

JEFFERSON COUNTY BOARD OF COUNTY COMMISSIONERS

CONSENT AGENDA REQUEST

TO: Jefferson County Board of Commissioners
THROUGH: Philip Morley, County Administrator
FROM: Judi Morris, Treasurer
DATE: June 27, 2011
SUBJECT: Refunding 2003 Bond

STATEMENT OF ISSUE: Interest rates have dropped and our 2003 is now subject to refinancing. Including the funding of Jeff Com's new RMS system (\$326,000.00) will allow them to proceed with a completed system at the lowest cost.

ANALYSIS: Acting quickly we can save \$11,437.00 annually or \$91,496.00 over the life of the issue. The Underwriter, Jim Nelson has reviewed the bond specifics. For their new portion the Jeff Com board agreed to pay for this expenditure by dividing the costs between their three entities; County (Sheriff), City (Police) and Fire (all districts) to assure the county is not responsible for the entire debt.

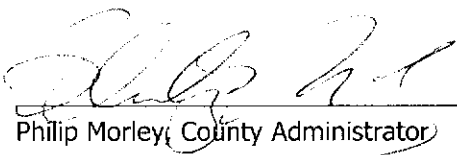
Timing may be such that Jeff Com will need a short term loan to cover the payment – until bond funds are received. \$326,000.00 @ 1.15% for 60 days is \$624.60.

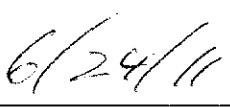
FISCAL IMPACT:
\$91,496.00 savings over life of bond over original costs.

RECOMMENDATION:

Approve bond refunding.

REVIEWED BY:


Philip Morley, County Administrator



Date



Philip Morley
1820 Jefferson Street
PO Box 1220
Port Townsend, WA 98368

MEMORANDUM

To: Board of County Commissioners

From: Philip Morley, Jefferson County Administrator 

Date: June 24, 2011

Subject: Additional Financial Background on Records Management System and Mobile Records Management System Purchase and Financing

On June 23, 2011, the JeffCom Administrative Board unanimously passed a motion to request the County to finance the purchase of a software License Agreement from New World Systems for a Records Management System (RMS) and Mobile RMS, by wrapping the \$326,000 finance amount into the Treasurer's proposed Refund of the County's 2003 bond. The motion asked for seven year financing, and also included a provision for preparing and adopting a new Interlocal Agreement (ILA) in the near future to guarantee revenue from the JeffCom users to pay the annual debt service for the RMS/MRMS. The revenue and the ILA would be based upon a 1/3, 1/3, 1/3 split between the County, the City and the Fire Districts, allocated among the users. The 1/3, 1/3, 1/3 split was previously approved in concept by the City Manager, the Fire Chiefs and the Fire Commissioners. If revenue were allocated via an increase in the call for service fee charged to the user agencies by JeffCom, the County would have paid approximately 1/2 the total debt service because of the Sheriff's high number of calls for service. A 1/3 apportionment reflects that this RMS infrastructure is equally vital to fire service and the two law enforcement agencies. It also reflects recognition by our sister agencies of the hardship that paying 50% through calls for service would place upon the County's General Fund.

The June 27 Agenda for the Board of County Commissioners includes the purchase contract for the RMS/MRMS Software License with New World Systems, and a request to approve the 2003 Bond Refund including financing for the RMS/MRMS purchase. Action on both items is requested now, so that the RMS/MRMS software license price quote holds, and RMS installation can happen concurrent with the July 18 go-live date for JeffCom's new Computer Aided Dispatch system, also from New World. Installation of RMS now is necessary in order to provide the new CAD system with a functional link to a compatible RMS system, and avoid negatively impacting dispatch services. Because time is of the essence, action is requested now on the RMS/MRMS purchase and financing. The ILA to guarantee revenue for the RMS/MRMS

debt service, as directed by the JeffCom Administrative Board's unanimous motion, will follow shortly.

Under the terms of the RMS purchase agreement, the initial invoices from New World Systems will be issued upon the effective date of the purchase contract, and payment will be due within 30 days thereafter. In the event bond revenues are not in hand by the payment date, the Treasurer would provide bridge financing until then.

ADVANCE REFUNDING CALLABLE 2003 **GENERAL OBLIGATION BONDS (Courthouse, 911, Castle Hill)**
 JEFFERSON COUNTY, WASHINGTON
Assume underlying rating grade from Standard & Poor's of "AA-"
REFINANCING ONLY 2012 THRU 2018 OF 2003

As of June 9, 2011

SAVINGS REPORT COMPARING NEW DEBT TO OLD DEBT

Date	Proposed New Refunding Debt			Annual Debt Service (1)	Net Savings (1)
	Principal (1)	Interest (1)			
12/1/2011	25,000	5,884		30,884	12,173
12/1/2012	40,000	35,195		75,195	10,920
12/1/2013	340,000	34,935		374,935	11,180
12/1/2014	345,000	32,045		377,045	11,920
12/1/2015	345,000	27,905		372,905	12,988
12/1/2016	355,000	22,696		377,696	9,385
12/1/2017	360,000	16,625		376,625	10,495
12/1/2018	370,000	9,065		379,065	12,435
Total	\$2,180,000	\$184,350		\$2,364,350	\$91,496

Net Borrowing Cost (1):

Total Net Savings (1): **\$91,496**
 Average Annual Savings (1): **\$11,437**

Net Present Value Savings at: TIC% of 2.00% equals \$86,242.

Net Present Value Savings Percentage (1): **4.29%***

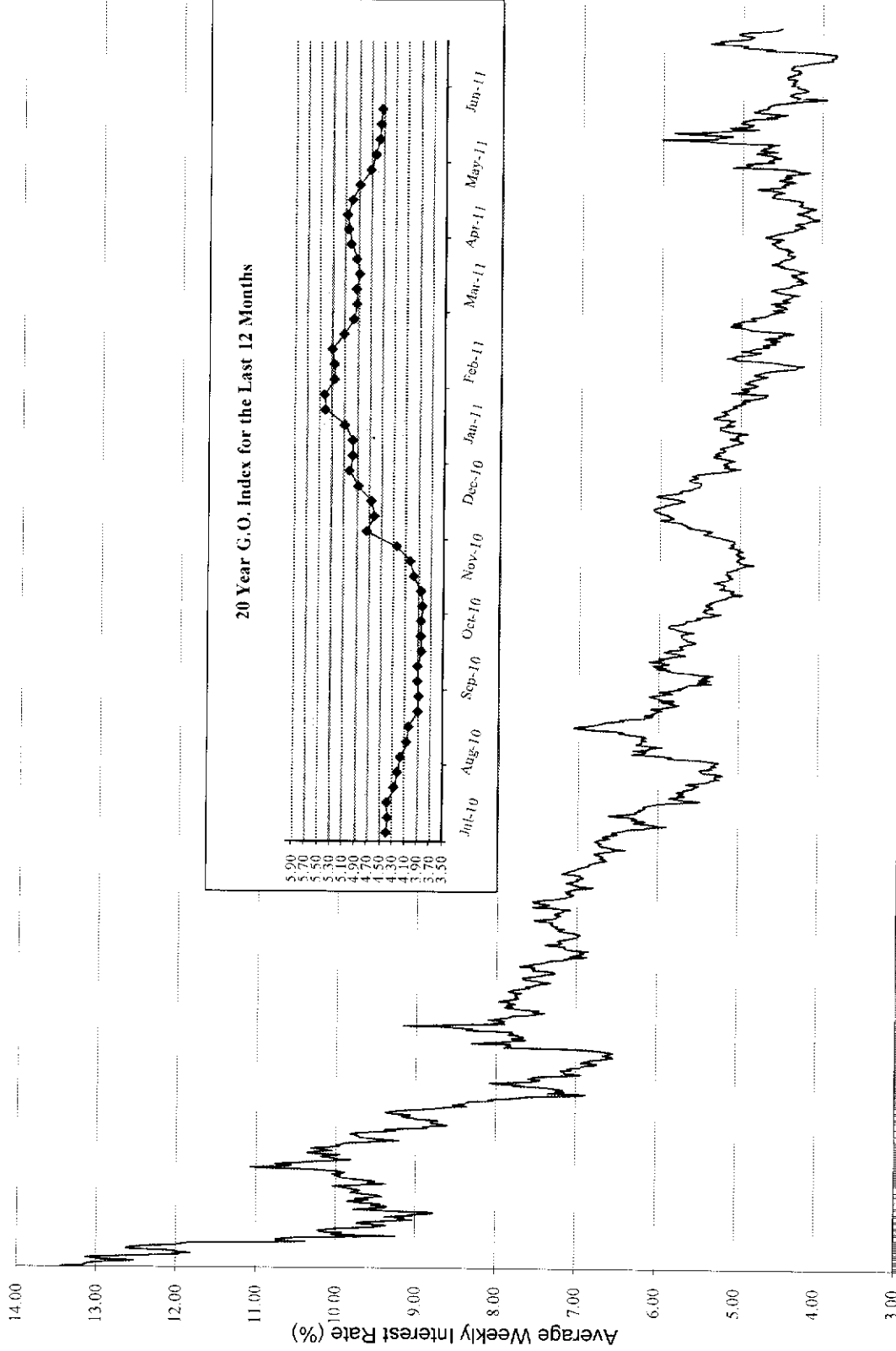
**1 refunding is considered cost effective with a net present value savings percentage greater than 3.00%.*

(1) Preliminary, subject to change, assumes underlying rating grade of "AA-".

BOND BUYER INDEX

01/01/82 thru 06/02/11

20-YEAR GENERAL OBLIGATION BOND INDEX*



1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

*The 20 G.O. Index is made up of bond issues with a rating of "AA-" maturing in 20 years.

Prepared by Martin Nelson and Co., Inc. - Public Finance Department - (206) 682-2763 or (888) 342-6864