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# DEBT ADVISORY COMMITTEE MEETING

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## MINUTES OF VIRTUAL ZOOM MEETING

September 8, 2022 at 9:00 a.m.

**Members Present:**

Don Kent	County Executive Office (Chair)
Jarvyk Punzalan	Community Facilities District/Assessment District
Giovane Pizano	Treasurer-Tax Collector
Kristine Valdez	County Counsel
Darrylenn Prudholme-Brockington	Flood Control and Water Conservation District
Amber Jacobson	Office of Economic Development
Tanya Harris	Auditor-Controller's Office

**Members Absent:**

None

**Staff and Guests Present:**

Imelda Delos Santos	Executive Office
Mike Williams	Columbia Capital
Jim Prichard	Columbia Capital
Shannon Harris	Columbia Capital
Julia Kim	Wells Fargo
Anna Sarabian	Fieldman, Rolapp & Associates
Katie Ponce	Executive Office

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**1. Call to Order and Self-Introductions**

The Debt Advisory Committee meeting was called to order at 9:00 a.m. Those present made self-introductions.

**2. Approval of Resolution No. 2022-003 a Resolution of the Debt Advisory Committee authorizing remote teleconference meetings of the legislative bodies of the Debt Advisory Committee for the period of September 8, 2022 to October 7, 2022 pursuant to the Ralph M. Brown Act.**

**MOTION:** Giovane Pizano moved to approve Resolution No. 2022-003 to authorize remote teleconference meetings.

**Don Kent seconded this.**

**All were in favor. The motion passed unanimously.**

**3. Approval of the DAC Meeting Minutes for May 12, 2022.**

**MOTION:** Don Kent moved to approve the DAC meeting minutes from May 12, 2022.

**Giovane Pizano seconded this.**

**All were in favor. The motion passed unanimously.**

**4. FY 2022-23 County of Riverside Teeter Plan Obligation Notes, 2022 Series A**

Chairman Don Kent, with the Executive Office, introduced No. 4 on the agenda, the FY 2022-23 County of Riverside Teeter Plan Obligation Notes, 2022 Series A. Mr. Kent shared that this is the 29<sup>th</sup> year of the program, 25<sup>th</sup> year of the external financing program and 10<sup>th</sup> year of the actual notes program. He then introduced, Mike Williams, with Columbia Capital, to speak further on the Teeter transaction.

Mr. Williams walked the group through the financing fact sheet from the agenda packet pointing out that the estimated par-amount this year of the one-year note is about \$84.1 million, which is down by \$3.3 million from last year. It is sized based on delinquent property taxes collected in the prior year which pays down the previous year's maturing notes, the amount needed to fund the current advance of unpaid taxes, and cost of issuance. The amount of the current year advance is \$32 million, down \$5 million from last year. There are no new participants this year. The rating presentation to Moody's and Fitch will be held on September 15. The pricing date is the week of October 3, 2022, and issue date and final maturity is October 19, 2023.

Mr. Williams introduced Julia Kim, with Wells Fargo, to give an update on current interest rates. He explained that it is expected to be higher than last year due to the volatility of the market. Ms. Kim confirmed that the rate will, in fact, be different than last year. On the plus side, the investment pool earnings are increasing, on the flip side, the cost to borrow has increased as well. Year to date, the Municipal Market Data (MMD) index has gone up 213 basis points. At the beginning of the year, it was at 17 basis points and today it is at 230. Treasuries have also gone up considerably, about 270 basis points since the beginning of the year.

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A modest move today, fortunately, but we are certainly seeing some volatility. Some good news is that tax exempt money market funds have seen an influx of assets particularly from retail investors of about \$10 billion year to date, which represents about 15% of the total assets that were held in those funds. Rates are increasing, but there are still some positives.

Giovane Pizano, with the Treasurer's office, asked Ms. Kim if she could speak of the differentials in terms of spread, and in comparison with the TRANs. Ms. Kim said in prior years they tried to keep the TRANs spread very close. This year you will see a decoupling of that. Don Kent asked if the 2.35% to 2.75% range is still in sight. Ms. Kim said the best estimate is probably about 2.50% to 2.75%.

Mr. Williams asked Don to explain what rate of interest the County will get from doing this transaction even though the rates seem high at this time, beside the fact that the County must finance the delinquent taxes. Mr. Kent shared that the Teeter program has been very beneficial to the County for the past 29 years. He explained that if the County didn't move forward with this financing it would be very problematic. The alternative would be an internal financing. However, the spread is far and wide and all pursuant to California State law. For FY 2021-22 the final transfer amount of discretionary revenue to the County general fund was \$27 million. For FY 2022-23, the budgeted amount is \$20 million. It is still a great program.

**MOTION: Don Kent moved to approve the FY 2022-23 County of Riverside Teeter Plan Obligation Notes, 2022 Series A**

**Tanya Harris seconded.**

**All were in favor. The motion passed unanimously.**

**5. Public Comment**

None

**6. Other Business**

Chair Kent mentioned the County's line of credit will be on the next agenda.

**7. Next Meeting(s)**

The next scheduled meeting is a Special Debt Advisory Committee Meeting on Thursday, September 22, 2022.

The next regularly scheduled Debt Advisory Committee Meeting is scheduled for Thursday, October 13, 2022, or as needed.

**8. Adjourn**

With no further business, Chairman Don Kent, adjourned the Debt Advisory Committee Meeting at 9:28 a.m.