

SALT LAKE COUNTY

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



Meeting Minutes

Wednesday, April 27, 2022

2:00 PM

Room N2-800

Debt Review Committee

1. Call to Order

Present: Committee Member Chris Harding
Committee Member David Delquadro
Committee Member Darrin Casper
Committee Member Ralph Chamness
Committee Member Javaid Majid
Committee Member Mitchell Park
Ex-Officio Member Marcus Keller

Excused: Chair Wayne Cushing

2. Public Comment**3. Approval of Minutes**

3.1

[22-0398](#)

Attachments: [DRC Pending Minutes 022322](#)

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

4. Discussion Items and Approval in Necessary

1

[22-0401](#)

Mr. Marcus Keller, Assistant Vice President, Zions Public Finance, reviewed the Market Update. He stated rates and outflows from the Municipal Bond Fund are going up. This will continue to drive up rates because there are fewer purchasers. It is an interesting time to sell bonds because purchasers used to lock in rates for 45 or 60 days, but now the new normal is 15 days. JP Morgan is projecting interest rates to stay mostly flat. He then reviewed the Municipal Market Outlook.

2

[22-0402](#)

Mr. Marcus Keller, Assistant Vice President, Zions Public Finance, presented five different scenarios for paying off the Shelter The Homeless portion of the Series 2020 Taxable Sales Tax Revenue and Refunding Bonds. The numbers are based on upcoming payments to take place on August 1st and January 1st.

Committee Member Casper stated the County intends to draw on American Rescue Plan Act (ARPA) funds, which will enable it to cash

defeasance almost everything, or at least the Shelter The Homeless portion. That debt is taxable and subject to rising interest rates. In general, defeasance does not seem to make a lot of sense to him, but it does make sense with this particular bond. There is momentum from the Council and the Mayor to help Shelter The Homeless.

Mr. Keller stated he talked with representatives from JP Morgan Chase to see if they would be willing to waive the call date, allowing the bonds to be paid off early. JP Morgan Chase is open to a conversation, but needs additional information. Removing the call date could save the County \$4.6 million, but there are risks. The County does not have all the cash yet, and it would have to use its own funds to defease this until it is able to reimburse itself.

Committee Member Casper stated his staff is working on how to handle the ARPA payments for Shelter The Homeless. ARPA cannot be used for debt, but it can be used for operations. If the County chooses to defease, this could create a timing issue. It is also important to consider that there are other ways to invest \$16 million that could benefit the County even more. It is a tricky financial analysis, but it might be a good way to go.

Committee Member Delquadro stated this is a call that should be made by the Mayor and the Council because it goes outside of financial analysis. If they decide to proceed, it will be the job of the Debt Review Committee to maximize the financial side

3

[22-0403](#)

Attachments: [CVE Quote CVEQ72674 - 1 year revised # 2](#)
[CVE Quote CVEQ72676 - 3 year revised # 2](#)
[Copy of CVE-Salt Lake County 2022 1-3 year -Quote Sheet - w discount savings calculation](#)

Mr. Zachary Posner, Chief Information Officer, Information Services Division, stated in the past, financing was available through Cisco. This time Cisco is no longer able to offer financing. Information Services has a choice between paying annually or all at once for a significant discount. The discount is around \$68,000, but the real discount would be being locked into the current interest rate, which is likely to increase soon.

Mr. Kimball Ball, Administrative/Fiscal Manager, Information Services

Division, distributed an information sheet that gave a comparison of the three-year versus the annual option. The potential savings is roughly \$132,000. The Information Services Division does not have the money to pay for this up front, and he is seeking guidance on how the County would like to proceed.

Committee Member Casper stated it clearly does not make sense to pay the interest charge, nor does it make sense to do a financing. His preference would be to internally finance this.

Ms. Melani Martinez, Information Technology Contracts Manager, Information Services Division, stated Information Technology received a one-year quote from Valcom and it is about \$57,000 more than the one-year quote from Cache Valley. The quote from the third vendor has not been received, but it will probably be higher than the quote from the incumbent.

Committee Member Casper stated it does not make sense to borrow money because the cost of issuance would outweigh the benefit. It also does not make sense to make yearly payments because of the interest rate. For a savings of \$130,000, he would prefer to pay out of pocket, ask for budget adjustment for the incremental difference of roughly \$650,000, and then note the Information Services' budget would go down by the amount budgeted for this project over the next two years.

A motion was made by Committee Member Casper, seconded by Committee Member Delquadro, that the Debt Review Committee recommend the Mayor and the Council agree to finance the costs for a three-year informational technology maintenance contract as a one-time lump sum payment. Council Member Delquadro amended the motion to state that this approach would be consistent with making debt avoidance a priority. Committee Member Casper accepted the amendment. The motion passed unanimously.

Ms. Martinez stated the deadline for payment is May 21, 2022, and it cannot be delayed until June.

Ms. Cherie Root, Associate Director of Finance and Administration, Information Services Division, stated she will submit the request today to get it on the Council agenda for next week.

5. Other Committee Business

6. Adjournment

The meeting was adjourned at 3:00 PM.

SHERRIE SWENSEN, COUNTY CLERK

By _____
DEPUTY CLERK

By _____
CHAIR, DEBT REVIEW COMMITTEE