
SALT LAKE COUNTY

Debt Review Committee

Debt Review Committee Meeting – MINUTES (approved)

Wednesday, February 22, 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), member, chair
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
Javaid Majid (Mayor's Finance), member

Other Attendees:

Steve Barnes (District Attorney)
Shanell Beecher (Mayor's Finance)
Brad Kendrick (County Council)
Rod Kitchens (Mayor's Finance)
Jana Ostler (Auditor)
Eric Pehrson (Zion's Bank)
Craig Wangsgard (District Attorney)

Committee Members Absent:

Jason Rose (County Council), member

AGENDA ITEMS

The meeting was called to order by Chairman Tingley at 2:00pm.

1. Public Comment

No public comment.

2. Approval of Minutes – January 25, 2017

Ralph Chamness moved to approve the minutes of the January 25, 2017 minutes as written.
Javaid Majid seconded the motion and all voted in favor.

3. Open Meetings Act Training with Craig Wangsgard

Craig Wangsgard presented a Power Point Presentation outlining the rules for holding, noticing and documenting an open public meeting. It was pointed out that just attending a public meeting does not grant permission to speak to the body. Senate Bill 97 currently under consideration in the Utah legislature would make changes to the open meetings rules, specifically in regard to audio recordings and written minutes.

4. Discuss calendar, structure, distribution list, parameters, etc. for General Obligation Bonds, Series 2017

Jon Bronson discussed revisions made to the Draft Calendar for the General Obligation (Parks and Open Space) Bonds. A draft calendar was distributed as well as a report including the Debt

Service Schedule. A discussion ensued regarding the timing of the initial bond payment and the length of amortization. Darrin Casper and Wayne Cushing affirmed that the County would prefer to schedule principal payments for December 15th rather than June 15th, and would also like to shorten the bond period from 12 years to closer to 10 years. Jon Bronson will work with Eric Pehrson on getting the schedule re-worked according to how the County would like it, taking into consideration the election question language. Jon Bronson also suggested that Blake Wade from Gilmore & Bell (Bond Counsel for this issuance) be invited to the next Debt Review Committee meeting to discuss these issues.

5. Discuss calendar, structure, distribution list, parameters, etc. for Sales Tax Revenue (TRCC) Bonds, Series 2017

Jon Bronson discussed the Sales Tax Revenue (TRCC) Bonds which are a new indenture collateralized by the TRCC revenues. This would not be like any other sales tax revenue bonds that the County has issued. Mr. Bronson reviewed changes made to the calendar since last DRC meeting. The due date for underwriter proposals was changed to March 6. The underwriter selection committee will meet on March 27 at 3:00pm in room 4600. Members to serve on that committee were discussed and those chosen are listed in item 6 below.

The rating presentation will take place in San Francisco on May 10, 11, and 12. These are the same dates as the General Obligation Bond rating presentation. Darrin Casper and Dave Delquadro will let Mr. Bronson know who will be attending those presentations. The negotiated sale will be on June 22, with the closing on July 11th. The Bond Counsel for this bond is Chapman and Cutler. Jon Bronson presented a proposed debt service schedule showing the first interest payment due in February of 2018 and the first principal payment due in August of 2018. The bond is structured with level amortization for 20 years, but this could be adjusted. There was a short discussion regarding what to do with the premium. Eric Pehrson will need information regarding tax revenue from Mayor's Finance staff to do research. Jon Bronson addressed the need to decide on coverage covenants and Additional Bonds Test covenants. 2 times coverage is strong and enhances our credit. Darrin Casper feels that 2 times would be appropriate. It was suggested that coverage would probably be more like 8 times, which would warrant a AAA rating rather than AA+, which is the rating that Mr. Bronson originally had it set as.

Jon Bronson reviewed the draft calendar for the Tax Anticipation Notes. The calendar has been accelerated by about 1 month. Darrin Casper has a conflict with the Due Diligence meeting date. Jon Bronson will adjust the dates and Shanell Beecher indicated that her staff would be able to provide March cashflow numbers and possibly April numbers by about May 24. The Note Counsel is still to be decided.

6. Underwriter Selection Committee for TRCC Bonds chosen from Debt Review Committee membership

The following were asked or volunteered to serve on the Underwriter Selection Committee for the TRCC Bond; Scott Tingley, Darrin Casper, Wayne Cushing, David Delquadro, Javaid Majid, and Steve Barnes (from the DA's office serving as a non-scoring member).

7. Update from District Attorney's Office regarding IS contracts discussed on January 25, 2017. Recommendations for Policy clarifications regarding criteria for contracts requiring Debt Review Committee review

Craig Wangsgard from the DA's office gave a follow up report about the IS contracts discussed at the previous DRC meeting. The contract that triggered the discussion was the Key Bank financing statement. IS and their attorney went back to Key Bank to discuss a non-funding provision. Key Bank's position is that the financing was subject to a master agreement that had a non-funding agreement in it. The two other IS contracts discussed were procured pursuant to a state contract. One of those contracts has a non-funding provision in it. There were a couple of problems with the way the contract ended up, so the DA will work with Darrin Casper to develop a process that will prevent those problems in the future. The other contract has a termination for convenience provision, which is not perfect, but is sufficient for our purposes. Dave Delquadro asked if, in regard to the first contract, there is a "reclama" (defined by Merriam-Webster as "to request the reconsideration of a decision or a change in policy") in terms of the fact that they have monetized and sold it. Craig Wangsgard responded that the County signed the financing agreement after the supplier monetized it and sold it, and that the contract is subject to the non-funding agreement in the master agreement.

8. Financial Advisor Updates

Jon Bronson presented the pricing booklet for the Sales Tax Revenue Bonds that were sold on February 15, 2017. Raymond James and Robert W Baird & Co were low-bid winners on 2017A and 2017B respectively. Compared to other comparable deals, the County deals were excellent, due in part to the County's AAA ratings. The sale was good overall. It is recommended that we keep this booklet for referencing all needed information about these bonds.

Jon Bronson shared handouts containing market information. Market Outlook and rate sheets show that there has been a strong movement upward in rates over the past 6 months. Rates are moving up but the market is handling the volume. Comments by Chairwoman Yellen and better-than-expected economic data prompted the market to predict a rate hike in May.

Jon Bronson reviewed Utah legislation progress. HB 55 would capture certain entities to follow Open Meetings Act rules that don't currently have to follow them. This would affect some county affiliated entities. HB 314 Election Law revisions affects absentee ballots. This would likely be disliked by the clerk. HB 324 would require government entities using social media to post notices of budget hearings on that media site. HB 364 is being called the "Gary Ott" bill because it allows for removal of local elected officials from office.

9. Other

Dave Delquadro is interested in exploring how Pay For Success money could be invested better. It currently is making a very low interest rate. He was unsure of where to bring up this issue besides in Debt Review Committee.

A motion to adjourn was made and seconded. All were in favor and the meeting adjourned at 3:27pm.