

Agenda Item: 6.

## MEMORANDUM

TO: Financial, Expenditure and Legal Subcommittee

SUBJECT: Refinancing of 2010 Flood Control and Water Quality Enhancement Bonds

DATE: April 2, 2015

FROM: John Winkler, General Manager

The District is proposing to refinance 2010B Flood Protection and Water Quality Enhancement Bonds to a lower interest rate which will potentially save the District four hundred to five hundred thousand dollars over the remaining term of said bonds. The term of the bonds will not be extended the original issue and the District will not realize any additional funds for current or future expenditure.

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 the savings.

**Management recommends that the Subcommittee recommend to the Board of Directors that the Board approve the refinancing of 2010B Series Flood Control and Water Quality Enhancement bonds subject to changes deemed necessary by the General Manager and approval as to form by District Legal Counsel.**

**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 2015  
Future Pay & Cancel Refunding of Taxable Series 2010B (Build America Bonds)  
Non-BQ, Assumes AA- Rating, 2030 Final Maturity, 5-Yr Call  
[ Preliminary -- for discussion only ]**

Dated Date                    06/16/2015  
Delivery Date                06/16/2015

**Sources:**

<b>Bond Proceeds:</b>	
Par Amount	10,815,000.00
Net Premium	591,012.80
	<b>11,406,012.80</b>

**Uses:**

<b>Refunding Escrow Deposits:</b>	
Cash Deposit	<b>11,241,635.38</b>
<b>Delivery Date Expenses:</b>	
Cost of Issuance	42,676.25
Underwriter's Discount	118,965.00
	<b>161,641.25</b>
<b>Other Uses of Funds:</b>	
Bond Rounding	2,736.17
	<b>11,406,012.80</b>

**COST OF ISSUANCE**

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT  
IN THE STATE OF NEBRASKA  
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<b>Cost of Issuance</b>	<b>\$/1000</b>	<b>Amount</b>
Bond Counsel	1.75000	18,926.25
S&P Rating	1.84928	20,000.00
Paying Agent	0.06935	750.00
Escrow Agent	0.09246	1,000.00
Escrow Verification	0.18493	2,000.00
	<b>3.94602</b>	<b>42,676.25</b>

**SUMMARY OF REFUNDING RESULTS**

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT  
IN THE STATE OF NEBRASKA  
FLOOD PROTECTION and WATER QUALITY ENHANCEMENT REFUNDING BONDS, SERIES 2015  
Future Pay & Cancel Refunding of Taxable Series 2010B (Build America Bonds)  
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[ Preliminary -- for discussion only ]**

Dated Date	06/16/2015
Delivery Date	06/16/2015
Arbitrage yield	2.604646%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	10,815,000.00
True Interest Cost	3.247965%
Net Interest Cost	3.324661%
All-In TIC	3.300467%
Average Coupon	3.820289%
Average Life	8.807
Par amount of refunded bonds	11,240,000.00
Average coupon of refunded bonds	5.619721%
Average life of refunded bonds	8.687
Refunded Arbitrage Yield	3.775085%
Refunded True Interest Cost (TIC)	3.931340%
Refunded Net Interest Cost (NIC)	3.923026%
Refunded All-In TIC	3.982489%
PV of prior debt to 06/16/2015 @ 2.604646%	12,234,399.18
Net PV Savings	407,539.21
Percentage savings of refunded bonds	3.625794%

## SAVINGS

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT  
IN THE STATE OF NEBRASKA  
FLOOD PROTECTION and WATER QUALITY ENHANCEMENT REFUNDING BONDS, SERIES 2015  
Future Pay & Cancel Refunding of Taxable Series 2010B (Build America Bonds)  
Non-BQ, Assumes AA- Rating, 2030 Final Maturity, 5-Yr Call  
[ Preliminary -- for discussion only ]**

Date	Prior Debt Service*	Refunding Debt Service	Refunding Receipts	Refunding Net Cash Flow	Savings	Annual Savings	Present Value to 06/16/2015 @ 2.6046460%
06/16/2015			2,736.17	-2,736.17	2,736.17		2,736.17
06/30/2015						2,736.17	
12/15/2015	783,859.99	745,961.88		745,961.88	37,898.11		37,413.59
06/15/2016	192,835.21	199,012.50		199,012.50	-6,177.29		-6,019.92
06/30/2016						31,720.82	
12/15/2016	752,835.21	714,012.50		714,012.50	38,822.71		37,347.27
06/15/2017	185,031.66	191,287.50		191,287.50	-6,255.84		-5,940.72
06/30/2017						32,566.87	
12/15/2017	760,031.66	721,287.50		721,287.50	38,744.16		36,319.55
06/15/2018	175,903.29	183,337.50		183,337.50	-7,434.21		-6,879.39
06/30/2018						31,309.95	
12/15/2018	770,903.29	733,337.50		733,337.50	37,565.79		34,315.31
06/15/2019	166,457.41	175,087.50		175,087.50	-8,630.09		-7,782.00
06/30/2019						28,935.70	
12/15/2019	781,457.41	745,087.50		745,087.50	36,369.91		32,374.18
06/15/2020	156,694.03	163,687.50		163,687.50	-6,993.47		-6,145.11
06/30/2020						29,376.44	
12/15/2020	786,694.03	748,687.50		748,687.50	38,006.53		32,966.74
06/15/2021	146,692.51	151,987.50		151,987.50	-5,294.99		-4,533.81
06/30/2021						32,711.54	
12/15/2021	796,692.51	766,987.50		766,987.50	29,705.01		25,107.80
06/15/2022	135,271.32	136,612.50		136,612.50	-1,341.18		-1,119.04
06/30/2022						28,363.83	
12/15/2022	810,271.32	781,612.50		781,612.50	28,658.82		23,604.70
06/15/2023	123,410.86	120,487.50		120,487.50	2,923.36		2,376.86
06/30/2023						31,582.18	
12/15/2023	823,410.86	800,487.50		800,487.50	22,923.36		18,398.38
06/15/2024	111,111.12	103,487.50		103,487.50	7,623.62		6,040.09
06/30/2024						30,546.98	
12/15/2024	831,111.12	813,487.50		813,487.50	17,623.62		13,783.44
06/15/2025	98,459.96	85,737.50		85,737.50	12,722.46		9,822.32
06/30/2025						30,346.08	
12/15/2025	843,459.96	830,737.50		830,737.50	12,722.46		9,696.05
06/15/2026	85,369.52	67,112.50		67,112.50	18,257.02		13,735.18
06/30/2026						30,979.48	
12/15/2026	860,369.52	842,112.50		842,112.50	18,257.02		13,558.60
06/15/2027	69,579.22	54,518.75		54,518.75	15,060.47		11,040.89
06/30/2027						33,317.49	
12/15/2027	874,579.22	854,518.75		854,518.75	20,060.47		14,517.35
06/15/2028	53,177.67	41,518.75		41,518.75	11,658.92		8,328.85
06/30/2028						31,719.39	
12/15/2028	888,177.67	866,518.75		866,518.75	21,658.92		15,273.69
06/15/2029	36,164.89	28,112.50		28,112.50	8,052.39		5,605.48
06/30/2029						29,711.31	
12/15/2029	906,164.89	878,112.50		878,112.50	28,052.39		19,276.95
06/15/2030	18,439.00	14,300.00		14,300.00	4,139.00		2,807.66
06/30/2030						32,191.39	
12/15/2030	923,439.00	894,300.00		894,300.00	29,139.00		19,512.11
06/30/2031						29,139.00	
	14,948,055.33	14,453,536.88	2,736.17	14,450,800.71	497,254.62	497,254.62	407,539.21

### Savings Summary

PV of savings from cash flow	407,539.21
<b>Net PV Savings</b>	<b>407,539.21</b>

Note: \* Net of BAB Credit (net of Sequester)

**BOND PRICING**

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT  
IN THE STATE OF NEBRASKA  
FLOOD PROTECTION and WATER QUALITY ENHANCEMENT REFUNDING BONDS, SERIES 2015  
Future Pay & Cancel Refunding of Taxable Series 2010B (Build America Bonds)  
Non-BQ, Assumes AA- Rating, 2030 Final Maturity, 5-Yr Call  
[ Preliminary -- for discussion only ]**

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bond:									
	12/15/2015	540,000	3.000%	0.360%	101.310				7,074.00
	12/15/2016	515,000	3.000%	0.620%	103.541				18,236.15
	12/15/2017	530,000	3.000%	0.980%	104.971				26,346.30
	12/15/2018	550,000	3.000%	1.300%	105.793				31,861.50
	12/15/2019	570,000	4.000%	1.520%	110.741				61,223.70
	12/15/2020	585,000	4.000%	1.710%	110.929 C	1.897%	06/16/2020	100.000	63,934.65
	12/15/2021	615,000	5.000%	1.840%	115.029 C	2.481%	06/16/2020	100.000	92,428.35
	12/15/2022	645,000	5.000%	1.950%	114.463 C	2.844%	06/16/2020	100.000	93,266.35
	12/15/2023	680,000	5.000%	2.030%	114.053 C	3.106%	06/16/2020	100.000	95,560.40
	12/15/2024	710,000	5.000%	2.070%	113.849 C	3.290%	06/16/2020	100.000	98,327.90
	12/15/2025	745,000	5.000%	2.120%	113.594 C	3.446%	06/16/2020	100.000	101,275.30
		<u>6,685,000</u>							<u>689,554.80</u>
Term Bond due 2030:									
	12/15/2026	775,000	3.250%	3.450%	97.614				-18,491.50
	12/15/2027	800,000	3.250%	3.450%	97.614				-19,088.00
	12/15/2028	825,000	3.250%	3.450%	97.614				-19,684.50
	12/15/2029	850,000	3.250%	3.450%	97.614				-20,281.00
	12/15/2030	880,000	3.250%	3.450%	97.614				-20,896.80
		<u>4,130,000</u>							<u>-98,541.80</u>
		<u>10,815,000</u>							<u>591,012.80</u>

Dated Date	06/16/2015	
Delivery Date	06/16/2015	
First Coupon	12/15/2015	
Par Amount	10,815,000.00	
Premium	591,012.80	
Production	11,406,012.80	105.464751%
Underwriter's Discount	-118,965.00	-1.100000%
Purchase Price	11,287,047.80	104.364751%
Accrued Interest		
Net Proceeds	11,287,047.80	

## BOND SUMMARY STATISTICS

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT  
IN THE STATE OF NEBRASKA  
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Future Pay & Cancel Refunding of Taxable Series 2010B (Build America Bonds)  
Non-BQ, Assumes AA- Rating, 2030 Final Maturity, 5-Yr Call  
[ Preliminary -- for discussion only ]**

Dated Date	06/16/2015
Delivery Date	06/16/2015
First Coupon	12/15/2015
Last Maturity	12/15/2030
Arbitrage Yield	2.604646%
True Interest Cost (TIC)	3.247965%
Net Interest Cost (NIC)	3.324661%
All-In TIC	3.300467%
Average Coupon	3.820289%
Average Life (years)	8.807
Weighted Average Maturity (years)	8.666
Duration of Issue (years)	7.339
Par Amount	10,815,000.00
Bond Proceeds	11,406,012.80
Total Interest	3,638,536.88
Net Interest	3,166,489.08
Bond Years from Dated Date	95,242,458.33
Bond Years from Delivery Date	95,242,458.33
Total Debt Service	14,453,536.88
Maximum Annual Debt Service	944,974.38
Average Annual Debt Service	932,653.39
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	11.000000
Total Underwriter's Discount	11.000000
Bid Price	104.364751

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	6,685,000.00	110.315	4.634%	5.870	2,731.70
Term Bond due 2030	4,130,000.00	97.614	3.250%	13.560	4,832.10
	10,815,000.00			8.807	7,563.80

	TIC	All-In TIC	Arbitrage Yield
Par Value	10,815,000.00	10,815,000.00	10,815,000.00
+ Accrued Interest			
+ Premium (Discount)	591,012.80	591,012.80	591,012.80
- Underwriter's Discount	-118,965.00	-118,965.00	
- Cost of Issuance Expense		-42,676.25	
- Other Amounts			
Target Value	11,287,047.80	11,244,371.55	11,406,012.80
Target Date	06/16/2015	06/16/2015	06/16/2015
Yield	3.247965%	3.300467%	2.604646%

**BOND DEBT SERVICE**

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT  
IN THE STATE OF NEBRASKA  
FLOOD PROTECTION and WATER QUALITY ENHANCEMENT REFUNDING BONDS, SERIES 2015  
Future Pay & Cancel Refunding of Taxable Series 2010B (Build America Bonds)  
Non-BQ, Assumes AA- Rating, 2030 Final Maturity, 5-Yr Call  
[ Preliminary -- for discussion only ]**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/15/2015	540,000	3.000%	205,961.88	745,961.88	
06/15/2016			199,012.50	199,012.50	
06/30/2016					944,974.38
12/15/2016	515,000	3.000%	199,012.50	714,012.50	
06/15/2017			191,287.50	191,287.50	
06/30/2017					905,300.00
12/15/2017	530,000	3.000%	191,287.50	721,287.50	
06/15/2018			183,337.50	183,337.50	
06/30/2018					904,625.00
12/15/2018	550,000	3.000%	183,337.50	733,337.50	
06/15/2019			175,087.50	175,087.50	
06/30/2019					908,425.00
12/15/2019	570,000	4.000%	175,087.50	745,087.50	
06/15/2020			163,687.50	163,687.50	
06/30/2020					908,775.00
12/15/2020	585,000	4.000%	163,687.50	748,687.50	
06/15/2021			151,987.50	151,987.50	
06/30/2021					900,675.00
12/15/2021	615,000	5.000%	151,987.50	766,987.50	
06/15/2022			136,612.50	136,612.50	
06/30/2022					903,600.00
12/15/2022	645,000	5.000%	136,612.50	781,612.50	
06/15/2023			120,487.50	120,487.50	
06/30/2023					902,100.00
12/15/2023	680,000	5.000%	120,487.50	800,487.50	
06/15/2024			103,487.50	103,487.50	
06/30/2024					903,975.00
12/15/2024	710,000	5.000%	103,487.50	813,487.50	
06/15/2025			85,737.50	85,737.50	
06/30/2025					899,225.00
12/15/2025	745,000	5.000%	85,737.50	830,737.50	
06/15/2026			67,112.50	67,112.50	
06/30/2026					897,850.00
12/15/2026	775,000	3.250%	67,112.50	842,112.50	
06/15/2027			54,518.75	54,518.75	
06/30/2027					896,631.25
12/15/2027	800,000	3.250%	54,518.75	854,518.75	
06/15/2028			41,518.75	41,518.75	
06/30/2028					896,037.50
12/15/2028	825,000	3.250%	41,518.75	866,518.75	
06/15/2029			28,112.50	28,112.50	
06/30/2029					894,631.25
12/15/2029	850,000	3.250%	28,112.50	878,112.50	
06/15/2030			14,300.00	14,300.00	
06/30/2030					892,412.50
12/15/2030	880,000	3.250%	14,300.00	894,300.00	
06/30/2031					894,300.00
	10,815,000		3,638,536.88	14,453,536.88	14,453,536.88



**SUMMARY OF BONDS REFUNDED**

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT  
IN THE STATE OF NEBRASKA  
FLOOD PROTECTION and WATER QUALITY ENHANCEMENT REFUNDING BONDS, SERIES 2015  
Future Pay & Cancel Refunding of Taxable Series 2010B (Build America Bonds)  
Non-BQ, Assumes AA- Rating, 2030 Final Maturity, 5-Yr Call  
[ Preliminary -- for discussion only ]**

<b>Bond</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Par Amount</b>	<b>Call Date</b>	<b>Call Price</b>
Ser 2010 AA+ Rtd BAB LTGO Bonds (callable 6/15/15):					
SERIAL	12/15/2015	3.049%	585,000.00	06/16/2015	100.000
	12/15/2016	3.551%	280,000.00	06/16/2015	100.000
TERM20	12/15/2016	4.700%	280,000.00	06/16/2015	100.000
	12/15/2017	4.700%	575,000.00	06/16/2015	100.000
	12/15/2018	4.700%	595,000.00	06/16/2015	100.000
	12/15/2019	4.700%	615,000.00	06/16/2015	100.000
	12/15/2020	4.700%	630,000.00	06/16/2015	100.000
TERM25	12/15/2021	5.202%	650,000.00	06/16/2015	100.000
	12/15/2022	5.202%	675,000.00	06/16/2015	100.000
	12/15/2023	5.202%	700,000.00	06/16/2015	100.000
	12/15/2024	5.202%	720,000.00	06/16/2015	100.000
	12/15/2025	5.202%	745,000.00	06/16/2015	100.000
TERM30	12/15/2026	6.032%	775,000.00	06/16/2015	100.000
	12/15/2027	6.032%	805,000.00	06/16/2015	100.000
	12/15/2028	6.032%	835,000.00	06/16/2015	100.000
	12/15/2029	6.032%	870,000.00	06/16/2015	100.000
	12/15/2030	6.032%	905,000.00	06/16/2015	100.000
			11,240,000.00		

**ESCROW REQUIREMENTS**

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT  
IN THE STATE OF NEBRASKA  
FLOOD PROTECTION and WATER QUALITY ENHANCEMENT REFUNDING BONDS, SERIES 2015  
Future Pay & Cancel Refunding of Taxable Series 2010B (Build America Bonds)  
Non-BQ, Assumes AA- Rating, 2030 Final Maturity, 5-Yr Call  
[ Preliminary -- for discussion only ]**

Dated Date                    06/16/2015  
Delivery Date                06/16/2015

<b>Period Ending</b>	<b>Interest</b>	<b>Principal Redeemed</b>	<b>Total</b>
06/16/2015	1,635.38	11,240,000.00	11,241,635.38
	1,635.38	11,240,000.00	11,241,635.38

**PRIOR BOND DEBT SERVICE**  
**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**  
**IN THE STATE OF NEBRASKA**  
**FLOOD PROTECTION and WATER QUALITY ENHANCEMENT REFUNDING BONDS, SERIES 2015**  
**Future Pay & Cancel Refunding of Taxable Series 2010B (Build America Bonds)**  
**Non-BQ, Assumes AA- Rating, 2030 Final Maturity, 5-Yr Call**  
**[ Preliminary -- for discussion only ]**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Less Federal Credits*	Total	Annual Total
12/15/2015	585,000	3.049%	294,367.53	879,367.53		-95,507.54	783,859.99	
06/15/2016			285,449.20	285,449.20		-92,613.99	192,835.21	
06/30/2016					1,164,816.73			976,695.20
12/15/2016	560,000	** %	285,449.20	845,449.20		-92,613.99	752,835.21	
06/15/2017			273,897.80	273,897.80		-88,866.14	185,031.66	
06/30/2017					1,119,347.00			937,866.87
12/15/2017	575,000	4.700%	273,897.80	848,897.80		-88,866.14	760,031.66	
06/15/2018			260,385.30	260,385.30		-84,482.01	175,903.29	
06/30/2018					1,109,283.10			935,934.95
12/15/2018	595,000	4.700%	260,385.30	855,385.30		-84,482.01	770,903.29	
06/15/2019			246,402.80	246,402.80		-79,945.39	166,457.41	
06/30/2019					1,101,788.10			937,360.70
12/15/2019	615,000	4.700%	246,402.80	861,402.80		-79,945.39	781,457.41	
06/15/2020			231,950.30	231,950.30		-75,256.27	156,694.03	
06/30/2020					1,093,353.10			938,151.44
12/15/2020	630,000	4.700%	231,950.30	861,950.30		-75,256.27	786,694.03	
06/15/2021			217,145.30	217,145.30		-70,452.79	146,692.51	
06/30/2021					1,079,095.60			933,386.54
12/15/2021	650,000	5.202%	217,145.30	867,145.30		-70,452.79	796,692.51	
06/15/2022			200,238.80	200,238.80		-64,967.48	135,271.32	
06/30/2022					1,067,384.10			931,963.83
12/15/2022	675,000	5.202%	200,238.80	875,238.80		-64,967.48	810,271.32	
06/15/2023			182,682.05	182,682.05		-59,271.19	123,410.86	
06/30/2023					1,057,920.85			933,682.18
12/15/2023	700,000	5.202%	182,682.05	882,682.05		-59,271.19	823,410.86	
06/15/2024			164,475.05	164,475.05		-53,363.93	111,111.12	
06/30/2024					1,047,157.10			934,521.98
12/15/2024	720,000	5.202%	164,475.05	884,475.05		-53,363.93	831,111.12	
06/15/2025			145,747.85	145,747.85		-47,287.89	98,459.96	
06/30/2025					1,030,222.90			929,571.08
12/15/2025	745,000	5.202%	145,747.85	890,747.85		-47,287.89	843,459.96	
06/15/2026			126,370.40	126,370.40		-41,000.88	85,369.52	
06/30/2026					1,017,118.25			928,829.48
12/15/2026	775,000	6.032%	126,370.40	901,370.40		-41,000.88	860,369.52	
06/15/2027			102,996.40	102,996.40		-33,417.18	69,579.22	
06/30/2027					1,004,366.80			929,948.74
12/15/2027	805,000	6.032%	102,996.40	907,996.40		-33,417.18	874,579.22	
06/15/2028			78,717.60	78,717.60		-25,539.93	53,177.67	
06/30/2028					986,714.00			927,756.89
12/15/2028	835,000	6.032%	78,717.60	913,717.60		-25,539.93	888,177.67	
06/15/2029			53,534.00	53,534.00		-17,369.11	36,164.89	
06/30/2029					967,251.60			924,342.56
12/15/2029	870,000	6.032%	53,534.00	923,534.00		-17,369.11	906,164.89	
06/15/2030			27,294.80	27,294.80		-8,855.80	18,439.00	
06/30/2030					950,828.80			924,603.89
12/15/2030	905,000	6.032%	27,294.80	932,294.80		-8,855.80	923,439.00	
06/30/2031					932,294.80			923,439.00
	<b>11,240,000</b>		<b>5,488,942.83</b>	<b>16,728,942.83</b>	<b>16,728,942.83</b>	<b>-1,780,887.50</b>	<b>14,948,055.33</b>	<b>14,948,055.33</b>

Note: \* BAB Credits, net of Sequester