



**Finance, Expenditure & Legal
Subcommittee Meeting
March 9, 2010
7:00 p.m.
(Or immediately following the PPO meeting)
Agenda**

Finance, Expenditure & Legal Subcommittee Members:

Rich Tesar, Chairperson
Rick Kolowski, Vice-Chairperson
Larry Bradley
John Conley
Dorothy Lanphier

Alternate Members: Fred Conley
Jim Thompson

Staff Liaison: Jim Becic
Jerry Herbster *
Carey Fry
Brian Henkel
Lori Laster

1. Meeting Called to Order – Chairperson Tesar
2. Notification of Open Meetings Act Posting and Announcement of Meeting Procedure – Chairperson Tesar
3. Quorum Call
4. Adoption of Agenda
5. Proof of Publication of Meeting Notice
6. Review and Recommendation on Retirement of Remaining 2003A & 2003 B Revenue Bonds for Dakota County Rural Water & Wash. County Rural Water #1- Dick Sklenar
7. Review and Recommendation on King Lake Floodway Purchase Program Track 10 – Lori Laster
8. Review and Recommendation on Account Over 110% - 01 04 00 4700 – Conservation Assistance Program – Ralph Puls
9. Review and Recommendation on Papio Creek Watershed Structure W-3 Land Rights - *Confidential [Executive Session, if needed]* – Paul Peters
10. Adjourn

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.

Agenda Item 7:

Memorandum

To: Finance, Expenditures, and Legal Subcommittee

Re: Floodway Property Purchase, 24219 Martin Ave, King Lake

Date: March 1, 2010

From: Lori Ann Laster, Stormwater Management Engineer

The District has received grant funding to purchase 14 properties in the floodway in the King Lake area. One of the properties included in the grant funding is 24219 Martin Ave. According to the Flood Insurance Rate Map for Douglas County, Panel 31153C 0160 H, effective December 2, 2005, the property is located in a Zone AE floodway of the Elkhorn River.

The District hired Thomas E. Stevens & Associates to perform an appraisal of the property currently owned by Mr. and Mrs. Huser. In Mr. Stevens' opinion, the market value of the entire property as of July 23, 2009 was \$18,000. Based on this opinion, District staff and legal counsel worked with Mr. and Mrs. Huser to develop the enclosed assignment which will give the District the right to purchase the property for the appraised value.

- **Recommendation that the General Manager be authorized to execute for and on behalf of the District the Purchase Agreement in the form as presented to this meeting providing for the purchase by the District from William Huser, etal, of 0.28 acres of floodway land for the purchase price of \$18,000, subject to changes deemed necessary by the General Manager and approved as to form by District Legal Counsel.**

MEMORANDUM

To: Finance, Expenditures and Legal Subcommittee

Subject: Account Over 110% - Acct. #01 04-00-4700 – Conservation Assistance Program

Date: March 3, 2010

From: Ralph Puls

District policy 7.5 FEL Subcommittee – Budgetary Oversight states, “If, at any time during the fiscal year, the District expenditures from any budgetary account, for which more than \$10,000 was budgeted for that fiscal year, exceed the amount budgeted by more than 10%, the Chairperson of the FEL Subcommittee may call a meeting of such Subcommittee to consider recommendations to the Board with respect to such accounts.”

Pursuant to this policy the following account is submitted for review:

Account 04-00-4700 (Conservation Assistance Program)

Budget: \$750,000

Anticipated Account Status with March expense: \$980,000 (130%)

For Fiscal Year 2010 the District budget for the Conservation Assistance Program (CAP) and Special Watershed Projects is \$750,000. CAP is the program that provides cost-sharing funds to landowners for the construction of conservation practices on their land; practices including terraces, waterways, diversions, erosion control dams and livestock waste control facilities.

Approximately \$230,000 in excess of the budgeted amount has been committed to landowners who have either completed their conservation work or have begun construction and will complete it this spring. The amount of work done this past fall is well in excess of what has been done in previous years. In most years, the amount of funds spent for CAP has been considerably less than what was budgeted. In past years, in an effort to spend a greater percentage of the funds, approvals have been made in excess of the budgeted amount. This was done with the knowledge that many of the projects will not be completed because the landowners change their plans or the weather prevents them from doing the work. This year was different; this fall landowners completed a great deal more work than was anticipated.

More conservation work was done because landowners were given a greater incentive to do conservation work. This was accomplished by combining USDA Environmental Quality Incentive Program (EQIP) funds with CAP funds to raise the payment rates for conservation practices. The cost-sharing percentage provided by EQIP is only 50%; landowners are not going to apply for those funds when the CAP rate is 75% or greater. However, by combining EQIP and CAP and increasing the overall cost-sharing percentage to 90% you utilize the EQIP funds and at the same time you increase the amount of conservation work done with fewer CAP dollars. More than **\$670,000** in EQIP funds were spent in this way.

It is worth noting that it is District Policy to utilize funds in this order: EQIP or other Federal funds first, State funds next and local (CAP) funds last. As noted above, EQIP funds would not have been used this year without combining them with District funds. However, I should have been more closely monitoring the amount of dollars that were being approved. Landowners who have completed their conservation work should be paid as soon as possible, and those who have begun construction and will complete their work in the future should be paid at that time. As noted above, the total amount of dollars needed is estimated to be \$230,000. A portion of this amount is for Silver Creek Professional Services; \$42,180 was approved for 404 Permit Acquisition at the February Board Meeting.

Attached as an informational item is a report showing Conservation Cost-Sharing Program expenditures from FY 1989 to the present. You'll note that the budget amounts and dollars spent fluctuate from year to year. EQIP funds are not included.

- **It is recommended by Management that the Subcommittee recommend to the Board that the following account be allowed to exceed 110% of the budgeted amount: Account #04-00-700 – Conservation Assistance Program.**

Agenda Item 9

Memo for the following agenda item is posted under “Confidential”

9. Review and Recommendation on Papio Creek Watershed Structure W-3 Land Rights - *Confidential [Executive Session, if needed]* – Paul Peters