

SALT LAKE COUNTY

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



Meeting Minutes

Wednesday, April 24, 2024

2:00 PM

Room N4-600

Debt Review Committee

1. Call To Order

Present: Committee Member Wayne Cushing
Committee Member Greg Folta
Ex-Officio Member Jonathan Ward
Chair Ralph Chamness

Excused: Committee Member Darrin Casper

Call In: Committee Member David Delquadro
Committee Member Chris Harding
Committee Member Mitchell Park

Public Comment

There was no public comment.

2. Approval of minutes**2.1 Approval of minutes from the March 27, 2024 meeting**[24-1636](#)

Attachments: [Salt Lake County Debt Review Meeting Minutes
2024-03-27](#)

A motion was made by Committee Member Park, seconded by Committee Member Cushing, that this agenda item be approved. The motion carried by a unanimous vote.

3. Financial Advisor Update

Committee Member Jonathan Ward stated his office had found some old statements from 1964 that listed the historic value of the County. He offered them to anyone who was interested.

4. Refunding Analysis Update

Committee Member Ward stated because of the County's inverted yield curve and short lived structure of bonds outstanding, there were savings opportunities to be had on the Build America Bonds (BABs). Committee Member Casper had asked to resume this conversation from the last meeting. Committee Member Casper is leaning toward trying to squeeze some savings out of the transaction. If the County were to refund the BABs, a huge savings would not be likely, but the Pay-As-You-Go (PAYGO) Act of 2010 did result in a universal expense reduction, including the BAB government subsidies. It is

expected the subsidy will be reduced by 5.37% through 2030. The Federal Government may eliminate the subsidy altogether, but a bill was passed in 2023, forestalling that action until September 30th, 2025. As Japeth McGee, Vice President, Zions Public Finance, mentioned last month, the legal pathway set by Orrick Herrington & Sutcliffe LLP has allowed a slew of BABs to be pressed into the market for refunding, citing extraordinary redemption provisions. These provisions state bonds can be called due to various extraordinary events. In Utah, the qualifying event would most likely be changes in the State tax code. There are currently billions of dollars' worth of outstanding bonds in the process of utilizing this provision. The County has about \$30 million worth of these.

Committee Member Folta stated he and Committee Member Casper met with Ryan Paulson of Wells Fargo Bank after the last meeting. With the inverted yield curve and the short term range, there might be a good opportunity to call the bonds. It is worth nothing that Bank of New York Mellon (BNY Mellon) has stated it will no longer provide the calculation agent service for the BABs subsidy. The County would need to either do its own calculation or hire someone. He asked Mr. Wangsgard to explain further.

Mr. Craig Wangsgard, Deputy District Attorney, stated he reached out to Brad Patterson of Gillmore Bell (formerly Ballard Spahr), and provided him with the indenture language. He asked Mr. Patterson if he felt the indenture language needed to be amended. Mr. Patterson felt there might be a breach if the language was not amended.

Committee Member Folta stated the increased administrative burden should be weighed. If the County kept the bonds and BNY Mellon stopped offering calculation services, the County would need to do much of the work itself and hire another entity to do the electronic filing.

A motion was made by Committee Member Cushing, seconded by Committee Member Folta, to take the next step and get direction from Zions Public Finance on the type of sale that would be the most advantageous.

Committee Member Park asked for a friendly amendment allowing Committee Member Casper to pass the recommendation on to the Council once it was received from Zion's Public Finance.

Committee Member Chamness stated the Committee could decide whether to meet again once the recommendation was received.

A motion was made by Committee Member Cushing, seconded by Committee Member Folta, to take the next step and get direction from Zions Public Finance on the type of sale

that would be the most advantageous. The motion carried by a unanimous vote.

5. Potential Rowland Hall Conduit Financing

Committee Member Ward stated Gilmore Bell approached him last week because it was working on a conduit financing project for Rowland Hall, an independent private high school in Salt Lake City wishing to consolidate its two campuses. The total cost was estimated to be around \$90 million, and would be financed by a combination of debt, charitable contributions, and reserves. Rowland Hall planned to take out two series of bonds.

Through conduit financings, the County will sometimes step in and allow a private nonprofit entity to borrow at a tax exempt interest rate. The legal, financial, and reporting requirements and responsibilities are passed through the County to the borrower. While the County does take on some risk and cost, it is not substantial. The County has specific requirements and charges fees to compensate for this. While Rowland Hall has the option of using Salt Lake City as a conduit financier, its preference is that the County be the conduit because the County is familiar with such issuances.

The caveat was that Zion's Public Finance is a possible lender, and this would create a conflict of interest because it is not allowable for the buyer and lender to be related. Under the existing contract, Zion's Public Finance would need to step away from being an advisor to the County. Zion's Public Finance prefers to work with the County when it can and was willing to forego being a lender if the County wished.

Committee Member Chamness stated he has never questioned Zions' ability to perform both roles. It has happened before.

Mr. Craig Wangsgard, Deputy District Attorney, agreed that it has not been a problem in the past.

Committee Member Chamness asked if the Committee should recommend that the Council look at right-sizing the fees. It had been 12 to 15 years since those fees were assessed.

Committee Member Park stated he would like to also look at the section of the ordinance regarding the purpose of the County issuing conduit financing obligations so the Council could decide whether to continue with the policy.

6. Interest Income Update

Committee Member Cushing reviewed a PowerPoint presentation entitled Salt Lake County Investment Interest Income. He anticipated that the yield would increase slightly. He also delivered a PowerPoint presentation entitled ZIONS Corporate Investments & Liquidity Management. He reviewed FED Funds Futures; FED's Dot Plot; Market Update Fed Rate Cut Expectations; Book Returns and Book Yields; and Portfolio - Interest Rate Forecast;

7. Potential County Projects

Committee Member Chamness told everyone to keep the jail bond issue on their "radar".

Committee Member Folta stated there was a wide range on the dollar amount that was being considered.

Mr. Craig Wangsgard, Deputy District Attorney, stated the Council would have to put this matter on the ballot sometime in early August.

Committee Member Chamness stated the new hockey team coming to Utah may also affect the County.

Committee Member Folta stated there were lease revenue bonds being considered for Library.

8. Other Business

Committee Member Chamness stated the next meeting was set for May 22, 2024.

Adjourn

The meeting was adjourned at 3:05 PM.

LANNIE CHAPMAN, COUNTY CLERK

By _____
DEPUTY CLERK

By _____
CHAIR, DEBT REVIEW COMMITTEE