
DEBT ADVISORY COMMITTEE

MINUTES OF MEETING

August 8, 2019 9:00 a.m.

County Executive Office
4080 Lemon Street, 4th Floor
Conference Room A

Members Present:

Don Kent
Stephanie Persi
Giovane Pizano
David McCarthy
Jeanine Rey
Rose Salgado

County Executive Office (Chair)
Community Facilities District/Assessment District
Treasurer-Tax Collector
County Counsel
Flood Control and Water Conservation District
Economic Development Agency

Members Absent:

Paul Angulo

Auditor-Controller

Staff and Guests Present:

Kim Byrens
Daniel Wiles
Michael Williams
Imelda Delos Santos
Valerie Arce

Best Best & Krieger
Fieldman, Rolapp, and Associates
Columbia Capital
County Executive Office
County Executive Office

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 the Special DAC Meeting Minutes for July 11, 2019.

Chair Don Kent shared that he was out of the office and did not have the opportunity to review the DAC meeting minutes from July 11, 2019. To ensure all have thoroughly reviewed them, he proposed the approval of the minutes be tabled until the next DAC meeting date of September 12, 2019.

MOTION: Don Kent moved to table to approval of the July 11, 2019 DAC meeting minutes until September 12, 2019.

Stephanie Persi seconded this.

The motion approved unanimously.

3. CORAL Taxable Leave Revenue Refunding Bonds, Series 2019

Dan Wiles of Fieldman, Rolapp & Associates, the Financial Advisor on the transaction, reported that the assets of the County of Riverside Asset Leasing Corporation Lease Revenue Bonds Series 2013A are able to be leased by the county to outside businesses. The IRS tax exempt and private business restrictions apply and are causing issues. A portion of the bonds related to the County's Collaborations Center and the Chapel would be refinanced from tax exempt to taxable to release some restrictions. Riverside County has determined that a taxable refunding of a portion of the Prior Bonds would release the properties from tax-exempt financing restrictions. Refinancing the bonds would also provide savings.

Giovane Pizano of the Treasurer-Tax Collector inquired how was it determined which bonds would be called. Mr. Wiles shared that this was a process that involved bond counsel. Mr. Pizano inquired if potentially all taxable bonds past 2024 can be called on a tax-exempt basis, which would allow for a larger savings. Mr. Wiles reported that this can not be done due to the tax act in 2017 which outlawed advanced refunding.

Kim Byrens, Bond Counsel, shared that a taxable refunding would provide immediate flexibility and allow for more revenue from an economic development point of view.

Mr. Pizano questioned the accuracy of the Form 11 and felt that it states that the decision to do a taxable refunding was based on economics. Mr. Wiles stated that the decision was made for tax purposes.

All discussed possibly refinancing all current refundable bonds. Mr. Wiles shared that it is not too late to do, and the numbers could be reviewed again. However, in a tax-exempt market, it is easier to know what the rates will be. A taxable market is supply driven in any given day and is only an estimate with a much later margin for error.

Jeanine Rey of Flood Control reiterated that the refinancing is being done to make better use of the facilities by allowing the locations to be leased to private companies. The tax-exempt status currently restricts this. The savings are an additional bonus.

Stephanie Persi confirmed this, clarified that it allows for a portion of the original financed facilities to be leased to private entities, and added that this is currently being done. However, the status change from tax-exempt to taxable would provide further flexibility.

Mr. Kent reported that, statistics prepared on July 30, 2019, share that the 10-year Treasury has a lower yield of 30 basis points. Mr. Wiles shared that this is both good and bad, as you are both the borrower and the lender in an advanced refinancing transaction.

The refunding will be issued through the County of Riverside Asset Leasing Corporation (CORAL). Imelda Delos Santos of the Riverside County Executive Office inquired if it is too late to consider a full refinancing. Mr. Wiles confirmed that, should the County wish, this could still be performed, and further analysis will be completed.

Mr. Kent shared that this topic was originally a CORAL item. The current CORAL Board of Directors is resigning on August 27, 2019, the same date that the item will be presented to the Board of Supervisors (BOS). Thereby, the BOS will become the CORAL Board of Directors. Activity was becoming more administrative in nature and discussions about this transition have taken place over the last year.

Mr. Pizano expressed that the language in the Form 11 should be revised to properly relay that the activity is not based on economic conditions but, rather, to release the IRS restrictions. After a brief discussion, it was agreed that the language would be revised to provide further clarification.

Mr. Kent reported that the estimated pricing would be done in early September and be presented before the BOS on August 27, 2019.

MOTION: Giovane Pizano moved to approve.

Don Kent seconded.

All were in favor. The motion approved unanimously.

5. Public Comment

No public comments.

6. Next Meeting

The next regularly scheduled Debt Advisory Committee Meeting is scheduled for Thursday, September 12, 2019 at 9:00 a.m., or as needed.

7. Adjourn

With no further business, Chairman Don Kent, adjourned the Debt Advisory Committee Meeting at 9:22 a.m.