



## COLUMBIA COUNTY BOARD OF COUNTY COMMISSIONERS AGENDA ITEM REQUEST FORM

The Board of County Commissioners meets the 1st and 3rd Thursday of each month at 5:30 p.m. in the Columbia County School Board Administrative Complex Auditorium, 372 West Duval Street, Lake City, Florida 32055. All agenda items are due in the Board's office one week prior to the meeting date.

Today's Date: **November 9, 2017**

Meeting Date: **November 16, 2017**

Name: **Scott Ward**

Department: **BCC Administration**

Division Manager's Signature: \_\_\_\_\_

A handwritten signature in blue ink, appearing to be "Scott Ward", written over a horizontal line.

### 1. Nature and purpose of agenda item:

**Finance Plan for Funding New Administration Building and Jail**

Attach any correspondence information, documents and forms for action i.e., contract agreements, quotes, memorandums, etc.

### 2. Fiscal impact on current budget.

Is this a budgeted item?

☒

N/A

☐

Yes Account No. \_\_\_\_\_

☐

No Please list the proposed budget amendment to fund this request

Budget Amendment Number: \_\_\_\_\_

Fund: \_\_\_\_\_

FROM: \_\_\_\_\_

TO: \_\_\_\_\_

AMOUNT: \_\_\_\_\_

### For Use of County Manger Only:

☐

Consent Item

☒

Discussion Item



**Gollahon Financial Services, Inc.**  
4125 Bayshore Blvd. N.E.  
St. Petersburg, FL 33703

November 10, 2017

Chairman and Board of County Commissioners  
Columbia County, Florida  
135 N.E. Hernando Avenue, Suite 203  
Lake City, FL 32055

Gentlemen:

I have been working with Mr. Scott, Mr. Ward, Mr. Foreman and Mr. Mustian, your bond counsel, on a plan of finance to fund the proposed administration complex and a new county jail. We are proposing a three-phase bank loan process to fund these needs over a 13-month period. The phasing of the loans will qualify all 3 loans as "Bank Qualified" which will result in a lower interest rate while allowing the debt service to be increased over two fiscal years.

The immediate need is for the administration complex given the space requirements of various County departments and the savings potential of ending private office leases. We are, per your October 19<sup>th</sup> approval, in the process of bidding a 15-year, fixed rate bank loan which will net \$8 million for this project. The successful bid will be presented to you at your December 7<sup>th</sup> meeting for your approval. The loan is expected to close on December 16, 2017.

The jail project will be funded by accumulated revenues and two bank loans expected to close in late 2018 and early 2019. If the proposed one-cent transportation sales tax referendum is approved by voters in August 2018, approximately \$7,000,000 of the small county sales tax will be freed up to fund the new jail. The balance of the \$25 million project will be funded by two 15-year fixed-rate bank loans that would net \$9.5 million each (see attached debt service coverage and cash flow summary).

The primary source of the repayment of the new loans will be from the County's share of the State half-cent sales tax, which currently secures the County's 2008B and 2016 bank loans. Given the possibility that the State could withhold a portion of these revenues if a Medicaid payment is missed, an additional revenue pledge is needed to strengthen the credit and improve debt service coverage. A stronger credit attracts more bidders and better interest rates. We reviewed several unpledged revenues sources and recommend adding the Communications Service Tax.

I look forward to discussing this plan of finance at your November 16, 2017 meeting.

Sincerely,  
**Gollahon Financial Services, Inc.**

A handwritten signature in black ink, reading "Jim Gollahon", is positioned below the company name.

Jim Gollahon, Financial Advisor

cc: Ben Scott, County Manager, Scott Ward, Assistant County Manager  
Joel Foreman, County Attorney, Mark Mustian, Bond Counsel

	Actual	Projections			
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Half Cent Sales Tax - Ordinary Distribution (1)	4,534,943	4,670,991	4,811,121	4,955,455	5,104,118
County's Share of Medicaid Payments to State (2)	(1,450,898)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Communications Service Tax Revenue (3)	1,065,400	1,076,054	1,086,815	1,097,683	1,108,660
<b>Total Pledged Revenues</b>	<b>4,149,445</b>	<b>4,247,045</b>	<b>4,397,936</b>	<b>4,553,137</b>	<b>4,712,778</b>
Debt Service, Series 2008B Bank Loan	489,798	489,798	37,646		
Debt Service, Series 2016 Bank Loan	340,425	340,495	340,565	340,528	340,709
Debt Service, Series 2017 Bank Loan (4)		522,017	659,390	659,390	659,390
Debt Service, Series 2018 Bank Loan (5)			810,320	810,320	810,320
Debt Service, Series 2019 Bank Loan (6)			573,977	810,320	810,320
<b>Total Debt Service</b>	<b>830,223</b>	<b>1,352,310</b>	<b>2,421,898</b>	<b>2,620,558</b>	<b>2,620,739</b>
Debt Service Coverage	5.46	3.45	1.99	1.89	1.95
Required Debt Service Coverage	1.25	1.25	1.25	1.25	1.25
Net Proceeds - 2017 Bank Loan		8,000,000			
Net Proceeds - 2018 Bank Loan			9,500,000		
Net Proceeds - 2019 Bank Loan			9,500,000		
Small County Surtax (from transportation fund)			2,300,000	2,300,000	1,400,000
General Fund Loan from reserves				1,400,000	(1,400,000)
<b>Total Sources of Funds</b>		<b>8,000,000</b>	<b>21,300,000</b>	<b>3,700,000</b>	<b>-</b>
Beginning Balance			4,000,000	9,950,000	
Administration Complex (\$8 million)		(4,000,000)	(4,000,000)		
New County Jail (\$25 million)			(11,350,000)	(13,650,000)	
<b>Ending Balance</b>		<b>4,000,000</b>	<b>9,950,000</b>	<b>-</b>	<b>-</b>

(1) Assumes 3% annual growth in revenues

(2) Potential deduction by State if County fails to make monthly Medicaid payments to the State

(3) Additional pledged revenues due to possible Medicaid deduction. Assumes 1% annual growth in revenues.

(4) Assumes \$8,060,000 2.75% 15-year bank loan closing on December 16, 2017

(5) Assumes a \$9,560,000 3.25% 15-year bank loan closing on October 1, 2018

(6) Assumes a \$9,560,000 3.25% 15-year bank loan closing on January 15, 2019

Prepared by Gollahon Financial Services, Inc. November 1, 2017