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# SALT LAKE COUNTY

## Debt Review Committee

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### **Debt Review Committee Meeting – MINUTES (approved)**

Wednesday, April 26, 2017, 2pm - Auditor's Office Conference Room N3-300

Salt Lake County Government Center

2001 South State Street, Salt Lake City, Utah 84190

### **ATTENDEES**

#### **Committee Members Present:**

Scott Tingley (Auditor), chairman  
Jon Bronson (Zion's Bank), ex-officio member  
Darrin Casper (Mayor's Finance), member  
Ralph Chamness (District Attorney), member  
K. Wayne Cushing (Treasurer), member  
David Delquadro (County Council), member  
Cherylann Johnson (Auditor), member  
Jason Rose (County Council), member

#### **Committee Members Absent:**

Javaid Majid (Mayor's Finance), member

#### **Other Attendees:**

Steve Barnes (District Attorney)  
Shanell Beecher (Mayor's Finance)  
Ryan Bjerke (Chapman & Cutler)  
Greg Folta (Mayor's Finance)  
Walt Gilmore (Parks & Rec)  
Martin Jensen (Parks & Rec)  
Christina Oliver (Parks & Rec)  
Jana Ostler (Auditor)  
Marcus Keller (Zion's Bank)  
Bob Kinney (Wells Fargo)  
Rod Kitchens (Mayor's Finance)  
John Pectol (Mayor's Finance)  
Eric Pehrson (Zion's Bank)  
Brad Patterson (Gilmore Bell)  
Ryan Poulsen (Wells Fargo)  
Benjamin Umeadi (Treasurer)  
Blake Wade (Gilmore Bell)  
Craig Wangsgard (District Atty.)

### **AGENDA ITEMS**

The meeting was called to order by Chairman Tingley at 2:02pm.

#### **1. Public Comment**

No public comment.

#### **2. Approval of Minutes – March 29, 2017**

Jon Bronson suggested a correction to the minutes on agenda item 3, page 2. Ralph Chamness moved to approve the minutes of the March 29, 2017 Debt Review Committee meeting including the changes discussed. Wayne Cushing seconded the motion, and all voted in favor.

#### **3. Due Diligence Review of Sales Tax Revenue (TRCC) Bonds, Series 2017 POS (Preliminary Official Statement)**

Before beginning this portion of the meeting, time was given to Greg Folta to present information on the New Market Tax Credit (agenda item #7). A summary of that presentation and discussion is found below under #7.

Jon Bronson distributed an agenda for the Due Diligence Review of Sales Tax Revenue (TRCC) Bonds portion of the meeting. Second on that agenda (after introductions of meeting participants) was a Market Update from Bob Kinney of Wells Fargo. A summary of that presentation and discussion is found below under #9.

To begin the discussion of the Sales Tax Revenue (TRCC) Bonds, Series 2017, Jon Bronson requested approximate costs for the projects being funded with these bonds, namely the Mid-Valley Theatre, Parks Administration Building, and other projects under consideration. Darrin Casper will provide those numbers. This was item 3 on Mr. Bronson's agenda.

In item 4 on the TRCC Bond Due Diligence agenda, Jon Bronson recommends getting ratings from Fitch and S&P, but not Moody's, for the TRCC Bond issue.

In item 5, Mr. Bronson reviewed the calendar for the TRCC Bond issue. Calendar items can be found on the attached agenda.

Item 6 is a review of the structure of the TRCC Bond. Jon Bronson pointed out that this is a new indenture using TRCC sales tax revenues as collateral and that there has been some prior use of TRCC funds in supporting some debt, but that the use is not contractual. The County may continue to use TRCC funds to pay those prior debt obligations, but the money is not pledged for that purpose. There is also a small portion of the TRCC funds (\$400,000) that is required by statute to be used for specific purposes associated with Ski Salt Lake. Darrin Casper explained that the way the funds appear in the CAFR and in the management use are different and may cause confusion, but the important thing to know is that none of the TRCC funds are pledged to another debt obligation. Mr. Casper will prepare a detailed explanation of this situation for the ratings presentation. Jon Bronson asked which month the County would like the first principal and interest payments to occur. Darrin Casper confirmed that February 2018 would work.

Discussion of the structure of the TRCC Bonds continued with a review of the Wells Fargo numbers attached below. Jon Bronson explained that the market will want to give a generous premium, so we will structure the numbers around that assumption, with the goal of delivering \$53 mil for projects plus cost of issuance. Mr. Bronson discussed the bond pricing, coupon rates, yield and yield to maturity and emphasized that if for some reason the bonds are not called by their call date, the County would be paying too much. Mr. Bronson still recommends that the bonds be callable because the majority of municipal bonds do get called and the market prefers bonds to be structured this way. There was a discussion on the length of the call period and Jon Bronson asked if the Debt Review Committee is comfortable with starting with a standard 10-year call period and then shortening it if possible without costing the County anything. The committee agreed to proceed as suggested.

Eric Pehrson conducted a review of the Preliminary Official Statement (POS) of the Sales Tax Revenue (TRCC) Bonds. *Note: The POS is not attached below; please contact Jana Ostler ([jostler@slco.org](mailto:jostler@slco.org)) for more information.* Darrin Casper had a few comments about the new indenture created by Ryan Bjerke. Bond Counsel will make adjustments as needed. Members of the Debt Review Committee, as well as visiting participants, contributed edit suggestions to the POS. A selection of the edit suggestions follows. Darrin Casper corrected the budgeted Bond amount from \$53 mil to \$53.8 mil, the name of the theater being built with this bond money was changed to "Mid-Valley Performing Arts Center," and the location of Taylorsville was removed to allow for more flexibility and focus on Salt Lake County.

There was a discussion about which year's CAFR would be included in the Official Statement. The 2016 CAFR will not be prepared in time to include in the Preliminary Official Statement, but will be available to include in the Final Official Statement. Brad Patterson (Underwriter's Counsel for Wells Fargo) emphasized that because the final OS will include the 2016 CAFR, the POS will need to address any potential "surprises" between the 2015 and the 2016 CAFRs, so that investors have a fair sense of what they are purchasing. Brad Patterson suggested adding a risk factor on page 6 regarding the industries upon which this tax relies. Most of the industries appear to be tourism industries and therefore subject to some volatility, however, Darrin Casper pointed out that one of the largest revenue streams included in the pledged taxes is the restaurant tax, which is

mostly local and not primarily dependent on tourism. Several Committee members suggested edits to page 12 under “Pledged Taxes,” including striking the word tourism from each of the listed taxes and changing some wording for more clarity.

Brad Patterson asked if there are any plans to use these pledged taxes for additional bonds within the next 3 to 5 years. Darrin Casper and other members confirmed that there are no other bonds using these taxes and none planned for at least the stated time period. Mr. Patterson suggested that those intentions be clearly stated in the POS. Darrin Casper proposed that the Risk factors be cross referenced with the Historical Pledged Tax Collections table (p. 15) to show the stability of the revenue streams. Some language on page 16 was altered to clarify that none of the Pledged Taxes are encumbered or otherwise dedicated for other uses by the County. Darrin Casper recommended that language be inserted to explain that some of the numbers in the POS will not match up to the CAFR because some of the funds are consolidated in one and not in the other.

Edit suggestions for page 23 include inserting information about the partially-funded irrevocable trust set up to cover OPEB (Other Post-Employment Benefits). Some edits were suggested for page 39 clarifying the County’s involvement in the Utah Performing Arts Center Agency and other joint ventures. Eric Pehrson confirmed that numbers throughout the POS (including some on page 47) will be updated as new information is received. Darrin Casper also stated that his staff is working on updating several portions of the POS. The Mayor’s team will review the management’s analysis on page 48. Brad Patterson asked about possible litigation against the County and wanted assurance that there are no legal matters pending that may adversely affect the issuance of these bonds or the financial status of the County. Ralph Chamness of the District Attorney’s office confirmed that he is not aware of any such issues.

Time was given to Brad Patterson to ask Due Diligence Questions regarding the TRCC Bonds. Mr. Patterson requested that he be able to check back with the County in a month and a half (before the offering) to confirm that the answers to the Due Diligence questions have not changed since the time of this meeting. The questionnaire is attached below. Summarized answers follow. 1. Everyone here, 2. Yes, 3. No, no, 4. Yes, (disclosed in the POS), 5. No, 6. Strong, no concerns, 7. Going well, 8. No, 9. Ok, 10. No, 11. No, 12. No, 13. No, 14. No, 15. No, 16. No, 17. GO debt, this issue, TRANS, possible criminal justice and library, bonds or vote, 18. Yes, 19. Yes, 20. Good, 21. Nothing, 22. Only positive, 23. No, 24. Yes, 25. Yes, we always comply, 26. No, no, 27. No, 28. No, 29. Pressures on Criminal Justice System in general, Information Technology demands, and employee compression issues, 30. No.

**4. Due Diligence Review of General Obligation Bonds, Series 2017 POS, including discussion of the private business use issues in the General Obligation Issuance**

Jon Bronson distributed an agenda for the GO Bond Review (attached below). Item 1 introduced the team for this bond. Blake Wade of Gilmore Bell is Bond Counsel. Several items on this agenda are the same as the review for the TRCC Bond and did not require additional or substantial discussion. Item 4 outlines the calendar for the GO Bonds. Item 5 was a review of the structure as illustrated in the report provided by Zions Public Finance (attached below) and the attached agenda. The total on this bond is \$90 mil, but only \$45 mil will be issued for this bond issuance. Jon Bronson asked for confirmation that the County has the money for the 12/15/17 payment in hand. Darrin Casper confirmed that it does. Jon Bronson called attention to the Pricing Summary and stated that the County has requested that these bonds be non-callable and explained that because they are non-callable, the coupon does not matter as much as with callable bonds. The market still wants to give a generous coupon.

Eric Pehrson led the review of the POS for the GO Bonds. Much of the information in the POS for the General Obligation Bonds is the same as in the POS for the TRCC Bonds. Eric Pehrson highlighted some of the differences between the two, such as the source of tax revenue and historical information regarding property valuations and tax rates. Blake Wade asked if Zion’s Public Finance is comfortable being cited as the source for some statistics included in the POS (especially in tables), as that makes them somewhat liable for the accuracy

of the information. Eric Pehrson and Jon Bronson both affirmed that they are comfortable with that position because they gather the information from reliable sources such as the State Tax Commission and the County and then simply compile it for the purpose of this Statement. Blake Wade asked how often the County verifies the valuation of OPEB. Darrin Casper responded that an actuarial study is done every two years. Blake Wade requested some clarifying language be added as a footnote on page 39.

Blake Wade asked Martin Jensen of Parks and Rec about some private use issues. Mr. Jensen stated that after reviewing the majority of the Parks projects he can confidently say that there are no instances of record where private businesses are benefitting from the Parks. At some of the County rec centers there are vendors that provide various classes to the community through contracts totaling about \$700,000.00 for 2016. Mr. Wade advised that those contracts ought to be made on a month to month basis in order to be in compliance with rules regulating private use. He also recommended that he and Mr. Martin consult with the tax attorneys to make sure that all contracts are structured in an appropriate way. Jon Bronson mentioned the possibility of making a portion of these bonds taxable if necessary. Mr. Wade reviewed the Due Diligence questions which are the same as the questions for the TRCC Bonds and therefor did not require additional discussion.

**5. Review Draft RFP for TRCC Sales Tax Revenue Bonds Trustee**

Jon Bronson distributed a draft RFP for Bond Trustee Services for the TRCC Bond Series 2017 with the possibility of extending the RFP to other Bond Series if desired. Wayne Cushing asked for clarification as to why we need the RFP and Jon Bronson explained that because the TRCC Bonds are a new indenture, they do not already have a Bond Trustee. There was also some discussion about dissatisfaction with some Bond Trustees in the past and the possibility of changing those through the RFP as well. Darrin Casper suggested that Contracts and Procurement should be consulted on how to proceed on this issue, but would like the flexibility to change trustees on all debt if needed.

**6. Discussion Regarding Changes to Other Existing Trustees**

Because there has been some dissatisfaction with Bond Trustees in the past (mostly Bank of New York Mellon ), Darrin Casper recommended that the RFP be open to change trustees on all debt, giving the County flexibility to change Trustees as needed.

**7. New Market Tax Credit Update**

Greg Folta presented information regarding the New Market Tax Credit Transaction on the Downtown Health Center. The transaction involves Community Development Finance Alliance, a local CDE, as the community development entity and US Bank as the investor. Mr. Folta shared a diagram of the structure of this New Market Tax Credit, which shows the entities involved in the transaction and how the transaction appears in the Salt Lake County Cash Flow. The presented documents show a net benefit of approximately \$2.7 mil to the County from the New Market Tax Credit transaction. Wayne Cushing asked for clarification on when the County would need money sent out. Darrin Casper will clarify later.

**8. Calendar Issue: Possible cancelation of the regular DRC meeting on May 31**

The Committee decided to leave the May 31<sup>st</sup> meeting on the calendar for now, and evaluate whether it is needed as we get closer to the date.

**9. Financial Advisor Updates**

At the request of Jon Bronson, Bob Kinney of Wells Fargo Securities presented the financial update. Rates are still low which means that this is still a good time to borrow. There has been some volatility in the market since the presidential election in November. The market rallied to a rate high in March 2017, but rates have since come back down. There continues to be some volatility in the market, due, in part, to uncertainty about President Trump's ability to pass legislation on health care and tax reform. Mr. Kinney presented charts depicting municipal fund assets inflows and outflows and expected reinvestment dollars for 2017 and discussed what those numbers mean for the County. In general, the market looks favorable for the County's borrowing

purposes. Mr. Kinney presented the June economic calendar highlighting events with potential effect on the market, such as the Fed meeting in June, in which a rate increase is expected. The possible rate increase causes some uncertainty for the County's bond issue, however, when the Fed has raised rates in the recent past, they have been careful to be transparent about their actions to not cause a serious negative jolt to the market.

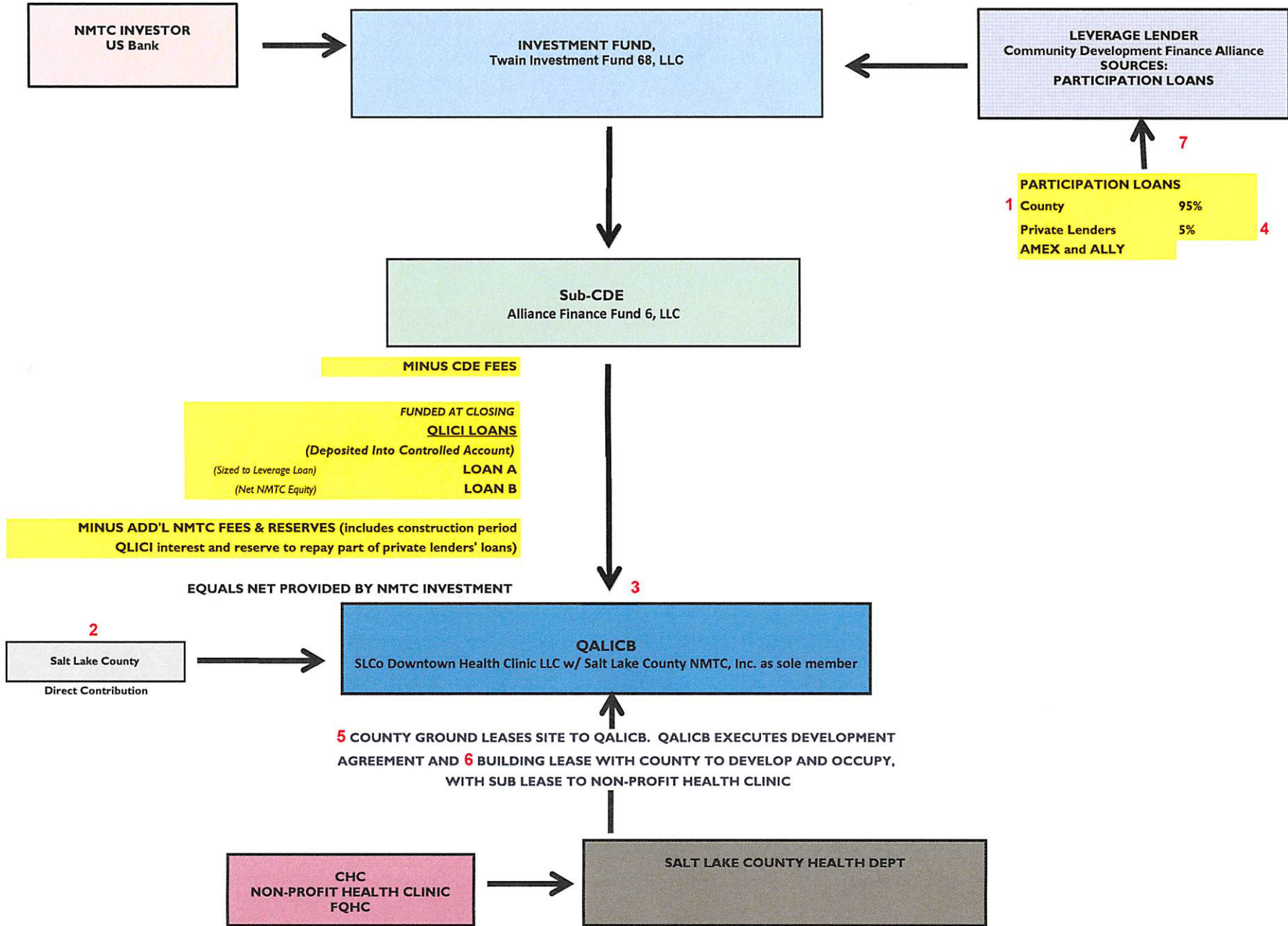
10. **Other**

No other business.

11. **Adjourn**

Darrin Casper moved to adjourn and Wayne Cushing seconded the motion. All were in favor and the meeting adjourned at 4:55pm.

SALT LAKE COUNTY, UT  
DOWNTOWN HEALTH CENTER  
NMTC TRANSACTION FLOW



Health Building NMTC Transaction Net Cash Flow to Salt Lake County										
Year		1. County makes Participation Loan	2. County makes direct contribution to the project (Approx. \$1M already spent)	3. Project is funded to QALICB & completed (the County funds + 2.84M Net Equity Investment)	4. County pays off other banks' Participation Loans	5. Ground Lease Payments from QALICB to Salt Lake County	6. Building Lease payments from Salt Lake County to QALICB	7. Participation Loan interest payments from CDFA	Net Cashflow	PV of Savings
2017	1	\$ (7,262,900)	\$ (6,700,000)	\$ 16,800,000				\$ 59,511	\$ 2,896,611	\$ 2,798,658
2018	2	All taxable bond	6.24M taxable					\$ 99,101	\$ 99,101	\$ 92,512
2019	3		460K non-taxable			\$ 1	\$ (140,000)	\$ 99,101	\$ (40,898)	\$ (36,888)
2020	4					\$ 1	\$ (140,000)	\$ 99,101	\$ (40,898)	\$ (35,640)
2021	5					\$ 1	\$ (140,000)	\$ 99,101	\$ (40,898)	\$ (34,435)
2022	6					\$ 1	\$ (140,000)	\$ 99,101	\$ (40,898)	\$ (33,271)
2023	7					\$ 1	\$ (140,000)	\$ 99,101	\$ (40,898)	\$ (32,145)
2024	8				\$ (115,500)	\$ 1		\$ 39,090	\$ (76,409)	\$ (58,026)
Totals if put or call is exercised and the County decides to forgive the Leverage Loan then owed to them by SLCO NMTC, Inc.									\$ 2,714,813	\$ 2,660,765

1. Net cash flows are discounted at 3.5% to arrive at the present value savings.

Salt Lake County, Utah  
Sales Tax Revenue (TRCC) Bonds, Series 2017  
Due Diligence Meeting  
April 26, 2017  
Items to Discuss

1. Introductions of Team Members
2. Market Update from Bob Kinney
3. Projects:
  - i. Mid-Valley Theatre – Cost?
  - ii. Parks Administration Building – Cost?
  - iii. Other Projects – Cost?
4. Ratings:
  - a. Fitch and S&P recommended
5. Review Calendar:
  - a. Parameters Resolution was adopted on March 7<sup>th</sup>
  - b. Public Hearing was held on April 4<sup>th</sup>
  - c. Rating package will be sent on May 2<sup>nd</sup>
  - d. Rating Rehearsal meeting will be on May 5<sup>th</sup> at 2:00 pm (Darrin's office)
  - e. Meetings with rating agencies on May 11<sup>th</sup> and 12<sup>th</sup> in SF
  - f. Receive ratings on May 19<sup>th</sup>
  - g. Distribute POS to Underwriter on May 30<sup>th</sup>
  - h. Pre-pricing call with Wells Fargo on June 21<sup>st</sup>
  - i. Pricing on the morning of June 22<sup>nd</sup>
  - j. Award by designee (Darrin Casper) – June 22<sup>nd</sup> no later than 4:00 pm
  - k. Closing – 9:00 am on July 11<sup>th</sup> at Chapman & Cutler
6. Review Structure:
  - a. New Indenture using TRCC sales tax revenues as collateral
    - i. Prior obligations of TRCC?
  - b. 20-year amortization; roughly level debt service
  - c. Principal and interest payment dates? February or August?
  - d. Review WF numbers estimated principal, coupons, yields, and premium
  - e. Not bank-qualified
  - f. Call provision discussion
  - g. Cost of Issuance – use \$200,000 (estimate – needs refinement)
7. Review Preliminary Official Statement (Eric Pehrson)
8. Review Gilmore & Bell questions



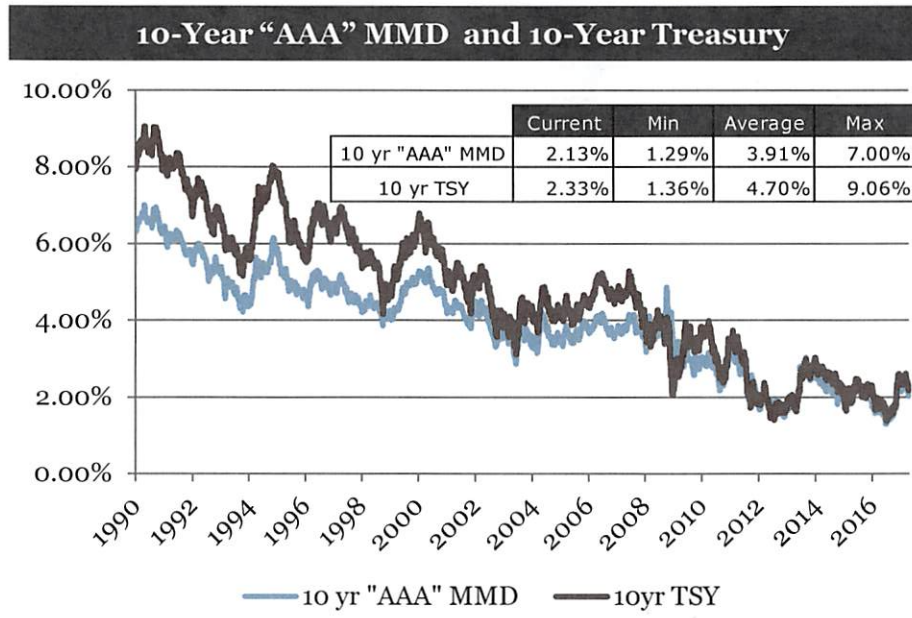
# Salt Lake County Market Update

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April 26, 2017



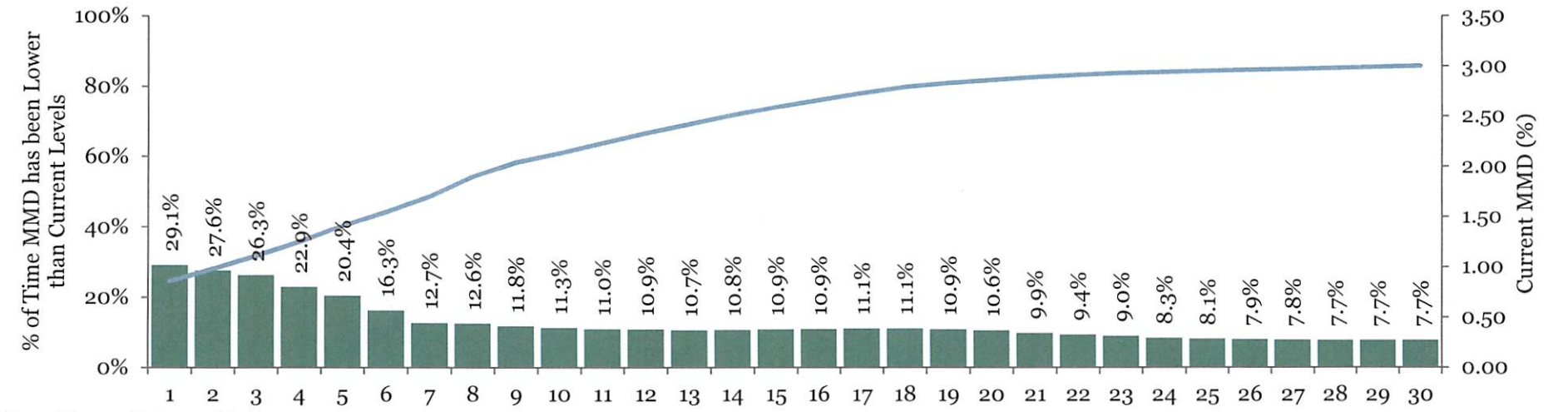
# Tax-Exempt Interest Rates Remain Near Historic Lows



### Movements in "AAA" MMD<sup>1</sup>

	Day after the Election	2017 High	Change from Day after Election to 2017 High	End of Multi-Week Rally	Change from 2017 High to End of Multi-Week Rally	Current
	11/9/2016	3/14/2017		4/21/2017		4/25/2017
1-Yr	0.68%	0.83%	+15 bps	0.84%	+1 bp	0.86%
5-Yr	1.18%	1.68%	+50 bps	1.37%	-31 bps	1.41%
10-Yr	1.86%	2.49%	+63 bps	2.05%	-44 bps	2.13%
20-Yr	2.54%	3.15%	+61 bps	2.76%	-39 bps	2.86%

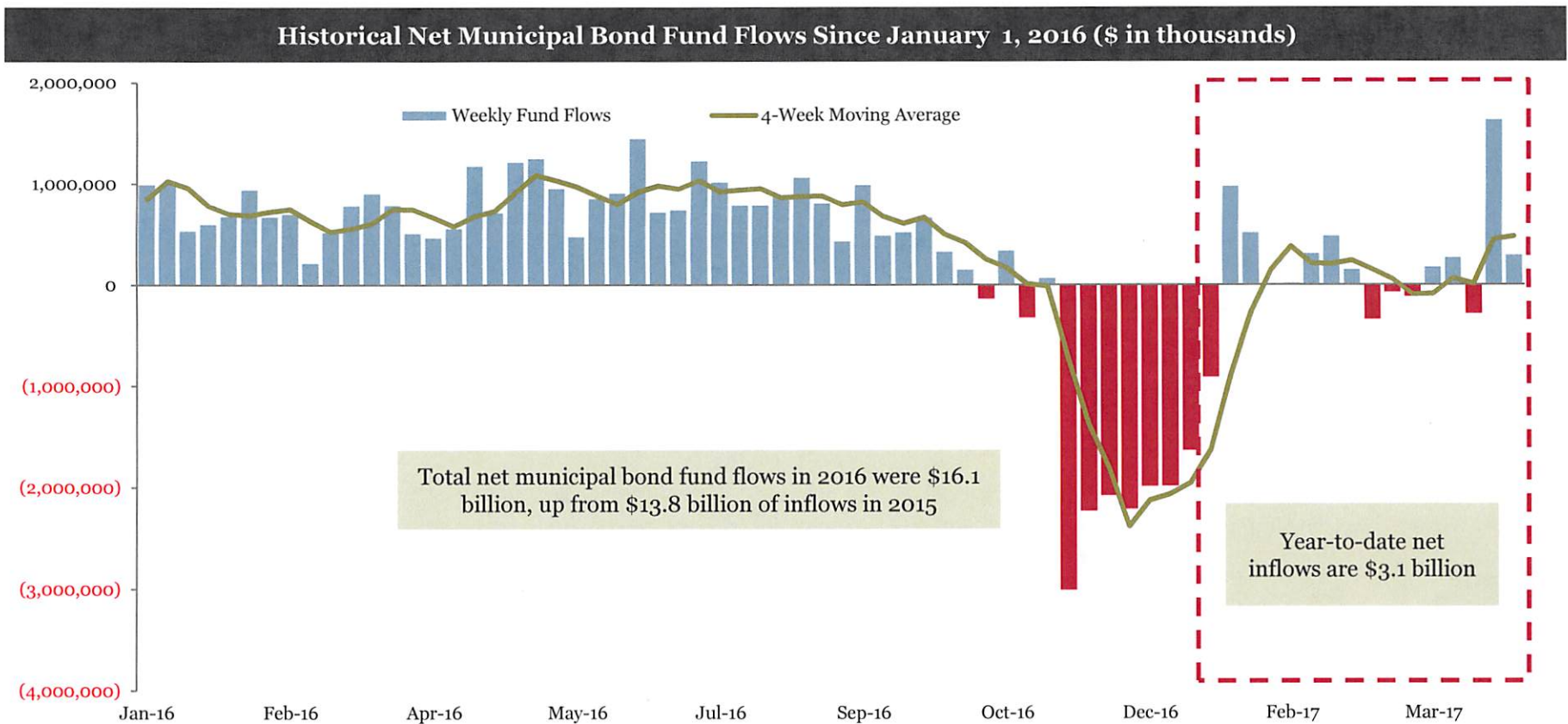
### "AAA" MMD Yield Curve and Percentage of Time MMD has been Lower Since 1990



Source: Thomson Reuters as of April 25, 2017  
<sup>1</sup>Printed MMD

## Municipal Fund Assets Inflows and Outflows

- Total net municipal bond mutual fund net inflows were \$16.1 billion in 2016, despite \$15.6 billion of outflows dominating the 4<sup>th</sup> quarter
- While total inflows were positive, the final seven weeks averaged net outflows of \$2.2 billion
- The weekly average inflow during 2016 was \$309.7 million, including 41 consecutive weeks of inflows that ended October 19, 2016
- Inflows of \$2.1 billion over the past month have contributed to the municipal market rally

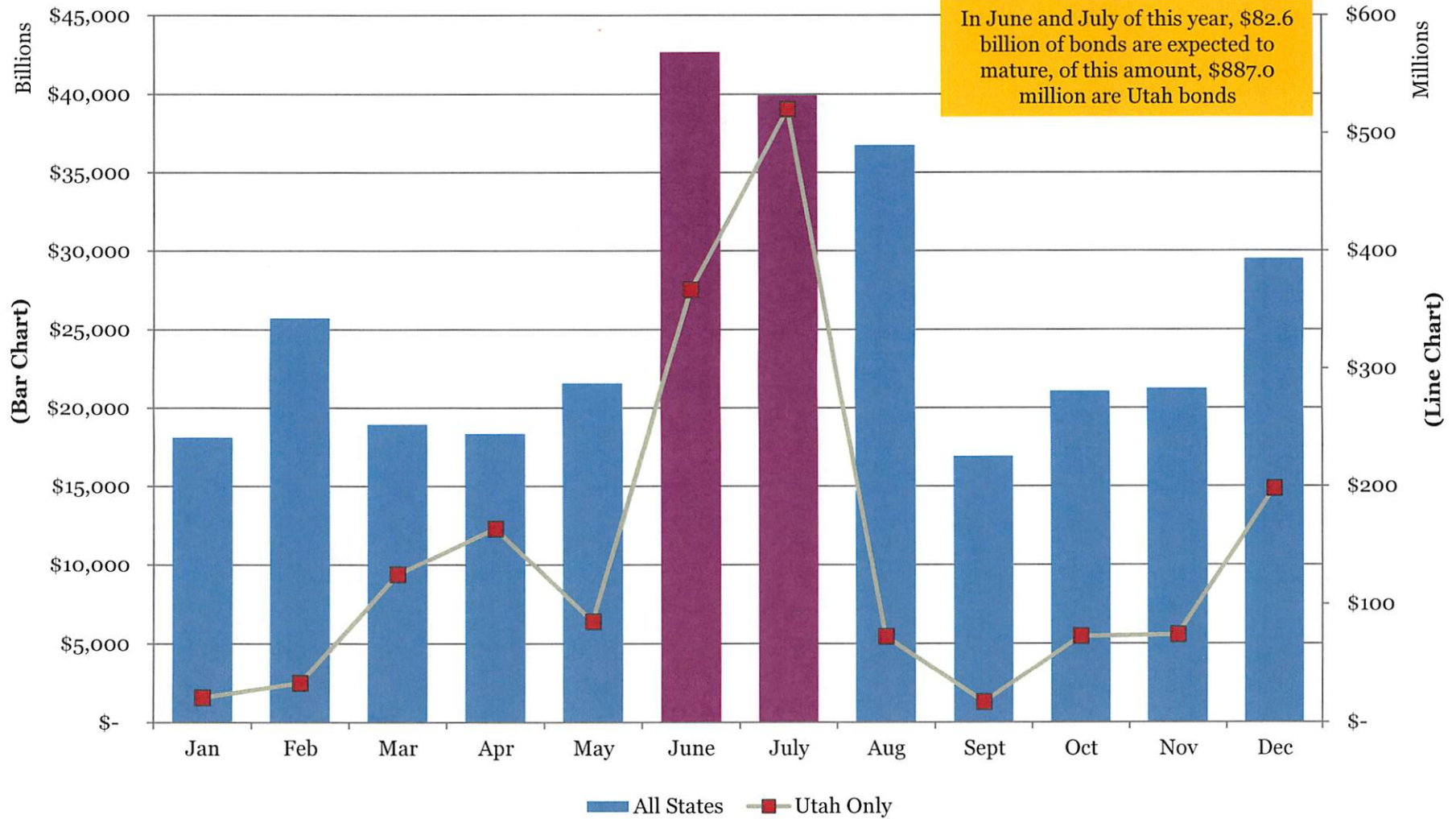


Source: Lipper, A Thomson Reuters Company, as of April 19, 2017. Represents only funds that report weekly (unless otherwise stated)



# Expected Reinvestment Dollars for 2017

## 2017 Maturing Principal



Source: Bloomberg, as of April 25, 2017

# June Economic Calendar

## June 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 ADP Employment [May] 8:15a Const. Spending [Apr] 10a ISM Manufacturing [May] 10a Vehicle Sales [May] 3p	2 Employment [May] 8:30a U.S. Int. Trade [Apr] 8:30a	3
4	5 Factory Orders [Apr] 10a ISM Non-Manuf. [May] 10a	6 JOLTS [Apr] 10a	7 Consumer Credit [Apr] 3p	8 ECB Announcement 7:45a	9	10
11	12 Federal Budget [May] 2p	13 NFIB Small Bus. [May] 6a CPI [May] 8:30a PPI [May] 8:30a	14 Retail Sales [May] 8:30a Bus. Inventories [Apr] 10a FOMC Statement 2p Press Conference 2:30p	15 Empire Manuf. [Jun] 8:30a Imp. Price Index [May] 8:30a Philly Fed Survey [Jun] 8:30a Industrial Prod. [May] 9:15a NAHB Index [Jun] 10a TIC [Apr] 4p	16 Housing Starts [May] 8:30a Mich. Cons. Sent. [Jun P] 10a State Employment [May] 10a	17
18	19	20 Current Account [Q1] 8:30a	21 Existing Home Sales [May] 10a	22 LEI [May] 10a <b>Salt Lake County Pricing</b>	23 New Home Sales [May] 10a	24
25	26 Durable Goods [May] 8:30a	27 S&P/C-S Home Prices [Apr] 9a Cons. Confidence [Jun] 10a	28 Pending Home Sales [May] 10a	29	30 Pers. Inc. & Spend. [May] 8:30a Chicago PMI [Jun] 9:45a Mich. Cons. Sent. [Jun F] 10a Vehicle Sales [Jun] 3p	

wellsfargo.com/economics

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All Times EST

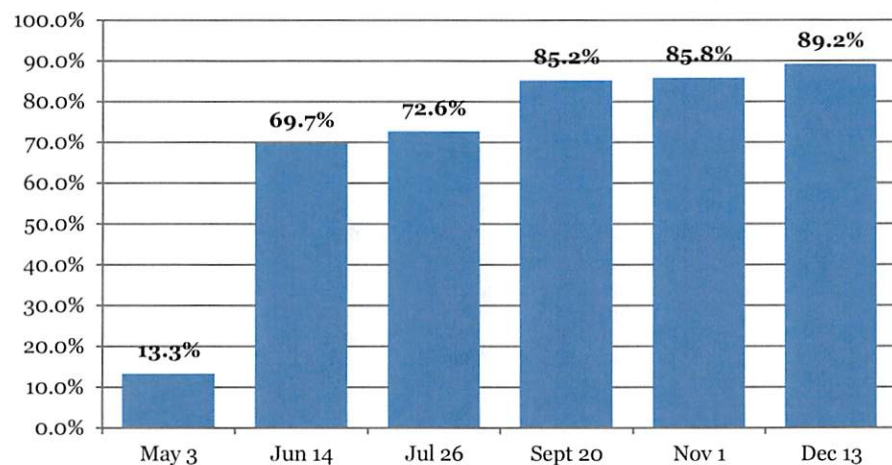
## Wells Fargo's Economic and Interest Rate Outlook

Summary of Wells Fargo Economic Forecast\*

Forecast (%)	2016 Actual				2017 Actual	2017 Projected		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Real GDP	0.80	1.40	3.50	2.10	0.80	2.90	2.60	2.30
Fed Funds Rate	0.50	0.50	0.50	0.75	1.00	1.25	1.50	1.50
2 Year Note	0.73	0.58	0.77	1.20	1.27	1.75	2.05	2.15
5 Year Note	1.21	1.01	1.14	1.93	1.93	2.10	2.40	2.46
10 Year Note	1.78	1.49	1.60	2.45	2.40	2.55	2.72	2.75
30 Year Bond	2.61	2.30	2.32	3.06	3.02	3.18	3.44	3.54
3-Month LIBOR	0.63	0.65	0.85	1.00	1.15	1.50	1.75	1.75
Core CPI	2.30	2.20	2.20	2.20	2.20	2.20	2.30	2.30

\*Source: WF Economists and Bloomberg

Probability of a Rate Hike\*\*



- The FOMC elected to raise the Federal Funds rate by a quarter percentage point at its March 2017 meeting (previous rate hike was December 2016)
- The next FOMC meeting is scheduled for May 2-3
- It is widely expected that the Fed will raise rates two more times this year (total of 50 bps)
- Currently, the implied probability of a 25 bp rate hike at the upcoming June 2017 meeting is 69.7%
- Wells Fargo economists are forecasting rate hikes in June and September 2017

\*\*Source: Bloomberg, as of April 25, 2017. Implied probability calculated using Fed Funds futures data

## SOURCES AND USES OF FUNDS

Salt Lake County  
 Sales Tax Revenue Bonds, Series 2017  
 Estimated Market Conditions as of April 25, 2017  
 Assumes Underlying Ratings of Aa1/AA+

Dated Date 07/11/2017  
 Delivery Date 07/11/2017

## Sources:

Bond Proceeds:	
Par Amount	45,525,000.00
Premium	7,721,164.60
	<hr/>
	53,246,164.60
	<hr/> <hr/>

## Uses:

Project Fund Deposits:	
Project Fund	53,000,000.00
Delivery Date Expenses:	
Cost of Issuance	150,000.00
Underwriter's Discount	<u>95,602.50</u>
	245,602.50
Other Uses of Funds:	
Additional Proceeds	562.10
	<hr/>
	53,246,164.60
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## BOND SUMMARY STATISTICS

Salt Lake County  
Sales Tax Revenue Bonds, Series 2017  
Estimated Market Conditions as of April 25, 2017  
Assumes Underlying Ratings of Aa1/AA+

Dated Date	07/11/2017
Delivery Date	07/11/2017
First Coupon	02/01/2018
Last Maturity	02/01/2037
Arbitrage Yield	2.596807%
True Interest Cost (TIC)	3.191874%
Net Interest Cost (NIC)	3.554890%
All-In TIC	3.223401%
Average Coupon	4.985867%
Average Life (years)	11.705
Duration of Issue (years)	9.113
Par Amount	45,525,000.00
Bond Proceeds	53,246,164.60
Total Interest	26,569,272.22
Net Interest	18,943,710.12
Total Debt Service	72,094,272.22
Maximum Annual Debt Service	3,607,625.00
Average Annual Debt Service	3,686,638.92
Underwriter's Fees (per \$1000)	
Average Takedown	1.750000
Other Fee	0.350000
Total Underwriter's Discount	2.100000
Bid Price	116.750274

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	45,525,000.00	116.960	4.986%	11.705	35,704.60
	45,525,000.00			11.705	35,704.60

	TIC	All-In TIC	Arbitrage Yield
Par Value	45,525,000.00	45,525,000.00	45,525,000.00
+ Accrued Interest			
+ Premium (Discount)	7,721,164.60	7,721,164.60	7,721,164.60
- Underwriter's Discount	-95,602.50	-95,602.50	
- Cost of Issuance Expense		-150,000.00	
- Other Amounts			
Target Value	53,150,562.10	53,000,562.10	53,246,164.60
Target Date	07/11/2017	07/11/2017	07/11/2017
Yield	3.191874%	3.223401%	2.596807%



## BOND PRICING

Salt Lake County  
Sales Tax Revenue Bonds, Series 2017  
Estimated Market Conditions as of April 25, 2017  
Assumes Underlying Ratings of Aa1/AA+

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Bond Component:									
	02/01/2018	1,275,000	3.000%	0.890%	101.166				14,866.50
	02/01/2019	1,450,000	4.000%	1.030%	104.571				66,279.50
	02/01/2020	1,510,000	4.000%	1.160%	107.130				107,663.00
	02/01/2021	1,580,000	5.000%	1.320%	112.740				201,292.00
	02/01/2022	1,660,000	5.000%	1.520%	115.260				253,316.00
	02/01/2023	1,745,000	5.000%	1.670%	117.596				307,050.20
	02/01/2024	1,835,000	5.000%	1.840%	119.429				356,522.15
	02/01/2025	1,930,000	5.000%	2.050%	120.550				396,615.00
	02/01/2026	2,030,000	5.000%	2.220%	121.552				437,505.60
	02/01/2027	2,135,000	5.000%	2.340%	122.657				483,726.95
	02/01/2028	2,245,000	5.000%	2.440%	121.700 C	2.632%	02/01/2027	100.000	487,165.00
	02/01/2029	2,360,000	5.000%	2.540%	120.753 C	2.876%	02/01/2027	100.000	489,770.80
	02/01/2030	2,480,000	5.000%	2.640%	119.815 C	3.084%	02/01/2027	100.000	491,412.00
	02/01/2031	2,605,000	5.000%	2.730%	118.977 C	3.257%	02/01/2027	100.000	494,350.85
	02/01/2032	2,740,000	5.000%	2.810%	118.239 C	3.401%	02/01/2027	100.000	499,748.60
	02/01/2033	2,880,000	5.000%	2.880%	117.597 C	3.521%	02/01/2027	100.000	506,793.60
	02/01/2034	3,025,000	5.000%	2.950%	116.960 C	3.628%	02/01/2027	100.000	513,040.00
	02/01/2035	3,180,000	5.000%	3.010%	116.417 C	3.718%	02/01/2027	100.000	522,060.60
	02/01/2036	3,345,000	5.000%	3.050%	116.056 C	3.787%	02/01/2027	100.000	537,073.20
	02/01/2037	3,515,000	5.000%	3.080%	115.787 C	3.844%	02/01/2027	100.000	554,913.05
		45,525,000							7,721,164.60

Dated Date	07/11/2017		
Delivery Date	07/11/2017		
First Coupon	02/01/2018		
Par Amount	45,525,000.00		
Premium	7,721,164.60		
Production	53,246,164.60	116.960274%	
Underwriter's Discount	-95,602.50	-0.210000%	
Purchase Price	53,150,562.10	116.750274%	
Accrued Interest			
Net Proceeds	53,150,562.10		

## BOND DEBT SERVICE

Salt Lake County  
Sales Tax Revenue Bonds, Series 2017  
Estimated Market Conditions as of April 25, 2017  
Assumes Underlying Ratings of Aa1/AA+

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2018	1,275,000	3.000%	1,233,972.22	2,508,972.22	
08/01/2018			1,091,450.00	1,091,450.00	3,600,422.22
02/01/2019	1,450,000	4.000%	1,091,450.00	2,541,450.00	
08/01/2019			1,062,450.00	1,062,450.00	3,603,900.00
02/01/2020	1,510,000	4.000%	1,062,450.00	2,572,450.00	
08/01/2020			1,032,250.00	1,032,250.00	3,604,700.00
02/01/2021	1,580,000	5.000%	1,032,250.00	2,612,250.00	
08/01/2021			992,750.00	992,750.00	3,605,000.00
02/01/2022	1,660,000	5.000%	992,750.00	2,652,750.00	
08/01/2022			951,250.00	951,250.00	3,604,000.00
02/01/2023	1,745,000	5.000%	951,250.00	2,696,250.00	
08/01/2023			907,625.00	907,625.00	3,603,875.00
02/01/2024	1,835,000	5.000%	907,625.00	2,742,625.00	
08/01/2024			861,750.00	861,750.00	3,604,375.00
02/01/2025	1,930,000	5.000%	861,750.00	2,791,750.00	
08/01/2025			813,500.00	813,500.00	3,605,250.00
02/01/2026	2,030,000	5.000%	813,500.00	2,843,500.00	
08/01/2026			762,750.00	762,750.00	3,606,250.00
02/01/2027	2,135,000	5.000%	762,750.00	2,897,750.00	
08/01/2027			709,375.00	709,375.00	3,607,125.00
02/01/2028	2,245,000	5.000%	709,375.00	2,954,375.00	
08/01/2028			653,250.00	653,250.00	3,607,625.00
02/01/2029	2,360,000	5.000%	653,250.00	3,013,250.00	
08/01/2029			594,250.00	594,250.00	3,607,500.00
02/01/2030	2,480,000	5.000%	594,250.00	3,074,250.00	
08/01/2030			532,250.00	532,250.00	3,606,500.00
02/01/2031	2,605,000	5.000%	532,250.00	3,137,250.00	
08/01/2031			467,125.00	467,125.00	3,604,375.00
02/01/2032	2,740,000	5.000%	467,125.00	3,207,125.00	
08/01/2032			398,625.00	398,625.00	3,605,750.00
02/01/2033	2,880,000	5.000%	398,625.00	3,278,625.00	
08/01/2033			326,625.00	326,625.00	3,605,250.00
02/01/2034	3,025,000	5.000%	326,625.00	3,351,625.00	
08/01/2034			251,000.00	251,000.00	3,602,625.00
02/01/2035	3,180,000	5.000%	251,000.00	3,431,000.00	
08/01/2035			171,500.00	171,500.00	3,602,500.00
02/01/2036	3,345,000	5.000%	171,500.00	3,516,500.00	
08/01/2036			87,875.00	87,875.00	3,604,375.00
02/01/2037	3,515,000	5.000%	87,875.00	3,602,875.00	3,602,875.00
	45,525,000		26,569,272.22	72,094,272.22	72,094,272.22

## BOND DEBT SERVICE

Salt Lake County  
Sales Tax Revenue Bonds, Series 2017  
Estimated Market Conditions as of April 25, 2017  
Assumes Underlying Ratings of Aa1/AA+

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2018	1,275,000	3.000%	2,325,422.22	3,600,422.22
12/31/2019	1,450,000	4.000%	2,153,900.00	3,603,900.00
12/31/2020	1,510,000	4.000%	2,094,700.00	3,604,700.00
12/31/2021	1,580,000	5.000%	2,025,000.00	3,605,000.00
12/31/2022	1,660,000	5.000%	1,944,000.00	3,604,000.00
12/31/2023	1,745,000	5.000%	1,858,875.00	3,603,875.00
12/31/2024	1,835,000	5.000%	1,769,375.00	3,604,375.00
12/31/2025	1,930,000	5.000%	1,675,250.00	3,605,250.00
12/31/2026	2,030,000	5.000%	1,576,250.00	3,606,250.00
12/31/2027	2,135,000	5.000%	1,472,125.00	3,607,125.00
12/31/2028	2,245,000	5.000%	1,362,625.00	3,607,625.00
12/31/2029	2,360,000	5.000%	1,247,500.00	3,607,500.00
12/31/2030	2,480,000	5.000%	1,126,500.00	3,606,500.00
12/31/2031	2,605,000	5.000%	999,375.00	3,604,375.00
12/31/2032	2,740,000	5.000%	865,750.00	3,605,750.00
12/31/2033	2,880,000	5.000%	725,250.00	3,605,250.00
12/31/2034	3,025,000	5.000%	577,625.00	3,602,625.00
12/31/2035	3,180,000	5.000%	422,500.00	3,602,500.00
12/31/2036	3,345,000	5.000%	259,375.00	3,604,375.00
12/31/2037	3,515,000	5.000%	87,875.00	3,602,875.00
	45,525,000		26,569,272.22	72,094,272.22

*SALT LAKE COUNTY, UTAH*  
*Sales Tax Revenue (TRCC) Bonds, Series 2017*

**Preliminary Official Statement**

1. Please identify County officers, staff, and/or representatives who have reviewed the current draft of Preliminary Official Statement (“POS”).

2. Based on such review, is the information contained in the POS true and correct in all material respects, including the operational and financial data presented therein?

3. Does the POS fail to include any information necessary to make the information contained therein accurate in all material respects? Are there any issues or information not discussed in the POS that you feel should be discussed in order to make sure there are no material omissions?

**Operations and Revenues**

4. Does the discussion under the caption “DEBT STRUCTURE OF SALT LAKE COUNTY, UTAH” presented in the POS include any privately placed obligations, capital leases, or other debt not publicly offered?

5. Has the County ever defaulted on or failed to make punctual payment of principal or interest on any of its material indebtedness or other obligation?

6. Please comment on the County’s fiscal year 2016 financial results. Did the results raise any concerns or reflect any material deterioration of the County’s financial condition as compared to fiscal year 2015 results? When will the audited financial statements for 2016 be completed?

7. Describe financial results for the Fiscal Year 2017 to date. Any material change expected in fiscal year 2017 results?

8. Please describe any recent events or factors affecting the County's economy that might affect the County revenues or the County's operations or financial condition. By way of example, is there any concern that the decision of the Outdoor Retailers could impact visits to the County, use of convention facilities or the economy in general?

9. Please discuss general trends in revenues received from the sales tax levies on short-term leasing, restaurants, and hotel room taxes. What sort of growth has the County seen, if any, in businesses providing these services? Has there been any loss of a major TRCC sales taxpayer in the last five years?

10. Discuss the dependence of the County on Federal Grants. What plans do you have in place in case of major funding reductions?

#### **Accounting Practices and Financial Statements**

11. Within the last five years, have there been any material changes to the County's accounting and/or financial reporting policies or practices?

12. Within the last five years, have there been any major findings, significant irregularities or material errors in the County's financial statements or accounting information or any prior period adjustments to its financial statements? If so, has this required the County to make any accounting restatements?

13. Has the County engaged in any extraordinary accounting transactions in the past five fiscal years to recognize additional revenue for purposes of calculating debt service coverage? If so, please describe. Were such extraordinary accounting transactions approved by an outside auditor as in accordance with GAAP?

14. Has the County projected any extraordinary accounting transactions in the current or next four fiscal years to recognize additional revenue for purposes of calculating debt service coverage? If so, please describe. Were such extraordinary accounting transactions approved by an outside auditor as in accordance with GAAP?

15. Has the County restated its audited financial statement for any of the last five fiscal years? If yes, is such restatement reflected in the historic operating results presented in the offering document?

16. Has the County made any prior period adjustments to its financial statements for any of the past five fiscal years? If yes, were the financial statements for the affected fiscal year restated to reflect such prior period adjustments? If not, was the County advised by its outside auditor that such restatement was not required under GAAP? Regardless of whether a restatement was required under GAAP, do the historic operating results for such prior fiscal year presented in the offering documents reflect such prior period adjustment?

### **Debt and Risk Management**

17. As it relates to the issuance of debt by the County, what else do you see on the horizon?

18. Does the County believe it has sufficient liability reserves and property insurance coverage?

### **OPEB and Pension Liability**

19. Does the draft of the POS, including the audited financial statements of the County for Fiscal Year 2015 to be included in the POS, fairly and accurately describe the County's pension plan and OPEB and their funded status?

20. Please comment on the OPEB liability and the County's progress in funding it.

### **Legal and Legislative**

21. Does the discussion under the caption "LEGAL MATTERS" in the POS accurately describe the status of any material litigation to which the County may be a party?

22. Were there any legislative measures proposed or passed in the last session that materially affected County revenues?

23. Is there any controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of monies to the payment of the Bonds?

### **Continuing Disclosure**

24. Does the POS fairly and accurately describe the County's continuing disclosure history for the last five years? Have any third parties prepared reports on the County's compliance with its continuing disclosure agreements in place? Results?

25. Please briefly discuss the procedures followed by the County to ensure compliance with continuing disclosure requirements, including filing of event notices. Have appropriate officials of the County received disclosure training or otherwise been advised of the County's responsibilities under the federal securities laws? Does the County have policies in place to ensure that it meets its continuing disclosure obligations with respect to bonds issued by the County?

### **Other**

26. Are there any concerns with maintaining the County's current ratings on its GO Bonds or any other debt? Has the County had any discussions with or received any input from any rating agency concerning any possible downgrade or negative watch designation with respect to outstanding indebtedness?

27. Are any of the County's bond issues being audited by the IRS? Has the IRS requested any documents relating to County bonds for purposes of review?

28. Is the County the subject of an investigation by the SEC or and other administrative body?

29. What are the County's top three challenges for the next five years?

30. Please describe any other material facts relating to the County and its issuance of the TRCC sales tax bonds which should be discussed and/or described in the POS whether or not specifically requested herein.



Salt Lake County, Utah  
General Obligation Bonds, Series 2017  
Due Diligence Meeting  
April 26, 2017

Items to Discuss

1. Team:
  - a. Blake Wade (Gilmore & Bell) is Bond Counsel (we have assumed a 10-b-5 also)
  - b. Paying Agent/Registrar – We have assumed BNYM
2. Projects: Parks and Recreation
3. Ratings:
  - a. Fitch, Moody's, and S&P recommended
4. Review Calendar:
  - a. Parameters Resolution was adopted on March 7<sup>th</sup>
  - b. Notice of Bonds to be Issued was published on March 13<sup>th</sup> and 20<sup>th</sup>
  - c. Rating package will be sent on May 2<sup>nd</sup>
  - d. Rating Rehearsal meeting will be on May 5<sup>th</sup> at 2:00 pm (Darrin's office)
  - e. Meetings with rating agencies on May 11<sup>th</sup> and 12<sup>th</sup> in SF
  - f. Receive ratings on May 19<sup>th</sup>
  - g. Distribute POS to the market on May 19<sup>th</sup>
  - h. Competitive sale on May 31<sup>st</sup> at 9:30 am (Zions' office)
  - i. Award by designee (Darrin Casper) – May 31<sup>st</sup> no later than 2:30 pm
  - j. Closing – 9:00 am on June 21<sup>st</sup> at Gilmore & Bell
5. Review Structure:
  - a. New Indenture using TRCC sales tax revenues as collateral
    - i. Prior obligations of TRCC?
  - b. 10-year amortization (first issue)
  - c. Accelerated structure to make way for next issue and growth in tax base
  - d. First interest payment on December 15, 2017
  - e. First principal payment on December 15, 2018
  - f. Review debt service schedule, use of premium, coupons & yields
  - g. Non-callable; not BQ
  - h. Cost of Issuance – using \$200,000 (estimate – needs refinement)
6. Parameters Resolution:
  - i. \$45 million Par
  - ii. 5.5% interest rate
  - iii. 2% discount from Par
  - iv. Maturity date – No longer than 12 years
7. Review Preliminary Official Statement (Eric Pehrson)

8. Standard Questions:
  - a. Outstanding material legal matters or liabilities
  - b. OPEB liability
  - c. Pension/Retirement liability
  - d. Material adverse changes in financial conditions since last CAFR
  - e. Compliance with past Continuing Disclosure undertakings
  - f. History of defaulted obligations
  - g. Future debt plans
  - h. Any looming problems

# Salt Lake County, Utah

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\$40,925,000 General Obligation Bonds

Series June 21, 2017

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### Report

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## Salt Lake County, Utah

\$40,925,000 General Obligation Bonds

Series June 21, 2017

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/21/2017	-	-	-	-	-
12/15/2017	-	-	672,679.17	672,679.17	672,679.17
06/15/2018	-	-	695,875.00	695,875.00	-
12/15/2018	7,950,000.00	2.000%	695,875.00	8,645,875.00	9,341,750.00
06/15/2019	-	-	616,375.00	616,375.00	-
12/15/2019	8,300,000.00	2.000%	616,375.00	8,916,375.00	9,532,750.00
06/15/2020	-	-	533,375.00	533,375.00	-
12/15/2020	2,700,000.00	3.000%	533,375.00	3,233,375.00	3,766,750.00
06/15/2021	-	-	492,875.00	492,875.00	-
12/15/2021	2,775,000.00	3.000%	492,875.00	3,267,875.00	3,760,750.00
06/15/2022	-	-	451,250.00	451,250.00	-
12/15/2022	2,875,000.00	3.000%	451,250.00	3,326,250.00	3,777,500.00
06/15/2023	-	-	408,125.00	408,125.00	-
12/15/2023	2,950,000.00	5.000%	408,125.00	3,358,125.00	3,766,250.00
06/15/2024	-	-	334,375.00	334,375.00	-
12/15/2024	3,100,000.00	5.000%	334,375.00	3,434,375.00	3,768,750.00
06/15/2025	-	-	256,875.00	256,875.00	-
12/15/2025	3,250,000.00	5.000%	256,875.00	3,506,875.00	3,763,750.00
06/15/2026	-	-	175,625.00	175,625.00	-
12/15/2026	3,425,000.00	5.000%	175,625.00	3,600,625.00	3,776,250.00
06/15/2027	-	-	90,000.00	90,000.00	-
12/15/2027	3,600,000.00	5.000%	90,000.00	3,690,000.00	3,780,000.00
<b>Total</b>	<b>\$40,925,000.00</b>	<b>-</b>	<b>\$8,782,179.17</b>	<b>\$49,707,179.17</b>	<b>-</b>

### Yield Statistics

Bond Year Dollars	\$210,130.42
Average Life	5.135 Years
Average Coupon	4.1793945%
Net Interest Cost (NIC)	2.1393834%
True Interest Cost (TIC)	1.9567384%
Bond Yield for Arbitrage Purposes	1.8519112%
All Inclusive Cost (AIC)	2.0505440%

### IRS Form 8038

Net Interest Cost	1.7437282%
Weighted Average Maturity	5.390 Years

## Salt Lake County, Utah

\$40,925,000 General Obligation Bonds

Series June 21, 2017

### Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/15/2018	Serial Coupon	2.000%	0.890%	7,950,000.00	101.632%	8,079,744.00
12/15/2019	Serial Coupon	2.000%	1.060%	8,300,000.00	102.297%	8,490,651.00
12/15/2020	Serial Coupon	3.000%	1.230%	2,700,000.00	106.017%	2,862,459.00
12/15/2021	Serial Coupon	3.000%	1.410%	2,775,000.00	106.884%	2,966,031.00
12/15/2022	Serial Coupon	3.000%	1.610%	2,875,000.00	107.266%	3,083,897.50
12/15/2023	Serial Coupon	5.000%	1.790%	2,950,000.00	119.566%	3,527,197.00
12/15/2024	Serial Coupon	5.000%	1.950%	3,100,000.00	121.141%	3,755,371.00
12/15/2025	Serial Coupon	5.000%	2.140%	3,250,000.00	122.079%	3,967,567.50
12/15/2026	Serial Coupon	5.000%	2.260%	3,425,000.00	123.270%	4,221,997.50
12/15/2027	Serial Coupon	5.000%	2.350%	3,600,000.00	124.496%	4,481,856.00
<b>Total</b>	-	-	-	<b>\$40,925,000.00</b>	-	<b>\$45,436,771.50</b>

### Bid Information

Par Amount of Bonds	\$40,925,000.00
Reoffering Premium or (Discount)	4,511,771.50
Gross Production	\$45,436,771.50
Total Underwriter's Discount (0.550%)	\$(225,087.50)
Bid (110.474%)	45,211,684.00
Total Purchase Price	\$45,211,684.00
Bond Year Dollars	\$210,130.42
Average Life	5.135 Years
Average Coupon	4.1793945%
Net Interest Cost (NIC)	2.1393834%
True Interest Cost (TIC)	1.9567384%

# Salt Lake County, Utah

\$40,925,000 General Obligation Bonds

Series June 21, 2017

## Sources & Uses

Dated 06/21/2017 | Delivered 06/21/2017

### Sources Of Funds

Par Amount of Bonds	\$40,925,000.00
Reoffering Premium	4,511,771.50
<b>Total Sources</b>	<b>\$45,436,771.50</b>

### Uses Of Funds

Total Underwriter's Discount (0.550%)	225,087.50
Costs of Issuance	200,000.00
Deposit to Project Construction Fund	45,000,000.00
Rounding Amount	11,684.00
<b>Total Uses</b>	<b>\$45,436,771.50</b>