

City of Hays
City Commission
Work Session Notes

Thursday, July 3, 2025 – 4:00 p.m.

Present: Sandy Jacobs, Mason Ruder (by Zoom), Reese Barrick, Shaun Musil, Toby Dougherty, Collin Bielser, and Melvin Sauer Jr.

Absent: Alaina Cunningham

June 19, 2025 Work Session Notes

There were no corrections or additions to the minutes of the work session held on June 19, 2025; the minutes stand approved as presented.

Resolution Authorizing the City to Issue Bonds to Finance Exit 161 Infrastructure Improvements and The Grove Development Public Infrastructure Improvements and a Resolution Authorizing the Offering for Sale of General Obligation Bonds, Series 2025-A; Taxable General Obligation Bonds, Series 2025-B; and General Obligation Temporary Notes, Series 2025-1

Kim Rupp, Director of Finance, presented a financial plan with Bonds for the AMI project, the Grove RHID, Exit 161, and the Police Facility:

Project Authorization Resolution. Pursuant to the Development Agreement, the City has agreed to finance construction of infrastructure to support the Grove RHID project. The City will have the right to receive the annual RHID increment to pay or reimburse payment of the infrastructure costs. The City estimates that at full buildout the annual RHID increment generated will be sufficient to pay the debt service on bonds issued to fund the RHID eligible expenses, including the public infrastructure, approximately \$3,675,000. However, if the RHID increment is not sufficient, the City will still be required to make the debt service payments.

The City has considered the need to make infrastructure improvements in the vicinity of I70 Exit 161. These improvements are expected to cost

approximately \$4,000,000 net of the grant received. City staff recommends that a portion of the costs of the I70 Exit 161 project be temporarily financed through the sale of the City's general obligation temporary notes.

Sale Resolution. To provide an orderly plan of finance for the City, staff recommends that the City issue (a) general obligation bonds to fund the RHID infrastructure improvements, permanently finance a portion of the advanced metering infrastructure improvements, fund a portion of the police station project in the amount of \$6,850,000, and fund the Grove RHID economic development grant in the amount of \$825,000; and (b) general obligation temporary notes to temporarily finance the I70 Exit 161 infrastructure improvements. State law and capital market structures require that City staff and the City's advisors take various actions prior to the City offering any of its general obligation bonds or temporary notes for sale. These actions may include publication requirements, offering documents drafting, and other preparations to receive bids on the securities for sale. Approval of the Sale Resolution would authorize all necessary actions to offer for sale the City's general obligation bonds and temporary notes for the purposes stated above.

David Arteberry, Stifel, Nicolaus & Co., presented an overview of the financing plan and calendar for Bond – tax-exempt series 2025-A, Bond – taxable series 2025-B, Note – tax-exempt series 2025-1, and Note – Series 2025-2.

At the July 10, 2025 Commission Meeting, Commissioners will be asked to approve a Resolution authorizing the City to issue bonds to finance the Grove RHID public infrastructure improvements and I70 Exit 161 infrastructure improvements; and Approve a Resolution authorizing the offering for sale of the City's General Obligation Bonds, Series 2025-A, Taxable General Obligation Bonds, Series 2025-B, and General Obligation Temporary Notes, Series 2025-1.

Commission Receives 2026 Proposed Budget

Collin Bielser, Deputy City Manager, presented the draft 2026 Budget to the City Commission and noted the following highlights.

- It is anticipated that the General Fund will transfer approximately \$2.8 million to the Commission Capital Reserve account. Of that \$2.8 million, approximately \$1.2 million are the proceeds from the Ellis County sales tax, approved by voters in 2020.
- To date, sales tax revenues are up 2% over 2024 actuals, holding steady with the City's 2025 budget. For 2026, an additional 2% increase in sales tax collections over 2025 projections has been factored into next year's budget.
- Total assessed valuation is up 2.5%.
- The mill levy is maintained at 25.00, for the 17th year in a row. This means the draft budget does recommend exceeding the revenue neutral rate.
- Although the mill levy remains the same, the draft 2026 budget does increase the number of mills allocated to the City Airport, moving from 1.50 to 2.50. Last year during the budget process, City staff advised the Commission that a mill levy increase to the City's budget would likely be needed. However, at the behest of the Commission, the 2026 budget will be able to maintain the City's success of levying only 25 mills.
- The budget contains a programmed 2% step and 3% COLA increase for all employees.
- The budget is balanced.
- Reserves are funded.

Mr. Bielser stated there are budget review sessions scheduled for July 17th and August 7th, the 2026 draft budget is available online, and at the September 11th meeting, the revenue neutral rate hearing will be held as well as the 2026 Budget Public Hearing with the Ordinance approvals to follow.

Ken Kennedy, City of Hays resident, encouraged the City and the Commission to think about the three most important things when spending money, efficiency, fairness, and adequacy for the citizens. He asked the Commissioners that everything they do, every expenditure they make or design, and every decision that is made, that they think about efficiency and if we can fulfill the needs of the community by making it more efficient. He also encouraged them to think about

fairness when making decisions. Mr. Kennedy stated that if they have excess money at the end of the year, the City doesn't have to spend it, they can look at ways to cut costs for citizens. He appreciates the fact that for years the City has continued to keep the 25 mill levy, but he asks for consideration for a mill levy decrease.

All Commissioners appreciated hearing from Mr. Kennedy.

Other Items for Discussion

Commissioners thanked City staff for all the hard work they've put in to the 2026 Budget, especially keeping it at 25 mills.

Commissioner Musil stated that he spoke with Wes Bainter, developer of Ellis Estates, and Mr. Bainter was very complimentary of the City of Hays. Mr. Bainter expressed that Hays should share with other cities what the City of Hays is doing to encourage growth.

The work session was adjourned at 5:02 p.m.

Submitted by: _____

Jami Breit –City Clerk