



FAIRFAX FINANCING AUTHORITY

STAFF REPORT

September 2, 2020

TO: Chair & Board of Directors

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

SUBJECT: Adopt a Resolution Authorizing the Issuance and Sale of Lease Revenue Bonds to Fund All or a Portion of the Existing Unfunded Actuarial Liability of the Town to the California Public Employees' Retirement System, Refinance the Town's Obligations Under a 2017 Lease Agreement Executed to Fund a Portion of the Town's then Existing Unfunded Actuarial Liability, Approving the Form and Authorizing Execution of Related Documents and Approving Official Actions, for the purpose of generating savings to the Town's General Fund

RECOMMENDATION

Adopt a resolution authorizing the issuance of Fairfax Financing Authority Taxable Lease Revenue Bonds, Series 2020 (the "Bonds"), proceeds of which will refinance certain retirement obligations of the Town, including the 2017 Lease and the CalPERS Unfunded Accrued Liability (the "UAL"), for the purpose of generating savings to the Town's General Fund..

BACKGROUND

The Fairfax Financing Authority ("Authority") 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 Authority 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 Authority is controlled by the Town and has the same governing body as the Town (i.e., the Town Council "sits" as the Authority Board with the Mayor as the chair). The Town also performs all accounting and administrative functions for the Authority. The Authority briefly discussed the financing structure at a special August 19th meeting. At this meeting, the Authority also set September 2nd as a regular meeting so that it would have the opportunity to consider this action this evening.

DISCUSSION

At its August 19th meeting, the Town Council formally requested the Authority to issue the Bonds and to assist the Town for such purposes including the preparation of the necessary documents in connection with the issuance and sale of the Bonds. Please refer to the Town Council staff report (Agenda Item #10) this evening for specific detail regarding the documents, process and issuance of the Bonds.

As discussed in great detail at the August 19th meeting, Capital One Public Funding, LLC will purchase the Bonds using a lease financing structure that utilizes Town facilities and approximately 25% of Town streets as the leased asset in the financing vehicle. Utilizing

municipal owned street as leased assets in lease financings is being more commonly considered by entities in State of California to finance capital improvements and facilities as well as to refinance retirement obligations.

The Town's Municipal Advisor, Wulff, Hansen & Co., will provide more details on this public financing transaction at the Authority/Town Council meeting.

At the August 19th meeting, the financing team indicated to the Council and the Authority board that the approval of the bond documents would be on this evening's agenda to allow for adequate time for the transaction to close by September 30th. To proceed with the refinancing the Authority will need to authorize the approval, preparation, and execution of certain lease financing documents in connection with the sale of the Bonds, the proceeds of which will refinance certain retirement obligations of the Town, including the 2017 Lease and the CalPERS Unfunded Accrued Liability (the "UAL").

The schedule requires the transaction to close by September 30, 2020. The Town's Municipal Advisor and Bond Counsel (Brian Quint of Quint & Thimmig LLP) will be available at the meeting to describe the bond documents and to answer any questions.

ATTACHMENTS

- A. Resolution
- B. Indenture
- C. Site and Facility Lease and Right of Entry Agreement
- D. Lease Agreement
- E. Termination Agreement
- F. Commitment Agreement