



Public Financing Advisory Committee

Thursday, October 15, 2015 at 1:30 pm

Hall of Administration Planning Commission Room

MEETING MINUTES

Attendees: Lisa Hughes (Chair), Wallace Rodecker (Vice Chair), Thomas Hammond (Committee Member), John J. Moohr (Committee Member), Shari Freidenrich (Treasurer-Tax Collector), Michelle Aguirre (Chief Financial Officer), Angie Daftary (County Counsel), Suzanne Luster (CEO/Public Finance Director), Louis McClure, Victoria Ross, Susie Ortiz; (Public Finance).

Absent: Carl Groner (Committee Member), Eric Woolery (Auditor-Controller).

- I. **Call to Order/Introductions/Opening Remarks:** Meeting called to order by Chair Lisa Hughes at 1:37 pm.
- II. **Review and Approval of Minutes:** Meeting Minutes of August 27, 2015 were approved. Member Hammond moved the minutes, Member Moohr seconded, approved unanimously. Meeting Minutes of September 10, 2015 were approved. Member Moohr moved the minutes, Member Hammond seconded, approved unanimously.
- III. **Approval in concept of 2016 Taxable Pension Obligation Bond financing and approval of Selection of KNN Public Finance as Financial Advisor, Orrick Herrington & Sutcliffe LLP as Bond and Disclosure Counsel, and Stifel, Nicolaus & Company, Incorporated and J.P. Morgan Securities LLC as Underwriters:** Victoria Ross, CEO Public Finance, provided a presentation on the Pension Obligation Bonds (POB) and selection of the financing team. She summarized the OCERS discount that is offered to the County, 5.8%, and an estimate savings to the County of \$21 million. Committee Member Moohr recalled the discount rate two years ago being much higher. Ms. Ross informed the Committee that OCERS' Portfolio Manager has reduced the discount to match the market and to avoid increasing the Unfunded Actuarial Accrued Liability. Committee Member Hammond questioned the use of combined bond and disclosure counsel vs. a separate bond and disclosure counsel. Ms. Ross explained that since this is more of a routine financing and the County has experience with this particular financing in the past, a combined bond and disclosure counsel makes sense. Suzanne Luster added that Staff intends to analyze their recommendation and need for a separate bond counsel and disclosure counsel on a case by case basis.

A discussion occurred on the cost of the financing and the different funding options. Ms. Luster informed the Committee that the recommendation to do a public sale is due to the size of the transaction and the transparency a public sale brings versus a private sale. Chief Financial Officer, Michelle Aguirre, added that the County looked at its cash balance but determined that in order to be comfortable, issuing the Pension Obligation Bonds is a more conservative approach to keep the County's cash fund from hitting a low point. Treasurer-Tax Collector, Shari Freidenrich commented that the County will continue to look at areas to save money and with aligned goals continue to bring a good market rate back to the county with the hopes of saving even more money next year, and create a winning situation for everyone.

Motion: Member Hammond moved, Member Freidenrich seconded. The motion was approved unanimously.

IV. Receive and File Public Finance Status Report: Suzanne Luster, CEO Public Finance Director, provided a status report regarding recent Public Finance related items.

1. On September 22, 2015 the Board of Supervisors approved Orrick Herrington & Sutcliffe as Bond Counsel and Stradling Yocca Carlson and Rauth as Disclosure Counsel for the proposed 800 MHz Countywide Coordinated Communications System.
2. CFD 2015-1 (Village of Esencia) approved by the Board of Supervisors on September 22, 2015

Ms. Luster provided a summary on the 30 year bonds for the CFD 2015-1. Member Freidenrich and Ms. Luster discussed the breakdown of the coupon rates, premiums, yields, and the discount of bonds, and term bonds sold. Member Freidenrich and Member Moohr asked the final sheets with the bond pricing be distributed to PFAC Members.

Motion: Member Freidenrich moved, Member Moohr seconded. The motion was approved unanimously.

V. Discussion of County of Orange, Board of Supervisors, Policies and Procedures for Consideration and Approval of Proposed Public Financings. Ms. Luster, CEO Public Finance Director discussed the initiation to amend the Policies and Procedures (P&Ps) and other public finance projects with the help of Public Finance Staff, County Counsel, Polsinelli LLP and input from PFAC members. The process will go as follows

1. The first draft will be a redline version.
2. Suggestions for PFAC members to meet individually to discuss their position are welcomed.
3. Recommendations and a second draft version created.
4. Second draft distributed to PFAC for any further comments to be recommended to Public Finance by writing.
5. P&Ps agendized for approval.

County Counsel, Angie Daftary suggested drafting a second memo to memorialize the recommended changes that were not incorporated. The PFAC Committee Members agreed on the process to take place.

VI. Public Comment: None.

VII. Committee Comments: Chair Hughes had questions regarding the GASB 67 and 68 and requested to agendize the topic for a future meeting. Ms. Aguirre informed PFAC that an update will be provided with the detailed information in January 2016 and if more information is being waited on, the topic will be agendized for February 2016.

Ms. Luster informed PFAC members that there will be a special Board of Supervisors meeting scheduled for November 12, 2015 and PFAC meeting for that scheduled date will be cancelled.

VIII. **Date of next meeting:** December 10, 2015 at 1:30 pm

IX. **Adjournment:** The meeting was adjourned at 2:21 pm.