

**STAFF MEETING MINUTES  
LANCASTER COUNTY BOARD OF COMMISSIONERS  
COUNTY-CITY BUILDING  
ROOM 113  
TUESDAY, FEBRUARY 13, 2007  
8:00 A.M.**

Commissioners Present: Bob Workman, Chair  
Bernie Heier, Vice Chair  
Larry Hudkins  
Ray Stevens

Commissioners Absent: Deb Schorr

Others Present: Kerry Eagan, Chief Administrative Officer  
Gwen Thorpe, Deputy Chief Administrative Officer  
Dan Nolte, County Clerk  
John Glynn, Deputy County Clerk  
Ann Taylor, County Clerk's Office

Commissioner Heier opened the meeting at 8:02 a.m.

The Chair arrived at 8:03 a.m.

**AGENDA ITEM**

**1 APPROVAL OF MINUTES OF THE MID-YEAR BUDGET RETREAT,  
THURSDAY, FEBRUARY 1, 2007; AND STAFF MEETING MINUTES  
OF TUESDAY, FEBRUARY 6, 2007**

**MOTION:** Stevens moved and Heier seconded approval of the Mid-Year Budget Retreat minutes dated February 1, 2007; and Staff Meeting minutes dated February 6, 2007. Heier, Stevens and Workman voted aye. Hudkins was absent from voting. Motion carried.

**2 ADDITIONS TO THE AGENDA**

A. Nebraska Association of County Officials (NACO) County Board Workshop

**MOTION:** Heier moved and Stevens seconded approval of the addition to the agenda. Stevens, Heier and Workman voted aye. Hudkins was absent from voting. Motion carried.

**3 REVIEW OF PRE-ARCHITECTURAL JAIL STUDY, OPTION C AND FINANCING** - Al Povondra, Carlson, West and Povondra Architects (Project Architect); JoAnne Kissel, The Clark Enersen Partners (Project Manager) ; Greg Newport, The Clark Enersen Partners; Scott Keene and Al Eveland, Ameritas Investment Corporation; Lauren Wismer, Gilmore & Bell PC (Bond Counsel); Dennis Meyer, Budget and Fiscal Officer; Mike Thurber, Corrections Director; Don Killeen, County Property Manager

Heier asked how the projected cost has gone from \$84 million to \$94 million.

JoAnne Kissel, The Clark Enersen Partners (Project Manager), said two factors are built into budgets in an early stage of planning: 1) Contingency; and 2) Inflation. She said the budget for the jail project included a contingency of 5%-6% (actual figure is 7%) and said a 5% inflation factor was added after discussion with the bond consultants. Kissel said budgets for public projects are typically inflated to mid-point of construction.

Greg Newport, The Clark Enersen Partners, said site acquisition and the availability of utilities are also factors and said although there is a strong labor market right now, it will change with the start of projects for the Lincoln Public Schools (LPS) and the University of Nebraska.

Workman asked if there will be arbitrage if the costs are overestimated.

Lauren Wismer, Gilmore & Bell PC (Bond Counsel), said the County needs to state reasonable expectations on the date of issuance. If bids come in less than anticipated, the bond proceeds can be applied towards retirement of the bonds.

Scott Keene, Ameritas Investment Corporation, said it would still be subject to arbitrage rebate but would be considered having been spent fairly quickly by having it deposited in the Bond Fund. It would also free up funds elsewhere.

Heier asked about the figures shown in *Concept Alternatives & Analysis, Notes & Assumptions* on Page 6-18 of the 2006 Pre-Architectural Jail Study for Lancaster County Corrections (a copy is on file in the County Clerk's Office).

Kissel said there is space in the existing jail that could be adapted to other County or City use, with minimal renovation.

Don Killeen, County Property Manager, said departments that are paying for space outside the government campus could be moved back and the figures reflect rents that would be coming back to the County.

Hudkins arrived at 8:15 a.m.

Keene gave an overview of financing options, bond ratings and interest rate differentials. He said Dennis Meyer, Budget and Fiscal Officer, has indicated that there is about 8.5 cents of room under the levy lid.

Hudkins asked about bond insurance.

Keene said there are a number of companies that will issue bond insurance policies and provide their credit rating to the issuer, in most cases AAA, in exchange for payment of a premium (the up-front premium is a percentage of the principal and interest payments over the life of the bond issue). He said a large number of municipal bond issues are being done with bond insurance and said the coverage has become so inexpensive that it typically more than pays for itself through the interest rate savings. Keene said the bond insurers will be provided with the County's information at the same time as the rating companies and will be asked to bring back quotes.

Hudkins asked whether bond insurance would be higher on a 15 year or 25 year bond

Keene said the premium for a 25 year bond might be higher because the insurer would be assuming risk for a longer period of time.

Wismer said the premiums are based on the total debt service over the life of the issue.

Hudkins asked whether the insurance premium would be higher for a general obligation bond or another type of revenue bond.

Keene said a non-voted limited tax would likely have a higher premium.

Stevens asked at what point would the bonds be callable.

Keene said issues of this type have call dates five years or less from the issuance date.

Stevens asked whether the project could be built in phases.

Kissel explained that the County could save approximately \$5 million by delaying construction of the final 112 beds for five years, but the cost will increase by \$3 million.

Al Povondra, Carlson, West and Povondra Architects (Project Architect), said the initial projection of \$84 million was based on certain assumptions and said the difference between the \$84 million and \$94 million figures is a comfort factor.

Keene said his analysis shows that the County could fund a \$94 million construction project with \$91 million in financing (the County could borrow proceeds up-front and invest in a Construction Fund).

Povondra said the timing of construction is crucial and advised the Board to get moving on the project as quickly as possible. He projected that the earliest the County could bid the project would be this time next year.

Stevens suggested that the Board levy to get through the first phases of the project and continue to look at financing options. He said a 5 cent levy, per \$100 of value, would generate approximately \$9 million.

Meyer said it will be excluded from the lid as long as it goes to capital improvement.

Keene said an alternative would be to fund a certain amount of the project from the levy and to proceed with the financing to take advantage of the current interest rates.

Meyer was asked to check whether the County could include a line for an additional levy for jail purposes on property tax statements.

Hudkins asked who would be the best entity to partner with, if the Board decides to pursue the interlocal agreement option.

Al Eveland, Ameritas Investment Corporation, said the County could partner with a neighboring county for housing prisoners, rather than ownership of the facility. He offered to run different scenarios, using a 5 cent levy and having the bonds come in at different times, to see the impact on overall costs.

#### **4 ADMINISTRATIVE OFFICER REPORT**

##### **A. Legislative Update**

Kerry Eagan, Chief Administrative Officer, gave a brief legislative update.

Eagan was asked to draft a letter supporting amendment of the recreation liability bills (LB 564, LB 566 and LB 567) to include political subdivisions.

#### **5 DISCUSSION OF BOARD MEMBER MEETINGS**

##### **A. Chamber City/County Coffee - Workman**

Workman said he outlined the County's contributions to economic development.

##### **B. Information Services Policy Committee (ISPC) - Stevens**

No report.

#### **ADDITIONS TO THE AGENDA**

- A. Nebraska Association of County Officials (NACO) County Board Workshop

Heier reported on attendance at the workshop.

## **6 ADJOURNMENT**

**MOTION:** Heier moved and Stevens seconded to adjourn the meeting at 9:29 a.m. Stevens, Heier, Workman and Hudkins voted aye. Motion carried.

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Dan Nolte  
Lancaster County Clerk