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# SPECIAL DEBT ADVISORY COMMITTEE

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## MINUTES OF CONFERENCE CALL

May 14, 2020 9:00 a.m.

### Webex Conference Call

**Members Present:**

Don Kent	County Executive Office (Chair)
Stephanie Persi	Community Facilities District/Assessment District
Jon Christensen	Treasurer-Tax Collector
Oscar Valdez	Auditor-Controller Office
Michael Thomas	County Counsel
Sunita Jain	Flood Control and Water Conservation District
Heidi Marshall	Housing, Homelessness Prevention and Workforce Solutions

**Members Absent:**

None.

**Staff and Guests Present:**

Matthew Jennings	Treasurer-Tax Collector
Giovane Pizano	Treasurer-Tax Collector
Isela Licea	Treasurer-Tax Collector
Tanya Harris	Auditor Controller
Rose Salgado	Facilities Management
Mike Williams	Columbia Capital
Anna Sarabian	Fieldman, Rolapp & Associates
Imelda Delos Santos	County Executive Office
Valerie Arce	County 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 the DAC Meeting Minutes for February 20, 2020 and April 9, 2020.**

Michael Thomas of County Counsel informed that a minor date correction was needed in the second section of page 2 of the February 20, 2020 meeting minutes.

**MOTION: Don Kent moved to approve the DAC meeting minutes from February 20, 2020 with the correction outlined and the meeting minutes from April 9, 2020.**

**Jon Christensen seconded this.**

**The motion approved unanimously.**

**3. FY 20/21 Tax and Revenue Anticipation Notes**

Ana Sarabian of Fieldman, Rolapp & Associates reported that Riverside County is considering issuing tax and revenue anticipation notes (TRANs) in the amount of \$340 million. The county issues TRANs annually and has been doing so for many years. The TRANs provides funds to cover cash flow deficits of the general fund during the fiscal year in between the property tax cycle. Every year, the county reviews the option of prepaying its unfunded liability portion of its pension obligation. The county recently issued POBs. The refunding was approved by the Board of Supervisors in April and the bonds were successfully priced in the market. The total cost of issuance for TRANs, assuming the \$340 million par size, is estimated at \$330 thousand. The staff report states that the interest rate is projected on a tax-exempt basis to be approximately 1% for the 12-month note. However, as of the most recent sizing, a better indication of the interest rate would be .7% or .75%.

The FY 20/21 resolution authorizes the issuance of TRANs in an amount not to exceed \$400 million. A TRANs model analysis is prepared every year and is approved by tax counsel to ensure regulations in sizing the TRANs issuance are followed. If there are dramatic or unanticipated changes throughout the year, the resolution allows the county the flexibility to issue another series of notes if needed at a later time throughout the fiscal year. The resolution approves the following financing team: Orrick, Herrington & Sutcliffe LLP as bond counsel, Kutak Rock LLP as disclosure counsel and Fieldman, Rolapp and Associates, Inc. as financial advisor. The county conducted an RFP process and selected Wells Fargo as senior managing underwriter and UBS Financial Services Inc. as the co-manager. The DAC fact sheet provides additional information. The goal is to present to the BOS in early June, price in mid-June and close by July 1, 2020.

Mr. Kent reiterated that, should there be any shocks throughout the year, the resolution allows the amount to increase up to \$400 million should this be needed.

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Mr. Christensen inquired if money market buyers/typical TRANS buyers would be sought. Ms. Sarrabian confirmed, but also noted that it is too early to tell. She shared that the new Federal Reserve Municipal Liquidity Facility will help with bringing in new buyers on the short end of the curve, and, as pricing is executed in June, will see if there will be cross-over buyers as well.

Ms. Marshall requested clarification on POBs.

Mr. Kent explained that this refers to the recent Pension Obligation Bonds (POBs) issuance. Back in February, this was presented to and approved by both the Pension Advisory Review Committee (PARC) and Debt Advisory Committee (DAC). The BOS initially approved it on March 17, 2020 and later an amended resolution was presented to allow additional flexibility. Ultimately, a total of \$719 million in pension obligation bonds was successfully priced and sold. The unfunded liability portion paid to CalPERS at 7% was reduced to 3.53%. This was a successful endeavor and closed on May 6, 2020.

Mr. Kent concluded by thanking the Auditor-Controller's Office, including Oscar Valdez and his team, for being successful in their efforts with a shorter than usual turn-around time frame for working on the cash flows which is needed in properly sizing the TRANS.

**MOTION: Jon Christensen moved to approve.**

**Don Kent 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, June 11, 2020 or as needed.

**6. Adjourn**

With no further business, Chairman Don Kent, adjourned the Debt Advisory Committee Meeting at 9:15 a.m.