MINUTES OF March 24, 2021
REGULAR MEETING OF GOVERNING BOARD OF
SAN MATEO COUNTY JOINT POWERS FINANCING AUTHORITY

***BY VIDEOCONFERENCE ONLY***

The meeting began at 11:03 AM

1. Roll Call: Thomas Casey; John Gemello, President Scannell
   Members Present: 3 - John Gemello, Paul Scannell, and Thomas F. Casey III
   (Pending members Jim Saco and Donna Vaillancourt were present. They officially became members after their oaths were administered by Daniel McCloskey, Deputy County Counsel during Item No. 3)

   Staff Present: Roberto Manchia, County Chief Financial Officer
   Rebecca Archer, Chief Deputy County Counsel
   Daniel McCloskey, Deputy County Counsel
   Kim-Anh Le, Deputy Controller
   Divya Kumar, Financial Services Manager, Controller’s Office
   Sukhmani Purewal, Assistant Clerk of the Board

2. Public Comment – There were no public comments.

3. Welcome and introduction of new members
   A) Oaths of Office of Donna Vaillancourt and Jim Saco

   Oaths were administered by Daniel McCloskey, Deputy County Counsel

   Daniel McCloskey provided the members with an overview of Joint Powers Financial Authority duties and responsibilities.

5. Review Audit Report

   Roberto Manchia discussed the Audit Report for Fiscal Year 2019-20 and indicated it will be sent out to all Board members. The report provides an overview of the County’s debt and net financial position.

4. Approval of the Minutes of February 24, 2021

   Motion: Casey
   Second: Gemello
   Ayes: 3 - Gemello, Casey, Scannell
   Noes: 0
   Members Absent: 0
   Abstained: 2 – Saco and Vaillancourt
6. Approval of legal and financial agreements

   • Agreements with: CFS, ORRICK, and Norton Rose Fulbright

Daniel McCloskey provided an overview of the proposed agreements with Orrick, Norton Rose and California Financial Services. Orrick will provide services as Bond Counsel, Norton Rose Fulbright will provide Disclosure Counsel services, and CFS will provide financial services in connection with the County and JPFA bond issuances.

Jim Saco mentioned that in the Norton Rose Fulbright agreement, he did not see the “not to exceed”, however, Daniel McCloskey confirmed that it is in the agreement.

Jim Saco stated that the amount mentioned in the CFS agreement would not cover the North County Clinic and South County Homeless Shelter so will there be a new agreement to cover the costs or this agreement would be amended.

Robert Manchia mentioned that in the future the County will go out for an RFP for financial advisory services and will perform a full scope procurement and then renew or enter into a new agreement with whomever is selected.

Motion: Casey
Second: Saco
Ayes: 5 – Casey, Gemello, Saco, Scannell, and Vaillancourt
Noes: 0
Members Absent: 0

7. Update: Cordilleras Bond

Steven Gald provided the entire Board with a history and background information for the anticipated Cordilleras Bond issuance.

He reported that the following banks were selected as the underwriting team for this issuance: Senior Manager from Citi Group Global, Co-senior with Morgan Stanley, and two participating underwriters from Siebert Williams Shank and RBC Capital Markets. The next steps will be to bring documents for preliminary approval to this Board on April 28, 2021 meeting and then get approval by the County Board of Supervisors. The potential issuances will be: 1. New money or project funding for Cordilleras; and 2. Lowering the overall debt service by refinancing the 2013 and 2014 bonds that are currently outstanding.

Chair Scannell asked Mr. Steven Gald to provide a brief description of how the actual Bond sale process takes place.

Mr. Gald explained the steps that are followed for bond offerings in the public market as a municipal issuer, including working with the finance team on financial plans that will be presented to investors, setting a date and time for pricing the bonds, receiving offers for the interest rate, working with banks and underwriters to establish an appropriate interest level, and bank commitment to purchase the bonds and sell to the investors.

Ms. Donna Vaillancourt asked what the top considerations were when interviewing the
underwriting teams.

Robert Manchia stated that they looked for a team that gave new ideas not just for the current debt structure for Cordilleras but as to the County’s overall debt and helping us determine how to best restructure in the current market.

Mark Epstein stated that the County gave credit to those banks in the pool that provided value to the County by performing useful analysis and insights outside formal engagements.

Chair Scannell asked Robert Manchia to share the Round 2 questions with the entire Board so they know how the team was ultimately selected.

8. **Other Business (Discussion only)**

   - Next meetings: April 28 and May 26.

Robert Manchia stated that at the next meeting we will most likely present what the banks are coming back with and what the County’s anticipated bond structure will be.

Mary Collins mentioned that she is no longer a partner with Orrick but is now working as a Counsel due to retirement.

Robert Manchia inquired about the board signing agreements and other disclosures with DocuSign due to the pandemic. There was a request that language be added in legal documents to permit use of DocuSign where permissible. The Board will do a practice signing on sample documents before implementing DocuSign on JPFA documents.

John Palmer and Rebecca Archer discussed examples where original signatures are required on documents and cannot be electronically signed.

John Palmer asked about the County’s long-term planning and capital needs and portfolio of assets and how it could impact the structure of the two upcoming bond deals.

Mark Epstein stated that the County does not lack assets to use for future financings. The new office building that will be completed is unencumbered, and the County has other unencumbered projects, if needed.

Chair Scannell asked John Palmer to explain what a “Lease Revenue Bond” is?

John Palmer stated that for each “Lease Revenue Bond” that is issued, it is repaid with revenues that are generated by leaseback structure. For example, the County leases improved real property to the JPFA. JPFA pays upfront the rent of this property using the proceeds of the bonds that are issued. The County leases the same piece of property back from the JPFA and makes rental payments over a lease term which are the revenues that are used to repay the bonds. Every “Lease Revenue Bond” requires real property that matches up the principal amount of the bond that is issued.

9. **Adjournment:** The meeting adjourned at 11:54 a.m.