

MINUTES
of
Salt Lake County Debt Review Committee
July 7, 2009
Civil Division Conference Room, S-3600 – 2:00 p.m.
Minutes by Carmen Weirick, D.A.'s Office

Debt Review Committee Members present:

Dahnelle Burton-Lee
David Delquadro
Lance Brown
Darrin Casper
Jeff Hatch
Larry Richardson
Karl L. Hendrickson
Doug Willmore

Others Present:

Tom Berggren
Greg Folta – Mayor's Operations
Cara Bertot- Zion's Bank
Eric Pehrson
Tammy Stewart

Staff Present:

Deana Stith – District Attorney's Office

Dahnelle began the meeting stating that as the NMTC transaction was moving forward and finalizing transactional documents that the DRC wanted to bring it back one more time to make sure there was a clear understanding so a recommendation could be made to the County Council. Dahnelle noted closing may be delayed until later in August because of the need to have a construction contract signed by the County in order to assign it to the LLC. Dahnelle referenced the CD that was circulated last week with the documentation that is being requested from the County and stated that Tom Berggren was here to answer questions and provide input. The Table was open for discussion.

Disclosure of Conflict

Lance Brown disclosed that his wife, Lois Brown, is employed by Jones Waldo.

New Market Tax Credit

Tom stated that there were a few details that still needed to be worked through with regard to NMTC but no major or substantive problems. He said he would be sending comment that we would prefer not to have binding arbitration. Dahnelle added that we were also objecting to the waiver of the jury trial and requesting that the governing law be the law of the State of Utah. The fees for Chuck were discussed. Tom relayed that he has been working with Kevin Goldsmith in the NMTC group at JPMorgan Chase. Tom stated that Chase's lawyer, Brian Care out of Washington, D.C., was putting the documents together. A discussion ensued regarding how we're going to handle this in our CAFR next year and whether Magna Library LLC would have to be considered a

component unit of Salt Lake County government and listed as such on our comprehensive annual budget. Dahnelle recommended that an e-mail be sent to Chuck asking for direction how to handle it. Greg was then asked if he would talk to Chuck and get back to the DRC to which he agreed. The issue that an intermediate entity would be holding the funds, making disbursements, etc. was then discussed. Dahnelle then referred to the put-call option document, which was not listed on the CD. Tom explained that the put-call option was the most important document to the County because it's the way the County exits this arrangement with Chase after seven years. It was noted the tax opinion will be provided by the attorney for the investor. Dahnelle asked if there was a motion to move it forward favorably or at least give a favorable recommendation to the Council. Motion was made and seconded and vote was unanimous.

Secondary market transactions were discussed with Jon stating that he would look into that issue again. Dahnelle stated that the issue of insurance was also being looked at as the fiduciary responsibility falls to some of the county employees that are acting as directors or officers. Jon stated that the G.O. calendar had been redrafted. And the next step in the calendar would be the audit information for '08 on the 17th. He stated he thought all of it is doable (turning out the P.O.S. with the new numbers, getting the revised document to the rating agencies, turn the rating by Friday).

Build America Bonds (BABS)

The next item discussed was the Build America bonds. Jon stated that that product has become very popular, widely accepted and the terms and conditions that had been negotiated have changed. He stated they're accepting traditional tax-exempt market terms like a 10-year park-call, etc. He went on to say the benefit of doing the taxables is up. Jon anticipates that if we did this issue on a BABS basis we'd be saving maybe \$1.4 Million or so in interest payments. He clarified that if we did a BABS we would need to readopt the parameters resolution. It was stated the closing wouldn't be delayed but that we need to move on it if we're going to change the interest rate. It was determined this could not be done as a consent item. Jon will research whether interest subsidy payments posted as security for the bonds is discretionary. Jon acknowledged that there are only three issues of BABS in Utah so far. Jon stated he would be negligent if he didn't bring up the possible \$1.4 million dollar savings even though he can't guarantee it. He declared the costs are no greater and that just the parameters resolution would need to be revised. It was determined that everyone wants to move forward with BABS and it should be presented to the Fund Balance Subcommittee. David will check on that and get back to Dahnelle.

The tax levy was then discussed. It was stated that with the G.O. issues in the past we were using other revenue to pay that would increase the debt levy. Jon stated the other issues had language that says you covenant a levy in the amount sufficient to repay the debt but you can use other monies. Jon offered to do more research on what language S&P would be comfortable with for a rating. It was stated that we ought to plan as if we can offer it like an option. It was also stated it would be remiss for this group not to at least encourage it and to maintain as much flexibility as possible to get the best deal for the County. Dahnelle stated that we should take it to the Council. Jon was asked if he could be available if it goes before the Council on the 21st to which he replied he would. Dahnelle stated she and Jon would work with Ryan. Karl stated we need the text for the notice of bonds to be issued and notice of public hearing as soon as possible to give to Gaylene so she can make prior arrangements with the press. David moved that we adopt an approach that provides as much flexibility to the county as possible to achieve the greatest financial benefit and asked Jon to do whatever is necessary to achieve that end. Motion was seconded and unanimously approved. Jon stated he would revise the calendar accordingly as well.

TANS

Dahnelle stated next on the agenda was the TANS. Darrin relayed that with regard to linking the TANS with this G.O. issue we're going to be out about \$10.7 million dollars until we get reimbursed. Larry passed out a comparison of our cash balances in county funds and stated our actual cash balances are down \$81 Million dollars. Jon stated that the tax note rates were rated MIG 1s. Larry stated he would expect we'd have to have ours rated this time. Jon explained having them rated would be a hassle because the cash flows have to be prepared the way the rating agencies want them and we don't have them set up that way, which is a lot more detail than the County's ever done. Larry then discussed the pro forma cash balance in hand stating that if things continue at average we're okay and will not run out of cash before tax revenues are collected. He stated our typical cash outflow is between \$8-12 Million dollars a month at this point in time because we're not collecting anything. He concluded that this is the lowest we've ever seen cash balances. Jon stated there is no timeframe requirement under a parameters resolution so if the County needs money by mid-October it's just a matter of putting it together quickly. Jon recalled that when we did TANS in the past we didn't get them rated and sold them on the strength of the County's G.O. rating. He stated that given the hassle it would be to get a rating on them, etc., we'd probably still want to do it that way. Dahnelle stated that basically the recommendation and consensus at this point in time was that we will look at it at a later time and leave it to Larry to let us know if we need to get together.

Hogle Zoo

Dahnelle mentioned that she had some discussions with Craig Dinsmore regarding Hogle Zoo and relayed to him that once they get their information together and know for sure what they are going to doing she'll put it back on the agenda.

U of U Orthopedic Center

Jon asked where things stood. Dahnelle stated that she had contacted them a couple of times but they have never gotten back to her. Jon stated with regard to the new MBA issue toward the end of the year that he will draft a calendar. At least one construction contract is in place.

Recovery Zone Tax Credit Bonds

Jon then discussed the recovery zone tax credit bonds which are part of the stimulus package that goes through December 2010. He stated that the allocations have been made. Jon affirmed the County didn't get any allocation because the tax base is too large; however, other parts of the state did and if it goes unused the thought is we could possibly have a reallocation at a state level. He stated the state was allocated in all \$135 million on the IDBs and \$95 million on the economic facilities.

DA Building, Sports Complex, Energy Retrofit

Dahnelle stated that there's been a lot of discussion with regard to the DA Building but nothing viable is on the table yet. Doug stated there was nothing new on the sports complex. With regard to the energy retrofit, it was stated that hopefully this is a definite because we'd look at it as a savings for us. An engineering company is doing a baseline of our energy usage and a business case so if we do this long list of improvements we'd save. It's maybe a month or so out. In explaining the energy retrofit, Jon stated that because the stimulus bill offers some new incentives the municipal bond option is more attractive now so we have to weigh it against the PPA agreements and decide which is more to our interest. Dahnelle asked if there was a motion to adjourn. Karl moved and vote was unanimous. Meeting adjourned.