

SALT LAKE COUNTY

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



Meeting Minutes

Wednesday, April 29, 2020

2:20 PM

Room N2-800

Debt Review Committee

1. Call to Order

Present: Chair Scott Tingley
Call In: 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: Greg Folta, Shanell Beecher, and John Petcol (Mayor's Office); Jennifer Durham and Eloy Leal (Auditor's Office); Craig Wangsgard (District Attorney's Office); Mitchell Park and Marla Kennedy (Council Office); Eric Pearson, Edwin Lee, and Marcus Keller (Zions Public Finance); Brad Patterson (Gilmore & Bell); and Gayelene Gudmundson (Clerk's Office).

Chairman Scott Tingley called the meeting to order.

2. Public Comment**3. Approval of Minutes****3.1 Approval of 3/25/2020 Meeting Minutes**[20-0437](#)

Attachments: [DRC Minutes 03.25.20](#)

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

4. Financial Business**4.1 Market Update**[20-0439](#)

Mr. Marcus Keller, Assistant Vice President, Zions Public Finance, updated the Council on how the market is doing based on the J.P. Morgan weekly updates.

Mr. Jon Bronson, Zions Public Finance, stated currently, water and sewer bonds are selling in the market. Sales Tax Revenue bonds are the bonds that have been most affected by the COVID-19 shutdown.

Committee Member Casper stated he received a call from Greg Curtis, Utah State lobbyist, requesting the County bond for \$50 million to repay the state in order for the state to free up additional increments from its transportation tax spread sheet. The County would receive a couple million dollars for its effort. He was not in favor of this request and asked the Committee Members how they felt about it. The County should only issue debt for critical purposes.

Mr. Bronson stated this is the first that he has heard about this request. He was not in favor of it because the County would be taking on a debt without getting an asset, which is a problem.

Committee Member Majid stated the \$2 million could be used to pay off the 2010 Transportation Bond.

Committee Member Casper stated this was something the County would do as a favor to the State resulting in extra money for the County. It would be a lot of work to go through. He felt the County would be better off saying no to this.

Mr. Bronson stated he would like to know more on what the state was trying to do.

Committee Member Casper stated he has requested a summary of this and will forward it to all Committee Members once he receives it.

4.2 Sales Tax Revenue and Refunding Bonds, Series 2020
(Action: Discussion/Direction)

[20-0438](#)

Mr. Jon Bronson, Zions Public Finance, reviewed the comparison between selling bonds into the market or using the approach offered by J.P. Morgan. He would recommend the County take advantage of the offer made by J.P. Morgan, but only offer to purchase the tax-exempt forward option. The savings relating to this option would be \$1.76 million or 7.25 percent. He talked with J.P. Morgan about just buying the tax-exempt forward option but it does not want to buy that without buying the taxable portion as well.

J.P. Morgan will not offer a fixed rate for longer than 15 years. The County will be stuck with a shorter amortization period with higher annual payments

or it is stuck with a risk of interest rates going up if it goes out for an additional five-year bond.

Committee Member Majid asked what the payment would be if the County combined the payments together.

Mr. Bronson stated J.P. Morgan will not remove the 15-year fix limitation, but if the County shortened the amortization to 15 years, it would be stuck with a higher debt service payment, and that could become a budget issue.

Mr. Edwin Lee, Zions Public Finance, stated the numbers for the homeless shelter for 15 years would be in the \$1.435 million range and the land acquisition payment would be in the \$505,000 range for a total amount of \$1,940,000 million per year.

Mr. Bronson stated that is an increase of a little under \$400,000 per year. He recommended the Council authorize him to talk with J.P. Morgan to purchase only the tax-exempt portion from the County. The County will also need to start work on establishing a calendar, talk with the rating agencies, and then prepare the taxable Sales Tax Revenue bond for market.

Committee Member Casper stated he was concerned about going to the rating agencies at this point because the Council did not have any data points during the recession time period.

Mr. Brad Patterson, Gilmore and Bell, stated the parameters resolution allows the Council to proceed with a public or private sale of the bonds; however, the County Council might have to approve any other transaction.

A motion was made by Committee Member Delquadro, seconded by Committee Member Majid, to authorize Jon Bronson to approach J.P. Morgan about purchasing the forward option for the tax-exempt portion of the bond.

Mr. Eric Pearson, Zions Public Finance, stated the County extended the bond to 20 years in case Shelter the Homeless could not raise enough money to pay off the bond. If the bonds were not paid off at the 15-year mark, then the County could extend the debt out for an additional five years at a different interest rate.

Committee Member Casper amended the motion that the Debt Review Committee would like to see J.P. Morgan provide the County with rates for both the taxable and tax-exempt portions of the bond.

Mr. Bronson stated the Committee could send him with a resolution to negotiate with J.P. Morgan to get an extraordinary call feature, so if funds came in from other sources, the County could call and redeem the bonds in addition to the refinance.

A motion was made by Committee Member Delquadro, seconded by Committee Member Majid, to authorize Jon Bronson to approach J.P. Morgan about purchasing the tax-exempt portion of the bond. Committee Member Casper amended the motion that the Debt Review Committee would like to see J.P. Morgan provide the County with rates for both the taxable and tax-exempt portions of the bond. Committee Member Delquadro accepted the amendment. The Committee also directed Mr. Bronson to get a 15-year extraordinary call feature included. 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

Committee Member Delquadro stated the County would like to see options that relate to both the taxable portion and the tax-exempt portions for direct bonding.

4.3 Other Financial Business

[20-0440](#)

Committee Member Casper stated the Committee might want to put some thought into issuing Anticipation Notes under the Federal Reserve's MLF program, since there is no market for Sales Tax Revenue Bonds.

Mr. Jon Bronson, Zions Public Finance, stated that might be a good idea. He did not think the penalty would be too high. The Federal Reserve would not let the County issue this type of bond if the market for Sales Tax Revenue Bonds returned. He asked if the Council would like him to start preparing a calendar event for the County notes.

Committee Member Cushing stated yes, the calendar should be similar to last year's.

Ms. Shannell Beecher, Mayor's Office, stated numbers were run, and all three funds are higher than they have been, so it should be okay to make the calendar similar to last year's.

Mr. Bronson stated he will prepare a calendar and send it out to the Debt Review Committee members for review.

5. Other Committee Business

6. Adjournment

The meeting was adjourned at 3:42 PM.

SHERRIE SWENSEN, COUNTY CLERK

By _____
DEPUTY CLERK

By _____
CHAIR, DEBT REVIEW COMMITTEE