

**MEETING NOTICE
MAIZE CITY COUNCIL
SPECIAL MEETING**

TIME: 6:00 P.M.
DATE: MONDAY, FEBRUARY 2, 2015
PLACE: MAIZE CITY HALL
10100 W. GRADY AVENUE

**MAIZE CITY COUNCIL AGENDA
MAYOR CLAIR DONNELLY PRESIDING**

- 1) Call to Order
- 2) Roll Call
- 3) Approval of Agenda
- 4) New Business
 - A. GO Bonds Series 2015 Bids and Sale
- 6) Adjournment

A WORKSHOP WILL IMMEDIATELY FOLLOW THE SPECIAL MEETING

**MAIZE CITY COUNCIL
SPECIAL MEETING
MONDAY, FEBRUARY 2, 2015**

AGENDA ITEM #4A

ITEM: **SERIES 2015A GENERAL OBLIGATION BONDS**

BACKGROUND:

At the previous meeting, the council authorized bids to be received for the city's General Obligation Bonds, Series 2015A. These bonds finance various project costs in the following subdivisions:

<u>Special Assessment Projects</u>	<u>Final Cost (including interest and costs of issuance)</u>
Hampton Lakes Commercial Park	\$453,892.48
Hampton Lakes Second Addition	\$452,576.38
Hampton Lakes Second Addition – Phase 2	\$173,738.51
Watercress Village 2nd Addition - Phase 2	\$454,357.64
Watercress Village 2nd Addition - Phase 3	\$205,589.06
Woods at Watercress Addition	\$973,854.93
Watercress Village 3rd Addition	\$480,937.58
Lakelane paving improvements	\$96,328.63

In addition to the above special assessed projects, the bond issue will include the at-large North Maize paving project. The city's 2004 Bonds (maturing 2016 – 2019) will also be refunded as part of this issue.

FINANCIAL CONSIDERATIONS:

Description:	General Obligation Bonds, Series 2015A
Amount:	\$3,560,000
Bids Due:	11:00 AM on February 2, 2015
Callable:	On and after October 1, 2020

Bidders have until 11 AM, February 2, to submit bids. When all bids are received, the City's Financial Advisor (Larry Kleeman) will prepare a bid tab sheet for distribution to the Council Members at the meeting on Monday.

LEGAL CONSIDERATIONS:

Bond Counsel (Kim Bell) has prepared and approves the Bond Ordinance and Bond Resolution as to form. These documents provide for the issuance of, and prescribe the form and details of, the bonds.

RECOMMENDATION/ACTION:

MOTION: Move to accept the low bid from _____.

MOTION: Approve Ordinance authorizing and providing for the issuance of the bonds.

MOTION: Approve Resolution prescribing the form and details of the bonds.



**CITY OF MAIZE
CITY COUNCIL & STAFF WORKSHOP**

TIME: 6:00 – 8:00 PM
DATE: Monday, February 2, 2015
PLACE: Maize City Hall

INFORMAL FORMAT

1. **Goal and purpose:**
 - **This is an informal discussion meeting of the Maize City Council and City Staff. No action will be taken during the workshop**

2. **General Discussion Items Include:**
 - **City debt overview (interpretation & application)**
 - Topics to be discussed include:**
 - a. Review
 - b. State Law
 - c. City Policy
 - d. Current status

 - **Pubic Building Commission (PBC)**
 - Topics to be discussed include:**
 - a. How it works
 - b. Current Status
 - c. **Impact of funding the:**
 - 1) *City Yard Facility*
 - 2) *Splash Park*

 - **Additional Discussion Items could include:**
 - a. **Funding Utility extensions**
 - b. **Other**

3. **Meeting ends @ 8pm**

Note: A meal for attendees will be provided @ 5:30pm

HISTORICAL TRENDS

Population

The following table shows the approximate population of the City and Sedgwick County in the years indicated:

	City of Maize	Sedgwick County
<u>Year</u>	<u>Population</u>	<u>Population</u>
1960	623	343,231
1970	785	350,694
1980	1,294	367,088
1990	1,520	403,662
2000	1,868	452,869
2010	3,420	498,365
2013 (est.)	3,823	505,415

History of Assessed Valuation of Taxable Tangible Property

The following table shows Assessed Valuation of Taxable Tangible Property for the years indicated:

	<u>Real</u>	<u>Personal</u>		<u>Motor</u>	<u>Total</u>	<u>Percentage Increase</u>
<u>Year</u>	<u>Property</u>	<u>Property</u>	<u>Utilities</u>	<u>Vehicles</u>	<u>Valuation</u>	<u>Over Prior Year</u>
2005	\$12,810,751	\$1,544,136	\$342,439	\$2,338,298	\$17,035,624	
2006	14,534,851	1,551,164	490,111	2,748,101	19,324,227	13.43%
2007	16,395,453	1,489,082	492,636	3,148,872	21,526,043	11.39%
2008	19,474,586	1,434,955	453,750	3,259,332	24,622,623	14.39%
2009	22,425,801	1,493,911	482,833	3,361,890	27,764,435	12.76%
2010	25,266,059	1,464,468	757,243	3,541,067	31,028,837	11.76%
2011	26,000,912	1,452,455	908,627	3,953,297	32,315,291	4.15%
2012	27,044,469	624,767	1,037,240	4,405,412	33,111,888	2.47%
2013	29,479,041	600,325	1,099,878	4,929,223	36,108,467	9.05%
* 2014	32,894,132	338,379	1,053,313	4,929,223	39,215,047	8.60%

* Motor vehicle valuation is for 2013.

Building Permits

The following table indicates the number of building permits and total valuation of these permits issued within the City for the years indicated. These numbers reflect permits issued either for new construction or for major renovation.

<u>Year</u>	<u>Number of Permits Issued</u>		<u>Total Valuation of Permits</u>	
	<u>Residential</u>	<u>Non-Residential</u>	<u>Residential</u>	<u>Non-Residential</u>
2004	5	8	\$629,700	\$9,114,158
2005	33	5	4,068,645	4,901,559
2006	42	9	7,035,479	15,441,168
2007	38	5	8,271,792	5,572,800
2008	24	5	6,260,505	3,947,000
2009	50	3	8,321,690	5,900,000
2010	34	19	6,576,427	6,045,640
2011	32	7	8,338,192	4,380,703
2012	63	6	16,783,783	1,520,530
2013	88	6	23,448,657	1,300,900
2014	106	0	32,034,296	

Mill Levy

The following table shows the City's mill levies by fund (per \$1,000 of assessed valuation) for each of the years indicated.

<u>Year</u>	<u>City Levies</u>				<u>Levies of Overlapping Jurisdictions</u>					<u>TOTAL LEVY</u>
	<u>General Fund</u>	<u>G.O. Bonds</u>	<u>Misc. Funds</u>	<u>TOTAL CITY</u>	<u>State & County</u>	<u>Town-ship</u>	<u>School</u>	<u>Regional Library</u>	<u>Cemetery District</u>	
2005/06	30.381	3.613	5.66	39.654	48.814	0.509	52.943	1.014	0.179	143.113
2006/07	35.674	1.129	4.518	41.321	51.284	0.246	51.861	1.014	0.157	145.883
2007/08	39.895	1.878	1.478	43.251	51.315	0.61	52.794	1.014	0.179	149.163
2008/09	37.982	4.165	0.875	43.022	50.378	0.862	52.485	1.013	0.194	147.954
2009/10	37.685	2.632	2.11	42.427	49.815	0.981	54.862	1.138	0.133	149.356
2010/11	43.323	*		43.323	49.195	0.943	57.34	1.137	0.132	152.070
2011/12	42.931	0.201		43.132	49.325	0.981	58.845	1.138	0.136	153.557
2012/13	40.726	0.785		42.868	49.345	0.636	59.689	1.138	0.136	153.812
2013/14	42.117	1.153		43.270	49.225	0.637	62.343	1.126	0.141	156.742
2014/15	38.03	5.006		43.036	49.345	0.53	60.965	1.133	0.139	155.148

* In 2010, the City consolidated mill levies under the General Fund, including the levy for G.O. Bonds.

General Tax Levies and Collections

The City may levy taxes in accordance with the requirements of its adopted budget and within the restrictions of Kansas statute. The County Clerk determines property tax levies based on the assessed valuation provided by the appraiser and spreads the levies on the tax rolls.

<u>Tax</u> <u>Year</u>	<u>Total Tax</u> <u>Levy</u>	<u>Total Collections</u> <u>(Including Prior Years' Delinquencies)</u>	
		<u>Amount</u>	<u>Percent</u>
2004	\$504,544	\$496,614	98.43%
2005	593,479	586,096	98.76%
2006	661,204	652,744	98.72%
2007	773,640	806,878	104.30%
2008	922,660	954,350	103.43%
2009	1,022,233	1,071,852	104.85%
2010	1,186,550	1,125,118	94.82%
2011	1,224,802	1,280,290	104.53%
2012	1,231,578	1,170,256	95.02%
2013	1,337,955	1,280,857	95.73%

Special Assessment Collections

Special assessments are spread on benefited real estate with the general property tax levy in November of each year.

<u>Tax</u> <u>Year</u>	<u>Assessment</u> <u>Billings</u>	<u>Total Collections</u> <u>(Including Prior Years' Delinquencies)</u>	
		<u>Amount</u>	<u>Percent</u>
2004	\$200,146	\$188,099	93.98%
2005	196,554	184,202	93.72%
2006	184,881	172,303	93.20%
2007	283,182	274,215	96.83%
2008	835,714	855,440	102.36%
2009	907,816	1,140,968	125.68%
2010	741,784	731,214	98.58%
2011	765,758	723,330	94.46%
2012	1,034,782	878,868	84.93%
2013	1,291,410	1,155,749	89.50%

EXISTING DEBT

General Obligation Bonds and Notes

General Obligation Bonds

	<u>Issue</u>	<u>Date of Indebtedness</u>	<u>Final Maturity</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
**	Series 2004	7/15/2004	9/1/2019	405,000	\$30,000
	Series A, 2007	4/15/2007	10/1/2022	1,162,471	730,000
	Series B, 2007	9/15/2007	9/1/2028	4,941,983	4,035,000
	Series 2010	11/30/2010	9/1/2017	515,000	135,000
	Series A, 2011	9/29/2011	10/1/2032	4,630,000	4,235,000
	Series 2013A	3/28/2013	10/1/2033	3,840,000	3,720,000
	Series 2013B	8/29/2013	9/1/2028	2,115,000	2,115,000
	Series 2014A	11/26/2014	10/1/2034	2,795,000	2,795,000
*	Series 2015A	2/19/2015	10/1/2035	3,560,000	<u>3,560,000</u>
					\$21,355,000

* This issue.

Temporary Notes

	<u>Issue</u>	<u>Date of Indebtedness</u>	<u>Final Maturity</u>	<u>Current Principal Amount</u>	<u>Amount Outstanding</u>
**	Series 2013A	3/28/2013	4/1/2015	2,970,000	0
**	Series 2013B	9/26/2013	10/1/2015	1,090,000	<u>0</u>
					\$0

**Amount outstanding on 3/1/2015 after redemption with funds provided by this issue.

Revenue Bonds and Leases

Utility Revenue Bonds

	<u>Issue</u>	<u>Date of Indebtedness</u>	<u>Final Maturity</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
	Water System, Series 2006	1/15/2006	8/1/2031	\$5,335,000	\$4,345,000
	Wastewater System, Series 2012A	8/30/2012	9/1/2018	1,135,000	745,000
	Water System, Series 2014A	10/29/2014	10/1/2038	285,000	285,000
	Wastewater System, Series 2014A	10/29/2014	10/1/2038	995,000	995,000

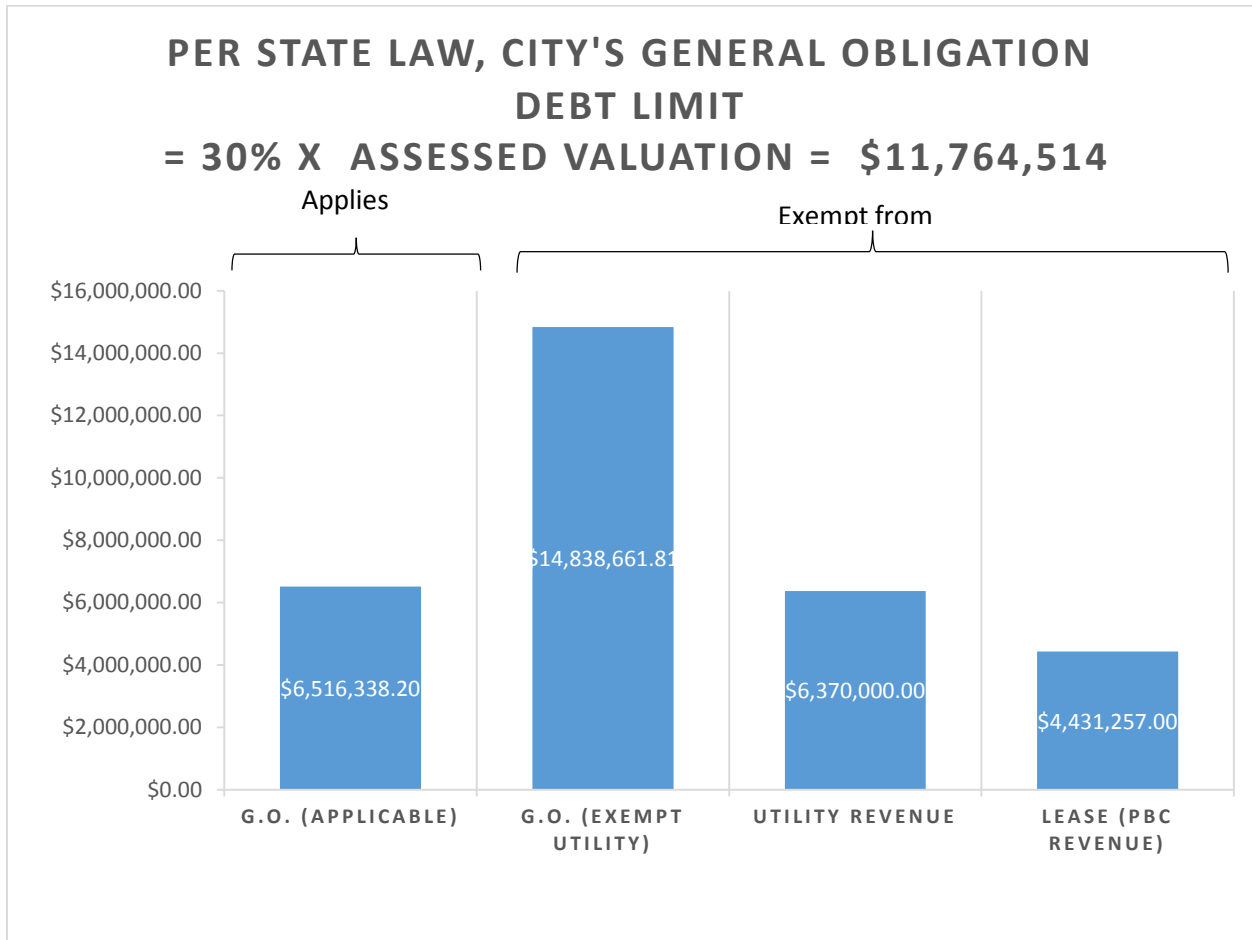
Other Long-Term Debt

	<u>Project/Lessor</u>	<u>Date of Indebtedness</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
	CDBG Loan - Carlson Products	6/1/2005	6/1/2015	\$101,257
	Public Bldg.Comm. Rev. Bonds (City Gov't Complex)	4/28/2011	5/1/2031	\$4,090,000
	Public Bldg.Comm. Rev. Bonds (Rec. Comm. Addition)	10/30/2012	11/1/2022	\$240,000

STATE LAW (DEBT LIMIT)

State Law Debt Limit

State law limits most cities' debt to 30% of their assessed valuation – but excludes certain kinds of debt (such as utility debt for sewer, water, etc.). Of Maize's \$21.365 million in debt (as of March 1), only about \$6.5 million applies toward the state law debt limit. The City's "applicable debt" (\$6,516,328) is 16.62% of its valuation – significantly below the 30% state-imposed debt limit.



CITY POLICY (DEBT GROWTH)

City Policy to Limit New Debt to 60% of Last Year's Valuation Growth

In 2005, the governing body approved Resolution No. 370-05 a portion of which states:

The amount of new general obligation debt, including temporary notes, issued in any one fiscal year shall not exceed sixty (60%) percent of the amount of new growth in prior year of the assessed valuation of the City of Maize.

<u>Year</u>	<u>Total Valuation</u>	<u>Valuation Growth Over Prior Year</u>	<u>60% of that growth is available for new debt</u>
2005	\$17,035,624		
2006	19,324,227	\$2,288,603	\$1,373,162 in 2007
2007	21,526,043	2,201,816	\$1,321,090 in 2008
2008	24,622,623	3,096,580	\$1,857,948 in 2009
2009	27,764,435	3,141,812	\$1,885,087 in 2010
2010	31,028,837	3,264,402	\$1,958,641 in 2011
2011	32,315,291	1,286,454	\$771,872 in 2012
2012	33,111,888	796,597	\$477,958 in 2013
2013	36,108,467	2,996,579	\$1,797,947 in 2014
2014	39,215,047	3,106,580	\$1,863,948 in 2015

Debt Ratio (a tool to keep tabs on a city's debt)

How do we analyze the city's general obligation (G.O.) debt?

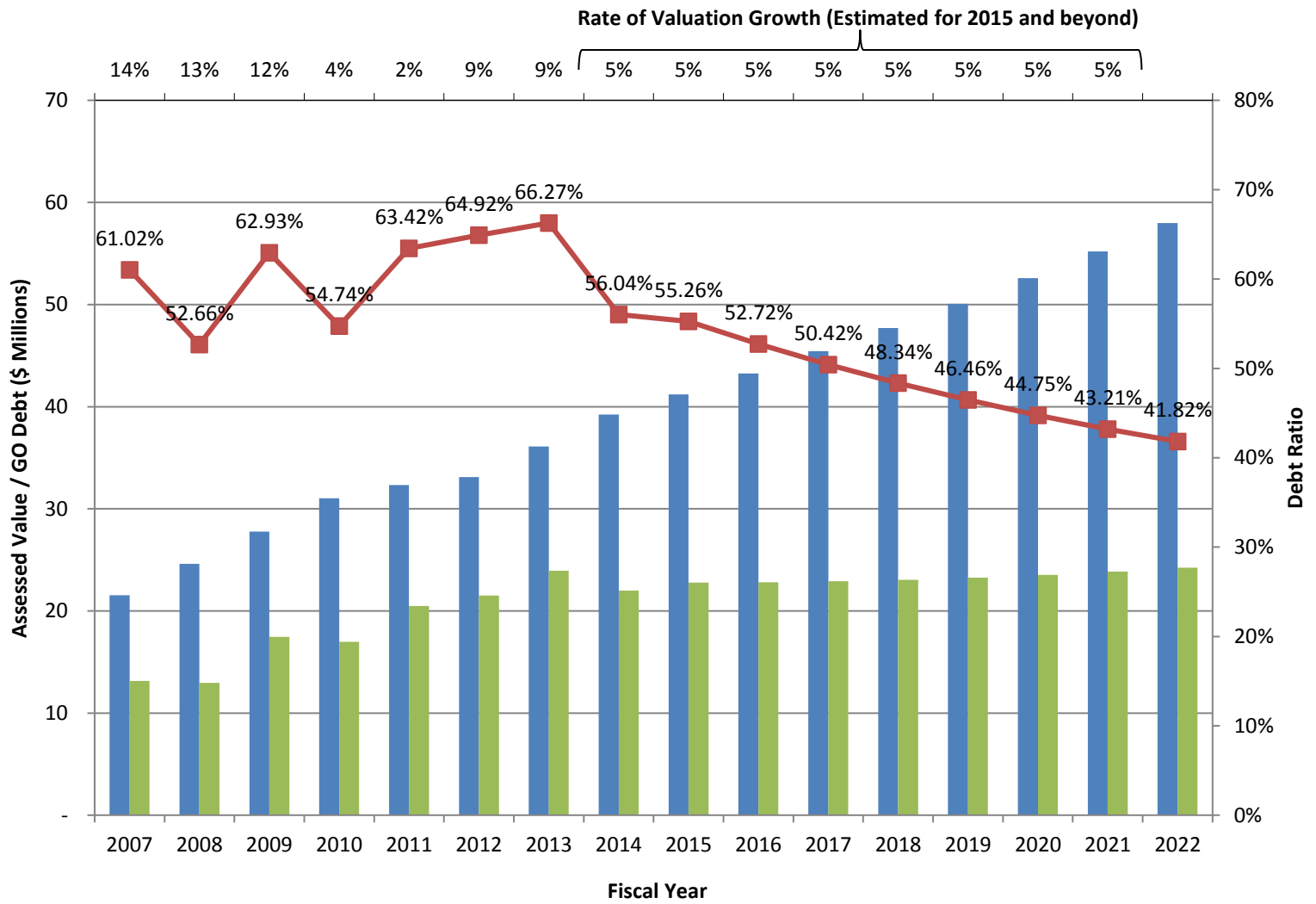
Underwriters and banks often look at a city's "debt-to-valuation" ratio. (Sometimes, simply called the "debt ratio").

"Debt to Valuation" Ratios

	<u>All G.O. Debt</u>	<u>Net of Self-Supporting Debt (excludes special assessed debt)</u>
Assessed Valuation (including motor vehicle valuation)	\$39,215,047	\$39,215,047
General Obligation Bonds and Notes ("G.O. Bonds")	\$21,360,000	\$3,926,160
Ratio of G.O. Bonds to Assessed Valuation	54.48%	10.00%

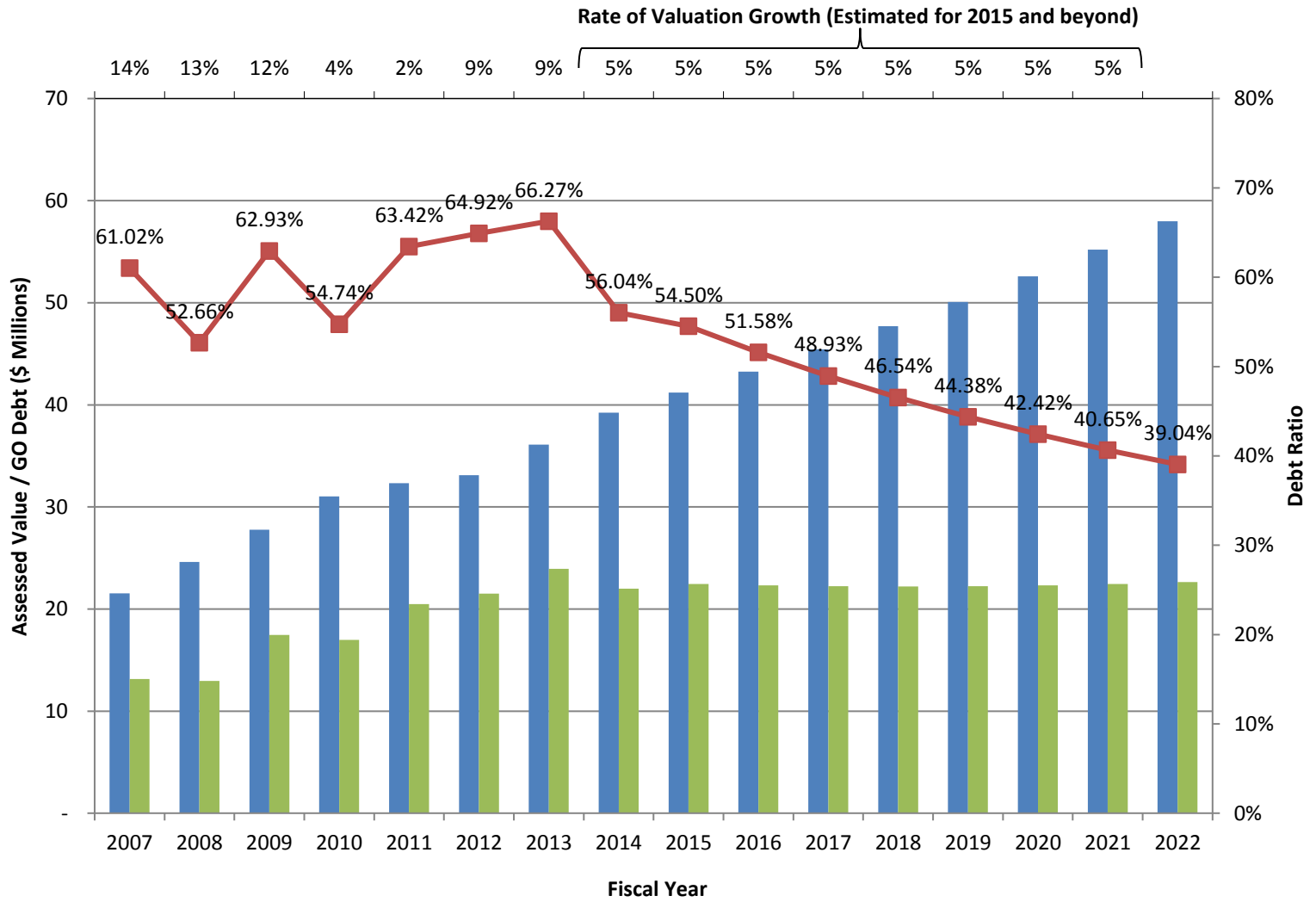
City of Maize, Kansas : Debt Ratio History & Forecast

(Assumes new debt is limited to 60% of previous year's growth in valuation)

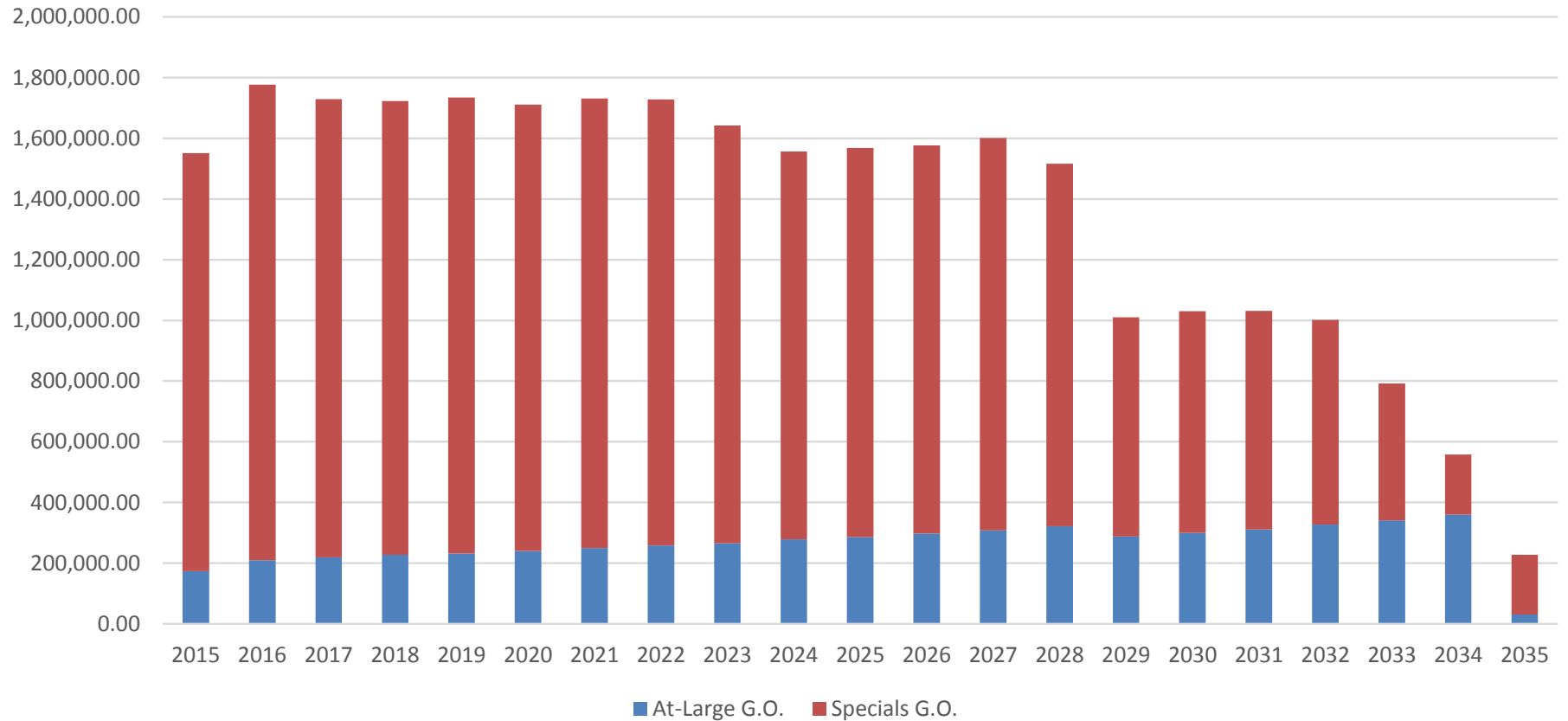


City of Maize, Kansas : Debt Ratio History & Forecast

(Assumes new debt is limited to 50% of previous year's growth in valuation)



Annual G.O. Debt Service (Specials vs. At-Large)



PBC (Public Building Commssion)

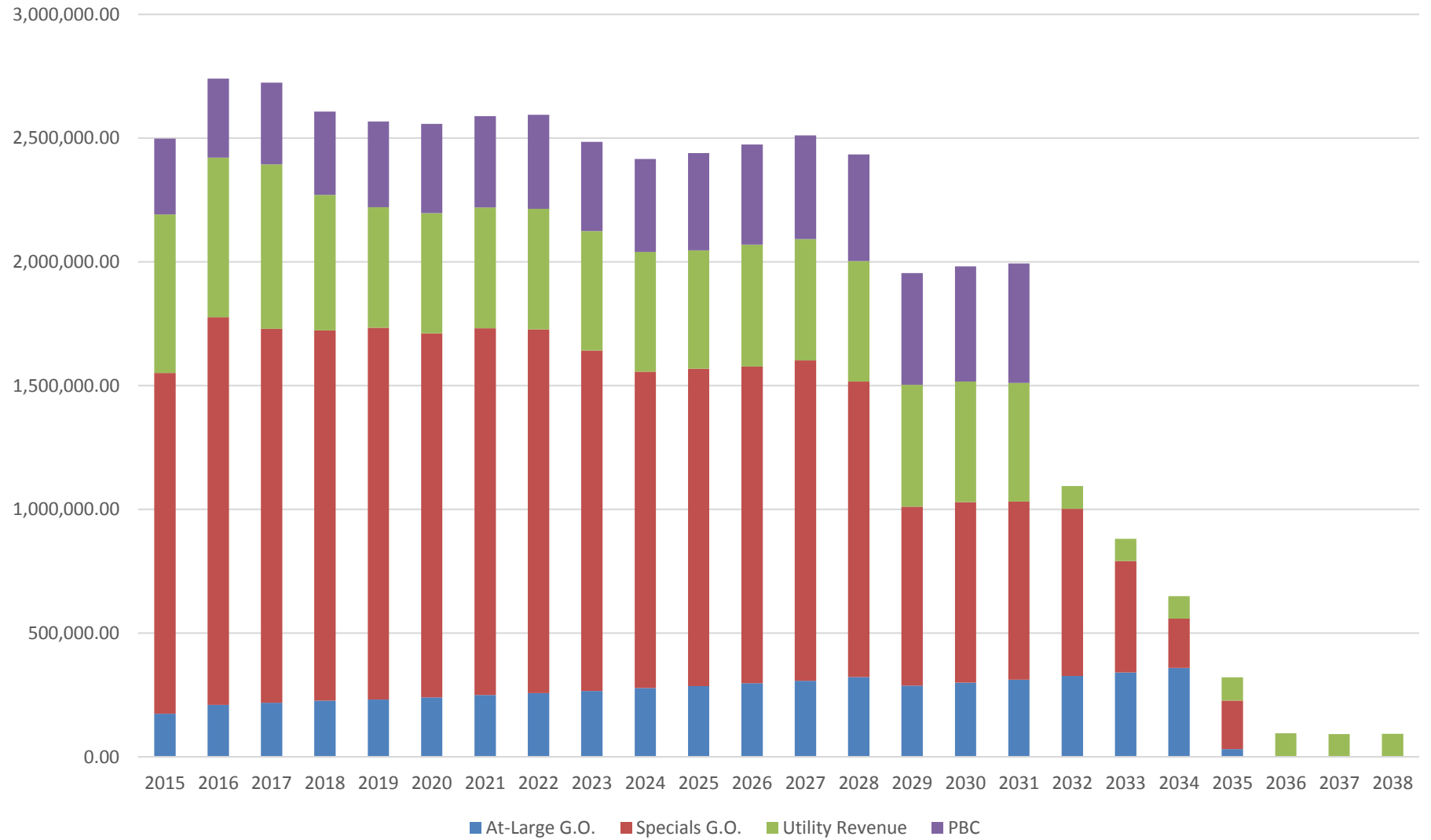
Public Building Statutes – K.S.A. 12-1757 et seq.

- City or county can establish a public building commission (PBC) by ordinance or resolution.
- A charter ordinance (adopted by the city or county) can expand the powers of a PBC beyond those listed in statute. For example, a charter ordinance can allow a PBC to construct and lease a hospital, a swimming pool, a recreational facility, educational facilities, etc.
- The PBC, as a separate entity, can then issues revenue bonds to acquire or construct a facility (e.g., a hospital) which is leased to a city, county, school, college, or non-profit organization. The lease payments are sized to cover the debt service payments on the bonds as they come due.
- Before revenue bonds are issued, a resolution describing the issue must be published once a week for two consecutive weeks. If within 30 days a protest petition is filed that has been signed by 5% of the voters of the city or county that created the PBC, an election must be held before proceeding with the bond issue.
- PBC Debt (as a revenue bond) does not count against state limitation on general obligation bonds

BENEFITS:

- As “revenue bond” debt, it does not affect the city’s “Debt Ratio”
- Some G.O. bond improvements require an election; PBC is a way to avoid election
- A charter ordinance can expand the powers of a PBC beyond those listed in statute.

Annual Debt Service (G.O., Utility Revenue, and PBC)



City of Maize

2015 PROJECT FUNDING : Review as of February 2015

2014 Valuation	39,215,047	2014 Financing Available	3,661,895.40	(60% of 2013&14 growth)
2012 Valuation	33,111,888	2012 Financing Leftover	-	
Change in Assessed Value 2012-2013	6,103,159			
		Total Financing Available	3,661,895	

2015 Notes

PROJECTS RECOMMENDED FOR 2015 FUNDING			
	<u>Total Cost/ Petition Amount</u>	<u>Temp. Note/ Bond Amount</u>	<u>Latest Advisability Resolution</u>
Maize Industrial Addition			
Sewer	97,600	87,840	___-14
Water	63,700	57,330	___-14
Total	161,300	145,170	
Eagles Nest Addition - Phase 2A			
Water	89,000	80,100	___-14
Paving	388,000	349,200	___-14
Total	477,000	429,300	
Eagles Nest Addition - Phase 2			
Sewer	240,000	216,000	___-14
Total	240,000	216,000	
Total 2015 Projects	878,300	790,470	790,470
TOTAL DEBT ISSUED IN 2015	477,000		790,470
		Remaining Financing Available	2,871,425

PROJECTS TO BE CONSIDERED FOR 2016 AND BEYOND			
Eagles Nest Addition - Phase 2B			
Water	81,000	72,900	___-14
Paving	386,000	347,400	___-14
Total	467,000	420,300	
Emerald Springs - Phase 2			
Estimated Project Costs	2,000,000	1,800,000	___-10
Total	2,000,000	1,800,000	
Fiddler's Cove at Prairie Pines 3rd Addition			
Water Line	312,700	281,430	___-10
Sanitary Sewer	611,100	549,990	___-10
Storm Water Sewer	75,000	67,500	___-10
Paving	2,457,000	2,211,300	___-10
Total	3,455,800	3,110,220	
Wadley Ranch Addition			
Paving	193,000	173,700	381-06, 393-07
Drainage	52,000	46,800	381-06, 393-07
Total	245,000	220,500	
Watercress Addition - Phase 2			
Storm Water	201,000	180,900	432-08
Total	201,000	180,900	
Total "2014 and Beyond" Projects	6,368,800	5,731,920	

Printed on: 1/28/2015

City of Maize, Kansas

Outstanding GO Debt as of March 1, 2015

<u>Issue</u>	<u>Outstanding</u>	<u>Exempt</u>	<u>Applicable</u>	<u>Applicable Debt</u>
GO2004	\$ 30,000.00	40.4700%	59.5300%	\$ 17,859.00
GO2007A	\$ 730,000.00	95.8300%	4.1700%	\$ 30,441.00
GO2007B	\$ 4,035,000.00	77.8032%	22.1968%	\$ 895,640.88
GO2010	\$ 135,000.00	59.2900%	40.7100%	\$ 54,958.50
GO2011A	\$ 4,235,000.00	76.0051%	23.9949%	\$ 1,016,184.02
GO2013A	\$ 3,720,000.00	70.8585%	29.1415%	\$ 1,084,063.80
GO2013B	\$ 2,115,000.00	59.5400%	40.4600%	\$ 855,729.00
GO2014A	\$ 2,795,000.00	45.0000%	55.0000%	\$ 1,537,250.00
GO2015A	\$ 3,560,000.00	71.2300%	28.7700%	\$ 1,024,212.00
N2013A		74.4700%	25.5300%	\$ -
N2013B		62.4100%	37.5900%	\$ -
N2014A	\$ -	0.0000%	100.0000%	\$ -

\$ 21,355,000.00

\$ 6,516,338.20

	Gross G.O. Debt	Net of Self-Supporting G.O. Debt
Assessed Tangible Valuation (2014)	\$ 34,285,824.00	
Motor Vehicle Valuation (2013)	4,929,223.00	
Total Valuation for computation of Bonded Indebtedness Limitations	\$ 39,215,047.00	
General Obligation Bonds	\$ 21,355,000.00	\$ 3,926,159.74
Legal limitation of Bonded Debt (30%)	\$ 11,764,514.10	
Current bonded indebtedness	\$ 21,355,000.00	
Less: Exempt debt	\$ (14,838,661.81)	
Applicable general obligation debt (subject to debt limit)	\$ 6,516,338.20	
Additional Debt Capacity	\$ 5,248,175.91	
Applicable Debt Ratio (state law caps at 30%)	16.6169%	
Direct Debt Ratio	54.4561%	10.0119%
Debt to Appraised Value	8.3001%	1.5260%
Overlapping Direct Debt (Applicable to Maize)		
Sedgwick County	\$ 1,158,534.45	\$ 1,158,534.45
U.S.D. 266 (Maize) After State Participation	\$ 6,816,866.23	\$ 4,499,131.71
Total Applicable Overlapping Debt	\$ 7,975,400.68	\$ 5,657,666.16
Ratio of Overlapping Debt to Assessed Tangible Valuation	23.2615%	16.5015%
Ratio of Overlapping Debt to Appraised Valuation	3.0998%	2.1990%
Total Direct and Overlapping Debt	\$ 29,330,400.68	\$ 11,901,560.41
Ratio of Direct and Overlapping Debt to Assessed Tangible Valuation	85.5467%	30.3495%
Ratio of Direct and Overlapping Debt to Appraised Valuation	11.3999%	4.6258%

These three plans are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Kansas Public Employees Retirement System is the largest of the three plans, accounting for more than 95% of the members. The Kansas Public Employees Retirement System is further divided into two separate groups, as follows:

- (a) State/School Group - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, 85% of which comes from the State General Fund. State legislation enacted in 2003 made certain pre-1962 Board employees (which are part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the "TIAA Group"), special members of the State/School Group.
- (b) Local Group - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate. State legislation enacted in 2003 made certain pre-1962 employees of the University of Kansas Hospital Authority (which are a part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the "TIAA Group"), special members of the Local Group.

KPERS is currently a qualified, governmental, § 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan's qualified status dated October 14, 1999 and March 5, 2001. KPERS is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans, which are funded solely by employer contributions. The County's employees currently annually contribute: (a) 4% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), or (b) 6% of their gross salary to the plan if such employees are KPERS Tier 2 members (covered employment on or after July 1, 2009).

In 2012, the Legislature created a new KPERS Tier 3 category (covered employment on or after January 1, 2015) based on a cash balance plan. Each Tier 3 participant shall have a retirement annuity account to which such participant shall contribute 6% of their gross salary to the plan. The employer or State contribution varies based on longevity of participant service: (a) 3% for less than 5 years; (b) 4% for at least 5 years but less than 12 years; (c) 5% for at least 12 years but less than 24 years; and (d) 6% for 24 or more years. Such account shall receive an interest credit of 5.25% per annum, and under certain circumstances, shall receive additional interest credits. Subject to certain exceptions, a Tier 3 participant, upon retirement, shall receive a single life annuity benefit.

Also in 2012, the Legislature adopted a number of other changes to KPERS including: (a) increasing the statutory maximum employer contribution annual increase from 0.6% per year (status quo) to 0.9% per year in 2014, 1.0% in 2015, 1.1% in 2016 and 1.2% per year in 2017 and thereafter, (b) providing additional contribution flexibility for Tier 1 participants with corresponding benefit adjustments (effective January 1, 2014, subject to approval by the IRS), (c) eliminating COLA adjustments for Tier 2 participants with corresponding benefit adjustments (effective January 1, 2014), and (d) providing additional flexibility for alternative investments for the plan.

The City's contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The City's contribution is 8.84% of the employee's gross salary for calendar year 2014. In addition, the Issuer contributes 0.85% of the employee's gross salary for Death and Disability Insurance for covered employees.

According to the Valuation Report as of December 31, 2013 (the "Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of \$1.699590 billion at the end of 2013. KPERS' actuaries identified that an employer contribution rate of

9.148% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by 2033, the end of the actuarial period. The statutory contribution rate of employers is currently equal to the Valuation Report's actuarial rate of 9.418%. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. KPERS' actuaries project the required employer contribution rate to increase by the maximum statutorily allowed rate, which is currently 0.6% per year, then 0.9% in fiscal year 2014, 1.0% in fiscal year 2015, 1.1% in fiscal year 2016 and 1.2% in fiscal year 2017.

DEBT STRUCTURE

Debt Summary

The following table summarizes certain key statistics with respect to the City's general obligation debt anticipated as of March 1, 2015:

	Gross G.O. Debt	Net of Self-Supporting G.O. Debt (1)
Appraised Valuation	\$ 257,285,556	\$ 257,285,556
Assessed Valuation (including motor vehicle valuation)	\$ 39,215,047	\$ 39,215,047
Population - 2013 Census Bureau Estimate	3,823	3,823
General Obligation Bonds and Notes ("G.O. Bonds")	\$ 21,355,000 (2)	\$ 3,926,160
G.O. Bonds Per Capita	\$ 5,586	\$ 1,027
Ratio of G.O. Bonds to Appraised Valuation	8.30%	1.53%
Ratio of G.O. Bonds to Assessed Valuation	54.46%	10.01%
Overlapping General Obligation Debt	\$ 7,975,401 (3)	\$ 5,657,666
Direct and Overlapping General Obligation Debt	\$ 29,330,401	\$ 9,583,826
Direct and Overlapping Debt Per Capita	\$ 7,672	\$ 2,507
Ratio of Direct and Overlapping Debt to Appraised Valuation	11.40%	3.72%
Ratio of Direct and Overlapping Debt to Assessed Valuation	74.79%	24.44%

(1) The column titled "Net of Self-Supporting G.O. Debt" is intended to give a snapshot of the City's outstanding general obligation debt and resulting ratios exclusive of amounts anticipated to be paid from revenues of special assessments. Specifically, the amounts exclude \$17,428,840 of outstanding general obligation bonds and notes which are anticipated to be repaid with special assessments levied against specifically benefited properties. See the section herein captioned "FINANCIAL INFORMATION – Special Assessments."

The payment of the special assessment debt will be provided for first with special assessments against the benefited property. However, in the event that revenues from special assessments are not sufficient to pay the debt service due on these bonds, the City is obligated to pay such debt service from available revenues or from property tax revenues that the City may impose in an amount sufficient to pay such debt service. As such, these bonds are backed by the City's ability to levy unlimited ad valorem taxes. See the section herein captioned "FINANCIAL INFORMATION - Special Assessments."

The City has adopted Resolution No. 259-96 establishing a policy for the financing of certain public improvements and the levying of special assessments. Pursuant to the resolution, developers that utilize special assessment financing must provide a financial commitment in the form of either (a) funding (cash, cashier's check or escrow account) equal to 20% of the estimated principal costs of the project; or (b) financial guarantee (irrevocable letter of credit, corporate completion bond) equal to 35% of the estimated principal costs of the project. The financial guarantee is to be applied to satisfy unpaid principal and interest costs of bonded public improvements, should any applicable special assessments not be paid when due. The financial guarantee is released when certificates of occupancy are issued for at least 35% of the benefitting properties, or five years from the issuance date of the guarantee, whichever occurs sooner.

(2) Excludes the amount of the Series 2013A Notes, Series 2013B Notes and the Series 2004A Bonds to be redeemed by the Bonds.

(3) The column titled "Net of Self-Supporting GO. Debt" excludes an estimated \$2,317,735 of general obligation bonds issued by Unified School District No. 266 which is anticipated to be paid from state aid. See the section herein captioned "DEBT STRUCTURE - Overlapping Indebtedness."

Current Indebtedness of the City

The following tables show the anticipated outstanding general obligation debt (bonds and notes) anticipated as of March 1, 2015:

General Obligation Bonds

	<u>Issue</u>	<u>Date of Indebtedness</u>	<u>Final Maturity</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
**	Series 2004	7/15/2004	9/1/2019	405,000	\$30,000
	Series A, 2007	4/15/2007	10/1/2022	1,162,471	730,000
	Series B, 2007	9/15/2007	9/1/2028	4,941,983	4,035,000
	Series 2010	11/30/2010	9/1/2017	515,000	135,000
	Series A, 2011	9/29/2011	10/1/2032	4,630,000	4,235,000
	Series 2013A	3/28/2013	10/1/2033	3,840,000	3,720,000
	Series 2013B	8/29/2013	9/1/2028	2,115,000	2,115,000
	Series 2014A	11/26/2014	10/1/2034	2,795,000	2,795,000
*	Series 2015A	2/19/2015	10/1/2035	3,570,000	<u>3,560,000</u>
					\$21,355,000

* This issue.

** Amount outstanding on 3/1/2015 after redemption with funds provided by this issue.

Temporary Notes

	<u>Issue</u>	<u>Date of Indebtedness</u>	<u>Final Maturity</u>	<u>Current Principal Amount</u>	<u>Amount Outstanding</u>
**	Series 2013A	3/28/2013	4/1/2015	2,970,000	0
**	Series 2013B	9/26/2013	10/1/2015	1,090,000	<u>0</u>
					\$0

** Amount outstanding on 3/1/2015 after redemption with funds provided by this issue.

The following table shows anticipated outstanding revenue bonds as of March 1, 2015:

Utility Revenue Bonds

	<u>Issue</u>	<u>Date of Indebtedness</u>	<u>Final Maturity</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
	Water System, Series 2006	1/15/2006	8/1/2031	\$5,335,000	\$4,345,000
	Wastewater System, Series 2012A	8/30/2012	9/1/2018	1,135,000	745,000
	Water System, Series 2014A	10/29/2014	10/1/2038	285,000	285,000
	Wastewater System, Series 2014A	10/29/2014	10/1/2038	995,000	995,000

The following table shows other outstanding long-term debt of the City:

Other Long-Term Debt

<u>Project/Lessor</u>	<u>Date of Indebtedness</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
CDBG Loan - Carlson Products	6/1/2005	6/1/2015	\$101,257
Public Bldg.Comm. Rev. Bonds (City Gov't Complex)	4/28/2011	5/1/2031	\$4,090,000
Public Bldg.Comm. Rev. Bonds (Rec. Comm. Addition)	10/30/2012	11/1/2022	\$240,000

Overlapping Indebtedness

The following table sets forth the overlapping indebtedness attributable to the City (on the basis of assessed valuation).

<u>Taxing Jurisdiction</u>	<u>Assessed Valuation</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to Issuer</u>	<u>Amount Applicable to Issuer</u>
Sedgwick County	\$4,348,562,089	\$146,940,000	0.79%	\$1,158,534
USD 266 (Maize)	372,313,030	74,025,000	9.21%	6,816,866
				\$7,975,401

Authority to Incur Debt

Pursuant to Kansas law, the City is authorized to incur applicable bonded debt of 30% of the current years' Assessed Tangible Valuation, including the City's valuation of motor vehicles. Maize's current applicable bonded debt is 16.62% of its Assessed Tangible Valuation for computation of bond debt limitation.

Assessed Tangible Valuation (2014)	\$34,285,824
Motor Vehicle Valuation (2013)	4,929,223
Total Valuation for computation of Bonded Indebtedness Limitations	\$39,215,047
Legal limitation of Bonded Debt (30%)	\$11,764,514
Applicable general obligation debt	6,516,338
Additional Debt Capacity	\$5,248,176

Debt Management and Fiscal Policy

The City has adopted a resolution adopting a debt management and fiscal policy for the City of Maize, Kansas. Included in the resolution is a measure of debt affordability, which provides that the amount of new general obligation debt, including temporary notes, issued in any one fiscal year shall not exceed sixty (60%) percent of the amount of new growth in the prior year of the assessed valuation of the City. The City may from time to time exceed the policy's limitation on debt issuance and did so in fiscal year 2007.

Future Debt

Residential and commercial growth that the City has experienced is expected to continue. As a result, the City anticipates financing the public infrastructure needs of the community with ongoing temporary note financing and eventually bonded indebtedness.

WATER AND SEWER MAIN EXTENSION RATE AND ASSESSMENT STUDY

RUGGLES AND BOHM (RB)
FEBRUARY 2, 2015 WORKSHOP

Summary of Rate Study:

A) New Development Water Options

1) Water Main assessment:

- a) 1 square mile of arterials (approx. 4 miles)
Equates to approximately 2.4 cents per square foot
- b) 1 mile of arterial on 1 single road
Equates to approximately 1.3 cents per square foot

Ruggles and Bohm (RB) recommend the 2.6 cents per square foot as there are extenuating circumstances such as geography which cannot be taken into account by a blanket policy. Staff would recommend that a yearly 3% inflation factor be added to the rate to adjust for annual inflation until a new study is conducted.

2) Per Lot Assessment

- a) Equally among the lots
- b) By lot square footage

RB recommends assessing lots equally through the development

B) New Development Sewer Options

1) Sewer Line Assessment

- a) 1 square mile of arterials
Equates to 4 cents per square foot

RB recommends the 4 cents per square foot as there will be properties that may not hook onto the system. Again, staff recommends a yearly 3% inflation factor be added to the rate to adjust for annual inflation.

C) Infill Water Main

RB recommends that each individual infill situation be reviewed individually.

Options available:

- 1) Equal Shares
- 2) Square Foot
- 3) Weighted Shares (Smaller lots paying a more equitable share)
- 4) Equal Shares with City Assistance

RB recommends the petition process to initiate these types of construction projects

D) Infill Sewer
RB recommends that each individual infill situation be reviewed individually

Option Available:
Assess 5 cents per square foot for redeveloped property.

RB recommends the petition process to initiate these types of construction projects

Recommendation:

Direct Staff to develop policies and procedures for the implementation of the Ruggles and Bohm Water Rate Study as presented.