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## **DEBT ADVISORY COMMITTEE MEETING**

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### **MINUTES OF VIRTUAL TEAMS MEETING**

**September 9, 2021 9:00 a.m.**

#### **Teams Meeting**

**Members Present:**

Don Kent	County Executive Office (Chair)
Giovane Pizano	Treasurer-Tax Collector
Tanya Harris	Auditor-Controller
Synthia Gunzel	County Counsel
Jeanine Rey	Flood Control and Water Conservation District
Amber Jacobson	Office of Economic Development

**Members Absent:**

Stephanie Persi	Community Facilities District/Assessment District
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**Staff and Guests Present:**

Mike Williams	Columbia Capital
Curt de Crinis	Columbia Capital
Jim Prichard	Columbia Capital
Rob Larkins	Loop Capital
John Nguyen	Loop Capital
Tamara Maldonado	Loop Capital
Julia Kim	Wells Fargo
Anna Sarabian	Fieldman, Rolapp & Associates
Paul McDonnell	Fieldman, Rolapp & Associates
Imelda Delos Santos	Executive Office
Chris Lebrett	Citigroup Global Markets
Andrea Greenwald	Orrick
Doug Baron	Bank of America Securities
Seth Crone	Bank of New York Mellon
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 the DAC Meeting Minutes for May 20, 2021.**

**MOTION:** **Giovane Pizano moved to approve the DAC meeting minutes from May 20, 2021.**

**Don Kent seconded this.**

**The motion passed unanimously.**

**3. County of Riverside Teeter Plan Obligation Notes 2021 Series A (Tax Exempt)**

Mike Williams, with Columbia Capital, explained that the County of Riverside Teeter Plan Obligation Notes is an annual financing program that has been ongoing since 1997. The par amount of the Teeter Note program expands and contracts as tax delinquencies rise and fall due to economic conditions and with changes to the size of the overall tax roll. The note size is smaller this year due to higher collections than the prior year and a lower amount of Teeter advance. This causes the collections of penalties and interest, which is deposited in the County's General Fund, to be lower than the prior year. The current year's par amount is expected to be approximately \$87.4 million, a decrease of \$12.2 million from last year's amount of \$99.6 million. The DAC report submission deadline was prior to getting the advance from the Auditor-Controller, which is the reason the amount on the report shows a preliminary estimate that is higher than the current estimated amount.

**MOTION:** **Tanya Harris moved to approve.**

**Giovane Pizano seconded.**

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

**4. Riverside County Infrastructure Financing Authority (IFA) Lease Revenue Refunding Bonds, Series 2021 A and Series B (Federally Taxable)**

Curt de Crinis with Columbia Capital gave a brief overview of the Riverside County Infrastructure Financing Authority (IFA) Lease Revenue Refunding Bonds. This is a refinancing for savings of seven lease revenue bond issues that are currently outstanding in the amount of \$478,025,000. The bond issues can be consolidated into a single refunding issue with two series of bonds, one tax-exempt and the other taxable, which given low interest rates, will produce significant interest cost savings and flexibility for the County. There is no extension of the final maturity of the bonds. The interest rates on the outstanding bonds range from 4% to 5.01% with an average interest rate of 4.87%. The all-in true interest rate in the current market for the proposed refunding issue is 2.80%. The tax-exempt current refunding of the CORAL Series 2008A variable rate bonds will allow for a conversion from the current synthetic fixed rate structure to a lower fixed interest rate.

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The refunding reduces many of the risks associated with current bond structure. As a part of refunding the Series 2008A bonds, there is a fee of about \$16.3 million to terminate the interest rate swap. By refunding these bonds the synthetic fixed interest rate will be reduced from 5.6% to 1%. This termination fee will be financed on a tax-exempt basis as part of the refunding bond issue and the \$16.3 million fee is accounted for in the net savings as shown in the report on today's agenda. The other six bond issues are advance refundings and must be issued on a taxable basis. The refunding of these seven lease revenue bonds will reduce the number of properties that are pledged to the 2021 Bonds. Currently there are 26 properties pledged to the seven outstanding bond issues. After the refunding, there will be six properties pledged to the Series 2021 Bonds.

Total cashflow savings are estimated to be \$71 million over the remaining 23-year life of the bonds with the net present value savings estimated at \$40 million or 8.4% of the bonds refunded. Another benefit from the refunding is that it will allow the release of \$14.6 million in debt service reserve funds which will reduce the size of the bond issue. The bond sale is scheduled for the end of September and will close in October.

**MOTION:** **Giovane Pizano moved to approve.**

**Don Kent seconded.**

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

**5. Public Comment**

None.

**6. Next Meeting**

The next regularly scheduled Debt Advisory Committee Meeting is scheduled for Thursday, October 14, 2021 or as needed.

**7. Adjourn**

With no further business, Chairman Don Kent, adjourned the Debt Advisory Committee Meeting at 9:30 a.m.