

Prepared by the Cheyenne County Senior Living Task Force (Task Force)

Information for citizens of Cheyenne County regarding the vote on August 2, 2016 for the Cheyenne County Kansas Public Building Commission (PBC) to issue revenue bonds for the building of a new 10 unit assisted living facility and remodeling of the existing nursing facility.

Background

On August 2, 2011, the voters in Cheyenne County held a vote on whether or not the property tax could be increased by six mills for the support of a Home for the Aged fund. The vote was 63% voting yes to 37% voting no. The money that is generated from the property tax is earmarked for the Home for the Aged fund and then used for the new assisted living building and remodeling of the nursing facility.

The citizens of Cheyenne **County have already voted for an increase in the property tax mill levy** to fund the building of the senior assisted living building and remodeling of the existing nursing facility. All property owners in Cheyenne County are paying the six mill levy currently and have been doing so since January 2014.

Since the implementation of the six mill levy on the property tax, the county has accumulated approximately \$400,000. By January 2017, the county treasurer indicates that the Home for the Aged fund will have approximately \$600,000. Based upon current property valuations, the county is collecting approximately \$260,000 per year for the “Home for the Aged” fund.

Proposed Project

Since January of 2015, our task force has been meeting to plan the building and financing of a new assisted living building and remodeling of the existing nursing facility.

The current plan is to build a new 10 unit assisted living of 10,985 square feet directly north of the existing nursing facility with nine (9) single of 500 square feet each and one (1) double assisted living unit of 815 square feet. The public spaces of the building will include a common country kitchen area for all residents, living room areas, laundry, game/activity room, office space and storage.

The other part of the plan is to remodel the nursing facility and retain the existing 35 beds. The remodeling will create 8 new semi private rooms which will accommodate 16 persons but will be designed in such a way to create maximum privacy for each resident. The 19 remaining rooms will be private. Additional remodeling will improve public spaces and offices and create an additional dining room for residents. The nursing facility and assisted living building will be connected by an enclosed walkway.

The total cost of the project will not exceed \$5.6 million dollars. The revenue bonds will provide \$5 million and the \$600,000 will come from the funds already accumulated in the county Home for the Aged fund. The task force is also seeking private funds from the state tax credit program, individuals and foundations. The final cost will not be determined until actual contracts for construction are received and a guaranteed maximum price is secured before the project

proceeds.

How do you finance the building of the new assisted living and remodeling of the nursing facility?

Following the 2011 vote in favor of the six mill increase, the County Commissioners completed the negotiations with Good Samaritan Society for the transfer of the ownership of the existing nursing facility building to county ownership and agreed to lease the building for five years until July 2018.

In our studies, we determined that state law requires county government to issue bonds to pay for building projects. Seeking legal advice on how best to finance such a project, the Task Force determined that the most cost effective and timely way would be for the county to create a Public Building Commission (PBC). The county authorized the creation of the Cheyenne County, Kansas, Public Building Commission (PBC) in January 2016 under state law.

The purpose of the PBC is to issue revenue bonds to finance the construction, reconstruction, equipping and furnishing of a new assisted living and remodeling of the nursing facility. The PBC will own the buildings and then lease the buildings to the County. The rent paid by the County will equal the debt payments on the revenue bonds. The County projects that the existing six (6) mill levy will be sufficient to pay the projected rental payments under the Lease Agreement. If such is the case, no additional ad valorem taxation will be required for the County to make the rental payments pursuant to the Lease Agreement.

During the construction period, expected to last 12-14 months, the PBC will borrow money short term and pay off this loan once the issuance of the permanent funding from the revenue bonds is completed. Once the construction is complete and the building is turned over to the PBC, the United States Department of Agriculture (USDA) Rural Development will purchase the bonds from the PBC at a fixed interest rate over a 30 year repayment period.

The current election is necessary because a petition in opposition to the PBC's issuance of revenue bonds for the construction, equipping and financing of the new assisted living and remodeling of the nursing facility was filed with the County Clerk in March 2016. Because of this petition, the county commissioners are required to hold an election on the issuance of the revenue bonds by the PBC.

Please contact any member of the Task Force with any questions. We are more than happy to provide as much information as possible on this proposed project. Members of the Cheyenne County Senior Living Task Force are: Eddy Schultz, President, Rod Klepper, Vice President, Sue Griffin, Secretary, Paula Keller, Treasurer, Tom Keller, Jeff Paulsen, Hal Griffin, Velda Wright and Scott Jenkins.

We believe that the creation of a new assisted living building and remodeling of our existing nursing facility will have an extremely positive impact upon the quality of life for all the residents of Cheyenne County.