



Public Financing Advisory Committee

Thursday, September 10, 2020, 1:30 p.m.

Hall of Administration, Board Hearing Room

MEETING MINUTES

- I. Call to Order/Instructions/Opening Remarks:** Meeting called to order by Chair Chai at 1:30 p.m.

Attendees: Min Chai (Chair) via telephone, Tom Hammond (Vice Chair), John J. Moohr (Committee Member) via telephone, Carlos Carney (Committee Member), 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 July 9, 2020 Special Minutes:** Member Moohr made a Motion to approve the meeting minutes. Member Carney seconded. 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 2021-22 pension obligation and selection of financing professionals:** Treasurer-Tax Collector Freidenrich stated that she will recuse herself as a member of the Committee for this item as the Treasurer-Tax Collector would be the purchaser of the bonds and, as such, is available for questions. Suzanne Luster, Public Finance Director, presented the item. The financing team called into the meeting and were available to answer the Committee's questions.

Member Moohr asked about the change in early payment discount with the current interest rate market. Michelle Aguirre, CFO, stated that OCERS made the decision to increase the discount from 4.5% to 5.8% and the OCERS rate of return on the long-term is above 5.8%.

Vice Chair Hammond asked about the increase in the bond size. Ms. Luster stated there was an increase in prepayment that last two prior years of \$498 million in 2020 and \$430 million in 2019. Vice Chair Hammond asked about the percentage of retirement expenses compared to the gross County budget. Ms. Aguirre stated this is approximately 7.3% of the gross County budget and 25% of the total salary and benefits budget.

Vice Chair Hammond asked the Treasurer-Tax Collector about the process the Treasurer-Tax Collector's Office uses in purchasing the bonds. Treasurer-Tax Collector described the due diligence process of the transaction to ensure the safety, liquidity and market interest rate of the transaction. Ms. Luster described the County's process for the transaction selling to the Treasurer-Tax Collector's Office.

Chair Chai asked for the reason the prepayment purchase program was not active for a few years beginning in 2007 and resumed in 2011. Ms. Luster provided clarification for this gap in the program.

Member Carney asked for clarification about gross savings from the staff report. Ms. Luster provided information about the rates.

Member Carney asked about COVID-19 impact on retirement and employment levels. Ms. Luster informed PFAC about the County's 2020 retirement incentive program.

Vice Chair Hammond made a motion to approve the item, Member Moohr seconded the motion. The Motion passed unanimously.

- IV. Public Finance Status Report:** Suzanne Luster, Public Finance Director, presented a status report which included the results of the Community Facilities District 2017-1 Improvement Area 2 financing and noted that Fitch reaffirmed the County's AAA credit rating. Member Carney made a motion to receive and file and Vice Chair Hammond seconded the motion.
- V. Public Comments:** None.
- VI. Committee Comments:** Member Moohr requested that a link to the recorded audio of the PFAC meeting continue to be included in future meeting minutes.
- VII. Adjournment:** Chair Chai adjourned the meeting at 2:13 p.m.

Please follow the link to listen to the audio recording of the meeting.
<https://www.ocgov.com/gov/ceo/deputy/finance/public/pfac/2020>