



**SUMMARIZED MINUTES OF THE  
PUBLIC FINANCING ADVISORY COMMITTEE  
Thursday, September 12, 2013 at 1:30 P.M.  
Hall of Administration  
Planning Commission Room**

**Committee Members:** Chairman, Thomas Hammond; Vice Chairman, Carl Groner; Committee Member, John J. Moohr; Committee Member, Wallace Rodecker; Frank Kim, Chief Financial Officer; Jan Grimes, Auditor-Controller

**County Representatives Present:** Angie Daftary, County Counsel; CEO/Public Finance: Suzanne Luster, Public Finance Manager; Laurie Sachar, Louis McClure, Richard Mendoza, Anil Kukreja, Alex Martinez

1. **Call to Order:** The meeting was called to order at 1:30 P.M by Chairman, Thomas Hammond.
  
2. **Approval of Minutes of April 11, 2013:** Chairman Hammond asked for status reports on the TRANS, Redevelopment Bonds and Vehicle License Fee court rulings and budgetary impact. With respect to TRANS, Ms. Luster, Public Finance Manager, provided a summary of why the TRANS was not issued and informed the Committee that the County had access to other County funds and could do an internal borrowing (called alternative liquidity) if needed. With respect to Redevelopment Bonds, Ms. Luster mentioned that the County is scheduled to go to the Board in October with the financing details and to S&P to request a rating. Also, the County has targeted November as the date for the closing of the Redevelopment Bonds. With respect to VLFAA, Ms. Luster stated that the Superior Court did not rule in favor of the County, leaving the County two options: (1) appeal the ruling, which would most likely result in the same outcome or (2) seek a legislative solution that would give the County more equal standing with other Counties throughout the State. Ms. Grimes, Auditor-Controller, mentioned that in the short term the County has reserves in place to cover costs associated with any loss of revenues due to the Court's VLFAA ruling. However, in the long-term the County anticipates that there would be an impact due to required repayment of the \$146 million over multiple years.

Committee Member Groner moved to approve the minutes, Committee member Grimes seconded. The minutes were approved unanimously.

3. **Approval in concept of Ladera Community Facilities Districts refundings and selection of financial advisor, bond/disclosure counsel and underwriter.**

Mr. Mendoza, Public Finance, provided a summary of the Ladera Ranch Community Facilities Districts (CFD) formation, initial financing and proposed refunding. Mr. Mendoza provided a summary of the procurement process for the financing consultants and mentioned that the RFP review committees recommended Fieldman

Rolapp and Associates for Financial Advisor, Stradling Yocca Carlson and Rauth as Bond and Disclosure Counsel, and Piper Jaffray & Company as Underwriter for the proposed CFD refunding.

Chairman Hammond asked about the purpose of the initial CFD financing, what projects had been completed, and how much of the land is still owned by the developer as opposed to the end-user property owners. Ms. Luster agreed to provide a summary of the projects that were identified for construction at the time of initial financing, a status report on the completion of those projects, and to include the requested information in the final prospectus. Mr. Hammond asked for more details about what has yet to be built and whether the projects are under or over budget. Ms. Luster mentioned that most improvements have been built and that there are sufficient funds for any remaining improvements that are yet to be completed. Ms. Luster reminded the Committee that the recommended action on the agenda was specific to the approval in concept of the proposed financing and that other details will be provided to the Committee when the financing consultants are officially approved by PFAC and the Board to develop the bond documents (including the prospectus which will address many of the questions of the PFAC), and when staff returns to the Committee and the Board with the actual financing.

Committee member Moohr inquired about why this proposed refunding was not completed sooner. Ms. Luster responded that due to turnover of the public finance manager and staffing constraints, it was not possible to move forward with the proposed transaction.

Committee member Moohr inquired about the selection of Fieldman Rolapp, given their proposed fees of \$57,000 compared to PFM's fee of \$44,000. Mr. Mendoza explained that proposed fees was considered as one of the four evaluative areas and that Fieldman outscored PFM in all other areas (experience in CFD financings, Marks-Roos refundings, and local presence) by a substantial amount. Furthermore, Mr. Mendoza stated that Fieldman had reduced their fees by \$14 thousand (from \$71,000 to \$57,000) relative to the prior (Ladera Ranch) CFD refunding and was recommended unanimously by the review panel. Mr. DeMars of Fieldman was called to the podium and asked about why his firm was charging \$13,000 more than his competitor. Mr. DeMars responded that he could not speak to why PFM's fees were so low, but that in his experience there is a considerable amount of time and effort required to complete these transactions.

Chairman Hammond asked that a representative from Piper Jaffray come to the podium. Mr. Hammond asked Ms. Katie Koster of Piper Jaffray about the proposed financing structure. Ms. Koster replied that while they would like to remain as flexible as possible to achieve the best deal, Piper Jaffray had proposed in their response to the RFP a unique hybrid structure containing a combination of a private placement through Western Alliance Bank and a more traditional public sale. Ms. Koster stated that this hybrid structure would produce a Net Present Value (NPV) savings of \$10.7 million for CFDs 2002-1 and 2003-1. Committee member Groner asked Ms. Koster about the state of the bond market. Ms. Koster responded that the market was still very volatile and that the intent was to take advantage of current interest rates that are still favorable. Mr. Moohr asked how quickly the transaction

could be completed. Ms. Koster stated that although aggressive, late November or early December would still be reasonable if everything goes well.

Committee member Groner asked about the maturity of the refunded bonds and whether the bond life will be extended. Ms. Luster stated that the maturity would remain the same as for the initial bonds and that the reason for completing the proposed refunding would be exclusively to take advantage of favorable interest rates and realize a savings for the residents of the respective CFDs.

Chairman Hammond asked for a motion to approve in concept the CFD refunding. Committee member Groner moved the motion, Committee member Grimes seconded. Approval in concept of the CFD refunding was approved unanimously.

Chairman Hammond asked for a motion to approve Fieldman Rolapp as Financial Advisor for the proposed refunding. Committee Groner moved the item, Committee member Grimes seconded. Chairman Hammond and Committee members Rodecker and Moohr voted no. Mr. DeMars of Fieldman Rolapp was asked to approach the podium. A discussion ensued with respect to renegotiation of Fieldman's proposed fees. The Committee and Mr. DeMars agreed upon a renegotiated fee of \$50,000, plus \$500 for expenses, for Fieldman Rolapp.

Chairman Hammond asked for a new vote regarding the staff recommendation to approve Fieldman Rolapp and Associates as Financial Advisor, given the renegotiated fee. The vote by the Committee was unanimous in approving Fieldman Rolapp as Financial Advisor for the proposed CFD refunding.

Chairman Hammond asked for a motion to approve Piper Jaffray as Underwriter for the proposed CFD refunding. Committee member Moohr moved the action, Committee member Rodecker seconded. Piper Jaffray was unanimously approved as Underwriter for the proposed CFD refunding.

Chairman Hammond asked for a motion to approve Stradling Yocca Carlson and Rauth as Bond and Disclosure Counsel for the proposed CFD refunding. Committee member Rodecker moved the motion, Committee member Moohr seconded. Stradling Yocca Carlson and Rauth was unanimously approved as Bond and Disclosure Counsel for the proposed CFD refunding.

**4. Adjournment:** The meeting was adjourned at 2:40 p.m.