
DEBT ADVISORY COMMITTEE MEETING

MEETING MINUTES

September 14, 2023 at 9:00 a.m.

Members Present:

Don Kent	County Executive Office (Chair)
Jarvyk Punzalan	Community Facilities District/Assessment District
Matt Jennings	Treasurer-Tax Collector
Kristine Valdez	County Counsel
Ben Benoit	Auditor-Controller's Office
Darrylenn Prudholme-Brockington	Flood Control and Water Conservation District

Members Absent:

Amber Jacobson	Office of Economic Development
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Staff and Guests Present:

Jon Gutierrez	Executive Office
Imelda Delos Santos	Executive Office
Katie Ponce	Executive Office
Mike Williams	Columbia Capital
Jim Prichard	Columbia Capital (via Zoom)
Jack Tsang	Columbia Capital (via Zoom)
Anna Sarabian	Fieldman, Rolapp & Associates (via Zoom)

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 11, 2023

MOTION: Ben Benoit moved to approve the DAC meeting minutes from May 11, 2023.

Matt Jennings seconded this.

All were in favor. The motion passed unanimously.

3. Review and Recommend – FY 2023/24 County of Riverside Teeter Plan Obligation Notes 2023 Series A

Chairman Don Kent, with the Executive Office, introduced item three on the agenda, the FY 2023-24 County of Riverside Teeter Plan Obligation Notes, 2023 Series A. Chair Kent shared that this is the 30th year of the program, 26th year of the external financing program and 11th year of the actual Notes program. Don highlighted that the program size peaked at \$267 million in 2008, and with a few exceptions has been on a downward trend since. The current year's Teeter Plan Obligation Notes par amount is \$84.1 million in size and as of right now, according to delinquency data from our Treasurer-Tax Collector, the FY 2023-24 Notes will be sized at \$103.2 million. The actual rate in the Preliminary Official Statement for current year is 1.46 percent and has since risen slightly to 1.69 percent. The Notes are for a one-year period and will mature on Oct 18, 2024. Chair Kent then introduced Mike Williams with Columbia Capital to speak further on the Teeter transaction.

Mr. Williams shared that since the Notes program started in 2012, he went back to the Official Statement to see the difference between where the economy stands today as opposed to back then. In 2012, the Notes sold at a yield of 25 basis points; Bank of America and Citigroup were the underwriters. One of the ten largest property owners in fiscal year 2011-12 was Fannie Mae due to delinquencies in 2008 and of the 25 largest taxpayers, Fannie Mae was number four at \$6.6 million. It was a very different time then.

Today the size of the Teeter Notes is at \$103.2 million. Bank of America is the senior manager and Loop Capital Markets is the co-manager. The ratings are expected to stay the same at MIG1 and F1+ from Moody's and FitchRatings. As of now, the yield is expected at a little over 3.4 percent. What is needed are some buyers that need to have the tax-exempt income. The one-year Treasury this morning was at 5.42 percent, therefore, 65 percent of that is about a 3.50 percent yield. A little lower T-bill price may bring more interest in the Teeter Notes. Mr. Williams then introduced Jack Tsang with Bank of America.

Mr. Tsang shared that current rates are high, and the Fed has continued to embark on this hiking cycle which started in March of 2022 as inflation continued to rise. Increases have occurred 11 times since then. They went from 0.25 to 0.5 percent and currently from 5.25 percent to 5.50 percent. That has had quite an impact on the short end of the curve, especially in the one-year space, which is the County's structure of this financing. It is possible that there is an end in sight to these rate hikes. The one-year U.S. Treasury was around one percent in the beginning of

March of 2022. Today it is at 5.42 percent. On the tax-exempt side, the MMD benchmark one-year spot was at 80-90 basis points and now it's at 3.25 percent as of yesterday's close. One more hike is expected most likely in November. Rates are elevated but we see a lot more cash coming into the market for short-term securities in particular. This gives investors a year or two to get a good yield for it. Money market funds who buy within 13 months of maturity saw \$6 billion of inflows over the course of the year and as far as tax-exempt money market funds, that group saw about \$700 billion year-to-date. That should pull well for the County's issuance. The County should see very good reception for its offering.

Mr. Williams pointed out that in collaboration with the underwriter, we included in the Resolution a not to exceed amount of \$105 million and to have a true interest cost of 4.75 percent. If something spikes rates, it may be needed.

MOTION: Matt Jennings moved to approve the FY 2023-24 County of Riverside Teeter Plan Obligation Notes, 2023 Series A

Jarvyk Punzalan seconded.

All were in favor. The motion passed unanimously.

4. Public Comment

None

5. Other Business

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

6. Next Meeting(s)

The next regularly scheduled Debt Advisory Committee Meeting is scheduled for Thursday, October 12, 2023, or as needed.

7. Adjourn

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