



Public Financing Advisory Committee

Thursday, May 13, 2021, 1:30 p.m.

Hall of Administration, Planning Commission Room

MEETING MINUTES

- I. Call to Order/Instructions/Opening Remarks:** Meeting called to order by Chair Chai at 1:32 p.m.

Attendees: Min Chai (Chair) via telephone, Tom Hammond (Vice Chair) via telephone, John J. Moohr (Committee Member) via telephone, Carlos Carney (Committee Member) via telephone, Wallace B. Rodecker (Committee Member) via telephone, Shari Freidenrich (Treasurer-Tax Collector) via telephone, Frank Davies (Auditor-Controller) via telephone, Michelle Aguirre (Chief Financial Officer) via telephone, Suzanne Luster (Public Finance Director) and Nikhil Daftary (County Counsel).

Absent: None.

- II. Approval of Minutes of December 3, 2020 Minutes:** Vice Chair Hammond provided feedback regarding the brevity of the Minutes and requested additional language be included in the Minutes regarding the Committee's discussion of arbitration in Item V. Member Moohr stated that the Minutes could reference the time in the recording and Suzanne Luster, Public Finance Director, stated that we can accommodate this request in the future. Member Carney made a Motion to approve the meeting minutes as amended, Member Rodecker seconded the motion. The Motion passed unanimously.
- III. Election of Public Financing Advisory Committee 2021 Chair and Vice Chair:** Member Chai made a recommendation to elect Carlos Carney as Chair and Wallace Rodecker as Vice Chair for 2021 in accordance with PFAC Bylaws. Member Carney and Member Rodecker both stated they were willing to take on these roles. Member Rodecker made a motion to approve this recommendation, Member Moohr seconded the motion. The Motion passed unanimously.
- IV. Recommend to the Board of Supervisors the selection of Wells Fargo Bank, National Association and the issuance of the Series B Notes to finance the Teeter Plan (Audio Time 16:02):** Suzanne Luster, Public Finance Director, presented the item along with a summary. The financing team was called into the meeting and were available to answer the Committee's questions.

Member Moohr asked about the difference in rating scores for the proposals received. Member Hammond stated that Wells Fargo was competitively priced by continuing the current Teeter program process and the other proposals received proposed a new financing structure, which would require credit ratings.

Member Hammond had a question about the increase in interest expense in the last 3 fiscal years. Suzanne Luster, Public Finance Director, stated this increase is due to the change in the Teeter program with the conversion from tax-exempt notes to taxable notes in July 2017.

Member Chai had questions about the purchase agreement. Member Chai's first question was regarding Section 7.01 Events of Default, subsection i includes an Event of Default due to legislative action or change. Member Chai stated this seems beyond the control of the County and an Event of Default would require an acceleration of outstanding payments due would seem unfair. Andrea Greenwald, Bond Counsel with Orrick, stated that Section 7.01 includes language for the ability to obtain waivers by the purchaser. David Field, Wells Fargo Counsel from Chapman and Cutler, provided that if something were to happen that changes the nature of its credit, Wells Fargo needs to be in a position that it can exercise remedies.

Member Chai's second question was regarding Section 9.12 Assignability of the Notes. The County is not able to assign the notes to a third party, however the purchaser, Wells Fargo, is able to assign the notes without the County's consent. In what circumstance would we expect Wells Fargo to assign these notes and what possible risk do we face because of it. David Field stated that Wells Fargo is not assigning its obligation to fund, but to the extent that it does fund under the facility, it can sell down interest or portions of the loans in the notes. David Field stated he didn't see additional risk to the County because Wells Fargo would have funded its obligation. David Field stated that this language is in there for the bank to balance their liquidity and balance sheet and he has no knowledge of the bank utilizing this provision.

Chair Carney asked Suzanne Luster, Public Finance Director, if there were any changes to the purchase agreement of the items brought up by Member Chai. Suzanne Luster stated these provisions were in the 2018 purchase agreement and there have been no issues in the past with these provisions. Lynn Love, Wells Fargo Relationship Manager, stated that Wells Fargo has provided funding for the Teeter program since 2013 and have provided communication with any changes in the market, the County or with the bank and would continue to do so in the future. Suzanne Luster stated that she is comfortable with the communication and notification provided by Wells Fargo.

Member Moohr made a motion to approve the recommended actions, Member Chai seconded the motion. The Motion passed unanimously.

V. Public Comments: None.

VI. Committee Comments: Member Moohr asked about call-in information for the public. Suzanne Luster, Public Finance Director informed the Committee that the public can attend meetings in public and will work with staff on providing a virtual meeting location for the public in the future.

VII. Adjournment: Chair Carney adjourned the meeting at 2:28 p.m.

Please follow the link to listen to the audio recording of the meeting.
<https://cfo.ocgov.com/public-finance/public-finance-advisory-committee/2021>