

Arkansas City Public Building Commission – Special Meeting Minutes

The Arkansas City Public Building Commission (PBC) met in special session at **5:30 p.m. Tuesday, June 25, 2019**, in the Commission Room at City Hall, located at 118 W. Central Ave.

Chairman **Mike Munson** called the meeting to order. Other commissioners present at roll call were **David Billings**, Vice Chair **Angela Bruce**, **Kanyon Gingher**, **Duane L. Oestmann**, **Charles Tweedy**, **Jay Warren** and **Karen Welch**. Commissioner **Dan Jurkovich** was physically absent, but participated via telephone.

City employees present were City Manager **Nick Hernandez**, City Attorney **Tamara Niles**, City Clerk **Lesley Shook**, Public Information Officer **Andrew Lawson**, Finance Director **Kathy Cornwell**, City Treasurer **Jennifer Waggoner** and Police Department Administrative Assistant **Jeni McGee**.

Citizens in attendance were **Ken Harader**, **Andrea Hernandez**, **Gareth McGee**, **Lance Niles**, **Michael Waggoner** and Cowley CourierTraveler reporter **John Shelman**.

Ranson Financial Consultants was represented by financial consultant **John Haas** and his wife, **Merroli Haas**. Gilmore & Bell, P.C. was represented by **Mitch Walter**.

Minutes

June 18, 2019 Minutes

Commissioner Warren made a motion to approve the **June 18, 2019**, special meeting minutes as written. Commissioner Oestmann seconded the motion. A voice vote was unanimous in favor of the motion. Chairman Munson declared the minutes approved.

Business

Refunding Revenue Bonds Resolution No. PBC-109

Chairman Munson presented for discussion a resolution authorizing the issuance of PBC **Refunding Revenue Bonds, Series 2019**, for the purpose of paying the costs to refund certain bonds of the issuer that financed the costs to construct, furnish and equip South Central Kansas Medical Center (SCKMC), such health care facilities to be leased to the City; authorizing the execution and delivery of supplemental leases between the PBC and the City; authorizing the execution and delivery of a trust indenture by and among the PBC, the City, and Security Bank of Kansas City, as trustee; and making certain covenants and agreements with respect thereto.

John Haas, with Ranson Financial Consultants, said Piper Jaffray & Co. started offering the Series 2019 bonds for sale to investors that morning and had completed the process by **11:30 a.m.** Haas said the overall difference in the interest rate market between **June 10** and **June 24** was **-0.018%**, while the weighted difference was **-0.011%**. This decline was to the City's and PBC's advantage.

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Haas said the difference between what he expected Piper Jaffray's adjusted interest rates to be and what they actually turned out to be was **-0.075%**, with a weighted difference of **-0.082%**. The net interest cost is **3.0801%** and the true interest cost is **3.0164%**, producing **\$7,653,384.90** in savings.

When Piper Jaffray's early call features are taken into account, however, that amount increases to **\$11,468,141.15** if the City can continue the plan of finance and sales tax receipts match forecasts.

It is anticipated that as much as **\$3.05 million** of principal will be able to be called as soon as **2024**.

Haas confirmed that under this proposal, the bonds would be anticipated to be paid off by 2032 — six years earlier than the original Series 2009 bonds would have reached their maturity, in 2038.

City Manager Hernandez pointed out that the annual bond payments will be reduced to around **\$1.1 million**, a substantial savings over the current annual bond payments of around **\$1.9 million**.

Mitch Walter, with Gilmore & Bell, said the resolution will authorize issuance of the bonds in the amounts they sold for, along with all other necessary documents needed to finalize the refinancing.

Hernandez said the City will pay off about **\$5 million** in principal in the first five years of the Series 2019 issuance, as well as remove about **\$20 million** of bond debt from SCKMC's financial accounts.

Commissioner Oestmann made a motion to approve the resolution. Commissioner Tweedy seconded the motion. A voice vote was unanimous in favor of the motion.

Chairman Munson declared the resolution approved and given **Resolution No. PBC-109**.

Adjournment

Commissioner Warren made a motion to adjourn the meeting and convene a special meeting of the City Commission. Commissioner Tweedy seconded the motion. A voice vote was unanimous in favor of the motion. Chairman Munson declared the meeting adjourned at **5:45 p.m.**

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**THE ARKANSAS CITY
PUBLIC BUILDING COMMISSION**

Mike Munson, Chairman

ATTEST:

Lesley Shook, Secretary

Prepared by:

Andrew Lawson, Public Information Officer