

SALT LAKE COUNTY

*2001 S State Street, N2-800
Salt Lake City, UT 84114*



Meeting Minutes

Wednesday, June 19, 2024

2:00 PM

Room N2-800

Debt Review Committee

Call to Order

1. Public Comment

There was no public comment.

Present: Committee Member Darrin Casper
Committee Member Wayne Cushing
Committee Member David Delquadro
Committee Member Chris Harding
Committee Member Mitchell Park
Ex-Officio Member Johnathan Ward
Chair Ralph Chamness

Excused: Committee Member Greg Folta

2. Approval of Minutes

Approval of Minutes from the May 22, 2024 DRC meeting

[24-1815](#)

Attachments: [Salt Lake County Debt Review Meeting Minutes
2024-05-22](#)

A motion was made by Committee Member Delquadro, seconded by Committee Member Cushing, that the minutes be approved. The motion carried by a unanimous vote.

3. Financial Advisor Update

Mr. Japheth McGee, Vice President, Zions Public Finance, states interest rates were declining, but not the Municipal/Treasury ratio that the Committee had been watching. He distributed a handout to the Committee.

4. Potential Jail Renovation/Expansion/Justice Accountability Center Financing

Committee Member Johnathan Ward stated he and Committee Member Casper had exchanged emails about lease revenue bonds versus general obligation bonds and financing tools for the expansion of the Adult Detention Center (ADC). His team put together an analysis showing the comparison between each financing tool, and included an analysis of sales tax revenue bonds with that. He reviewed the analysis illustrating what a \$425 million project would cost. The \$425 million figure is being refined, and will be pulled together once bids are received and designs completed.

Committee Member Casper stated he requested this analysis because it is pertinent to the role of the Debt Review Committee. The Mayor's Office has been coordinating with the Sheriff's Office and the Criminal Justice Services Division and the law enforcement community to see what would be necessary if the County were to consolidate and expand jail operations, eliminate the Oxbow Jail, and put together a Justice and Accountability Center. The role of the Debt Review Committee would be to advise policymakers on the options. To him, the logical choices would be either a lease revenue bond or a general obligation (GO) bond, as a sales tax bond would press the County to maximum capacity. He asked Jill Miller to elaborate.

Ms. Jill Miller, Associate Deputy Mayor of Finance and Administration, presented on the cost breakdown, sharing a spreadsheet on her screen. The total cost would be \$607,000,000, and with a set-aside of \$75,000,000, the total bond amount would be approximately \$532,000,000. This would break down to \$74.48 per household.

Polling has indicated that residents are receptive to the idea, especially when told about the proposed Justice and Accountability Center, which would provide a mechanism to get people off the streets, help them rehabilitate, and move them into housing.

Committee Member Casper stated the Mayor's Office, the Sheriff's Office, the District Attorney's Office, and representatives from the Criminal Justice Advisory Committee (CJAC) are going to meet with the Council to discuss this issue. He did not believe the County had ever issued debt in this amount, but everything is more expensive due to inflation. If policy makers decide to go down this path, it would be the responsibility of the Debt Review Committee to advise on all the options. One hundred million dollars has been set aside. It would be appropriate to go with a GO bond and put it on the ballot. If the voters vote against the bond, the County will have to do the \$90,000,000 in deferred maintenance and then regroup.

Committee Member Park asked if the passage of Senate Bill 86 would limit what could be done in terms of lease revenue bonds.

Committee Member Ward stated correctional facilities were exempt from the restrictions of the bill.

Committee Member Delquadro asked what would happen to the interest rate if it were moved from 20 to 15 years, or 20 to 25 years.

Committee Member Ward said the interest rate was flatter the longer it went. He would have to do some research. He noted ballot language usually states that all the figures are assumptions and estimates and that the County cannot be held to them. If the tax impact fluctuates, there is some wiggle room.

Committee Member Casper stated the actual financing would probably be done in two tranches of debt, given Internal Revenue Service (IRS) spend-down rules. If the second tranche were to be pushed out to year three or four, the growth of property values over that period would reduce the amount of tax impact to match what was put on the ballot initiative and enable the County to be fiscally prudent by using a shorter bond duration.

Ms. Miller stated the costs she presented are in 2027 numbers for construction.

Committee Member Casper stated he believed the Council was poised to vote for a project. It may select portions, or the entire proposed project. While the Justice and Accountability Center was more favored by public opinion, the deferred maintenance could not go undone much longer. Ultimately, the Council will decide.

Committee Member Chamness asked what the timing was to get this issue on the ballot.

Mr. Craig Wangsgard, Deputy District Attorney, stated it was August 20th.

5. Other Business

Mr. Craig Wangsgard stated he was approached by GilmoreBell, a public finance law firm, because a senior living center would like the County to conduct a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing for a conduit bond that will be issued by another local municipality. This would entail setting and holding the public hearing and then approving the resolution.

Committee Member Casper asked who was issuing the conduit bond.

Mr. Wangsgard stated he did not know any details. The County does not currently have any mechanism to recoup costs for a TEFRA hearing.

Committee Member Chamness stated an ordinance could be drafted to create a mechanism.

Committee Member Park stated it was not a bad idea, but from a staff perspective, he was growing less enamored with dealing with the mechanics of these issues.

Committee Member Chamness suggested telling GilmoreBell to ask the municipality issuing the conduit bond to hold the hearing because it would not likely be in unincorporated Salt Lake County.

Committee Member Chamness stated the next meeting was scheduled for July 24th, which would not work. He asked the Committee if it would rather meet on the 17th or the 10th.

Committee Member Park said to set it for the 10th. The Council was not meeting on the 9th other than to sit as the Board of Canvassers. He wanted to give policy makers the time they needed to not have to decide at the last minute.

Committee Member Delquadro asked if it would be a good idea for the Committee to formally vote to recommend a general obligation (GO) bond to the County Council.

Committee Member Casper stated he thought that would be a good idea.

A motion was made by Committee Member Park, seconded by Committee Member Casper, to recommend to the County Council that it utilize a general obligation (GO) bond. The Debt Review Committee, based on the parameters it gets back from the policy makers, will make further recommendations concerning the duration and amount that are consistent with ordinance. The motion carried by a unanimous vote.

Committee Member Chamness stated the next meeting would be July 10th, 2024.

Adjourn

The meeting was adjourned at 2:45 PM.

LANNIE CHAPMAN, COUNTY CLERK

By _____
DEPUTY CLERK

By _____
CHAIR, DEBT REVIEW COMMITTEE