

Jail Bond – Next Steps

Bond vs Loan:

- Bonds are similar to bank loans except instead of borrowing money from a single lending source the funds are instead borrowed from investors across the country through a public sale. Periodic Interest payments are made to the bondholders and repayment of the principal amount is made generally annually at each maturity date.
- Typically with a bond you are able to lock in a lower long-term interest rate than with a bank loan, particularly for issues of greater than \$10 million.

When will a citizen pay for the bond?

- The first tax payment the citizen will make toward the jail bond will appear on their FY 2019-20 tax statement that will go out in October of 2019. For the \$20M jail bond the levy rate is estimated to be approximately 21 cents/ \$1,000 of assessed value. For a home with an assessed value of \$250,000 this will be an approximate \$53 increase annually.

What is the bond process?

Once the Board approve s a resolution authorizing county staff to sell the GO bonds, there is a process that must take place over the next 3 months in order to sell the bonds, which is as follows:

- The county will work with our underwriter and bond counsel to prepare information to present to potential bond buyers as to the credit quality of the county as an issuer. This will include demographic and economic statistics as well as audited financial statements.
- During this time the county will be reviewed by rating agencies in an effort to receive the highest rating possible. The rating received is directly tied to the interest rates on a transaction.
- The bond sale will essentially have our underwriter seeking investors who are interested in buying our bond and it will be necessary that day for county staff to be available once we have selected a sale price to sign a purchase agreement.
- It is the goal of county staff, the underwriter, and bond counsel to have the bond sale close by the first week of March.
- Funds should then become available to the county.

Construction Process:

County staff is currently working to draft RFP's to put out to bid for Owner Represented Project Management Services as well as Architectural Services. Upon completion of that proposal process staff will bring all proposals before the Commission for selection. Once the selection has been made and a contract has been drafted staff will bring the contract before the Board for approval.

This same process will take place for a General Contractor for the construction/remodel of the facility.

When will the jail be in use:

It is anticipated that this total process will take approximately 2 – 3 years before the new facility will be utilized by inmates.