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# SALT LAKE COUNTY

## Debt Review Committee

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

Wednesday, July 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

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

#### AGENDA

Chairman Scott Tingley called the meeting to order at 2:05 pm.

**1. Public Comment**

No public comment.

**2. Approval of Minutes – June 8, 2017 meeting**

Javaid Majid moved to approve the June 8, 2017 minutes, Cherylann Johnson 2 seconded the motion, and all voted in favor.

**3. Review Authorizing Resolution – Salt Lake County Huntsman Amendment 2017 (Blake Wade)**

Blake Wade of Gilmore Bell led the discussion regarding an authorizing resolution to come before the County Council approving amendments to bonds issued by the County for the Huntsman Cancer Foundation. \$105 mil of bonds were issued for a new research facility, which opened a few weeks ago, and the foundation has plans to pay down a large portion of the debt. The bonds currently have a provision requiring that donations be used to redeem portions of the bonds within 90 days. The foundation has received a considerable amount in donations, but they are asking for the redemption provision to be removed. The foundation has also been working with the bondholders to extend the rate periods that they were in. These changes would require some amendments to the bonds, which would require authorization by the Council once the details are figured out. As of today, the amendments are not ready to go before the Council next week, but if amendments are needed they will be simple and not change anything from the County's standpoint. Mr. Wade would like the Debt

Review Committee to review and approve the possible amendments to the bonds today, so that when the resolution is ready to go before the council, the DRC will have already reviewed and approved it.

Craig Wangsgard stated that he doesn't see a problem with the amendments so long as all parties to the agreement are in favor of making the changes, but he would be uncomfortable approving any resolution without seeing the final documents being referenced in the resolution. Darrin Casper asked whether the DRC needed to vote on this issue. Craig Wangsgard said he believes they do, but he doesn't think they would have reason to object if the true parties in interest agree. Mr. Wangsgard and others agreed though, that no formal action could be taken to approve the amendments until the final documents are available for review. The committee agreed to call a special conference call meeting to approve the amendments once the final documents are available.

#### **4. Financial Advisor Update**

Marcus Keller reviewed the Pricing Book for the Tax and Revenue Anticipation Notes Series 2017. The sale was very successful, with good competition and excellent interest rates (although higher than the historic lows of a few years ago). Section 3 of the Pricing book shows the interest rate trend over the past 20 years. We are still in a great position when compared over the past 20 years. Salt Lake City and Salt Lake County are the only big tax note players in Utah now, and the County's recent sale beat out the City's recent sale in rate terms.

Eric Pehrson reviewed the historical coverage tables for various types of bonds, (handout included below). This information is available for investors to see that the County has had and will continue to have good coverage for debt. Mr. Pehrson also reviewed the Debt Book detailing all of the County's current debt for fiscal years 2017 through 2037. The purpose of the Debt Book is to help the County look at all their debt related to a specific bond issue, General Obligation Bonds, Transportation Bonds, etc., to see how the debt is structured. It also contains much of the continuing disclosure information and a debt schedule for each bond issue. In the process of preparing the Debt Book, the County's Financial Advisor found some opportunities for potential refunding, including Series 2011 GO Bonds and 2013 GO Bonds (see handout below). These refunding opportunities could provide savings for the County. Mr. Pehrson suggests that the DRC consider proceeding with the refunding bonds. Darrin Casper and other committee members recommended that the County move forward with the refunding bonds due to the high percentage of saving that could be gained (5-6%). The County's Financial Advisor will create a calendar and gather information to move ahead with the bonds.

Javid Majid expressed appreciation for the Debt Book, which is a great resource for the County's finance division.

#### **5. Review Coverage Tables**

This review was included in the Financial Advisor Update.

#### **6. Discussion of TANS Legal Fees**

Craig Wangsgard presented the situation that following the issuance of the TANS (or TRANS) Notes, Blake Wade from Gilmore and Bell requested an upwards adjustment of the fees that his firm charged for their work on the TRANS Notes. The fee adjustment was requested because the final

amount of issuance increased from the amount of issuance on which Gilmore and Bell originally based their proposed fee. In Mr. Wangsgard's communication with Mr. Wade requesting that his firm bid on the Notes, the amount of issuance was presented as an approximation (\$45 mil) that was subject to change. In Mr. Wade's bid response, he agreed to do the work for \$9,950 "assuming things go at a normal course." The engagement letter from Gilmore and Bell, however stated that their bid was based on a "not to exceed" issuance amount of \$45 mil. Because the issuance amount did exceed \$45 mil, the firm is now requesting the fee adjustment. Mr. Wangsgard presented his concerns about the increase in Gilmore and Bell's compensation to the Committee. The Committee discussed the problems related to this situation, especially in relation to the fairness to other bidders in this bond issue. Ultimately, the Committee agreed that if the increase in fee is justified by additional work rendered, the County would pay the additional amount requested. Gilmore and Bell and other firms provide a very valuable service for the County and maintaining a good working relationship with these legal firms is essential, but there was consensus among committee members that raising fees without justification after the fact is not an acceptable practice.

## **7. Other**

Blake Wade raised an issue dealing with Public Finance Authority out of Wisconsin. Gilmore Bell is bond counsel for Public Finance Authority which issues bonds for charter schools and other industrial development projects. They are financing a project for Pacific Heritage Academy located within Salt Lake County (a handout from Mr. Wade is included below). One of the requirements for financing through Public Finance Authority is that a local political subdivision within which the project is located approve of the bond issue for the project, for purposes of fulfilling a federal tax law requirement (TEFRA). Mr. Wade asked if Salt Lake County would be willing to act as the political body that would approve the financing for the Pacific Heritage Academy project. Mr. Wade explained that the County would not be issuing any debt, nor would it be a conduit for financing. Under the TEFRA law, the local entity holds a public hearing and the chief elected officer or the governing body approves the project solely for purposes of TEFRA. If Salt Lake County would consider being the approving local entity, either the Mayor or the County Council could be the approver. Craig Wangsgard pointed out that because this issue was not on the agenda, the DRC cannot take action on it, however, he also pointed out that because this does not involve debt of the County, it does not actually need to come before the DRC. Mr. Wangsgard recommended that the DA's office or the Deputy Mayor make a recommendation independent of the DRC.

Mr. Wade confirmed with Randy Wightman from the Treasurer's Office that the Treasurer has or will make a note in the file that the County met the deficit requirement for tax law. Mr. Wightman confirmed that that is general practice and will be completed by the deadline.

Ralph Chamness invited committee members to attend the installation of the public art piece and a walk-through tour of the new District Attorney building in South Jordan on August 18. The expected move in date for the building is January 19, 2018.

## **8. Adjourn**

Javid Majid made a motion to adjourn, all were in favor.