

Sedgwick County, Kansas

Recommendations for Issuance of Bonds

\$10,235,000 General Obligation Bonds, Series A, 2012

The County Board will consider the sale of bonds to (i) fund road and bridge improvements (the "Improvement Portion") and (ii) to refund an outstanding issue of County general obligation bonds to achieve interest cost savings (the "Refunding Portion"). This document provides information relative to the proposed issuance. The County's Public Building Commission is considering the concurrent issuance of its Refunding Bonds.

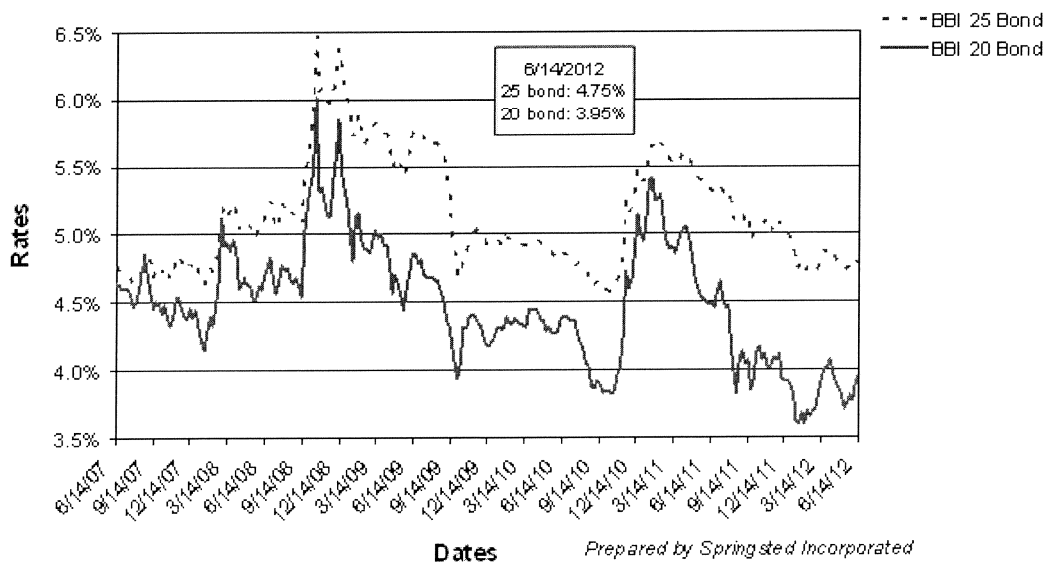
KEY EVENTS: The following summary schedule includes the timing of some of the key events that will occur relative to the bond issuance.

June 27, 2012	Board sets sale date and terms
July 17, 2012	Rating conferences are conducted
July 25, 2012 9:30 AM	Competitive proposals are received
July 25, 2012 1:30 PM	Board considers award of bonds
August 15, 2012	Proceeds are received

RATING: Applications will be made to Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings for ratings on the Bonds. The County's general obligation debt is currently rated 'Aaa' by Moody's and 'AAA' by S&P and 'AAA' by Fitch.

THE MARKET: Performance of the tax-exempt market is often measured by the Bond Buyer's Index ("BBI") which measures the yield of high grade municipal bonds in the 20th year for general obligation bonds (the BBI 20 Bond Index) and the 30th year for revenue bonds (the BBI 25 Bond Index). The following chart illustrates these two indices over the past five years.

**BBI 25-bond (Revenue) and 20-bond (G.O.) Rates for 5 Years
Ending 6/14/2012**



POST ISSUANCE COMPLIANCE:

The issuance of these bonds will result in post-issuance compliance responsibilities. The responsibilities lie in two primary areas: i) compliance with federal arbitrage requirements and ii) compliance with secondary disclosure requirements.

Federal arbitrage requirements include a wide range of implications that have been taken into account as your issue has been structured. Post-issuance compliance responsibilities for your tax-exempt issue include both rebate and yield restriction provisions of the IRS Code. In very general terms the arbitrage requirements control the earnings on unexpended bond proceeds, including investment earnings, moneys held for debt service payments (which are considered to be proceeds under the IRS regulations), and/or reserves.

The arbitrage rules provide an exception from rebate provisions for gross proceeds that are spent within an 18-month period in accordance with certain spending criteria. The County expects to meet the 18-month spending exception with respect to the Improvement Portion. Gross proceeds that meet the test will qualify for an exception to rebate.

The issuance of the Refunding Portion is being conducted as an advance refunding, therefore the County will not meet an expenditure exception for rebate. The proceeds of the Refunding Portion will be invested in an escrow account until the call date of the refunded bonds. Arbitrage rules do not permit investment earnings on the escrow account to exceed the yield on the bonds; therefore, no excess arbitrage would be earned.

Yield restriction provisions will apply to the debt service fund and any Improvement Bond project proceeds unspent after three years under certain conditions and the funds should be monitored throughout the life of each issue.

Secondary disclosure requirements result from an SEC requirement that underwriters provide ongoing disclosure information to investors. To meet this requirement, any prospective underwriter will require the County to commit to providing the information needed to comply under a continuing disclosure agreement.

We understand that the County has made arrangements to manage its arbitrage and continuing disclosure matters and will continue that practice with this new issue.

SUPPLEMENTAL INFORMATION AND BOND RECORD:

Supplementary information will be available to staff including detailed terms and conditions of sale, comprehensive structuring schedules and information to assist in meeting post-issuance compliance responsibilities.

Upon completion of the financing, a bond record will be provided that contains pertinent documents and final debt service calculations for the transaction.

SECURITY AND SOURCE OF PAYMENT:

The Bonds are general obligations of the County, secured by its full faith and credit and taxing power. Debt service for the Bonds will be payable from ad valorem property tax levies.

RISKS/SPECIAL CONSIDERATIONS:

The outcome of this financing will rely on the market conditions at the time of the sale. Any projections included herein are estimates based on current market conditions.

SALE TERMS AND MARKETING:

Variability of Issue Size: A specific provision in the sale terms permits modifications to the issue size and/or maturity structure to customize the issue once the price and interest rates are set on the day of sale.

Prepayment Provisions: Bonds maturing on or after September 1, 2023 may be prepaid at a price of par plus accrued interest on or after September 1, 2022.

Bank Qualification: The County is issuing more than \$10 million in tax-exempt obligations in the current calendar year; therefore the Bonds are not designated as bank qualified.

\$4,060,000 Improvement Portion

Description of Purpose

PURPOSE:	Proceeds of the Improvement Portion will be used to fund construction of road and bridge improvements.
AUTHORITY:	The Improvement Portion is being issued pursuant to Kansas Statutes, K.S.A. 19-101 to 19-101f, inclusive, as amended.
STRUCTURING SUMMARY:	<p>At the direction of the County, the Improvement Portion was structured over term of 20 years with level annual debt service.</p> <p>The County's debt policy suggests that its debt in total be amortized 30% in five years and 60% in ten years. We have structured the Improvement Portion to be in compliance with the debt policy.</p>
SCHEDULES ATTACHED:	We have included schedules showing the sources and uses of funds and debt service requirements for the Improvement Portion.

\$6,175,000 Refunding Portion

Description of Purpose

PURPOSE:	<p>The proceeds of the Refunding Portion will be used to advance refund the August 1, 2016 through 2025 maturities of the County's General Obligation Bonds, Series A, 2005 (the "Prior Bonds"), dated June 1, 2005 and currently outstanding in the aggregate principal amount of \$9,345,000. The aggregate principal amount of the maturities to be refunded is \$5,785,000. The August 1, 2012 through 2015 maturities are not callable and will not be refunded. This refunding transaction is being undertaken to achieve interest cost savings.</p> <p>The Prior Bonds were originally used to finance (i) a portion of the costs of constructing a new Combined Crisis Residential and Adult Detoxification Unit at the County's Mental Health Community Support Center Campus in Shawnee and (ii) various wastewater system improvements.</p>
AUTHORITY:	The Refunding Portion is being issued pursuant to Kansas Statutes, K.S.A. 10-427 and 10-427a.
STRUCTURING SUMMARY:	Per direction from County staff, the Refunding Portion has been structured to provide for approximately even annual savings with a term matching that of the Prior Bonds.

The issuance of the Refunding Portion is being conducted as a "crossover" advance refunding in which the proceeds of the Refunding Portion are placed in an escrow account with a major bank and invested in government securities. These investments and their earnings are structured to pay interest on the Refunding Portion to and including August 1, 2015 (the call date of the Prior Bonds), at which time the escrow account will prepay the principal due August 1, 2016 through 2025 of the Prior Bonds. The County will continue to pay the originally scheduled debt service payments on the Prior Bonds through the August 1, 2015 call date. After the call date, the County will cross over and begin making debt service payments on the Refunding Portion, taking advantage of the lower interest rates.

Based on current interest rates, this refunding is projected to result in average annual savings estimated at \$23,800, resulting in total future value savings of approximately \$241,584, with a net present value, after all expenses, of \$204,886.

The County's debt policy states that, as a general rule, advance refundings will be undertaken only if the present value savings of a particular refunding will exceed 4% of the refunded principal. As of the date of these recommendations, the savings generated in this transaction is estimated at 3.54% of refunded principal. We will continue to monitor the status.

Refunding issues that produce a net present value savings of less than targeted amounts may be considered on a case-by-case basis. Refunding issues with negative savings will not be considered unless a compelling public policy objective is served by the refunding.

**SCHEDULES
ATTACHED:**

We have attached schedules showing the preliminary feasibility summary, debt service and the estimated savings resulting from the refunding, given the current interest rate environment.

**FEDERAL
CONSIDERATIONS
AND/OR
REQUIREMENTS:**

The Refunding Portion of the Bonds is an advance refunding under federal tax law and may not be advance refunded using tax exempt bonds. If market conditions permit, a current refunding could be done at or after the call date.

Tax exempt advance refunding transactions have more restrictive federal arbitrage limitations than current refunding issues as they pertain to the escrow account. A verification agent will be retained by the County to confirm that the refunding escrow is in compliance with federal yield restrictions and will also verify the adequacy of the escrow to satisfy its cash flow requirements.

\$10,235,000
Sedgwick County, Kansas
 General Obligation Bonds, Series 2012
 New Money and Crossover Refunding of Series 2005A

Refunding Summary

Dated 08/15/2012 | Delivered 08/15/2012

	Series 2012 Road and Bridge	Series 2012 Ref 2005A	Issue Summary
Sources Of Funds			
Par Amount of Bonds.....	\$4,060,000.00	\$6,175,000.00	\$10,235,000.00
Total Sources.....	\$4,060,000.00	\$6,175,000.00	\$10,235,000.00
Uses Of Funds			
Total Underwriter's Discount (1.175%).....	47,705.00	72,556.25	120,261.25
Costs of Issuance.....	37,377.29	50,367.71	87,745.00
Deposit to Crossover Escrow Fund.....	-	6,048,457.00	6,048,457.00
Rounding Amount.....	3,974,917.71	3,619.04	3,978,536.75
Total Uses.....	\$4,060,000.00	\$6,175,000.00	\$10,235,000.00

Flow of Funds Detail

State and Local Government Series (SLGS) rates for.....	6/11/2012		
Date of OMP Candidates.....			
Primary Purpose Fund Solution Method.....		Net Funded	Net Funded
Total Cost of Investments.....	-	\$6,048,457.00	\$6,048,457.00
Interest Earnings @ 0.338%.....	-	59,400.35	59,400.35
Total Draw s.....	-	\$6,107,857.35	\$6,107,857.35

PV Analysis Summary (Net to Net)

Net PV Cashflow Savings.....	-	201,267.67	-
Contingency or Rounding Amount.....	-	3,619.04	-
Net Present Value Benefit.....	-	\$204,886.71	-
Net PV Benefit / - Refunded Principal.....	-	3.542%	-
Net PV Benefit / - Refunding Principal.....	-	3.318%	-

Bond Statistics

Average Life.....	9.566 Years	8.369 Years	8.844 Years
Average Coupon.....	2.5692424%	1.9733361%	2.2290150%
Net Interest Cost (NIC).....	2.6920759%	2.1137317%	2.3618754%
Bond Yield for Arbitrage Purposes.....	2.1942260%	2.1942260%	2.1942260%
True Interest Cost (TIC).....	2.6585757%	2.1126916%	2.3431475%
All Inclusive Cost (AIC).....	2.7722980%	2.2211019%	2.4533184%

\$10,235,000
Sedgwick County, Kansas
 General Obligation Bonds, Series 2012
 New Money and Crossover Refunding of Series 2005A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
08/01/2013	240,000.00	0.450%	180,924.36	420,924.36
08/01/2014	245,000.00	0.550%	187,165.00	432,165.00
08/01/2015	245,000.00	0.750%	185,817.50	430,817.50
08/01/2016	875,000.00	0.850%	183,980.00	1,058,980.00
08/01/2017	885,000.00	1.050%	176,542.50	1,061,542.50
08/01/2018	885,000.00	1.250%	167,250.00	1,052,250.00
08/01/2019	895,000.00	1.450%	156,187.50	1,051,187.50
08/01/2020	920,000.00	1.700%	143,210.00	1,063,210.00
08/01/2021	805,000.00	1.900%	127,570.00	932,570.00
08/01/2022	825,000.00	2.050%	112,275.00	937,275.00
08/01/2023	720,000.00	2.350%	95,362.50	815,362.50
08/01/2024	745,000.00	2.550%	78,442.50	823,442.50
08/01/2025	765,000.00	2.700%	59,445.00	824,445.00
08/01/2026	155,000.00	3.050%	38,790.00	193,790.00
08/01/2027	160,000.00	3.100%	34,062.50	194,062.50
08/01/2028	160,000.00	3.200%	29,102.50	189,102.50
08/01/2029	170,000.00	3.250%	23,982.50	193,982.50
08/01/2030	175,000.00	3.350%	18,457.50	193,457.50
08/01/2031	180,000.00	3.400%	12,595.00	192,595.00
08/01/2032	185,000.00	3.500%	6,475.00	191,475.00
Total	\$10,235,000.00	-	\$2,017,636.86	\$12,252,636.86

Yield Statistics

Bond Year Dollars.....	\$90,516.97
Average Life.....	8.844 Years
Average Coupon.....	2.2290150%
Net Interest Cost (NIC).....	2.3618754%
True Interest Cost (TIC).....	2.3431475%
Bond Yield for Arbitrage Purposes.....	2.1942260%
All Inclusive Cost (AIC).....	2.4533184%

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Net Interest Cost.....	2.2290150%
Weighted Average Maturity.....	8.844 Years

\$4,060,000
Sedgwick County, Kansas
General Obligation Bonds, Series 2012
Series 2012 Road and Bridge

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
08/01/2013	240,000.00	0.450%	76,132.01	316,132.01
08/01/2014	245,000.00	0.550%	78,132.50	323,132.50
08/01/2015	245,000.00	0.750%	76,785.00	321,785.00
08/01/2016	245,000.00	0.850%	74,947.50	319,947.50
08/01/2017	245,000.00	1.050%	72,865.00	317,865.00
08/01/2018	235,000.00	1.250%	70,292.50	305,292.50
08/01/2019	240,000.00	1.450%	67,355.00	307,355.00
08/01/2020	245,000.00	1.700%	63,875.00	308,875.00
08/01/2021	245,000.00	1.900%	59,710.00	304,710.00
08/01/2022	255,000.00	2.050%	55,055.00	310,055.00
08/01/2023	140,000.00	2.350%	49,827.50	189,827.50
08/01/2024	145,000.00	2.550%	46,537.50	191,537.50
08/01/2025	150,000.00	2.700%	42,840.00	192,840.00
08/01/2026	155,000.00	3.050%	38,790.00	193,790.00
08/01/2027	160,000.00	3.100%	34,062.50	194,062.50
08/01/2028	160,000.00	3.200%	29,102.50	189,102.50
08/01/2029	170,000.00	3.250%	23,982.50	193,982.50
08/01/2030	175,000.00	3.350%	18,457.50	193,457.50
08/01/2031	180,000.00	3.400%	12,595.00	192,595.00
08/01/2032	185,000.00	3.500%	6,475.00	191,475.00
Total	\$4,060,000.00	-	\$997,819.51	\$5,057,819.51

Yield Statistics

Bond Year Dollars.....	\$38,837.11
Average Life.....	9.566 Years
Average Coupon.....	2.5692424%
Net Interest Cost (NIC).....	2.6920759%
True Interest Cost (TIC).....	2.6585757%
Bond Yield for Arbitrage Purposes.....	2.1942260%
All Inclusive Cost (AIC).....	2.7722980%

IRS Form 8038

Net Interest Cost.....	2.5692424%
Weighted Average Maturity.....	9.566 Years

\$6,175,000

Sedgwick County, Kansas
General Obligation Bonds, Series 2012
Crossover Refunding of Series 2005A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
08/01/2013	-	-	104,792.35	104,792.35
08/01/2014	-	-	109,032.50	109,032.50
08/01/2015	-	-	109,032.50	109,032.50
08/01/2016	630,000.00	0.850%	109,032.50	739,032.50
08/01/2017	640,000.00	1.050%	103,677.50	743,677.50
08/01/2018	650,000.00	1.250%	96,957.50	746,957.50
08/01/2019	655,000.00	1.450%	88,832.50	743,832.50
08/01/2020	675,000.00	1.700%	79,335.00	754,335.00
08/01/2021	560,000.00	1.900%	67,860.00	627,860.00
08/01/2022	570,000.00	2.050%	57,220.00	627,220.00
08/01/2023	580,000.00	2.350%	45,535.00	625,535.00
08/01/2024	600,000.00	2.550%	31,905.00	631,905.00
08/01/2025	615,000.00	2.700%	16,605.00	631,605.00
Total	\$6,175,000.00	-	\$1,019,817.35	\$7,194,817.35

Yield Statistics

Bond Year Dollars.....	\$51,679.86
Average Life.....	8.369 Years
Average Coupon.....	1.9733361%
Net Interest Cost (NIC).....	2.1137317%
True Interest Cost (TIC).....	2.1126916%
Bond Yield for Arbitrage Purposes.....	2.1942260%
All Inclusive Cost (AIC).....	2.2211019%

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Net Interest Cost.....	1.9733361%
Weighted Average Maturity.....	8.369 Years

\$6,175,000

Sedgwick County, Kansas
General Obligation Bonds, Series 2012
Crossover Refunding of Series 2005A

Debt Service Comparison

Date	Total P+I	Escrow	Existing D/S	Net New D/S	Old Net D/S	Savings
08/01/2013	104,792.35	(104,792.35)	1,205,046.26	1,205,046.26	1,205,046.26	-
08/01/2014	109,032.50	(109,032.50)	1,207,421.26	1,207,421.26	1,207,421.26	-
08/01/2015	109,032.50	(5,894,032.50)	6,993,483.76	1,208,483.76	1,208,483.76	-
08/01/2016	739,032.50	-	-	739,032.50	763,233.76	24,201.26
08/01/2017	743,677.50	-	-	743,677.50	768,358.76	24,681.26
08/01/2018	746,957.50	-	-	746,957.50	772,268.76	25,311.26
08/01/2019	743,832.50	-	-	743,832.50	769,068.76	25,236.26
08/01/2020	754,335.00	-	-	754,335.00	775,068.76	20,733.76
08/01/2021	627,860.00	-	-	627,860.00	649,868.76	22,008.76
08/01/2022	627,220.00	-	-	627,220.00	648,138.76	20,918.76
08/01/2023	625,535.00	-	-	625,535.00	650,588.76	25,053.76
08/01/2024	631,905.00	-	-	631,905.00	656,870.00	24,965.00
08/01/2025	631,605.00	-	-	631,605.00	656,460.00	24,855.00
Total	\$7,194,817.35	(6,107,857.35)	\$9,405,951.28	\$10,492,911.28	\$10,730,876.36	\$237,965.08

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings.....	237,965.08
Gross PV Debt Service Savings.....	201,267.67
Net PV Cashflow Savings @ 2.194%(Bond Yield).....	201,267.67
Contingency or Rounding Amount.....	3,619.04
Net Future Value Benefit.....	\$241,584.12
Net Present Value Benefit.....	\$204,886.71
Net PV Benefit / \$1,144,563.99 PV Refunded Interest.....	17.901%
Net PV Benefit / \$5,954,817.04 PV Refunded Debt Service.....	3.441%
Net PV Benefit / \$5,785,000 Refunded Principal.....	3.542%
Net PV Benefit / \$6,175,000 Refunding Principal.....	3.318%

Refunding Bond Information

Refunding Dated Date.....	8/15/2012
Refunding Delivery Date.....	8/15/2012

