



Sedgwick County...
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Sedgwick County

525 North Main Street 3rd
Floor
Wichita, KS 67203

Legislation Text

File #: 18-029, Version: 1

RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF GENERAL OBLIGATION BONDS OF SEDGWICK COUNTY, KANSAS.

Presented by: Lindsay Poe Rousseau, CFO.

RECOMMENDED ACTION: Adopt the resolution.

The Resolution authorizes the competitive sale of general obligation bonds of the County, approves the form of the Notice of Bond Sale and Preliminary Official Statement and authorizes the Chief Financial Officer in conjunction with Springsted Incorporated, Municipal Advisor, and Gilmore & Bell, P.C., Bond Counsel, to cause to be prepared such other documents and take such further action as may be necessary to accomplish the sale of the Bonds to fund the Ronald Reagan Building.

The Board of County Commissioners, pursuant to K.S.A. 19-1510, as amended by Charter Resolution No. 56, has previously adopted Resolution No. 167-2014 which authorized the acquisition of an additional building (the Ronald Reagan Building) for the Courthouse Complex at an estimated acquisition, remodeling and equipping cost of \$15,755,000 and authorized the issuance of general obligation bonds to finance the costs of the project and associated issuance costs. After that resolution was approved, the Commission authorized the sale of general obligation bonds for the purchase price of the building of \$5,324,817.50 only, plus associated costs of issuance. The remainder of the project costs to renovate the building are just less than \$3.6 million and were funded with transfers of cash from the County General Fund. By taking this action, the proceeds of the bond sale would reimburse the County for costs already incurred and the proceeds could be used to fund other County programs or projects as directed by the Board.

Section 1 of this resolution further permits the Chairman to authorize the sale of bonds or reject all proposals, but places the following restrictions: "the principal amount of the Bonds shall not exceed \$3,700,000 and the true interest cost of the Bonds shall not exceed 2.75%. "

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Amount</u>
Courthouse Improvements			
Ronald Reagan Building	167-2014	19-1510 / Ch. Res. 56	<u>\$3,700,000</u>
Total			\$3,700,000

Alternatives: The Commission could decline to authorize the sale.

Financial Considerations: This financing will add \$3.70 million of new debt to the County's balance of outstanding general obligation debt, increasing the total slightly above \$50 million.

The new debt is expected to carry a true interest cost of approximately 2.75%. The debt for improvement portion of the Bonds (Series A) will require principal and interest payments for 20 years. As shown in the attached estimated repayment schedule, the annual repayment obligation is expected to be approximately \$309,000 in the first year after the bond sale; it is expected to be slightly less subsequent years. Annual repayment is expected to be funded with a combination of property taxes and general revenues; the precise amounts of each will be determined each year in the budget adoption process. The effective property tax rate needed to repay this debt is expected to be less than 0.07 mills.

Legal Considerations: The Board of County Commissioners previously authorized the project to be included in the Series A Bond. The Resolution establishes a date for the sale and the parameters for receiving and awarding the bids on the Bonds. The resolution is authorized pursuant to K.S.A. 19-1510 and Sedgwick County Charter Resolution No. 56. A simple majority vote is required for approval.

Policy Considerations: County debt policy provides five ratios that measure the impact of debt on the community. These ratios are benchmarks that serve to limit the amount of debt Sedgwick County will have outstanding at any point in time. The policy prohibits the issuance of new debt if it would cause any two of these ratios to exceed the policy limit. After including the estimated costs of the new debt, one ratio will exceed the policy limit: direct, overlapping and underlying debt as a % of full market value has a policy limit of \$3,000 due primarily to the debt of other taxing entities in the county.

Current Debt				
<u>Benchmark</u>		<u>Policy Limit</u>	<u>Current Debt</u>	<u>as % Of Limit</u>
Per capita direct debt		\$500.00	\$187	37%
Per capita direct, overlapping and underlying debt	\$3,000.00	\$3,817		127%
Direct debt as % of estimated full market value	1.50%		0.28%	19%
Direct, overlapping and underlying debt as % of full market value	6.00%		5.69%	95%
Annual debt service as % of budgeted expenditures	10.00%		7.85%	79%

As indicated in the ratios listed above, the County's direct debt is relatively low, but when added to the outstanding debt issued by cities and school districts within the county, the impact on taxpayers approaches the established policy maximums.

Outside Attendees: Joe L. Norton, Gilmore & Bell PC, Bond Counsel.

Multimedia Presentation: