



Public Financing Advisory Committee

Special Meeting

Thursday, September 15, 2022, 1:30 p.m.

County Administration North, Multi-Purpose Room

MEETING MINUTES

- I. Call to Order/Instructions/Opening Remarks:** Meeting called to order by PFAC Chair Rodecker at 1:30 p.m. with roll call.

Attendees: Wallace B. Rodecker (Chair), Tom Hammond (Vice Chair), Carlos Carney (Committee Member), John J. Moohr (Committee Member), Frank Davies (Auditor-Controller), Shari Freidenrich (Treasurer-Tax Collector), Frank Kim (County Executive Officer), Louis McClure (CEO Finance Team Lead) and Nikhil Daftary (County Counsel).

Absent: Min Chai (Committee Member)

- II. Approval of Minutes of July 14, 2022, Minutes:** Member Carney requested that the minutes be amended to reflect the correct end time of the meeting. Member Moohr made a motion to approve the meeting minutes as amended and Member Carney seconded the motion. The motion passed unanimously.
- III. In concept, recommend to the Board of Supervisors the proposed issuance of short-term Taxable Pension Obligation Bonds to prepay the County's Fiscal Year 2023-24 pension obligation and selection of financing professionals (Audio Time 2:05):** Shari Freidenrich, Treasurer-Tax Collector, recused herself as a member of the Committee for this item as the Treasurer-Tax Collector would be the purchaser of the issuance and, as such, is available for questions. Louis McClure, CEO Finance Team Lead, presented the recommendation to prepay the Fiscal Year 2023-24 annual pension obligation in January 2023. The early prepayment discount is 5.8 percent. CEO Finance staff will return with a detailed plan of the financing and savings estimates at the December 1, 2022, PFAC meeting.

Member Moohr asked about the interest rates assumptions used to determine the preliminary savings estimate. Mr. McClure informed the Committee that the estimates used a buffer of 100 basis points due to market uncertainty.

Vice Chair Hammond inquired about the process for negotiating the terms between the Treasurer-Tax Collector's Office and the CEO's Office to ensure it's an arms-length transaction. Mr. McClure explained the transaction process in detail and reiterated the steps taken by both Offices to ensure there are no conflicts of interest.

Vice Chair Hammond asked if there are arbitrage issues for this transaction. Nikhil Daftary, County Counsel, confirmed that this transaction is to finance a prepayment of the pension obligation and is not arbitrage.

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

Treasurer-Tax Collector Freidenrich returned as a member of the Committee.

This item was approved by the Board at their September 27, 2022, meeting.

- IV. In concept, recommend to the Board of Supervisors the proposed refunding of the South Orange County Public Financing Authority Special Tax Revenue Refunding Bonds 2014 Series A and the Community Facilities District No. 2004-1 of the County of Orange (Ladera Ranch) 2014 Special Tax Refunding Bonds Series A and B and selection of financing professionals (Audio Time 10:26):** Louis McClure, CEO Finance Team Lead, presented the item. Mr. McClure noted that our process for refunding bonds does not extend the term of the bonds. Members of the financing team and County staff were available to answer the Committee's questions.

Member Carney asked why the bonds were not refunded in the last 2 years when interest rates were historically low. Mr. McClure stated that the bonds were not callable at that time.

CEO Frank Kim asked if there's a conflict with County staff initiating a refunding if they live within the Community Facilities District. Nikhil Daftary, County Counsel stated this is not a conflict since staff works as an administrative function in the refunding.

Vice Chair Hammond asked about the call provisions on the current bonds. Katie Koster with Hilltop Securities provided the information about call provisions and premiums.

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

This item was approved by the Board at their October 4, 2022, meeting.

- V. Receive and file updated PFAC Bylaws (Audio Time 24:12):** Nikhil Daftary, County Counsel, presented the item and answered Committee questions. The bylaws were amended to conform with the new Board of Supervisors template used for all committees.
- VI. Public Finance Status Report:** Mr. McClure provided an update of the pricing results of the Community Facilities District No. 2021-1 of the County of Orange (Rienda) Series A of 2022 Special Tax Bonds.
- VII. Public Comments:** None.
- VIII. Committee Comments:** None.
- IX. Adjournment:** Chair Rodecker adjourned the meeting at 2:14 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>