SALT LAKE COUNTY

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

Meeting Minutes

Wednesday, January 29, 2025

2:00 PM

Room N2-800

<u>Debt Review Committee</u>

1. Call to Order

Present: Committee Member Ralph Chamness
Committee Member Mitchell Park
Committee Member Sheila Srivastava
Chair Chris Harding

Excused: Committee Member Darrin Casper

Call In: Committee Member David Delquadro
Committee Member Greg Folta
Ex-Officio Member Johnathan Ward

2. Public Comment

3. Approval of Minutes

3.1 December 11, 2024 Debt Review Committee Minutes 25-2505

Attachments: 121124 Debt Review Commmittee Minutes

Committee Member Harding stated during the last meeting, there was a recommendation to align the order of chair, so there was not a new chair during an election year. However, Committee Member Chamness said the Debt Review Committee would figure out who it wanted to be chair during the following year. Committee Member Harding asked if the Debt Review Committee was okay with the order of chair being Auditor, District Attorney, and then Treasurer, which would mean the District Attorney would be chair twice in a three-year period.

Committee Member Chamness stated he was okay with that order.

A motion was made by Committee Member Chamness, seconded by Committee Member Park, that this agenda item be approved. The motion carried by a unanimous vote, with the exception of Committee Member Srivastava who abstained from voting, stating she was not a voting member at that last meeting.

Mr. Craig Wangsgard, Deputy District Attorney, stated the Debt Review Committee would need to have a roll call vote unless the vote was unanimous.

Committee Member Srivastava removed her abstention. The motion carried by a unanimous vote.

4. Discussion Items

4.1 Consideration of a Resolution of the Salt Lake County Council Declaring Official Intent to Reimburse Expenditures to its General Fund or Other County Funds for the Financing of Project Costs Associated with Acquiring, Improving or Constructing a Government Center, Other County Capital Projects and Related Facilities 25-2506

Attachments: Staff Report
012925 Reimbursement resolution (Government Center)

Mr. Craig Wangsgard, Deputy District Attorney, reviewed the resolution, stating there is an Internal Revenue Service (IRS) regulation that required that if a County legislative body issued bonds, but its intent was to be reimbursed from future bond issuances, it needed to adopt a resolution naming that intent. Since the County acquired the Peace Coliseum, the County wanted the flexibility to be reimbursed for those proceeds. There is a look back period of 60 days, and a forward look of 18 months. The Council had to approve this by February 18th, but he would prefer that the Council approve it earlier to ensure the IRS did not find a problem with it. He did not think the Debt Review Committee had to approve the resolution because it is not a resolution to issue debt. The resolution is just saying if the County issued bonds, it wanted the intent to reimburse itself to be documented.

Committee Member Chamness stated he thought it was a good idea for the Debt Review Committee, in its capacity to advise, to recommend the Council pass this.

A motion was made by Committee Member Park, seconded by Committee Member Srivastava, that the Debt Review Committee recommends the Council consider this resolution, prior to the dates described by counsel, in order to effectuate the actual purchase of the Peace Coliseum and to comply with all applicable law.

Committee Member Delquadro stated from a fiscal perspective, he would want this money to be reimbursed.

Council Member Delquadro asked for an amendment to the motion to add "and approve."

Committee Member Park withdrew his motion to allow Committee Member Delquadro to make the motion.

A motion was made by Committee Member Delquadro, seconded by Committee Member Srivastava, that the Debt Review Committee recommends the Council consider and approve this resolution, prior to the dates described by counsel, in order to effectuate the actual purchase of the Peace Coliseum and to comply with all applicable law. The motion carried by a unanimous vote.

4.2 Consideration of Resolution of the Municipal Building Authority of Salt Lake County, Utah Declaring Official Intent to Reimburse Expenditures to its General Fund or Other County Funds for the Financing of Project Costs Associated with Acquiring, Improving Or Constructing A Government Center, Other County Capital Projects And Related Facilities 25-2507

Attachments: Staff Report
012925 Bond Reimbursement resolution MBA

Mr. Craig Wangsgard, Deputy District Attorney, reviewed the resolution, asking the Debt Review Committee to make the same recommendation to the Municipal Building Authority as it did with the previous resolution. The reason there were two resolutions was because the County did not know what kind of bonds it was going to issue.

A motion was made by Committee Member Delquadro, seconded by Committee Member Srivastava, that the Debt Review Committee recommends the Municipal Building Authority consider and approve this resolution, prior to the dates described by counsel, in order to effectuate the actual purchase of the Peace Coliseum and to comply with all applicable law. The motion carried by a unanimous vote.

Committee Member Folta stated Committee Member Casper directed him to put the resolutions on the February 11, 2025, Council and Municipal Building Authority agendas.

Committee Member Harding asked if he needed to do anything in his capacity as chair.

Committee Member Chamness stated when he was chair of the Debt Review Committee, he would at times send a letter to the Council chair telling him/her what the Debt Review Committee recommended, with the resolution(s) attached.

Mr. Harding stated he would send a letter to the Council.

Mr. Isaac Higham, Council Office Director, asked that he be copied on the letter to the Council chair.

5. Other Committee Business

Market Update

Mr. Japheth McGee, Vice President, Zions Public Finance, gave a market update, stating it is expected the Federal Reserve will cut rates twice this year, at most, but it likely will not be anytime soon. The Federal Reserve will probably wait to see what the economy does going forward. Inflation is not running away, but it is not declining either. He thought long-term rates would rise because short-term rates were not changing. Investor yield preferences and the time value of money (TVM) would push those rates up on the long end if the front end did not move because investors were going to think that was a new normal. If rates do not change on the front end, interest rates overall will increase.

Committee Member Delquadro asked how that would affect the County's refinance.

Mr. Johnathan Ward, Senior Vice President, Zions Public Finance, stated as Treasury interest rates increase, which they have done over the last week and the last month, and Municipal Bond rates continue to drop, that gap will benefit the County's refunding. As of today, the County would be $350,000 in the hole on that net present value benefit, and it would continue to be in the hole if Treasuries went up, followed by Municipals going up. If Treasuries went up fast and Municipals lagged, like they did this time in 2024, that widening gap would benefit the refunding. The refunding is very short-term, so any action the Federal Reserve took later this year should work to the County's advantage, as that action would reduce the short end of the yield curve rather than the long end.

The White House had issued a Federal funding freeze, which he heard was lifted today. If the Federal Government reissued that freeze, entities would no longer get the Build America Bonds' (BAB) subsidies that they were currently receiving from the Federal Government, and that would change the County's equation on its refunding analysis. The assumption was without the subsidy, the County's negative savings would go up dramatically for the remaining life of those bonds, and it was paying a taxable rate. The County could refinance a tax-exempt rate today and have a savings, so Zions Public Finance is watching that closely.

Mr. McGee stated other things happening may affect that subsidy as well, such as the 2017 Tax Cuts and Job Acts tax reform.

Forward Purchase Agreement

Mr. Craig Wangsgard, Deputy District Attorney, reminded the committee that the 2025A Forward Purchase Agreement closes June 17th, so there will be an issuance soon. All terms have been worked out.

Adjourn

The meeting was adjourned at 1:20 PM.

LANNIE CHAPMAN, COUNTY CLERK

By ____
DEPUTY CLERK

By ____
CHAIR, DEBT REVIEW COMMITTEE