

Debt Management

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Johnson County Debt Management

Overview

In Johnson County, the demand for services continues to increase due to significant population growth. As a result, investments in capital infrastructure are required to maintain the quality of life that attracts people to Johnson County. These investments are financed by the County through both debt instruments and “pay-as-you-go” methods.

It is the County’s policy to consider “pay-as-you-go” methods before issuing any tax-supported debt. Examples of these methods include:

- 1/10-cent sales tax to fund stormwater capital improvements (\$15.1 million in budgeted expenditures for FY 2018);
- 1/4-cent sales tax to fund public safety projects (Public Safety Sales Tax II) approved in August 2008;
- 1/4-cent sales tax to be collected from April 2017 through March 2027 (Public Safety Sales Tax III) to fund a new courthouse, demolish the existing courthouse and a coroner’s facility approved in November 2016;
- Dedicated funding for the County Assistance Road System (CARS) capital program (\$15.0 million in budgeted expenditures for FY 2018);
- On-going ad valorem support for various infrastructure maintenance capital projects (\$7.0 million in budgeted expenditures for FY 2018).

However, it is not feasible for the County to fund all capital improvements with “pay-as-you-go” methods as capital infrastructure requirements increase with the population.

Each year, the County prepares a five-year Capital Improvement Program (CIP) that includes “pay-as-you-go” and debt-financed capital improvement projects. With the annual CIP, the County is able to integrate capital improvement financing with the annual operating budget. This integration allows the County to assess and manage CIP impacts on tax rates, user fee rates, fund balances, and the level of outstanding debt.

Debt Management Policies

The County adopted revised debt management policies on December 19, 2002 through Resolution 122-02. On May 2, 2013, the County amended these policies to clarify the County’s intent to comply with regulatory standards as noted in the eighth objective below. An overall summary of all County financial policies has been included in the section Budget Structure and Policies. The objectives for adopting such policies are:

1. To preserve the public trust and prudently manage public assets to minimize costs to the taxpayers and ensure current decisions do not adversely affect future generations.
2. To maintain the County’s ability to obtain access to the municipal bond market at favorable interest rates in amounts needed for capital improvements, economic development, and facilities or equipment to provide essential County services.
3. To minimize borrowing costs and preserve access to credit markets.
4. To seek to minimize debt interest costs whenever prudent in consideration of other cost factors and/or tax burden.
5. To maintain a balanced relationship between debt service requirements and current operating costs, encourage growth of the tax base, actively seek alternative funding sources, minimize interest costs and maximize investment returns.
6. To assess all financial alternatives for capital improvements prior to issuing debt. These could include categorical grants, loans, or state/federal aid.
7. To preserve the County’s flexibility in capital financing by maintaining an adequate margin of statutory debt capacity.
8. To maintain compliance with regulatory standards such as, but not limited to, Internal Revenue Service (IRS) codes and regulations.

The County lists forty specific debt management guidelines in Resolution 122-02 in accordance with the objectives stated above. Key guidelines are:

1. The County shall maintain good communications with bond rating agencies to ensure a complete and clear understanding of the creditworthiness of the County.
2. The County should market its debt issues on a competitive basis, unless specific criteria are met.
3. If a negotiated sale is advised, the County will competitively select the underwriter(s) needed to accomplish the structuring, marketing, pricing, and sale of the bonds.
4. For capital needs of enterprise operations, debt financing should be considered so that the ratepayers who utilize the capital improvement over the life of the improvement are required to support the capital financing. Although a pay-as-you-go (cash) strategy for enterprise operations may reduce interest costs, it may also increase user rates well above equitable and affordable levels.
5. The County shall identify a reserve level for debt service equal to a minimum of 5% of the annual principal and interest due on outstanding debt in order to ensure adequate debt service liquidity while minimizing the exposure to arbitrage liability, subject to debt covenants requiring a specific reserve in excess of this amount.
6. Proceeds from long-term debt should not be used to fund current operating costs.
7. The scheduled maturities of long-term obligations should be less than the expected economic life of the capital project or asset(s) financed.
8. The County shall seek to maintain a minimum of 20% of its statutory debt capacity.
9. The County shall establish and maintain limitations on the issuance of new property tax-base supported bonded indebtedness which will promote a balanced relationship between expenditures for debt service and current County costs while assisting in minimizing the overall property tax burden.
10. General obligation bonds supported by property taxes should be used to finance only those capital improvements and long-term assets which have been determined to be essential to the maintenance or development of the County.
11. General obligation bonds supported by property taxes should be used only after considering alternative funding sources, such as federal and state grants and other revenues.
12. Revenue-supported bonds should be used to limit potential dependence on property taxes for those projects with available revenue sources, whether self-generated or dedicated from other sources.

In addition, it is the policy of the Board of County Commissioners (BOCC) for the County to cautiously plan for the potential use of any derivative products. The County will carefully examine these products which usually take the form of non-traditional financing structures, on a case-by-case basis with particular attention to the life-cycle costs and benefits of the given product.

Outstanding County Debt

Johnson County's authority to issue debt is governed by several State of Kansas statutes. Generally, debt can be issued after a majority vote at an election or after publication of the intention of the County to issue debt. Once published, the intent to issue debt becomes subject to a general election only if a protest petition signed by the required percentage of qualified electors is filed with the County Election Commissioner (within a certain number of days after publication).

The Kansas legislature has designated Johnson County as an urban county. This designation permits the County, under "Home Rule" charter resolutions, to issue debt for sewer construction purposes by action of the BOCC without a vote of the residents. The "Home Rule" charter does provide for public hearings on the establishment of special districts and the funding of the improvements for those districts. Also, "Home Rule" charter resolutions allow the County to issue debt for computer hardware/software, radio equipment, and transportation vehicles by action of the BOCC without voter approval.

The County historically has used the following debt instruments to finance investments in capital infrastructure:

- General Obligation bonds and notes (Wastewater and other improvements).
- Special Assessment bonds and notes (Sewer and Road improvements).
- Revenue bonds (Airport and Park and Recreation projects).
- State of Kansas revolving loans (Airport and Wastewater projects).
- Capital Lease obligations (includes leases with the Public Building Commission).

A summary of the County's outstanding debt as of April 1, 2017, is provided within the Debt Management section. State of Kansas statutes impose limits on the amount of outstanding debt issued for certain purposes. These limits are based on the County's ETV, or Equalized Tangible Valuation (which is the sum of the County's tax roll value, motor vehicle value, and recreational vehicle value), and are summarized as follows:

| Legal Debt Limit | | |
|-------------------------------|--------------------------------|--------------------------------------|
| | | 12/31/16 |
| <u>Purpose of Debt</u> | <u>Maximum % of ETV</u> | <u>Maximum Amount of Debt</u> |
| General | 3.00% | \$303,883,572 |
| Airport | 1.00% | \$101,294,524 |
| Streets | 2.00% | \$202,589,048 |
| Library | 2.00% | \$167,053,686 |

As previously stated in this document, the County seeks to maintain a minimum of 20% of the statutory debt capacity for each debt purpose. The following chart summarizes the County's debt capacity available as of December 31, 2016, and the estimated debt capacity available as of December 31, 2018:

| Legal Debt Margin | | | | |
|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 12/31/16 | 12/31/16 | 12/31/18 | 12/31/18 |
| <u>Purpose of Debt</u> | <u>Debt Margin (\$)</u> | <u>Debt Margin (%)</u> | <u>Debt Margin (\$)</u> | <u>Debt Margin (%)</u> |
| General | \$303,883,572 | 99.60% | \$322,043,730 | 99.50% |
| Airport | \$101,294,524 | 96.79% | \$104,634,107 | 96.99% |
| Streets | \$202,589,048 | 100.00% | \$215,769,153 | 100.00% |
| Library | \$167,053,686 | 100.00% | \$176,557,462 | 99.82% |

*Calculations as of 12/31/18 are based on conservative estimates for the County's Equalized Tangible Valuation (ETV).

The Debt Margin (\$) is the maximum amount of debt that may be issued. Debt Margin (%) is the percentage of debt capacity available to be issued.

Based on current estimates, the County will maintain in excess of 20% of the statutory debt capacity for each purpose of debt through the year 2018. It is important to note that State of Kansas statutes impose no limit on the amount of sewer debt. Also, no State debt limitations exist for any items that are funded with revenue bonds.

In accordance with State of Kansas statutes, Johnson County has created its own Public Building Commission (PBC). The PBC is a separate legal entity with a governing body comprised of the members of the BOCC. The PBC has the authority to acquire, build, and/or renovate facilities, and to lease these facilities to the County. In addition, the PBC has authority to issue revenue bonds to finance the acquisition, construction, and/or renovation of facilities, with repayment of the bonds financed with lease revenues from Johnson County. A summary of the PBC's outstanding debt as of November 1, 2017, is provided as part of the Debt Management section. State of Kansas statutes impose no limit on the amount of PBC debt that can be outstanding.

One objective of the County's debt management policies is to maintain and improve the County's current credit ratings so that borrowing costs are minimized and access to credit is preserved. In general, a credit rating is an independent summary judgment on the willingness and ability of a debt issuer to make full and timely debt service payments to investors. Both the County's general obligation bonds and the PBC's lease purchase revenue bonds are rated by Moody's Investors Service and Standard & Poor's Ratings Services.

The County's credit ratings as of October 5, 2017 are reflected in the table on the next page:

| Credit Ratings as of September 27, 2016 | |
|--|----------------------------------|
| <u>Rating Entity</u> | <u>County Bond Rating</u> |
| Moody's Investors Service | Aaa/Stable |
| Standard & Poor's Ratings Services | AAA/Stable |
| Fitch's Ratings | AAA/Stable |

Moody's Investors Service has assigned an Aaa rating with the issuance of the Johnson County's \$17.1 million Internal Improvement general obligation bonds, Series 2017A. When rating the County's debt, Moody's Investors Service commented that the Aaa rating reflects the general obligation credit characteristics of Johnson County, which includes:

- Johnson County's sizable and wealthy tax base that benefits from its significant role in the Kansas City metropolitan area economy.
- Well managed financial operations.
- Low net direct debt burden.

Moody's Investors Service also assigned an Aaa to the Public Building Commission's (PBC) Lease Purchase Revenue bonds reflecting the unconditional and long-term commitments of the county.

Johnson County has been rated 'AAA' from Standard & Poor's Rating Services since 1999 for its general obligation bonds. Since 2007, Standard & Poor's Rating Services had assigned the Public Building Commission's rating to 'AAA,' however, in November 2017 Standard & Poor's downgraded the Public Building Commission's rating on the 2017B bonds to AA+. The reason for the downgrade on this bond issue is because the new money issued is subject to the State's tax lid where the county is obligated to draw from its legally available funds to make the rental payments, S&P is rating these bonds using their nonad valorem criteria.

Fitch Ratings has assigned Johnson County its AAA, the highest rating that can be attained. The rating was first received in November 2009 and was recently reaffirmed in November, 2017. The rationale for the County's AAA rating is based on the following factors:

- Johnson County is an affluent, well-educated community located near Kansas City and residents display a superior socioeconomic profile.
- Diverse local economy, augmented by extensive employment opportunities.
- Officials have demonstrated consistent judicious financial management driven by conservative budgeting and prudent formal financial policies.
- Sufficient reserves after draws, indicating the County's superior degree of financial flexibility.
- Overall debt burden is low, coupled with a supportable five-year capital improvement plan.

Johnson County, Kansas is one of approximately forty counties in the United States to earn the "Triple A" designation from all three rating agencies.

Future Debt Planning

The County prepares a five-year Capital Improvement Plan (CIP) which is updated annually. This plan is developed to reflect the County's strategic planning regarding future development and proactive control over debt issuance and management.

A history of the percentage of budgeted pay-as-you-go versus debt financing for the County's CIP since 2013 is reflected in the following table:

| Budget Year | Total Capital Appropriation | Pay-As-You-Go Portion | Debt Portion |
|-----------------------|-----------------------------|-----------------------|--------------|
| 2013 | \$97,721,468 | 56% | 44% |
| 2014 | \$110,696,655 | 58% | 42% |
| 2015 | \$134,449,279 | 42% | 58% |
| 2016 | \$163,306,555 | 47% | 53% |
| 2017 | \$128,624,204 | 53% | 47% |
| 2018 | \$159,602,926 | 52% | 48% |
| Total | \$794,401,087 | | |
| Annual Average | \$132,400,181 | 50.6% | 49.4% |

For FY 2018, the ratio of pay-as-you-go versus debt financing is 52% pay-as-you-go, and 48% debt. This compares to a six-year average of 50.6% pay-as-you-go, and 49.4% debt.

The County has several capital projects that are self-funded with dedicated revenue sources. These include Airport, CARS, Stormwater, Wastewater, Library and Park and Recreation projects. A second chart excluding the self-funded projects is presented below:

| Budget Year | Total Capital Appropriation | Pay-As-You-Go Portion | Debt Portion |
|-----------------------|-----------------------------|-----------------------|--------------|
| 2013 | \$15,334,880 | 100% | —% |
| 2014 | \$22,416,749 | 69% | 31% |
| 2015 | \$36,905,178 | 35% | 65% |
| 2016 | \$23,789,301 | 84% | 16% |
| 2017 | \$29,289,135 | 41% | 59% |
| 2018 | \$32,407,438 | 56% | 44% |
| Total | \$160,142,681 | | |
| Annual Average | \$26,690,447 | 58.4% | 41.6% |

For FY 2018, the ratio of pay-as-you-go versus debt financing is 56% pay-as-you-go and 44% debt. This is comparable to the six-year average of 58.4% pay-as-you-go, and 41.6% debt.

Budgeted Debt Service

The County's budgeted debt service includes general obligation bonds and notes, special assessment bonds and notes, revenue bonds, State of Kansas revolving loans, and capital lease obligations (including leases with Public Building Commission) for existing debt and estimated payments for all pending debt. A breakdown of the FY 2018 budgeted debt service by fund is provided below.

| Fund | Principal Payments | Interest Payments | Total Payments |
|---|---------------------|---------------------|---------------------|
| General Fund - PBC Lease Payments | \$5,759,389 | \$2,430,004 | \$8,189,393 |
| Public Safety Sales Tax 2 (General Fund) - PBC Lease Payments | \$6,050,000 | \$3,588,205 | \$9,638,205 |
| Debt Service Fund | \$1,068,900 | \$579,751 | \$1,648,651 |
| County Building Fund - PBC Lease Payments | \$1,125,000 | \$733,384 | \$1,858,384 |
| Library Special Use Fund - PBC Lease Payments | \$1,745,000 | \$1,392,844 | \$3,137,844 |
| Airport Fund | \$170,155 | \$128,872 | \$299,027 |
| Transit Fund - PBC Lease Payments | \$135,000 | \$10,920 | \$145,920 |
| Wastewater SRCFP Fund | \$23,534,233 | \$14,195,767 | \$37,730,000 |
| Park & Recreation Funds | \$5,525,000 | \$1,662,047 | \$7,187,047 |
| Total | \$45,112,677 | \$24,721,794 | \$69,834,471 |

The total budgeted debt service for FY 2018 is approximately \$69.8 million.

Total FY 2018 - FY 2022 estimated debt service payments by fund are provided below.

| | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fund | Total Payments | Total Payments | Total Payments | Total Payments | Total Payments |
| General Fund - PBC Lease Payments | \$8,189,393 | \$8,063,847 | \$8,033,516 | \$7,991,239 | \$7,932,920 |
| Public Safety Sales Tax 2 - General Fund - PBC Lease Payments | \$9,638,205 | \$9,395,874 | \$9,304,405 | \$9,288,924 | \$9,304,637 |
| Debt Service Fund | \$1,648,651 | \$2,997,781 | \$2,490,568 | \$2,166,615 | \$2,166,850 |
| County Building Fund - PBC Lease Payments | \$1,858,384 | \$1,850,034 | \$1,855,634 | \$1,850,534 | \$1,851,134 |
| Library Special Use Fund - PBC Lease Payments | \$3,137,844 | \$3,374,494 | \$3,361,694 | \$3,367,544 | \$3,373,094 |
| Airport Fund | \$299,027 | \$286,598 | \$277,875 | \$269,375 | \$270,875 |
| Transit Fund - PBC Lease Payments | \$145,920 | \$150,655 | \$0 | \$0 | \$0 |
| Wastewater SRCFP Fund | \$37,730,000 | \$38,505,000 | \$42,425,000 | \$48,125,000 | \$66,285,000 |
| Park & Recreation Funds | \$7,187,047 | \$7,770,163 | \$5,264,463 | \$5,102,928 | \$4,733,738 |
| | | | | | |
| Total Budgeted Debt Service | \$69,834,471 | \$72,394,446 | \$73,013,155 | \$78,162,159 | \$95,918,248 |

Summary

The BOCC has adopted debt management policies to ensure that Johnson County is able to make all debt service payments in a timely manner. The County integrates capital improvement planning with an annual operating budget to assess and manage tax rates, user fees, fund balances, and outstanding debt. This integration is essential to address the capital infrastructure requirements that come with rapid population growth.

The County's financial position is favorable, as can be seen by the "Triple A" credit rating assigned to the County's general obligation and PBC lease revenue bonds by Moody's Investors Service, and the "Triple A" credit rating assigned to the County's general obligation bonds. Current debt levels are manageable and the County's financial reserves remain stable. Sound financial policies, including debt management policies, are in place to maintain the County's financial health in FY 2018 and beyond.

Summary of Outstanding Debt Issues

| Issue and Purpose | Original Amount | Issue Date | Call Date | Maturity Date | Amount Outstanding |
|--|------------------------|-------------------|------------------|----------------------|---------------------------|
| General and Special Obligation Bonds: | | | | | |
| <u>Internal Improvement Bonds, Series 1999A</u> <i>Includes airport improvements, acquisition of computer and radio equipment, and other projects</i> | \$ 7,982,376 | 01-Dec-99 | | 01-Sep-19 | \$ 40,315 |
| <u>Library Refunding Bonds, Series 2004B</u> <i>Refunding of a portion of the Library 1999B Series Bonds.</i> | \$ 4,445,000 | 01-Oct-04 | | 01-Sep-19 | \$ 955,000 |
| <u>Airport Improvement Bonds, Series 2008A</u> <i>Includes airport improvements at the Johnson County New Century AirCenter.</i> | \$ 1,960,000 | 01-May-08 | 01-Sep-18 | 01-Sep-28 | \$ 95,000 |
| <u>Library Refunding Bonds, Series 2010B</u> <i>Refunding the Library 1998B, 2001B and 2002C Series Bonds.</i> | \$ 4,470,000 | 03-Jun-10 | | 01-Sep-20 | \$ 665,000 |
| <u>Parks Refunding Bonds, Series 2010A</u> <i>Refunding Parks Series 1999 - Big Bull Creek</i> | \$ 3,625,000 | 11-Feb-10 | | 01-Sep-19 | \$ 1,215,000 |
| <u>Refunding Bonds, Series 2010D</u> <i>Refunding 2003A and 2003B Series Bonds</i> | \$ 1,125,000 | 28-Oct-10 | | 01-Sep-12 | \$ 175,000 |
| <u>Library Bonds, Series 2010E</u> <i>Land acquisition for future library site</i> | \$ 740,000 | 28-Oct-10 | | 01-Sep-20 | \$ 235,000 |
| <u>Refunding Bonds, Series 2012B</u> <i>Refunding of Series 2005A</i> | \$ 730,000 | 15-Aug-12 | | 01-Sep-25 | \$ 595,000 |
| <u>Airport Improvement Bonds, Series 2015A</u> <i>Land acquisition at Johnson County New Century Airport</i> | \$ 1,910,000 | 17-Dec-15 | | 01-Sep-35 | \$ 1,765,000 |
| <u>Airport Refunding Bonds, Series 2015B</u> <i>Refunding of Series 2008A</i> | \$ 1,125,000 | 17-Dec-15 | | 01-Sep-28 | \$ 1,125,000 |
| <u>Internal Improvement Bonds, Series 2016A</u> <i>Refunding of Series 2005A</i> | \$ 1,580,000 | 27-Oct-16 | | 01-Sep-26 | \$ 1,445,000 |
| Total General and Special Obligation Bonds: | \$ 29,692,376 | | | | \$ 8,310,315 |

Summary of Outstanding Debt Issues

| Issue and Purpose | Original Amount | Issue Date | Call Date | Maturity Date | Amount Outstanding |
|--|-------------------|------------|-----------|---------------|--------------------|
| Road Benefit Special Assessment Bonds | | | | | |
| <i>Road Improvements to be repaid by property owners in the Benefit District</i> | | | | | |
| <u>Special Assessment Bonds, Series 2016A</u> | | | | | |
| 115th Street West of Homestead Road | \$ 44,400 | 27-Oct-16 | | 01-Sep-26 | \$ 40,600 |
| 182nd Street and Wildcat Road | \$ 62,500 | 27-Oct-16 | | 01-Sep-26 | \$ 57,100 |
| Total Special Assessment Bonds: | \$ 106,900 | | | | \$ 97,700 |

Summary of Outstanding Debt Issues

| Issue and Purpose | Original Amount | Issue Date | Call Date | Maturity Date | Amount Outstanding |
|---|----------------------|------------|-----------|---------------|-----------------------|
| Wastewater General Obligation Bonds: | | | | | |
| <u>Wastewater, Series 2008A</u> <i>Includes improvements to the wastewater system.</i> | \$ 26,585,000 | 1-May-08 | 01-Sep-18 | 01-Sep-28 | \$ 1,440,000 |
| <u>Wastewater, Series 2008D</u> <i>Includes improvements to the wastewater system.</i> | \$ 10,425,000 | 01-Nov-08 | 01-Sep-18 | 01-Sep-28 | \$ 555,000 |
| <u>Wastewater, Series 2009A</u> <i>Includes improvements to the wastewater system.</i> | \$ 16,345,000 | 15-May-09 | 01-Sep-19 | 01-Sep-29 | \$ 1,690,000 |
| <u>Wastewater, Series 2009B - Taxable Build America Bonds</u> <i>Includes improvements to the wastewater system.</i> | \$ 20,925,000 | 17-Dec-09 | | 01-Sep-29 | \$ 15,780,000 |
| <u>Wastewater, Series 2009C</u> <i>Refunding of outstanding Series 2001A, 2001C and 2002B Bonds</i> | \$ 14,463,175 | 17-Dec-09 | | 01-Sep-29 | \$ 5,510,000 |
| <u>Wastewater, Series 2010C</u> <i>Includes improvements to the wastewater system.</i> | \$ 8,605,000 | 28-Oct-10 | | 01-Sep-30 | \$ 6,540,000 |
| <u>Wastewater, Series 2010D</u> <i>Refunding of outstanding Series 2003A and 2004A</i> | \$ 11,725,000 | 28-Oct-10 | | 01-Sep-24 | \$ 7,455,000 |
| <u>Wastewater, Series 2011A</u> <i>Includes improvements to the wastewater system.</i> | \$ 16,790,000 | 10-Nov-11 | | 01-Sep-31 | \$ 13,055,000 |
| <u>Wastewater, Series 2012A</u> <i>Includes improvements to the wastewater system.</i> | \$ 37,350,000 | 15-Aug-12 | | 01-Sep-32 | \$ 30,220,000 |
| <u>Wastewater, Series 2012B</u> <i>Refunding of outstanding series 2005A</i> | \$ 26,275,000 | 15-Aug-12 | | 01-Sep-25 | \$ 21,550,000 |
| <u>Wastewater, Series 2013A</u> <i>Includes improvements to the wastewater system.</i> | \$ 40,685,000 | 22-Oct-13 | | 01-Sep-33 | \$ 34,875,000 |
| <u>Wastewater, Series 2014A</u> <i>Includes improvements to the wastewater system.</i> | \$ 20,205,000 | 25-Nov-14 | | 01-Sep-34 | \$ 18,050,000 |
| <u>Wastewater, Series 2014B</u> <i>Refunding of outstanding series 2007A & 2007B</i> | \$ 38,480,000 | 25-Nov-14 | | 01-Sep-27 | \$ 38,480,000 |
| <u>Wastewater, Series 2015A</u> <i>Includes improvements to the wastewater system.</i> | \$ 28,605,000 | 17-Dec-15 | | 01-Sep-35 | \$ 26,435,000 |
| <u>Wastewater, Series 2015B</u> <i>Refunding of outstanding series 2008A & 2008D</i> | \$ 24,415,000 | 17-Dec-15 | | 01-Sep-28 | \$ 24,415,000 |
| <u>Wastewater, Series 2016A</u> <i>Includes improvements to the wastewater system.</i> | \$ 32,758,100 | 27-Oct-16 | | 01-Sep-36 | \$ 32,142,300 |
| <u>Wastewater, Series 2016B</u> <i>Refunding of outstanding series 2009A</i> | \$ 10,570,000 | 27-Oct-16 | | 01-Sep-29 | \$ 10,570,000 |
| <u>Wastewater, Series 2017A</u> <i>Includes improvements to the wastewater system</i> | \$ 15,780,000 | 2-Nov-17 | | 01-Sep-27 | \$ 15,780,000 |
| Total Wastewater General Obligation Bonds: | \$400,986,275 | | | | \$ 304,542,300 |

Summary of Outstanding Debt Issues

| Issue and Purpose | Original Amount | Issue Date | Call Date | Maturity Date | Amount Outstanding |
|--|------------------------|-------------------|------------------|----------------------|---------------------------|
| Revenue Bonds: | | | | | |
| <u>Park Revenue Bonds, Series 2010B</u> <i>Refunding of Series 1998 and 2001A bonds.</i> | \$ 3,310,000 | 11-Feb-10 | | 01-Dec-18 | \$ 700,000 |
| <u>Park Revenue Bonds, Series 2010C (COP Issue)</u> <i>Refunding of Series 1998B bonds</i> | \$ 3,280,000 | 11-Feb-10 | | 01-Sep-18 | \$ 1,075,000 |
| <u>Park Revenue Bonds, Series 2010D</u> <i>New Century Fieldhouse</i> | \$ 4,145,000 | 01-Nov-10 | | 01-Sep-30 | \$ 3,135,000 |
| <u>Park Revenue Bonds, Series 2011A (COP Issue)</u> <i>Refunding of Foundation Series 2001 and 2002A COP</i> | \$ 12,475,000 | 17-Aug-11 | | 01-Sep-22 | \$ 7,395,000 |
| <u>Park Revenue Bonds, Series 2013A (COP Issue)</u> <i>Refunding of Foundation Series 2003A and 2004</i> | \$ 15,670,000 | 15-Sep-13 | | 01-Sep-23 | \$ 11,605,000 |
| <u>Park Revenue Bonds, Series 2015A</u> <i>Park Police Building</i> | \$ 2,490,000 | 8-Jul-15 | | 01-Sep-35 | \$ 2,410,000 |
| <u>Park Revenue Bonds, Series 2017A (COP Issue)</u> <i>Meadowbrook Project</i> | \$ 7,300,000 | 30-Mar-17 | | 01-Sep-26 | \$ 7,300,000 |
| <u>Park Revenue Bonds, Series 2017B (COP Issue)</u> <i>Bull Creek Project</i> | \$ 5,460,000 | 30-Mar-17 | | 01-Sep-26 | \$ 5,460,000 |
| Total Revenue Bonds: | \$ 54,130,000 | | | | \$ 39,080,000 |
| Wastewater State Revolving Loans: | | | | | |
| <u>Blue River</u> <i>Includes inflow and infiltration.</i> | \$ 14,290,397 | 01-Sep-98 | | 01-Sep-18 | \$ 919,224 |
| <u>Mill Creek Regional Plant</u> <i>Includes plant, sewer, and force main.</i> | \$ 13,583,500 | 01-Jun-04 | | 01-Mar-26 | \$ 5,984,763 |
| <u>Middle Basin Green Project</u> <i>Includes digester, gas storage, grease receiving station and electricity generators.</i> | \$ 10,655,100 | 16-Nov-09 | | 01-Mar-31 | \$ 7,226,472 |
| <u>Lone Elm</u> <i>Includes sewer and pump work</i> | \$ 1,452,921 | 01-Sep-13 | | 01-Sep-33 | \$ 534,873 |
| <u>Gardner Lake</u> <i>Includes sewer and pump work</i> | \$ 10,705,671 | 01-Sep-13 | | 01-Sep-34 | \$ 2,556,969 |
| Total Wastewater State Revolving Loans: | \$ 50,687,589 | | | | \$ 17,222,301 |
| Wastewater Special Assessment Bonds: | | | | | |
| <i>Wastewater Improvements to be repaid by property owners in the District.</i> | | | | | |
| <u>Joint and Lateral, Series 1999A</u> | \$ 96,891 | 1-Dec-99 | | 01-Sep-19 | \$ 9,689 |
| | \$ 96,891 | | | | \$ 9,689 |

Summary of Outstanding Debt Issues

| <u>Issue and Purpose</u> | <u>Original Amount</u> | <u>Issue Date</u> | <u>Call Date</u> | <u>Maturity Date</u> | <u>Amount Outstanding</u> |
|---|------------------------|-------------------|------------------|----------------------|---------------------------|
| <u>Lease Purchase Revenue Bonds</u> | | | | | |
| <u>Lease Purchase Revenue Bonds, Series 2007B</u> | | | | | |
| Refund 1997A - Courthouse, Juv. Detention, Med-Act | \$ 3,560,000 | | | | \$ — |
| Refund 1999A - Transit Maintenance Facility | \$ 1,290,000 | | | | \$ 280,000 |
| Series 2007B Total: | \$ 4,850,000 | 01-Mar-07 | | 01-Sep-19 | \$ 280,000 |
| <u>Lease Purchase Revenue Bonds, Series 2008A</u> | | | | | |
| Communications Center | \$ 9,050,000 | | | | \$ 430,000 |
| Adult Detention Center, Phase II | \$ 33,540,000 | | | | \$ 1,590,000 |
| Youth & Family Services Center | \$ 2,340,000 | | | | \$ 110,000 |
| Elmore Center (Developmental Supports) | \$ 3,895,000 | | | | \$ 185,000 |
| Series 2008A Total: | \$ 48,825,000 | 01-May-08 | 01-Sep-18 | 01-Sep-28 | \$ 2,315,000 |
| <u>Lease Purchase Revenue Bonds, Series 2008C</u> | | | | | |
| Adult Detention Center, Phase II | \$ 10,750,000 | | | | \$ 490,000 |
| Series 2008C Total: | \$ 10,750,000 | 01-Nov-08 | 01-Sep-18 | 01-Sep-28 | \$ 490,000 |
| <u>Lease Purchase Revenue Bonds, Series 2009A</u> | | | | | |
| Youth & Family Services Center | \$ 11,815,000 | | | | \$ 1,090,000 |
| Criminal Laboratory | \$ 3,180,000 | | | | \$ 295,000 |
| Series 2009A Total: | \$ 14,995,000 | 15-May-09 | 01-Sep-19 | 01-Sep-29 | \$ 1,385,000 |
| <u>Lease Purchase Revenue Bonds, Series 2010A - Recovery Zone Economic Development Taxable Bonds</u> | | | | | |
| Public Works Building | \$ 13,245,000 | | | | \$ 9,390,000 |
| Series 2010A Total: | \$ 13,245,000 | 03-Jun-10 | | 01-Sep-30 | \$ 9,390,000 |
| <u>Lease Purchase Revenue Refunding Bonds, Series 2010B</u> | | | | | |
| Church Property | \$ 1,500,000 | | | | \$ 420,000 |
| Refund 2002B - County Buildings | \$ 4,620,000 | | | | \$ — |
| Series 2010B Total: | \$ 6,120,000 | 03-Jun-10 | | 01-Sep-22 | \$ 420,000 |
| <u>Lease Purchase Revenue Refunding Bonds, Series 2010C</u> | | | | | |
| Refund 2003A - Corrections, Med-Act, Sunset Office | \$ 15,920,000 | | | | \$ 8,765,000 |
| Refund 2004A - Sunset Office Building | \$ 15,590,000 | | | | \$ 9,830,000 |
| Series 2010C Total: | \$ 31,510,000 | 03-Jun-10 | | 01-Sep-24 | \$ 18,595,000 |
| <u>Lease Purchase Revenue Bonds, Series 2010D</u> | | | | | |
| Criminal Laboratory | \$ 7,830,000 | | | | \$ 5,435,000 |
| Youth & Family Services Center | \$ 3,315,000 | | | | \$ 2,300,000 |
| Olathe Adult Detention Center | \$ 3,105,000 | | | | \$ 2,160,000 |
| Series 2010D Total: | \$ 14,250,000 | 28-Oct-10 | | 01-Sep-30 | \$ 9,895,000 |

Summary of Outstanding Debt Issues

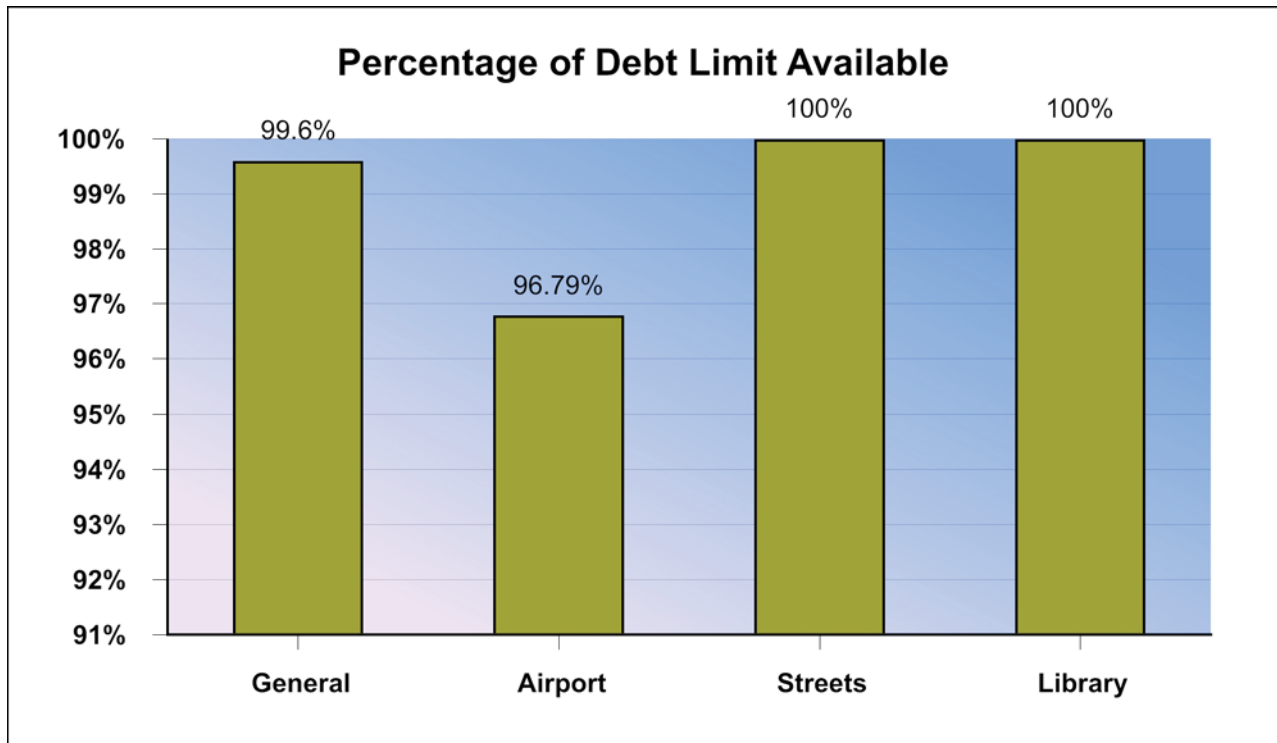
| <u>Issue and Purpose</u> | <u>Original Amount</u> | <u>Issue Date</u> | <u>Call Date</u> | <u>Maturity Date</u> | <u>Amount Outstanding</u> |
|--|------------------------|-------------------|------------------|----------------------|---------------------------|
| <u>Lease Purchase Revenue Bonds (Continued)</u> | | | | | |
| <u>Lease Purchase Revenue Bonds, Series 2011A</u> | | | | | |
| Criminal Laboratory | \$ 17,155,000 | | | | \$ 13,335,000 |
| Elmore Center (Developmental Supports Building) | \$ 490,000 | | | | \$ 380,000 |
| Olathe Adult Detention Center | \$ 17,750,000 | | | | \$ 13,800,000 |
| Series 2011A Total: | \$ 35,395,000 | 28-Oct-10 | | 01-Sep-30 | \$ 27,515,000 |
| <u>Lease Purchase Revenue Bonds, Series 2011B</u> | | | | | |
| Criminal Laboratory | \$ 1,405,000 | | | | \$ 1,045,000 |
| Olathe Adult Detention Center | \$ 3,505,000 | | | | \$ 2,600,000 |
| Northeast Office Remodel | \$ 2,975,000 | | | | \$ 2,205,000 |
| Justice Annex/Courthouse | \$ 8,915,000 | | | | \$ 6,600,000 |
| Series 2011B Total: | \$ 16,800,000 | 13-Oct-11 | | 01-Sep-31 | \$ 12,450,000 |
| <u>Lease Purchase Revenue Refunding Bonds, Series 2012A</u> | | | | | |
| Refund 2005A - Sunset Office Building | \$ 255,000 | | | | \$ 210,000 |
| Refund 2005A - Warehouse | \$ 2,890,000 | | | | \$ 2,370,000 |
| Refund 2005A - Remodel Admin/Courthouse Bldgs | \$ 3,995,000 | | | | \$ 3,290,000 |
| Refund 2005A - Communications Center | \$ 6,795,000 | | | | \$ 5,545,000 |
| Refund 2005A - Adult Detention Center Expansion, Phase II | \$ 2,700,000 | | | | \$ 2,230,000 |
| Series 2012A Total: | \$ 16,635,000 | 15-Aug-12 | | 01-Sep-25 | \$ 13,645,000 |
| <u>Lease Purchase Revenue Bonds, Series 2014A</u> | | | | | |
| Courthouse | \$ 1,995,000 | | | | \$ 1,510,000 |
| Series 2014A Total: | \$ 1,995,000 | 25-Nov-14 | | 01-Sep-24 | \$ 1,510,000 |
| <u>Library Lease Purchase Revenue Bonds, Series 2014B</u> | | | | | |
| Central Resource & Monticello Library | \$ 4,000,000 | | | | \$ 2,880,000 |
| Series 2014B Total: | \$ 4,000,000 | 25-Nov-14 | | 01-Sep-24 | \$ 2,880,000 |
| <u>Lease Purchase Revenue Bonds, Series 2015A</u> | | | | | |
| Arts & Heritage Center | \$ 21,460,000 | | | | \$ 19,945,000 |
| Series 2015A Total: | \$ 21,460,000 | 30-Jun-15 | | 01-Sep-35 | \$ 19,945,000 |
| <u>Lease Purchase Revenue Bonds, Series 2015B</u> | | | | | |
| Refund 2007A - Adult Detention Center, Phase II | \$ 5,435,000 | | | | \$ 5,435,000 |
| Refund 2008A - Communications Center | \$ 5,530,000 | | | | \$ 5,530,000 |
| Refund 2008A - Adult Detention Center, Phase II | \$ 20,490,000 | | | | \$ 20,490,000 |
| Refund 2008A - Youth & Family Services | \$ 1,430,000 | | | | \$ 1,430,000 |
| Refund 2008A - Elmore Center | \$ 2,380,000 | | | | \$ 2,380,000 |
| Refund 2008C - Adult Detention Center, Phase II | \$ 6,460,000 | | | | \$ 6,460,000 |
| Series 2015B Total: | \$ 41,725,000 | 17-Dec-15 | | 01-Sep-31 | \$ 41,725,000 |
| <u>Library Lease Purchase Revenue Bonds, Series 2016A</u> | | | | | |
| Monticello Library | \$ 12,720,000 | | | | \$ 12,245,000 |
| Refund 2008B - Leawood Library | \$ 3,645,000 | | | | \$ 3,400,000 |
| Series 2016A Total: | \$ 16,365,000 | 27-Oct-16 | | 01-Sep-36 | \$ 15,645,000 |
| <u>Lease Purchase Revenue Bonds, Series 2016B</u> | | | | | |
| Youth & Family Services | \$ 7,220,000 | | | | \$ 7,220,000 |
| Criminal Laboratory | \$ 1,955,000 | | | | \$ 1,955,000 |
| Series 2016B Total: | \$ 9,175,000 | 27-Oct-16 | | 01-Sep-29 | \$ 9,175,000 |

Summary of Outstanding Debt Issues

| Issue and Purpose | Original Amount | Issue Date | Call Date | Maturity Date | Amount Outstanding |
|--|-----------------------------|------------|-----------|---------------|------------------------------|
| <u>Lease Purchase Revenue Bonds (Continued)</u> | | | | | |
| <u>Library Lease Purchase Revenue Bonds, Series 2016A</u> | | | | | |
| Lenexa Library | \$ 15,050,000 | 2-Nov-17 | | 1/9/2037 | \$ 15,050,000 |
| Series 2017A Total | \$ 15,050,000 | | | | \$ 15,050,000 |
| <u>Lease Purchase Revenue Bonds, Series 2017B</u> | | | | | |
| Refund 2011A | \$ 23,615,000 | 2-Nov-17 | | 9/1/2031 | \$ 23,615,000 |
| OADC funding | \$ 2,090,000 | 2-Nov-17 | | 9/1/2027 | \$ 2,090,000 |
| Series 2017B Total | \$ 25,705,000 | | | | \$ 25,705,000 |
| Total Debt of Public Building Commission: | <u>\$348,850,000</u> | | | | <u>\$ 228,015,000</u> |

Johnson County, Kansas
Legal General Obligation Debt Margin Computation
12/31/16

| | <u>General</u> | <u>Airport</u> | <u>Streets</u> | <u>Library (3)</u> |
|---|----------------------|---------------------|----------------------|----------------------|
| Assessed Valuation for Debt Limitation Purposes | \$10,129,452,399 | \$10,129,452,399 | \$10,129,452,399 | \$8,352,684,307 |
| <i>Percentage Limitation (1)</i> | 3.0% | 1.0% | 2.0% | 2.0% |
| Dollar Debt Limit | 303,883,572 | 101,294,524 | 202,589,048 | 167,053,686 |
| <i>Outstanding Debt (2)</i> | 1,610,000 | 3,250,470 | 0 | 310,000 |
| Amount Set Aside for Repayment of G.O. Debt | 405,619 | 0 | 0 | 310,000 |
| <i>Net Outstanding Debt</i> | 1,204,381 | 3,250,470 | 0 | 0 |
| Available Legal Debt Margin | <u>\$302,679,191</u> | <u>\$98,044,054</u> | <u>\$202,589,048</u> | <u>\$167,053,686</u> |



- (1) Source: 2016 Annual Abstract of Taxes, Johnson County Clerk, Kansas Statutes. General K.S.A. 10-306, Airport K.S.A. 3-307, Streets K.S.A. 68-584, Library K.S.A. 12-1257, Park and Recreation K.S.A. 19-2874.
- (2) Includes all general obligation bonds and notes except voting machine bonds, which are not subject to debt limitation. Also excludes Wastewater General Obligation debt (which is supported by user charges). Does not include debt obligation exempt from statutory limitations. General K.S.A. 25-134, 10-307, 10-427A, 10-311, Airport K.S.A. 3-304, Street K.S.A. 68-728.
- (3) Library total equalized tangible valuation excludes real and personal property located within the city limits of the City of Olathe, Kansas, and the City of Bonner Springs, Kansas.