CITY OF CAMBRIDGE

INTEROFFICE CORRESPONDENCE

To John H. Corcoran, City Manager **Date** January 12, 1973

From Frederick J. Reardon, City Treasurer **Reference**

Subject Tax Anticipation Notes

It has been my practice over the years to comply with the provisions of Sec. 4 of Chap. 44 of the General Laws and then obtain a legal opinion from bond counsel so that we may borrow in anticipation of taxes when necessary. The date of the first borrowing depends on circumstances but it is generally early in February. The interest rate is governed by market conditions and the maturity of the loans are set up to fit into the anticipated Real Estate tax receipts, that is November 1st but dependant on when the tax bills are sent out.

The Cambridge banks are used exclusively in this operation as I feel that they have first call on the City deposits. They accept my certification of the tax notes rather than that of a Boston bank thereby saving certification charges. Perhaps the sequence of the borrowings of the past year will illustrate the actual procedure. Authorization was granted to borrow twenty five million in anticipation of tax collections, twenty million five hundred thousand dollars of that sum was actually borrowed as follows:

Date	Amount		Rate	No. Days
February 15, 1972	2	Million	2.25%	261
March 7, 1972	2	"	2.18	244
March 29, 1972	2	"	2.65	224
April 26, 1972	2	"	2.70	194
May 11, 1972	2	"	2.50	176
May 25, 1972	1	"	2.46	162
June 7, 1972	2	"	2.35	154
June 27, 1972	1½	"	2.53	128
July 12, 1972	2	"	2.67	120
August 1, 1972	2	"	2.66	100
August 30, 1972	2	"	2.35	63
	20½			

The following banks participated-

Harvard Trust Company	16,300,00
County Bank	1,700,00
Cambridge Trust Co.	900,000
Middlesex Bank	700,000
Charlesbank Trust Co.	600,000
Coolidge Bank	300,000

I will be glad to provide any additional information that you may desire.

Very truly yours,

Frederick J. Reardon

Frederick J. Reardon
City Treasurer

FJR/dd

P.S. For your information I attach my file copy of the legal opinion covering the issuance of last years tax notes. May I request its return at your convenience.

ROPES & GRAY
225 FRANKLIN STREET
BOSTON 02110

CABLE ADDRESS "ROPGRALOR" AREA CODE 617 423-6100

February 7, 1972

Frederick J. Reardon, City Treasurer
City of Cambridge
Cambridge, Massachusetts

CITY OF CAMBRIDGE, MASSACHUSETTS, ORDER adopted January 10, 1972, authorizing not exceeding $25,000,000 REVENUE ANTICIPATION NOTES of financial year beginning January 1, 1972 and ending December 31, 1972.

Dear Mr. Reardon:

We have examined the law as it exists as of the date hereof, a certified copy of the Order described above and other papers submitted to us relating thereto. Based upon such examination we are of the opinion that said Order authorized the issue from time to time, during the year 1972, of original notes and renewal notes in anticipation of the revenue of said year in accordance with the requirements hereinafter set forth.

The requirements in connection with the issue of all notes, whether original or renewal, are as follows:

Each note should
be signed by the City Treasurer and countersigned by the City Manager and by the City Auditor,
state on its face that it is exempt from taxation in Massachusetts, and
bear your usual certification.

In connection with each issue you should furnish evidence that no revenue cash of the City remains invested in United States treasury bills or in certificates of deposit in trust companies, national banks or banking companies.

Additional requirements applicable only to original notes are as follows:

Said notes must be
issued only during 1972, and
payable within one year from their respective dates.

The aggregate principal amount of original notes issued under authority of the Order described above must not exceed $25,000,000.

The aggregate principal amount of all original notes issued in anticipation of revenue of 1972, under this or any other authority, should not exceed the total 1971 tax levy together with the net amount received during 1971 from the excise on motor vehicles and trailers and the payments made by the Commonwealth in lieu of taxes on account of property taken for institutions or for metropolitan district purposes. You have certified that the aggregate of these amounts is $43,787,818.88.

Additional requirements applicable only to renewal notes are as follows:

The notes must be issued to renew notes originally issued in anticipation of 1972 revenue.

The notes must be payable not later than one year from the date of such original notes.

This opinion shall not be deemed to cover the renewal of notes other than original notes issued pursuant to the aforesaid Order in accordance with the requirements listed herein.

We are of the opinion that notes so issued will be valid and general obligations of the City of Cambridge, Massachusetts, and exempt from taxation imposed by Massachusetts laws, although the notes, or the original discount thereon, are included in the measure of estate and inheritance taxes and of certain corporation excise and franchise taxes, and further that the original discount on said notes is exempt, under existing statutes, regulations and decisions, from federal income taxes.

Yours very truly,

Ropes & Gray

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 876-6800

EXECUTIVE DEPARTMENT
JOHN H. CORCORAN
City Manager

January 15, 1973

To the Honorable, the City Council:

I respond to your Honorable Body in accordance with your request to me directed through Paul Healy, City Clerk, under date of January 11, 1973.

With reference to request for information on Agenda Item #8 pertaining to request for authorization to borrow in anticipation of taxes, I transmit herewith self-explanatory communication from Frederick J. Reardon, City Treasurer, dated January 12, 1973, together with a photocopy of a communication from Ropes & Gray bearing on this same matter.

In connection with Agenda Item #9 pertaining to renovations of the City Hall Annex, which relates to request from Katherine Aldrich for a Teen Drop In facility, please be advised that I have requested a report from Robert A. Bowyer, Director of Planning and Development, concerning this matter, preparatory to the hearing which will be held January 22d on this matter.

With reference to Calendar Item #4, petition of Judith Thompson for a suggestion box at City Hall and provision for waste receptacles throughout the City, please be advised that at one time we did have a suggestion box at City Hall but it was discontinued some time ago due to the fact that it was felt to be ineffective. I believe we have a goodly number of waste receptacles throughout the City and I must confess that I have mixed feelings as to the beneficial results of such receptacles. I think a number of communities have departed from the use of such receptacles in some public areas, leaving the responsibility for cleanliness to the adjacent residents or property owners. In any event I am discussing this matter further with the Public Works Department and I shall report to your Honorable Body if I get a more meaningful report from them.

As far as the communication from Delta Tire Company is concerned, please be advised that the Legal Department in conjunction with the Water Department and the engineers have been and are at work on this particular concern.

Very truly yours,

John H. Corcoran
City Manager

JHC/b

8. 280

Calendar #9
2/5/73

1/15/1973
TABLE PENDING MORE
INFORMATION

7/2/73 Filed -