**STATE BONDING COMMISSION**

Draft Minutes of the October 13, 2020 Meeting

**Electronic Meeting Only**

**Authority Members Attending:**

Spencer Cox, Lieutenant Governor and Chair of the State Bonding Commission

Blaine Carlton, Vice Chair of the State Bonding Commission

David Damschen, State Treasurer and Secretary of the State Bonding Commission

**Others in Attendance:**

Kirt Slaugh, Office of State Treasurer

Perri Babalis, Assistant Attorney General

Jon Bronson, Zions Public Finance

Johnathan Ward, Zions Public Finance

Brian Baker, Zions Public Finance

Carolyn Gonot, Utah Transit Authority

Bill Green, Utah Transit Authority

Carlton Christensen, Utah Transit Authority

Troy Bingham, Utah Transit Authority

Emily Diaz, Utah Transit Authority

Randy Larson, Gilmore Bell, LLC.

Taylor Kaffman, Governor’s Office of Management & Budget

Miranda Cox Jones, Governor’s Office of Management & Budget

Bob Kinney, Wells Fargo

Julie Bjornstad, Wasatch Front Regional Council

La Niece Davenport, Wasatch Front Regional Council

**Meeting called to order by Lt. Governor Cox at 3:30 pm**

**Approval of Minutes** – Mr. Carlton made a motion to approve the minutes from the July 16, 2020 meeting of the Commission. Mr. Damschen seconded the motion. The motion passed unanimously with Mr. Cox, Mr. Damschen and Mr. Carlton all voting in favor.

**Consideration of a bonding resolution for Utah Transit Authority** – Mr. Christensen provided introductions and opening remarks.

Mr. Baker presented the rational for UTA seeking additional refunding bonds. He noted that the refunding was contemplated last year, but a transaction was not executed because it was not as economically efficient to do so last year as was currently. Mr. Baker presented slides indicating that municipal financing interest rates are currently at historic lows. He noted that low rates is the primary factor that allows for an efficient refunding transaction since the current tax-exempt bonds will necessarily be refunded with taxable bonds, given the timing of the transaction.

Mr. Baker explained that the transaction will create savings in interest costs of around $7.5 million net present value, as well as restructure UTA’s debt to be more level year-to-year, lowering the prospective maximum annual debt service by around $1 million.

Mr. Bingham presented an update on UTA’s financial condition and the impacts from COVID-19. He noted that sales tax revenues had been stronger than expected at the onset of the COVID-19 pandemic. He also noted that ridership has rebounded from the lows in early spring and that service levels have been restored to 91% of pre-COVID levels. He highlighted that expenses had been reduced significantly during the spring and summer months because of the reduced services.

Mr. Baker confirmed that UTA’s board had approved an authorizing resolution on issuing the bonds subject to approval of the Bonding Commission of the resolution set before the Commission.

Mr. Damschen asked Mr. Baker to comment on the intended method of sale and the selection of the banking syndicate underwriting the bonds. Mr. Baker responded that a negotiated method of sale was chosen to allow UTA flexibility in the timing of the sale and to allow last-minute changes in debt structure to ensure the lowest possible max annual debt service. He reported that the syndicate included Wells Fargo, JP Morgan and Bank of America, with Wells Fargo leading the syndicate.

Mr. Larsen presented a bond resolution and the parameters of the transaction, and recommended approval by the Bonding Commission. Mr. Carlton asked Mr. Larsen to clarify whether or not the transaction was only for refunding bonds or if it would also include any new money bonds. Mr. Larsen clarified that the transaction was only for refunding bonds with no new money included.

Mr. Damschen motioned to accept the resolution with an amendment to the resolution which would limit the transaction to only refunding bonds. Mr. Carlton seconded the motion. The motion carried unanimously with Mr. Cox, Mr. Carlton and Mr. Damschen all voting in favor.

Mr. Cox read the determination by the Chair to not hold the meeting without an anchor location as required by Utah law.

**3. Approval of a transmittal memo for Legislative Leadership –** Mr. Damschen asked legal counsel if the summary letter that was sent after the last meeting of the Bonding Commission to the Senate President and Speaker of the House was sufficient. Mr. Larsen and Ms. Babalis both opined that they believed that it was sufficient.

Mr. Damschen motioned that his Office draft and share a letter, similar to the one drafted after the last meeting of the Commission, with the Senate President and Speaker of the House, summarizing the key elements of the approved resolution and transaction. Mr. Carlton seconded the motion. The motion carried unanimously with Mr. Damschen, Mr. Carlton and Mr. Cox all voting in favor.

**4. Other matters of business** – No other matters of business were noted.

Mr. Carlton made a motion to adjourn the meeting. Mr. Damschen seconded. The motion carried unanimously.

**The meeting was adjourned.**