

TERM OF COMMISSION: June Session of the April Adjourned Term

PLACE OF MEETING: Roger B. Wilson Boone County Government Center  
Commission Chambers

PRESENT WERE: Presiding Commissioner Daniel K. Atwill  
District I Commissioner Karen M. Miller  
District II Commissioner Skip Elkin  
Buyer Tyson Boldan  
Boone County Treasurer Nicole Galloway  
Boone County Clerk Wendy Noren  
Jack Dillingham of PiperJaffray  
Toni Stegeman of Gilmore and Bell  
Hospital Trustee Bob Wagner  
Dan Rothery of CH Allied Services  
Arlan Dohrmann of Stern Brothers  
Deputy County Clerk Cameron Clarke

The meeting was called to order at 1:35 p.m.

**Purchasing**

**1. Cooperative Contract: C112055004 – 2013 Ford Police Interceptor Sedan (first reading)**

Buyer Tyson Boldan was present on behalf of this item. Mr. Boldan read the following memo:

Purchasing and the Sheriff Department request permission to utilize the State of Missouri cooperative contract *C112055004* to purchase a 2013 Ford Police Interceptor Sedan AWD with EcoBoost engine from Joe Machens Ford of Columbia, Missouri.

Total cost of vehicle is \$26,923.00 and will be paid from department 1195 – Insurance Activity, account 92400 – Replacement Auto / Trucks. This is to replace the totaled Crown Victoria.

The Sheriff's department is requesting permission to dispose of the totaled 2011 Crown Victoria patrol car, VIN # 2FABP7BV5BX177045, fixed asset tag 17802. The insurance company will be picking up the vehicle and title.

Commissioner Atwill stated this is a first reading and requested the Deputy County Clerk to schedule this item for a second reading at the next available Commission meeting with an appropriate order for approval.

**2. Surplus Disposal of a light bar (first reading)**

Buyer Tyson Boldan was present on behalf of this item. Mr. Boldan read the following memo:

The Sheriff Department and Purchasing request permission to dispose of a Whelen LED light bar asset #16973 by trade for credit to Professional Sound and Lighting. Asset #16973 was purchased for the Breath Alcohol Testing van that will be disposed of in order to help pay for the cost of a newer Breath Alcohol Testing van. Boone County is not able to dispose of this equipment to the public because it is law enforcement emergency equipment. Professional Sound and Lighting will be doing installation and modification to the new Breath Alcohol Testing van. They will credit the County a total of \$600 toward the work on the new van as trade for the light bar. Both Breath Alcohol Testing vehicles were funded by MoDOT Grants and a memo is attached from that agency that supports this disposal method.

Commissioner Atwill stated this is a first reading and requested the Deputy County Clerk to schedule this item for a second reading at the next available Commission meeting with an appropriate order for approval.

### Sheriff's Department

#### 3. Budget revision to cover the cost of replacement vehicles and equipment for two cars totaled in accidents (second reading, first read 6/26/2012)

Commissioner Miller moved on this day the County Commission of the County of Boone does hereby approve the following budget revision to cover the cost of replacement vehicles and vehicle specific equipment for two cars totaled in accidents:

Department	Account	Department Name	Account Name	Decrease \$	Increase \$
1195	03954	Insurance Claim Act.	Insurance proceeds		40,500.00
1123	86800	Emergency Funds	Emergency	11,187.00	
1195	92400	Insurance Claim Act.	Replacement Veh.		49,542.00
1195	91300	Insurance Claim Act.	Mach. & Equip.		2,145.00

Commissioner Elkin seconded the motion.

The motion carried 3 to 0. **Order # 315-2012**

### Commission

**4. Boone Hospital Center Revenue Refunding Bonds (first and second reading)**

Boone County Treasurer Nicole Galloway, Jack Dillingham, and Toni Stegeman were present on behalf of this item. Boone County Treasurer Nicole Galloway stated the net present value of savings required for this refunding to take place was 7%, and at the pricing yesterday we'll save about 13%. Ms. Galloway stated the actual cash benefit from refunding these bonds is about \$1.8 million, so there is some significant savings there. Ms. Galloway stated we retained Mr. Dillingham's services at PiperJaffray to monitor the pricing, underwriters' discounts, and as our financial advisor.

Mr. Dillingham stated he's here along with the hospital trustees and Arlan Dohrmann of Stern Brothers who was the underwriter for this loan to answer any questions. Mr. Dillingham stated he has a handout which explains what he has been doing. Mr. Dillingham stated we're at near historical lows since the 1960's, and as a result the savings was quite significant. Mr. Dillingham stated we believe that the financing was well received in the marketplace, and the underwriter's performance was favorable for all parties involved. Mr. Dillingham stated we used a lot of different resources in terms of comparison. Mr. Dillingham stated the most relevant comparisons are on the last page of the handout. Mr. Dillingham stated the rating from Moody's was A3, and A from Fitch. Mr. Dillingham stated we look at the spread through the industry standard for the MMD, which is our best mechanism for comparison. Mr. Dillingham stated we found the spread to be inline with what we would expect. Mr. Dillingham stated the underwriter went out with a pricing that was three basis points higher than what we were able to accomplish yesterday in the market.

Commissioner Elkin asked what Mr. Dillingham means by Hospital Revenue *Refunding* Bonds.

Mr. Dillingham stated these bonds are secured by the revenues of the hospital, and so this was a refunding of part of their outstanding bond revenue debt.

Ms. Galloway stated they were able to refinance at a lower interest rate. Ms. Galloway stated their original interest rate was about 5.13%, and the new interest rate is about 2.8%.

Commissioner Elkin stated ok, so that creates savings. Commissioner Elkin confirmed the savings is realized by the hospital.

Mr. Dillingham stated yes, in terms of saving on their debt service. Mr. Dillingham stated the upfront savings is close to \$1.4 million this year, and then about \$270,000 a year through 2021.

Ms. Galloway asked Mr. Dillingham to explain the costs of issuance.

Mr. Dillingham stated the underwriter's discount was .6%, which is \$68,370, bond

council was \$50,000, underwriter's council was \$33,000, our fee was \$17,500, and the rating agency was \$18,500. Mr. Dillingham stated the rest are pretty minimal. Mr. Dillingham stated one of the things we did early on for Ms. Galloway was provide comparisons with respect to the underwriter's discount. Mr. Dillingham stated the .6% was very good, and it made our job easier to find out what they were proposing up front. Mr. Dillingham stated we provided Ms. Galloway a pretty exhaustive list of other underwriter's discounts.

Ms. Galloway stated the total cost was \$113,000, and that's all taken out of the refunding, and included in the cost of issuance.

Mr. Dillingham stated the net interest cost is 2.866%, and the true interest cost is 2.78%. Mr. Dillingham stated those are the numbers involved. Mr. Dillingham stated one of the other benefits he noticed is the old issue had a reserve fund requirement of \$2,780,000, and the new requirement is just under \$1.2 million, which is available for reducing the debt. Mr. Dillingham stated it was clearly a positive thing. Mr. Dillingham stated the hospital board and staff have determined they want this done.

Commissioner Atwill asked what portion of the overall debt load of the hospital this is.

It was stated that this is about 10% of the hospital's debt funding.

Commissioner Atwill asked why they don't refinance all of their debt.

Ms. Galloway stated it has to be callable.

Mr. Dillingham stated the \$100 million issue they did in 2008 is callable, and there may be an opportunity in a couple years to do an advance refunding.

Commissioner Atwill asked why they are here before the Commission.

Boone County Clerk Wendy Noren stated she thinks the most comparable one is in Spartanburg, SC. Ms. Noren asked what a "kick" is. Ms. Noren stated information has been provided but there isn't a lot of explanation.

Mr. Dillingham stated kick is the yield to the investor based on whether or not a transaction that is callable is called. Mr. Dillingham stated we have to show yield to investors based on a worst case scenario. Mr. Dillingham stated that is what the yield would be to maturity. Mr. Dillingham stated from a perspective of trying to find similar financing in the marketplace over the past six weeks, that have a comparable rating, there really aren't that many. Mr. Dillingham stated this market is pretty specialized. Mr. Dillingham stated we watched higher rated issues in the marketplace as well. Mr. Dillingham stated Spartanburg, SC was rated two ratings higher by Moody's, and was 9 basis points lower than what we were able to achieve. Mr. Dillingham stated we watched a really large yield in Washington State that had a 60 basis points difference, but was

very highly rated. Mr. Dillingham stated the Moody's A3 rating is equivalent to the Standard and Poore's Rating of A-. Mr. Dillingham reviewed several bond issuances that were rated A- and stated they were larger issues. Mr. Dillingham stated we sent this to our trading desk at Piper, and that's one of the advantages we have. Mr. Dillingham stated we can show it to our people and get their input. Mr. Dillingham stated the only issue we saw was that they could've gotten 13, 14, and 15 a little bit lower. Mr. Dillingham stated we believe the outcome was favorable.

Toni Stegeman was present to speak about this item. Mr. Stegeman stated the reason this is before the Commission is because these are actually the County's bonds, not the hospital's. Ms. Stegeman stated because it is a County owned hospital; the County is responsible for issuing the bonds. Ms. Stegeman stated the bonds are payable solely from the revenues of the hospital, so the County couldn't pay them from taxes if they wanted to. Ms. Stegeman stated the Commission is being asked to approve an order that approves the signing of the bond documents. Ms. Stegeman stated the first section authorizes the issuance of bonds; and the second section approves documents which she will distribute. Ms. Stegeman the supplemental indenture includes all of the rates and terms Jack and Nicole summarized. Ms. Stegeman stated there is a tax compliance agreement which is very much like the others the County has entered into for bonds. Ms. Stegeman stated this one relates specifically to the hospital facilities. Ms. Stegeman stated it includes many agreements and promises by the hospital board and CH Allied Services. Ms. Stegeman stated there is one change to the tax compliance agreement that has been made that acknowledges research facilities. Ms. Stegeman stated she has the bond purchase agreement which obligates the County to deliver these revenue bonds to the underwriter on July 17<sup>th</sup>, and holds the interest rate they have quoted. Ms. Stegeman stated section three is the official statement, and has been reviewed extensively by the hospital and Ms. Galloway. Ms. Stegeman stated section four is the redemption of the refinanced bonds. Ms. Stegeman stated they are being called in and paid off on August 1<sup>st</sup>. Ms. Stegeman stated she has the instruction letter letting the bond holder know we're paying it off. Ms. Stegeman stated the County Treasurer will be asked to sign the tax agreement, and everything else will be signed by the Presiding Commissioner.

Commissioner Atwill asked why we don't have this in our possession for review before this needs to be signed.

Ms. Stegeman stated she sent it out earlier this week. Ms. Stegeman stated the documents have been circulated over the past few weeks.

Commissioner Atwill asked if they were sent to him.

Ms. Galloway stated she did not.

Commissioner Miller stated but you want him to sign them all.

Commissioner Atwill asked if she thinks that's appropriate. Commissioner Atwill stated

this is the second time we've seen things that need to be signed on the spot, and the next time this happens I won't sign it.

Ms. Stegeman stated she understands that, and asked what protocol he would like her to follow. Ms. Stegeman stated it goes through the Treasurer's and Clerk's office.

Commissioner Atwill stated we have a process, and it should go to the County attorney. Commissioner Atwill stated he doesn't see anywhere where he has been given the chance to review it. Commissioner Atwill stated he's not a bond attorney, and doesn't know if this is appropriate. Commissioner Atwill asked if the hospital board's attorney has had a chance to review this.

Mr. Schneider stated he has, and recommends the Commission approve it.

Commissioner Atwill asked if there was a place for Mr. Schneider to sign off on this.

Mr. Schneider stated no, but he has reviewed it, and the hospital trustees have enacted a similar order authorizing this.

Commissioner Atwill asked if everyone is clear about the future.

Ms. Stegeman stated she needs to know who to send it to.

Commissioner Atwill stated if you're going to ask someone to sign something, it's typical to communicate with that person, in the legal business I was in. Commissioner Atwill stated if you want the staff to sign it, that's different.

Ms. Stegeman apologized, and stated we have followed the procedure of sending it to the Treasurer, thinking that was the person who disseminated it.

Hospital Trustee Bob Wagner was present to comment on this item. Mr. Wagner stated on June 18<sup>th</sup>, the hospital board of trustees approved a similar order to the one that is before the Commission today. Mr. Wagner stated as treasurer of the board, he can answer any questions. Mr. Wagner stated he has had the opportunity to review the documents.

Hospital President Dan Rothery was present to speak on this item. Mr. Rothery stated he has had the opportunity to assist and be involved with this process. Mr. Rothery stated he is also a board member of CH Allied Services. Mr. Rothery stated the board approved these documents on Friday.

Commissioner Miller stated we've heard from CH Allied, the trustees, and our Treasurer, and all have made the recommendation to approve this. Commissioner Miller stated if there are no further questions we should move this forward.

Boone County Clerk Wendy Noren was present to state her long opposition to negotiated

bonds. Ms. Noren stated there are only three cases in which studies have found there to be a legitimate reason for negotiated bonds. Ms. Noren stated that's if you have a low credit rating, you're a new entity, or market volatility. Ms. Noren stated she would have to agree with the third one if you're picking the sale date the week of the Supreme Court ruling on health care. Ms. Noren stated if you do a negotiated bond, there is a series of best practices issued. Ms. Noren stated after working with this for 30 years, she is not saying there is anything wrong with this issue, and this is something that was needed, but she would like to see us work with the trustees on a series of best practices if you're going to continue using negotiated bonds. Ms. Noren distributed the series of best practices to the Commission and the hospital board. Ms. Noren stated Ms. Galloway has done her homework on this, and appreciates her hard work.

Commissioner Elkin asked about negotiated bonds versus public sale. Commissioner Elkin stated he doesn't want to get into economics 101.

Ms. Noren stated we can provide some information on that, but it is something that needs to be decided long before this point.

Mr. Dillingham stated Ms. Galloway asked us to provide her a history of the issuance of bonds by the hospital, how to do a negotiated sale, and why negotiated sales are the way the market universally underwrites hospital revenue bonds. Mr. Dillingham stated there are many different types of bonds that have their own practices. Mr. Dillingham stated each opportunity has been looked at independently. Mr. Dillingham stated it takes a significant amount of time to put in our due diligence. Mr. Dillingham stated hospital bonds are brought to market through a negotiated process. Mr. Dillingham stated he thinks we were able to provide a good comfort level on explaining why hospital bonds are done through a negotiated process.

Ms. Noren stated the information she has provided are best practices for negotiated bonds, it doesn't say not to use them.

Arlan Dohrmann of Stern Brothers was present to speak on this item. Mr. Dohrmann stated he has had 30 years experience, although not always with the same firm. Mr. Dohrmann stated he's very confident this sale was very successful. Mr. Dohrmann stated we had local banks, retailers, and other institutions offering to buy pieces of this particular bond. Mr. Dohrmann stated we're encouraged because a lot of local banks had demand for this. Mr. Dohrmann stated the lease does not run for the term of the bond, so there is a credit risk. Mr. Dohrmann stated that does affect how bonds are marketed. Mr. Dohrmann stated Standard and Poore's won't rate this bond, and people wonder why. Mr. Dohrmann stated they only rate hospital bonds if the lease runs for the full term. Mr. Dohrmann stated the hospital has great credit, and said he thinks the savings will be helpful and will allow them to add services or employees.

Commissioner Miller asked who bought the bond.

Mr. Dohrmann stated they will be divided up; we had more orders than we had bond. Mr. Dohrmann stated we will allocate it amongst banks and retailers. Mr. Dohrmann stated there was a wide distribution, which is really good. Mr. Dohrmann stated we're prepared to deliver funds after signing.

Commissioner Miller moved on this day the County Commission of the County of Boone does hereby approve the attached order authorizing the issuance of hospital refunding revenue bonds (Boone Hospital Center), series 2012, of Boone County, Missouri; and authorizing and approving certain documents and actions in connection therewith. It is further ordered the Boone County Commissioners are hereby authorized to sign said order.

Commissioner Elkin seconded the motion.

The motion carried 3 to 0. **Order # 315-2012**

**5. Accept Conley road TDD election results relating to increase of TDD tax (first and second reading)**

Commissioner Elkin moved on this day the County Commission of the County of Boone does hereby accept the attached Conley Road Transportation Development District election results relating to an increase of the TDD tax.

Commissioner Miller seconded the motion.

The motion carried 3 to 0. **Order # 316-2012**

**6. Accept Rock Bridge Town Center TDD election results relating to increase of TDD tax (first and second reading)**

Commissioner Elkin moved on this day the County Commission of the County of Boone does hereby accept the attached Rock Bridge Town Center Transportation Development District election results relating to an increase of the TDD tax.

Commissioner Miller seconded the motion.

The motion carried 3 to 0. **Order # 317-2012**

Commissioner Atwill stated these are significant things.

Commissioner Miller stated they are, and we have no control over them, that's the sad part.

**7. Accept Grindstone Plaza TDD election results relating to increase of TDD tax (first and second reading)**

Commissioner Miller moved on this day the County Commission of the County of Boone does hereby accept the attached Grindstone Plaza Transportation Development District election results relating to an increase of the TDD tax.

Commissioner Elkin seconded the motion.

The motion carried 3 to 0. **Order # 318-2012**

**8. Organizational Use of the Boone County Courthouse Grounds and Commission Chambers on September 11, 2012 from 6:00 p.m. to 9:00 p.m. by Mid-Missouri Peaceworks for a 9/11 Commemoration (first and second reading)**

Commissioner Elkin moved on this day the County Commission of the County of Boone does hereby approve the organizational use of the Boone County Courthouse Grounds and Commission Chambers by Mid-Missouri Peaceworks on September 11<sup>th</sup>, 2012 from 6:00 pm until 9:00 pm for a 9/11 Commemoration.

Commissioner Miller seconded the motion.

The motion carried 3 to 0. **Order # 319-2012**

**9. Organizational Use of the area in front of the Courthouse on September 11, 2012 from 10:00 a.m. to 2:00 p.m. by Latter House Kingdom Ministries for a 9/11 Prayer Service (first and second reading)**

Commissioner Miller stated these people need to understand that it may be very noisy out there, and they might be breaking up concrete and running equipment. Commissioner Miller stated it's probably not the best place to have this event.

Commissioner Elkin stated it's their call.

Commissioner Miller moved on this day the County Commission of the County of Boone does hereby approve the organizational use of the area in front of the Courthouse by Latter House Kingdom Ministries on September 11<sup>th</sup>, 2012 from 10:00 am until 2:00 pm for a 9/11 Prayer Service.

Commissioner Elkin seconded the motion.

The motion carried 3 to 0. **Order # 320-2012**

**10. Public Comment**

**11. Commissioner Reports**

The meeting adjourned at 2:27 p.m.

Attest:

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Daniel K. Atwill  
Presiding Commissioner

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Wendy S. Noren  
Clerk of the County Commission

\_\_\_\_\_  
Karen M. Miller  
District I Commissioner

\_\_\_\_\_  
Skip Elkin  
District II Commissioner