little on federal funding and is not greatly affected by spending cuts. Mr. Casper reported that recently, there have been several federal grants that have expired without being renewed, but there have not been any unanticipated reductions in federal funding. Mr. Bronson said it wouldn't hurt to mention it, but does not think it will be an issue with the rating agencies. The POS will go out to the market on September 22. If committee members have additional comments or questions about the POS, they may be submitted to Eric Pehrson by September 21, 2017.

Jon Bronson asked the standard Due Diligence questions in item 8 of the sub-agenda. Ralph Chamness answered "none that we are aware of" for question 8a. Questions 8b & 8c: Shanell Beecher affirmed that the OPEB liability is accurately reflected in the POS, but then clarified that they will implement new GASB statements in 2017, the County will have to restate and put the whole liability on the books. That is a change that other governmental agencies know about and will have to do also. Darrin Casper answered no to 8d. Craig Wangsgard answered that yes, the County is in compliance with past Continuing Disclosure undertakings (question 8e). Wayne Cushing answered that the County does not have any history of defaulted obligations for question 8f. Darrin Casper answered 8g explaining that the County will have another GO bond next year or possibly the year after (the other half of this year's bond), also a Municipal Building Authority revenue bond for some library projects. Darrin Casper answered no to question 8h, but then qualified that the County does have looming (but probably immaterial) criminal justice budgetary concerns which are being addressed in the upcoming budget process. Jon Bronson suggested that Mr. Casper include that issue in the management discussion section of the POS.

3. **Underwriter selection process and outcome for the Excise Tax Revenue Refunding Bonds.**
   Jon Bronson announced that the underwriter selection committee has chosen Bank of America/Merrill Lynch as the underwriter for the Excise Tax Revenue Refunding Bonds. Brad Walker of Bank of America/Merrill Lynch (BAML), San Francisco office, introduced himself to the committee.

   Jon Bronson stated that he and Mr. Walker had a conversation about yields. Mr. Walker understands the committee's concern regarding the aggressive yields from their proposal and knows that the results will be carefully watched and measured against their proposal. Mr. Walker's firm is a powerhouse on Wall Street. They have been the number one underwriter nationally in competitive sales in the last 25 years, and number one in negotiated sales for the last 3 years. The County anticipates a good outcome from their partnership.

4. **Discussion of Transferred Proceeds issue (unspent proceeds from the 2014 Excise Tax Revenue Bonds).**
   Jon Bronson began the discussion on transferred proceeds, which has been discussed previously. Ryan Bjerke stated that there is not a problem with having transferred proceeds, but discussion is ongoing regarding the different ways the County can handle those transferred proceeds. There are still unspent bond proceeds remaining from the 2014 Excise Tax Road Revenue bond transaction. One possible option for unspent proceeds is to put them into the escrow; however, this is the least desirable method because the County would lose access to the funds for use on other projects. Mr. Bjerke stated that his understanding from recent conversations is that it would be best to leave the funds as they are and document the justifiable reasons the money has not been spent as well as plans for spending them soon. Darrin Casper mentioned that in a previous DRC meeting it was suggested that some of the unspent proceeds be used for debt service, thereby lowering the amount of transferred proceeds. Javaid Majid stated that Mr. Bjerke is leaning towards not using that option

because of the capital interest issue. Mr. Bjerke explained the complications that can come up with capitalized interest on a project like this. He also explained that the County has the flexibility to avoid those complications and just use the proceeds for projects.

Craig Wangsgard clarified that when Mr. Bjerke was talking about the 3-year spend-down rule, he was talking about the safe harbor provision. The provision was an issue in the IRS audit of the '97 jail bonds, where the County did not meet the safe harbor provision, but was able to justify the delays retrospectively. The County is maintaining documentation now to justify why the proceeds for the 2014 Excise Tax Revenue Bonds were not all spent. Mr. Wangsgard explained that the main cause of the unspent proceeds is the complete re-creation of the political structure within the metro townships, which was not contemplated in 2014. Darrin Casper confirmed that all the dollars that are not spent are attributable to those particular metro townships.

Jon Bronson stated that he has run the numbers both ways- with the transferred proceeds penalty, and without it. The transferred proceeds penalty takes the savings down by a little over $22,000, but the savings is still well within benchmarks, over 6% savings, with the penalty. Discussion continued about the possibility of using the unspent proceeds to pay the bonds' debt service or possibly pay on principal. Ryan Bjerke explained that using the proceeds in this way would require looking closer at the placed-in-service dates for the projects completed with these bonds. They would have to meet IRS requirements for capitalized interest. Mr. Bjerke also explained that once the unspent proceeds are used to pay debt service they become capitalized interest, making them subject to IRS requirements regarding placed-in-service dates. Javaid Majid asked if closing the bonds out and depositing the unspent proceeds to the debt service fund, or giving a grant to the Municipal Services District (MSD) and treating the monies as spent could be possible options for the unspent proceeds. Ryan Bjerke explained that while Utah law allows for closing the account, tax law still requires the money to be spent on a proper purpose, meaning that justification for using capitalized interest based on placed-in-service dates would still be an issue. Mr. Bjerke further explained that giving a grant to the MSD is complicated because they would be contracting back with the County, which entails meeting other requirements that could become problematic. Based on the explanations from Mr. Bjerke, Craig Wangsgard and Darrin Casper both recommended that the unspent proceeds be left alone, with the delay in spending properly explained and documented. No final action was taken in the meeting, but Jon Bronson will be in contact with Darrin Casper and Ryan Bjerke to "close the loop" on the details of how to handle the transferred proceeds.

Jon Bronson shared a distribution list (attached below) for the proposed Excise Tax Road Revenue Refunding Bonds, Series 2017 and asked the Committee and Brad Walker to make corrections as needed. A few minor corrections were suggested by the County, and Mr. Walker confirmed that his contact information was correct. Eric Pehrson sent copies of the draft POS for these bonds yesterday, so a date needs to be set for the due diligence meeting. Mr. Bronson also distributed two possible calendars for the Excise Tax Road Revenue Refunding Bonds, one more accelerated than the other (attached below). Discussion of the calendars revealed that the calendar with later dates would work the best for this deal. Mr. Bronson explained that both calendars include a delayed closing because delaying the closing allows for increased savings in this situation. Per their proposal, Bank of America Merrill Lynch needs underwriter counsel and they request Brad Patterson of Gilmore Bell. Mr. Patterson's fee will be paid by BAML and is included in Mr. Walker's proposal.

Darrin Casper asked how familiar Brad Walker is with the Excise Tax Bond issue and if he needed any help explaining the different types of collateral or with maintaining the high rating. Mr. Walker is familiar with the stream of cashflow and has not identified any major flaws with the credit as structured. It is likely that the rating will remain at a triple-triple category, or at possibly a high double A category (which would possible adjust yields), but Mr. Walker feels like the credit is strong and there is no need for a reserve fund. Jon Bronson pointed out the coverage is good on these revenues and will only improve with the refunding.

5. **Financial Advisor Update**
   Jon Bronson distributed some market information (attached below) and discussed issues facing Congress regarding the spending bill and the debt ceiling. Neither are new issues, but they do affect the market. Mr. Bronson shared other interesting insights about the financial market from industry professionals. The Interest Rate Forecast shared by Mr. Bronson, shows interest rates rising (a consistent, but generally unfulfilled prediction by J. P. Morgan).

6. **Other**
   Dave Delquadro asked if the POS for the Excise Tax Refunding Bonds could include in the opening statement language about the County's impeccable record of paying its financial obligations on time to counteract the emphasis on the fact that purchasing bonds presents a great deal of risk. Jon Bronson explained that the cautionary language about risk is to protect the County, but that it would be fine to add information about the County's stellar record.

   Craig Wangsgard brought to the attention of the Committee that some amendments to the Municipal Advisor Agreement are being proposed to the Council. The amendments add more disclosures and state some things on which the municipal advisor is not advising the County, such as conduit issuances. The changes are an effort to comply with new rules. Mr. Wangsgard also mentioned that in November the committee will need to consider an RFP for the municipal advisor contract.

7. **Adjourn**
   Dave Delquadro made a motion to adjourn, all were in favor.