
DEBT ADVISORY COMMITTEE

MINUTES OF CONFERENCE CALL

September 17, 2020 9:00 a.m.

Webex Conference Call

Members Present:

Don Kent
Stephanie Persi
Matthew Jennings
Tanya Harris
Kristine Bell-Valdez
Jeannine Rey
Amber Jacobson

County Executive Office (Chair)
Community Facilities District/Assessment District
Treasurer-Tax Collector
Auditor-Controller Office
County Counsel
Flood Control and Water Conservation District
Business & Community Services

Members Absent:

None.

Staff and Guests Present:

Pam Elias
Mike Williams
Jennifer Kammerer
Rose Salgado
Steve Faeth
Giovane Pizano
Isela Licea
Julia Kim

Auditor-Controller Office
Columbia Capital
County Executive Office
Facilities Management
Treasurer-Tax Collector
Treasurer-Tax Collector
Treasurer-Tax Collector
Wells Fargo

1. Call to Order and Self-Introductions

The Debt Advisory Committee meeting was called to order at 9:00 a.m. Chair Don Kent opened meeting with roll call of committee members.

2. Approval of the DAC Meeting Minutes for May 14, 2020.

MOTION: Matt Jennings moved to approve the DAC meeting minutes from May 14, 2020.

Don Kent seconded this.

All were in favor. The motion approved unanimously.

3. 2020 Teeter Notes

Stephanie Persi, from the Executive Office, reported that the Teeter Notes are a one year process to securitize our delinquent property taxes. This is the same process used every year but for this year two difference structures are being considered: tax-exempt structure versus taxable structure. The county's current year TRAN had a yield of .28%. This year it is anticipated the yield on the Teeter Notes to be in the .30% to .50% range.

Mike Williams, of Columbia Capital, shared that last year's annual Teeter Note was \$84 million. This year it is estimated to be \$99.815 million. The reason for the increase is delinquencies are higher and the pay down of the note was not as much as it was in the prior year. The good news is that rates are lower than last year. There is a consideration for doing a taxable note. Julie Kim, from Wells Fargo, and her team continue to look at what may be the better net interest cost. That decision would be made prior to posting the Preliminary Official Statement. It's a different environment and it's best to think about how best to maximize the transfer to general fund and keeping interest rates and financing costs as low as possible.

Julia Kim shared that part of what is driving the decision on tax-exempt or taxable notes is the restriction the county has on premiums. Unlike the TRANs, you can have a 4% or 5% coupon which reduces yield as additional premiums provides additional protection for investors. In this situation since we are limiting that premium or coupon protection, investors demand a little more yield. The other driving factor is absolute rates. Based on rates yesterday, a 1 year taxable note amount is 35 basis points or .35% versus tax-exempt notes which is around 50 basis points or .5%. A 15-basis point differential equates to approximately \$150,000 in terms of total debt service cost.

Chair Don Kent reported that the delinquency rate increased 43 basis points on a year over year basis from 1.67% in FY 18/19 to 2.10% for FY 19/20. Of that increase of 43 basis points, it is not clear how much of that is attributable to COVID-19. The Treasurer-Tax Collector's office reported that as of August 31, 2020 there was a little over 1,100 requests for waivers of penalties, cost and interest on \$3.4 million of taxes due.

MOTION: Don Kent moved to approve.

Tanya Harris seconded.

All were in favor. The motion approved unanimously.

4. Public Comment

None.

5. Next Meeting

The next regularly scheduled Debt Advisory Committee Meeting is scheduled for Thursday, November 12, 2020 or as needed.

6. Adjourn

With no further business, Chairman Don Kent, adjourned the Debt Advisory Committee Meeting at 9:19 a.m.