

SALT LAKE COUNTY

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



Meeting Minutes

Wednesday, May 27, 2020

2:00 PM

Room N2-800

Debt Review Committee

1. Call to Order

Call In: Chair Scott Tingley
Committee Member Wayne Cushing
Committee Member David Delquadro
Committee Member Darrin Casper
Committee Member Ralph Chamness
Committee Member Javaid Majid
Committee Member Brad Kendrick
Ex-Officio Member Jon Bronson

Participated electronically: Rod Kitchens, Roswell Rogers, Greg Folta, Shanell Beecher, and John Pectol (Mayor's Finance); Craig Wangsgard (District Attorney's Office); Mitchell Park (Council Office); Eric Pehrson, and Marcus Keller (Zions Public Finance); Brad Patterson (Gilmore Bell); Steve Van Maren (citizen) and Linda Duffy (Clerk's Office).

2. Public Comment**3. Approval of Minutes****3.1 Approval of 4/29/2020 Meeting Minutes** [20-0495](#)

Attachments: [DRC Minutes 04.29.20.pdf](#)

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

4. Financial Business**4.1 Market Update** [20-0496](#)

Mr. Marcus Keller, Assistant Vice President, Zions Public Finance, updated the committee on market conditions. He reviewed the JP Morgan Municipal Market Update, interest rate trends on the Bond Buyer Index, the Municipal Market Outlook as of May 21, 2020, and MMD Muni Bond Yields.

4.2 JP Morgan Rate Lock Breakage Fee Resolution [20-0497](#)

This matter was included within the discussion of Agenda Item 4.3.

4.3 Sales Tax Revenue and Refunding Bonds Direct Purchase Option [20-0498](#)

Mr. Jon Bronson, Senior Vice President/Managing Director, Zions Public Finance, recapped both the taxable and tax-exempt bonds.

There are two different series of sales tax revenue bonds. The larger is the taxable issue. It would fund the homeless facility and reimburse the County for land it acquired to buy the homeless facilities. It would also refund the 2012A and the 2014 Salt Palace related bond issues. This is about \$43.5 million. He is expecting credit approval and a rate quote from J.P. Morgan tomorrow. Final bond documents will be out on June 2, 2020, and the closing is planned for June 9, 2020.

The tax-exempt bond is the smaller piece for \$23 million. It will refund the 2010D taxable Build America Bond to capture savings. The County would have to enter into a Forward Bond Purchase Agreement in order to lock in rates. If the County were to break the agreement, there may be breakage fees owed by the County.

His office did a spreadsheet to calculate what the breakage fee would be under different scenarios. He will mail it to members of the committee. If the County breaks the agreement, it could owe as much as \$500,000 in breakage fees.

Committee Member Casper stated if interest rates go lower, they could calculate whether it would be better to pay the fee.

Mr. Bronson stated J.P. Morgan wants a Continuing Disclosure Agreement on both the taxable and tax-exempt transactions. One item in the disclosure agreement requires the County to report sales tax revenue to J.P. Morgan on a monthly basis.

Mr. Rod Kitchens, Director of Budget and Planning, Mayor's Financial Administration, stated actual sales tax figures are public record.

Mr. Eric Pehrson, Senior Vice President, Zions Public Finance, stated it may be easiest to post the sales tax figures on the County website. This

monthly reporting will continue to 15 years.

Mr. Bronson stated J.P. Morgan will send rates tomorrow. He will run comparisons to make sure the proposal still makes sense. The committee should be willing to pull the plug on J.P. Morgan if it does not like the rates.

He has reviewed the documents and resolution and has lots of questions. There are provisions in there he would like to get rid of. He asked for time to scrub the documents.

A motion was made by Committee Member Casper, seconded by Committee Member Majid, to delay the bond process by one week. The motion carried by the following vote:

Aye: Chair Tingley
Committee Member Cushing
Committee Member Delquadro
Committee Member Casper
Committee Member Chamness
Committee Member Majid
Committee Member Kendrick

Mr. Bronson asked if the Council resolution should be presented to the Council on June 2, 2020, or should it also be moved back one week.

Mr. Craig Wangsgard, Deputy District Attorney, stated the resolution is general enough that it should not be a problem.

Mr. Brad Patterson, Gilmore Bell, stated he agreed that the resolution should be presented on June 2, 2020.

4.4 2020 TRAN POS Draft Review

[20-0499](#)

Attachments: [2020 \\$ M TRAN POS Draft.pdf](#)

Mr. Jon Bronson, Senior Vice President/Managing Director, Zions Public Finance, reviewed a due diligence checklist for the Preliminary Official Statement (POS) for the Tax & Revenue Bonds. The rating call with Moody's is set for June 10, 2020. The rating agencies are totally focused on the Covid-related impact on budgets. He also reviewed the schedule for the

bond process.

The committee discussed the due date for the Comprehensive Annual Financial Report (CAFR), which would come shortly after the sale date for the bonds. He recommended moving the sale date back so that new CAFR figures would be available.

All members were in favor of moving the bond sale date.

Mr. Bronson stated he will change the calendar and redistribute it.

Ms. Shanell Beecher, Director of Accounting & Operations, Mayor's Financial Administration, explained the method bond rating agencies use to calculate cash flow.

Mr. John Pectol, Senior Associate Accounting Administrator, Mayor's Financial Administration, reviewed the cash flow chart and explained how the numbers are projected.

Committee Member Tingley asked if a motion was needed to go with the \$65 million recommendation.

A motion was made by Committee Member Majid, seconded by Committee Member Casper, to go with \$65 million. The motion carried by the following vote:

Aye:

- Chair Tingley
- Committee Member Cushing
- Committee Member Delquadro
- Committee Member Casper
- Committee Member Chamness
- Committee Member Majid
- Committee Member Kendrick

Mr. Bronson stated the committee knows what it wants to borrow, but it can ask for more money in the bond.

Committee Member Tingley stated the original thought was around \$70 million; he was okay with the \$65 million.

Committee Member Majid stated he would rather go with the higher figure.

Committee Member Tingley asked if everyone was okay with the \$70 million going to Council.

All members indicated yes.

Mr. Bronson reminded the Mayor's Financial Administration that for the rating agency the projected ending cash balance in those three funds will be important figures, as will the alternative liquidity that it likes to see in other fund balances.

He asked Wayne Cushing, County Treasurer, if he was confident the first set-aside of property taxes would be enough to retire the bond and notes by November 15, 2020.

Committee Member Cushing stated yes.

Mr. Bronson noted that while County Treasurer Cushing is the paying agent and registrar on this issue, right now, that creates a little problem for the County in that the Depository Trust Company (DTC) in New York is not accepting physical delivery of notes certificates. In the past, the certificates were sent to DTC and it held them through closing. If DTC is still not taking physical delivery by July 14, 2020, the County will hire a trust department to act as FAST agent. The State of Utah recently did this and the charge was \$250.

Mr. Pehrson stated J.P. Morgan will need a report on the County's dealing with the Covid pandemic. A lot of investors will be looking at that. However, the County's history is the best with an MIG 1 rating.

Mr. Bronson stated this report will need to be submitted by June 10, 2020.

Committee Member Casper stated he would draft a two-paragraph recap of his speech to the Council.

Mr. Pehrson asked if the County was involved in any lawsuits that could compromise the issuance of these notes.

Committee Member Chamness stated no.

Mr. Pehrson stated the report will also have to mention the earthquake's impact on the

County.

Mr. Bronson stated Committee Members have time to send comments to Mr. Pehrson about the POS, especially since it will not be sent out until June 25 or 26, 2020.

4.5 Other Financial Business

[20-0500](#)

5. Other Committee Business

6. Adjournment

The meeting was adjourned at 3:48 PM.

SHERRIE SWENSEN, COUNTY CLERK

By _____
DEPUTY CLERK

By _____
CHAIR, SALT LAKE COUNTY DEBT REVIEW COMMITTEE