

Debt Review Committee

July 31, 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	Brad Kendrick (County Council)
Dave Delquadro (Council), member	Ben Umeadi (Treasurer)
Darrin Casper (Mayor's Finance), member	Jon Bronson (Zions Public Finance)
Scott Tingley (Auditor), member	Eric Pehrson (Zions Public Finance)
Ralph Chamness (District Attorney), member	Marcus Keller (Zions Public Finance)
Javaid Majid (Mayor's Finance), member	Mike Madlena (Summit Energy)
Craig Wangsgard (District Attorney)	Curtis Chisholm (Summit Energy, Pres/CEO)
Dina Blaes (Mayor's Finance)	Aaron Sprague (Facilities)
Shanell Beecher (Mayor's Finance)	Rory Payne (Facilities)
Greg Folta (Mayor's Finance)	Lisa Daniels (Treasurer)
Megan Hillyard (Admin Services)	Steve Van Maren (Public)
Mitchell Park (County Council)	

Meeting was called to order by Chairman Cushing.

Public Comment

Steve Van Maren stated that he is here to find out more about one of the agenda items that the Mayor is driving.

Approval of Minutes

A motion was made by Ralph and seconded by Javaid to approve the May 29, 2019 minutes. All were in favor.

Financial Advisor Updates

Marcus passed out information showing what the current market rates are doing. The Feds announced that they are cutting the interest rates 25 basis points. The economy as a whole did better than what was projected but it was still a lot less than we've seen in current quarters or years. With the loss of advanced refundings there are not as many deals coming to the market this year. The yield curve went down overall. Taxable issues went up in basis points.

Ralph had Mitch Park introduce himself as the County Council's new legal counsel.

TRANS 2019

Jon reviewed the TRANS pricing book.

Shelter the Homeless \$21 Million Sales Tax Bond - \$21 Million Sales Tax Bond

Dina provided a breakdown on this project. Verified documentation for the budget has not been received. New documents are coming in daily. Relevant info will come as due diligence is drafted. Craig

mentioned they are thinking of a possible Trust Deed note, but we don't have what is needed as of now. Dina requested a special meeting be held before the next Debt Review Committee meeting as this is all time sensitive.

Jon passed out a Disclosure Statement concerning a conflict of interest in this project. His ultimate boss, Harris H. Simmons, is also the Chairman of the Board for Shelter the Homeless. Jon stated that it is Zions fiduciary, and legal, duty to stand with the County in this transaction.

Wayne asked for a calendar of what hopefully will happen. Dina is confident that the Shelter the Homeless staff has a better understanding with the County of what is happening and is working hard to get information to them. Different scenarios were brought up concerning repayment, record keeping and other aspects of the project. New Market Tax Credit possibility is also being worked on.

Salt Lake County Use of Natural Gas Futures

Darrin stated that buying wholesale natural gas will save the County roughly \$200,000 annually. Historically companies that use this feature state that it stabilizes cashflows and saves more money. Rory introduced Aaron, the energy manager in the County. Curtis Chisholm and Mike Madlena from Summit Energy were also introduced. Graphs were presented showing the pricing/saving on natural gas. Ralph made a motion that the DRC recommends that the Mayor's office continue to explore this possibility, review and refine the policy and recommend that any required policy changes be made and brought to the Council to allow this type of purchase. Dave seconded with an addition that the DRC thinks that this is a sound and prudent idea and it makes sense to try to save money. This is a fixed price contract; it is not an investment.

Second Tranche – General Obligation Bonds Timing

Jon reviewed the Calendar of Events. Due Diligence is scheduled for October 23 and the sale will be held December 4.

The Sales Tax Bonds mimic this calendar until the actual sale as these need to be callable any time at par without a premium. Jon is thinking of putting together a package for direct purchase, send it to the normal large buyers and accept bids. Someone can then be hired based upon the rates and make sure the document is outlined with what is needed.

Meeting was adjourned at 3:35 pm.

Municipal Market Outlook

July 25, 2019

RATE DATA				
	Today	Week Prior	Month Prior	Year Prior
MMD AAA GO				
3 Year	1.12	1.15	1.26	1.73
5 Year	1.15	1.18	1.31	1.94
10 Year	1.54	1.56	1.63	2.43
15 Year	1.83	1.85	1.92	2.69
20 Year	2.04	2.06	2.12	2.87
30 Year	2.25	2.27	2.31	2.98
US Treasury				
2 Year	1.83	1.83	1.77	2.66
5 Year	1.82	1.83	1.80	2.82
10 Year	2.05	2.06	2.05	2.94
30 Year	2.58	2.57	2.57	3.06
Federal Funds	2.40	2.41	2.38	1.91
Prime Rate	5.50	5.50	5.50	5.00
SIFMA 7 Day	1.40	1.27	1.90	1.90

BOND BUYER AND SHORT TERM INDEXES				
20 Bond GO ¹	3.43	3.45	3.51	3.90
25 Bond REV ²	3.91	3.93	4.00	4.40
Jefferies ST	1.50	1.24	2.00	1.05

¹GO bonds maturing in 20 years, avg. rating equivalent to Moody's Aa2 & S&P's AA

²Revenue bonds maturing in 30 years, avg. rating equivalent to Moody's A1 & S&P A+

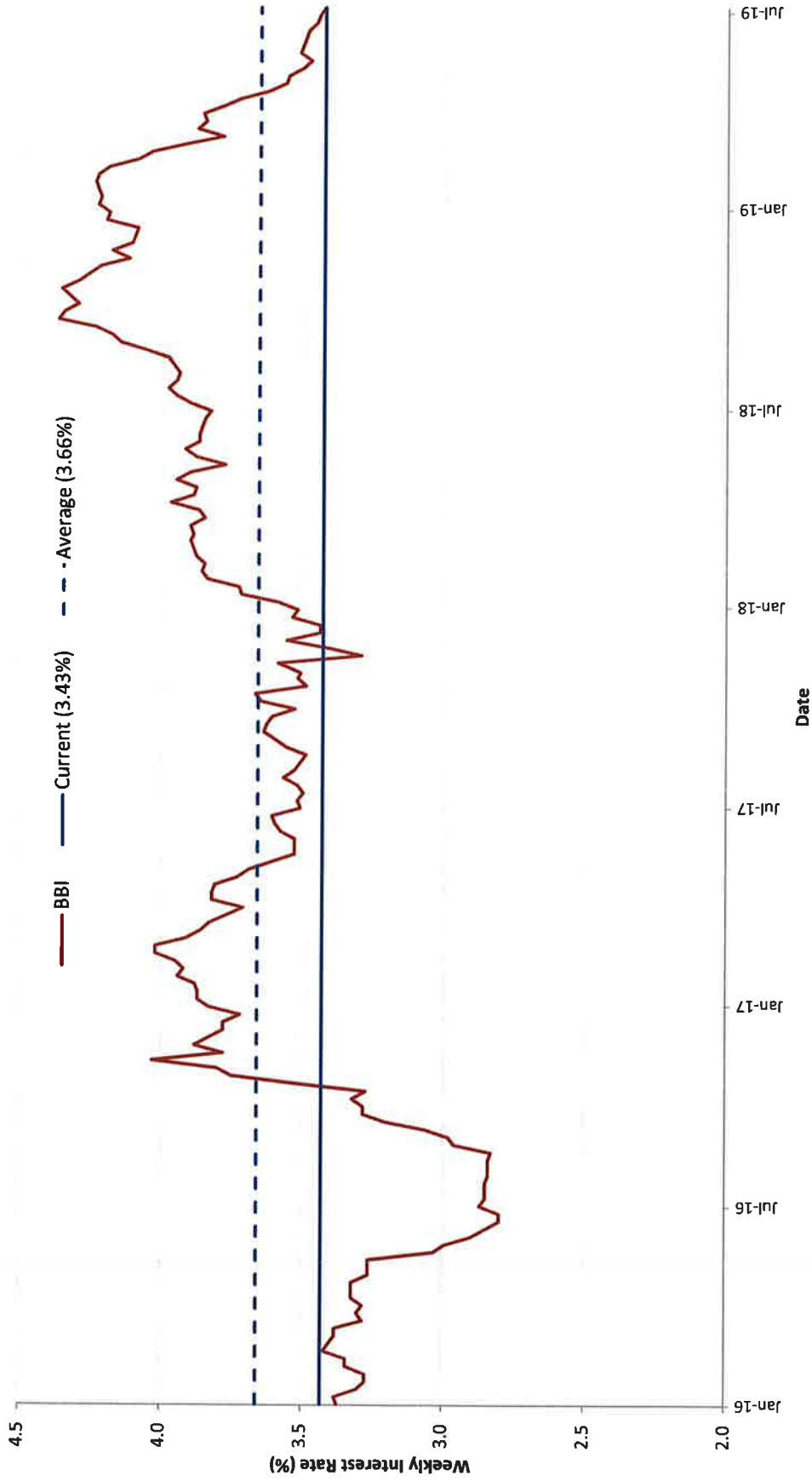


ZIONS PUBLIC FINANCE, INC.

Interest Rate Trends

Bond Buyer Index

January 2016 to July 2019



Since January 2016:
Interest rates have been higher than the current BBI 75.54% of the time.
Interest rates have been lower than the current BBI 24.46% of the time.





TO: Salt Lake County Debt Review Committee
FROM: Dina Blaes, Mayor's Financial Administration
RE: Sales Tax bond and conditional approval by Council to provide bridge financing to Shelter the Homeless
DATE: July 30, 2019

Background

In early July, the Chair of Board of Trustees of Shelter the Homeless (STH), a 501C3 organization, requested a bridge loan from the County, not to exceed \$21M, to complete the construction of three resource centers currently being built in Salt Lake County under the newly-developed model for homeless service delivery.

At the beginning of the project, the construction budget for the centers was approximately \$52M and the current projected budget for completion is approximately \$64M.

At a regular meeting held on July 16, 2019, the Salt Lake County Council approved a reimbursement Resolution declaring the Council's intent to reimburse expenditures to the general fund or other county funds for providing bridge financing for the project costs associated with the resource center construction. The reimbursement Resolution was accompanied by a budget adjustment to which the Council attached the following legislative intent prior to approval.

Legislative Intent passed by the SL County Council on July 16, 2019 related to agenda item 3.9 Budget Adjustment.

Prior to the transfer of up to \$21 million in capital project financing to Shelter the Homeless for resource center projects, it is the intent of the Council that the Mayor and staff will:

- 1) Update the financial information regarding the three projects to reflect changes in the revenue and expenses that have occurred since 14 June 2019. And perform all necessary due diligence regarding the hard costs of constructing three new homeless resource centers that includes a review of the financial system used to track invoices and payments.*
- 2) Perform due diligence regarding all current revenue secured by Shelter the Homeless for construction of three new homeless resource centers including a more detailed understanding of the nearly \$5 million in contributions due later this year. Fashion a reconciliation process to offset the needed amount of the County's sales tax bond by recognizing donations received prior to the bond's issuance OR create an escrow account that would accumulate donations and dedicate the amounts received and interest earned toward the annual bond payments.*
- 3) Create a contract, subject to Council review and approved by the Shelter the Homeless Board of Directors, that:
 - o Identifies assets owned by Shelter the Homeless that they are willing to pledge as collateral for the bond. The assets must have clean unencumbered titles and an actual cost that exceeds \$25 million OR should the bond amount be less than \$21 million, an actual cost that is twenty percent higher than the outstanding bond amount.**



- *Create a payment schedule that details annual payments (principal, interest and any associated fees) and the dates they will be paid by Shelter the Homeless to finance the up to \$21 million in capital funding provided by the county.*

The attached due diligence checklist was emailed to the Executive Director of Shelter the Homeless on July 16, 2019 following the Council meeting.

CURRENT STATUS

- Shelter the Homeless staff has begun furnishing the documents requested in the due diligence checklist.
- A contract outlining the conditional release of funds to Shelter the Homeless will not be drafted until the due diligence is complete. Funds will not be provided to Shelter the Homeless until the contract is approved by the Salt Lake County Council and the Shelter the Homeless board of Trustees.
- STH has begun the formal process of transferring ownership of the land on which the South Salt Lake resource center is being built to the State of Utah. STH is expected to retain ownership of the building and improvements.
- Mayor's Finance staff is providing expertise to the STH's fundraising consultant to support her efforts to pursue possible NMTC for one or all three of the new resource centers.

NEXT STEPS

Shelter The Homeless Due Diligence Checklist

Organizational/Governance

- 1.1 Governing documents of the Organization which include, but may not be limited to, articles of organization, articles of incorporation, bylaws.
- 1.2 List of all past, assumed or associated names of the Organization.
- 1.3 Minutes of meetings of the Organization's governing body for the previous two (2) years.
- 1.4 Most recent annual report.
- 1.5 List all members of the board of trustees, officers and sr. executives during the last two (2) years.
- 1.6 Governing body organizational chart.
- 1.7 List all Organization agreements or transactions involving any person identified in 1.5 above during the past three (3) years.
- 1.8 Conflict of Interest disclosure forms completed by persons identified in 1.5 above during the past three (3) years.
- 1.9 List of affiliated entities and any agreements or transactions between the Organization and affiliate entities.
- 1.10 List of all current, pending or threatened lawsuits or governmental proceedings within the last two (2) years in any way related to or affecting the operations or assets of the Organization.
- 1.11 Material insurance policies summary and a list of any claims of any kind or nature against the Organization or its assets.
- 1.12 Comprehensive list of Organization facilities, status and address, including copies of all property management agreements.
- 1.13 Copy of filed IRS Form 1023 together with copies of all correspondence between IRS and non-profit.
- 1.14 IRS determination letter.
- 1.15 Copies of Organization's Form 990, if any and Form 990-T, if any for the previous three (3) years.

Financial Documentation

- 2.1 Audited financial statements for the last three (3) years.
- 2.2 Most recent interim financial statements.
- 2.3 Copies of operating budgets for the last three (3) years.
- 2.4 Fixed asset listing including acquisition date, acquisition cost, depreciation schedule and amount and current book value.
- 2.5 Current outstanding contribution pledges, including terms.
- 2.6 Organization's most recent financial projections.
- 2.7 Outstanding grant proposal(s) for the Organization's operating costs.
- 2.8 Operating grant(s) receivables, including any multi-year contributions.

Shelter The Homeless Due Diligence Checklist

- 2.9 Organizational source and uses statement, including a statement related the project to construction three (3) homeless resource centers.

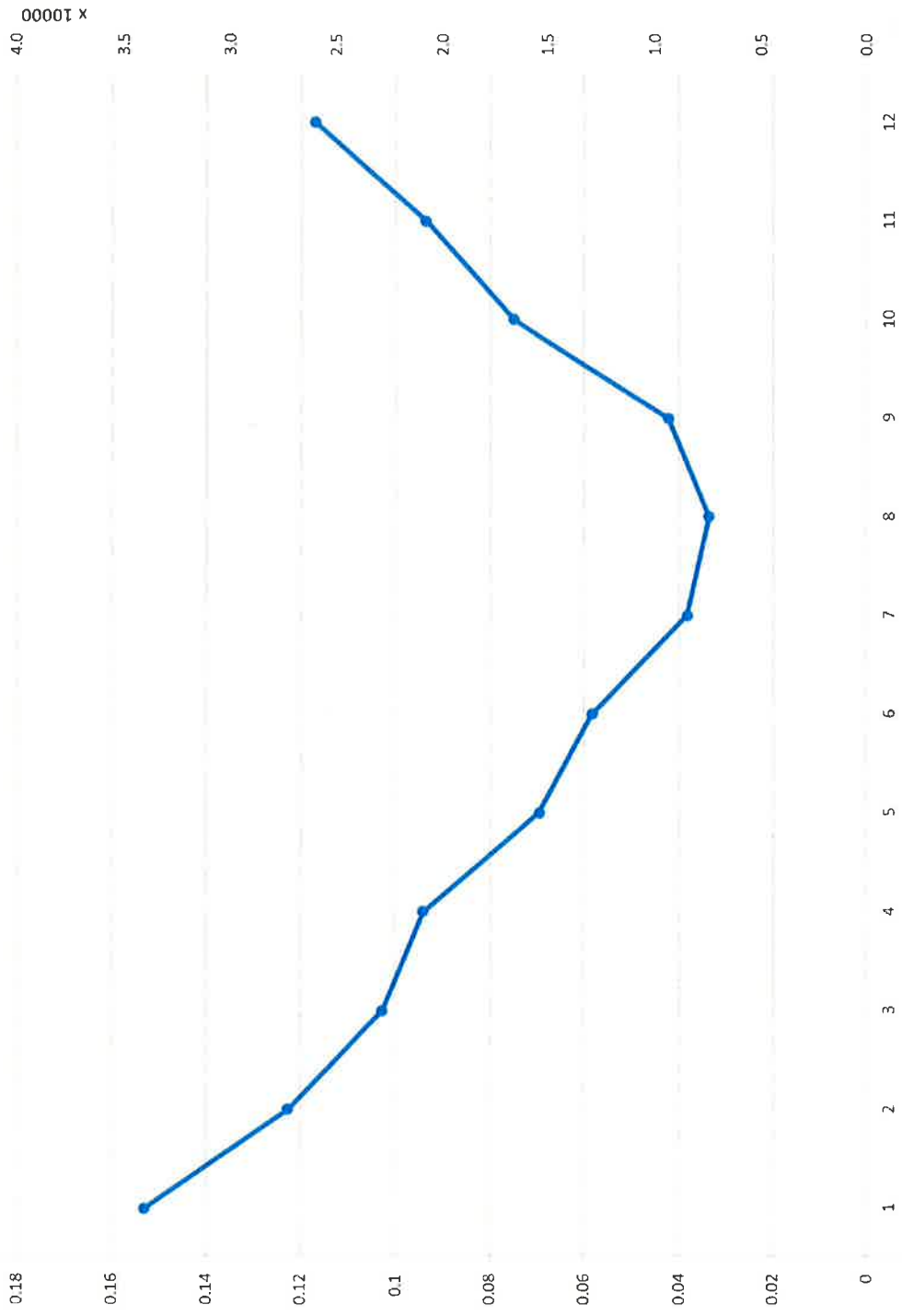
Agreements

- 3.1 All current agreements or commitments not disclosed in other sections of this list.
- 3.2 All agreements encumbering real property owned by the Organization.
- 3.3 Any and all agreements requiring the approval or consent of another entity in the event of a sale of all or part of the Organization's fixed assets.
- 3.4 Letters of agreement confirming any lines of credit of the Organization.

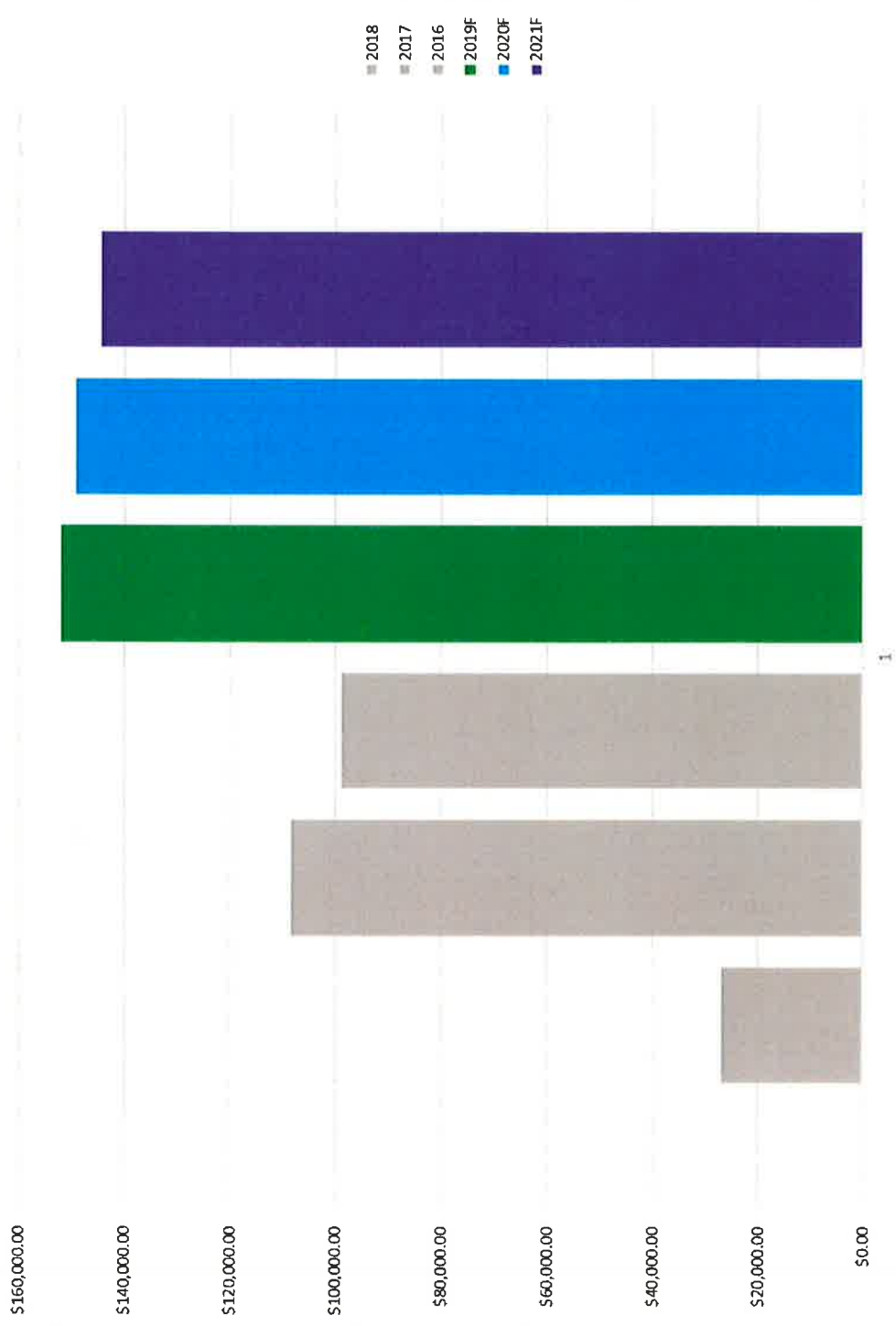
Construction of three (3) homeless resource centers

- 4.1 Construction Schedule(s).
- 4.2 Construction Project(s) scope, including maps, blueprints, drawings, permits/approvals and any draw requests and related lien waivers.
- 4.3 Construction project(s) budgets, including cash flow projections and actuals from STH and general contractors separately.
- 4.4 Outstanding grant proposal(s) seeking funding for the construction of the new resource centers.
- 4.5 State contribution contract or appropriation, including any provisions allowing for rights/interests in the three (3) homeless resource centers.
- 4.6 Naming rights contracts or agreements.
- 4.7 Verification of proper title to the three (3) homeless resource centers currently being constructed.
- 4.8 All project contracts signed by Organization/Owner, including but not limited to, general construction contract, project manager/owner's representative contract, architect's contract and engineering contract.
- 4.9 Project contract related to environmental assessment, Phase I ESA or further, and subsequent reports.
- 4.10 Equipment purchase orders/invoices.
- 4.11 Service provider operation contracts for the three (3) resource centers.
- 4.12 Service provider lease agreements for the three (3) resource centers.

Baseline Usage



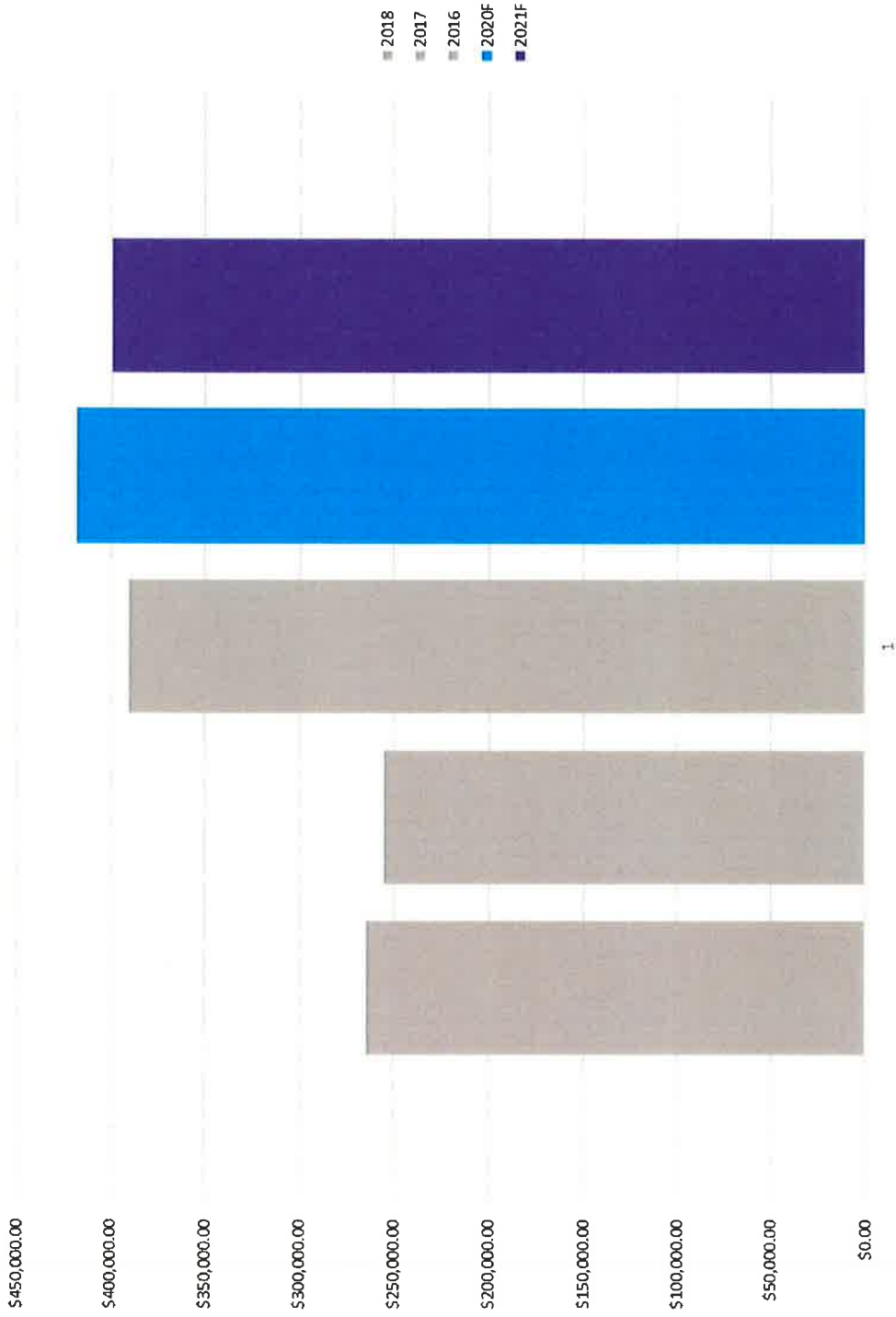
Savings (Aug - Dec)



Aug-Dec	Savings \$/%
2018	\$34.26
2017	\$137.71
2016	\$125.40
2019F	\$193.05
2020F	\$189.59
2021F	\$183.40

- 2018
- 2017
- 2016
- 2019F
- 2020F
- 2021F

Savings (Jan-Dec)



Yearly	Savings \$/%
2018	\$121.27
2017	\$117.06
2016	\$179.05
2020F	\$191.84
2021F	\$183.25

September							October							November						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7			1	2	3	4	5						1	2
8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9
15	16	17	18	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16
22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23
29	30						27	28	29	30	31			24	25	26	27	28	29	30

Day	Date	Event	Responsibility
Monday	September 2	Draft Calendar of Events is distributed to working group.	MA
Friday	September 13	Bond Counsel is selected.	DA
Wednesday	September 25	DRC Meeting - discuss calendar, structure, distribution list, parameters, etc.	DRC, DDA, MA, BC
Friday	October 4	Bond Counsel distributes draft Parameters/Delegating Resolution to the working group.	BC
Wednesday	October 9	Parameters/Delegating Resolution is placed on Council Agenda for October 15th meeting.	BC, CL
Monday	October 14	Draft Preliminary Official Statement is distributed to the working group for review.	MA
Tuesday	October 15	County Council Meeting to consider Adoption of Parameters Resolution. (Council Chambers – 4:00 p.m.).	ALL
Monday	October 21	“Notice of Bonds to be Issued” is published in The Salt Lake Tribune and The Deseret News.	BC
Wednesday	October 23	Due Diligence meeting to review POS. (2:00 pm – Utah time)	DRC, BC, MA
Week of	October 28	Second publication of the “Notice of Bonds to be Issued” in The Salt Lake Tribune and The Deseret News. (Begins 30-day contest period.)	BC
Tuesday	October 29	Revised POS is distributed to working group.	MA
Tuesday	October 29	Rating package is sent to rating agencies.	MA
Week of	November 4th	Rating Presentations - San Francisco (6th & 7th)	By Invitation
Thursday	November 14	Receive ratings.	MA

*Preliminary; subject to change



October							November							December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5						1	2	1	2	3	4	5	6	7
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
27	28	29	30	31			24	25	26	27	28	29	30	29	30	31				

Day	Date	Event	Responsibility
Monday	November 18	POS distributed to the market.	MA
Thursday	November 28	30-day contest period expires.	NA
Wednesday	December 4	Competitive Bond Sale - 9:30 am (Office of Zions Public Finance).	DRC, MA
Wednesday	December 4	Award by delegated authority. (No later than 3:00 p.m.)	CFO
Wednesday	December 11	Bond Counsel distributes draft final bond documents.	BC
Wednesday	December 11	Final Official Statement is distributed.	MA
Monday	December 16	Pre-closing (Time and location TBD)	By Invitation
Wednesday	December 18	Bond closing; delivery of bond proceeds. (Offices of Bond Counsel – 9:30 a.m.)	ALL

*Preliminary; subject to change

LEGEND

AU	County Auditor.....	Scott Tingley
BC	Bond Counsel.....	TBD
CC	County Council.....	Richard Snelgrove, Chair
CFO	Deputy Mayor/Chief Financial Officer.....	Darrin Casper
CL	County Clerk.....	Sherrie Swensen
CAO	Deputy Mayor/Chief Administrative Officer.....	Erin Litvak
CT	County Treasurer.....	Wayne Cushing
DDA	Deputy District Attorney.....	Ralph Chamness, Craig Wangsgard
DRC	Debt Review Committee.....	Wayne Cushing, Chair
M	Mayor.....	Jenny Wilson
MA	Financial Advisor.....	Zions Public Finance
U	Underwriters.....	TBD

*Preliminary; subject to change

Salt Lake County, Utah

\$21,160,000 Sales Tax Revenue Bonds

Series December 18, 2019

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Salt Lake County, Utah

\$21,160,000 Sales Tax Revenue Bonds

Series December 18, 2019

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/18/2019	-	-	-	-	-
02/01/2021	2,650,000.00	1.850%	438,217.72	3,088,217.72	-
08/01/2021	-	-	171,217.50	171,217.50	3,259,435.22
02/01/2022	2,945,000.00	1.850%	171,217.50	3,116,217.50	-
08/01/2022	-	-	143,976.25	143,976.25	3,260,193.75
02/01/2023	3,000,000.00	1.850%	143,976.25	3,143,976.25	-
08/01/2023	-	-	116,226.25	116,226.25	3,260,202.50
02/01/2024	3,055,000.00	1.850%	116,226.25	3,171,226.25	-
08/01/2024	-	-	87,967.50	87,967.50	3,259,193.75
02/01/2025	3,110,000.00	1.850%	87,967.50	3,197,967.50	-
08/01/2025	-	-	59,200.00	59,200.00	3,257,167.50
02/01/2026	3,170,000.00	1.850%	59,200.00	3,229,200.00	-
08/01/2026	-	-	29,877.50	29,877.50	3,259,077.50
02/01/2027	3,230,000.00	1.850%	29,877.50	3,259,877.50	-
08/01/2027	-	-	-	-	3,259,877.50
Total	\$21,160,000.00	-	\$1,655,147.72	\$22,815,147.72	-

Yield Statistics

Bond Year Dollars	\$89,467.44
Average Life	4.228 Years
Average Coupon	1.850000%
Net Interest Cost (NIC)	1.850000%
True Interest Cost (TIC)	1.8471078%
Bond Yield for Arbitrage Purposes	1.8471078%
All Inclusive Cost (AIC)	2.0345211%

IRS Form 8038

Net Interest Cost	1.850000%
Weighted Average Maturity	4.228 Years

Salt Lake County, Utah

\$21,160,000 Sales Tax Revenue Bonds

Series December 18, 2019

Sources & Uses

Dated 12/18/2019 | Delivered 12/18/2019

Sources Of Funds

Par Amount of Bonds	\$21,160,000.00
Total Sources	\$21,160,000.00

Uses Of Funds

Deposit to Project Construction Fund	21,000,000.00
Costs of Issuance	158,700.00
Rounding Amount	1,300.00
Total Uses	\$21,160,000.00

Salt Lake County, Utah

\$21,000,000 Sales Tax Revenue Bonds

Series December 18, 2019

Sources & Uses

Dated 12/18/2019 | Delivered 12/18/2019

Sources Of Funds

Par Amount of Bonds	\$21,000,000.00
Reoffering Premium	161,070.00

Total Sources	\$21,161,070.00
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Uses Of Funds

Deposit to Project Construction Fund	21,000,000.00
Costs of Issuance	157,500.00
Rounding Amount	3,570.00

Total Uses	\$21,161,070.00
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