



SPECIAL MEETING

FAIRFAX FINANCING AUTHORITY

STAFF REPORT

August 19, 2020

TO: Chair & Board of Directors

FROM: Garrett Toy, Executive Director (Town Manager)
Michael Vivrette, Finance Director

SUBJECT: Annual confirmation of the officers of the Fairfax Financing Authority (FFA) as required by the By-Laws and adopt a resolution establishing a regular FFA meeting on September 2, 2020

NOTE: This item was continued from the August 5, 2020 meeting

RECOMMENDATION

1. Confirm officers of the Fairfax Financing Authority per the By-Laws.
2. Adopt a resolution setting September 2, 2020 as a regular meeting date for the Board of Directors of the Fairfax Financing Authority.

BACKGROUND

The FFA is a Joint Powers Agreement (“JPA”) between the Town of Fairfax (“Town”) and the California Municipal Finance Authority. Its primary purpose is to assist with the financing or refinancing of certain public capital facilities within the Town. The FFA has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale. The FFA is controlled by the Town and has the same governing body as the Town (i.e., the Town Council “sits” as the FFA Board with the Mayor as the Chair). The Town also performs all accounting and administrative functions for the FFA.

The Officers of the JPA are the Chair, Vice Chair, Executive Director, Secretary, and Treasurer and Controller. The FFA last met in November 2016 to approve the documents for the refinancing of the Town’s CalPERS side fund and pre-2013 UAL pension obligations.

DISCUSSION

The following are the two actions requested of the FFA Board:

1. Confirmation of Officers

Per the adopted JPA By-Laws, Article II, Section 13. Confirmation of Officers states “Confirmation of officers shall be the first order of business at the first meeting of the Authority, regular or special, held in each calendar year.” The By-Laws indicate the Mayor is the Chair, the Vice Mayor is the Vice Chair, the Town Manager is the Executive Director, the Town Clerk is the Secretary, the Town Manager is the Treasurer and the Town Manager is the Controller.

2. Refinancing Option

Later this evening, the Town Council will consider options for financing and refinancing certain pension obligations of the Town to the California Public Employees' Retirement System ("CalPERS"), including the refinance of the Town's current Lease Agreement, dated as of January 1, 2017, which is held by Capital One. In May 2020, the Council authorized the Town's Municipal Advisor, Wulff, Hansen & Co, to explore financing strategies for the Town's current retirement obligations. For more details on the financing options, please see Council agenda item #2.

The recommendation to the Council will be to request the FFA to issue lease revenue bonds (the "Bonds") to assist the Town for such purposes. Section 6592.1 of the California Government Code provides that a resolution authorizing the issuance of bonds by a joint powers authority, such as the FFA, must be considered for adoption only during a regular meeting of the respective joint powers authority.

In order to be able to authorize the issuance of the Bonds, the Board of Directors needs to establish a regular meeting date for the Board of Directors, which we are proposing to be September 2, 2020. The Town's Municipal Advisor recommends the FFA Board and Town Council meet at the Council's September meeting, because interest rates are currently very favorable to municipalities and we have a proposal from Capital One, which is time-sensitive.

At the September 2, 2020 meeting, the Board of Directors will consider the adoption of a resolution authorizing the issuance of the Bonds and approving related documents. Also, on September 2nd the Town Council will hold a public hearing regarding the issuance by the Authority of the Bonds and consider adoption of a resolution approving the issuance of the Bonds and approving related documents. The Town's Municipal Advisor will provide more details on this commonly used public financing technique at the FFA/Town Council meeting.

FISCAL IMPACT

The issuance of the Bonds will allow the Town to refinance the 2017 Lease Agreement and its unfunded actuarial liability to CalPERS at a significantly lower interest rate resulting in millions of dollars of interest savings to the Town.

ATTACHMENT

Resolution