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Sedgwick County

525 North Main Street 3rd
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Wichita, KS 67203

Legislation Text

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A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF GENERAL OBLIGATION BONDS, SERIES B, 2018, OF SEDGWICK COUNTY, KANSAS.

Presented by: Lindsay Poe Rousseau, Chief Financial Officer, Division of Finance.

RECOMMENDED ACTION: Adopt the Resolution.

The Resolution authorizes the competitive sale of general obligation bonds of the County to be held on October 16, 2018, 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.

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

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Amount*</u>
Road Improvements - Redmond Estates	70-2016	68-728 <i>et seq.</i> / Charter Res. 61	\$438,287.99
Bridge Improvements - 53rd St. N. between 231st St W & 247th St W	027-2018	68-1103	700,000.00
Bridge Improvements - 295th St. W. between 45th St. N. & 53rd St. N.	027-2018	68-1103	550,000.00
Bridge Improvements - Pawnee between 127th St. E. & 143rd St. E	027-2018	68-1103	800,000.00
Bridge Improvements - Pawnee between 143rd St. E. & 159th St. E	027-2018	68-1103	800,000.00
Economic Development Grant - Project Eclipse	069-2018	19-101 <i>et seq.</i>	<u>7,000,000.00</u>
Total:			\$10,288,287.99

* Amounts do not include Bond financing costs

Alternatives:

The Commission could decline to authorize the sale. This would cause several adverse effects. The proceeds from the bond sale are to be used to reimburse County cash accounts that were used to expedite a portion of the projects. Failure to proceed with the bond sale will permanently reduce cash reserves.

Financial Considerations:

After taking into account adjustments and financing options, this financing is anticipated to add approximately \$9.66 million of new debt to the County's balance of outstanding general obligation

debt, increasing the total slightly above \$53 million.

The new debt is expected to carry a true interest cost of approximately 2.8%. The debt for the Bonds will require principal and interest payments for 20 years. The annual repayment obligation is expected to be approximately \$1.0 million in the first year after the Bond sale; it will decrease in subsequent years. The annual repayment obligation is expected to be approximately \$1.0 million in the first year after the Bond sale; it will decrease in subsequent years. Annual repayment is expected to be funded with a combination of special assessments, sales taxes, and property taxes; 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 0.210 mills.

Legal Considerations:

The Board of County Commissioners has heretofore authorized the projects to be included in the Bonds. The Resolution establishes a date for the sale and the provisions for receiving and awarding the bids on the Bonds.

Policy Considerations:

County debt policy provides five ratios that measure the impact of debt on the community. These ratios are benchmarks that cannot be exceeded. After including the new debt, all debt ratios are below the maximum allowed by the debt policy.

Benchmark	Policy Limit	Current Debt	Current Debt As % of Limit
Per capita direct debt	\$500.00	\$ 200.00	40%
Per capita direct, overlapping and underlying debt	\$3,000.00	\$3,859	129 %
Direct debt as % of estimated full market value	1.50%	.29%	19%
Direct, overlapping and underlying debt as % of full market value	6.00%	5.62%	94%
Annual debt service as % of budgeted expenditures	20%	7.59%	76%

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 schools districts within the County, the impact on taxpayers approaches our policy maximums.

Outside Attendees: Representatives from Springsted, Gilmore & Bell, P.C.

Multimedia Presentation: N/A