

Debt Review Committee

September 25, 2019
Salt Lake County Government Center
2001 S State Street #N1-200, Salt Lake City, Utah 84190

Meeting Minutes

Attendees:

K Wayne Cushing (Chair), member	Mitch Park (County Council)
Dave Delquadro (Council), member	Jon Bronson, (Zions Public Finance)
Darrin Casper (Mayor's Finance), member	Eric Pehrson (Zions Public Finance)
Scott Tingley (Auditor), member	Marcus Keller (Zions Public Finance)
Ralph Chamness (District Attorney), member	Cara Bertot (Zions Public Finance)
Javaid Majid (Mayor's Finance), member	Ben Umeadi (Treasurer)
Brad Kendrick (Council), member	Randy Wightman (Treasurer)
Craig Wangsgard (District Attorney)	Brad Patterson (Gilmore Bell)
Rod Kitchens (Mayor's Finance)	Aaron Wade (Gilmore Bell)
Shanell Beecher (Mayor's Finance)	Steve VanMaren (Public)
Greg Folta (Mayor's Finance)	Jennifer Durham (Auditor)
Dina Blaes (Mayor's Finance)	Lisa Daniels (Treasurer)

Meeting called to order by Chairman Cushing.

Public Comment

None

Approval of Minutes

A motion was made by Javaid and seconded by Dave to approve the July 31, 2019 minutes. All were in favor.

Financial Advisor Updates

Marcus stated that interest rates are low and are still going down. The 10-year MMD was 1.51 on September 19 and today is 1.40. The fourth quarter of this year is expected to be the low point in rates, with the expectation of rates rising in the new year. Jon handed out a report from the UTA showing sales tax revenue in Salt Lake County have increased over the same period last year. Jon offered to give a presentation on P3 projects at a future DRC meeting.

Disclosure Procedures: Reportable Events and Materiality

Craig asked what the DRC would consider as a threshold for materiality. A discussion ensued on a monetary amount vs. a percentage. Per Bond Counsel this will be on bonds moving forward, no need to go back. Craig will merge the Disclosure Officer document he prepared with what was taken out of Policy. The DRC will be advised of all material events but will not need to meet. Darrin made a motion to establish the threshold at 2% of total property tax collections of the prior year. Ralph seconded. No vote taken as this is directional. This will be put in Policy 1060.

Second Tranche – General Obligation Bonds Timing

Jon went over the Calendar of Events for the \$46m GO Bonds, Series 2019. Darrin raised the question of doing due diligence on both the Sales Tax and GO Bonds on the same date. Jon and Eric advised that both are closely related, and differences could be brought up, rather than repeating the same information on both. A draft set of numbers for the GO deal was passed out. Darrin mentioned that he discussed this with the Mayor and she's comfortable with 102% taking the standard 2% premium. Scenario 3 will be used. Jon stated this is a safe limit and we're good with bond counsel also. We will be under the amount taxpayers were told in the voter pamphlet. Coupon, premium, yields, payment dates and cost of issuance were all addressed. This is a short 8-year debt. Jon recommended parameters to bond counsel of \$51 million, 5.5% coupon 2% discount per par and 10 year maximum. Arlyn Bradshaw will probably represent the Council.

Shelter the Homeless (STH) Sales Tax Revenue Bonds

Jon led a discussion concerning the type of sale, call date and care of money received from STH. It was determined that a competitive sale would be best. Darrin commented that money received from STH could be deposited into the Capitol Improvement Fund. A decision would be made whether to use the funds for deferred maintenance projects and keep the debt or call the debt. An argument for keeping the debt would be based on anticipated future interest rate increases.

Greg asked if the bond proceeds can be used as a leverage source for NMTC and if the 501(c)3 would help. Brad (Bond Counsel) will check on this. If we get an allocation that will make a portion exempt and a portion taxable. Tax exempt can easily sell on the market. The taxable piece could possibly be done as a direct purchase. The DRC will reconvene if an allocation is received. November 4th is the deadline date if two issuances are made. We have a CDE that works with Goldman Sachs that is looking for this type of project. Greg said that there are a couple of other CDE's out there.

Jon has talked with Blake about designating these as Social Impact Bonds. He will pursue this for details. This will proceed forward as a competitive sale unless other options (discussed above) happen before the deadline. Darrin moved that we accept the parameters as recommended by Jon of \$21 million maximum par, 21-year maximum loan term with a 9-year call option, 5.5% maximum coupon and 2% discount. Dave seconded and all were in favor.

****Note:** As this sale has moved from a negotiated to a competitive sale the attached Calendar of Events is the new Calendar of Events noting dates for the competitive sale.

New Business

Wayne asked what the DRC's responsibility to monitor Shelter the Homeless is in the future. The contract states that updates be made to the County – Council and Mayor. This will be put on the agenda as a standing item for updates.

Dave made a motion to adjourn and the meeting ended at 3:40 pm.