



Public Financing Advisory Committee

Thursday, December 10, 2015 at 1:30 pm

Hall of Administration Planning Commission Room

MEETING MINUTES

Attendees: Lisa Hughes (Chair), Thomas Hammond (Committee Member), John J. Moohr (Committee Member), Carl Groner (Committee Member), Eric Woolery (Auditor-Controller), Shari Freidenrich (Treasurer-Tax Collector), Michelle Aguirre (Chief Financial Officer), Angie Daftary (County Counsel), Suzanne Luster (CEO/Public Finance Director), Louis McClure, Victoria Ross, Susie Ortiz; (Public Finance).

Absent: Wallace Rodecker (Vice Chair)

- I. **Call to Order/Introductions/Opening Remarks:** Meeting called to order by Chair Lisa Hughes at 1:32 pm.
- II. **Review and Approval of Minutes:** Meeting Minutes of October 15, 2015 were approved. Member Hammond moved the minutes, Member Freidenrich seconded, approved unanimously.
- III. **Approval of Minutes of Public Financing Advisory Committee 2016 Calendar of Meetings:** Suzanne Luster, CEO Public Finance, presented the 2016 calendar of meetings for PFAC. She informed the Committee that as of now two meetings are scheduled for February 2016 but one will be cancelled.

Member Hammond moved, Member Moohr seconded. Approved unanimously.

- IV. **Approve the issuance of 2016 Taxable Pension Obligation Bonds, 2016 A in an amount not to exceed \$357 million:** Victoria Ross, CEO Public Finance, presented and provided a summary of actions taken thus far. Approval in concept by PFAC was on October 15, 2015. Member Moohr mentioned the possibility of the Federal Reserve raising interest rates and asked if the County can take advantage of the pricing of bonds before that possibility. Ms. Luster responded that the estimates staff received anticipate the possibility of the Federal Reserve raising interest rates.
Treasurer-Tax Collector Freidenrich did not have any questions and mentioned her staff doing their own due diligence of possibly purchasing some of the bonds. County Counsel, Angie Daftary confirmed that the Treasurer potentially purchasing the Pension Obligation Bonds (POB) does not disqualify Member Freidenrich from voting on the issuance of the POBs. The disqualification would come if the transaction were proposed to be privately placed with the Treasurer-Tax Collector. Ms. Ross answered Member Hammond's questions about the funding of departments opting out of the bond financing because they have existing cash resources.

Member Groner had questions on last year's prepayment discount from OCERS, how the discount percentage is calculated, and asked how the other counties handle similar situations. Ms. Luster and Chief Financial Officer, Michelle Aguirre answered Member

Groner's questions regarding the amount of the plan sponsor discount offered and how it was calculated. Member Freidenrich added additional information, as an Orange County Employees Retirement System trustee regarding OCERS current philosophy in calculating the plan sponsor discount. Member Freidenrich shared that it does take about three months for the pre-payment to be deployed and that there are certain plan sponsors that do not participate in the prepayment option. Member Groner asked if staff can show PFAC examples of Counties employing a similar transaction and how the discount is calculated. Member Groner also made a comment on the language of the POB such as the not to exceed dollar amount and two percent maximum interest rate. Ms. Luster informed PFAC that the not to exceed amounts leave flexibility for adjustments such as opting out agencies needing to participate last minute and reevaluating any extraordinary events that would cause a higher interest rate than expected. If the County decided to not issue the bonds, then Public Finance staff may come back to PFAC.

Member Hammond moved, Member Freidenrich seconded. Approved unanimously.

- V. **Public Comment:** None.
- VI. **Committee Comments:** None.
- VII. **Date of next meeting:** January 14, 2016 at 1:30 pm
- VIII. **Adjournment:** The meeting was adjourned at 2:00 pm.