

Date: March 17, 2022

THE SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA BOARD OF TRUSTEES (“BOARD”) MET ON THURSDAY, MARCH 17, 2022, AT 10:00 AM. THE PUBLIC WAS NOTIFIED THAT THEY MAY JOIN THE OPEN PORTIONS OF THE MEETING BY CALLING 1-669 900-9128 AND ENTERING MEETING ID 92301763844# AND PASSWORD 259919#. THE PUBLIC WAS ALLOWED TO LISTEN TO ALL OPEN PORTIONS OF THE MEETING. BOARD MEMBERS AND PERSONS PARTICIPATING BY PHONE OR ELECTRONICALLY WERE ABLE TO HEAR ALL DISCUSSIONS.

<u>Present:</u>	<u>Excused:</u>	<u>Attended Via Zoom:</u>
TRUSTEE PAULINA FLINT, WHITE CITY		TRUSTEE CAROLYN KEIGLEY, BRIGHTON
TRUSTEE STEVE PROKOPIS, MAGNA		TRUSTEE DAVID OLSEN, COPPERTON
TRUSTEE JIM BRADLEY, SALT LAKE COUNTY		TRUSTEE CHRIS STAVROS, SALT LAKE COUNTY
TRUSTEE DAVID BREMS, EMIGRATION CANYON		
TRUSTEE ALAN PETERSON, KEARNS		
TRUSTEE DEA THEODORE, SALT LAKE COUNTY		

ALSO ATTENDED:

SHERIFF ROSIE RIVERA, SLVLESA CHIEF EXECUTIVE OFFICER

UNDERSHERIFF JAKE PETERSEN, SALT LAKE COUNTY UNDERSHERIFF

CHIEF OF POLICE JASON MAZURAN, UPD CHIEF OF POLICE

FRANK NAKAMURA, SLVLESA DISTRICT ADMINISTRATOR/SLVLESA LEGAL COUNSEL

LISA DUDLEY, SLVLESA CHIEF FINANCIAL OFFICER

RICHARD MOON, SLVLESA TREASURER

Item #1-Call to Order.

Trustee Bradley called the meeting to order.

Item #2- Conflict of interest disclosure.

Action Requested: Identify Conflicts; if any

Discussion: Trustee Bradley asked if there were any conflicts of interest. None were identified.

Item #3-Public Comment

Action Requested: None

Discussion: Trustee Bradley asked if there were any members of the public who wished to address the Board. There were none.

Item #4- Present Expenditures for the month of February 2022, and Other Financial Information.

Action Requested: None

Discussion: Richard Moon said there were three checks. He asked if anyone had questions on the check register. There were none.

Item #5- Update on Legislation Impacting SLVLESA

Action Requested: None

Discussion: Frank Pignanelli said it was a busy legislative session. Over 800 bills were sponsored, they passed 512. It was a record budget between the federal and state surpluses, and they were passing out a lot of money. Because they were passing out a lot of money, they were not in the mood for tax increases. He said he did have an opportunity to visit with some lawmakers on that issue. It is an election year, and several the legislators are facing inter-party and extra-party opposition, and there was a lot of politics happening because the deadline to file was during the legislative session. He said our champion for many years, Senator Karen Mayne, unfortunately was diagnosed with cancer right before the session began, so she participated electronically but it would have made it difficult for SLVLESA to have her as a sponsor.

He said the legislature may be doing a special session later in the year, but they do start meeting in May on an interim basis. One of the things SLVLESA talked about in September was that we would start

putting together a committee and he knows they have a committee on this but once they start addressing the financial issues, they are going to have to start spending some time reexamining those questions that they will get from lawmakers, organizations, and analysts about what they are trying to accomplish for SLVLESA. Those issues remain and number one is documenting the need for extra income and resources over the next several years because of the inflationary increase of law enforcement salaries and inflation in general. They will have to have discussions on the property tax issue. These are discussions they need to have over the next half a year, so that they can have some information provided for the legislature toward the end of the year. In the meantime, they will contact Senator Mayne and ask her to keep SLVLESA in mind, so that if they are ready, they can make a presentation at an interim hearing committee later in the year. He asked if anyone had any questions.

Frank Nakamura said the issues that Frank Pignanelli raised, we are going to deal with in our workshop as they talk about funding. Undersheriff Petersen will be facilitating that workshop if anyone has questions on legislation.

Item #6- Update on Planning a Meeting to Review SLVLESA Financial Structure and Formulate Revenue Options.

Action Requested: None

Discussion: Trustee Bradley asked Trustee Keigley if there were any updates regarding the committee's work on the various revenue options for SLVLESA. Trustee Keigley said they will have the "UPD 101" workshop on Monday, which she encourages everyone to attend, to have a good foundation for understanding the UPD structure. After that workshop, any member who wants to have a one-on-one with Lisa and the Sheriff. Once those two have taken place, they will set up a special SLVLESA workshop, Undersheriff Petersen will do a short brain-storming activity. Then they will have presentations on the three options they have discussed, and they will not be forming opinions at that point, instead they will be gathering information on the details of those options. They will have Zions do a presentation on fees. After those three presentations, they will have a brainstorming on the pros and cons of each of the three options. They will then have a discussion with judgements and hopefully come to a decision that they can take back to their member councils.

Trustee Prokopolis asked if it will be all or nothing. If Magna wants to do franchise taxes, White City might want to do a tax levy, etc. Do they need to have a consensus and he doesn't know who to ask that question to?

Frank Nakamura said they will discuss that at the workshop, and he will say that you cannot have a separate fee and have the others do something different because under Utah law, if you collect a fee, that will make it so SLVLESA could not collect property taxes and that is not an option unless they change state legislation.

Trustee Bradley asked if there was a tentative date for that workshop.

Frank Nakamura said no, Marcie Kay will have to do a Doodle poll to find the best day and time for that.

Trustee Keigley said if anyone cannot attend the UPD 101 workshop, it will be recorded, and they can watch that later.

Trustee Flint asked if there would be an alternate date because she will not be able to attend, she will be at a conference.

Sheriff Rivera said there are two people that she is aware of that cannot make it, they will record it for those that cannot make it, but they felt like Board members they should do in-person. The second one will probably be more of a condensed version because there will not be as many people. She said hopefully they can get a date for those that cannot attend the first one because they are only going to do the two.

Trustee Prokopsis said this is high priority, but they do have other things that they need to figure out, like the budget, the COLA, all of that. He said they have several months to work through this alternate funding source issue. He said they will get through the UPD 101 and the one-on-ones and hopefully address the budget for this year and have time to figure out everything else.

Item #7-Report by Sheriff Rivera, SLVLESA Chief Executive Officer

Action Requested: None

Discussion: The Sheriff said part of her update was discussing the upcoming UPD 101 on Monday. She asked everyone to let them know if they have someone coming with them because they have ordered lunch and they want to make sure they have enough for everyone. They will do the one-on-ones with each member organization to go over their individual budgets. They may do the County all together because it is the same budget.

Trustee Brems asked if they will be scheduling the one-on-ones for a later date.

Sheriff Rivera said yes, the scheduling will start happening very quickly. They wanted to get through the UPD 101 first.

Trustee Keigley asked the Sheriff if it would be a good idea for Brighton to have a one-on-one with the County because of the canyon patrol.

Sheriff Rivera said the budgets are going to be different. She said she wants to make sure they have all their questions answered for their specific budgets.

Trustee Dea Theodore said she would entertain it because she thinks whatever Trustee Keigley brought up would be helpful to her colleagues.

Sheriff Rivera said she would be happy to do it that way if that's what they want. She asked if Emigration Canyon wanted to be involved in that one-on-one as well.

Trustee Brems asked them to let him know the date of that.

Sheriff Rivera said they can do it together but with the County it will be more of the County-wide, so she doesn't know how much time they want to spend there.

Trustee Keigley says that does make sense, so maybe they could have later, a meeting with County and the town of Brighton and Emigration Canyon to talk about how those three options will affect Canyon Patrol.

Trustee Flint said she would be interested in looking at the County's shared services because of the shared services funding that they get into their budgets comes from the County, from property taxes that they all pay, even in the metros. If shared services are paid with that money, she believes they all have an interest in it. It reaffirms how they fund and educate where all the money is coming from. How much money is coming from those property taxes? We know the dollar amount per community, but we don't know the percent of the overall property tax.

Sheriff Rivera asked if she was suggesting rather than a one-on-one, that we just educate all of you at once?

Trustee Flint said she is going to find out the numbers for herself.

Sheriff Rivera said they can get that information for her in the one-on-one meeting.

Trustee Flint said she knows they have done a great budget; they know it comes from shared services, comes from property taxes and so forth. Collectively, even their budgets say, it isn't one pot, it comes from different sources. We want to understand at the source for shared services, the amount of money, the percent of the money coming from those sales tax. The County uses those property taxes on many other things, they're running into the same problem funding shared services, as we are with other things within our budget. Are they going to come to us for a tax hike because shared services are going up? She wants to know how they propose to keep up with the increases in cost.

Sheriff Rivera said it does make sense but she's not so sure that is a UPD question. She said the questions Trustee Flint is asking are County questions. She said they can meet with Salt Lake County to answer those but what they do on the UPD side is the County pays the 20% across the board for shared services. As UPD, they don't go into the County and say, "how do you get the money to pay us"? The County is the one that can answer where they get that 20% from and how that is compiled, so that meeting would have to be with County fiscal versus UPD fiscal.

Trustee Flint said she is not asking for anyone to go after it but as far as into the future, will the County still be able to fund shared services at the level they have now.

Trustee Prokopolis said they really aren't sure how much of the taxes collected go toward shared services.

Trustee Kiegle said when she mentioned the complexity of the canyon patrol for both Brighton and Emigration Canyon, that is totally separate from shared services because the town of Brighton was declared as a designated recreational zone and that enabled the County to use general funds to add funding for that recreational zone. At the same time, it is important for the other members of SLVLESA to understand that differentiation because it influences how Brighton and Emigration can look at the different funding options, because if the County can't increase funding through franchise taxes or fees, that affects their ability to support the canyon patrol.

Sheriff Rivera said they will set up another meeting for the Canyons and include everyone who wants to be there and have that conversation. They want to make sure the information provided is very clear to everyone because they are making a big decision.

Item #8-Consider RESOLUTION NO 22317-1 OF THE BOARD OF TRUSTEES OF THE SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$13,500,000 OF TAX AND REVENUE ANTICIPATION NOTES, SERIES 2022, IN ONE OR MORE SERIES, OF THE SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA, AND ENTERING INTO CERTAIN COVENANTS AND MAKING CERTAIN REPRESENTATIONS IN CONNECTION THEREWITH; GIVING AUTHORITY TO CERTAIN OFFICERS TO APPROVE THE FINAL TERMS AND PROVISIONS AND CONFIRM THE SALE OF THE NOTES WITHIN THE PARAMETERS SET FORTH IN THIS RESOLUTION; APPROVING A FORM OF NOTE PURCHASE AGREEMENT AND THE FORM OF NOTES; AND RELATED MATTERS.

Action Requested: Motion, Second and Vote.

Discussion: Lisa Dudley said Japheth McGee is on the line with Zions Public Finance. She said every year SLVLESA issues tax and revenue anticipation notes. SLVLESA's money comes from property taxes which is distributed by the County collected by the agencies in November and December, so each year they issue this short term note that carries SLVLESA through to the collection of that property tax money. This year they are anticipating the same timing as last year, with the closing date early in April and with a direct purchase of note. Direct purchase means one buyer will be selected for the debt as opposed to taking it to a competitive bid on the market. The Resolution that will be presented to the Board today is called a parameters resolution; its purpose is to set a limit on the terms of the transaction. They're listed as not to exceed even though it is above what we would anticipate and what we would issue. Even though the resolution says not to exceed \$13,500,000, that is well above what SLVLESA would need to carry them through until they receive the property tax distribution. There is also a not to exceed interest rate of 3% and that is well above where they think the purchase will be. The resolution, if approved by the Board, also establishes a three-member pricing committee made up of the SLVLESA Board Chair, the Sheriff as CEO, and the CFO. The pricing committee will then have authority from the Board to make the decisions regarding the sale of the notes, so that it can be done in a timely manner.

Japheth McGee said they received four bids yesterday from different banks across the US. Bank of Utah, Wells Fargo, Key Bank and US Bank all provided bids on SLVLESA's notes and Bank of Utah's bid was the lowest at 0.9%.

Trustee Bradley asked if 0.9% was much more than we paid last year.

Lisa Dudley said last year their notes were about 0.3% but it's still under 1% and they are still incredible rates.

Trustee Bradley asked her to translate that into how much more money are they paying on the interest because of that.

Lisa Dudley said the note itself will be much larger because of the wage increases. Last year the note was \$8.5 million, this year they are looking at \$12.5 million, so the difference in interest is going to be higher because of the principal amount. She said after the pricing committee gets together to make the decision on who the purchaser will be, the Board will receive the specifics of the closing documents that will outline the actual interest and the timing.

Trustee Bradley said they are borrowing a great deal more than they did last year because of their decision regarding wages and benefits and that is important to be reminded of.

Lisa said that is true and that is also why they went through truth in taxation.

Johnathan Ward said in terms of interest costs this year, at that 0.9 rate, it costs the district about \$80,000 in interest expense. If it were closer to last year's rate of 0.3%, it would be around \$26,000 or \$27,000, so it is about three times the interest cost just due to the interest rate fluctuation. Yesterday, the federal open market committee raised their short-term target by 25 basis points, and they expect to do multiple raised throughout the course of the year, probably five more. They expect short-term rates will be higher and this as a short-term borrowing is going to be very tightly correlated to whatever that is. On the good side is that your earnings on the investment fund will also be going up.

Lisa Dudley said because we have chosen to go with the direct purchase route, they avoid underwriting costs.

Trustee Olsen said they said that they solicited several different banks and Bank of Utah presented the best rate at 0.9%. He said they have a 3% interest cap and a \$13,500,00 cap, so does that mean his vote will authorize them to borrow \$13,500,000 at 3%?

Japheth said yes, it could but from an economic perspective, Bank of Utah is the bid that makes the most sense and the reason they have not selected them yet is because both Frank and Lisa feel they need to go before the Board before making that decision and get the Board's approval.

Trustee Olsen said he is prepared to vote on a cap at 0.9% but he's not prepared to vote on a cap at 3%. If he must vote, he is going to vote on something specific, he doesn't want to vote on a variable rate. He can't vote to authorize a 3% if they can get it at 0.9%.

Lisa Dudley said the resolution is called a parameters resolution and she understands what Trustee Olsen is saying, which is why does the parameters resolution have these upper limits when we know we are not going to accept up to that limit and the same with the dollar amount. The dollar amount we have chosen is based on cash flow analysis, we do not need \$13.5 million, and they hope to issue \$12.5. However, the parameters resolution establishes the upper end and part of it is timing, if they issued a parameters resolution and the closing date for the bid isn't until next week, that may make more sense and answer his question better. However, they know they won't come near to the 3%. The other thing that the parameters resolution does is to authorize that pricing committee to make the best decision on behalf of SLVLESA and they already know where they would be based on the bids they received.

Johnathan Ward said that is correct and it is a timing resolution that allows them to go through the legal steps but also work with the timing of the market, the bids, and other structures. For instance, they chose to pursue the direct purchase sale methodology and if they were to go to the public market and ask any investor across the country to buy these notes, they would buy the notes with a premium coupon and a premium coupon functions differently than the bids they got as a direct purchaser. This gets into some nuances of our municipal bonds and municipal notes but investors who buy today, want to protect against inflation in the future, they want to be able to protect against the inability to trade securities to other investors and the higher interest rate coupon that they call it, is in our market today a 3% coupon. That being said, if the investor wanted a 3% coupon, they would pay us as a service area additional up-front cash and they would downsize the note issue and the equivalent would likely be very close to the 0.9% that Bank of Utah is offering but they couldn't do the resolution today at a 0.9% maximum coupon and sale the notes in the market and that is part of the process of this parameters

resolution. One thing they are trying to contain in the parameters resolution is to preserve their flexibility for all kinds of bond sale and note sale methodology. If the direct purchase didn't work, for instance if they come back and they're stuck with a 1.6% coupon, they could explore, with the Board's authorization, a different sale methodology and go to the public markets and ask for their best bid, which would mean a higher 3% coupon but potentially a lower yield, more up-front expenses but it could as a whole be less than the 1.6%. Ultimately the pricing committee, in conjunction with Zions Public Finance's advice, is to look at what options are the best.

Frank Nakamura said they got the bids, but it doesn't mean the transaction is complete. They must enter into a purchase agreement and that could all change. He said as with any transaction, before it is complete, things could change. They need to take care of their cash flow and they need to move forward to do that.

Lisa Dudley said the bid went out at \$12.5 million, it's just the parameter is offering not to exceed \$13.5 million, to give them some wiggle room. It just establishes an upper threshold that you cannot cross, it is not the intended amount.

Trustee Prokopolis asked if that was industry standard.

Lisa Dudley said it was, the parameters resolution is necessary whether you're issuing long-term bonds, short-term notes, etc.

Trustee Prokopolis asked if there was ever a time where they would not go with the lowest bid.

Lisa Dudley said it would depend on what other costs of closing there are, maybe there are other fees, etc.

Frank Nakamura said the committee is there to look at all of those factors.

Trustee Bradley said they have experience borrowing the money every year and he understands why there are parameters to provide that wiggle room. He asked what are results from past years in terms of them being accurate in their forecast of what amount of TRANs they need.

Lisa Dudley said they have done very well. To issue notes like this, you must go through a cash flow analysis, and it is important to remember that they get the proceeds all at once, but they make the expenditure to cover their law enforcement month-by-month. So, they get this lump sum in April, they invest it, they will get a higher interest rate than in past years, so they are earning interest at the same time they are paying interest.

Trustee Olsen asked if they had historical data on interest earnings versus what they've paid. Do they balance out?

Lisa Dudley said it's not an absolute balance because there is a cost to borrowing money. But they do look at that every year and they report it to the Board after the fact, showing the cost of borrowing (the interest expense) and the interest earnings and even considering the cost of issuance.

Trustee Olsen said he doesn't understand finance as much as he probably should, given the position he is in, but Johnathan Ward's entire presentation went over his head. He said the problem that he has is that he is being asked to vote on something and he doesn't know what the numbers are, and he understands that they also don't know what the final numbers will be.

Japheth McGee said they are happy to do another, more in-depth presentation at a later point but unfortunately because of the timing of how this needs to be done, there are restrictions on when Lisa needs funds.

Trustee Olsen said he would like to push to get SLVLESA on the same fiscal year as UPD. He said it seems like it would alleviate a lot of the issues.

Japheth said unfortunately, no and they have discussed that in the past. Realistically, it would just bifurcate your year and probably cause you to issue notes because you can't go over fiscal years with these notes, and you can't carry the kind of balance that you would need to without significantly ramping up your annual property tax and you don't have room for that.

Trustee Keigley said when she was new two years ago, she didn't understand any of this, but it just grew, and she gained more education. She said his questions today gave her some clarification because when he asked those questions and they answered them, light bulbs were going off in her head. Without his questions, she would still be in the dark, so she appreciates his questions.

Trustee Flint said that for SLVLESA today, the train has left the station and if they want bonding 101, they should add that to training. She said once those bids are in, they will only hold that bid for a very short period, some will say three weeks, some will say a month but getting those rates locked in is what this whole process is about. Doing this resolution means giving their committee the permission to proceed as fast as possible. She said if we stall this because we don't understand the process, the market will do what the market does, and these banks can pull out and say they don't want your business.

Trustee Bradley entertained a motion to pass Resolution No 22317-1.

Trustee Flint motioned to approve.

Trustee Peterson seconded the motion.

Frank Nakamura conducted a roll call vote.

Trustee Bradley voted yes.

Trustee Brems voted yes.

Trustee Flint voted yes.

Trustee Peterson voted yes.

Trustee Olsen abstained from voting.

Trustee Keigley voted yes.

Trustee Prokopis voted yes.

Trustee Theodore voted yes.

Trustee Stavros voted yes.

The motion passed.

Item #9-Approve Minutes for the February 17, 2022, meeting.

Action Requested: Motion, Second and Vote.

Discussion: Trustee Bradley entertained a motion to approve the minutes.

Trustee Flint motioned to approve.

Trustee Brems seconded.

All voted in favor; none opposed.

The minutes were approved.

Item #10-Adjourn.

Trustee Bradley adjourned the meeting.