

Salt Lake County
Cash Defeasance Summary
as of August 4, 2021

We are using escrow yields for the discount rate in the NPV analysis. With escrow yields at very low levels, the NPV savings looks higher than they normally would. However, with the escrow yields being significantly lower than the original Bond Yield, the result is also very high negative arbitrage.

We are estimating \$40,000 in costs of issuance (COI) for each individual defeasance. (That would include the costs of Bond Counsel, Escrow Agent, Escrow Verification, and FA/MA fees.) We are assuming we are defeasing only callable maturities in each of the bond issues. We are using State and Local Government Securities (SLGs) rates as of 08/04/21 to form the escrows.)

Defeasance of Series 2012A STRB

Call Date: 2/1/22
Callable principal: \$4,150,000
Total Escrow and COI Cost: \$4,275,179.13
Total NPV Savings: 6.491% or \$269,388
Negative Arbitrage: (\$29,286.47) or 10.87% of NPV Savings

Defeasance of Series 2014 STRB

Call Date: 8/1/24
Callable principal: \$19,540,000
Total Escrow and COI Cost: \$21,476,998.66
Total NPV Savings: 16.528% or \$3,229,563
Negative Arbitrage: (\$1,451,362.36) or 44.94% of NPV Savings

Defeasance of Series 2015A GO

Call Date: 6/15/24
Callable principal: \$4,785,000
Total Escrow and COI Cost: \$5,222,369.30
Total NPV Savings: 6.038% or \$288,920.51
Negative Arbitrage: (\$270,033.53) or 93.46% of NPV Savings

Defeasance of Series 2015B GO

Call Date: 6/15/25
Callable principal: \$13,810,000
Total Escrow and COI Cost: \$15,240,409.80
Total NPV Savings: 14.243% or \$1,966,949
Negative Arbitrage: (\$1,128,909.06) or 57.39% of NPV Savings

Defeasance of Series 2017B GO

Call Date: 6/15/27

Callable principal: \$13,150,000

Total Escrow and COI Cost: \$14,583,963.09

Total NPV Savings: 4.85% or \$637,728

Negative Arbitrage: (\$1,073,299.82) or 168.3% of NPV Savings

Defeasance of Series 2017B STRB

Call Date: 2/1/27

Callable principal: \$30,275,000

Total Escrow and COI Cost: \$34,809,335.84

Total NPV Savings: 15.793% or \$4,781,471

Negative Arbitrage: (\$3,851,869.09) or 80.55% of NPV Savings

Defeasance of Series 2017 ET Rd Rev

Call Date: 2/1/27

Callable principal: \$ 15,530,000

Total Escrow and COI Cost: \$18,664,826.86

Total NPV Savings: 9.970% or \$1,548,317

Negative Arbitrage: (\$1,599,042.18) or 103.28% of NPV Savings

Defeasance of Series 2017 STYRB-TRCC

Call Date: 2/1/27

Callable principal: \$ 27,515,000

Total Escrow and COI Cost: \$34,060,566.25

Total NPV Savings: 24.135% or \$6,640,693

Negative Arbitrage: (\$2,484,942.45) or 37.42% of NPV Savings

Defeasance of Series 2019 MBA

Call Date: 1/15/28

Callable principal: \$13,500,000

Total Escrow and COI Cost: \$17,178,341.99

Total NPV Savings: 29.494% or \$3,981,753

Negative Arbitrage: (\$1,467,430.16) or 36.85% of NPV Savings

Defeasance of Series 2020 STRB

Call Date: 2/1/30

Callable principal: \$13,640,000

Total Escrow and COI Cost: \$16,380,082.52

Total NPV Savings: 8.826% or \$1,203,848

Negative Arbitrage: (\$2,150,975.37) or 178.67% of NPV Savings

Defeasance of Series 2020B STRB

Call Date: 2/1/30

Callable principal: \$ 8,340,000

Total Escrow and COI Cost: \$10,481,193.79

Total NPV Savings: 8.092% or \$674,866

Negative Arbitrage: (\$0.86) or 0.00% of NPV Savings

Here are 3 cash defeasance scenarios of bonds with “Make Whole” call provisions.

Cash Defeasance of Series 2009B MBA BABs

Call Date: **callable anytime** with Make Whole Call (MWC)

Outstanding principal: \$ 45,875,000

Current MWC Premium: \$10,146,618.21 (with penalty)

Total payoff on 10/1/21: \$56,872,186.21

Total NPV Savings (using 0.355% current PTIF rate as discount rate): (7.559)% or **(43,6467,869)**

Cash Defeasance of Series 2010B TTRB BABs

Call Date: **callable anytime** with Make Whole Call (MWC)

Outstanding principal: \$ 37,150,000

Current MWC Premium: \$ 3,553,984.99 (with penalty)

Total payoff on 10/1/21: \$40,902,864.65

Total NPV Savings (using 0.355% current PTIF rate as discount rate): (3.505)% or **(\$1,302,127)**

Cash Defeasance of Series 2020 GO

Call Date: **callable anytime** with Make Whole Call (MWC)

Outstanding principal: \$ 8,285,000

Current MWC Premium: \$ 209,638.16

Total payoff on 10/1/21: \$8,522,491.09

Total NPV Savings (using 0.355% current PTIF rate as discount rate): 3.370% or \$279,214