

Agenda Item: 6.

MEMORANDUM

TO: Board of Directors

FROM: Zach Nelson, Project Manager

SUBJECT: Refinance Washington County Rural Water #2 System Bank Loan

DATE: April 29, 2014

On June 10, 2011 a \$700,000 loan was issued by Washington County Bank to refinance a portion of the Washington County Rural Water #2 System debt. The terms of the loan stipulated an interest rate of 5.25% with interest paid twice a year and a \$50,000 principal reduction payment to be paid once a year. On June 10, 2014 the terms of this loan become renegotiable.

In preparation of the upcoming maturity date, Washington County Bank and other financial institutions were contacted to seek loan refinancing options. Washington County Bank has proposed a loan with a fixed interest rate of 4.12% for three years. Monthly principal and interest payments would be based upon an 18 year amortization. Under these terms, annual bank loan debt payments would decrease by approximately \$35,375 when compared to the current loan structure.

Staff recommends that the subcommittee recommend to the Board, that the General Manager be authorized to execute a loan agreement with Washington County Bank to refinance a portion of Washington County Rural Water System debt.



LOAN TERM SHEET

April 29, 2014

RE: Washington County Rural Water Project Loan Refinance

Dear Zach,

Washington County Bank ("Lender") has a heavy interest in refinancing the existing Loan currently held with the Lender. The prospective terms and conditions of the financing are outlined below. It should be noted that the terms and conditions are subject to receipt and satisfactory review of any documentation requested by the Lender and subsequent approval by the Lender's Loan Committee.

BORROWER: Papio-Missouri River NRD

PURPOSE: Refinance existing Loan currently held with Lender

LOAN AMOUNT: \$550,000

TERM: 3 Years


INTEREST RATE: 4.12%, Fixed

REPAYMENT: Borrower will make monthly principal and interest payment based on an 18-year amortization. The outstanding balance of the Loan will be due and payable at maturity

PREPAYMENT: The Borrower may pre-pay principal at any point throughout the Term without penalty.

COLLATERAL: Loan is secured by original Revenue Bonds issued for the Washington County Rural Water Project

COVENANTS/CONDITIONS: Receipt of the Borrower's annual CPA audit within a reasonable timeframe of the Borrower's fiscal year end

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www.washingtoncountybank.com

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TEKAMAH 303 S. Thirteenth St · PO Box 238 · Tekamah NE 68061 · 402.374.2020 · fax 402.374.1392



FEES:


There is no origination fee to refinance the Loan. However, the Borrower shall pay all applicable closing costs including but not limited to appraisal cost, title insurance, flood search, recording fees, etc...

We appreciate the opportunity to work with you. If you have any questions at all, please don't hesitate to give me a call at (402) 533-0117. Thank you so much for the consideration!

Sincerely,

A handwritten signature in black ink that reads 'D.R.A.' followed by a horizontal line.

Doug R. Anderson
Commercial Banking Division
Washington County Bank

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