



COUNTY of VENTURA

Financial Planning Committee

April 11, 2023 at 2:30pm or Soon Thereafter

**County Government Center
Hall of Administration
Channel Islands Conference Room – 4th Floor**

AGENDA

1. Public Comment
2. Minutes of the April 26, 2022 Financial Planning Committee Meeting
3. Revolving Credit Agreement (RCA) –Financing the Courts portion of the Ventura County Integrated Justice Information System Software (VCIJIS) 2.0 Upgrade
4. FY 2023-24 Tax Revenue Anticipation Note (TRAN) Issuance Recommendations and Timeline
5. Revolving Credit Agreement – London Interbank Offered Rate (LIBOR) to Secured Overnight Financing Rate (SOFR) Conversion Amendment
6. Committee Member Comments on Any Other Items



COUNTY of VENTURA
County Executive Office
MEMORANDUM

DATE: April 11, 2023
TO: Financial Planning Committee
FROM: Bryan Friedman, County Executive Office

SUBJECT: **April 26, 2022 FINANCIAL PLANNING COMMITTEE MEETING MINUTES**

Attendance:

Committee Members Present:

Carmen Ramirez, Board of Supervisors
Matt LaVere, Board of Supervisors
Sevet Johnson, Chair, Interim County Executive Office
Jeff Burgh, Auditor-Controller
Tiffany North, County Counsel

County Staff

Kaye Mand, County Executive Office
Bryan Friedman, County Executive Office
Terry Theobald, Information Technology Systems Department
Cynthia Elliot, Information Technology Systems Department
Joanne McDonald, Auditor-Controller's Office
Jill Ward, Auditor-Controller's Office
Kathleen O'Keefe, Auditor-Controller's Office
David Melendez, Auditor-Controller's Office

Chair Sevet Johnson called the meeting to order at 5:54 p.m. on April 26, 2022.

1. Public Comment

No Public Comments were submitted.

2. Approval of Minutes of the April 13, 2021 Financial Planning Committee Meeting

Mr. Burgh made a motion to approve the minutes and Supervisor Ramirez seconded the motion. There was no opposition and the motion passed.

3. FY 2022-23 TRANs Issuance Recommendations and Timeline

Ms. Mand covered the request to issue tax and revenue anticipation notes in an amount not to exceed \$200M as a means of bridging a cash flow shortfall prior to receipt of property taxes in December and to prefund the approximate \$162M retirement contribution.

Ms. Mand emphasized that the FY2022-23 TRANs issuance will be at a significantly higher interest rate than the 0.13% experienced with the FY2021-22 TRANs. The County's financial advisor currently estimates placement to be around 2.0% given the Federal Reserve's rate movements. Ms. Mand also noted that based on guidance from Bond Counsel, because of the treatment of the ARPA funds, the County will need to issue on a taxable basis again this year. These funds are considered "available" for cash flow purposes and as such the County would be unable to meet the tax-exempt requirements for a minimum cash balance.

Ms. Mand went on to explain the remaining recommendations. The Notes would be sold on a fixed rate competitive basis, but because of market volatility, the issuance framework retains the flexibility to issue on negotiated basis. Last year, we had 8 investors bid on our notes with the lowest bid coming in at 0.13%. She stated that estimated costs of financing include Bond Counsel, Financial Advisor, Rating Agency and Other costs estimated at \$200K.

In closing Ms. Mand noted the issuance timeline was attached to the committee packet.

Mr. Burgh made a motion to approve the TRANs Recommendations and Supervisor LaVere seconded the motion. There was no opposition and the motion passed.

4. Ventura County Property Tax Assessment and Collection System (PTACS) Supplemental Financing through the County's Revolving Credit Agreement in an amount not to exceed \$1,392,600

Mr Theobald provided the history of the Property Tax system, beginning with the off the shelf system originally procured. After a few years, that software package was not making appropriate progress so the County's strategy migrated to an internally developed system with a third party partnership with Brainsharp.

Mr. Theobald went on to mention that OASIS, the Assessor's portion of this system, was successfully implemented last year. The current request for an additional \$1,392,600 in funding is to support new modules and testing associated with the Tax Collector and Auditor-Controller systems.

Supervisor LaVere inquired as to if this system was anticipated to go live this summer. Mr. Theobald responded that there will be a validation process that occurs throughout the July – December schedule. As each component cycles into schedule, it will be evaluated and modified in a concurrent fashion.

Supervisor LaVere made a motion to approve the PTACs RCA recommendation and Supervisor Ramirez seconded the motion. There was no opposition and the motion passed.

5. Committee Member Comments on Any Other Items

No comments

The meeting was adjourned at 6:05 p.m.




COUNTY of VENTURA
County Executive Office
MEMORANDUM

ITEM 3

DATE: April 11, 2023

TO: Financial Planning Committee

FROM: Kaye Mand, County Chief Financial Officer 

SUBJECT: Approval of the Utilization of the County's Revolving Credit Agreement (RCA) by the Superior Court – Ventura County, up to a maximum amount of \$6,100,000, to finance the Court's portion of the Ventura County Integrated Justice Information System (VCIJIS) 2.0 Upgrade.

Recommendations:

Approve the use of the County's RCA by the Superior Court – Ventura County, up to a maximum amount of \$6,100,000 to finance the Court's portion of the VCIJIS 2.0 Upgrade.

Background:

The background and detail for this project has been provided by the Information Technology Services Department (please see attached).

Discussion:

The VCIJIS 2.0 Upgrade is needed for the viability, reliability, and flow of public safety information among the four County agencies and the Courts. Given the significance of the project, the County is recommending the utilization of its Revolving Credit Agreement to finance the Superior Court's portion of this project. This will allow the upgrade of the outdated legacy platform application to proceed in a coordinated capacity and address each Agency's information needs.

As of March 30th, 2023, of the \$51 million revolving credit line, \$26.9 million has been drawn. The current interest rate for the RCA is 4.30%. There is sufficient capacity to fund this request.



COUNTY of VENTURA

INFORMATION TECHNOLOGY SERVICES
Terrence Theobald
Chief Information Officer

Date: April 11, 2023
TO: Financial Planning Committee
FROM: Terrence Theobald, Chief Information Officer

SUBJECT: APPROVAL OF THE USE OF REVOLVING CREDIT AGREEMENT IN AN AMOUNT NOT TO EXCEED \$6,100,000 TO FUND THE SUPERIOR COURT OF CALIFORNIA'S PORTION FOR THE MODERNIZATION OF THE VENTURA COUNTY INTEGRATED JUSTICE INFORMATION SYSTEM.

Five Ventura County criminal justice partners are currently served by VCIJIS 1.0, an integrated case management system. In operation for over two decades, VCIJIS 1.0 is used by: (i) the Ventura County Sheriff's Office (law enforcement and custody), (ii) the Ventura County Probation Agency (case management & detention), (iii) Superior Court of California (Courts), (iv) the Ventura County District Attorney's Office, and (v) the Ventura County Public Defender's Office (collectively, "Partners") to share data between agencies, and to transmit and receive information to and from external partners. VCIJIS 1.0 resides on an outdated legacy platform (PowerBuilder and Sybase) that presents sustainability risks, limits opportunities to benefit from technology innovations, and can delay adoption of mandated regulations. The five Partners have agreed to modernize VCIJIS 1.0. VCIJIS 2.0 will consist of an integrated hybrid of commercial off-the-shelf (COTS) systems and a refactored VCIJIS 1.0 system. The estimated cost of the Project is \$44 million with a timeline of five (5) years to complete.

The current Court system is unique in California both in terms of features and its integration with the other County criminal justice agencies. No viable off-the-shelf solution exists, Therefore, the Court has selected the refactored approach which is the process of migrating their current functions and interfaces to a current supportable technology base. The Court's share of the Project cost is estimated to be \$6.1 million. The Court does not have an existing modality to finance their portion of the project and use of the Revolving Credit Agreement (RCA) for the Courts portion of the project would be beneficial. Once the amount of financing is known to the County and the Court, the Court will budget the repayment on a fiscal year basis as described in the attached draft Memorandum of Understanding (MOU) between the County of Ventura and Superior Court of California. This MOU will be presented to the Board of Supervisors for approval after the use of the RCA is approved by your committee. Drawdowns from the RCA are anticipated as follows:

<u>Fiscal Year</u>	<u>Drawdown</u>
2022-23	\$ 485,577
2023-24	\$ 771,400
2024-25	\$1,571,204
2025-26	\$2,122,301
2026-27	\$1,113,619
Total	<u>\$6,064,101</u>

Repayment of the RCA from Courts will be a term of fifteen (15) years utilizing a variable interest rate as determined by the RCA.

It is recommended that the Finance Planning Committee approve the request for Courts to utilize the RCA for the modernization of VCIJIS.




COUNTY *of* VENTURA

County Executive Office MEMORANDUM

DATE: April 11, 2023

TO: Financial Planning Committee

FROM: Kaye Mand, County Chief Financial Officer 

SUBJECT: Proposed FY 2023-24 Tax and Revenue Anticipation Notes (TRANS)

Each year, the County's cash requirements exceed cash receipts until the first installment of property taxes is received in December. To bridge this shortfall, the County has issued an annual TRANS since 1979. Also, as in past years, we plan to pre-fund the County's annual retirement contribution which results in additional savings.

The short-term note market is currently experiencing a period of volatility with short-term yields for 1-year tax-exempt notes currently pricing in the range of 3.00% – 4.00% and taxable notes currently pricing in the range of 4.50% - 5.50%. Based on current market conditions, we anticipate the County's upcoming Tax and Revenue Anticipation Notes ("TRANS") to sell effectively in the competitive market, although market conditions can change as a result of a number of factors, including potential Federal Reserve Rate increases, inflation-related economic indicators, and TRANS market supply, to name a few. The financing team will continue to monitor short-term market conditions as we approach pricing.

The following comments and recommendations are provided for your consideration and approval:

1. Requirements for a Debt Issue

Recommendation: It is recommended that we issue TRANS not to exceed par amount of \$200,000,000 with a term of twelve months. The precise size of the issue and tax status will be determined at a later date when estimates for FY 2023-24 revenues and expenditures are finalized.

Last year, the par value of the TRANS issue was \$87 million and for the second year in a row we issued a taxable note instead of a tax-exempt instrument. This was due to a determination by outside Bond Counsel that the Federal COVID funding received by the County was considered available for cash flow purposes. As a result, it would

have been difficult to meet the minimum cash balances required for a tax-exempt issue. Bond Counsel will assist the County in determining the tax status of the 2023-24 TRANs utilizing a similar analysis.

2. Type of Issue – Negotiated or Competitive

Recommendation: It is recommended the County proceed with a competitive offering not to exceed par amount of \$200,000,000 but we further recommend maintaining flexibility and having the option to proceed with a negotiated sale, instead of a competitive offering, in the event market conditions change such that a negotiated offering would be more advantageous to the County in accordance with the County's Debt Utilization Policy.

A competitive issue is considered a more open process since the issue is sold through a public auction. Through the competitive bid process, market forces and competition among underwriters should effectively keep interest costs at their lowest, and our recommendation is to sell the FY2023-24 TRANs with a competitive sale, based on current market conditions.

In a competitive bid, it is important to attract sufficient investor and underwriter interest. We feel the market is familiar with the County as we have been issuing TRANs since 1979. In prior years the County has consistently attracted multiple competitive bids.

Based on current market conditions, and feedback from the market, we believe the County can effectively sell the 2023-24 TRAN via a competitive sale. However, due to the recent uncertainty and volatility around interest rates, it is important to preserve the flexibility to switch to a negotiated method of sale if market conditions change significantly before pricing.

3. Other Expenditures

Recommendation: Approve the following expenditures related to this borrowing, estimated as follows:

- A. Professional Services - \$250,000 including, but not limited to, legal services, municipal advisor fees, rating agencies' fees and printing charges.
- B. Interest and Underwriter Expenses - to be determined at the time of sale.

4. Fixed or Variable Interest Rate

Recommendation: It is recommended that the County issue TRANs with a fixed interest rate

As in past years, we recommend a fixed interest rate TRANs. Last year, the TRAN was priced with a fixed coupon rate of 2.125% and a yield of 2.25%. However, as noted earlier, market interest rates are rising significantly and the exact coupon rate and yield will not be known until pricing of the TRANs issue takes place in early June.

Preliminary TRANs Schedule: Timeline for TRANs issue (attached).



County of Ventura
2023-24 Tax and Revenue Anticipation Notes
 (as of April 3, 2023)

March 2023	April 2023	May 2023	June 2023	July 2023
S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S
1 2 3 4		1 2 3 4 5 6	1 2 3	
5 6 7 8 9 10 11	2 3 4 5 6 7 8	7 8 9 10 11 12 13	4 5 6 7 8 9 10	2 3 4 5 6 7 8
12 13 14 15 16 17 18	9 10 11 12 13 14 15	14 15 16 17 18 19 20	11 12 13 14 15 16 17	9 10 11 12 13 14 15
19 20 21 22 23 24 25	16 17 18 19 20 21 22	21 22 23 24 25 26 27	18 19 20 21 22 23 24	16 17 18 19 20 21 22
26 27 28 29 30 31	23 24 25 26 27 28 29	28 29 30 31	25 26 27 28 29 30	23 24 25 26 27 28 29
	30			30 31

Date	Activity	Responsibility
Friday, March 31 st	Distribute initial draft of legal documents (Note Resolution, Official Notice Inviting Bids, Notice of Intention to Sell Notes, Note Purchase Agreement) and disclosure document (Preliminary Official Statement).	NRF
Monday, April 3 rd at 2:00 pm	Kick-off conference call to discuss key cash flow items, Financing Schedule, and Distribution List.	All
Thursday, April 6 th	Financial Planning Committee Agenda deadline for April 11 th Meeting.	County
Friday, April 7 th	Comments due (via email) to initial draft of financing documents.	All
Tuesday, April 11th	Financial Planning Committee Meeting to Approve 2023-24 TRAN financing.	County
Friday, April 14 th	Distribute second draft of legal and disclosure documents.	NRF
	BOS Agenda deadline for April 25 th BOS meeting.	County
Week of April 17 th	Conference call to review second draft of legal and disclosure documents.	All
Tuesday, April 25th	County Board of Supervisors meeting to approve in concept the 2023-24 TRAN financing.	County
Friday, April 28 th	Distribute initial draft of rating presentation.	KNN
Week of May 1 st	Conference call to review draft of rating agency presentation.	County, KNN
Wednesday, May 3 rd (or earlier, if possible)	Distribute draft of cash flow statements, inclusive of March 2023 actuals.	County

Date	Activity	Responsibility
Thursday, May 4 th	Cash Flow Variance Memo distributed to County.	KNN
Friday, May 5 th	Distribute substantially final legal documents and disclosure documents for BOS Agenda.	NRF
	BOS Agenda deadline for May 16 th BOS meeting.	County
	Conference call to review Cash Flow Variance Memo and confirm TRAN sizing with Tax Counsel (if tax-exempt).	County, NRF, KNN
Friday, May 12 th	Finalize rating agency presentation.	County, KNN
	Rehearsal of rating meeting.	County, KNN
Tuesday, May 16th	County Board of Supervisors meeting to approve 2023-24 TRAN financing.	County
Wednesday, May 17 th / Thursday, May 18 th	Meeting with rating agencies: Moody's & Standard & Poor's.	County, KNN
Week of May 22 nd	Conference call to finalize POS.	All
Wednesday, May 24 th	Receive credit ratings.	County, KNN
Thursday, May 25 th	Post POS by end of day.	All
	Publish Notice of Intention to Sell Notes. (must be at least 5 days before sale)	NRF
Monday, May 29 th	Memorial Day holiday.	All
Thursday, June 1 st	Competitive pricing of TRANs. (must be at least 397 days from final maturity to preserve money market fund eligibility).	County, KNN, UW
One-week Post Pricing	Finalize Official Statement.	NRF
	Distribute revised legal documents for signature.	NRF
Monday, July 3 rd (subject to market feedback)	TRAN closing.	All

County	=	County of Ventura
KNN	=	KNN Public Finance LLC (Municipal Advisor)
NRF	=	Norton Rose Fulbright US LLP (Bond and Disclosure Counsel)
UW	=	TBD (Underwriter)
All	=	Working Group



COUNTY *of* VENTURA

County Executive Office MEMORANDUM

DATE: April 11, 2023

TO: Financial Planning Committee

FROM: Kaye Mand, County Chief Financial Officer

SUBJECT: Revolving Credit Agreement (RCA) Amendment – London Inter-Bank Offered Rate (LIBOR) to Secured Overnight Financing Rate (SOFR) Conversion Amendment

Recommendation:

Approve the LIBOR to SOFR Interest Rate Conversion Amendment associated with the County's Revolving Credit Agreement

Background:

Currently the County's Revolving Credit Agreement with Wells Fargo utilizes 1-month LIBOR as a benchmark for purposes of calculating the variable interest rate. The 1-month LIBOR will be formally phased out by June 30, 2023. As such, Wells Fargo has reached out to the County seeking a formal conversion amendment.

Discussion:

The primary purpose of this benchmark conversion is to establish the interest rate and spread the County pays on the principal balance of the RCA. In the existing agreement, since the County has a Level 1 Rating (Moody's: Aa1 or above | S&P: AA+ or above), the County's applicable spread is 0.320% above the 1-month LIBOR. In the conversion, for the Level 1 Rating, the applicable spread is modified to 0.420% over the daily SOFR. Based on conversations with our financial advisor the incremental 10 basis points is consistent with other instrument conversions and should result in a comparable net interest rate for the County.

It is important for this Benchmark conversion amendment to close prior to the June 30th cessation of 1-month LIBOR. As such, if this item is approved by the Committee, it would be brought before the Board of Supervisors on April 25th, with a schedule closing date of May 1st, 2023.