



**SUMMARIZED MINUTES OF THE  
PUBLIC FINANCING ADVISORY COMMITTEE  
Thursday, September 11, 2014 at 1:30 P.M.  
Hall of Administration  
Planning Commission Room**

**Committee Members Present:** Chair, Lisa Hughes; Committee Member, Wallace Rodecker; Shari Freidenrich, Treasurer-Tax Collector; Jan Grimes, Auditor-Controller; Frank Kim, Chief Financial Officer

**Committee Members Absent:** Committee Member, John Moohr; Committee Member, Carl Groner, Committee Member Tom Hammond

**County Representatives Present:** Angie Daftary, County Counsel; CEO/Public Finance: Suzanne Luster, Public Finance Managers; Louis McClure, Richard Mendoza, Changsu Lee

- 1. Call to Order:** The meeting was called to order at 1:30 P.M by PFAC Chair Lisa Hughes.

Chair Hughes asked for a moment of silence in recognition of the anniversary of the September 11, 2001 tragedy.

- 2. Approval of the Minutes of Jun 12, 2014 Meeting:** Committee member Freidenrich asked if future minutes could include a list of the members who are present and members who are not present. PFAC Chair Lisa Hughes asked that future minutes reflect PFAC members who are present and absent.

PFAC Chair Hughes asked for a motion to approve the minutes of the June 12, 2014 meeting. Committee Member Freidenrich moved to approve, Committee Member Rodecker seconded. The minutes were approved unanimously.

Chair Lisa Hughes asked that the minutes reflect her appreciation to County staff for the timeliness of all PFAC materials.

- 3. Selection of underwriter firms for proposed Rancho Mission Viejo Community Facilities District bond financings:** Chair Hughes asked for a staff summary of the action item. Ms. Luster, Public Finance Manager, provided a summary of the recommended action: that the Public Financing Advisory Committee (PFAC) approve the selection of Stifel, Nicolaus & Company (Stifel) and Piper Jaffray & Company (Piper Jaffray) as senior-managing and co-managing underwriters on a rotating basis; and Raymond James & Associates (Raymond James) as co-managing underwriter for the proposed Rancho Mission Viejo Community Facilities Districts bond financings. Ms. Luster provided a summary of the procurement process and background of the firms recommended to PFAC for consideration. Ms. Luster added that because of the size of the anticipated financings, more than one underwriter is recommended.

Chair Hughes asked if there is precedence for having more than one underwriter on a financing. Ms. Luster advised that while not common, particularly in recent years, in the past the County has used multiple underwriters for large transactions including; the bankruptcy recovery financings, and in prior large Community Facilities District formations and financings. Member Grimes asked for an explanation of the fee structure when multiple underwriters are employed. Ms. Sara Oberlies Brown, Managing Director for Stifel informed the Committee that typically the senior-managing underwriter, in collaboration with the County, determines the distribution of the co-managing allocation and fee structure. For example, Ms. Oberlies Brown reported that a senior-manager might receive 70% and the co-manager might receive 30% of the allocation and fee structure. Member Freidenrich asked about the fee structure for the proposed CFD financings given that Stifel and Piper as senior managers reported two different proposed compensations for their services. Katie Koster, Managing Director with Piper Jaffray advised PFAC that her firm would align their fees as senior managers to be commensurate with the lower fees of Stifel.

A discussion ensued regarding consideration of a fourth firm; Alamo Capital Financial Services (Alamo). Member Rodecker recommended that Alamo be considered as a junior co-managing underwriter. After extensive discussion about the role that Alamo might play given their available net capital, ability to takedown unsold bonds and the anticipated size of the CFD transactions, Ms. Oberlies Brown proposed that Alamo might be able to serve as a selling group member in the proposed transactions. Ms. Oberlies Brown explained that as a selling group member Alamo would be a third team member on any given transaction, stimulating orders from individual and retail investors without assuming an underwriter liability.

Member Rodecker proposed an amended recommended action to include the selection of Stifel, Nicolaus & Company and Piper Jaffray & Company as senior-managing and co-managing underwriters on a rotating basis; Raymond James & Associates as co-managing underwriter; and Alamo Capital Financial Services as selling group member for the proposed Rancho Mission Viejo Community Facilities Districts bond financings.

Chair Hughes asked for a motion to approve selection of underwriter firms, as amended by Member Rodecker, for the proposed Rancho Mission Viejo Community Facilities District bond financings. Committee Member Rodecker moved the motion, Committee Member Grimes seconded, the motion was approved unanimously.

**4. Adjournment:** The meeting was adjourned at 2:40 p.m.