

**STAFF MEETING MINUTES
LANCASTER COUNTY BOARD OF COMMISSIONERS
COUNTY-CITY BUILDING, ROOM 113
TUESDAY, JANUARY 27, 2009
5:00 P.M.**

Commissioners Present: Bernie Heier, Chair
Ray Stevens, Vice Chair
Larry Hudkins
Deb Schorr

Commissioners Absent: Bob Workman

Others Present: Kerry Eagan, Chief Administrative Officer
Dan Nolte, County Clerk
Ann Taylor, County Clerk's Office

The Chair opened the meeting at 5:00 p.m.

AGENDA ITEM

- 1 AUTHORIZE NEGOTIATED SALE FOR LANCASTER COUNTY CORRECTIONAL FACILITY BONDS** - Scott Keene, Ameritas Investment Corporation; Lauren Wismer and Lisa DeBuse, Gilmore & Bell, P.C.; Dennis Meyer, Budget and Fiscal Officer; Don Herz, City Finance Director

Scott Keene, Ameritas Investment Corporation, said the negotiated sale of bonds to finance the jail that was held earlier in the day was successful. He said the financing was done at a rate of 4.30%, true interest cost, which exceeded the Lancaster County Correctional Facility Joint Public Agency's (JPA's) expectation that the true interest cost would be in the range of 4.31% to 4.35%. Keene said this was a significant savings over the competitive sale that was held last Thursday, which had a true interest cost of 4.69%. **NOTE:** The Board rejected all of the bids in the competitive sale and elected to hold a negotiated sale. He said the difference translates to \$2,800,000 over the 20-year life of the bond issue.

Keene said the sale had good demand but went slowly. There were no changes to the yields, but there were a few changes to the coupon premiums. **NOTE:** Bonds are sold either at par (one hundred cents on the dollar), at a discount (less than one hundred cents on the dollar) or at a premium (more than one hundred cents on the dollar).

Keene presented a pricing summary (Exhibit A), noting the following changes:

- The serial coupon with a maturity of 12/01/2014 should reflect a rate of 3.000% instead of 2.500%
- The serial coupon with a maturity of 12/01/2015 should reflect a rate of 3.000% instead of 2.750%

Keene said the changes do not impact the yield.

In response to a question from Schorr, Lauren Wismer, Gilmore & Bell, P.C., said bonds that are sold at premium carry an interest rate higher than market conditions and may be called prior to final maturity. Those bonds are indicated with a lower case c in the pricing summary (see Exhibit A) and are calculated to the earliest date of redemption

Keene also discussed the sources and uses of funds (Exhibit A), noting the par amount of bonds to be issued is \$64,500,000. He said maturities that were sold as premium bonds generated a little over \$1,000,000 and allowed the issue to be downsized from \$65,000,000, the amount that was authorized under the JPA resolution. Keene said \$64,877,459 will be deposited in the project construction fund and said interest earnings, at today's rates, will generate \$65,000,000 of construction. **NOTE:** The underwriter's discount was 0.75% and cost of issuance was \$139,000.

Schorr asked whether all of the bonds were placed with Nebraska entities.

Keene said they were not, but said he does not have the numbers at this time.

Dennis Meyer, Budget and Fiscal Officer, referred to the debt service schedule (see Exhibit A) and said debt service is below \$5,000,000 each year.

Keene said the debt service in the first year has been downsized to \$4,469,188 to allow for delinquencies.

Wismer requested execution of the bond purchase agreement and temporary termination agreement (the agreement temporarily terminated Ameritas Investment Corporation's financial advisory relationship with the City and County to allow Ameritas to underwrite the bonds) (Exhibits B & C). He said Don Herz, City Finance Director, has reviewed the documents and has indicated they are satisfactory.

MOTION: Stevens moved and Schorr seconded to ask the Chair of the Lancaster County Correctional Facility Joint Public Agency (JPA) to sign the bond purchase agreement and temporary termination agreement. Schorr, Stevens, Hudkins and Heier voted aye. Motion carried.

The Board thanked Keene, Wismer, Meyer and Herz for their efforts on the bond financing and the Mayor and City Council for their support.

2 ADJOURNMENT

MOTION: Schorr moved and Hudkins seconded to adjourn the meeting at 5:20 p.m. Schorr, Hudkins, Stevens and Heier voted aye. Motion carried.

Dan Nolte
Lancaster County Clerk