

MEMORANDUM

TO: Finance, Expenditure & Legal Subcommittee

SUBJECT: Retirement of Revenue Bonds for Dakota & Washington County Rural Water #1 Systems

DATE: February 22, 2010

FROM: Dick Sklenar

In 2003, both the Dakota County Rural Water system and the Washington County Rural Water #1 system refinanced their entire existing debt as a means of lowering operating costs. The interest rates at that time were very favorable. The existing debt was refinanced over a 10-year period with bonds having an interest rate of 1.35% to 3.90% depending on the date of maturity. Payments on principal and interest are made In April and October of each year. Washington County RW#1 refinanced \$370,000, and Dakota County RW refinanced \$725,000.

The remaining amount of principal and interest on the revenue bonds for each rural water system after April, 2010, is as follows:

Dakota County RW

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2011	\$80,000	\$9,195	3.60%
2012	\$80,000	\$6,315	3.75%
2013	\$85,000	\$3,315	3.90%
TOTAL	\$245,000	\$18,825	

Washington County RW#1

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2011	\$40,000	\$4,695	3.60%
2012	\$40,000	\$3,255	3.75%
2013	\$45,000	\$1,755	3.90%
TOTAL	\$125,000	\$9,705	

Interest received on investments (primarily CD's) over the past 12 months has been generally under 2%, and do not foresee rates on CD's to exceed 4% over the next 24 months. Both rural water systems have the available cash on hand to retire the remaining debt. It would be prudent at this

time that all the remaining revenue bonds be retired for both rural water systems. The Dakota County RW advisory board, and the Washington County RW #1 advisory board, met recently to recommend that the District's Board of Directors take such action.

- It is recommended by Management that the Subcommittee recommend to the Board of Directors the following resolution:

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT, IN THE STATE OF NEBRASKA:

Section 1. That the following bonds, in accordance with their option provisions, are hereby called for payment on April 15, 2010, after which date interest on the bonds will cease:

Water Revenue Refunding Bonds, Series 2003A, dated April 15, 2003, maturing on April 15 of the years 2011 through 2013, in the aggregate outstanding principal amount of \$245,000, maturing, bearing interest and identified as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP NUMBER</u>
April 15, 2011	\$80,000	3.60%	69887E AW2
April 15, 2012	\$80,000	3.75%	69887E AX0
April 15, 2013	\$85,000	3.90%	69887E AY8

Said bonds were issued for the purpose of paying the bonded debt of the District on its legally issued Water Revenue Refunding Bond, Series 1979, dated September 1, 1979 (delivered October 9, 1979), in the approximate remaining principal amount of \$670,071 and on its Water Revenue Refunding Bonds, 1980 Series, dated August 15, 1980 (delivered September 8, 1980) in the approximate remaining principal amount of \$69,723.

Water Revenue Refunding Bonds, Series 2003B, dated April 15, 2003, maturing on April 15 of the years 2011 through 2013, in the aggregate outstanding principal amount of \$125,000, maturing, bearing interest and identified as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP NUMBER</u>
April 15, 2011	\$40,000	3.60%	69887E BG6
April 15, 2012	\$40,000	3.75%	69887E BH4
April 15, 2013	\$45,000	3.90%	69887E BJ0

Said bonds were issued for the purpose of paying the bonded debt of the District on its legally issued Water Project Revenue Refunding Bonds, Series 1993, dated October 15, 1993, in the remaining principal amount of \$95,000 and on its Water Revenue Bond, 1998 Series, dated November 19, 1998 in the approximate remaining principal amount of \$296,889.

Section 2. Each and all of said bonds are to be paid at the office of the Treasurer of the District in Omaha, Nebraska (8901 South 154th Street, Omaha, Nebraska), being the office of the Paying Agent and Registrar.

Section 3. A true copy of this Resolution shall be filed by the District Secretary with the Paying Agent and Registrar at least thirty (30) days prior to call date and the Paying Agent and Registrar is hereby irrevocably instructed to take appropriate action to mail (or otherwise provide) notice to the registered owner at least thirty days prior to the call date.