



Public Financing Advisory Committee

Special Meeting

Thursday, September 7, 2017 at 2:30 p.m.

Hall of Administration Planning Commission Room

MEETING MINUTES

Attendees: Shari Freidenrich (Treasurer-Tax Collector), Thomas Hammond (Committee Member), John J. Moohr (Committee Member), Wallace Rodecker (Vice Chair), Lisa Hughes (Chair), Suzanne Luster (Public Finance Director), Nikhil Daftary (County Counsel)

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

- I. **Call to Order/Instructions/Opening Remarks:** Meeting called to order by Chair Hughes at 2:32 p.m. Suzanne Luster, Public Finance Director, introduced PFAC to Nikhil Daftary, the new County Counsel Deputy to advise PFAC.
- II. **Review and Approval of Minutes:** Member Moohr made a motion to approve the January 4, 2017 meeting minutes, Vice Chair Rodecker seconded, minutes approved.
- III. **Receive and File Public Finance Status Report:** Chair Hughes makes a motion to receive and file Public Finance Status Report, Member Rodecker seconded, approved unanimously.
- IV. **Election of Public Financing Advisory Committee 2017 Chair and Vice Chair:** Member Hammond nominates Wallace Rodecker as Chair and John Moohr as Vice Chair. Treasurer Freidenrich seconded, both nominees accepted, approved unanimously.

Member Hammond suggests adopting a policy similar to the Board of Supervisors for choosing Chair and Vice Chair, in which they rotate between districts. Ms. Luster stated Chair Rodecker needs to direct staff to agendize an item, and make an amendment to the by-laws that guide how the selection of Officers is handled.

Chair Rodecker asked Member Hammond to draft an election policy for his review.

Suzanne Luster stated that Chair or Vice Chair must be public members according to the PFAC by-laws.

- V. **In concept, approve recommending to the Board of Supervisors the proposed refunding of South Orange County Public Financing Authority Special Tax Revenue Bonds 2005 Series A (Ladera Ranch) and recommend the selection of Fieldman, Rolapp & Associates, Inc. as Municipal Advisor, Stradling Yocca Carlson & Rauth as Bond and Disclosure Counsel and Stifel Nicolaus & Company as Underwriter;**

In concept, approve recommending to the Board of Supervisors the proposed refunding of Assessment District (AD) No. 01-1 Newport Coast Phase IV Limited Obligation Improvement Bonds, Fixed Rate Series 2003 B; AD 01-1 Limited Obligation Improvement Bonds, Group One; AD 01-1 Limited Obligation Improvement Bonds, Group Two; and AD 01-1 Limited

Obligation Improvement Bonds, Group Three and recommend the selection of Fieldman, Rolapp & Associates, Inc. as Municipal Advisor, Norton Rose Fulbright US LLP as Bond and Disclosure Counsel, and Piper Jaffray & Company as Underwriter:

Suzanne Luster, Public Finance Director, presented this item to PFAC. Ms. Luster explained that these are the first three of the Ladera Ranch CFDs which were issued in 1999, 2000, and 2001. They were refinanced once in 2005 and they were pooled together for one Marks Roos financing. The preliminary analysis indicates that there is an approximate \$10M or 16.49% net value savings, which translates to an approximate savings of \$266 per parcel annually.

The Assessment Districts have not been refinanced, the savings on these would be approximately \$5 Million or 15.81%, estimated at about \$1,000 per parcel annually.

On June 9, 2017 Public Finance issued three requests for proposals Municipal Advisor, Bond Disclosure Counsel, and Underwriter services through previous qualified panels. There was discussion on the amount of firms on the qualified panels and the number responding to these proposals.

Ms. Luster explained to the committee that the identities of the qualifying panel could not be revealed but the Municipal Advisory panel contained two Public Finance Managers and one Auditor-Controller Department Manager, the Bond & Disclosure counsel contained one Budget Manager, one Public Finance Manager and one Deputy County Counsel Attorney, the Underwriter panel contained two Public Finance Managers, and one Manager from Treasurer-Tax Collector. Since no one from PFAC was available to participate in the panel this time, Ms. Luster reassured the committee that Public Finance will reach out to PFAC first for the next go-around.

There was discussion on the ownership of the parcels and the committee was informed by Sarah Brown, Stifel Nicolaus & Company, and Katie Koster, Piper Jaffray & Company, properties are owned by individual property owners and this information would be included in the prospectus.

Also, there was discussion on why there were few municipal advisory firms proposing. Ms. Luster advised that some of the firms did not propose as other firms had more land based experience. Ms. Luster advised that this would be rebid in 2019 and would look into ways to improve the process to obtain more firms.

Assurance was given to the committee that these bonds were callable. The committee requested information on the bond structure of both refundings. Ms. Luster advised the original and proposed bond structure would be included in the agenda staff report.

Member Hammond made a motion to approve recommended actions 1-8, Member Hughes seconded, unanimously approved.

VI. In concept, approve recommending to the Board of Supervisors the proposed issuance of short-term Taxable Pension Obligation Bonds to prepay the County's Fiscal Year 2018-19 pension obligation and selection of financing professionals:

Treasurer Freidenrich stepped down from the dais and recused herself from this item.

Victoria Ross, Public Finance, presented this item to PFAC. Ms. Ross stated that on August 21, 2017 the OCERS Board unanimously approved the option allowing plan sponsors to prepay their annual contribution at a discount rate of 4.5, the same discount rate as last year. The final maturity of these bonds will be June 2019 based on a projected contribution amount would be \$454 million with a gross savings estimated at \$20 million. For this year, Treasurer Freidenrich is willing to purchase all of the bonds for private placement in the County's Extended Pool, which also reduces issuance cost. CEO Public Finance is recommending KNN Public Finance ("KNN") as the financial advisor and Orrick, Herrington & Sutcliffe ("Orrick") as bond counsel. The estimated compensation for Orrick is \$67,500 and for KNN its \$32,500, there is no underwriter because this is a private placement. This will give a net savings similar to last year around \$12 - \$13 million.

Suzanne Luster added that in the future she will provide an advanced report on OCERS performance as part of the agenda item.

Member Hughes made a motion to accept the recommendation, Member Hammond seconded, approved unanimously.

VII. Public Comments: None

VIII. Committee Comments: None

IX. Date of next meeting: October 12, 2017

X. Adjournment: Meeting adjourned at 3:39 p.m.