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Sedgwick County

525 North Main Street 3rd
Floor
Wichita, KS 67203

Legislation Text

File #: 18-176, Version: 1

A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF GENERAL OBLIGATION BONDS, SERIES A, 2018, OF SEDGWICK COUNTY, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

Presented by: Lindsay Poe Rousseau, Chief Financial Officer.

RECOMMENDED ACTION:

One of the following (as recommended by staff): (1) Ratify Chairman's acceptance of best bid; **OR** (2) Accept best bid;

AND adopt the resolution and authorize the Chairman to sign the resolution and all related documents.

The Resolution authorizes the issuance and delivery of general obligation bonds of the County in the principal amount of \$3,700,000 and authorizes the Chairman and 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.

The bonds will provide funds to permanently finance a portion of the costs of the following public improvements previously authorized by the Board, plus costs of issuance:

Project Description	Res. No.	Authority	Cost Estimate
Courthouse Complex -			
Acquisition of building for	167-2014	K.S.A. 19-1510/	\$3,700,000
County admin. offices		Ch.Res. 56	
Total			\$3,700,000

The bonds to be sold for the Courthouse Complex will be used to reimburse the General Fund for cash used to pay costs incurred to date for the renovation and equipping of the Ronald Reagan Building located at 271 W. 3rd Street in Wichita for use by MABCD, MAPD, the Appraiser, Division on Aging, COMCARE, and other County divisions.

Alternatives: The Commission could decline to authorize the sale.

Financial Considerations: This financing will add \$3.7 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 will require principal and interest payments for 20 years. The annual repayment obligation is expected to be approximately \$317,000 in the first year after the bond sale; it is expected to be slightly less in 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: K.S.A. 19-1510 (as amended by Charter Resolution No. 56) authorizes this action. Resolution No. 167-2014 authorized the acquisition of an additional building for the Courthouse Complex and authorized the issuance of general obligation bonds of the county to finance all or a portion of the costs of this project and related issuance costs. The Board of County Commissioners previously authorized the project to be included in the bonds and has authorized the competitive sale of the bonds (Res. 007-2018), giving the chairman limited authority to award sale of bonds (amount not to exceed \$3,700,000 and not to exceed true interest cost of 2.75%). The current resolution provides for the issuance and delivery of the bonds to the underwriter who submits a bid offering the lowest true interest cost to the County. A simple majority vote is required.

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.

Benchmark		Current Debt Policy Limit	Current Debt	As % Of Limit
Per capita direct debt	\$500	\$187	37%	
Per capita direct, overlapping and underlying debt	\$3,000	\$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%	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 or exceeds the established policy maximums.

Outside Attendees: Garth Hermann, Gilmore & Bell PC, Bond Counsel.
Tom Kaleko, Springsted Incorporated, Municipal Advisor.

Multimedia Presentation: N/A