

MINUTES
LANCASTER COUNTY CORRECTIONAL FACILITY JOINT PUBLIC AGENCY (JPA)
COUNTY-CITY BUILDING, ROOM 112
MONDAY, JANUARY 26, 2009
4:45 P.M.

Present: Bernie Heier, Chair; Robin Eschliman, Vice Chair; Ray Stevens and Chris Beutler

Others Present: Dennis Meyer, County Budget & Fiscal Officer; Don Herz, City Finance Director; Tom Fox, Deputy County Attorney; John Hendry, City Attorney; Scott Keene, Ameritas Investment Corporation; Lauren Wismer and Lisa DeBuse, Gilmore & Bell, PC; Trish Owen, Administrative Assistant to the Mayor; Dan Nolte, County Clerk; and Ann Taylor, County Clerk's Office

The Chair called the meeting to order at 4:50 p.m.

It was noted the meeting is subject to all of the requirements of the Nebraska Open Meetings Act and a copy of the Nebraska Open Meetings Act is located in the back of the meeting room.

AGENDA ITEM

1 APPROVAL OF MINUTES OF DECEMBER 30, 2008 MEETING

MOTION: Stevens moved and Beutler seconded approval of the minutes of the December 30, 2008 meeting. Beutler, Eschliman, Stevens and Heier voted aye. Motion carried.

2 AMEND BOND RESOLUTION TO PERMIT A NEGOTIATED SALE - Lauren Wismer, Gilmore & Bell, P.C.; Scott Keene, Ameritas Investment Corporation

Lauren Wismer, Gilmore & Bell, P.C., presented a draft of an amendment of the bond resolution, adopted December 20, 2008, authorizing the issuance of correctional facility bonds not to exceed \$65,000,000 (Exhibit A). He noted the following modifications:

Paragraph 2 - Inclusion of language to indicate that true interest costs for the bonds that were offered for sale last week were higher than prevailing market conditions and that all bids were rejected.

Scott Keene, Ameritas Investment Corporation, said a competitive sale was held last Thursday and only two bids were received. The low true interest cost bid was at a yield of 4.69%. The second bid was at a true interest cost of 5.11%. He said it was estimated at the time that true interest costs should have been in the range of 4.1% to 4.2%, based on market conditions. Keene said the County Board agreed to reject all of the bids and to start the process to allow for a negotiated sale, as quickly as possible. The Board also agreed to include Ameritas Investment Corporation and a number of other firms as selling group members in the financing.

Section 211 - Language is amended to provide for the sale of the bonds at a negotiated sale, not later than February 25, 2009, and to indicate the purchase price for the bonds shall not be less than 99% and the underwriting discount shall not exceed 0.75%. Language was also added to indicate that the Chair and Vice Chair, in determining the interest rate, shall consult with, and have the approval of, the City Finance Director.

Wisner said the JPA will need to determine the interest parameter.

Keene said there isn't a lot of activity in the municipal bond market right now and interest rates have continued to rise over the last few days. He said the appropriate true interest cost, at this point, is in the range of 4.31% to 4.35% and suggested a parameter of 4.60%.

Eschliman questioned the need to move forward so quickly.

Keene said the market has changed drastically and said if the interest rate is such that it allows the project to get done at a reasonable cost, it's worth pursuing.

Beutler asked how the underwriting discount rate of 0.75% was derived.

Keene said it is a fairly standard rate for this type of financing. He said eight firms will be participating in the sale of the bonds and said the sales force should be fairly compensated.

Beutler asked how the interest rate is determined.

Keene said the trading desk manages the negotiation process and determines what the appropriate yield should be at the time of release.

Eschliman asked whether the resolution gives latitude for another public offering.

Keene said it does, but said it is not recommended.

Beutler asked whether underwriting discounts are structured along a continuum related to the different interest rates that may evolve.

Keene said they are based on the length and maturity of the bonds.

Beutler asked whether they could be structured to provide an incentive to sell the bonds for the lowest possible interest rate.

Keene said it would be very complex and difficult to manage. He added that the trading desk has a responsibility to do what is right for the client.

MOTION: Stevens moved and Eschliman seconded to adopt the amendment to the bond resolution, with insertion of language that the bonds shall not exceed 4.6%, per annum. Eschliman, Stevens, Beutler and Heier voted aye. Motion carried.

3 OTHER BUSINESS

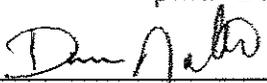
Keene said Ameritas Investment Corporation has a financial advisory relationship with the City and County and asked that it be terminated, on a temporary basis, to allow Ameritas to underwrite the bonds (see Exhibit B).

MOTION: Stevens moved and Beutler seconded approval of the draft temporary termination agreement. Stevens, Beutler, Eschliman and Heier voted aye. Motion carried.

NOTE: A draft bond purchase agreement was also distributed (Exhibit C).

4 ADJOURNMENT

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



Dan Nolte
Lancaster County Clerk

