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# SALT LAKE COUNTY

## Debt Review Committee

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### Debt Review Committee Meeting – MINUTES (approved)

Wednesday, September 27, 2017, 2:00 pm - 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:	Other Attendees:
Cherylann Johnson (Auditor), acting chairman	Brad Walker (B of A/Merrill Lynch)
Darrin Casper (Mayor's Finance), member	Craig Wangsgard (District Attorney)
Jason Rose (County Council), member	Eric Pehrson (Zion's Bank)
Javaid Majid (Mayor's Finance), member	Jana Ostler (Auditor)
Jon Bronson (Zion's Bank), ex-officio member	Marcus Keller (Zion's Bank)
K. Wayne Cushing (Treasurer), member	Randy Larsen (Gilmore Bell)
Ralph Chamness (District Attorney), member	Rod Kitchens (Mayor's Finance)
	Ryan Bjerke (Chapman and Cutler)
<b>Committee Members Absent:</b>	Shanell Beecher (Mayor's Finance)
David Delquadro (County Council), member	Steve Barnes (District Attorney)
Scott Tingley (Auditor), chairman	

#### AGENDA

Cherylann Johnson called the meeting to order at 2:03pm.

**1. Public Comment**

No public comment.

**2. Approval of minutes – August 17, 2017 meeting**

Jon Bronson identified a typo in the minutes. Wayne Cushing moved to approve the minutes with the correction, Javaid Majid seconded the motion, and all voted in favor.

Mr. Bronson made a comment on some information in the minutes that was accurate at the time of the meeting, but has now changed. In the August 17 meeting, Mr. Bronson stated that the escrow would likely be more efficient if we could invest in SLUGS. At that time, the SLUGS window was closed, but Mr. Bronson has since run the numbers both with SLUGS and open market securities, and found that more savings would be possible on the open market. Mr. Bronson also pointed out that there is a degree of risk using open market securities because of a 20-minute window during which the market could shift out of the County's favor. At this point, Mr. Bronson still recommends using open market securities, and Brad Walker agrees.

**3. Approval of minutes – August 30, 2017 meeting**

Approval of these minutes was tabled until the next meeting.

**4. Approval of minutes – September 6, 2017 meeting**

Wayne Cushing moved to approve the September 6, 2017 minutes, Jason Rose seconded the motion, and all were in favor, with one abstention from Darrin Casper who was not present at the September meeting.



that Bank of America Merrill Lynch is the marketing or branding name, but Merrill Lynch, Pierce, Fenner & Smith Incorporated is their broker/dealer name, but they refer to the same company.

Item 7 on the sub-agenda – due diligence questions by Gilmore Bell – was directed by Randy Larson. Darrin Casper answered most questions satisfactorily and little discussion was needed, with a few exceptions. A few highlighted questions and answers follow. What were the County’s 2016 financial results? Darrin Casper indicated that the financial well-being of the County was enhanced in 2016 and revenues are exceeding projections for 2017 as well. Describe the County’s dependency on federal grants. Mr. Casper explained that the County’s dependency is limited and that currently Operation Rio Grande is funded in part by Medicaid, but as with other grand funded projects, if federal revenue stops, the spending stops. Does the POS fairly and accurately describe the County’s pension plan and OPEB and their funding status? Darrin Casper answered, yes, although OPEB is under existing County rules and total liability will be stated next year. There will be about a \$60 million increase in the liability, so it’s not material, but it will go from \$45 million to \$99 million because of the difference in how it is stated. What are the County’s top three challenges for the next five years? Darrin Casper answered saying that the County’s top challenges are; criminal justice in general and compensation compression. Neither issue is material in the grand scheme of things, but they do become budget issues. There are no other material issues or concerns facing the County that have not been disclosed properly. Mr. Walker thanked the Committee for taking the time to answer the questions and ensure that due diligence is done to protect investors. He also added that the Trump tax proposal has affected the market upward. The MMD in the years that the County cares about for these bonds is +6 today.

#### **6. Financial Advisor Update**

Jon Bronson distributed the Municipal Market Outlook ([attached below](#)) and notified the committee that the Fed did not raise interest rates last week, but most of the board of governors indicated that they would raise rates before the end of the year. The Fed also announced that they will begin to unwind their quantitative easing, tapering down their holdings by \$10 billion a month then increasing to \$20 billion a month to reach the goal of \$3 trillion in holdings by 2020. The market did not respond much to this news. J.P. Morgan continues to predict rate increases by the end of the year. Citi’s economic outlook mentions concerns over tax reform, effects of financial disasters, and geopolitical tensions. Brad Walker agreed that North Korea is an issue to watch, but the market hasn’t been affected much yet. SLC just did a competitive sale on September 26 which will be used as a comparable sale for this issue. In general, the market is good, volume is increasing, and MUNIS have performed well this year.

#### **7. Other**

No other business.

#### **8. Adjourn**

Ralph Chamness moved to adjourn the meeting, Jason Rose seconded the motion, and all were in favor.