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# SALT LAKE COUNTY

## Debt Review Committee

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

Thursday, June 8, 2017, 2pm - Auditor's Office Conference Room N3-300  
Salt Lake County Government Center  
2001 South State Street, Salt Lake City, Utah 84190

### ATTENDEES

<b>Committee Members Present:</b>	<b>Other Attendees:</b>
Scott Tingley (Auditor), chairman	Blake Wade (Gilmore Bell)
Craig Wangsgard (District Attorney), for Ralph Chamness	Eric Pehrson (Zion's Bank)
Darrin Casper (Mayor's Finance), member	Jana Ostler (Auditor)
David Delquadro (County Council), member	Rex Alley (County Council)
Jason Rose (County Council), member	Rod Kitchens (Mayor's Finance)
Jon Bronson (Zion's Bank), ex-officio member	Shanell Beecher (Mayor's Finance)
K. Wayne Cushing (Treasurer), member	Steve Barnes (District Attorney)
<b>Committee Members Absent:</b>	
Cherylann Johnson (Auditor), member	
Javaid Majid (Mayor's Finance), member	
Ralph Chamness (District Attorney), member	

### AGENDA ITEMS

The meeting began at 2:08 pm with a discussion of the new MSRB Issue Price Rule. A summary of this discussion is found below in agenda item 6 "Other."

- 1. Public Comment**  
No public comment.
- 2. Approval of Minutes – April 26, 2017 meeting**  
Wayne Cushing moved to approve the April 26, 2017 minutes with minor changes suggested by Jon Bronson. Darrin Casper seconded the motion and all voted in favor.
- 3. Approval of Minutes – May 31, 2017 meeting**  
Darrin Casper moved to approve the May 31, 2017 minutes as written. Dave Delquadro seconded the motion and all voted in favor.
- 4. Due Diligence Review of the Tax Revenue Anticipation Notes**  
Jon Bronson distributed an agenda outlining topics dealing with the Review of the Tax Revenue Anticipation Notes. Mr. Bronson also shared Municipal Market Outlook information as well as other rate information (all attached). The most recent movement in the markets is helping the County, and stock market strength suggests that rates may decline again, although rates are still higher than last year. The rates discussion was item 1 on The Due Diligence agenda. Mr. Bronson passed around the Distribution List for the TRAns deal to allow people to check it for completion and accuracy (item 2). Item 3 on the Due Diligence agenda was a review of the calendar for the TRAns. There will be a rating call with Moody's on Wednesday (note correction from attached agenda), June 21 at 3:30pm. The calendar lists the POS as being distributed to the market on June 27, however, the 2016 CAFR will not be available until June 30, therefor, the POS distribution to market

will be postponed to July 3. The Debt Review Committee will have the opportunity to review the final document via email prior to distribution to the market. Other dates remain as listed on the attached agenda. Item 4 on the agenda was a review of the parameters of the TRANs deal. They are accurate as listed on the attached agenda except for the maximum coupon rate which should read 2.5%. Item 5 was a brief review of cash flows as outlined on the agenda. Blake Wade asked for and received confirmation that there are no other funds of the County that could be used to meet the deficit that do not have a requirement that those funds be repaid if used. Jon Bronson reminded the Committee of items needed for ratings and confirmed with Wayne Cushing that the first set-aside of funds date of November 15, 2017 is correct.

Eric Pehrson directed the review of the Preliminary Official Statement document. Mr. Pehrson reviewed various changes that were made to information included (and previously reviewed) in the General Obligation Bond POS. Debt Review Committee members made suggestions for additional edits. Mr. Pehrson clarified that all 2015 financial information included in the current version of the POS will be updated to 2016 information as soon as the 2016 CAFR becomes available. Outstanding indebtedness information has been updated to reflect recent General Obligation Bond Issues and will be adjusted to reflect the new TRCC bonds for the Final Official Statement. Mr. Pehrson reminded Debt Review Committee members that the continuing disclosure is due on June 18, 2017. Craig Wangsgard confirmed that there is no pending or threatened litigation against the County that would impact the issuance of the TRANs bonds. A discussion occurred about page 53 where a signature section was removed to avoid personal liability by any one signatory. In the future, the Statement will just be "signed" by Salt Lake County, Utah. Jon Bronson reminded the committee members that they may make comments and edits to the POS up to June 30, 2017. Once the final POS is ready (with the 2016 CAFR information), it will be sent to the committee via email for all to review prior to distribution to the market. Jon Bronson gave Blake Wade an opportunity to ask any additional due diligence questions he may have. Mr. Wade declined because he had already asked the necessary questions in the due diligence review of the General Obligation Bond POS.

#### 5. **Financial Advisor Updates**

Jon Bronson briefly discussed his recent experience with the rating agencies concerning the actuarial assumptions on OPEB and retirement liabilities. The State has been using 7.2% as their actuarial assumption rate. The different rating agencies use 6%, 5%, and 4% as their assumption rates for analysis purposes. Mr. Bronson reported that in 6 out of the last 9 years the State Retirement System has returned a rate above 7.2%.

Eric Pehrson reminded the committee of the need to review the POS quickly (first thing on Monday July 3) in order to get the statement out to the market. Mr. Pehrson confirmed that Jon Bronson will set up a conference call for a follow up due diligence discussion for the Sales Tax TRCC Bonds. It was decided that the call would take place on Monday June 12 at 1:00 pm.

#### 6. **Other**

As stated above, the following discussion took place at the beginning of the meeting, however, as it was not on the agenda, the notes are recorded here. Blake Wade suggested that the committee discuss the new MSRB rule called the Issue Price Rule. Jon Bronson introduced the rule explaining that underwriters are required to sign a document stating that they sold a substantial amount of a borrower's debt for the price that they charged the borrower for it. Underwriters will now need to prove the percentage of sales made at the issue price. The rule became effective on June 7, 2017, and will therefore possibly affect the TRANs deal. The rule only applies when there are fewer than 3 bids in a bond sale. Blake Wade helped to explain options available to the County in light of the new rule. Eric Pehrson shared a document (attached below) outlining the historical numbers of bids for competitive County bond sales over the past 17 years. Jon Bronson pointed out that the lowest number of bids for all listed competitive sales is 4. The fact that historically the County gets more than 3 bidders should be comforting when considering the implications of the Issue Price Rule.

At the end of the meeting Blake Wade brought up an issue regarding the Huntsman Cancer Institute Bonds issued by the County about 3 years ago. The Huntsman Institute would like to restructure their debt now that their building is finished. The changes will not affect the County, but may need to be reviewed and/or approved by Debt Review and/or Council. It was suggested that the issue be added to the agenda for the June 28, 2017 Debt Review Committee Meeting.

7. **Adjourn**

Wayne Cushing moved to adjourn, the motion was seconded, and all were in favor. The meeting adjourned at 3:09 pm.