

SALT LAKE COUNTY

*2001 S State Street, N2-800
Salt Lake City, UT 84114*



Meeting Minutes

Wednesday, December 15, 2021

2:00 PM

Room N2-800

Debt Review Committee

1. Call to Order

Present: Committee Member Wayne Cushing
Committee Member David Delquadro
Committee Member Brad Kendrick
Excused: Committee Member Scott Tingley
Call In: Committee Member Darrin Casper
Chair Ralph Chamness
Committee Member Javaid Majid
Ex-Officio Member Jon Bronson

2. Public Comment**3. Approval of Minutes****3.1 Approval of Minutes from November 8, 2021 meeting.**[21-1427](#)

Attachments: [Salt Lake County Debt Review Meeting Minutes 2021-11-08.pdf](#)

A motion was made by Committee Member Casper, seconded by Committee Member Delquadro, that this agenda item be approved. The motion carried by a unanimous vote.

4. Discussion Items**4.1 Financial Advisor Update**[21-1428](#)*Debt Book*

Ms. Jeanette Harris, Vice President, Zions Public Finance, reviewed the Debt Book for fiscal years 2022 through 2042, which is when the last payment of all the County's current outstanding debt will be paid off. She highlighted the four most recent outstanding debt issues: the 2020 General Obligation Bond Refunding for the Zoo/Aviary; the 2021 Municipal Building Authority Bond for libraries; the 2020B Sales Tax Revenue Bond Refunding for various buildings; and the 2020 Sales Tax Revenue Bond for buildings/land/refunding.

Material Events

Ms. Harris reviewed the 16 material events, as required by the Securities and Exchange Commission. If any of these events occur with regard to the County's outstanding bonds, the County needs to report them through the

Electronic Municipal Market Access (EMMA) within 10 business days. The 16 events apply to any bonds that were issued after February 27, 2019. The most common event is a rating change, but #15, the Incurrence of a Financial Obligation of the Issuer, if material, is the big one. This does not apply if the market already knows about the bonds issued; it would be a lease or maybe a direct purchase that the market does not know about.

Mr. Marcus Keller, Vice President, Zions Public Finance, stated the County would want to disclose the Sales Tax it did with J.P. Morgan Chase as a direct purchase.

Market update

Mr. Keller reviewed the Market Update, including the J.P. Morgan Municipal Market Update; the Wells Fargo Municipal Weekly Update for the week of December 6, 2021; and the Municipal Market Outlook for December 9, 2021. US Treasury yield curves are going up substantially; Municipal Market Data (MMD) Municipal Bond yield curves are going up, but not as much as US Treasuries; and the cost of goods is going up.

Mr. Jon Bronson, Senior Vice President, Zions Public Finance, stated the Federal Reserve has been infusing cash into the market to keep the economy going; it has been buying \$120 billion a month in Mortgage-Backed Securities and Long-term Treasury Bonds. Today, the Federal Open Market Committee announced that the Federal Reserve will stop buying \$20 billion a month in Long-term Treasury Bonds and \$10 billion a month in Mortgage-Backed Securities, due to inflation concerns. That means it should be out of the buying and infusing cash by March.

Mr. Keller stated the goal is to bring inflation back down to what it has been historically. If the Federal Reserve stops making the market so liquid, rates will go up. The tighter the money supply and the higher interest there is, the less borrowing there will be.

4.2 Refunding Analysis Update

[21-1429](#)

Mr. Marcus Keller, Vice President, Zions Public Finance, stated J.P. Morgan Chase is offering the County a four-year forward delivery call on its debt. A forward delivery call is basically a purchaser negotiating directly

with the County and entering into a contract to buy its debt at the call date. This offer would be a fixed agreement, so there would be no variable risks for the County. All variable risks would be on the J.P. Morgan Chase side because they do not know what the rates are going to be in four years. J.P. Morgan Chase is offering this as a solution to combat the loss of advanced refunding in the marketplace, and what it is offering the County is based off what it can hedge it for in the Treasury market.

He reviewed a refunding analysis Zions Public Finance did for three of the County's bonds: Series 2015B General Obligation, Series 2012A Sales Tax Revenue Bonds, and Series 2014 Sales Tax Revenue Bonds. The analysis is to help the County understand the benefit of refunding versus four years from now at the call dates.

Committee Member Casper asked when the County would have to pay for these.

Mr. Keller stated the County would most likely have to pay the cost of issuance up front.

Committee Member Majid stated he was hesitant to do this because of the par amount differences between the forward delivery and the current refunding. He was also concerned about the non-callable feature.

Mr. Keller stated typically, there is a difference between the par amount due to the advanced refunding nature of the contract, but there should not be quite as much of a difference as there is here. He would get clarification on those and send that to the Debt Review Committee. Also, J.P. Morgan Chase was willing to do a call feature, but it will affect the rates and cut into the County's savings.

Committee Member Casper asked what Zions Public Finance's recommendation would be.

Mr. Keller stated he would recommend moving forward with the 2015B General Obligation Bond to get the rate locked in before the Federal Government tampered with the process. The Series 2014 Sales Tax Revenue Bond was more of a soft push. The County could start down the path and see what the rates are once J.P. Morgan Chase submits a term

sheet. This would still have to go through the traditional refunding process, whereby a calendar would be set up with a date to get the term sheet.

Mr. Craig Wangsgard, Deputy District Attorney, stated he would probably do a Parameters Resolution for these and have it on a Council agenda. He asked how the County would pay bond counsel since it normally pays bond counsel out of the cost of issuance.

Committee Member Casper stated the County would have to do a budget adjustment to pay everything up front.

A motion was made by Committee Member Casper, seconded by Committee Member Cushing, to proceed to calendar this issue for both the Series 2015B General Obligation bond and the Series 2014 Sales Tax Revenue Bond, and have a Parameters Resolution placed on the January 4, 2022, Council agenda.

Committee Member Casper stated this makes sense today because things are going to change. He was making a judgment call on the date.

Mr. Keller suggested a caveat to the motion to address Committee Member Majid's concerns, to have Zions Public Finance get the information on the par amounts to the Debt Review Committee, at which time it would have the discretion to not move forward with the motion if it chose not to.

A motion was made by Committee Member Casper, seconded by Committee Member Cushing, to proceed to calendar this issue for both the Series 2015B General Obligation bond and the Series 2014 Sales Tax Revenue Bond; and to have the Parameters Resolution placed on the January 4, 2022, Council agenda, with the caveat that Zions Public Finance will get the Debt Review Committee information on the par amounts, at which time it can decide whether or not to move forward with the motion. The motion carried by a unanimous vote.

Mr. Keller asked what the Debt Review wanted to do with the 2012A Sales Tax Revenue Bond, as it is callable February 1, 2022. The refunding for that would probably not save the County a lot, but if the County wanted to do that, it should decide that now. Doing a cash defeasance on that one would probably get the County the most bang for its buck. The County would probably need between \$4.2-\$4.3 million to cash defease that.

Committee Member Casper stated he was inclined to cash defease that, but he wanted to discuss it more in detail with legal counsel.

Committee Member Delquadro suggested that be discussed at the next Debt Review Committee.

5. Other Committee Business

Committee Member Chamness stated Committee Member Cushing will be the chair next year.

Committee Member Cushing stated he will be holding the meetings similar to how they were done this year in this room.

6. Adjournment

The meeting was adjourned at 3:00 PM.

SHERRIE SWENSEN, COUNTY CLERK

By _____
DEPUTY CLERK

By _____
CHAIR, DEBT REVIEW COMMITTEE