



## Public Financing Advisory Committee

### Regular Meeting

Thursday, December 13, 2018 at 10:30 a.m.

Hall of Administration Board Hearing Room

### MEETING MINUTES

- I. Call to Order/Instructions/Opening Remarks:** Meeting called to order by Chair Rodecker at 10:33 a.m.

**Attendees:** Wallace Rodecker (Chair), John J. Moohr (Vice Chair), Min Chai (Committee Member), Thomas Hammond (Committee Member), Shari Freidenrich (Treasurer-Tax Collector), Eric Woolery (Auditor-Controller), Suzanne Luster (Public Finance Director) and Nikhil Daftary (County Counsel).

**Absent:** Frank Kim (CEO)

- II. Approval of Minutes of September 13, 2018 Meeting:** Member Chai made a Motion to approve the meeting minutes. Member Hammond seconded. Member Hammond commented on the brevity of the minutes which excludes opinions, debates and detailed discussion of Committee Members and he feels it is a disservice to the Board of Supervisors. Ms. Luster (Public Finance Director) described the standardization of minutes established by the Board of Supervisors which is the protocol to be followed by all County Committees. She suggested that a link to the recorded audio of the PFAC meeting could be sent to the Board of Supervisors' staff members. The meeting minutes are attempting to balance the request by the Committee Members with the requirement from the Clerk of the Board. Nikhil Daftary (County Counsel) will consult with Clerk of the Board and take the Committee Members' comments under advisement. Chair Rodecker stated his concern of missing substance of the discussions and dialogue in the minutes. The Motion passed.

- III. Approval of Public Financing Advisory Committee 2019 Calendar of Meetings:** Member Moohr made a Motion to approve the PFAC Meeting Schedule 2019 as presented. Member Hammond seconded it. The Motion passed.

Ms. Luster informed the Committee that the January 10 meeting will be held. Discussion occurred on the frequency of meetings.

- IV. Public Finance Status Report – Verbal Report:** Ms. Luster distributed copies of the County press release regarding the Chapter 9 bankruptcy case in which all obligations have been paid officially ending the bankruptcy in a court hearing on November 8, 2018. The press release also reported the County's credit issuer rating was upgraded to AAA by Fitch from AA+. The AA+ rating was reaffirmed by Moody's and Standard & Poor's.

- V. Recommend to the Board of Supervisors the issuance of short-term Taxable Pension Obligation Bonds, 2019 Series A, in an amount not to exceed \$430 million:** Treasurer-Tax Collector Freidenrich recused herself for the item. Member Hammond made a Motion to

approve the recommendation to the Board of Supervisors the issuance of short-term Taxable Pension Obligation Bonds, 2019 Series A, in an amount not to exceed \$430 million. Member Moohr seconded. Mr. Louis McClure (CEO Public Finance) gave a presentation and answered questions from Committee Members.

Chair Rodecker inquired about the Budget savings of \$8 million and if there were any other costs. Mr. McClure answered no, that the \$8 million in savings included all costs. Mr. McClure also explained that the authorized amount of \$430 million is more than expected because certain County departments prepay with funds available. The increased authorization amount is in the event some or all of those departments are unable to pay.

Member Moohr commented that the discount percentage offered decreased two years ago but is currently 4.5 percent, the same as last year.

Member Hammond inquired if the previous bonds were on target to be paid off. Mr. McClure reported that they will be paid off by April 2019. Member Hammond also inquired if it was predicted that OCERS would break even. Mr. McClure responded that OCERS was predicted to either break even or possibly have a loss. Member Hammond commented that the performance of OCERS will affect the amount of pension liability next year. Prepayment amounts over the last 6 years and pension obligation has increased about 5 percent each year. Mr. Woolery reserved comment since work on the CAFR is in progress. Ms. Luster stated that it is a concern statewide. The County and retirement system have been proactive with contributions to ensure a healthy system. PEPR: new employees do not receive the same benefits as of 2013. Each year OCERS considers if they will allow prepayment by departments.

Member Chai asked if the 4.5 percent discount was negotiable. Mr. McClure explained that it is not negotiable. Member Chai asked if the departments that prepay with funds on hand are given an incentive to do so. Mr. McClure responded that those departments do not share in the interest and issuance costs therefore reducing costs as an incentive.

The Motion was amended to approve the item and was made by Member Hammond and seconded by Member Moohr. The Motion passed.

**VI. Public Comments:** None

**VII. Committee Comments:** Treasurer-Tax Collector Freidenrich spoke on the state and local taxes (SALT). Chair Rodecker inquired about the delinquency rate. Treasurer-Tax Collector Freidenrich stated that the County of Orange is in the top five lowest delinquency rates for counties.

Committee Member Moohr inquired about the officer progression for the Committee beginning January 2019. Member Moohr will become the Chair and Member Hammond will become the Vice Chair. Ms. Luster informed the Committee that she reviewed the new bylaws and will agendize it for affirmation for exceptions if a member does not wish to be Vice Chair.

**VIII. Date of next meeting:** January 10, 2019

**IX. Adjournment:** Chair Rodecker adjourned the meeting at 11:05 a.m.