF OPINION OF BOND COUNSEL
APPENDIX E FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX F BOOK-ENTRY SYSTEM

OFFICIAL STATEMENT

**$_____*
FAIRFAX FINANCING AUTHORITY
(Marin County, California)
Revenue Bonds, Series 2012
(Town of Fairfax General Obligation Bond Refinancing Program)**

The purpose of this Official Statement, which includes the cover page and attached appendices, is to set forth certain information concerning the sale and delivery by the Fairfax Financing Authority (the "Authority") of its $_____* Revenue Bonds, Series 2012 (Town of Fairfax General Obligation Bond Refinancing Program) (the "Bonds"). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Indenture (as defined below).

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. All summaries of the Indenture or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

The Authority

The Authority was formed under a Joint Exercise of Powers Agreement dated as of August 6, 2008, in accordance with the provisions of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Act"). See "THE AUTHORITY."

The Town

The Town of Fairfax (the "Town") is located in Marin County, California (the "County"), about 20 miles north of San Francisco. The territory of the Town encompasses approximately 2.1 square miles. The population of the Town on January 1, 2010, was _____ persons. See "TOWN OF FAIRFAX" and APPENDIX B—GENERAL INFORMATION ABOUT THE TOWN OF FAIRFAX AND MARIN COUNTY.

Purpose of Issue

The Bonds are being issued for the purpose of providing funds to purchase an issue of general obligation refunding bonds (the "Town Bonds") issued by the Town and to finance the acquisition and construction of public capital improvements in the Town. The Town Bonds are being issued by the Town concurrently with the issuance of the Bonds, to refinance an outstanding series of general obligation bonds issued by the Town in 2002 (the "2002 Bonds"). The 2002 Bonds were authorized at an election of the registered voters of the Town held on November 2, 1999, at which more than two-thirds of the persons voting on the proposition

* Preliminary, subject to change.

voted to authorize the issuance and sale of not to exceed $6,830,000 principal amount of general obligation bonds to finance the acquisition and construction of capital improvements to various streets and storm drains and to the Town's community facilities. Sale of the Town Bonds to the Authority will provide the Town with funds to refund the 2002 Bonds and the sale of the Bonds will generate moneys to finance additional capital improvements in the Town. See "THE FINANCING PLAN" and "SOURCES AND USES OF FUNDS."

Description of the Bonds

The Bonds will be dated their date of delivery (the "Delivery Date") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside front cover page.

Registration

The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the inside front cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See APPENDIX F—BOOK-ENTRY SYSTEM. If the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Indenture described herein. See "THE BONDS—Registration, Transfer and Exchange of Bonds."

Redemption

The Bonds are subject to optional redemption prior to maturity as described herein. See "THE BONDS—Redemption."

Security for the Bonds

The Bonds are secured by a pledge of and first lien on the payments of principal of and interest and redemption premium (if any) on the Town Bonds, which will be held in trust by the Trustee for the benefit of holders of the Bonds under the Indenture. Scheduled payments of principal of and interest and redemption premium on the Town Bonds have been calculated to be sufficient to make payments of principal of and interest and redemption premium on the Bonds as due, and are the sole source of payment of the Bonds. The Town Bonds are obligations of the Town and the Board of Supervisors of the County is empowered and is obligated to annually levy ad valorem taxes, without limitation as to rate or amount, upon all property subject to taxation within the Town (except certain personal property which is taxable at limited rates), as necessary for payment of interest on and principal of the Town Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Legal Matters

Issuance of the Bonds is subject to the approving opinion of Quint & Thimmig LLP, San Francisco ("Bond Counsel"), to be delivered in substantially the form attached hereto as APPENDIX D—FORM OF OPINION OF BOND COUNSEL. Quint & Thimmig LLP will also serve as Disclosure Counsel to the Authority and the Town.

Tax Matters

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject to compliance by the Authority and the Town with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations and the Bonds are "qualified tax exempt obligations" under the small issuer exception provided under section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."

Continuing Disclosure

The Authority, by delegation to the Town, has covenanted to comply with and carry out all of the provisions of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate is included in APPENDIX E—FORM OF CONTINUING DISCLOSURE CERTIFICATE. See "CONTINUING DISCLOSURE."

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued and received by the purchasers, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery in New York, New York on or about March 1, 2012.

Other Information

For limiting factors about this Official Statement, see "General Information About This Official Statement" inside the cover hereof.

THE FINANCING PLAN

The Bonds are being issued for the purpose of acquiring the Town Bonds and financing the acquisition and construction of public capital improvements in the Town.

Acquisition of Town Bonds. The Town and the Authority have entered into an agreement (the "Town Bond Purchase Agreement") under which the Town has agreed to issue the Town Bonds and to sell them to the Authority for a purchase price equal to $_____ (the "Purchase Price"). Under the Town Bond Purchase Agreement, the Town agrees to apply the Purchase Price to refund and defease the 2002 Bonds.

On the date of issuance of the Town Bonds, a portion of the proceeds will be transferred to U.S. Bank National Association, as paying agent for the 2002 Bonds, for deposit into an escrow fund to secure the redemption of the 2002 Bonds on March 19, 2012 (the "Redemption Date"). Moneys in the Escrow Fund are irrevocably pledged as a special fund for the payment of the principal of and interest on the 2002 Bonds on the Redemption Date in accordance with the documents under which the 2002 Bonds were issued. The amounts deposited in the Escrow Fund will be held uninvested and irrevocably pledged for the redemption of the 2002 Bonds on the Redemption Date at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

The amounts held in the Escrow Fund for payment of the 2002 Bonds are pledged solely to the payment of amounts due and payable by the Town with respect to the 2002 Bonds. The moneys deposited in the Escrow Fund for the 2002 Bonds will not be available for the payment of debt service on the Town Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" below.

As a result of the deposit of amounts in the Escrow Fund, the 2002 Bonds will be payable solely from amounts held in the Escrow Fund, and not from *ad valorem* property taxes levied by the County.

Additional Projects. A portion of the proceeds of the Bonds will be applied by the Authority to finance additional public capital improvements to the public facilities of the Town limited to improvements approved by the voters of the Town at the November 2, 1999, general obligation bond election. Such authorized improvements included repairs of streets, sidewalks, and storm drains.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Bonds are as follows:

Sources of Funds	
Principal Amount of Bonds	
Plus: Original Issue Premium	
Total Sources	
Uses of Funds	
Purchase of Town Bonds	
Deposit to Project Fund	
Costs of Issuance (1)	
Total Uses	

(1) Costs of Issuance include legal fees, Underwriter's discount, financial advisor fees, printing costs, rating agency fees, Trustee fees and other miscellaneous expenses.

THE BONDS

Authority for Issuance

The Bonds are being issued under an Indenture of Trust dated as of March 1, 2012 (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), under the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5, Division 7, Title 1 of the Government Code, commencing with Section 6584, and under a resolution adopted by the Board of Directors of the Authority on February 1, 2012. See APPENDIX C—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.

The Town Bonds are being issued under the provisions of Articles 9 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, commencing with Section 53550 (the "Refunding Bond Law") and a resolution adopted by the Town Council of the Town on February 1, 2012. Under the Refunding Bond Law, bonds such as the Town Bonds issued for the purpose of refunding outstanding bonds previously authorized by the voters that reduce the aggregate debt service obligation of taxpayers do not require additional voter approval, either for issuance of such refunding bonds or the levy of ad valorem property tax sufficient to pay principal and interest as due on the refunding bonds.

General Description

The Bonds will be registered initially in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York ("DTC"), which has been appointed as securities depository for the Bonds, and registered ownership may not be transferred thereafter except as provided in the Indenture. Purchasers will not receive certificates representing their interests in the Bonds. Principal of and interest on the Bonds will be paid by the Trustee to DTC, which in turn is obligated to remit such principal and interest to its Participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See APPENDIX F—BOOK-ENTRY SYSTEM.

The Bonds will be issued in the aggregate principal amount set forth on the inside front cover hereof as fully registered Bonds. The Bonds will be delivered only in denominations of $5,000 or integral multiples thereof.

Interest on the Bonds will be payable on February 1 and August 1 of each year (each an "Interest Payment Date"), commencing on August 1, 2012. Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Bond registration books of the Trustee (the "Registration Books") at the close of business on the 15th calendar day of the month preceding such Interest Payment Date (each, a "Record Date"). Interest will be paid by check of the Trustee mailed by first class mail to the Owners at the respective addresses of such Owners as they appear on the Registration Books which are maintained by the Trustee; except that interest will be paid by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of $1,000,000 or more who furnishes written wire instructions to the Trustee which written request is on file with the Trustee as of any Record Date.

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless: (i) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date, (ii) a Bond is authenticated on or before July 15, 2012, in which event interest thereon will be payable from the Delivery Date, or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest on the Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months. Principal of the Bonds is payable at maturity upon the surrender thereof at the corporate trust office of the Trustee in San Francisco, California, or the corporate trust office of any successor Trustee.

Redemption

Optional Redemption. Bonds maturing on or before August 1, 2021, are not subject to redemption prior to their respective maturity dates. Bonds maturing on or after August 1, 2022, are subject to redemption prior to their respective maturity dates in whole or in part on any date on or after August 1, 2021, from moneys provided at the option of the Town at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Notice of Redemption. When redemption is authorized or required, the Trustee will give notice to the Owners of the Bonds designated for redemption. Such notice will state the redemption date, the place or places of redemption and the redemption price, shall designate

the maturities, CUSIP numbers, if any, and, if less than all Bonds of any such maturity are to be redeemed, the serial numbers of the Bonds of such maturity to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, have been called for redemption, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on said date there will become due and payable on each of said Bonds the redemption price thereof or of said specified portion of the principal represented thereby in the case of a Bond to be redeemed in part only, together with interest accrued with respect thereto to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest with respect thereto shall cease to accrue, and shall require that such Bond be then surrendered to the Trustee.

Notice of such redemption shall be mailed, first class postage redeemed, not more than 60 days nor less than 30 days prior to said redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books. Any defect in the notice or the mailing thereof will not affect the validity of the redemption of any Bond.

Rescission of Optional Redemption Notice. The Authority has the right to rescind any notice of the optional redemption of Bonds by written notice to the Trustee on or prior to the dated fixed for redemption. Any notice of redemption may cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an event of default under the Indenture. The Authority and the Trustee have no liability to the Bond Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all Bonds will be deemed to be comprised of separate $5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

Registration, Transfer and Exchange of Bonds

If the book entry system is discontinued, the Authority will cause the Trustee to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds. In such event, the person in whose name a Bond is registered will be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond will be made only to or upon the order of that person; neither the Authority, the Town, the County nor the Trustee will be affected by any notice to the contrary, but the registration may be changed as provided the Indenture.

Bonds may be exchanged at the corporate trust office of the Trustee for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The Trustee will require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Assignment of Town Bonds; Pledge of Revenues

As described above, a portion of the proceeds of the Bonds will be applied to purchase the Town Bonds concurrently with the issuance of the Bonds. Under the Indenture, the Town assigns all of its right, title and interest in the Town Bonds to the Trustee for the security of the Bonds. The Trustee will be the registered owner of the Town Bonds, and as such will hold the Town Bonds in trust under the Indenture for the benefit of owners of the Bonds. As registered owner, the Trustee will be entitled to receive direct payment of all principal of and interest on the Town Bonds. The Bonds are secured by a pledge of and first lien on the Revenues as defined in the Indenture, consisting of payments of principal of and interest on the Town Bonds.

Scheduled payments of principal of and interest on the Town Bonds in the aggregate will be sufficient to make payments of principal of and interest on the Bonds as due, and are the sole source of payment of the Bonds. Sufficiency of the Revenues to be received by the Trustee from the ownership of the Town Bonds to pay principal of and interest on the Bonds will be verified by the Verification Agent.

Debt Service Coverage

The following table shows the Revenues, debt service requirements for the Bonds and surplus, assuming that no optional redemptions are made. The Authority will receive debt service payments on the Town Bonds and use such revenues to pay debt service on the Bonds. On such basis, the following table serves as a cash flow for the Authority in connection with this transaction.

TABLE 1
DEBT SERVICE COVERAGE

	Bonds			Town Bonds			
Payment Date	Principal	Interest	Total Revenues	Principal	Interest	Total Bond Debt Service	Surplus
8/1/12							
2/1/13							
8/1/13							
2/1/14							
8/1/14							
2/1/15							
8/1/15							
2/1/16							
8/1/16							
2/1/17							
8/1/17							
2/1/18							
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2/1/23							
8/1/23							
2/1/24							
8/1/24							
2/1/25							
8/1/25							
2/1/26							
8/1/26							
2/1/27							
8/1/27							
TOTAL							

Town Bonds

The Town Bonds are general obligations of the Town and the Board of Supervisors of the County is empowered and is obligated to annually levy ad valorem taxes, without limitation as to rate or amount, upon all property subject to taxation within the Town (except certain personal property which is taxable at limited rates), as necessary for payment of principal of and interest on the Town Bonds. See "SECURITY FOR THE TOWN BONDS" below.

SECURITY FOR THE TOWN BONDS

General

The Town Bonds are general obligations of the Town. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes for the payment of the Town Bonds and the interest thereon upon all property within the Town subject to taxation by the Town without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such taxes are required to be levied annually, in addition to all other taxes, during the period that the Town Bonds are outstanding, in an amount sufficient to pay the principal and interest on the Town Bonds when due. Such taxes, when collected, will be deposited into an interest and sinking fund for the Town Bonds (the "Debt Service Fund"), which is maintained by the Town and which is created by statute for the payment of principal of and interest on the Town Bonds when due. Although the Town is obligated to cause levy of an ad valorem tax for the payment of the Town Bonds, and will maintain the Debt Service Fund pledged to the repayment of the Town Bonds, the Town Bonds are not a debt of the Town payable from the general fund of the Town.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal and interest on the Town Bonds as the same become due and payable, will be transferred by the Town to U.S. Bank National Association, as paying agent for the Town Bonds (the "Paying Agent") which, in turn, shall pay such moneys to the Trustee to pay the principal and interest on the Bonds.

The amount of the annual ad valorem tax levied by the Town to repay the Town Bonds will be determined by the relationship between the assessed valuation of taxable property in the Town and the amount of debt service due on the Town Bonds. A reduction in the assessed valuation of taxable property in the Town caused by economic factors beyond the Town's control, such as economic recession, slower growth, or deflation of land values, a relocation out of the Town by one or more major property owners, or the complete or partial destruction of such property caused by, among other eventualities, an earthquake, flood or other natural disaster, could cause a reduction in the assessed value of the Town and necessitate an unanticipated increase in the annual tax levy. For further information regarding the Town's tax base, tax rates, overlapping debt and other matters concerning taxation, see "TOWN FINANCIAL INFORMATION" herein.

Ad Valorem Property Taxation

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the Town as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and March 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about December 10 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Tax Collector and Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Assessed Valuations

The assessed valuation of property in the Town is established by the Marin County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TOWN REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

Property within the Town had a net taxable assessed valuation for fiscal year 2011-12 of $1,092,323,143. Shown in the following table are the assessed valuations for the Town for the past five fiscal years.

TABLE 2
TOWN OF FAIRFAX
Assessed Valuation
Fiscal Year 2007-08 through Fiscal Year 2011-12

Year	Local Secured	Utility	Unsecured	Total
2007-08	$1,020,789,513	$0	$8,150,924	$1,028,940,437
2008-09	1,074,256,771	0	7,911,371	1,082,168,142
2009-10	1,094,144,420	0	7,243,302	1,101,387,722
2010-11	1,086,865,975	0	7,139,132	1,094,005,107
2011-12	1,085,084,695	0	7,238,448	1,092,323,143

Source: California Municipal Statistics, Inc.

Property Tax Collections

The following table shows tax charges, collections and delinquencies for secured property in the Town with respect to the debt service levy.

TABLE 3
TOWN OF FAIRFAX
Secured Tax Charges and Delinquencies
(Debt Service Levy)
Fiscal Year 2006-07 through Fiscal Year 2010-11

Year	Secured Tax Charge (1)	Amt. Del. June 30	% Del. June 30
2006-07	$421,546.34	$ 6,959.50	1.65%
2007-08	496,362.21	13,568.89	2.73
2008-09	509,135.97	19,347.29	3.80
2009-10	501,382.85	16,879.60	3.37
2010-11	485,703.90	11,401.58	2.35

Source: California Municipal Statistics, Inc.
(1) General obligation bond debt service levy

The Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") has been adopted by 53 of the 58 counties, including the County, as provided for in section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency, including cities, levying property taxes in a county receives 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 receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. However, although a local agency receives the total levy for its property taxes without regard to actual collections, to the extent of a reserve established and held by its county for this purpose, the basic legal liability for property tax deficiencies at all times remains with the local agency. The Teeter Plan is to remain in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the county, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. The board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in its county. Thus, so long as the County maintains its policy of collecting taxes pursuant to said procedures and the Town meets the Teeter Plan requirements, the Town will receive 100% of the annual installments levied without regard to actual collections in the Town. There is no assurance, however, that the County Board of Supervisors will maintain its policy of apportioning taxes pursuant to the aforementioned procedures.

In 1978, the voters of the State passed Proposition 8, a constitutional amendment to Article XIIIA that allows a temporary reduction in assessed value when real property suffers a decline in value. A decline in value occurs when the current market value of real property is less than the current assessed (taxable) factored base year value as of the lien date, January 1. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIIIA of the California Constitution."

Tax Rates

The table below summarizes the total ad valorem tax rates levied by all taxing entities in a tax rate area within the Town during the five-year period from 2007-08 to 2011-12.

TABLE 4
TOWN OF FAIRFAX Summary of Ad Valorem Tax Rates
Typical Tax Rate Per $100 of Assessed Valuation
(Tax Rate Area 3-000)

Typical Total Tax Rates per $100 of Assessed Valuation (TRA 3-000)

	2007-08	2008-09	2009-10	2010-11	2011-12
General	1.0000	1.0000	1.0000	1.0000	1.0000
Tamalpais Union High School District Bonds	.0469	.0429	.0425	.0482	.0410
Ross Valley School District Bonds	.0305	.0296	.0307	.0325	.0613
Marin Community College District Bonds	.0163	.0042	.0192	.0136	.0175
Town of Fairfax Bonds	.0493	.0484	.0469	.0464	.0455
Town of Fairfax Pension Tax	.0910	.0910	.0910	.0910	.0910
Total	1.2340	1.2161	1.2303	1.2317	1.2563

Source: California Municipal Statistics, Inc.

Largest Secured Taxpayers

The following table shows the 20 largest secured property taxpayers in the Town as determined by secured assessed valuation in fiscal year 2011-12.

TABLE 5
TOWN OF FAIRFAX
Top Twenty Secured Property Taxpayers
Fiscal Year 2011-12

	Property Owner	Primary Land Use	2011-12 Assessed Valuation	% of Total (1)
1.	Westbridge Properties Hamilton House LLC	Multi-Family Residential	$13,416,197	1.24%
2.	MT & CC LLC	Commercial	4,912,157	0.45
3.	Arrowood Estates LLC	Residential	4,646,708	0.43
4.	Professional Investors Security Fund II	Multi-Family Residential	4,184,978	0.39
5.	Piper Court Ltd.	Multi-Family Residential	2,813,103	0.26
6.	Fair Anselm Center	Commercial	2,280,228	0.21
7.	Peter Strober	Commercial	2,139,807	0.20
8.	Journey Health Properties LLC	Commercial	2,082,759	0.19
9.	Farshid Ezazi	Commercial	2,058,211	0.19
10.	Lyall D. Morrill, Jr., Trust	Residential	2,033,083	0.19
11.	David E. Finkelstein, Trust	Multi-Family Residential	2,000,000	0.18
12.	Karkabi Family LLC	Commercial	1,997,512	0.18
13.	Shane Deal	Residential	1,920,321	0.18
14.	Fairfax Bolinas Center LLC	Commercial	1,915,884	0.18
15.	Lawrence Dickinson	Multi-Family Residential	1,867,958	0.17
16.	San Rafael Lumber Company	Commercial	1,800,000	0.17
17.	Charles A. Peri, Trust	Commercial	1,780,838	0.16
18.	Sandra G. Campodonico	Multi-Family Residential	1,668,255	0.15
19.	Albert P. Bedecarre	Multi-Family Residential	1,660,635	0.15
20.	Rick D. Smith	Residential	1,652,000	0.15
			$58,830,634	5.42%

Source: California Municipal Statistics, Inc.
(1) 2011-12 Local Secured Assessed Valuation: $1,085,084,695

Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated February 1, 2012. The Debt Report is included for general information purposes only. The Town has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Town in whole or in part. Such long-term obligations generally are not payable from revenues of the Town (except as indicated) nor are they necessarily obligations secured by land within the Town. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 6
TOWN OF FAIRFAX
Statement of Direct and Overlapping Bonded Debt
Dated as of February 1, 2012

2011-12 Assessed Valuation: $1,092,323,143

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 2/1/12
Marin Community College District	2.090%	$ 3,740,055
Tamalpais Union High School District	3.394	5,365,914
Ross Valley School District	24.974	5,509,174
Town of Fairfax	**100.**	**6,038,400** (1)
Marin Sanitary District No. 1 Canyon Road Assessment District	100.	370,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$21,023,543
OVERLAPPING GENERAL FUND DEBT:		
Marin County General Fund Obligations	2.086%	$1,607,103
Marin County Pension Obligations	2.086	2,298,459
Marin County Transit District General Fund Obligations	2.086	4,277
Marin Municipal Water District General Fund Obligations	2.666	4,447
Marin Community College District General Fund Obligations	2.090	59,687
Ross Valley Fire Protection District General Fund Obligations	31.230	87,362
TOTAL OVERLAPPING GENERAL FUND DEBT		$4,061,335
COMBINED TOTAL DEBT		$25,084,878 (2)

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2011-12 Assessed Valuation:
Direct Debt ($6,038,400) 0.55%
Total Direct and Overlapping Tax and Assessment Debt 1.92%
Combined Total Debt 2.30%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: $0

Source: California Municipal Statistics, Inc.

THE AUTHORITY

The Authority was formed under a Joint Exercise of Powers Agreement dated as of August 6, 2008, between the Town and the California Municipal Financing Authority in accordance with the provisions of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Act"). The Authority was formed to assist the Town with the issuance of taxable and tax-exempt financing. Under the Act, the Authority has the power to issue Bonds, to finance or refinance the cost of public capital improvements of the Town, including to finance the purchase of bonds issued by the Town for such purpose. The obligations and debts of the Authority do not constitute obligations or debts of any of its members. The Authority has no financial obligation to the Owners of the Bonds. The Authority has no taxing power.

THE TOWN OF FAIRFAX

General Information

The Town is located in Marin County approximately 20 miles north of San Francisco, and encompasses an area of approximately 2.1 square miles. The Town was incorporated in 1931 and is a general law city pursuant to the California Government Code. The Town has a Council-Manager form of government, with five elected Council members served by a full-time Town Manager and staff. The Town Council consists of a Mayor and four other councilmembers. The Mayor is selected from among the sitting councilmembers and serves a one-year term. Councilmembers are elected at-large for staggered four-year terms and are limited to two consecutive four-year terms. The Town Treasurer and Town Clerk are also elected positions. See APPENDIX B—GENERAL INFORMATION ABOUT THE TOWN OF FAIRFAX AND MARIN COUNTY for demographic information about the Town and the County.

Municipal Services

The Town provides municipal services related to public safety (police protection), public works (including street and storm drain services), planning, zoning, parks and recreation, library, and general Town administration.

Fire protection and emergency medical services in the Town are provided by the Ross Valley Fire Authority, a joint powers authority between the Town and the Town of San Anselmo. The Ross Valley Fire Authority was created in 1982, and its primary funding is through general fund contributions from the two towns. The Ross Valley Fire Authority is governed by a board of directors appointed by the two towns and is administered by the Town Manager of one of the towns, as appointed by the board of directors.

Labor Relations

The Town has two recognized bargaining units which represent its employees. The Fairfax Police Officers Association represents police. Its contract with the Town expires on June 30, ___. The Marin Association of Public Employees represents all other Town staff except for seven management employees. Its contract with the Town also expires on June 30, ____. The management employees do not fall under any bargaining agreement.

Risk Management

The Town is a participant in the Bay Cities Joint Powers Insurance Authority (BCJPIA), which covers general liability claims in an amount up to $1,000,000. The Town has a deductible or uninsured liability of up to $50,000 per claim. Once the Town's deductible is met, BCJPIA becomes responsible for payment of all claims up to the limit. Other coverage includes excess insurance for claims over $1,000,000.

The Town also participates in the BCJPIA for worker's compensation insurance. BCJPIA participates in the Local Agency Worker's Compensation Excess Insurance Joint Powers Authority's (LAWCX) risk pool which in turn purchases coverage above $1,000,000. The Town has a deductible or uninsured liability of up to $150,000 per claim. BCJPIA pool covers claims from $150,000 to $1,000,000. Claims from $1,000,000 to $4,000,000 are covered by LAWCX. Once the Town's deductible is met, then BCJPIA Plan becomes responsible for payment of all claims up to the limit.

Each risk pool is governed by a board consisting of representatives from member municipalities. The board controls the operations of each risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board. The Town's contributions to each risk pool equal the ratio of the Town's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2010—Note __.

Retirement System

Substantially all Town employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The Town's employees participate in the separate Safety (police) and Miscellaneous (all other). Benefit provisions under the Plans are established by State statute and Town ordinance. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the Town must contribute these amounts. The Town's labor contracts require it to pay employee contributions as well as its own.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the Town's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The Town uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.00%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

As required by State law, effective July 1, 2005, the Town's Safety and Miscellaneous Plans were terminated, and the employees in those plans were required by CALPERS to join new State-wide pools. One of the conditions of entry to these pools was that the Town true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The Town satisfied its Safety and Miscellaneous Plans' unfunded liabilities by agreeing to contribute to the Side Funds through an addition to its normal contribution rates. As of the latest actuarial the balance of the Side Fund for Safety was $1,985,571 which will be repaid over the next 10 years. The balance of the Side Fund for Miscellaneous was $286,968 which will be repaid over the next 9 years.

APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2010—Note __.

Other Post Employment Benefit

During fiscal year 2010, the Town implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). The provisions of this statement are applied prospectively and do not affect prior year's financial statements. The City has elected to use the alternative measurement method as prescribed by GASB 45. Required disclosures are presented below.

The Town provides full health insurance benefits to employees who retire with at least 25 years of service (20 years in Management). The Town will pay the one-party Kaiser Basic premium for such retirees. For those with 10 or more years of service, there are partial benefits. For retirees not eligible for the premium-based benefit, the Town will pay the CalPers minimum employer contribution towards premiums, which is $105 for fiscal year 2010. The cost of the benefits provided by the Plan is currently being paid along with the annual required contribution. The long-term strategy for funding the benefits provided under the Plan is currently being evaluated.

As of June 30, 2010, 7 participants were eligible to receive retirement health care benefits.

Concurrent with implementing Statement No. 45, the City Council passed a resolution to participate the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administrated by CALPERS, and is managed by an appointed board not under the control of City Council. This Trust is not considered a component unit by the City and has been excluded from these financial statements. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

The City's Policy is to prefund these benefits by accumulating assets with CERBT discussed above pursuant to Council Resolution 09-48.

The annual required contribution (ARC) was determined as part of a June 30, 2010 actuarial valuation using the projected unit credit actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.75% investment return; (b) 3.25% projected annual salary increase, (c) 3% annual general inflation rate and (d) 5% health care cost trend rate increases, starting 2012.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least once every three years as results are compared to past expectations and new estimates are made about the future. The Town's OPEB unfunded actuarial accrued liability is

being amortized as a level percentage of projected payroll using a closed thirty year-amortization period.

APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2010—Note __.

Joint Ventures

The Town participates in several active joint ventures through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements (JPA), including selection of management and approval of operating budgets, independent of any influence by each member beyond representation on each Board. Obligations and liabilities of these joint ventures are not the Town's responsibility, and the Town does not have an equity interest in the assets of each joint venture except upon dissolution.

Ross Valley Fire Service. The Ross Valley Fire Service was established under a 1982 Joint Exercise of Powers Agreement between the Town of Fairfax and the Town of San Anselmo for the purpose of providing fire protection, emergency medical, and related services within the Fairfax and San Anselmo area. Members of the Ross Valley Fire Service pay their pro rata share of the total annual contributions.

Ross Valley Paramedic Authority. The Ross Valley Paramedic Authority is a joint powers agreement formed on December 14, 1982, by the Town, the Town of Corte Madera, the Kentfield Fire Protection District, the City of Larkspur, the County, the Town of Ross, the Town of San Anselmo and the Sleepy Hollow Fire Protection District for the purpose of providing paramedic services. The Ross Valley Paramedic Authority is controlled by an eight member board consisting of a member from each entity. Services are provided by the County Fire District to the Ross Valley Paramedic Authority. The Ross Valley Paramedic Authority's operations are financed by its members, through property taxes on each residential unit and commercial property. The books and records are maintained by the City of Larkspur.

Marin County Cable Rate Regulation Authority. The Marin County Cable Rate Regulation Authority was established as a Joint Powers Authority among the Town, the towns of Ross, San Anselmo, Tiburon and Corte Madera, and the cities of Larkspur, Mill Valley, Sausalito, San Rafael and Belvedere, and the County. The agreement provides for the regulation of rates for certain cable television services and equipment pursuant to the Cable Television Consumer Protection and Competition Act of 1992. The financial responsibility of each member is based on the number of cable television subscribers.

Marin General Services Authority. The Marin General Services Authority was established on April 26, 2005, to replace the Marin Street Light Acquisition Authority. All the original members of the Marin Street Light Acquisition Authority are eligible for membership. The Marin General Services Authority is established to finance, implement, and manage various municipal services with the member agencies including taxicab regulation and information management services. All assets and funds of the Marin Street Light Acquisition Authority were transferred to the Marin General Services Authority. The financial responsibility of each member is based on a relative population and assessed value formula.

Marin Emergency Radio Authority. The Town is a member of the Marin Emergency Radio Authority, along with the County and twenty-four local government agencies. The purpose of the Marin Emergency Radio Authority is to plan, finance, implement, own and operate a multi-jurisdictional and countywide public safety and emergency radio system. To finance this

system, in 1999 the Marin Emergency Radio Authority issued approximately $27 million in revenue bonds.

Education

The Town is served by two public school districts. The Ross Valley School District is an elementary district, providing education for students in grades K-8. Students graduating from the Ross Valley School District attend high school in the Tamalpais Union High School District.

Health Services

Hospital services for residents of the Town are provided by Marin General Hospital, a nonprofit community medical center which is located in Greenbrae, about 2.5 miles from the Town, and is governed by an elected board of directors. Other local health facilities serving the Town include Kaiser Permanente Medical Center in San Rafael.

Utilities

Natural gas and electricity are provided by Pacific Gas and Electric Company. Water service is provided by the Marin Municipal Water District and sewerage is collected and treated by the Ross Valley Sanitary District.

TOWN FINANCIAL INFORMATION

The information in this section concerning the operations of the Town and the Town's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Town Bonds is payable from the general fund of the Town. The Town Bonds are payable from the proceeds of an ad valorem tax levied by the Town in an amount sufficient for the payment thereof. See "SECURITY FOR THE TOWN BONDS" herein.

Accounting Practices

The accounting practices of the Town conform to generally accepted accounting principles. Town accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not identified as requiring special fund placement. The Town's fiscal year begins on July 1 and ends on June 30.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance for all major governmental funds and non-major funds aggregated. Financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. See APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2010—Note 1—Summary of Significant Accounting Policies" herein for further description of the Town's accounting methods.

Principal Sources of General Fund Revenues

Property taxes were the single largest revenue source to the general fund in fiscal year 2010-11, representing approximately ___% of revenues and represents approximately __% of general fund revenues in the Town's fiscal year 2011-12 adopted budget.

In addition, the Town receives the following local taxes:

Franchise Taxes. The Town levies a franchise tax on its gas, electric, cable television and trash collection franchises.

Transient Occupancy Taxes. The Town levies a 10% transient occupancy tax on hotel and motel bills.

Property Transfer Taxes. A documentary stamp tax is assessed for recordation of real property transfers.

The following table shows the Town's general fund tax revenues by source for the most recent five fiscal years:

TABLE 7
TOWN OF FAIRFAX
Tax Revenues By Source

Source	Actual 2007-08	Actual 2008-09	Actual 2009-10	Actual 2010-11	Budget 2011-12
Property Taxes					
Sales and Use Tax					
Franchise Taxes					
Transient Occupancy Taxes					
Other Taxes					
Total Tax Revenues					

Source: Town of Fairfax Finance Department.

In addition, the Town receives the following general fund revenues:

Licenses and Permits. These revenues consist primarily of building construction permit fees.

Fines, Forfeitures and Penalties. These revenues include parking citations and other fines for municipal code violations.

Use of Money and Property. These revenues consist primarily of investment earnings and rental/concession income.

Charges for Services. The Town charges fees for plan checking, building inspection and a variety of other municipal services.

The following table illustrates other revenue sources:

TABLE 8
TOWN OF FAIRFAX
Other Revenue Sources

Source	Actual 2007-08	Actual 2008-09	Actual 2009-10	Actual 2010-11	Budget 2011-12
Licenses and Permits					
Fines and Forfeitures					
Use of Money and Property					
From Other Agencies					
Charges for Services					
Total Other Revenues					

Source: Town of Fairfax Finance Department.

Financial Statements

The Town's general fund finances the legally authorized activities of the Town for which restricted funds are not provided. General fund revenues are derived from such sources as taxes, fees, use of money and property, and aid from other governmental agencies. The Town's 2009-10 financial statements (see APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2010), were audited by the independent accounting firm of Maze & Associates (the "Town's Auditor"). No post-audit review has been requested nor will be performed. Audited financial statements for the Town for the fiscal year ended June 30, 2009, and prior fiscal years are on file with the Town and available for public inspection at the office of the Town Clerk, 142 Bolinas Road, Fairfax, California 94930, telephone number (415) 453-1584.

The following table shows the audited balance sheets and income and expense statements for the Town for the 2008-09 through 2010-11 fiscal years.

TABLE 9
TOWN OF FAIRFAX
Audited Financial Statements - General Fund
As of June 30 For Fiscal Years 2008-09 through 2010-11

Balance Sheet

	(Audited) 2008-09	(Audited) 2009-10	(Unaudited) 2010-11
Assets			
Total Assets			
Liabilities			
Total Liabilities			
Fund Balances			
Total Liabilities and Fund Balances			

Source: Audited Financial Statements, except for 2010-11 which is unaudited.

TABLE 10
TOWN OF FAIRFAX
Audited Financial Statements - General Fund
Fiscal Years Ended 2008-09 through 2010-11

Income Statement

	(Audited) 2008-09	(Audited) 2009-10	(Unaudited) 2010-11
Revenues			
Total Revenues			
Expenditures			
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures			
Other Financing Sources (Uses)			
Total Other Financing Sources (Uses)			
Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses			
Fund Balance at beginning of year (July 1)			
Prior Period Adjustments			
Fund Balance at end of year (June 30)			

Source: Audited Financial Statements, except for 2010-11 which is unaudited.

Budget Process

In June of each year, the Town Manager prepares for submission to the Town Council a proposed operating budget for the following fiscal year. This budget includes proposed expenditures, by fund and by department, and the revenues expected to finance them. The budget is legally enacted through passage of a resolution of the Town Council, usually in August. Public hearings are conducted to obtain taxpayer comments prior to adoption of the budget by the Town Council.

The Town Manager is authorized to transfer budgeted amounts between line items within any department; however, any revisions which alter total expenditures of any

department must be approved by the Town Council. Formal budgetary integration is employed as a management control device during the year for the general fund and all special revenue funds except the emergency reserve, P.O.S.T., art, and seized assets special revenue funds. Budgets are adopted on a basis consistent with generally accepted accounting principles.

General Fund Budget

The Town's adopted budget for the year ending June 30, 2012 is set forth in the following table.

TABLE 11
TOWN OF FAIRFAX
Adopted Budgets
Fiscal Year Ending June 30, 2012

	Approved Budget 2011-12

Source: Town of Fairfax 2011-12 Adopted Budget

Short-Term Obligations

On August 24, 2011, the Town issued its $1,000,000 2011-12 Tax and Revenue Anticipation Notes. Such notes mature on April 15, 2012.

Long-Term Obligations

2002 General Obligation Bonds. The 2002 Bonds, currently outstanding in the principal amount of $2,670,000, will be refunded by the issuance of the Town Bonds. The Town Bonds will be purchased by the Authority from the proceeds of the Bonds.

2006 General Obligation Bonds. In 2006, the Town issued its $1,765,000 General Obligation Bonds (the "2006 Bonds") to fund capital improvement projects. The 2006 Bonds are currently outstanding in the principal amount of $1,530,000.

2008 General Obligation Refunding Bonds. In 2008, the Town issued its $1,977,600 General Obligation Refunding Bonds (the "2008 Bonds") to refinance its bonds issued in 2000 to fund capital improvement projects. The 2008 Bonds were purchased by the Authority. The 2008 Bonds are currently outstanding in the principal amount of $1,838,400.

The annual requirements to amortize all outstanding general obligation bonds, including the bonds of this issue, are as follows:

TABLE 12
TOWN OF FAIRFAX
General Obligation Bonds – Debt Service

Maturity (8/1)	2006 Bonds	2008 Bonds	2012 Bonds	Total
2012	$ 147,250.00	$ 109,236.12		
2013	144,650.00	169,630.04		
2014	147,050.00	176,190.44		
2015	148,900.00	182,047.64		
2016	145,525.00	187,207.44		
2017	147,150.00	191,775.64		
2018	147,350.00	195,752.24		
2019	147,250.00	203,837.24		
2020	146,850.00	206,058.04		
2021	146,150.00	212,604.64		
2022	145,150.00	218,192.84		
2023	144,375.00	227,728.44		
2024	148,325.00	236,133.04		
2025	146,725.00	238,306.64		
2026	144,850.00	—		
2027	147,700.00	—		
Total	$2,345,250.00	$2,754,700.44		

Source: The Town.

All debt service payments on the bonds, including refunding bonds, are payable from an *ad valorem* tax levied and collected by the County on assessed property in the Town.

The Town currently has no outstanding certificates of participation or other general fund-secured long-term debt.

Capital Leases. The Town leases equipment under capital lease agreements. Future minimum lease payments are as follows:

Year Ending June 30,	Lease Payments
2012	
2013	
2014	
2015	
2016-2020	
2021-2025	
2026-2030	
Total payments	

Source: The Town.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIIIA of the California Constitution

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIIIA to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any ad valorem tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

Legislation enacted by the California Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

The voters of the State subsequently approved various measures which further amended Article XIIIA. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the Full Cash Value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reappraisal under Article XIIIA. Other amendments permitted the State Legislature to allow persons over the age of 55 who meet certain criteria or "severely disabled homeowners" who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. Other amendments permit the State Legislature to allow persons who are

either 55 years of age or older, or who are "severely disabled," to transfer the old residence's assessed value to their new residence located in either the same or a different county and acquired or newly constructed within two years of the sale of their old residence.

In the November 1990 election, the voters approved an amendment of Article XIIIA to permit the State Legislature to exclude from the definition of "new construction" certain additions and improvements, including seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIIIA has also been amended to provide that there would be no increase in the Full Cash Value base in the event of reconstruction of the property damaged or destroyed in a disaster.

Section 51 of the California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property.

Section 4 of Article XIIIA also provides that cities, counties and special districts cannot, without a two-thirds vote of the qualified electors, impose special taxes, which has been interpreted to include special fees in excess of the cost of providing the services or facility for which the fee is charged, or fees levied for general revenue purposes.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIIIA.

Article XIIIB of the California Constitution

On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIIIB to the California Constitution. In June 1990, Article XIIIB was amended by the voters through their approval of Proposition 111. Article XIIIB of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted (1) if financial responsibility for providing services is transferred to the governmental entity, or (2) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIIIB include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIIIB do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990

levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (1) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (2) the investment of tax revenues and (3) certain State subventions received by local governments. As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the Town over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

As amended in June 1990, the appropriations limit for the Town in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the Town's option, either (1) the percentage change in California per capita personal income, or (2) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is, at the Town's option, either (1) the percentage change in Town population, or (2) the percentage change in County population.

Article XIIIB permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIIIC and XIIID to the California Constitution and contained a number of interrelated provisions affecting the ability of local governments, including the Town, to levy and collect both existing and future taxes, assessments, fees and charges. The Town is unable to predict whether and to what extent Proposition 218 may be held to be constitutional or how its terms will be interpreted and applied by the courts. Proposition 218 could substantially restrict the Town's ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the Town's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. However, the Town does not presently believe that the potential financial impact on the Town as a result of the provisions of Proposition 218 will adversely affect the Town's ability to pay its debt obligations and perform its other obligations payable from the General Fund as and when due.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the Town require a majority vote and taxes for specific purposes, even if deposited in the Town's General Fund, require a two-thirds vote. Further, any general purpose tax that the Town imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election held within two years of November 5, 1996. The Town has not enacted, imposed, extended or increased any tax without voter approval since January 1, 1995. These voter approval requirements of Proposition 218 reduce the flexibility of the Town to raise revenues through General Fund taxes, and no assurance can be given that the Town will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIIIC also expressly extends to voters the power to reduce or repeal local taxes, assessments, fees and charges through the initiative process, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited

by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. SB 919 provides that the initiative powers extended to voters under Article XIIIC likely excludes actions construed as impairment of contracts under the contract clause of the United States Constitution. SB 919 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the Town will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the Town's General Fund. Further, "fees" and "charges" are not defined in Article XIIIC or SB 919, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIIC as they do in Article XIIID. Accordingly, the scope of the initiative power under Article XIIIC could include all sources of General Fund monies not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIIIC of Proposition 218, by its terms, applies to all local taxes, assessments, fees and charges. The Town is unable to predict whether the courts will ultimately interpret the initiative provision to be limited to property related local taxes, assessments, fees and charges. No assurance can be given that the voters of the Town will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the Town's General Fund. The Town believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the Town, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the Town would be able to pay the Lease Agreement Payments as and when due or any of its other obligations payable from the General Fund.

Article XIIID of Proposition 218 adds several new requirements to make it more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and SB 919 as any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in Town service areas and in special districts. In most instances, in the event that the Town is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the Town will curtail such services rather than use amounts in the General Fund to finance such programs. However, no assurance can be given that the Town may or will be able to reduce or eliminate such services in the event the assessments that presently finance them are reduced or repealed.

Article XIIID also adds several provisions, including notice requirements and restrictions on use, affecting "fees" and "charges" which are defined as "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." The annual amount of revenues that are received by the Town and deposited into its General Fund which may be considered to be property related fees and charges under Article XIIID of Proposition 218 is not substantial. However, no assurance can be given that the Town may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Additional implementing legislation respecting Proposition 218 may be introduced in the State legislature from time to time that would supplement and add provisions to California

statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the Town.

Proposition 1A of 2004

The California Constitution and existing statutes give the legislature authority over property taxes, sales taxes and the vehicle license fee (the "VLF"). The legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State "mandates" a new local program or higher level of service. Due to the ongoing financial difficulties of the State, it has not provided in recent years reimbursements for many mandated costs. In other cases, the State has "suspended" mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

The 2004 Budget Act, related legislation and the enactment of Proposition 1A of 2004 (described below) dramatically changed the State-local fiscal relationship. These constitutional and statutory changes implemented an agreement negotiated between the Governor and local government officials (the "State-local agreement") in connection with the 2004 Budget Act.

One change related to the reduction of the VLF rate from 2% to 0.65% of the market value of the vehicle. In order to protect local governments, which had previously received all VLF revenues, the 1.35 percent reduction in VLF revenue to cities and counties from this rate change was backfilled by an increase in the amount of property tax revenues they receive. This worked to the benefit of local governments, because the backfill amount annually increases in proportion to the growth in secured roll property tax revenues, which has historically grown at a higher rate than VLF revenues. Proposition 1A of 2004 requires the State to provide local governments with equal replacement revenues.

On November 3, 2004 the voters of the State approved Proposition 1A ("Proposition 1A of 2004"). Proposition 1A of 2004 amended the State Constitution to, among other things, reduce the Legislature's authority over local government revenue sources by placing restrictions on the State's access to local governments' property, sales, and VLF revenues as of November 3, 2004. Pursuant to Proposition 1A of 2004, the State is able to borrow up to 8% of local property tax revenues but only if the Governor proclaims such action is necessary due to a severe State fiscal hardship and two-thirds of both houses of the State Legislature approve the borrowing. Any amounts borrowed are required to be repaid within three years. Proposition 1A of 2004 also permits the State to borrow from local property tax revenues for no more than two fiscal years within a period of 10 fiscal years, and only if previous borrowings have been repaid. In addition, the State cannot reduce the local sales tax rate or restrict the authority of the local governments to impose or change the distribution of the Statewide local sales tax. Proposition 1A of 2004 generally prohibits the State from mandating activities on cities, counties, or special districts without providing the funding needed to comply with the mandates, and if the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties, or special districts to abide by the mandate is suspended. Proposition 1A of 2004 also expanded the definition of what constitutes a mandate to encompass State action that transfers to cities, counties, and special districts financial responsibility for a required program for which the State previously had partial or complete

responsibility. The State mandate provisions of Proposition 1A of 2004 do not apply to schools or community colleges or to mandates relating to employee rights.

Pursuant to statutory changes made in conjunction with amendments to the fiscal year 2008-09 State Budget Act, the fiscal year 2009-10 State Budget Act and related budget legislation adopted by the State Legislature and signed by the Governor in February 2009 (collectively, the "February 2009 Budget Package"), the VLF rate increased from 0.65% to 1.15% effective May 19, 2009. Of this 0.50% increase, 0.35% will flow to the State General Fund, and 0.15% will support various law enforcement programs previously funded by the State General Fund. This increased VLF rate will be effective through fiscal year 2010-11.

See "RISK FACTORS—State Budgets" for information relating to Proposition 1A and the suspension of Proposition 1A in the State's 2009-10 budget.

Proposition 22

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, reduces or eliminates the State's authority: (a) to use State fuel tax revenues to pay debt service on state transportation bonds; (b) to borrow or change the distribution of state fuel tax revenues; (c) to direct redevelopment agency property taxes to any other local government; (d) to temporarily shift property taxes from cities, counties, and special districts to schools; (e) and to use vehicle license fee revenues to reimburse local governments for state mandated costs. As a result, Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the State Legislative Analyst's Office ("LAO"; the LAO is a fiscal and policy advisory organization overseen by the Joint Legislative Budget Committee of the State legislature, funded by the State legislature) on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 will be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total General Fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Future Initiatives

Article XIIIA, Article XIIIB, Proposition 218, Proposition 1A and Proposition 22 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the Town or local districts to increase revenues or to increase appropriations which may affect the Town's revenues or its ability to expend its revenues.

STATE BUDGET INFORMATION

The following information concerning the State's budget has been obtained from publicly available information which the Town believes to be reliable; however, the Town takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the state budget is regularly available at various state-maintained Web sites. Text of the state budget may be found at the State Department of Finance Web site, www.govbud.dof.ca.gov under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In

addition, various State of California official statements, many of which contain a summary of the current and past state budgets, may be found at the Web site of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective state agency maintaining each Web site and not by the Town, and the Town can take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget for Fiscal Year 2010-11. Following a three-month legislative impasse, the 2010-11 Budget Act (the "2010-11 Budget") was signed into law by the Governor on October 8, 2010. On October 12, 2010, the Legislative Analyst Office ("LAO") released its summary of the major features of the 2010-11 Budget (the "LAO Budget Summary"). The following information is adapted from LAO Budget Summary.

Absent corrective measures, the 2010-11 Budget projected a fiscal year 2010-11 ending deficit of approximately $17.9 billion. To address this gap, the 2010-11 Budget relied on $7.8 billion of expenditure and cost reductions, $5.4 billion of federal funding measures, $3.3 billion of revenue measures, and $2.7 billion of loans, transfers and one-time fund shifts.

With the implementation of these measures, the 2010-11 Budget assumed, for fiscal year 2009-10, yearend revenues of $81.6 billion and expenditures of $86.3 billion. The 2010-11 Budget also assumed the State ended FY 2009-10 with a budget deficit of $6.3 billion. For FY 2010-11, the 2010-11 Budget projected total revenues of $89.4 billion (an increase of 8.4% from the prior year) and authorized total expenditures of $86.5 billion (an increase of 0.2% from the prior year). The State was also projected to end FY 2010-11 with a $1.3 billion surplus. The LAO noted that well over two-thirds of the measures included in the 2010-11 Budget were of a one-time nature. As a result, the State is expected to continue facing structural deficit problems in future fiscal years.

In November 2010, the LAO released a subsequent report in which it indicated that it believe the State was facing a budget deficit in excess of $6 billion for FY 2010-11, and in excess of $19 billion for FY 2011-12.

During the State's budgetary impasse, various State vendors went unpaid and the State's annual revenue anticipation warrant ("RANs") borrowing was delayed. Without the proceeds of from such RANs, the 2010-11 Budget projected that the State will have difficulty meeting all its financial obligations without the use of registered warrants (also known as IOUs). Therefore, the 2010-11 Budget included provisions authorizing the State Controller to delay the payment of school district and community college district apportionments, as well as various other State payments, in October 2010 by several days. Such deferrals were in addition to existing deferrals of State apportionments.

Governor's Proposed 2011-12 Budget. Governor Brown released his proposed budget for FY 2011-12 (the "Governor's Proposed 2011-12 Budget") on January 10, 2011. The proposed budget projected a budget gap of $25.4 billion in 2011-12, consisting of a 2010-11 shortfall of $8.2 billion and a 2011-12 shortfall of $17.2 billion. The Governor's Proposed 2011-12 Budget provides for $26.4 billion in cuts, taxes and other budget actions, and includes a $1 billion reserve.

The Governor's Proposed 2011-12 Budget included $12.5 billion in reduced expenditures. Substantial spending reductions included a $1.7 billion reduction to Medi-Cal; a $1.5 billion reduction to CalWORKs; and a $0.75 billion reduction to the Department of Developmental Services. Other major non-tax proposals in the Governor's Proposed 2011-12 Budget included $1.8 billion of borrowing from special funds; $1.7 billion of property tax shifts in connection with the ending of redevelopment agencies; use of $1.0 billion from Proposition

10 funds; and use of $0.9 billion from Proposition 63 funds. Major revenue proposals in the Governor's Proposed 2011-12 Budget generally consisted of extension on existing revenues which would otherwise expire June 30, 2011.

The Governor's Proposed 2011-12 Budget included a major realignment of state and local program duties. The Governor's Proposed 2011-12 Budget proposes $6.3 billion in taxes, and shifts $5.9 billion to counties to implement increased program obligations. To enable counties to manage their increased fiscal responsibilities, the State budget gives the counties increased authority over the 2011 realigned programs, including adjusting program levels to align with State funding levels. Programs being shifted include responsibility for lower-level offenders and parole violators, foster care and child welfare services, community mental health, adult protective services, court security and substance abuse programs. The Governor's Proposed 2011-12 Budget proposed the phasing out of state authorization for two economic development programs: redevelopment and enterprise zones.

The Governor's Proposed 2011-12 Budget assumed that all necessary statutory changes to implement budget solutions would be adopted by the Legislature and signed by the Governor by March. This would have allowed the necessary ballot measures to be placed before the voters at a statewide special election to be called for June 2011. While, as described below, the Legislature enacted a significant portion of the spending reductions in the Governor's Proposed 2011-12 Budget, it did not enact legislation necessary to provide for the June election.

May Revision to the 2011-12 Proposed State Budget. On May 16, 2011, Governor Brown released the May Revision to the Governor's Proposed 2011-2012 Budget (the "May Revision").

The May Revision estimated that $25.4 billion budget gap included in the Governor's Proposed 2011- 2011 Budget had been reduced by approximately $13.4 billion. This reduction resulted from expenditure and revenue measures implemented by a series of budget bills adopted in February and March of 2011, as well as the receipt of higher-than anticipated projected tax revenues totaling approximately $6.3 billion. Taken together with other minor revenue adjustments, the May Revision projected a revised budget deficit of $9.6 billion.

To address this budget gap, the May Revision proposed measures totaling $10.8 billion for both fiscal years 2010-11 and 2011-12. These measures were in addition to, or modify, those set out by the Proposed Budget. Assuming the implementation of these measures, the May Revision assumed, for FY 2010-11, year-end revenues of $88.8 billion and expenditures of $91.6 billion. The May Revision projected that the State would end the 2010-11 fiscal year with a deficit of $2.8 billion. For FY 2011-12, the May Revision projected total revenues of $90.8 billion and expenditures of $88.8 billion, and projects the State will end the 2011-12 fiscal year with a surplus of $1.2 billion.

The May Revision retained several key features included in the Governor's Proposed Budget, including the Governor's proposal to eliminate redevelopment agencies, the extension of sales and use taxes, vehicle license fees and dependent exemption credits for an additional five years (all of these extensions remain subject to voter approval), and an amended version of the Governor's plan to shift the delivery of certain health and safety services from state agencies to local governments.

The May Revision also described other long term obligations of the State in the tens of billions of dollars, including obligations pursuant to Proposition 98, the Unemployment Insurance Fund debt service with respect to authorized general obligation debt expected to be issued, and budgetary borrowing, including deferred payments to schools and community colleges, outstanding economic recovery bonds, unpaid costs to local governments, schools and community colleges for state mandates, underfunding of Proposition 98, and borrowing from

local government pursuant to Proposition 1A. The May Revision also noted that unfunded liabilities in the state's retirement system are more than $100 billion for pensions and retiree health, and retirement systems for University of California employees and teachers have accumulated tens of billions of additional liabilities.

On June 15, 2011, the State Legislature passed a budget bill that included additional spending cuts, higher fees and inter-fund borrowing. On June 16, 2011, the Governor vetoed the budget and returned it for the Legislature's reconsideration.

2011-12 Adopted State Budget. On June 28, 2011, the State Legislature passed, and on June 30, 2011 the Governor signed, the State budget for FY 2011-12. The adopted State budget assumes that revenues will be an additional $4 billion higher than projected in the May Revision, and contains a "trigger" mechanism pursuant to which certain expenditure reductions will be made without further legislative action in the event that the newly projected revenues are not expected to be realized (as determined by the State Director of Finance). The adopted budget does not contain the tax extensions proposed in the May Revision.

As described above in connection with the adopted State Budget for FY 2011-12, the legislation was enacted providing for significant changes to the current funding mechanism for redevelopment agencies. In addition, the adopted State Budget for FY 2011-12 would change the allocation of certain property tax VLF funds for local public safety.

Future State Budgets. The State will likely continue to encounter budgetary problems in this and future fiscal years, and it is not clear what measures will be taken by the State to balance its budget, as required by law. In addition, the Town cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on Town finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. There can be no assurances that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the Town. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the Town has no control.

CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the Town has agreed, for the benefit of holders of the Bonds to provide certain financial information and operating data relating to the Town by not later than April 1 of each fiscal year commencing with the report for the 2011-12 fiscal year (the "Annual Information"), and to provide notices of the occurrence of certain enumerated events, if deemed by the Town to be material. The Annual Information and notices of material events will be filed by the Town with the Municipal Securities Rulemaking Board (the "MSRB"), via its Electronic Municipal Market Access ("EMMA") system. The nature of the information to be provided in the Annual Information and the notices of material events is set forth in APPENDIX E—FORM OF CONTINUING DISCLOSURE CERTIFICATE. The Town has not failed to comply in any material respect with any of its prior undertakings to provide continuing disclosure.

FINANCIAL ADVISOR

The Authority and the Town have retained Wulff, Hansen & Co., San Francisco, California, as financial advisor (the "Financial Advisor") in connection with the issuance and

sale of the Bonds. The fees of the Financial Advisor are contingent upon the issuance, sale and delivery of the Bonds.

LEGAL MATTERS

All legal matters in connection with the issuance, sale and delivery of the Bonds are subject to the approval of Quint & Thimmig LLP, San Francisco, California, Bond Counsel. Bond Counsel's opinion with respect to the Bonds will be substantially in the form set forth in APPENDIX D—FORM OF OPINION OF BOND COUNSEL. Certain legal matters will also be passed on for the Authority and the Town by Quint & Thimmig LLP, as Disclosure Counsel,. The fees and expenses of Bond Counsel and Disclosure Counsel are contingent upon the issuance, sale and delivery of the Bonds.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Authority and the Town have covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Authority's and the Town's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, interest on the Bonds (i) is excludable from the gross income of the owners thereof for federal income tax purposes, and (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

Subject to the Authority's and the Town's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax exempt obligations" under the small issuer exception provided under section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under section 265(b)(2) of the Code.

In rendering its opinion, Bond Counsel will rely upon certifications of the Town with respect to certain material facts within their respective knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Code includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted

current earnings" would generally include certain tax-exempt interest, but not interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price, or purchase Bonds subsequent to the initial public offering, should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity (the "Reduced Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases a Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "IRS") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the IRS, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax

purposes. It cannot be predicted whether or not the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX D—FORM OF OPINION OF BOND COUNSEL.

NO LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The Authority and the Town are not aware of any litigation pending or threatened that (i) questions the political existence of the Authority or the Town, (ii) contests the Town's ability to receive ad valorem taxes or to collect other revenues, (iii) contests the Authority's ability to issue and repay the Bonds, or (iv) contest the Town's ability to issue and repay the Town Bonds.

RATING

Standard & Poor's Ratings Services ("S&P") has assigned its municipal bond rating of "___" to the Bonds. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Such rating reflects only the views of such organization and an explanation of the significance of such rating may be obtained from S&P.

UNDERWRITING

The Bonds will be purchased by _____, as underwriter (the "Underwriter"), at an aggregate purchase price of $_____ (consisting of the $_____ aggregate principal amount of the Bonds, plus net original issue premium of $_____, less an Underwriter's discount of $_____).

The initial public offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

FINANCIAL STATEMENTS

The Town's Audited Financial Statements for fiscal year ended June 30, 2010, which include the Town's 2009-10 audited financial statements and the Town's Auditor's Report regarding such financial statements, are set forth in APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2010. The Town's Auditor was not requested to consent to the inclusion of its report in Appendix A and it has not undertaken to update financial statements included in Appendix A. No opinion is expressed by the Town's Auditor with respect to any event subsequent to its report.

ADDITIONAL INFORMATION

The discussions herein about the Indenture and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the Underwriter and following delivery of the Bonds will be on file at the offices of the Trustee in San Francisco, California.

References are also made herein to certain documents and reports relating to the Town; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the Town.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority, the Town and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Town.

FAIRFAX FINANCING AUTHORITY

By

Executive Director

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE TOWN FOR THE FISCAL YEAR ENDED JUNE 30, 2010

APPENDIX B

GENERAL INFORMATION ABOUT THE TOWN OF FAIRFAX AND MARIN COUNTY

The following information concerning the Town of Fairfax and Marin County are included only for the purpose of supplying general information regarding the area of the Town. The Bonds are not a debt of the County, the State or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions is liable therefor.

General

The Town is located in the southern portion of the County near U.S. Highway 101. The Town is renowned for its desirable residential neighborhoods and its proximity to the Marin headlands and outdoor activities available in the Golden Gate National Recreation Area.

The County is one of the nine counties of the greater San Francisco Bay Area. The Golden Gate Bridge provides easy access between the County and San Francisco, and the Richmond-San Rafael Bridge links the County with Contra Costa and Alameda counties.

The County's transportation facilities are excellent, with U.S. Highway 101 and U.S. Interstate Highway 580 providing easy access to the rest of California and the West. Buses provide commuter service to San Francisco and other Bay Area cities, and commuter ferries embark for San Francisco from the communities of Sausalito, Tiburon, and Larkspur. The San Francisco International Airport, located 30 miles from the Town, provides air passenger service to points worldwide.

Population

Population figures for the Town, the County and the State for the last five years are shown in the following table.

TOWN OF FAIRFAX, COUNTY OF MARIN, STATE OF CALIFORNIA
Population Estimates

Year	Town	County	State
2007	7,264	255,982	37,559,440
2008	7,323	256,511	37,883,992
2009	7,364	258,618	38,292,687
2010	7,424	260,651	38,648,090
2011	7,497	254,692	37,510,766

Source: State Department of Finance estimates (as of January 1)

Employment

The County's unemployment rate has consistently been one of the lowest in California, and continues to be among the lowest level of all Bay Area Counties at 8.1% as of June 2011, compared to the State unemployment level of 12.1% during the same month. The table below illustrates unemployment levels in the County compared to State and national unemployment levels for the past five years.

TOWN OF FAIRFAX, COUNTY OF MARIN, STATE OF CALIFORNIA AND UNITED STATES CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES (1)

Year	Area	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2006	Town	4,600	4,300	300	6.1
	County	131,300	126,700	4,600	3.5
	State	17,718,500	16,851,600	866,900	4.9
	United States	151,428,000	144,427,000	7,001,000	4.6
2007	Town	4,600	4,300	300	6.3
	County	132,700	127,900	4,800	3.6
	State	17,970,800	17,011,000	959,800	5.3
	United States	153,124,000	146,047,000	7,078,000	4.6
2008	Town	4,600	4,300	400	7.9
	County	133,000	126,800	6,200	4.7
	State	18,251,600	16,938,300	1,313,200	7.2
	United States	154,287,000	145,362,000	8,924,000	5.8
2009	Town	4,700	4,100	600	12.8
	County	132,100	121,700	10,300	7.8
	State	18,250,200	16,163,900	2,086,200	11.4
	United States	154,142,000	139,877,000	14,265,000	9.3
2010	Town	4,700	4,100	600	13.7
	County	131,400	120,600	10,800	8.3
	State	18,176,200	15,916,300	2,259,900	12.4
	United States	153,889,000	139,064,000	14,825,000	9.6

Source: California Employment Development Department for County and State figures. United States Bureau of Labor Statistics for United States figures.

Personal Income

The County enjoys one of the highest levels of effective buying income in the Bay Area and in the entire United States. The table below compares the Town effective income with that of the County, the State and the United States.

TOWN OF FAIRFAX, COUNTY OF MARIN, STATE OF CALIFORNIA AND UNITED STATES EFFECTIVE BUYING INCOME

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2006	Town	231,768	56,216
	County	10,057,702	64,365
	California	764,120,962	46,275
	United States	6,107,092,244	41,255
2007	Town	244,180	58,393
	County	10,585,120	67,799
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	Town	246,535	58,583
	County	10,769,315	68,816
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	Town	269,068	64,422
	County	10,508,733	71,591
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	Town	269,315	63,566
	County	10,453,585	68,688
	California	801,393,027	47,177
	United States	6,365,020,076	41,368

Source: Nielsen Claritas, Inc.

Major Employers Within the County

The table below demonstrates the scope and diversity of the County's 25 largest employers.

COUNTY OF MARIN TWENTY FIVE LARGEST EMPLOYERS

Entity	Location	Type of Business
Autodesk Inc.	San Rafael	Computer Software-Manufacturers
Bay Area Sea Kayakers	San Rafael	Membership Sports & Recreation Clubs
Cagwin & Dorward Landscape	Novato	Landscape Contractors
California Alpine Club	Mill Valley	Wedding Chapels
College of Marin	Kentfield	Schools-Universities & Colleges Academic
Corrections Dept	San Quentin	State Govt-Correctional Institutions
Dominican University of California	San Rafael	Schools-Universities & Colleges Academic
Fireman's Fund Insurance Co	Novato	Insurance
Kaiser Permanente Medical Ctr	San Rafael	Hospitals
Leon's Bar B'Q Inc	Mill Valley	Food Products-Retail
Macy's	Corte Madera	Department Stores
Marin Community College	Kentfield	Schools-Universities & Colleges Academic
Marin County Health & Human	San Rafael	County Government-Social/Human Resources
Marin General Hospital	Greenbrae	Hospitals
Marin Group	Sausalito	Product Development & Marketing
MHN Inc	San Rafael	Health Plans
Nordstrom	Corte Madera	Department Stores
Novato Community Hospital	Novato	Hospitals
Renewal by Andersen	San Rafael	Windows
San Rafael Human Resources	San Rafael	Government Offices-City, Village & Twp
Sonnen Motorcars-Audi-VW	San Rafael	Automobile Dealers-New Cars
Township Building Svc Co	Novato	Janitor Service
Westamerica Bancorporation	San Rafael	Holding Companies (Bank)
Westamerica Bank	San Rafael	Banks
YMCA	San Rafael	Youth Organizations & Centers

Source: State of California Employment Development Department.

Employment by Industry

Over the past several decades, the County has evolved from a bedroom community for San Francisco businesses to a more self-sufficient, diversified business community. The County has developed a community of small entrepreneur businesses that are service, professional, technical and scientific in operation.

The tables below illustrates the continued growth of the County's employment base and the contribution of the key economic sectors.

COUNTY OF MARIN
WAGE AND SALARY EMPLOYMENT BY INDUSTRY
ANNUAL AVERAGE

	2005	2006	2007	2008	2009	2010(1)
Total, All Industries	108,800	108,700	109,000	109,300	102,400	101,000
Total Farm	600	700	500	500	500	500
Total Nonfarm	108,200	108,000	108,500	108,800	101,900	100,500
Goods Producing	11,000	10,400	10,500	10,100	8,200	7,800
Manufacturing	2,500	2,400	2,100	2,100	2,000	2,100
Durable Goods	1,200	1,200	900	900	800	800
Nondurable Goods	1,300	1,200	1,200	1,200	1,200	1,300
Service Providing	97,200	97,600	97,900	98,700	93,700	92,700
Trade, Transportation & Utilities	18,800	18,300	18,500	18,200	16,500	16,800
Wholesale Trade	2,600	2,700	2,700	2,700	2,300	2,400
Retail Trade	14,900	14,300	14,600	14,400	13,100	13,200
Transportation, Warehousing & Utilities	1,400	1,300	1,200	1,200	1,100	1,200
Information	3,100	2,200	2,400	2,200	2,000	1,900
Financial Activities	9,300	9,200	8,800	8,200	7,500	6,800
Finance & Insurance	6,500	6,400	6,100	5,500	5,000	4,700
Real Estate & Rental & Leasing	2,800	2,800	2,600	2,700	2,500	2,100
Professional & Business Services	18,500	19,600	19,500	20,300	18,500	18,900
Professional, Scientific & Technical Services	10,700	11,200	11,100	11,700	10,700	10,900
Management of Companies & Enterprises	2,200	2,300	2,200	2,100	1,900	1,900
Administrative & Support & Waste Services	5,600	6,100	6,300	6,500	5,800	6,100
Educational & Health Services	15,600	15,800	15,700	16,100	16,900	16,300
Educational Services	3,200	3,100	3,300	3,400	3,400	3,300
Health Care & Social Assistance	12,400	12,600	12,400	12,800	13,400	13,000
Leisure & Hospitality	12,600	12,700	13,000	13,400	12,700	12,100
Arts, Entertainment & Recreation	2,600	2,500	2,800	2,900	2,800	2,500
Accommodation & Food Services	10,000	10,200	10,300	10,500	9,900	9,600
Other Services	4,600	4,800	5,000	4,900	4,700	5,000
Government	14,700	15,000	15,100	15,500	15,000	14,900
Federal Government	900	900	700	900	1,000	1,000
State Government	1,800	1,800	1,900	2,100	2,200	2,100
Local Government	12,000	12,300	12,400	12,500	11,900	11,800

Source: California Employment Development Department.
(1) Most recent annual data available. March 2010 Benchmark.

Construction Activity

The level of construction activity in the Town and the County as measured by total building permit valuations and the annual unit total of new residential and nonresidential permits since 2006 are shown below.

TOWN OF FAIRFAX BUILDING PERMIT ACTIVITY
Building Permit Valuations
For Years 2006 through 2010
(000s)

	2006	2007	2008	2009	2010
Valuation (in thousands)					
Residential	$2,826	$4,870	$4,295	$1,720	$2,725
Non-residential	244	191	212	305	205
Total Valuation (1)	$3,070	$5,061	$4,507	$2,025	$2,930
New Dwelling Units:					
Single Family	1	3	1	0	1
Multiple Family	0	0	0	0	0
Total Units	1	3	1	0	1

Source: Construction Industry Research Board
(1) Totals may not add up due to independent rounding.

COUNTY OF MARIN BUILDING PERMIT ACTIVITY
Building Permit Valuations
For Years 2006 through 2010
(000s)

	2006	2007	2008	2009	2010
Valuation (in thousands)					
Residential	$242,107	$279,505	$220,553	$200,127	$203,801
Non-residential	95,262	112,539	202,481	115,501	93,279
Total Valuation (1)	$337,369	$392,044	$423,035	$315,627	$297,080
New Dwelling Units:					
Single Family	155	151	147	65	75
Multiple Family	51	10	25	97	0
Total Units	206	161	172	162	75

Source: Construction Industry Research Board
(1) Totals may not add up due to independent rounding.

Commercial Activity

The following table presents retail and total taxable transactions for the County from 2005 through 2009.

COUNTY OF MARIN
TAXABLE TRANSACTIONS BY SECTOR
(Amount in Thousands)

	2005	2006	2007	2008
Apparel Stores	$ 155,305	$ 156,944	$ 163,447	$ 201,280
General Merchandise Stores	446,920	461,184	460,821	402,168
Specialty Stores (1)	479,661	490,874	—	—
Food Stores	195,817	201,870	209,609	213,437
Eating and Drinking Places	395,421	409,938	435,046	442,979
Home Furnishings and Appliances	209,690	202,529	199,860	206,525
Building Materials	337,508	338,773	329,500	277,548
Automotive	864,068	896,243	608,934	486,808
Service Stations (2)	—	—	308,446	337,412
Other Retail Stores	81,353	86,441	585,804	505,997
Total Retail Stores	$3,165,743	$3,244,796	$3,301,467	$3,074,694
Business and Personal Services	191,287	180,523	184,488	199,636
All Other Outlets	814,414	859,945	911,226	884,569
Total All Outlets (4)	$4,171,444	$4,285,264	$4,397,181	$4,158,899

	2009 (3)
Retail Store and Food Services	
Motor Vehicle and Parts Dealers	$ 434,910
Furniture and Home Furnishings	106,960
Electronic and Appliance	129,928
Bldg. Matrl. and Garden Equip. and Supplies	246,690
Food and Beverage	246,161
Health and Personal Care	109,301
Gasoline Stations	258,624
Clothing and Clothing Accessories	243,655
Sporting Goods, Hobby, Book and Music	128,490
General Merchandise	261,529
Miscellaneous Store Retailers	157,795
Nonstore Retailers	26,001
Food Service and Drinking Places	418,831
Retail and Food Services Totals	2,768,875
All Other Outlets	891,160
Total All Outlets (4)	$3,660,036

Source: California Board of Equalization, Taxable Sales in California (Sales & Use Tax).
(1) Starting 2007, Specialty Stores Group is included in All Other Retail Stores Group.
(2) Starting 2007, Service Stations are reported separately from "Automotive."
(3) Starting in 2009, categories were revised from prior years. Most recent annual data available.
(4) Totals may not add up due to independent rounding.

Education

The number of public schools in the County are provided in the table below. For the 2010-11 academic year, approximately 30,574 students were enrolled in grades K through 12 in the public schools in the County.

COUNTY OF MARIN NUMBER OF PUBLIC SCHOOLS

Level	No. of Schools
Elementary Schools (K-8)	45
Middle/Junior High Schools (6-8)	10
High Schools (9-12)	9
Continuation Schools	2
Alternative Education, Independent Study	6
Charter Schools	2
Total	74

Source: Marin County Office of Education and the California Department of Education.

Community colleges in California are locally operated and administered. They offer Associate of Arts and Associate of Science degrees and have extensive vocational curricula. There is one community college district in the County, the Marin Community College District, known as the College of Marin, with an enrollment of approximately 9,000 credit and noncredit students at two campuses in the cities of Kentfield and Novato. The Dominican University of California, a four year private university with more than 2,000 undergraduate and graduate students, is located in the City of San Rafael, in the County.

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

[TO COME]

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Fairfax Financing Authority
142 Bolinas Road
Fairfax, California 94930

OPINION: $_____* Fairfax Financing Authority (Marin County, California) Revenue Bonds, Series 2012 (Town of Fairfax General Obligation Bond Refinancing Program)

Members of the Authority:

We have acted as bond counsel to the Fairfax Financing Authority (the "Authority") in connection with the delivery by the Authority of $_____* aggregate principal amount of its bonds designated the "Fairfax Financing Authority (Marin County, California) Revenue Bonds, Series 2012 (Town of Fairfax General Obligation Bond Refinancing Program)" (the "Bonds"), issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with section 6584) of Chapter 5, Division 7, Title 1 of the California Government Code (the "Bond Law"), and pursuant to an Indenture of Trust, dated as of March 1, 2012 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee, and a resolution adopted by the board of directors of the Authority on February 1, 2012. We have examined the Bond Law, the Indenture and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The Authority is a joint exercise of powers authority duly organized and existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the Authority and are legal, valid and binding obligations of the Authority, payable solely from the sources provided therefor in the Indenture.

3. The Indenture has been duly approved by the Authority and constitutes a legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

4. The Indenture establishes a valid first and exclusive lien on and pledge of the Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

5. It is our opinion that, subject to compliance by the Authority and the Town of Fairfax (the "Town") with certain covenants, under present law, interest on the Bonds is excludable from gross

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* Preliminary, subject to change.

income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Authority and Town covenants could cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. It is also our opinion that the Bonds are "qualified tax-exempt obligations" under section 265(b)(3) of the Code.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

In rendering this opinion, we have relied upon certifications of the Authority and the Town with respect to certain material facts within the Authority's and the Town's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the TOWN OF FAIRFAX (the "Town") in connection with the issuance by the Fairfax Financing Authority (the "Authority") of its $_____* Fairfax Financing Authority Revenue Bonds, Series 2012 (Town of Fairfax General Obligation Bond Refinancing Program) (the "Bonds"). The Bonds are being issued pursuant to an indenture, dated as of March 1, 2012, by and between the Authority and U.S. Bank National Association, as trustee (the "Indenture"). The Town covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

"*Annual Report*" shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Beneficial Owner*" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"*Dissemination Agent*" shall mean the Town or any successor Dissemination Agent designated in writing by the Town and which has filed with the Town a written acceptance of such designation. In the absence of such a designation, the Town shall act as the Dissemination Agent.

"*EMMA*" or "*Electronic Municipal Market Access*" means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"*Listed Events*" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Participating Underwriter*" shall mean any original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

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* Preliminary, subject to change.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Town for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report*. The Town shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the Town's fiscal year (which currently ends on June 30), commencing with the report for the 2011-12 Fiscal Year, which is due not later than March 31, 2012, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Town may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year*. If the Town's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent*. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the Town shall provide the Annual Report to the Dissemination Agent (if other than the Town). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Town.

(d) *Report of Non-Compliance*. If the Town is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the Town shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the Town is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification*. The Dissemination Agent shall, if the Dissemination Agent is other than the Town, file a report with the Town certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements*. Audited financial statements of the Town for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the Town's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information*. To the extent not included in the audited final statements of the Town, the Annual Report shall also include financial and operating data with respect to the

Town for preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the official statement for the Bonds, as follows:

(i) The Town's approved budget for the then current fiscal year;

(ii) Assessed value of taxable property in the Town as shown on the recent equalized assessment role; and

(iii) Property tax levies, collections and delinquencies for the Town, for the most recent completed fiscal year.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Town or related public entities, which are available to the public on EMMA. The Town shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the Town shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The Town shall, or shall cause the Dissemination (if not the Town) to, give notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Unscheduled draws on debt service reserves reflecting financial difficulties.

(3) Unscheduled draws on credit enhancements reflecting financial difficulties.

(4) Substitution of credit or liquidity providers, or their failure to perform.

(5) Defeasances.

(6) Rating changes.

(7) Tender offers.

(8) Bankruptcy, insolvency, receivership or similar event of the obligated person.

(9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(b) *Material Reportable Events.* The Town shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) Non-payment related defaults.

(2) Modifications to rights of security holders.

(3) Bond calls.

(4) The release, substitution, or sale of property securing repayment of the securities.

(5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* Whenever the Town obtains knowledge of the occurrence of a Listed Event, the Town shall, or shall cause the Dissemination Agent (if not the Town) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Resolution.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Town's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Town shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The Town may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Town, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Town pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the Town. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Town shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the Town.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the Town for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Town from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Town, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the Town or an opinion of nationally recognized bond counsel. The

Dissemination Agent may at any time resign by giving written notice of such resignation to the Town. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent*. In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the Town to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the Town under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Town may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the Town that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances*. If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date*. The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion*. The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the Town shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Town. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Town chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Town shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Town to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Town to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the Town to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, and the Town agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have the same rights, privileges and immunities hereunder as are afforded to the Paying Agent under the Resolution. The obligations of the Town under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Town, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: [Closing Date]

TOWN OF FAIRFAX

By _____
Name _____
Title _____

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Fairfax Financing Authority

Name of Issue: Fairfax Financing Authority Revenue Bonds, Series 2012 (Town of Fairfax General Obligation Bond Refinancing Program)

Name of Obligor: Town of Fairfax

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated [Closing Date], furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Dated: _____

TOWN OF FAIRFAX, as Dissemination Agent

By _____
Title _____

cc: Trustee

APPENDIX F

BOOK-ENTRY SYSTEM

The information in this Appendix F, concerning The Depository Trust Company, New York, New York ("DTC"), and DTC's book-entry system, has been furnished by DTC for use in official statements and the Town takes no responsibility for the completeness or accuracy thereof. The Town cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Certificates, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Certificates, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix F. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Certificates (as used in this Appendix E, the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit the notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the paying agent or bond trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Town or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

EXHIBIT # K

Town of Fairfax, California
Refunding Revenue Bonds, Series 2012
(General Obligation Bonds, Series 2002)
Sources and Uses of Funds

Sources of Funds		
	Par Amount of Bonds	2,985,000.00
	Plus: Accrued Interest	-
	Less: Underwriter's Discount (1)	(8,955.00)
	Less: (OID) Plus: OIP	-
	Net Proceeds at Closing	2,976,045.00
	Other Source of Funds	-
	Other Source of Funds	-
	Other Source of Funds	-
	Total Prior Issue Funds	-
	Total Sources of Funds	**2,976,045.00**
Uses of Funds		
	Program Fund	2,764,000.00
	Beginning Program Cash Balance	2,291.08
	Project Fund	185,589.19
	Reserve Fund (2)	-
	Reserve Fund Surety Premium (3)	-
	Bond Insurance Premium (4)	-
	Costs of Issuance (5)	24,164.73
	Accrued Interest	-
	Total Uses of Funds	**2,976,045.00**
	Rounding Adjustment / Contingency	-

Assumptions

(1) 1.00% ($10.00/bond) of the Par Amount of Revenue Bonds (30%)
(2) Not Applicable
(3) Not Applicable
(4) Not Applicable
(5) Portion of the Attached Schedule (30%)

Run Date **January 24, 2012**
Run Time **4:52 AM**

EXHIBIT # L

Town of Fairfax, California
Refunding General Obligation Bonds, Series 2012
(General Obligation Bonds, Series 2002)
Sources and Uses of Funds

Sources of Funds		
	Par Amount of Bonds	2,764,000.00
	Plus: Accrued Interest	-
	Less: Underwriter's Discount (1)	(20,895.00)
	Less: (OID) Plus: OIP	-
	Net Proceeds at Closing	2,743,105.00
	Other Source of Funds	-
	Other Source of Funds	-
	Other Source of Funds	-
	Total Prior Issue Funds	-
	Total Sources of Funds	**2,743,105.00**
Uses of Funds		
	Cost to Payoff Prior Issue	2,686,720.63
	Beginning Escrow Cash Balance	-
	Project Fund	-
	Reserve Fund (2)	-
	Reserve Fund Surety Premium (3)	-
	Bond Insurance Premium (4)	-
	Costs of Issuance (5)	56,384.37
	Accrued Interest	-
	Total Uses of Funds	**2,743,105.00**
	Rounding Adjustment / Contingency	-

Assumptions

(1) 1.00% ($10.00/bond) of the Par Amount of Revenue Bonds (70%)
(2) Not Applicable
(3) Not Applicable
(4) Not Applicable
(5) Portion of the Attached Schedule (70%)

Run Date	**January 24, 2012**
Run Time	**4:52 AM**

Town of Fairfax, California

Refunding General Obligation Bonds, Series 2012

EXHIBIT # M

(General Obligation Bonds, Series 2002)
Gross Debt Service Schedule and Savings Calculation (NPV Basis)

Date	Principal	Rate	Interest	Periodic Debt Service	Annual Debt Service	Prior Issue Periodic Debt Service	Prior Issue Annual Debt Service	Annual (Savings) / Cost	3.69130 Present Value
3/1/12									
8/1/12	94,300	3.691	42,508.02	136,808.02	136,808.02	136,882.50	136,882.50	(74.48)	(73.36)
2/1/13			49,269.31	49,269.31		65,482.50			(15,678.60)
8/1/13	91,800	3.691	49,269.31	141,069.31	190,338.63	145,482.50	210,965.00	(20,626.37)	(4,190.33)
2/1/14			47,575.14	47,575.14		63,802.50			(15,128.70)
8/1/14	101,800	3.691	47,575.14	149,375.14	196,950.29	153,802.50	217,605.00	(20,654.71)	(4,052.81)
2/1/15			45,696.43	45,696.43		61,890.00			(14,554.98)
8/1/15	111,700	3.691	45,696.43	157,396.43	203,092.85	161,890.00	223,780.00	(20,687.15)	(3,965.69)
2/1/16			43,635.00	43,635.00		59,740.00			(13,955.47)
8/1/16	121,600	3.691	43,635.00	165,235.00	208,870.00	169,740.00	229,480.00	(20,610.00)	(3,832.98)
2/1/17			41,390.87	41,390.87		57,265.00			(13,261.38)
8/1/17	136,100	3.691	41,390.87	177,490.87	218,881.75	182,265.00	239,530.00	(20,648.25)	(3,916.07)
2/1/18			38,879.15	38,879.15		54,390.00			(12,492.51)
8/1/18	145,400	3.691	38,879.15	184,279.15	223,158.30	189,390.00	243,780.00	(20,621.70)	(4,041.71)
2/1/19			36,195.79	36,195.79		51,217.50			(11,664.02)
8/1/19	159,400	3.691	36,195.79	195,595.79	231,791.58	201,217.50	252,435.00	(20,643.42)	(4,286.03)
2/1/20			33,254.06	33,254.06		47,617.50			(10,752.32)
8/1/20	173,100	3.691	33,254.06	206,354.06	239,608.13	212,617.50	260,235.00	(20,626.87)	(4,603.78)
2/1/21			30,059.50	30,059.50		43,575.00			(9,754.19)
8/1/21	186,400	3.691	30,059.50	216,459.50	246,519.01	223,575.00	267,150.00	(20,630.99)	(5,042.22)
2/1/22			26,619.49	26,619.49		39,165.00			(8,728.96)
8/1/22	199,500	3.691	26,619.49	226,119.49	252,738.98	234,165.00	273,330.00	(20,591.02)	(5,496.49)
2/1/23			22,937.72	22,937.72		34,387.50			(7,680.44)
8/1/23	217,300	3.691	22,937.72	240,237.72	263,175.44	249,387.50	283,775.00	(20,599.56)	(6,026.39)
2/1/24			18,927.45	18,927.45		29,012.50			(6,522.02)
8/1/24	229,500	3.691	18,927.45	248,427.45	267,354.90	259,012.50	288,025.00	(20,670.10)	(6,721.32)
2/1/25			14,692.03	14,692.03		22,687.50			(4,984.98)
8/1/25	250,300	3.691	14,692.03	264,992.03	279,684.05	277,687.50	300,375.00	(20,690.95)	(7,771.87)
2/1/26			10,072.74	10,072.74		15,675.00			(3,367.42)
8/1/26	265,600	3.691	10,072.74	275,672.74	285,745.48	290,675.00	306,350.00	(20,604.52)	(8,854.18)
2/1/27			5,171.09	5,171.09		8,112.50			(1,704.53)
8/1/27	280,200	3.691	5,171.09	285,371.09	290,542.18	303,112.50	311,225.00	(20,682.82)	(10,094.73)
Totals	**2,764,000**		**971,259.58**	**3,735,259.58**	**3,735,259.58**	**4,044,922.50**	**4,044,922.50**	**(309,662.92)**	**(233,200.45)**
						Plus: Prior Issue Funds and Equity		-	-
						Plus: Prior Issue Reserve Fund		-	-
						Less: New Issue Reserve Fund		-	-
						Less: New Issue Project Fund		-	-
							Net Total	**(309,662.92)**	**(233,200.45)**
								Savings % New	**8.44%**
								Savings % Prior	**8.73%**