



Public Financing Advisory Committee

Special Meeting

Thursday, May 26, 2022, 1:30 p.m.

Hall of Administration, Planning Commission Room

MEETING MINUTES

- I. Call to Order/Instructions/Opening Remarks:** Meeting called to order by PFAC Chair Rodecker at 1:34 p.m. with roll call.

Attendees: Wallace B. Rodecker (Chair), Tom Hammond (Vice Chair), Carlos Carney (Committee Member), John J. Moohr (Committee Member) via telephone, Frank Davies (Auditor-Controller), Frank Kim (County Executive Officer), Michelle Aguirre (Chief Financial Officer), Louis McClure (CEO Finance Team Lead) and Nikhil Daftary (County Counsel).

Absent: Min Chai (Committee Member) and Shari Freidenrich (Treasurer-Tax Collector)

- II. Approval of Minutes of March 1, 2022, Minutes:** Vice Chair Hammond requested that the minutes be amended to reflect CEO Frank Kim's comments about the Committee's role in the Sheriff transaction is the review of the proposed financing and not the real estate transaction. Vice Chair Hammond made a motion to approve the meeting minutes as amended and Member Carney seconded the motion. The motion passed unanimously.

- III. Recommend to the Board of Supervisors the issuance of South Orange County Public Financing Authority Lease Revenue Bonds, Series 2022 (County of Orange Sheriff-Coroner Facility) in an amount not to exceed \$97 million (Audio Time 2:06):** Suzanne Luster, Administrative Manager, presented the item. Members of the financing team and County staff were available to answer the Committee's questions.

Ms. Luster provided a brief background and description of the property and described the first amendment to the lease which provides the County with a right to purchase the property for \$91 million, which includes \$17 million of tenant improvements. Member Moohr asked how much of the \$17 million has been spent to-date. Mat Miller, County Chief Real Estate Officer stated that the \$17 million is in addition to \$21 million already included in the lease, so the total tenant improvements is \$38 million and to-date approximately \$15 million has been spent. Mr. Miller informed the Committee that this project has been in progress for a while to consolidate several Sheriff-Coroner operations. Construction for tenant improvements began under the existing lease in February 2022 and will continue after the purchase under a project completion agreement.

Vice Chair Hammond asked if the bonds would be County debt. Ms. Luster informed the Committee that the bonds will be structured to include one-year of capitalized interest to mitigate risks of supply chain delays. Ms. Luster stated that once the Sheriff-Coroner Department takes occupancy, they will make the base rental payments that will be used to make the debt service payments, so these bonds are County debt.

There was discussion regarding the present value savings of purchasing the property compared to leasing. Present value savings were calculated using 3% across the board. CEO Frank Kim informed the Committee that the County's perspective on purchasing this property goes beyond the savings in purchasing the property. Mr. Kim stated that its value to the County exceeds the 30-year bonds because it allows the County to develop the infrastructure of County-owned properties, the Sheriff-Coroner is expected to be there beyond 30 years and the facility is centrally-located with close proximity to the Sheriff-Coroner's training facility.

Member Carney made a motion to approve the recommended actions and Member Moohr seconded the motion. The motion passed unanimously.

This item was approved by the Board at their June 7, 2022 meeting.

IV. Public Comments: None.

V. Committee Comments: None.

VI. Adjournment: Chair Rodecker adjourned the meeting at 2:11 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/2022>