

# Arkansas City Public Building Commission – Special Meeting Minutes

The Arkansas City Public Building Commission (PBC) met in special session at **5 p.m. Tuesday, June 18, 2019**, in the Commission Room at City Hall, located at 118 W. Central Ave. in Arks City.

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

City of Arkansas City employees present at the meeting were City Manager **Nick Hernandez**, City Attorney **Tamara Niles**, City Clerk **Lesley Shook**, Public Information Officer **Andrew Lawson**, Finance Director **Kathy Cornwell**, Principal Planner **Josh White** and Arkansas City Police Department Administrative Assistant **Jeni McGee**. Ranson Financial Consultants was represented by financial consultant **John Haas**. Gilmore & Bell, P.C. was represented by **Mitch Walter**.

Citizens in attendance included **Ken Harader, Gareth McGee** and Cowley CourierTraveler reporter **John Shelman**.

## Hearing

### 501(c)3 Public Hearing

Chairman Munson opened a public hearing regarding the issuance of one or more series of **qualified 501(c)3 refunding bonds** of the PBC for the purpose of refunding and retiring the PBC's outstanding Revenue Bonds, Series 2009, the proceeds of which were used to finance the costs to construct, furnish and equip South Central Kansas Medical Center. No one from the public spoke.

Commissioner Tweedy made a motion to close the hearing. Commissioner Warren seconded the motion. A voice vote was unanimous in favor. Chairman Munson declared the hearing closed.

## Minutes

### May 21, 2019 Minutes

Commissioner Oestmann made a motion to approve the **May 21, 2019**, regular meeting minutes as written. Commissioner Gingher 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-108

Chairman Munson presented for discussion a resolution authorizing the offering for sale of PBC **Refunding Revenue Bonds, Series 2019**, of the Arkansas City Public Building Commission.

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John Haas, with Ranson Financial Consultants, said eight proposals were received **June 11** from six firms, with the most favorable being from Hutchinson, Shockey, Erley & Co. and Piper Jaffray & Co.

Hutchinson's proposal creates an estimated cash savings of **\$7,926,121** if the bonds go to maturity, with a net interest cost (NIC) of **3.03%**, while Piper's proposal has an estimated cash savings of **\$7,386,978** — a difference of **\$539,143** in Hutchinson's favor — with an NIC of **3.17%** (0.13% worse).

However, Haas said, the earliest optional redemption date for Hutchinson's proposal is **Sept. 1, 2029**, while Piper's is one year earlier (**Sept. 1, 2028**). Thus, the estimated cash savings with optional redemption using excess sales tax revenues collected is only **\$10,961,064** for Hutchinson, but possibly as high as **\$11,309,541** for Piper, which is a difference of **\$348,476** in Piper's favor.

Based on this information, Haas recommended selecting **Piper Jaffray & Co.** as purchasing agent.

Haas said 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.

But he said the actual final amounts of estimated cash savings to maturity and with optional redemption will not be known until the bonds are sold **June 25**, with a special meeting set to be scheduled at **5:30 p.m.** that day to execute the final actions related to issuing the Series 2019 bonds.

Mitch Walter, with Gilmore & Bell, said he will be extremely busy **June 25**, preparing the documents.

He explained the resolution authorizes a Bond Purchase Agreement, subject to certain parameters.

Commissioner Warren made a motion to approve the resolution as presented and thus authorize Chairman Munson to execute the Bond Purchase Agreement, subject to the following parameters:

- the principal amount of the Series 2019 bonds shall not exceed **\$19 million**;
- True Interest Cost (TIC) of the Series 2019 bonds shall not exceed **3.25%**.

Commissioner Gingher seconded the motion. A voice vote was unanimous in favor of the motion.

Chairman Munson declared the resolution approved and given **Resolution No. PBC-108**.

### **Adjournment**

Commissioner Oestmann made a motion to adjourn the meeting. Commissioner Tweedy seconded the motion. A voice vote was unanimous in favor of the motion. Chairman Munson declared the meeting adjourned at **5:25 p.m.**

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**THE ARKANSAS CITY  
PUBLIC BUILDING COMMISSION**

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Mike Munson, Chairman

**ATTEST:**

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Lesley Shook, Secretary

**Prepared by:**

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Andrew Lawson, Public Information Officer