Restructuring Town Obligations: CalPERS Unfunded Liability and Existing 2017 Lease

August 19, 2020

Presented by:

WULFF, HANSEN & CO.
ESTABLISHED 1931

Overview of 2017 Lease

- In 2017 the Town issued a Lease transaction to fund its Side Fund Obligation at CalPERS in the amount of $3,860,000.
- The 2017 Lease transaction was structured with Town properties as the leased assets that include: Town Hall, the Fire Station, the Pavilion, and the Corporate Yard.
- That transaction saved the Town $1,023,550, which is being realized over the 21-year life of the lease, in the average annual amount of $49,000.
- The Lease has a remaining principal balance of $2,748,000 that the Town pays interest on at a rate of 5.40%.
- The Lease is held by a single buyer, Capital One.
- The Lease has call protection covenants that Capital One will agree to waive (102% of remaining par amount in 2023).
- Refinancing the Lease will create savings for the Town.

Refinancing of 2017 Lease

Debt Service Savings Analysis

Fairfax Financing Authority

Taxable Lease Revenue Bonds, Series 2020

Sources & Uses

	Refinancing of 2017 Lease
Sources	
Par Amount	2,888,000
Total Sources	**2,888,000**
Uses	
Refunding Escrow Deposits	
Cash Deposit (2017 Lease)	2,797,464
Delivery Date Expenses	
Cost of Issuance	90,536
Total Uses	**2,888,000**
Dated Date	10/15/2020
Delivery Date	10/15/2020

Refunding bond debt service projections were prepared by Brandis Tallman LLC and are based on a term sheet received from Capital One on July 28, 2020. The interest rate will be fixed upon acceptance by the Town no later than August 24th and will be locked through September 30th subject to the conditions of the term sheet. If bonds are issued, their future debt service requirements will be fixed as of the date of issuance and will not be subject to change during the life of the bond issue.

POB Proceeds will be used to refund Town's existing 2017 Lease with Capital One for the purpose of achieving savings.

Refinancing of 2017 Lease

Debt Service Savings Analysis
Fairfax Financing Authority
Taxable Lease Revenue Bonds, Series 2020

New Bonds Debt Service				
	Refinancing of 2017 Lease			
Period Ending	**Principal**	**Interest Rate**	**Interest**	**Debt Service**
Jun-21	201,000	3.45%	29,337	230,337
Jun-22	87,000	3.45%	91,960	178,960
Jun-23	96,000	3.45%	88,872	184,872
Jun-24	107,000	3.45%	85,457	192,457
Jun-25	116,000	3.45%	81,696	197,696
Jun-26	127,000	3.45%	77,608	204,608
Jun-27	139,000	3.45%	73,123	212,123
Jun-28	152,000	3.45%	68,207	220,207
Jun-29	163,000	3.45%	62,876	225,876
Jun-30	178,000	3.45%	57,115	235,115
Jun-31	191,000	3.45%	50,870	241,870
Jun-32	206,000	3.45%	44,143	250,143
Jun-33	222,000	3.45%	36,898	258,898
Jun-34	238,000	3.45%	29,101	267,101
Jun-35	255,000	3.45%	20,735	275,735
Jun-36	273,000	3.45%	11,799	284,799
Jun-37	137,000	3.45%	2,363	139,363
Total:	**2,888,000**		**912,158**	**3,800,158**

Refunding bond debt service projections were prepared by Brandis Tallman LLC and are based on a term sheet received from Capital One on July 28, 2020. The interest rate will be fixed upon acceptance by the Town no later than August 24th and will be locked through September 30th subject to the conditions of the term sheet. If bonds are issued, their future debt service requirements will be fixed as of the date of issuance and will not be subject to change during the life of the bond issue.

POB Proceeds will be used to refund Town's existing 2017 Lease with Capital One for the purpose of achieving savings.

WULFF, HANSEN & CO.
ESTABLISHED 1931

Refinancing of 2017 Lease

Period Ending	Existing Amortization Schedule	2020 Lease Refunding Proposed Debt Service	Projected Savings
	Potential Cash Flow Savings (2017 Lease Ref)		
Jun-21	300,392	230,337	70,055
Jun-22	205,293	178,960	26,333
Jun-23	211,594	184,872	26,722
Jun-24	218,355	192,457	25,899
Jun-25	224,495	197,696	26,799
Jun-26	231,041	204,608	26,433
Jun-27	238,912	212,123	26,789
Jun-28	246,027	220,207	25,821
Jun-29	252,386	225,876	26,510
Jun-30	260,935	235,115	25,820
Jun-31	268,593	241,870	26,723
Jun-32	276,306	250,143	26,163
Jun-33	285,020	258,898	26,122
Jun-34	293,627	267,101	26,526
Jun-35	302,100	275,735	26,366
Jun-36	311,358	284,799	26,559
Jun-37	165,453	139,363	26,090
Total	**4,291,887**	**3,800,158**	**491,729**
2017 Lease Savings			**1,023,550**
Combined Projected Savings			**1,515,279**
Net Present Value of Savings ($491,729)			**347,988**

Refunding bond debt service projections were prepared by Brandis Tallman LLC and are based on a term sheet received from Capital One on July 28, 2020. The interest rate will be fixed upon acceptance by the Town no later than August 24th and will be locked through September 30th subject to the conditions of the term sheet. If bonds are issued, their future debt service requirements will be fixed as of the date of issuance and will not be subject to change during the life of the bond issue.

POB Proceeds will be used to refund Town's existing 2017 Lease with Capital One for the purpose of achieving savings.

The projected savings figure of $491,729 is independent of and in addition to the $1,023,550 of savings being realized on the 2017 Lease.

Wulff, Hansen & Co.
ESTABLISHED 1931

Overview of Lease Revenue Bonds

(as applied to the 2017 Lease Refinancing & 2020 UAL Financing)

- Lease Revenue Bonds are a financing vehicle that allow entities to borrow funds secured by lease revenues.
- A lease revenue stream is created by an entity, like the Town of Fairfax, via a lease-leaseback or sale-installment sale in which the Town sells or leases an asset (the “leased asset”) to its Financing Authority, and simultaneously the Financing Authority sells or leases the asset back to the Town creating a revenue stream of payments.
- Lease transactions are commonly used as a financing vehicle by municipalities in California
- The Town used this structure when issuing its 2017 Lease, which utilized the Town Hall, Pavilion, Fire Station and Corporate Yard as the assets being leased and leased back between the Town and its Financing Authority.
- The leased asset(s) used in the financing vehicle typically have, in aggregate, a value greater than the borrowing amount.

Overview of Leased Assets

(as applied to the 2017 Lease Refinancing & 2020 UAL Financing)

- The leased assets anticipated in both the UAL financing and the 2017 Lease refunding will be the assets currently encumbered by the existing lease as well as a portion of Town owned streets equal to $10 million in value (approximately 25% of Town streets).
- This Lease structure does <u>NOT</u> put the Town at risk for losing use of its streets.
- The Bond documents provide that the re-letting remedy will not be applicable to the streets, meaning that the holder of the bonds cannot access use of the streets as its security.
- The only remedy for a failure of the Town to make its lease payments relating to the street assets would be a lawsuit brought the bond holder(s) to compel payment by the Town.
- The buyer, Capital One also understands that the remedies are consistent with the description above.

Overview of CalPERS System

- **Overview**
  - Most public agencies in California participate in the CalPERS retirement system to fund retirement benefits for their employees.
  - CalPERS is the largest Public Retirement System in the United States.
  - The Town of Fairfax participates in this Pooled Retirement System.
  - The Town pays into the system an annual deposit based on a percentage of payroll which, when invested by CalPERS at an assumed rate of return (currently at 7.00%) and added to the cash deposited, is actuarially designed to provide sufficient funds to pay required retirement benefits to its employees.

- **CalPERS Investment Performance**
  - If investment performance does not meet the realized and assumed rate of return needed for an employer to fund its long-term actuarial requirements to pay retirees in its program or if employer does not make sufficient contributions to its CalPERS fund, the shortfall is calculated and allocated to the employer in the form of its Unfunded Accrued Liability (UAL).

Overview of CalPERS System

- **Unfounded Accrued Liability (UAL)**
  - The UAL is an obligation of the local agency and the agency accrues and pays an annual cost (7%) in the amount of CalPERS expected rate of return, which is added to the UAL.
  - This cost represents the return that CalPERS assumes it could have earned on the additional funds had the agency fully funded its obligations.

- **Schedule of UAL Payments**
  - CalPERS gives each participating employer an amortization schedule to pay down its UAL obligation to CalPERS over a period of years.
  - The schedule for Fairfax currently runs through fiscal year 2046-47.

- **Future Performance**
  - If Investment performance exceeds expected rate, the net benefit is credited to pay down the existing UAL, if no UAL exists it remains as a credit balance to pay future UAL.
  - If Investment performance is less than the expected rate, the shortfall is added to the UAL or creates a new UAL which is amortized in the payment schedule along with the previously existing payments.

- **Obligation**
  - The Town's current UAL is an obligation similar in many ways to other long-term liabilities on its balance sheet although its terms can be more flexible than a bond or similar fixed-schedule liability.
  - It is effectively a debt with the annual interest cost calculated at CalPERS assumed rate of return on the unpaid balance, plus the amount necessary to amortize the principal over the provided time frame.

Solutions to fund CalPERS Unfunded Accrued Liabilities (UAL)

1) **Continue to pay CalPERS based on existing 26-year amortization schedule, or other shorter term schedules, as outlined in the CalPERS report.**

2) **Pay off the UAL in part or in full with surplus funds of the Town and/or continue to participate in and fund a Section 115 Trust Reserve, as appropriate.**

3) **Pay off the UAL in part or in full using proceeds from the issuance of Lease Revenue Bonds. (Recommended option by Advisor and Staff)**

Solutions to fund CalPERS Unfunded Accrued Liabilities (UAL)

Solution 3: Pay off the UAL in part or in full using proceeds from the issuance of Lease Revenue Bonds.

- *If the current UAL is paid in full, future CalPERS investment performance will determine whether additional UAL is created in the future. Should CalPERS fail to achieve the projected rate of return, the shortfall will cause the creation of a new UAL.*
- Conversely, should CalPERS achieve higher-than-expected returns, the excess would be credited to the employer's fund and thus available to offset any future increases in the UAL caused by subsequent underperformance in a given year.
- There is no possible way to eliminate the potential for future UAL to accrue due to underperformance of CalPERS without exiting the CalPERS system entirely.
- Payoff solutions allows entities to pay down liabilities presently owed, with the ability to save money in the future by reducing interest expense. Eliminating today's UAL is in no way a means of eliminating the risk of future underperformance by CalPERS.

WULFF, HANSEN & CO.
ESTABLISHED 1931

Town of Fairfax – UAL Balance

The Town has six retirement plans with CalPERS, the plan balances are summarized here:

Miscellaneous 1st Tier*	$ 2,496,950
Miscellaneous 2nd Tier	43,865
PEPRA Miscellaneous	26,130
Safety 1st Tier*	3,683,975
Safety 2nd Tier *	305,402
PEPRA Safety Police	62,237

Projected balances as of June 30, 2021 are taken from CalPERS Actuarial Valuation Report to the Town of Fairfax dated July 2019, based on audited figures as of June 30, 2018 – CalPERS will verify these balances when a closing date is established.

*Bolded plans will be addressed by the proposed financing, non-bolded plans have minimal UAL balances and will not be included in the financing due to the limit benefits to the Town.

Town of Fairfax – UAL Annual Pay-down

The Town's scheduled UAL payments to CalPERS for FY 2020-21 on the three largest plans:

Miscellaneous 1st Tier	$	176,387
Safety 1st Tier		262,717
Safety 2nd Tier		17,508
Total	**$**	**456,612***

If payments have been made for FY 2020-21, next payments are due by July 1, 2021 and continue annually based on payment schedule provided by CalPERS

*Estimated per CalPERS for FY 2020-21 in CalPERS Actuarial Valuation Report to the Town of Fairfax dated July 2019, based on audited figures as of June 30, 2018.

WULFF, HANSEN & CO.
ESTABLISHED 1931

Unfunded Liability Payment Schedule

Payment schedules shown are the current CalPERS Amortization schedules the Town is currently following for the Safety Plans, 1st and 2nd Tier, and the Miscellaneous 1st Tier Plan.

Payment schedules are excerpts from the 2019 CalPERS Actuarial Valuation Reports for the Town of Fairfax, dated July 2019. CalPERS payment schedules are subject to change and significant uncertainty based on the future investment performance of CalPERS.

Town of Fairfax	**Current CalPERS Amortization Schedule**			
FY	Safety 1st Tier	Safety 2nd Tier	Miscellaneous 1st Tier	Totals
2020-21	Paid	Paid	Paid	Paid
2021-22	262,717	17,508	176,387	456,612
2022-23	299,136	22,232	201,667	523,035
2023-24	319,871	24,501	214,889	559,261
2024-25	342,000	26,877	230,125	599,002
2025-26	351,405	27,617	236,453	615,475
2026-27	361,068	28,376	242,956	632,400
2027-28	370,998	29,156	249,637	649,791
2028-29	381,200	29,958	256,502	667,660
2029-30	391,683	30,782	263,556	686,021
2030-31	402,454	31,629	270,803	704,886
2031-32	413,522	32,498	278,251	724,271
2032-33	400,501	33,392	270,808	704,701
2033-34	386,452	34,310	262,746	683,508
2034-35	362,980	34,143	248,052	645,175
2035-36	327,078	32,510	225,524	585,112
2036-37	268,372	28,118	187,244	483,734
2037-38	234,127	23,461	163,976	421,564
2038-39	197,795	18,525	139,285	355,605
2039-40	168,847	14,573	119,966	303,386
2040-41	150,580	12,027	107,297	269,904
2041-42	114,064	12,358	81,645	208,067
2042-43	106,760	12,698	76,269	195,727
2043-44	76,632	13,047	56,390	146,069
2044-45		10,086		10,086
2045-46		8,827		8,827
2046-47		3,652		3,652
Total	6,690,242	592,861	4,560,428	**11,843,531**
# of Payments	23	26	23	26

Financing of CalPERS Unfunded Liability

POB Proceeds will be used to prepay the Town's unfunded actuarial liability to PERS for its Miscellaneous 1st Tier, Safety 1st Tier, and Safety 2nd Tier Plans for the purpose of achieving savings.

Refunding bond debt service projections were prepared by Brandis Tallman LLC and are based on a term sheet received from Capital One on July 28, 2020. The interest rate will be fixed upon acceptance by the Town no later than August 24th and will be locked through September 30th subject to the conditions of the term sheet. If bonds are issued, their future debt service requirements will be fixed as of the date of issuance and will not be subject to change during the life of the bond issue.

Debt Service Savings Analysis
Fairfax Financing Authority
Taxable Lease Revenue Bonds, Series 2020

Sources & Uses

	CalPERS UAL Financing
Sources	
Par Amount	6,577,000
Total Sources	**6,577,000**
Uses	
Project Fund Deposits	
Miscellaneous 1st Tier	2,496,950
Safety Plan 1st Tier	3,683,975
Safety Plan 2nd Tier	305,402
	6,486,327
Delivery Date Expenses	
Cost of Issuance	90,673
Total Uses	**6,577,000**
Dated Date	10/15/2020
Delivery Date	10/15/2020

WULFF, HANSEN & CO.
ESTABLISHED 1931

Financing of CalPERS Unfunded Liability

POB Proceeds will be used to prepay the Town's unfunded actuarial liability to PERS for its Miscellaneous 1st Tier, Safety 1st Tier, and Safety 2nd Tier Plans for the purpose of achieving savings.

Refunding bond debt service projections were prepared by Brandis Tallman LLC and are based on a term sheet received from Capital One on July 28, 2020. The interest rate will be fixed upon acceptance by the Town no later than August 24th and will be locked through September 30th subject to the conditions of the term sheet. If bonds are issued, their future debt service requirements will be fixed as of the date of issuance and will not be subject to change during the life of the bond issue.

Debt Service Savings Analysis
Fairfax Financing Authority
Taxable Lease Revenue Bonds, Series 2020

	New Bonds Debt Service			
	CalPERS UAL Financing			
Period Ending	**Principal**	**Interest Rate**	**Interest**	**Debt Service**
Jun-21	-		66,811	66,811
Jun-22	152,000	3.45%	224,285	376,285
Jun-23	225,000	3.45%	217,781	442,781
Jun-24	270,000	3.45%	209,243	479,243
Jun-25	320,000	3.45%	199,065	519,065
Jun-26	348,000	3.45%	187,542	535,542
Jun-27	378,000	3.45%	175,019	553,019
Jun-28	408,000	3.45%	161,460	569,460
Jun-29	441,000	3.45%	146,815	587,815
Jun-30	475,000	3.45%	131,014	606,014
Jun-31	511,000	3.45%	114,005	625,005
Jun-32	549,000	3.45%	95,720	644,720
Jun-33	548,000	3.45%	76,797	624,797
Jun-34	546,000	3.45%	57,926	603,926
Jun-35	526,000	3.45%	39,434	565,434
Jun-36	483,000	3.45%	22,028	505,028
Jun-37	397,000	3.45%	6,848	403,848
Total:	**6,577,000**		**2,131,793**	**8,708,793**

WULFF, HANSEN & CO.
ESTABLISHED 1931

Financing of CalPERS Unfunded Liability

CalPERS debt service projections are as provided to the Authority by CalPERS in July 2019 based on the June 30, 2018 actuarial valuation. Moreover, CalPERS' projected amortization schedules assume that there are no future plan changes, no further changes in assumptions other than those recently approved, and no liability gains or losses. Such changes can have a significant impact on required contributions. ***CalPERS projections are subject to change and significant uncertainty.*** *For further information about this uncertainty and the associated risks, please refer to the CalPERS Annual Valuation Report.*

Refunding bond debt service projections were prepared by Brandis Tallman LLC and are based on a term sheet received from Capital One on July 28, 2020. The interest rate will be fixed upon acceptance by the Town no later than August 24th and will be locked through September 30th subject to the conditions of the term sheet. If bonds are issued, their future debt service requirements will be fixed as of the date of issuance and will not be subject to change during the life of the bond issue.

	Potential Cash Flow Savings (UAL Financing)		
Period Ending	CALPERS Amortization Schedule	2020 UAL Financing Proposed Debt Service	Potential Savings
Jun-21	-	66,811	(66,811)
Jun-22	456,612	376,285	80,327
Jun-23	523,035	442,781	80,254
Jun-24	559,261	479,243	80,018
Jun-25	599,002	519,065	79,937
Jun-26	615,475	535,542	79,933
Jun-27	632,400	553,019	79,381
Jun-28	649,791	569,460	80,331
Jun-29	667,660	587,815	79,845
Jun-30	686,021	606,014	80,007
Jun-31	704,886	625,005	79,881
Jun-32	724,271	644,720	79,551
Jun-33	704,701	624,797	79,904
Jun-34	683,508	603,926	79,582
Jun-35	645,175	565,434	79,741
Jun-36	585,112	505,028	80,084
Jun-37	483,734	403,848	79,886
Jun-38	421,564	-	421,564
Jun-39	355,605	-	355,605
Jun-40	303,386	-	303,386
Jun-41	269,904	-	269,904
Jun-42	208,067	-	208,067
Jun-43	195,727	-	195,727
Jun-44	146,069	-	146,069
Jun-45	10,086	-	10,086
Jun-46	8,827	-	8,827
Jun-47	3,652	-	3,652
Total	**11,843,531**	**8,708,793**	**3,134,738**
Net Present Value of Savings			**1,861,925**

WULFF, HANSEN & CO.
ESTABLISHED 1931

Refinancing of 2017 Lease

Period Ending	Existing Amortization Schedule	2020 Lease Refunding Proposed Debt Service	Projected Savings
	Potential Cash Flow Savings (2017 Lease Ref)		
Jun-21	300,392	230,337	70,055
Jun-22	205,293	178,960	26,333
Jun-23	211,594	184,872	26,722
Jun-24	218,355	192,457	25,899
Jun-25	224,495	197,696	26,799
Jun-26	231,041	204,608	26,433
Jun-27	238,912	212,123	26,789
Jun-28	246,027	220,207	25,821
Jun-29	252,386	225,876	26,510
Jun-30	260,935	235,115	25,820
Jun-31	268,593	241,870	26,723
Jun-32	276,306	250,143	26,163
Jun-33	285,020	258,898	26,122
Jun-34	293,627	267,101	26,526
Jun-35	302,100	275,735	26,366
Jun-36	311,358	284,799	26,559
Jun-37	165,453	139,363	26,090
Total	**4,291,887**	**3,800,158**	**491,729**
2017 Lease Savings			**1,023,550**
Combined Projected Savings			**1,515,279**
Net Present Value of Savings ($491,729)			**347,988**

Refunding bond debt service projections were prepared by Brandis Tallman LLC and are based on a term sheet received from Capital One on July 28, 2020. The interest rate will be fixed upon acceptance by the Town no later than August 24th and will be locked through September 30th subject to the conditions of the term sheet. If bonds are issued, their future debt service requirements will be fixed as of the date of issuance and will not be subject to change during the life of the bond issue.

POB Proceeds will be used to refund Town's existing 2017 Lease with Capital One for the purpose of achieving savings.

The projected savings figure of $491,729 is independent of and in addition to the $1,023,550 of savings being realized on the 2017 Lease.

WULFF, HANSEN & CO.
ESTABLISHED 1931

Combined Savings (2017 Lease Refinancing & UAL Financing)

The projected savings figures on this slide of $3,626,467 are independent of and in addition to the $1,023,550 of savings being realized on the 2017 Lease.

CalPERS debt service projections are as provided to the Authority by CalPERS in July 2019 based on the June 30, 2018 actuarial valuation. Moreover, CalPERS' projected amortization schedules assume that there are no future plan changes, no further changes in assumptions other than those recently approved, and no liability gains or losses. Such changes can have a significant impact on required contributions. ***CalPERS projections are subject to change and significant uncertainty.*** *For further information about this uncertainty and the associated risks, please refer to the CalPERS Annual Valuation Report. The CalPERS amortization schedule has been combined with the existing debt service schedule for the 2017 Lease to create the 'Existing Combined Amortization Schedules'.*

Refunding bond debt service projections were prepared by Brandis Tallman LLC and are based on a term sheet received from Capital One on July 28, 2020. The interest rate will be fixed upon acceptance by the Town no later than August 24th and will be locked through September 30th subject to the conditions of the term sheet. If bonds are issued, their future debt service requirements will be fixed as of the date of issuance and will not be subject to change during the life of the bond issue.

	Potential Cash Flow Savings		
Period Ending	Existing Combined Amortization Schedules	2020 Lease Proposed Debt Service	Protential Savings
Jun-21	300,392	297,148	3,244
Jun-22	661,905	555,245	106,660
Jun-23	734,629	627,653	106,976
Jun-24	777,616	671,700	105,917
Jun-25	823,497	716,761	106,736
Jun-26	846,516	740,150	106,366
Jun-27	871,312	765,142	106,170
Jun-28	895,818	789,667	106,152
Jun-29	920,046	813,691	106,355
Jun-30	946,956	841,129	105,827
Jun-31	973,479	866,875	106,604
Jun-32	1,000,577	894,863	105,714
Jun-33	989,721	883,695	106,026
Jun-34	977,135	871,027	106,108
Jun-35	947,275	841,169	106,107
Jun-36	896,470	789,827	106,643
Jun-37	649,187	543,211	105,976
Jun-38	421,564	-	421,564
Jun-39	355,605	-	355,605
Jun-40	303,386	-	303,386
Jun-41	269,904	-	269,904
Jun-42	208,067	-	208,067
Jun-43	195,727	-	195,727
Jun-44	146,069	-	146,069
Jun-45	10,086	-	10,086
Jun-46	8,827	-	8,827
Jun-47	3,652	-	3,652
Total	**16,135,418**	**12,508,951**	**3,626,467**
2017 Lease Savings			**1,023,550**
Combined Projected Savings			**4,650,017**
Net Present Value of Savings ($3,626,467):			**2,209,913**

WULFF, HANSEN & CO.
ESTABLISHED 1931

Comparison to Public Offering

If the Town rejects Capital One's proposal and goes to market with a public sale, it will lose Capital One's offer to waive the call provisions on the 2017 Lease. At this time we estimate that the Capital One offer would provide approximately $215,000 in increased savings to the Town versus the public offering option ($3,626,467 less $3,411,139).

The interest rate and terms proposed by Capital One would be fixed upon acceptance between now and August 24th and locked through September 30th subject to final credit approval. Pursuing a public sale would add 30 to 60 days to the financing schedule and expose the pricing to interest rate risk. On the public offering scenario, each 10 bps increase in the average interest rate increases interest expense by approximately $90,000 over the life of the financing. Locking in the rate proposed by Capital One through acceptance of the term sheet mitigates this interest rate risk exposure, in the event that there is change in the interest rate market before or at the time of pricing.

	Public Offering*	Capital One Proposal
Par Amount	$10,130,000	$9,465,000
True Interest Cost	3.00%	3.45%
Savings	$3,411,139	$3,626,467

**projected by Brandis Tallman LLC as of market conditions on August 13, 2020*

WULFF, HANSEN & CO.
ESTABLISHED 1931

Comparison to Public Offering

The Private Placement is the Capital One proposal with a fixed interest rate and lower issuance costs in addition to a lower payoff the 2017 Lease, resulting in a lower par amount of bonds when compared to the public offering.

Private Placement

Debt Service Savings Analysis
Fairfax Financing Authority
Taxable Lease Revenue Bonds, Series 2020

Sources & Uses

Sources	
Par Amount	9,465,000
Total Sources	**9,465,000**
Uses	
Project Fund Deposits	
Miscellaneous 1st Tier	2,496,950
Safety Plan 1st Tier	3,683,975
Safety Plan 2nd Tier	305,402
	6,486,327
Refunding Escrow Deposits	
Cash Deposit (2017 Lease)*	2,797,464
Delivery Date Expenses	
Cost of Issuance	181,209
Total Uses	**9,465,000**
Dated Date	10/15/2020
Delivery Date	10/15/2020

**Interest and penalties are waived in the Capital One private placement purchase offer.*

Public Offering

Debt Service Savings Analysis
Fairfax Financing Authority
Taxable Lease Revenue Bonds, Series 2020

Sources & Uses

Sources	
Par Amount	10,130,000
Total Sources	**10,130,000**
Uses	
Project Fund Deposits	
Miscellaneous 1st Tier	2,496,950
Safety Plan 1st Tier	3,683,975
Safety Plan 2nd Tier	305,402
	6,486,327
Refunding Escrow Deposits	
Payoff of Principal (2017 Lease)	2,797,464
Interest and Penalties (2017 Lease)**	577,972
	3,375,436
Delivery Date Expenses	
Cost of Issuance	268,237
Total Uses	**10,130,000**
Dated Date	11/15/2020
Delivery Date	11/15/2020

***Interest and penalties will not be waived in the public offering scenario.*

WULFF, HANSEN & CO.
ESTABLISHED 1931