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Sedgwick County

525 North Main Street 3rd
Floor
Wichita, KS 67203

Legislation Text

File #: 18-790, Version: 1

A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF GENERAL OBLIGATION BONDS, SERIES B, 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: Award the sale of the Bonds to the best bidder and adopt the Resolution.

Background: Pursuant to Resolution No. 129-2018, the Board of County Commissioners (the "Board") authorized the Chief Financial Officer to solicit bids for the Series B, 2018 Bonds (the "Bonds"). Bids will be received at 1:00 p.m. on October 23, 2018. The Bonds will be dated November 15, 2018 and are scheduled to close on the same date. The principal amounts of the Bonds are subject to change based on bids received, currently estimated to be \$9,660,000.

The Bonds will provide funds to permanently finance the costs of the following internal improvements previously authorized by the Board (collectively the "Projects") plus costs of issuance:

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority</u> <u>(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 - 53 rd St. N. between 231 st St. W. and 247 th St. W.	027-2018	68-1103	700,000.00
Bridge Improvements - 295 th St. W. between 45 th St. N. and 53 rd St. N.	027-2018	68-1103	550,000.00
Bridge Improvements - Pawnee between 127 th St. E. and 143 rd St. E.	027-2018	68-1103	800,000.00
Bridge Improvements - Pawnee between 143 rd St. E. and 159 th 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:			<u>\$10,288,287.99</u>

Alternatives: The proceeds of the Bonds are to be used to reimburse County cash accounts that were used to expedite a portion of the Projects. Failure to proceed with the issuance of the Bonds will permanently reduce cash reserves.

Financial Considerations: After taking into account adjustments and financing options, this financing is anticipated to add \$9,660,000 of new debt to the County's balance of outstanding general obligation debt, bringing 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. 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 has heretofore authorized the Projects, which are to be permanently financed by the Bonds. The Bond Resolution authorizes the issuance of the Bonds, sets for the terms, details and conditions of the Bonds and authorizes the Chairman and County Clerk to execute all documents necessary to complete the issuance of 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.

<u>Benchmark</u>	<u>Policy Limit</u>	<u>Current Debt</u>	<u>Current Debt As % Of Limit</u>
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 school districts within the County, the impact on taxpayers approaches our policy maximums.

Outside Attendees: Joe Norton & Garth Herrman (Gilmore & Bell, P.C.); Tom Kaleko & Jack Ryan-Feldman (Springsted, Inc.)

Multimedia Presentation: N/A.