

Agenda Item: 6.

MEMORANDUM

TO: Financial, Expenditure and Legal Subcommittee

SUBJECT: Refinancing of 2013 Flood Control and Water Quality Enhancement Bonds

DATE: October 1, 2017

FROM: John Winkler, General Manager

The NRD issued \$43,530,000 of Flood Protection and Water Quality Enhancement Refunding Bonds on June 15, 2017 saving the District more than \$2.7 million. At that time, certain bonds were left unrefunded because they did not produce savings. These bonds now appear to be good refunding candidates. As a reminder, the District refinanced its 2010 bonds in 2015 to achieve approximately \$460,000 of interest cost savings. These refinancing actions have saved the District taxpayers \$3,160,000. As in previous refinancing issues *the term* of the proposed refunding bonds *will not be extended*.

The subcommittee's recommendation to the Board is to approve a parameters resolution in order to authorize the possible refinancing and direct the General Manager to sign off on the final terms of the sale. This action would only authorize the refinancing, not commit the District to selling bonds.

Per Bond Counsel's instructions this item will require approval of two thirds majority vote (8 votes) of the Board of Directors to approve the refinancing of the bonds and to realize potential savings.

Management recommends that the Subcommittee recommend to the Board of Directors that the Board authorize the possible refinancing of 2013 Series Flood Control and Water Quality Enhancement Bonds, subject to approval by District Legal Counsel and the General Manager.

**Papio-Missouri River Natural Resource District
Series 2018 Refunding Bonds
John Winkler, General Manager
Possible Timeline**

October 10, 2017	Finance committee considers issuance of refunding bonds
October 12, 2017	Board of Directors considers issuance of refunding bonds
October 13, 2017	Ratings request submitted to Standard & Poor's
October 23-27, 2017	Conference with S&P analysts
November 10, 2017	Rating received
November 29, 2017	Bond sale/order period
January 5, 2018	Closing

SOURCES AND USES OF FUNDS

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
IN THE STATE OF NEBRASKA
FLOOD PROTECTION and WATER QUALITY ENHANCEMENT REFUNDING BONDS, SERIES 2018
Partial Advance Refunding Series 2013
Assumes BQ, AA- Rating, 2032 Final Maturity, 5-Yr Call
[Preliminary -- for discussion only]**

Dated Date	01/05/2018
Delivery Date	01/05/2018

Sources:

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Bond Proceeds:	
Par Amount	8,205,000.00
Premium	85,963.35
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	8,290,963.35
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Uses:

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Refunding Escrow Deposits:	
Cash Deposit	0.68
Securities Purchases	8,159,862.00
	8,159,862.68

Cost of Issuance:	
Bond Counsel	14,358.75
S&P Rating	17,500.00
Paying Agent	2,000.00
Escrow Agent	2,000.00
Escrow Verification	2,500.00
	38,358.75

Delivery Date Expenses:	
Underwriter's Discount	90,255.00

Other Uses of Funds:	
Rounding Amount	2,486.92
	8,290,963.35
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SUMMARY OF REFUNDING RESULTS

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
 IN THE STATE OF NEBRASKA
 FLOOD PROTECTION and WATER QUALITY ENHANCEMENT REFUNDING BONDS, SERIES 2018
 Partial Advance Refunding Series 2013
 Assumes BQ, AA- Rating, 2032 Final Maturity, 5-Yr Call
 [Preliminary -- for discussion only]**

Dated Date	01/05/2018
Delivery Date	01/05/2018
Arbitrage yield	2.298387%
Escrow yield	0.997893%
Value of Negative Arbitrage	9,642.36
Bond Par Amount	8,205,000.00
True Interest Cost	2.603293%
Net Interest Cost	2.512212%
All-In TIC	2.653509%
Average Coupon	2.608498%
Average Life	10.881
Par amount of refunded bonds	8,130,000.00
Average coupon of refunded bonds	3.124337%
Average life of refunded bonds	10.951
PV of prior debt to 01/05/2018 @ 2.298387%	8,783,697.02
Net PV Savings	347,691.25
Percentage savings of refunded bonds	4.276645%

SAVINGS BY MATURITY

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
IN THE STATE OF NEBRASKA
FLOOD PROTECTION and WATER QUALITY ENHANCEMENT REFUNDING BONDS, SERIES 2018
Partial Advance Refunding Series 2013
Assumes BQ, AA- Rating, 2032 Final Maturity, 5-Yr Call
[Preliminary -- for discussion only]**

Bond	Maturity Date	Interest Rate	Par Amount	Adjusted Savings	Adjusted Savings Percent
UNREFUNDED Ser 2013 LTGO Bonds (callable 2/8/18, mat 12/15/32), 13UNRF:					
SERIAL	12/15/2018 D	3.000%	500,000.00	489.25	0.098%
TERM32	12/15/2025	3.125%	855,000.00	56,584.74	6.618%
	12/15/2026	3.125%	880,000.00	60,811.49	6.910%
	12/15/2027	3.125%	910,000.00	58,632.88	6.443%
	12/15/2028	3.125%	935,000.00	53,723.86	5.746%
	12/15/2029	3.125%	965,000.00	45,736.25	4.740%
	12/15/2030	3.125%	995,000.00	24,650.19	2.477%
	12/15/2031	3.125%	1,030,000.00	24,021.62	2.332%
	12/15/2032	3.125%	1,060,000.00	23,040.96	2.174%
			8,130,000.00	347,691.25	

BOND PRICING

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
IN THE STATE OF NEBRASKA
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[Preliminary -- for discussion only]**

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price
Serial Bond:	12/15/2018	535,000	2.000%	0.950%	100.984			
	12/15/2025	885,000	2.000%	1.950%	100.237 C	1.968%	01/05/2023	100.000
	12/15/2026	900,000	2.050%	2.050%	100.000			
	12/15/2027	920,000	2.200%	2.200%	100.000			
	12/15/2028	940,000	2.350%	2.350%	100.000			
	12/15/2029	965,000	2.500%	2.500%	100.000			
	12/15/2030	990,000	3.000%	2.400%	102.811 C	2.740%	01/05/2023	100.000
	12/15/2031	1,020,000	3.000%	2.450%	102.573 C	2.776%	01/05/2023	100.000
	12/15/2032	1,050,000	3.000%	2.500%	102.336 C	2.807%	01/05/2023	100.000
		8,205,000						

Dated Date	01/05/2018	
Delivery Date	01/05/2018	
First Coupon	06/15/2018	
Par Amount	8,205,000.00	
Premium	85,963.35	
Production	8,290,963.35	101.047695%
Underwriter's Discount	-90,255.00	-1.100000%
Purchase Price	8,200,708.35	99.947695%
Accrued Interest		
Net Proceeds	8,200,708.35	

BOND SUMMARY STATISTICS

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
 IN THE STATE OF NEBRASKA
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 [Preliminary -- for discussion only]**

Dated Date	01/05/2018
Delivery Date	01/05/2018
First Coupon	06/15/2018
Last Maturity	12/15/2032
Arbitrage Yield	2.298387%
True Interest Cost (TIC)	2.603293%
Net Interest Cost (NIC)	2.512212%
All-In TIC	2.653509%
Average Coupon	2.608498%
Average Life (years)	10.881
Weighted Average Maturity (years)	10.903
Duration of Issue (years)	9.463
Par Amount	8,205,000.00
Bond Proceeds	8,290,963.35
Total Interest	2,328,845.28
Net Interest	2,333,136.93
Bond Years from Dated Date	89,279,166.67
Bond Years from Delivery Date	89,279,166.67
Total Debt Service	10,533,845.28
Maximum Annual Debt Service	1,070,555.00
Average Annual Debt Service	704,866.97
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	11.000000
Total Underwriter's Discount	11.000000
Bid Price	99.947695

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Serial Bond	8,205,000.00	101.048	2.608%	10.881	11/22/2028	5,375.40
	8,205,000.00			10.881		5,375.40

	TIC	All-In TIC	Arbitrage Yield
Par Value	8,205,000.00	8,205,000.00	8,205,000.00
+ Accrued Interest			
+ Premium (Discount)	85,963.35	85,963.35	85,963.35
- Underwriter's Discount	-90,255.00	-90,255.00	
- Cost of Issuance Expense		-38,358.75	
- Other Amounts			
Target Value	8,200,708.35	8,162,349.60	8,290,963.35
Target Date	01/05/2018	01/05/2018	01/05/2018
Yield	2.603293%	2.653509%	2.298387%

BOND DEBT SERVICE

PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
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[Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/15/2018			91,157.78	91,157.78	
06/30/2018					91,157.78
12/15/2018	535,000	2.000%	102,552.50	637,552.50	
06/15/2019			97,202.50	97,202.50	
06/30/2019					734,755.00
12/15/2019			97,202.50	97,202.50	
06/15/2020			97,202.50	97,202.50	
06/30/2020					194,405.00
12/15/2020			97,202.50	97,202.50	
06/15/2021			97,202.50	97,202.50	
06/30/2021					194,405.00
12/15/2021			97,202.50	97,202.50	
06/15/2022			97,202.50	97,202.50	
06/30/2022					194,405.00
12/15/2022			97,202.50	97,202.50	
06/15/2023			97,202.50	97,202.50	
06/30/2023					194,405.00
12/15/2023			97,202.50	97,202.50	
06/15/2024			97,202.50	97,202.50	
06/30/2024					194,405.00
12/15/2024			97,202.50	97,202.50	
06/15/2025			97,202.50	97,202.50	
06/30/2025					194,405.00
12/15/2025	885,000	2.000%	97,202.50	982,202.50	
06/15/2026			88,352.50	88,352.50	
06/30/2026					1,070,555.00
12/15/2026	900,000	2.050%	88,352.50	988,352.50	
06/15/2027			79,127.50	79,127.50	
06/30/2027					1,067,480.00
12/15/2027	920,000	2.200%	79,127.50	999,127.50	
06/15/2028			69,007.50	69,007.50	
06/30/2028					1,068,135.00
12/15/2028	940,000	2.350%	69,007.50	1,009,007.50	
06/15/2029			57,962.50	57,962.50	
06/30/2029					1,066,970.00
12/15/2029	965,000	2.500%	57,962.50	1,022,962.50	
06/15/2030			45,900.00	45,900.00	
06/30/2030					1,068,862.50
12/15/2030	990,000	3.000%	45,900.00	1,035,900.00	
06/15/2031			31,050.00	31,050.00	
06/30/2031					1,066,950.00
12/15/2031	1,020,000	3.000%	31,050.00	1,051,050.00	
06/15/2032			15,750.00	15,750.00	
06/30/2032					1,066,800.00
12/15/2032	1,050,000	3.000%	15,750.00	1,065,750.00	
06/30/2033					1,065,750.00
	8,205,000		2,328,845.28	10,533,845.28	10,533,845.28

AGGREGATE NET REFUNDING DEBT SERVICE
PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
IN THE STATE OF NEBRASKA
FLOOD PROTECTION and WATER QUALITY ENHANCEMENT REFUNDING BONDS, SERIES 2018
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Debt Service of Proposed and Unrefunded Bonds

Date	Proposed Debt Service (net of Accrued)	Unrefunded Debt Service*	Total	Annual Total
06/15/2018	91,157.78	1,500.00	92,657.78	
06/30/2018				92,657.78
12/15/2018	637,552.50	151,500.00	789,052.50	
06/15/2019	97,202.50		97,202.50	
06/30/2019				886,255.00
12/15/2019	97,202.50		97,202.50	
06/15/2020	97,202.50		97,202.50	
06/30/2020				194,405.00
12/15/2020	97,202.50		97,202.50	
06/15/2021	97,202.50		97,202.50	
06/30/2021				194,405.00
12/15/2021	97,202.50		97,202.50	
06/15/2022	97,202.50		97,202.50	
06/30/2022				194,405.00
12/15/2022	97,202.50		97,202.50	
06/15/2023	97,202.50		97,202.50	
06/30/2023				194,405.00
12/15/2023	97,202.50		97,202.50	
06/15/2024	97,202.50		97,202.50	
06/30/2024				194,405.00
12/15/2024	97,202.50		97,202.50	
06/15/2025	97,202.50		97,202.50	
06/30/2025				194,405.00
12/15/2025	982,202.50		982,202.50	
06/15/2026	88,352.50		88,352.50	
06/30/2026				1,070,555.00
12/15/2026	988,352.50		988,352.50	
06/15/2027	79,127.50		79,127.50	
06/30/2027				1,067,480.00
12/15/2027	999,127.50		999,127.50	
06/15/2028	69,007.50		69,007.50	
06/30/2028				1,068,135.00
12/15/2028	1,009,007.50		1,009,007.50	
06/15/2029	57,962.50		57,962.50	
06/30/2029				1,066,970.00
12/15/2029	1,022,962.50		1,022,962.50	
06/15/2030	45,900.00		45,900.00	
06/30/2030				1,068,862.50
12/15/2030	1,035,900.00		1,035,900.00	
06/15/2031	31,050.00		31,050.00	
06/30/2031				1,066,950.00
12/15/2031	1,051,050.00		1,051,050.00	
06/15/2032	15,750.00		15,750.00	
06/30/2032				1,066,800.00
12/15/2032	1,065,750.00		1,065,750.00	
06/30/2033				1,065,750.00
	10,533,845.28	153,000.00	10,686,845.28	10,686,845.28

SUMMARY OF BONDS REFUNDED

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
IN THE STATE OF NEBRASKA
FLOOD PROTECTION and WATER QUALITY ENHANCEMENT REFUNDING BONDS, SERIES 2018
Partial Advance Refunding Series 2013
Assumes BQ, AA- Rating, 2032 Final Maturity, 5-Yr Call
[Preliminary -- for discussion only]**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	
UNREFUNDED Ser 2013 LTGO Bonds (callable 2/8/18, mat 12/15/32):						
SERIAL	12/15/2018	3.000%	500,000.00	02/08/2018	100.000	
TERM32	12/15/2025	3.125%	855,000.00	02/08/2018	100.000	
	12/15/2026	3.125%	880,000.00	02/08/2018	100.000	
	12/15/2027	3.125%	910,000.00	02/08/2018	100.000	
	12/15/2028	3.125%	935,000.00	02/08/2018	100.000	
	12/15/2029	3.125%	965,000.00	02/08/2018	100.000	
	12/15/2030	3.125%	995,000.00	02/08/2018	100.000	
	12/15/2031	3.125%	1,030,000.00	02/08/2018	100.000	
	12/15/2032	3.125%	1,060,000.00	02/08/2018	100.000	
				8,130,000.00		

ESCROW REQUIREMENTS

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
IN THE STATE OF NEBRASKA
FLOOD PROTECTION and WATER QUALITY ENHANCEMENT REFUNDING BONDS, SERIES 2018
Partial Advance Refunding Series 2013
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[Preliminary -- for discussion only]**

Dated Date 01/05/2018
Delivery Date 01/05/2018

Period Ending	Interest	Principal Redeemed	Total
02/08/2018	37,311.63	8,130,000.00	8,167,311.63
	37,311.63	8,130,000.00	8,167,311.63

PRIOR BOND DEBT SERVICE

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
IN THE STATE OF NEBRASKA
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[Preliminary -- for discussion only]**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/15/2018			126,718.75	126,718.75	
06/30/2018					126,718.75
12/15/2018	500,000	3.000%	126,718.75	626,718.75	
06/15/2019			119,218.75	119,218.75	
06/30/2019					745,937.50
12/15/2019			119,218.75	119,218.75	
06/15/2020			119,218.75	119,218.75	
06/30/2020					238,437.50
12/15/2020			119,218.75	119,218.75	
06/15/2021			119,218.75	119,218.75	
06/30/2021					238,437.50
12/15/2021			119,218.75	119,218.75	
06/15/2022			119,218.75	119,218.75	
06/30/2022					238,437.50
12/15/2022			119,218.75	119,218.75	
06/15/2023			119,218.75	119,218.75	
06/30/2023					238,437.50
12/15/2023			119,218.75	119,218.75	
06/15/2024			119,218.75	119,218.75	
06/30/2024					238,437.50
12/15/2024			119,218.75	119,218.75	
06/15/2025			119,218.75	119,218.75	
06/30/2025					238,437.50
12/15/2025	855,000	3.125%	119,218.75	974,218.75	
06/15/2026			105,859.38	105,859.38	
06/30/2026					1,080,078.13
12/15/2026	880,000	3.125%	105,859.38	985,859.38	
06/15/2027			92,109.38	92,109.38	
06/30/2027					1,077,968.76
12/15/2027	910,000	3.125%	92,109.38	1,002,109.38	
06/15/2028			77,890.63	77,890.63	
06/30/2028					1,080,000.01
12/15/2028	935,000	3.125%	77,890.63	1,012,890.63	
06/15/2029			63,281.25	63,281.25	
06/30/2029					1,076,171.88
12/15/2029	965,000	3.125%	63,281.25	1,028,281.25	
06/15/2030			48,203.13	48,203.13	
06/30/2030					1,076,484.38
12/15/2030	995,000	3.125%	48,203.13	1,043,203.13	
06/15/2031			32,656.25	32,656.25	
06/30/2031					1,075,859.38
12/15/2031	1,030,000	3.125%	32,656.25	1,062,656.25	
06/15/2032			16,562.50	16,562.50	
06/30/2032					1,079,218.75
12/15/2032	1,060,000	3.125%	16,562.50	1,076,562.50	
06/30/2033					1,076,562.50
	8,130,000		2,795,625.04	10,925,625.04	10,925,625.04

ESCROW STATISTICS

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
 IN THE STATE OF NEBRASKA
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 [Preliminary -- for discussion only]**

Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
8,159,862.68	0.091	74.43	0.997893%	0.997893%	8,150,220.32	9,642.36	
8,159,862.68		74.43			8,150,220.32	9,642.36	0.00

Delivery date	01/05/2018
Arbitrage yield	2.298387%

SUMMARY OF UNREFUNDED BONDS

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
 IN THE STATE OF NEBRASKA
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 Assumes BQ, AA- Rating, 2032 Final Maturity, 5-Yr Call
 [Preliminary -- for discussion only]**

Bond	Maturity Date	Interest Rate	Par Amount
UNREFUNDED Ser 2013 LTGO Bonds (callable 2/8/18, mat 12/15/32):			
SERIAL	12/15/2018	2.000%	150,000.00
			150,000.00

UNREFUNDED BOND DEBT SERVICE

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
 IN THE STATE OF NEBRASKA
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 [Preliminary -- for discussion only]**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/15/2018			1,500	1,500	
06/30/2018					1,500
12/15/2018	150,000	2.000%	1,500	151,500	
06/30/2019					151,500
	150,000		3,000	153,000	153,000

DISCLAIMER

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
IN THE STATE OF NEBRASKA
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Partial Advance Refunding Series 2013
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[Preliminary -- for discussion only]**

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