

**Finance, Expenditure & Legal
Subcommittee Meeting
February 11, 2003
8:00 p.m.
Agenda**

PAPIO-MISSOURI RIVER



**NATURAL
RESOURCES
DISTRICT**

800 S. 154TH ST.
DARIEN, NE 68413-7107
402-843-1500
FAX 402-843-1507

Finance, Expenditure & Legal Subcommittee Members:

Melissa Gardner, Chairperson
Dick Connealy, Vice-Chairperson
John Conley
Barb Nichols
Jim Thompson

Alternate Members: Joe Neary
Pete Rubin

Staff Liaison: Jim Becic
Martin Cleveland *
Jack Lawless
Dick Sklenar
Trent Heiser

1. Meeting Called to Order – Vice-Chairperson Connealy
2. Quorum Call
3. Adoption of Agenda
4. Review and Recommendation on Refinancing for Rural Water System Loans - Dick Sklenar
 - a. Thurston County
 - b. Dakota County
 - c. Washington County
5. Other Items of Interest
6. Adjourn

Memorandum

To: FEL Subcommittee
From: Dick Sklenar, Special Projects Coordinator
Date: January 30,2003
Re: Debt Refinancing for the Thurston County Rural Water System

I have been investigating the possibility of refinancing the existing debt for the Thurston Rural Water System. The system currently has two loans which are listed below:

Note Holder	Remaining Principal	Due Date	Interest Rate
GMAC	\$325,991.00	2022	5%
USDA	\$231,413.00	2033	5.625%

Note: Current total payment of principal and interest is \$42,293.00.

I contacted John Tresek, of Ameritas, who provided me with information and an example of how to refinance the existing debt. Keep in mind that this is only an example, because the bond rates do change often. Their fee for refinancing is about 2% of the issuance. The example provided by Ameritas for refinancing the existing debt shows an average annual expenditure for principal and interest of about \$44,000 over a twenty-year span. The total payout over the life of the current loans would be approximately \$979,160.00. The example provided by Ameritas indicates a total payout of principal and interest over the twenty year period at \$881,840. This would provide a savings to the rural water system of approximately **\$97,320.00** (979,160-881,840=97,320).

It is recommended to the Subcommittee that the staff be authorized to proceed with the refinancing of the Thurston County Rural Water system loans and that the firm of Ameritas Investment Corporation be hired for the bond issuance.

January 28, 2003

Mr. Dick Sklenar
Papio-Missouri River NRD
8901 South 154th Street
Omaha, NE 68138

Fax: 895-6543

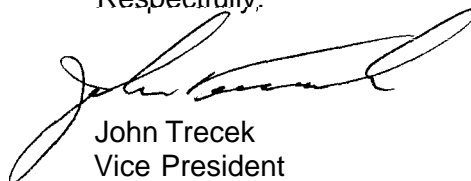
Dear Dick:

As you requested, please find enclosed an example schedule of what a refunding bond for the NRD's current Water Revenue notes might look like. I have sized the issue at \$570,000, which will, after issuance costs, net to the NRD enough funds to fully pay off the outstanding loans.

As we discussed, interest rates are purely theoretical at this point. I will need to see at least the last five audits to do a work up of sufficient disclosure documents to take to our sales department and trading desk in order to get final rates, but if coverage is sufficient for debt service purposes, these rates could be this good or even a little better. Also, such things as payment dates can be adjusted to meet your cash flows when it comes down to actually structuring the deal.

I will mail you a hard copy of this schedule (and also a few business cards) for your file. Please look this over and if you want to get together to discuss this, give me a call.

Respectfully,



John Trecek
Vice President

Enclosures

AMERITAS INVESTMENT CORP.
440 Regency Parkway Drive, Suite 222
Omaha, NE 68114
402-344-2534 / Toll Free: 877-658-4700 / Fax: 402-344-0814

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PAPIO- MISSOURI RIVER NRD EXAMPLE REFUNDING BONDS
 DATED: 04115/03
 DUE: 4115
 OPT.: 04/15/08

MAT.	BD. YRS.	DATE	PRINCIPAL	RATES	INTEREST	PRIN/INT.	10/15 INT.	4/15 P & I
I	20.0000	04/15/04	20,000.00	1.60%	23,707.50	43,707.50	11,853.75	31,853.75
2	40.0000	04/15/05	20,000.00	1.80%	23,387.50	43,387.50	11,693.75	31,693.75
3	60.0000	04/15/06	20,000.00	2.10%	23,027.50	43,027.50	11,513.75	31,513.75
4	80.0000	04/15/07	20,000.00	2.50%	22,607.50	42,607.50	11,303.75	31,303.75
5	100.0000	04/15/08	20,000.00	3.00%	22,107.50	42,107.50	11,053.75	31,053.75
6	150.0000	04/15/09	25,000.00	3.55%	21,507.50	46,507.50	10,753.75	35,753.75
7	175.0000	04/15/10	25,000.00	3.80%	20,620.00	45,620.00	10,310.00	35,310.00
8	200.0000	04/15/11	25,000.00	4.00%	19,670.00	44,670.00	9,835.00	34,835.00
9	225.0000	04/15/12	25,000.00	4.10%	18,670.00	43,670.00	9,335.00	34,335.00
10	250.0000	04/15/13	25,000.00	4.20%	17,645.00	42,645.00	8,822.50	33,822.50
11	330.0000	04115114	30,000.00	4.30%	16,595.00	46,595.00	8,297.50	38,297.50
12	360.0000	04/15/15	30,000.00	4.45%	15,305.00	45,305.00	7,652.50	37,652.50
13	390.0000	04/15/16	30,000.00	4.60%	13,970.00	43,970.00	6,985.00	36,985.00
14	420.0000	04115/17	30,000.00	4.70%	12,590.00	42,590.00	6,295.00	36,295.00
15	525.0000	04/15/18	35,000.00	4.80%	11,180.00	46,180.00	5,590.00	40,590.00
16	560.0000	04/15/19	35,000.00	5.00%	9,500.00	44,500.00	4,750.00	39,750.00
17	595.0000	04/15/20	35,000.00	5.00%	7,750.00	42,750.00	3,875.00	38,875.00
18	720.0000	04/15/21	40,000.00	5.03%	6,000.00	46,000.00	3,000.00	43,000.00
19	760.0000	04/15/22	40,000.00	5.00%	4,000.00	44,000.00	2,000.00	42,000.00
20	800.0000	04115/23	40,000.00	5.00%	2,000.00	42,000.00	1,000.00	41,000.00
=====			=====		=====	=====		
	6760.0000		570,000.00		311,840.00	881,840.00		

ISSUE COST: 11,400.00
 TOTAL COST: 323,240.00
 AV. INT.: 4.61%
 N.I.C.: 4.78%
 AV. MAT.: 11.36 YEARS

TOTAL BOND ISSUE: 570,000.00
 LESS ISS. COST: 11,400.00
 NET TO N.R.D.: 558,600.00

Memorandum

To: Finance, Expenditure and Legislative Subcommittee
From: Dick Sklenar
Date: February 3, 2003
Re: Loan Refinancing for the Dakota and Washington County Rural Water Systems

Based on the attached examples provided by Ameritas, it is apparent that refinancing the existing loans for the Washington County and Dakota Rural Water Systems is a very viable option at this time. The attached examples are for refinancing the existing debt over the next ten years. The current loans interest rate and remaining principal for both rural water systems is as listed below:

Washington County Rural Water

Note Holder	Due Date	Interest Rate	Remaining Principal	Remaining P & I Payments
BONDS	2006	5.4 – 5.8%	\$ 95,000.00	\$106,282.50
STATE LOAN	2018	5%	\$290,411.00	\$437,176.16
TOTALS			\$385,411.00	\$543,458.66

Dakota County Rural Water

GMAC	2019	5%	\$670,071.00	\$1,017,280.00
GMAC	2020	5%	\$ 69,723.00	\$106,722.00
TOTALS			\$739,794.00	\$1,124,002.00

The ten-year example provided by Ameritas for refinancing the **Washington County Rural Water** system loans amounts to future principal and interest payments totaling \$478,940.00. This is an approximate savings of **\$64,518.00** (\$543,458 - \$478,940 = \$64,518).

The ten-year example for the **Dakota County Rural Water** system would indicate a principal and interest payment over a ten year period amounting to \$918,240.00. This is a savings to the system of approximately **\$205,762.00** (\$1,124,002 - \$918,240 = \$205,762).

It must be noted that the attached are only examples and that bond rates change on a weekly basis. Ameritas charges a fee of approximately 2% of the issuance.

It is recommended to the Subcommittee that the staff be authorized to proceed with the refinancing of the Dakota County and Washington County Rural Water systems loans and that the firm of Ameritas Investment Corporation be hired for the bond issuance.

10 year Example

PAPIO- MISSOURI RIVER NRD **EXAMPLE** REFUNDING BONDS
DATED: 04/15/03
DUE: 04/15
OPT.: **04/15/08**

MAT.	BD. YRS.	DATE	PRINCIPAL	RATES	INTEREST	PRIN/INT.	10/15 INT.	4/15 P & I
1	65.0000	04/15/04	65,000.00	1.60%	23,937.50	88,937.50	11,968.75	76,968.75
2	140.0000	04/15/05	70,000.00	1.80%	22,897.50	92,897.50	11,448.75	81,448.75
3	210.0000	04/15/06	70,000.00	2.10%	21,637.50	91,637.50	10,818.75	80,818.75
4	280.0000	04/15/07	70,000.00	2.50%	20,167.50	90,167.50	10,083.75	80,083.75
5	375.0000	04/15/08	75,000.00	3.00%	18,417.50	93,417.50	9,208.75	64,208.75
6	450.0000	04/15/09	75,000.00	3.55%	16,167.50	91,167.50	8,083.75	83,083.75
7	560.0000	04/15/10	80,000.00	3.80%	13,505.00	93,505.00	6,752.50	86,752.50
8	640.0000	04/15/11	80,000.00	4.00%	10,465.00	90,465.00	5,232.50	85,232.50
9	765.0000	04/15/12	85,000.00	4.10%	7,265.00	92,265.00	3,632.50	88,632.50
10	900.0000	04/15/13	90,000.00	4.20%	3,780.00	93,780.00	1,890.00	91,890.00
=====			=====		=====	=====		
4385.0000			760,000.00		158,240.00	918,240.00		

ISSUE COST: 15,200.00
TOTAL COST: 173,440.00
AV. INT.: 3.61%
N.I.C.: 3.96%
AV. MAT.: 5.77 YEARS

TOTAL BOND ISSUE: 760,000.00
LESS ISS. COST: 15,200.00
NET TO N.R.D.: 744,800.03

KE: DAKOT COURT RW

10 year Example

PAPIO- MISSOURI RIVER NRD EXAMPLE REFUNDING BONDS
 DATED: 04/15/04
 DUE: 04115
 OPT.: 04/15/08

MAT.	BD. YRS.	DATE	PRINCIPAL	RATES	INTEREST	PRIN/INT.	10/15 INT.	4/15 P & I
1	35.0000	04/15/04	35,000.00	1.60%	12,535.00	47,535.00	6,267.50	41,267.50
2	70.0000	04/15/05	35,000.00	1.80%	11,975.00	46,975.00	5,987.50	40,987.50
3	105.0000	04/15/06	35,000.00	2.10%	11,345.00	46,345.00	5,672.50	40,672.50
4	140.0000	04/15/07	35,000.00	2.50%	10,610.00	45,610.00	5,305.00	40,305.00
5	175.0000	04/15/08	35,000.00	3.08%	9,735.00	44,735.00	4,867.50	39,867.50
6	240.0000	04/15/09	40,000.00	3.55%	8,685.00	48,685.00	4,342.50	44,342.50
7	280.0000	04/15/10	40,000.00	3.80%	7,265.00	47,265.00	3,632.50	43,632.50
8	360.0000	04/15/11	45,000.00	4.00%	5,745.00	50,745.00	2,872.50	47,872.50
9	405.0000	04/15/12	45,000.00	4.10%	3,945.00	48,945.00	1,972.50	46,972.50
10	500.0000	04/15/13	50,000.00	4.20%	2,100.00	52,100.00	1,050.00	51,050.00
=====			=====		=====	=====	=====	=====
	231.0000		395,000.00		83,940.00	478,940.00		

ISSUE COST: 7,900.00
 TOTAL COST: 91,840.00
 AV. INT.: 3.63%
 N.I.C.: 3.98%
 AV. MAT.: 5.85 YEARS

TOTAL BOND ISSUE: 395,000.00
 LESS ISS. COST: 7,900.00
 NET TO N.R.D.: 387,100.00

Rd Wast RW