



Public Financing Advisory Committee

Thursday, April 11, 2019, 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 Moohr at 1:31 p.m.

Attendees: John J. Moohr (Chair), Min Chai (Vice Chair), Tom Hammond (Committee Member), Michelle Aguirre (Chief Financial Officer), Suzanne Luster (Public Finance Director) and Nikhil Daftary (County Counsel). Wallace B. Rodecker (Committee Member) arrived at 1:33 p.m.

Absent: Eric Woolery (Auditor-Controller), Shari Freidenrich (Treasurer-Tax Collector)

- II. Approval of Minutes of January 10, 2019 Minutes:** Member Hammond made a Motion to approve the meeting minutes. Vice Chair Chai seconded. The Motion passed.

Member Rodecker joined the meeting at this time and therefore, did not vote on this item.

- III. Approval of Minutes of January 22, 2019 Minutes:** Vice Chair Chai made a Motion to approve the meeting minutes. Member Hammond seconded. The Motion passed with an abstention from Member Rodecker.

- IV. Public Finance Status Report:** Suzanne Luster, Public Finance Director, presented a status report. A clean and redlined version of the fourth amended County of Orange Public Finance Policies and Procedures approved by the Board of Supervisors on January 29, 2019 was distributed. There were two changes to the amended Policies and Procedures. The first change to the Policies and Procedures states that the elected Treasurer-Tax Collector and elected Auditor-Controller will return to their original status of non-voting ex-officio members. They will serve as resources to the public PFAC members of the Committee. Ms. Luster explained that the Treasurer-Tax Collector made this suggestion due to meeting attendance and meeting rescheduling required due to lack of a quorum. Chief Financial Officer Aguirre stated that the goal of this procedural change was for the PFAC Committee to operate more efficiently and to ensure quorum for each meeting.

The Committee members expressed their concern and displeasure that the Committee was not included for input or notified prior to Board approval.

Discussion occurred regarding what attendance is needed to qualify as a quorum with the amended Policies and Procedures. Ms. Luster stated that the Policies and Procedures are the Board's Policies and Procedures and take precedence over the bylaws. The PFAC bylaws will be amended for the next PFAC meeting to ensure they are consistent with the Policies and Procedures.

Members discussed the change in PFAC voting membership and asked if future changes can be brought to PFAC before going to the Board of Supervisors.

Ms. Aguirre explained that Ms. Freidenrich's intent was to attend today's meeting but she had a conflict and she intends to continue attending the PFAC meetings. We did not receive a response from the Auditor-Controller's Office.

The second change to the amended Policies and Procedures is regarding committee vacancies. The Third District Public Member vacancy on the PFAC Committee is addressed on Page 3 of the redlined version. The Board of Supervisors approved if there was a Public Member vacancy for 90 days or longer, the CEO has the authority to appoint an interim Public Member to fulfill the appointment until the date that a permanent Public Member is appointed. There was general agreement and no stated concern regarding the second amendment.

V. Recommend to the Board of Supervisors the issuance of Airport Revenue Refunding Bonds, Series 2019A and Series 2019B in an amount not to exceed \$105 million: Chair Moohr noted on recommended a correction on Page 36 of Attachment D.

Christine Gardea, Public Finance Manager, gave a report on the issuance of Airport Revenue Refunding Bonds, Series 2019A and Series 2019B. On January 16, 2019, the Airport Commission approved the refunding concept and the Board of Supervisors approved the concept on January 29, 2019. The 2019 Refunding Bonds are being issued to refund and defease the current Airport Revenue Bonds, Series 2009A and Series 2009B, fund a debt service reserve fund and pay cost of issuance. The 2019 Refunding Bonds will be issued in an aggregate amount not to exceed \$105 million. John Wayne Airport will utilize \$40 million of available cash to redeem 2009 Bonds. The true interest cost of the 2019 Refunding Bonds is estimated at 1.774%. Net Present Value is estimated at \$35.8 million or 27.09% and cash flow savings are estimated at \$80.5 million.

On March 28, 2019, Standard and Poor's (S&P) Global Ratings assigned a AA- long-term rating to the proposed 2019 refunding bonds. At the same time, S&P affirmed its AA- rating on the current outstanding 2009 bonds.

Adam Aranda, Morgan Stanley & Co., addressed the question of stability in the market.

Pardis Farrokhyar, Kutak Rock LLP, explained the difference between Series A for governmental purposes and Series B for private activity and the importance of keeping the funds separated.

Chair Moohr requested a copy of a general report. Ms. Luster informed the Committee that the JWA website investor relations site includes financial revenue reports and continuing disclosure reports.

Vice Chair Chai inquired about any impact on 2019 bonds, 2014 amendment to the settlement agreement with Newport Beach and the Jobs Act. Mariane Teschner, Deputy Airport Director, Finance Administration, reported there was no need or room for JWA to expand; it is set for capacity in increase in passengers; and, it is built to accommodate this growth. There is also a curfew on how late flights may depart.

Member Hammond inquired about excluding depreciation on Table 15 in the Preliminary Official Statement. Ms. Farrokhyar and Ms. Teschner explained that it is cash expenses and depreciation is not included. Mr. Aranda stated this is customary and the industry standard.

Member Hammond made the motion to recommend to the Board of Supervisors the issuance of Airport Revenue Refunding Bonds, Series 2019A and Series 2019B in an amount not to exceed \$105 million. Member Rodecker seconded the motion. The Motion passed unanimously. This item will go to the Airport Commission April 17 and to the Board of Supervisors April 23.

VI. Public Comments: None

VII. Committee Comments: None

VIII. Date of next regularly scheduled meeting: May 9, 2019

IX. Adjournment: Vice Chair Chai made a Motion to adjourn the meeting. Chair Moohr adjourned the meeting at 2:37 p.m.