

Approved March 29, 1989
Date

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT

The meeting was called to order by Sen. Don Montgomery at
Chairperson

9:00 a.m./~~p.m.~~ on March 28, 1989 in room 531-N of the Capitol.

All members were present except:

Senators Frahm and Gaines - Excused

Committee staff present:

Mike Heim, Legislative Research
Theresa Kiernan, Revisor of Statutes
Shirley Higgins, Committee Secretary

Conferees appearing before the committee:

Charles Henry, Johnson County
John Torbert, Kansas Association of Counties
John Moir, Wichita Department of Finance
Rep. Dale Sprague

The hearing began on HB 2390 concerning the sale of municipal bonds. Charles Henry of Johnson County testified in support of the bill. He summarized testimony of Ron Cousino, Johnson County Director of Finance. (See Attachment I).

Sen. Steineger explained how an underwriting syndicate works in purchasing bonds. He noted that it takes time to set up that syndicate, therefore, he questions if the 24 hour notice of sale is enough time to get the best possible bid. Also, he questioned if liquid capital could be held for a 30 day waiting period by the syndicates. Mr. Henry said he was not familiar with underwriting and could not comment on Sen. Steineger's concerns.

John Torbert, Kansas Association of Counties, testified next in support of the bill. (See Attachment II). The Chairman asked Mr. Torbert if he would have an objection to the change of 24 hours notice time. Mr. Torbert would not object.

John Moir, Wichita Department of Finance, testified further in support of HB 2390. (See Attachment III). He also noted that the underwriters support the bill.

A discussion followed regarding the "at not less than par" amendment. Ernie Mosher of the League of Kansas Municipalities stood in support of this amendment. Staff noted that the public perceives that general obligation bonds should not be sold at less than face value. There is a fear that this might lead to discount sales of general obligation bonds. The Chairman felt that perhaps it would be better to rewrite the language rather than strike out "at not less than par" in the interest of saving possible confusion on the part of the uninformed person. Mr. Moir felt that underwriter's discount would be more clear with the amendment. The Chairman reiterated that he feels it will not make much sense to the uninformed person. He feels language is needed to indicate that the bonds will not be sold at not less than par. He asked that Mr. Moir confer with staff and report back to the committee.

Sen. Steineger asked Mr. Moir to address his questions raised earlier about syndicates. Mr. Moir said he feels 24 hours notice is enough. As to the 30 day waiting period, he feels this could be a problem for smaller underwriters, but he feels they could adjust their schedule accordingly. This concluded the hearing on HB 2390.

Attention was turned to HB 2438 relating to the governing bodies of certain cities. Rep. Dale Sprague testified in support of the bill. He had been requested to have the bill introduced by the City of McPherson. He said the bill deals with an antiquity in the law which requires a local judge to approve surety bonds. It updates bonding laws for city commissioners and mayors. It is merely an attempt to update a law which may have been on the books since the first of the century.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT,
room 531-N, Statehouse, at 9:00 a.m./~~p.m.~~ on March 28, 1989

He noted that the League of Municipalities supports the amendments.

Sen. Burke made a motion to recommend HB 2438 favorable for passage, Sen. Petty seconded, and the motion carried.

Discussion returned to HB 2390. As to line 92 dealing with the 24 hour notice of sale of bonds, the Chairman asked if it is felt by anyone that a longer period of time is needed. Sen. Steineger felt that someone on the committee should talk to the underwriters to determine this. The Chairman suggested that either Sen. Burke or Steineger contact some underwriters and report their opinions back to the committee. Mr. Mosher stated that the addition of "subject to discount" would accomplish the objective, although it is not good wording. The Chairman said the bill will be taken up again within the next two days.

The minutes of March 27 were approved with the correction of one typographical error.

The meeting was adjourned.

Senate Local Government Committee

Hearing on SB 2390

Date of Testimony: March 28, 1989

Testimony of Ron Cousino, Johnson County Director of Finance, on behalf of the Board of Commissioners of Johnson County.

Charles Henry

Mr. Chairman, members of the Committee, I wish to express my gratitude for extending me the opportunity to speak on behalf of SB 2390.

The change to the current statutes that we are suggesting, would allow for a period of from 7 to 30 days to issue bonds. The current law calls for publication of the specific day bids will be opened and bonds sold. The only recourse in the case of a bad market is withdrawing the bid opening and republishing.

The purpose of this change is to create a "window of opportunity" to view an ever changing market, and to decide within that window the most favorable time to sell bonds. With the flexibility to issue bonds within a period of time versus a single date, the outcome would likely be lower costs to the tax payers.

Our procedure for implementing this "window of opportunity" would follow something like this:

1. Publication of Sale. The publication procedures would not change. (See "Attachment 1") The only change will be a section which will announce the intent to sell within a stated 30 day period. There would be an identification of a beginning and ending date for the sale period. The publication would also describe the process for remitting the "Statement of Interest" form (described later in this testimony).
2. "Notice of Sale" and the "Preliminary Official Statement". The standard information concerning the issue is unchanged. (See "Attachment 2") Again the only change would be a section describing the "sale period" and the manner in which the "Statement of Interest" must be filed with the Finance Director. There would also be a copy of the "Statement of Interest" (see "Attachment 3") for the prospective bidders to fill out and forward to the County by the time stated within the notice. At the time of filing the "Statement of Interest", the prospective bidders would also submit the "good faith" check for 2% of the bond issue.

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Attachment I*

3. Collection and Recording of "Statement of Interest" forms. The County would collect all "Statement of Interest" form and create a "list of bidders" for the sale.
4. Establishing the date of sale and Notification of sale date. Within the "sale period", the County would determine the best market condition and time for the public sale. Once this is decided, the County would than notify the bidders on the "list" through FAX or telephonic means. The bidders would receive notification of the date and time of cutoff for receiving bids. (See "Attachment 4"). From this point, the public sale would be conducted in the manner prescribed by existing statute with "Proposals for the Purchase..." (attachment 5) being sent in, evaluated and subsequently sold by the Board of County Commissioners.

In essence, the only change in the bond sale procedure would be the addition of the submittal of the "Statement of Interest". This change will give the County added flexibility in its effort to achieve the sale of bonds in the most favorable market possible within a certain time frame. The effect of this change could allow for lower taxes due to lower interest cost.

Thank you for your consideration of these proposals and allowing the time for the discussion.

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and symbols. Three of each of these symbols appear on the front of each ticket. Various combinations of symbols, or three of all symbols, appear under each tab on the back of each ticket.

(c) "Play symbol captions" are the words or portions of words printed beneath each play symbol under each tab and are used to repeat or explain the play symbol. For pull-tab game No. 2 and game No. 98, "Supreme Cherry Bell," the captions are: crown, bar, bell, orange, plum, cherry and lemon.

(d) "Carton" means a box of pull-tab tickets containing 984 tickets.

(e) "Carton serial number" is the 9-digit number appearing on the front of the ticket.

(f) "Winner protection code" means the small letter or combination of a letter and a number concealed within the two-ply ticket. These are used to verify and validate winning tickets. In this pull-tab game the codes and their meanings are as follows:

L	Indicates	All Non-Winners
W1	Indicates	3 Crowns \$50.00 Winners
W2	Indicates	3 Gold Bars \$20.00 Winners
W3	Indicates	3 Bells \$10.00 Winners
W4	Indicates	3 Oranges \$5.00 Winners
W5	Indicates	3 Plums \$2.00 Winners
W6	Indicates	3 Cherries \$1.00 Winners
W7	Indicates	3 Lemons 50¢ Winners

(Authorized by and implementing K.S.A. 1987 Supp. 74-8710 as amended by L. 1988, Ch. 366, § 23; effective T-111-9-30-88, Sept. 30, 1988.)

111-9-9. Determination of Instant Prize Winners. Each tab on the back of the ticket is to be pulled open. If three matching symbols appear under any one tab, the player wins the prize which corresponds to each set of three matching symbols. The prize attributable to each set of three matching symbols is shown on the front of the ticket. The prize amounts are as follows:

3 Crowns	\$50
3 Gold Bars	\$20
3 Bells	\$10
3 Oranges	\$ 5
3 Plums	\$ 2
3 Cherries	\$ 1
3 Lemons	50¢

Only the highest prize amount won will be paid for any single ticket. (Authorized by K.S.A. 1987 Supp. 74-8710(b), (c) and (i) as amended by L. 1988, Ch. 366, § 23; implementing K.S.A. 1987 Supp. 74-8710(b), (c) and (i) as amended by L. 1988, Ch. 366, § 23, and K.S.A. 1987 Supp. 74-8720(b) and (d) as amended by L. 1988, Ch. 314, § 7; effective T-111-9-30-88, Sept. 30, 1988.)

111-9-10. Number and Value of Prizes Per Carton of Tickets. The prize structure for each carton of Supreme Cherry Bell instant pull-tab tickets is as follows:

Prize	Number of Winners	Prize Payout in Dollars
\$50	2	\$100
\$20	2	\$ 40
\$10	2	\$ 20
\$ 5	4	\$ 20
\$ 2	8	\$ 16
\$ 1	36	\$ 36
50¢	126	\$ 63
	180	\$295

Overall odds rized by K.S. amended by K.S.A. 1987 by L. 1988, 74-8720 as amended by L. 1988, Ch. 314, § 7; effective T-111-9-30-88, Sept. 30, 1988.)

ATTACHMENT # 1

111-9-11. Validation Requirements. The following validation requirements shall apply to all instant pull-tab tickets:

(a) Exactly three matching symbols must appear under a single tab on the back of the ticket.

(b) Each of the matching symbols must be correctly identified by a caption.

(c) The first of the captions under the tab and on the left side identifying one of the symbols must be printed in red ink and the other two must be printed in black ink.

(d) The "winner protection code" defined at K.A.R. 111-9-8(f), and concealed between the two plies of the ticket identifies winning and non-winning tickets.

(e) The ticket must pass all validation requirements as specified in K.A.R. 111-8-6. (Authorized by and implementing K.S.A. 1987 Supp. 74-8710 as amended by L. 1988, Ch. 366, § 23; effective T-111-9-30-88, Sept. 30, 1988.)

111-9-12. Price. The retail price of the tickets is 50¢ per ticket. (Authorized by K.S.A. 1987 Supp. 74-8710 as amended by L. 1988, Ch. 366, § 23; effective T-111-9-30-88, Sept. 30, 1988.)

LARRY MONTGOMERY
Executive Director

Doc. No. 007088

(Published in the Kansas Register, October 13, 1988.)

NOTICE OF BOND SALE

Johnson County, Kansas

\$15,095,000

Internal Improvement Bonds, Series A 1988

(general obligations payable from unlimited ad valorem taxes)

and
\$775,000

Library Bonds, Series B 1988

(special obligations payable from ad valorem taxes)

Sealed Bids

Separate sealed bids will be received by the undersigned, finance director of Johnson County, Kansas, on behalf of the Board of County Commissioners at the Johnson County Courthouse, 2nd Floor, Room 206, Cherry Street at Park, Olathe, until 10 a.m. C.D.T. on Thursday, October 20, 1988, for the purchase of an issue of Internal Improvement Bonds, Series A 1988, in the principal amount of \$15,095,000, and an issue of Library Bonds, Series B 1988, in the principal amount of \$775,000 (collectively, the bonds), of the county hereinafter described. All bids for each series of bonds will be publicly opened and read at said time and place and will be acted upon by the governing body immediately thereafter. No oral or auction bids will be considered.

Interested bidders may arrange to deliver their bids in

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in at the Courthouse location, or they may arrange to transmit their bids by telephone or telefax to the county's finance director, prior to the said time and date. Bidders who choose to transmit their bids by telephone or telefax must undertake the following: (A) send a blank copy of the official proposal form for each of the bond issues for which a bid will be offered to be received by the office of the finance director no less than two business days prior to the date stated herein as the date of sale; (B) this bid form should provide the name and telephone number of the authorized representative of the lead manager of each account, should be signed by that representative, and must list the members of the account on the back of the official proposal forms as indicated; and (C) be accompanied by the good faith deposit checks as referred to herein. On the day of the sale, at least 15 minutes prior to the time of sale indicated herein, the authorized representative of the account may transmit to the finance director, by telephone or telefax, the bid for each respective bond issue, by indicating the interest rate per maturity, the purchase price, and the manager's calculation of the net interest cost and net interest rate, for each issue. The finance director will confirm by independent computation the calculation of the net interest cost and net interest rate, after which the finance director will transfer the bid information to the blank, signed official proposal form. Telephone bids must be phoned in to the following telephone number: 913-791-5554. Telefax transmissions are to be sent to: 913-791-5284. The county will not accept any responsibility for bids submitted through telephonic or telefax methods, including garbled transmissions, or the inability of a bidder to access the telephone or telefax number prior to the indicated sale time.

Bond Details

The bonds will consist of fully registered bonds in denominations of \$5,000 or any integral multiple thereof, dated November 1, 1988, and becoming due serially on September 1 in the years as follows:

\$15,095,000

**Internal Improvement Bonds
Series A 1988**

Maturity September 1	Principal Amount	Maturity September 1	Principal Amount
1989	\$1,200,000	1999	\$310,000
1990	1,200,000	2000	310,000
1991	1,200,000	2001	310,000
1992	1,200,000	2002	310,000
1993	1,200,000	2003	310,000
1994	1,200,000	2004	310,000
1995	1,200,000	2005	310,000
1996	1,200,000	2006	310,000
1997	1,200,000	2007	310,000
1998	1,185,000	2008	320,000

**\$775,000
Library Bonds
Series B 1988**

Maturity September 1	Principal Amount	Maturity September 1	Principal Amount
1989	\$75,000	1994	\$80,000
1990	75,000	1995	80,000
1991	75,000	1996	80,000
1992	75,000	1997	80,000
1993	75,000	1998	80,000

The bonds will bear interest from the date thereof at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on March 1 and September 1 in each year, beginning on March 1, 1989.

Place of Payment and Bond Registration

The principal of and interest on the bonds will be payable in lawful money of the United States of America by check or draft of the Kansas State Treasurer, Topeka, Kansas (the paying agent and bond registrar), to the registered owners thereof whose names are on the registration books of the bond registrar as of the 15th day of the month preceding each interest payment date. The bonds will be registered pursuant to a plan of registration approved by the county and the Kansas Attorney General. The bonds will be registered as either fully registered certificated bonds or uncertificated (book entry) bonds.

The county will pay for the fees of the bond registrar for registration and transfer of the bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the bond registrar, will be the responsibility of the bondowners.

The number and denominations of the bonds and the names, addresses and Social Security or taxpayer identification numbers of the registered owners shall be submitted in writing by the successful bidder to the county and bond registrar no more than 10 days after the sale date. In the absence of such information, the county will deliver one bond per maturity registered in the name of the manager of the successful bidder. The initial reoffering price to the public by the original purchaser shall be furnished to the county at least one week prior to the closing date. A certificate in a format provided by and acceptable to bond counsel setting forth such initial reoffering price to the public shall be furnished to the county by the original purchaser at closing.

Redemption of Bonds Prior to Maturity

Series A bonds maturing in the years 1989 to 1998 inclusive, shall become due without option of prior payment. At the option of the county, Series A bonds maturing in the years 1999, and thereafter, may be called for redemption and payment prior to maturity in whole or in part in inverse order of maturity (selection of Series A bonds within the same maturity to be by lot by the county in such equitable manner as it may determine) on September 1, 1998, or on any interest payment date thereafter at par, plus accrued interest to the redemption date.

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Whenever the county is to select Series A bonds for the purpose of redemption, it will, in the case of Series A bonds in denominations greater than \$5,000, if less than all of the Series A bonds then outstanding are to be called for redemption, treat each \$5,000 of face value of each such fully registered Series A bond as though it were a separate Series A bond of the denomination of \$5,000.

If the county elects to call any Series A bonds for redemption and payment prior to the maturity thereof, the county will give written notice of its intention to call and pay said bonds on a specified date, said notice to be mailed by first class United States mail addressed to the registered owners of said bonds and to the Kansas State Treasurer, Topeka, Kansas, each of said notices to be mailed not less than 30 days prior to the date fixed for redemption. If any Series A bond be called for redemption and payment as aforesaid, all interest on such Series A bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

The Series B bonds shall not be redeemable prior to their stated maturity.

Conditions of Bids

Bidders may bid either on the Internal Improvement Bonds, Series A, or the Library Bonds, Series B, or on both series, at the bidder's option, but bids for the bonds will be accepted and considered separately.

Proposals will be received on the bonds bearing such rate or rates of interest, as may be specified by the bidders, subject to the following conditions and separately applicable to each series of bonds: The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/20 of 1 percent. No interest rate may exceed a rate equal to the index of treasury bonds published by the weekly *Credit Markets* in New York, New York, on the Monday preceding the day on which the bonds are sold, plus 2 percent. No rate specified may be lower than any rate specified for an earlier maturity of the bonds. No bid of less than the par value of each series of the bonds and accrued interest thereon to the date of delivery will be considered and no supplemental interest payments will be authorized. Each bid must specify the total interest cost to the county during the life of the bonds on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the county on the basis of such bid, all certified by the bidder to be correct. The county will be entitled to rely on the certificate of correctness of the bidder. Each bid must also specify the net interest rate to the county on the basis of such bid.

Basis of Award

The award of each series of the bonds will be made on the basis of the lowest net interest cost to the county, which will be determined by subtracting the amount of the premium bid, if any, from the total interest cost to the county. If there is any discrepancy between the net interest cost and the net interest rate specified, the specified net interest cost shall govern and the interest rates specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the governing body will determine which bid or bids, if any, shall be

accepted, and its determination will be final. The county reserves the right to reject any and all bids and to waive any irregularities in a submitted bid.

Authority, Purpose and Security

The bonds are being issued pursuant to and in full compliance with the constitution and statutes of the state of Kansas, including K.S.A. 10-101 to 10-125, inclusive; 3-301, *et seq.*; 12-1257; 19-101a; 65-211 to 65-215, inclusive; 68-580 to 68-585, inclusive; 68-728, all as may be amended; and the county's Charter Resolution No. 18-84, for the purpose of paying the cost of certain road, bridge and sewer improvements, renovating the Johnson County Nursing Center located in Olathe, Kansas, to serve as a combined mental health clinic and intermediate care facility for the mentally ill, constructing, repairing, remodeling and furnishing buildings, streets, street lighting and transportation facilities for the Industrial Airport and building and other improvements to the library.

The Series A bonds constitute general obligations of the county and are payable as to both principal and interest from ad valorem taxes which may be levied upon all the taxable tangible property, real and personal, within the territorial limits of the county. The wastewater portion is payable from special assessments levied upon property benefited by the improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the county.

The Series B bonds constitute an obligation of the county payable from ad valorem taxes levied upon all the taxable tangible property, real and personal, within the county *except* that contained within the city limits of the city of Olathe, Kansas.

Legal Opinion and Tax Exemption

In the opinion of Burke, Williams, Sorensen & Gaar, Overland Park, Kansas, bond counsel, assuming continued compliance by the county with the terms of the bond ordinance, under existing law, the interest on the bonds: (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. No opinion is expressed regarding other federal tax consequences arising with respect to the bonds.

The Internal Revenue Code of 1986, as amended, imposes certain requirements which must be met subsequent to the issuance of the bonds in order for the interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the bonds to be so included in federal gross income retroactive to the date of issue of the bonds. These requirements include, but are not limited to, limitations on the use of bond proceeds and restrictions on the yield which may be earned on the investment of bond proceeds and other amounts. In the

resolution authorizing the issuance of the bonds, the county will covenant to comply with the provisions of the code relating to the exclusion of the interest on the bonds from gross income for federal income tax purposes.

The interest on the bonds is excludable from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income.

The county has not designated the bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the code.

Prospective purchasers of the bonds should be aware that: (1) Section 265 of the code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the bonds or, in the case of a financial institution (within the meaning of Section 265(b)(5) of the code), that portion of an owner's interest expense allocable to interest on the bonds; (2) with respect to insurance companies subject to the tax imposed by Section 831 of the code for taxable years beginning after December 31, 1986, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the bonds; (3) for taxable years beginning after December 31, 1986, and before January 1, 1992, interest on the bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the code; (4) for taxable years beginning after December 31, 1986, interest on the bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the code; (5) passive investment income, including interest on the bonds, may be subject to federal income taxation under Section 1375 of the code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25 percent of the gross receipts of such Subchapter S corporation is passive investment income; and (6) Section 86 of the code requires recipients of certain Social Security and certain railroad retirement benefits to take into account in determining gross income, receipts or accruals of interest on the bonds. These categories of bondowners should consult their own tax advisers as to the applicability of these consequences.

Delivery and Payment

The county will pay for printing the bonds and the expense of all legal services rendered to the county in connection with issuance of the bonds, and will deliver the same properly prepared, executed and registered without cost to the successful bidder within 45 days after the date of sale at such bank or trust company in the continental United States as may be specified by the successful bidder and is acceptable to the county. The successful bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the bonds and the usual closing proofs, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds shall be made in Federal Reserve funds or other funds, immediately subject to use by the county.

The number, type and denominations of the bonds and the names, addresses and Social Security or taxpayer identification numbers of the registered owners must be sub-

mitted in writing by the successful bidder to the county and bond registrar no more than 10 days after the sale date. In the absence of such information, the county will deliver the bonds in the denominations of each maturity registered in the name of the successful bidder. The successful bidder shall make a bona fide public offering of the bonds, and, as a condition to the county's obligation to deliver the bonds, the successful bidder must furnish to the county, at least one week prior to the closing date, the initial reoffering price to the public and at closing a certificate in a format provided by and acceptable to bond counsel: (a) specifying the reoffering price at which a substantial amount (at least 10 percent of the bonds of each maturity) of the bonds was sold to the public (excluding bond houses, brokers and other intermediaries), and (b) certifying as to the accuracy of such reoffering prices.

Good Faith Deposit

Each bid shall be accompanied by a cashier's or certified check payable to the county's order drawn on a bank located in the United States of America equal to 2 percent of the total amount of the bonds. If a bid is accepted, said check, or the proceeds thereof, will be held by the county until the bidder has complied with all of the terms and conditions of this notice. If a bid is accepted but the county shall fail to deliver the bonds to the bidder in accordance with the terms and conditions of this notice, said check, or the proceeds thereof, will be returned to the bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this notice, the proceeds of such check will be retained by the county as and for liquidated damages. No interest will be paid upon the successful bidder's good faith check.

CUSIP Numbers

It is anticipated that separate CUSIP identification numbers will be printed on each series of certificated bonds or assigned to uncertificated bonds, but neither the failure to print such number on or assign such number to any bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with the terms of the purchase contract. All expenses in relation to the assignment and printing of CUSIP numbers on the bonds will be paid by the county.

Bond Rating

The outstanding general obligation bonds of the county are rated "Aa" by Moody's Investors Service, Inc. and the county has applied for rating on the bonds herein offered for sale.

Bid Forms

All bids must be made on forms which may be procured from the finance director. No additions or alterations in such forms may be made and any erasures may cause rejection of any bid. The county reserves the right to waive irregularities and to reject any and all bids.

Submission of Bids

Bids for each series of bonds must be submitted in separate sealed envelopes addressed to the undersigned finance director, and marked either "Series A Bond Bid" or "Series B Bond Bid," as the case may be. Bids may be submitted by mail or delivered in person to the un-

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dersigned at the Johnson County Courthouse, Room 206, Cherry at Park, Olathe, KS 66061, and must be received by the undersigned prior to 10 a.m. C.D.T on October 20, 1988.

Interested bidders may arrange to deliver their bids in person at the Courthouse location, or they may arrange to transmit their bids by telephone or telefax to the county's finance director prior to the said time and date. Bidders who choose to transmit their bids by telephone or telefax must undertake the following steps given earlier in this notice.

Official Statement

The county has prepared a preliminary official statement dated October 7, 1988, copies of which may be obtained from the finance director. Upon the sale of the bonds, the county will adopt the final official statement and, upon request, will furnish the successful bidder with a reasonable number of copies thereof without additional cost. Additional copies may be ordered at the successful bidder's expense.

Assessed Valuation and Indebtedness

The total assessed valuation of the taxable tangible property within the county as of November 1, 1987, is as follows:

Equalized assessed valuation of taxable tangible property	\$1,243,363,527
Tangible value of motor vehicles.....	\$ 370,995.357
Equalized assessed tangible valuation for computation of bonded debt limitations	\$1,614,358,884

The total general obligation indebtedness of the county as of the date of the bonds, including the bonds being sold, is \$126,850,000. Virtually all of such indebtedness is exempt from the county's statutory debt limit. Temporary notes in the principal amount of \$1,470,945 will be retired out of proceeds of the bonds and other available funds.

Additional Information

Additional information regarding the bonds may be obtained from the finance director, Johnson County Courthouse, Olathe, KS 66061, Attention: Ronald F. Cousino, (913) 791-5534).

Dated October 7, 1988.

JOHNSON COUNTY, KANSAS
 Ronald F. Cousino
 Finance Director
 Johnson County Courthouse
 Olathe, KS 66061
 (913) 791-5534

Doc. No. 007087

(Published in the Kansas Register, October 13, 1988.)

**CORRECTED
 NOTICE OF BOND SALE
 \$420,000**

Dickinson County, Kansas
 General Obligation Bonds
 Series B, 1988
 (Sanitary Landfill Project)

Sealed Bids

Sealed bids for the purchase of \$420,000 principal amount of general obligation bonds, Series B, 1988 (sanitary landfill project), of the county hereinafter described, will be received by the undersigned, county clerk of Dickinson County, Kansas, on behalf of the governing body of the county at Dickinson County Courthouse, Abilene, Kansas, until 2 p.m. C.D.T. on Monday, October 17, 1988. All bids will be publicly opened and read at said time and place and will be acted upon by the county immediately thereafter. No oral or auction bids will be considered.

Bond Details

The bonds will consist of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The bonds will be dated November 1, 1988, and will become due serially on August 1 in the years as follows:

Year	Principal Amount
1989	\$35,000
1990	35,000
1991	35,000
1992	35,000
1993	40,000
1994	40,000
1995	45,000
1996	50,000
1997	50,000
1998	55,000

The bonds will bear interest at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on February 1 and August 1 in each year, beginning on February 1, 1989.

Place of Payment and Bond Registration

The principal of and interest on the bonds will be payable in lawful money of the United States of America by check or draft of the Kansas State Treasurer, Topeka, Kansas (the paying agent and bond registrar). The principal of the bonds will be payable at maturity or upon earlier redemption to the registered owners upon presentation and surrender of the bonds at the office of the paying agent. Interest on the bonds will be paid by check or draft mailed by the paying agent to the persons in whose names the bonds are registered on the registration books maintained by the bond registrar at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding each interest payment date.

The county will pay for the fees of the bond registrar for registration and transfer of the bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the bond registrar, will be the responsibility of the bondholders.

Senate L.G.
 3-28-89
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NOTICE OF BOND SALE

JOHNSON COUNTY, KANSAS
 \$15,095,000
 INTERNAL IMPROVEMENT BONDS, SERIES A 1988
 (GENERAL OBLIGATIONS PAYABLE FROM
 UNLIMITED AD VALOREM TAXES)
 AND
 \$775,000
 LIBRARY BONDS, SERIES B 1988
 (SPECIAL OBLIGATIONS PAYABLE FROM AD VALOREM TAXES)

Sealed Bids. Separate sealed bids will be received by the undersigned, Finance Director of Johnson County, Kansas (the "County"), on behalf of the Board of County Commissioners at the Johnson County Courthouse, Second Floor, Room 206, Cherry Street at Park, Olathe, Kansas, until 10:00 o'clock A.M., Central Daylight Time, on

Thursday, October 20, 1988

for the purchase of an issue of Internal Improvement Bonds, Series A 1988 in the principal amount of \$15,095,000 (the "Series A Bonds"), and an issue of Library Bonds, Series B 1988 in the principal amount of \$775,000 (the "Series B Bonds") (collectively, the "Bonds"), of the County hereinafter described. All bids for each series of Bonds will be publicly opened and read at said time and place and will be acted upon by the governing body immediately thereafter. No oral or auction bids will be considered.

Interested bidders may arrange to deliver their bids in person at the Courthouse location, or they may arrange to transmit their bids by telephone or telefax to the County's Finance Director, prior to the said time and date. Bidders who choose to transmit their bids by telephone or telefax must undertake the following: (A) send a blank copy of the Official Proposal Form for each of the Bond issues for which a bid will be offered to be received by the Office of the Finance Director no less than two (2) Business Days prior to the date stated herein as the date of Sale; (B) this bid form should provide the name and telephone number of the authorized representative of the lead manager of each account, and should be signed by that representative, and must list the members of the account on the back of the Official Proposal Forms as indicated; and (C) be accompanied by the good faith deposit checks as referred to herein. On the day of the sale, at least 15 minutes prior to the time of sale indicated herein, the authorized representative of the account may transmit to the Finance Director, by telephone or telefax, the bid for each respective bond issue, by indicating the interest rate per maturity, the purchase price, and the manager's calculation of the Net Interest Cost and Net Interest Rate, for each issue. The Finance Director will confirm by independent computation the calculation of the Net Interest Cost and Net Interest Rate, after which the Finance Director will transfer the bid information to the blank, signed Official Proposal Form. Telephone bids must be phoned in to the following telephone number: 913-791-5554. Telefax transmissions are to be sent to: 913-791-5284. The County will not accept any responsibility for bids submitted through telephonic or telefax methods, including garbled transmissions, or the inability of a bidder to access the telephone or telefax number prior to the indicated sale time.

Bond Details. The Bonds will consist of fully registered bonds in denominations of \$5,000 or any integral multiple thereof, dated November 1, 1988, and becoming due serially on September 1 in the years as follows:

*Senate L. G.
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\$15,095,000
INTERNAL IMPROVEMENT BONDS
SERIES A 1988

<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>
1989	\$1,200,000	1999	\$310,000
1990	1,200,000	2000	310,000
1991	1,200,000	2001	310,000
1992	1,200,000	2002	310,000
1993	1,200,000	2003	310,000
1994	1,200,000	2004	310,000
1995	1,200,000	2005	310,000
1996	1,200,000	2006	310,000
1997	1,200,000	2007	310,000
1998	1,185,000	2008	320,000

\$775,000
LIBRARY BONDS
SERIES B 1988

<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>
1989	\$75,000	1994	\$80,000
1990	75,000	1995	80,000
1991	75,000	1996	80,000
1992	75,000	1997	80,000
1993	75,000	1998	80,000

The Bonds will bear interest from the date thereof at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on March 1 and September 1 in each year, beginning on March 1, 1989.

Place of Payment and Bond Registration. The principal of and interest on the Bonds will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"), to the registered owners thereof whose names are on the registration books of the Bond Registrar as of the fifteenth day of the month preceding each interest payment date. The Bonds will be registered pursuant to a plan of registration approved by the County and the Attorney General of the State of Kansas. The Bonds will be registered as either fully registered certificated bonds or uncertificated (book entry) bonds.

The County will pay for the fees of the Bond Registrar for registration and transfer of the Bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, will be the responsibility of the bondowners.

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3-28-89
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THE NUMBER AND DENOMINATIONS OF THE BONDS AND THE NAMES, ADDRESSES AND SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBERS OF THE REGISTERED OWNERS SHALL BE SUBMITTED IN WRITING BY THE SUCCESSFUL BIDDER TO THE COUNTY AND BOND REGISTRAR NO MORE THAN 10 DAYS AFTER THE SALE DATE. In the absence of such information, the County will deliver one Bond per maturity registered in the name of the manager of the successful bidder. The initial reoffering price to the public by the original purchaser shall be furnished to the County at least one week prior to the closing date. A Certificate in a format provided by and acceptable to Bond Counsel setting forth such initial reoffering price to the public shall be furnished to the County by the original purchaser at closing.

Redemption of Bonds Prior to Maturity. Series A Bonds maturing in the years 1989 to 1998 inclusive, shall become due without option of prior payment. At the option of the County, Series A Bonds maturing in the years 1999, and thereafter, may be called for redemption and payment prior to maturity in whole or in part in inverse order of maturity (selection of Series A Bonds within the same maturity to be by lot by the County in such equitable manner as it may determine) on September 1, 1998, or on any interest payment date thereafter at par, plus accrued interest to the redemption date.

Whenever the County is to select Series A Bonds for the purpose of redemption, it will, in the case of Series A Bonds in denominations greater than \$5,000, if less than all of the Series A Bonds then outstanding are to be called for redemption, treat each \$5,000 of face value of each such fully registered Series A Bond as though it were a separate Series A Bond of the denomination of \$5,000.

If the County elects to call any Series A Bonds for redemption and payment prior to the maturity thereof, the County will give written notice of its intention to call and pay said Bonds on a specified date, said notice to be mailed by first class United States mail addressed to the registered owners of said Bonds and to the Treasurer of the State of Kansas, Topeka, Kansas, each of said notices to be mailed not less than 30 days prior to the date fixed for redemption. If any Series A Bond be called for redemption and payment as aforesaid, all interest on such Series A Bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

The Series B Bonds shall not be redeemable prior to their stated maturity.

Conditions of Bids. Bidders may bid either on the Internal Improvement Bonds, Series A 1988, or the Library Bonds, Series B 1988, or on both Series, at the bidder's option, but bids for the Bonds will be accepted and considered separately. Proposals will be received on the Bonds bearing such rate or rates of interest, as may be specified by the bidders, subject to the following conditions, separately applicable to each series of Bonds: The same rate shall apply to all Bonds of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/20 of 1%. No interest rate may exceed a rate equal to the index of treasury bonds published by the weekly Credit Markets in New York, New York, on the Monday preceding the day on which the Bonds are sold, plus 2%. No rate specified may be lower than any rate specified for an earlier maturity of the Bonds. No bid of less than the par value of each series of the Bonds and accrued interest thereon to the date of delivery will be considered and no supplemental interest payments will be authorized. Each bid must specify the total interest cost to the County during the life of the Bonds on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the County on the basis of such bid, all certified by the bidder to be correct. The County will be entitled to rely on the certificate of

correctness of the bidder. Each bid must also specify the net interest rate to the County on the basis of such bid.

Basis of Award. The award of each series of the Bonds will be made on the basis of the lowest net interest cost to the County, which will be determined by subtracting the amount of the premium bid, if any, from the total interest cost to the County. If there is any discrepancy between the net interest cost and the net interest rate specified, the specified net interest cost shall govern and the interest rates specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the governing body will determine which bid or bids, if any, shall be accepted, and its determination will be final. The County reserves the right to reject any and/or all bids and to waive any irregularities in a submitted bid.

Authority, Purpose and Security. The Bonds are being issued pursuant to and in full compliance with the Constitution and Statutes of the State of Kansas including K.S.A. 10-101 to 10-125, inclusive, 3-301, et seq., 12-1257, 19-101a, 65-211 to 65-215, inclusive, 68-580 to 68-585, inclusive, 68-728, all as may be amended, and the County's Charter Resolution No. 18-84, for the purpose of paying the cost of certain road, bridge and sewer improvements, renovating the Johnson County Nursing Center located in Olathe, Kansas, to serve as a combined Mental Health Clinic and Intermediate Care Facility for the mentally ill, constructing, repairing, remodeling and furnishing buildings, streets, street lighting and transportation facilities for the Industrial Airport and building and other improvements to the Library.

The Series A Bonds, constitute general obligations of the County and are payable as to both principal and interest from ad valorem taxes which may be levied upon all the taxable tangible property, real and personal, within the territorial limits of the County. The Wastewater portion is payable from special assessments levied upon property benefited by the improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the County.

The Series B Bonds, constitute an obligation of the County payable from ad valorem taxes levied upon all the taxable tangible property, real and personal, within the County except that contained within the city limits of the City of Olathe, Kansas.

Legal Opinion and Tax Exemption. In the opinion of BURKE, WILLIAMS, SORENSEN & GAAR, Overland Park, Kansas, Bond Counsel, assuming continued compliance by the County with the terms of the Bond Ordinance, under existing law, the interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purposes of computing the alternative minimum tax imposed on such corporations. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met subsequent to the issuance of the Bonds in order for the interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be so included in federal gross income retroactive to the date of issue of the Bonds. These requirements include, but are not limited to, limitations on the use of Bond

proceeds and restrictions on the yield which may be earned on the investment of Bond proceeds and other amounts. In the Resolution authorizing the issuance of the Bonds (the "Bond Resolution"), the County will covenant to comply with the provisions of the Code relating to the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

The interest on the bonds is excludable from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income.

The County has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Prospective purchasers of the Bonds should be aware that (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution (within the meaning of Section 265(b)(5) of the Code), that portion of an owner's interest expense allocable to interest on the Bonds; (2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, for taxable years beginning after December 31, 1986, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds; (3) for taxable years beginning after December 31, 1986, and before January 1, 1992, interest on the Bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Code; (4) for taxable years beginning after December 31, 1986, interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (5) passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (6) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Bonds. These categories of Bondowners should consult their own tax advisors as to the applicability of these consequences.

Delivery and Payment. The County will pay for printing the Bonds, and the expense of all legal services rendered to the County in connection with issuance of the Bonds, and will deliver the same properly prepared, executed and registered without cost to the successful bidder within 45 days after the date of sale at such bank or trust company in the Continental United States as may be specified by the successful bidder and is acceptable to the County. The successful bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual closing proofs which will include a certificate that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity. Payment for the Bonds shall be made in federal reserve funds or other funds, immediately subject to use by the County.

The number, type and denominations of the Bonds and the names, addresses and social security or taxpayer identification numbers of the registered owners must be submitted in writing by the successful bidder to the County and Bond Registrar no more than ten (10) days after the sale date. In the absence of such information, the County will deliver the Bonds in the denominations of each maturity registered in the name of the successful bidder. THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS, AND, AS A CONDITION TO THE COUNTY'S OBLIGATION TO DELIVER THE BONDS, THE SUCCESSFUL BIDDER MUST FURNISH TO THE

Senate L.G.
3-28-89
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COUNTY, AT LEAST ONE WEEK PRIOR TO THE CLOSING DATE, THE INITIAL REOFFERING PRICE TO THE PUBLIC AND AT CLOSING A CERTIFICATE IN A FORMAT PROVIDED BY AND ACCEPTABLE TO BOND COUNSEL (a) SPECIFYING THE REOFFERING PRICE AT WHICH A SUBSTANTIAL AMOUNT (AT LEAST 10% OF THE BONDS OF EACH MATURITY) OF THE BONDS WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AND (b) CERTIFYING AS TO THE ACCURACY OF SUCH REOFFERING PRICES.

Good Faith Deposit. Each bid shall be accompanied by a cashier's or certified check payable to the County's order drawn on a bank located in the United States of America equal to 2% of the total amount of the Bonds. If a bid is accepted, said check, or the proceeds thereof, will be held by the County until the bidder has complied with all of the terms and conditions of this Notice. If a bid is accepted but the County shall fail to deliver the Bonds to the bidder in accordance with the terms and conditions of this Notice, said check, or the proceeds thereof, will be returned to the bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this Notice, the proceeds of such check will be retained by the County as and for liquidated damages. No interest will be paid upon the successful bidder's good faith check.

CUSIP Numbers. It is anticipated that separate CUSIP identification numbers will be printed on each series certificated Bonds or assigned to uncertificated Bonds, but neither the failure to print such number on or assign such number to any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses in relation to the assignment and printing of CUSIP numbers on the Bonds will be paid by the County.

Bond Rating. The outstanding general obligation bonds of the County are rated "Aa" by Moody's Investors Service, Inc. and the County has applied for rating on the Bonds herein offered for sale.

Bid Forms. All bids must be made on forms which may be procured from the Finance Director. No additions or alterations in such forms may be made and any erasures may cause rejection of any bid. The County reserves the right to waive irregularities and to reject any and/or all bids.

Submission of Bids. Bids for each series of Bonds must be submitted in separate sealed envelopes addressed to the undersigned Finance Director, and marked either "Series A Bond Bid" or "Series B Bond Bid," as the case may be. Bids may be submitted by mail or delivered in person to the undersigned at the Johnson County Courthouse, 2nd Floor, Room 206, Cherry at Park, Olathe, Kansas 66061, and must be received by the undersigned prior to 10:00 o'clock a.m., Central Daylight Time, on October 20, 1988.

Interested bidders may arrange to deliver their bids in person at the Courthouse location, or they may arrange to transmit their bids by telephone or telefax to the County's Finance Director prior to the said time and date. Bidders who choose to transmit their bids by telephone or telefax must undertake the following: (A) send a blank copy of the Official Proposal Form for each of the Bond issues for which a bid will be offered to be received by the Office of the Finance Director no less than two (2) Business Days prior to the date stated herein as the date of Sale; (B) this bid form should provide the name and telephone number of the authorized representative of the lead manager of each account, and should be signed by that representative, and must list the members of the account on the back of the Official Proposal Forms as indicated; and (C)

be accompanied by the good faith deposit checks as referred to herein. On the day of the sale, at least 15 minutes prior to the time of sale indicated herein, the authorized representative of the account may transmit to the Finance Director, by telephone or telefax, the bid for each respective bond issue, by indicating the interest rate per maturity, the purchase price, and the manager's calculation of the Net Interest Cost and Net Interest Rate, for each issue. The Finance Director will confirm by independent computation the calculation of the Net Interest Cost and Net Interest Rate, after which the Finance Director will transfer the bid information to the blank, signed Official Proposal Form. Telephone bids must be phoned in to the following telephone number: 913-791-5554. Telefax transmissions are to be sent to: 913-791-5284. The County will not accept any responsibility for bids submitted through telephonic or telefax methods, including garbled transmissions, or the inability of a bidder to access the telephone or telefax number prior to the indicated sale time.

Official Statement. The County has prepared a Preliminary Official Statement dated October 7, 1988, copies of which may be obtained from the Finance Director. Upon the sale of the Bonds, the County will adopt the final Official Statement and, upon request, will furnish the successful bidder with a reasonable number of copies thereof without additional cost. Additional copies may be ordered by the successful bidder at its expense.

Assessed Valuation and Indebtedness. The total assessed valuation of the taxable tangible property within the County as of November 1, 1987, is as follows:

Equalized Assessed Valuation of Taxable Tangible Property	\$1,243,363,527
Tangible Valuation of Motor Vehicles	\$ 370,995,357
Equalized Assessed Tangible Valuation for Computation of Bonded Debt Limitations	\$1,614,358,884

The total general obligation indebtedness of the County as of the date of the Bonds, including the Bonds being sold, is \$126,850,000. Virtually all of such indebtedness is exempt from the County's statutory debt limit. Temporary notes in the principal amount of \$1,470,945, will be retired out of proceeds of the Bonds and other available funds.

Additional Information. Additional information regarding the Bonds may be obtained from the Finance Director, Johnson County Courthouse, Olathe, Kansas 66061, Attention: Ronald F. Cousino (913/791-5534).

DATED this 7th day of October, 1988.

JOHNSON COUNTY, KANSAS

By /s/

Ronald F. Cousino
Finance Director
Johnson County Courthouse
Olathe, Kansas 66061
(913/791-5534)

Senate L.G.
3-28-89
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JOHNSON COUNTY, KANSAS
\$15,095,000
INTERNAL IMPROVEMENT BONDS, SERIES A 1988
(GENERAL OBLIGATIONS PAYABLE FROM UNLIMITED AD VALOREM TAXES)
AND
\$775,000
LIBRARY BONDS, SERIES B 1988
(SPECIAL OBLIGATIONS PAYABLE FROM AD VALOREM TAXES)
(TWO ISSUES)

STATEMENT OF INTEREST

The enclosed good faith check and authorized signature of this form hereby presents my interest to bid on the above mentioned bond issue.

The following address is provided for the mailing of the Notification of Sale:

Contact Person: _____

Telefax Number: () _____

Telephone No: () _____

Signature

Date

Deadline for submittal: _____

Time of cutoff for submittal: _____ CDT

Senate L.G.
3-28-89
I-15

JOHNSON COUNTY, KANSAS
\$15,095,000
INTERNAL IMPROVEMENT BONDS, SERIES A 1988
(GENERAL OBLIGATIONS PAYABLE FROM UNLIMITED AD VALOREM TAXES)
AND
\$775,000
LIBRARY BONDS, SERIES B 1988
(SPECIAL OBLIGATIONS PAYABLE FROM AD VALOREM TAXES)
(TWO ISSUES)

NOTIFICATION OF SALE DATE

Based upon the information furnished on the Statement of Interest in regard to the above mentioned bond issue and under the terms and conditions of the Notice of Bond Sale, Johnson County is hereby giving notice to all bidders of the public sale date to be scheduled as follows:

Date of Bond Sale: _____

Time of cutoff for receiving bids: _____ CDT

Senate L.C.,
3-28-89
I-16

PROPOSAL FOR THE PURCHASE OF THE SERIES B BONDS OF
 JOHNSON COUNTY, KANSAS
 October 20, 1988

TO: THE GOVERNING BODY OF JOHNSON COUNTY, KANSAS

For \$775,000 principal amount of Library Bonds, Series B 1988, of Johnson County, Kansas, to be dated November 1, 1988, as described in your Notice of Bond Sale dated October 1, 1988, said Bonds to bear interest as follows:

\$775,000
 LIBRARY BONDS - SERIES B 1988

<u>MATURITY</u> <u>SEPTEMBER 1</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>SEPTEMBER 1</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>
1989	\$ 75,000	_____ %	1994	\$ 80,000	_____ %
1990	\$ 75,000	_____ %	1995	\$ 80,000	_____ %
1991	\$ 75,000	_____ %	1996	\$ 80,000	_____ %
1992	\$ 75,000	_____ %	1997	\$ 80,000	_____ %
1993	\$ 75,000	_____ %	1998	\$ 80,000	_____ %

(Plus Accrued Interest)

The undersigned will pay the par value of the Bonds plus accrued interest to the date of delivery plus a total premium in the amount set forth below.

Total interest cost to the County on the Bonds
 calculated to maturity at the rates specified \$ _____

Total premium on the Bonds on basis of this bid (if any) \$ _____

Net interest cost to the County on the Bonds on
 the basis of this bid \$ _____

Net interest rate on the Bonds on
 the basis of this bid _____ %

This proposal is subject to all terms and conditions contained in said Notice of Bond Sale, and if the undersigned is the successful bidder, the undersigned will comply with all the provisions contained in said Notice.

Account Members:

_____	_____
_____	_____
_____	_____
_____	_____

Senate L.G.
 3-28-89
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Pursuant to action duly taken by the governing body of Johnson County, Kansas, the above proposal is hereby accepted this 20th day of October, 1988.

JOHNSON COUNTY, KANSAS

BY _____
Chairman, Board of
County Commissioners

ATTEST:

County Clerk

NOTE: No additions or alterations in the above proposal form shall be made, and any erasures may cause rejection of any bid. Sealed bids may be filed with the Finance Director, Johnson County Courthouse, Cherry at Santa Fe, Olathe, Kansas, prior to 10:00 o'clock A.M., Central Daylight Time, on Thursday, October 20, 1988.

Senate L.G.
3-28-89
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"Service to County Government"

212 S. W. 7th Street
Topeka, Kansas 66603
(913) 233-2271
FAX (913) 233-4830

EXECUTIVE BOARD

President
Winifred Kingman
Shawnee County Commissioner
200 S.E. 7th St. - Room 205
Topeka, KS 66603
(913) 291-4040
(913) 272-8948

Vice-President
Gary Hayzlett
Kearny County Commissioner
P.O. Box 66
Lakin, KS 67860
(316) 355-7060

Past President
John Delmont
Cherokee County Commissioner
(316) 848-3717

Mark Hixon
Barton County Appraiser
(316) 792-4226

Marjory Scheufler
Edwards County Commissioner
(316) 995-3973

DIRECTORS

Leonard "Bud" Archer
Phillips County Commissioner
(913) 689-4685

Keith Devenney
Geary County Commissioner
(913) 238-7894

Berneice "Bonnie" Gilmore
Wichita County Clerk
(316) 375-2731

Harry "Skip" Jones III
Smith County Treasurer
(913) 282-6838

Thomas "Tom" Pickford, P.E.
Shawnee County Engineer
(913) 291-4132

Dixie Rose
Butler County Register of Deeds
(316) 321-5750

NACo Representative
Joe McClure
Wabaunsee County Commissioner
(913) 499-5284

Executive Director
John T. Torbert

Testimony

March 28, 1989

To; Senate Local Government Committee

From; John T. Torbert
Executive Director

Subject; HB 2390

The Kansas Association of Counties is in support of HB 2390 that would provide cities and counties with some additional flexibility with respect to the sale of municipal bonds. The association's position of support was unanimously approved by our voting delegates at our annual conference last fall.

It is our belief that by permitting some flexibility in terms of exactly when the bonds will be sold would allow local officials to access the bond marketplace at the time within an approximate three week time span to obtain the lowest possible interest rate for the local government and thus save taxpayer's dollars.

The legislation before you passed the house by a vote 124-0. We urge the committee to recommend it favorably for passage.

I thank the committee for the opportunity to testify and would be happy to stand for questions.

TSJSLOCG

*Senate Local Gov't
3-28-89
Attachment II*



DEPARTMENT OF FINANCE
OFFICE OF DIRECTOR
CITY HALL — THIRTEENTH FLOOR
455 NORTH MAIN STREET
WICHITA, KANSAS 67202
(316) 268-4434

March 27, 1989

The Honorable Don Montgomery, Chairperson
Committee on Local Government
Senate Chambers, Statehouse
Topeka, KS 66612

Re: House Bill 2390

Dear Senator Montgomery:

I support an amendment to HB 2390 which would allow general obligation bonds to be sold at a discount from par. The amendment would strike the words "at not less than par" from line 29 of HB 2390. This would improve the reoffering price on general obligation bonds and save the issuer additional interest cost on the bonds.

The underwriters fees for marketing the bonds are included in the higher interest rates for sales at par. The sale at discount includes the underwriters fees in the amount of issue (which is a more straight forward way of recognizing this cost of bond issuance).

I have used the results of the City of Wichita's last bond sale to provide an analysis. The attached examples compare bond sales at par versus bond sales using discounts below par. The discounted sale results in lower interest costs of about \$80,697 or about two percent (these will vary with the size of issue and length of maturity). Please note that the increased amount of issue (\$75,000) is more than offset by the reduction in interest earnings, resulting from lower reoffering yields. A net savings of \$5,697 results.

Sincerely,

John Moir,
Director of Finance/City Clerk

JM/gf
Attachment

Senate Local Gov't
3-28-89
Attachment III

YEAR	SERIES 718 - AS SOLD @ PREMIUM			SERIES 718 - AS PAR BONDS			DIFFERENCE
	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	SAVI (CO)
1990	280,000	775,398	1,055,398	315,000	736,048	1,051,048	4,350
1991	300,000	466,205	766,205	320,000	446,130	766,130	75
1992	320,000	440,705	760,705	335,000	426,770	761,770	(1,065)
1993	340,000	413,505	753,505	345,000	406,168	751,168	2,338
1994	360,000	384,605	744,605	360,000	384,605	744,605	0
1995	390,000	361,745	751,745	390,000	361,745	751,745	0
1996	420,000	336,785	756,785	420,000	336,785	756,785	0
1997	450,000	309,695	759,695	450,000	309,695	759,695	0
1998	480,000	280,445	760,445	480,000	280,445	760,445	0
1999	510,000	249,005	759,005	510,000	249,005	759,005	0
2000	550,000	215,090	765,090	550,000	215,090	765,090	0
2001	590,000	178,240	768,240	590,000	178,240	768,240	0
2002	630,000	138,415	768,415	630,000	138,415	768,415	0
2003	670,000	95,575	765,575	670,000	95,575	765,575	0
2004	720,000	49,680	769,680	720,000	49,680	769,680	0
	7,010,000	4,695,093	11,705,093	7,085,000	4,614,396	11,699,396	5,697

SPREAD PER \$1,000 @ SALE WAS \$10.67 X PAR VALUE = \$74,796.7
 PAR VALUE ON DISCOUNT BID INCREASED 75,000 TO COMPENSATE.

Senate L.G.
 3-28-89
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