

**CARMICHAEL RECREATION AND PARK DISTRICT
MINUTES: ADVISORY BOARD OF DIRECTORS
MARCH 1, 2023 SPECIAL MEETING**

Directors: Carroll, Ives, Levine, and Ross

CALL TO ORDER: The special meeting of the Carmichael Recreation and Park District Advisory Board of Directors was called to order at 4:33 p.m. by Chair Carroll.

ROLL CALL:

Directors Present: Carroll, Ives, and Levine
Directors Absent: Ross
Staff Present: Blondino, Lofthus, Penney, and Perry

PUBLIC OPPORTUNITY TO DISCUSS MATTERS OF PUBLIC INTEREST WITHIN DISTRICT JURISDICTION ON ITEM(S) SCHEDULED ON THIS AGENDA ONLY.

ACTION ITEM:

1.* General Obligation Bonds

Involved discussion and potential action regarding the upcoming issuance and sale of Election of 2022 General Obligation Bonds, Series 2023.

Jon Isom, our advisor addressed the different types of bonds available, tax-exempt, taxable, and 501c3. In order to qualify for tax-exempt bonds, the improvements must be made for public purpose. Because some of the funds will be used at La Sierra Community Center (LSCC) this became an issue. LSCC has mixed uses, both public 45% and private 55% (not for financial gain), CRPD has the option of selling either 501c3 bonds because the private use is mainly by non-profit organizations or taxable bonds.

The disadvantage of selling 501(c)3 bonds is that they are not common nor is there much interest for these types of bonds; they are not eligible for rating insurance; each year the CRPD would face the administrative task of surveying the tenant and regular users, the non-profit organizations would need to provide a letter to affirm that they are still a 501(c)3 and/or notify the CRPD of any changes in their status; in the event of a vacancy, the CRPD would have to replace the tenant/regular user with another 501(c)3; the future potential consequences, hypothetically should the CRPD unintentionally not replace with another 501(c)3 or not realize that an organization was no longer a non-profit there would be punitive penalties.

In contrast, rating insurance can be purchased for taxable bonds. The downside is that they may sell at higher interest rate; however, the difference for the amount sold is estimated at \$700k over 30 years during which time, the bonds could be refunded (refinanced) at a lower rate.

Chair Carroll asked what bond and tax counsel had advised. Jon replied that their recommendation was to sell both tax-exempt 45% and taxable bonds 55%.

This issue had not come up until after the measure had passed and during the due diligence process when the tax counsel was engaged.

Director Ives commented on current volatility of market conditions. Jon shared the differences between the markets; that bonds are affected more by outflow; supply and demand.

Director Levine commented on whether the Underwriter would buy anything that didn't sell. Jon indicated that nothing has changed with Oppenheimer.

Jon also shared that the recommendation affects Series 2023 Bonds, each series may have a different ratio for public and private uses. He also mentioned that the change in the instrument will not affect the County's role.

Following the presentation, the item was discussed by the Advisory Board and then opened for public comment. After discussion, questions, and comments.

Motion 1

M: Levine S: Ives – The Advisory Board voted to approve the recommendation of the financial advisors and bond counsel for sale of both tax-exempt and taxable bonds for Series 2023, with the percentage split decision left to the financial advisors and the District Administrator. Unanimous of those present.

Vote:

Ayes: Directors: Ives, Levine, and Carroll

Noes: Directors: None

Abstain: Directors: None

Absent: Directors: Ross

Recused: Directors: None

Vote: 3/0/0/1/0

TIME AND PLACE OF NEXT MEETING:

1. Regular Meeting

Proposed: Thursday, February 16, 2023, at 6:00 pm, Hybrid Meeting location at Carmichael Park Clubhouse #2, 5750 Grant Avenue, Carmichael, CA 95608 and/or via Zoom Meeting.

ADJOURNMENT – The meeting was adjourned at 5:30 PM.

Respectfully submitted,

Ingrid S. Penney, Administrative Services Manager
For Clerk of the Advisory Board of Directors

APPROVED BY:

ATTESTED BY:

JOYCE CARROLL
CHAIR OF THE BOARD

Ingrid Penney, Administrative Services Manager
for Clerk of the Advisory Board of Directors