



City of Grand Island

Tuesday, September 27, 2016

Council Session

Item G-11

#2016-230 - Approving Promissory Note for Hall County Sanitary Sewer Improvement District No. 2; Sanitary Sewer Improvements - 2014

Staff Contact: John Collins, P.E. - Public Works Director

Council Agenda Memo

From: Terry Brown PE, Assistant Public Works Director

Meeting: September 27, 2016

Subject: Approving Promissory Note for Hall County Sanitary Sewer Improvement District No. 2; Sanitary Sewer Improvements - 2014

Presenter(s): John Collins PE, Public Works Director

Background

The City Council awarded the bid for construction of Hall County Sanitary Improvement District No. 2; Sanitary Sewer Improvements – 2014 to Myers Construction, Inc. of Broken Bow, Nebraska on May 12, 2015, via Resolution No. 2015-125, in the amount of \$2,180,806.00.

On April 12, 2016, by Resolution No. 2016-83 City Council approved Change Order No. 1, which addressed large amount of unknown debris encountered on a portion of the project near Lift Station No. 25 which caused increased boring expenses, debris disposal and additional work days in the amount of \$47,018.75 for a revised contract amount of \$2,227,824.75.

On June 28, 2016, by Resolution No. 2016-158, City Council approved Change Order No. 2 which addressed energy requirements for the southern lift station, and rectified final quantity amounts, in the amount of \$16,880.00, for a revised contract amount of \$2,244,704.75.

Work on the project commenced July 28, 2015, with final completion June 3, 2016.

On July 26, 2016, by Resolution No. 2016-177, City Council approved the Certificate of Final Completion for such project in the amount of \$2,572,013.30.

The difference of the final construction cost and the Certificate of Final Completion amounts is due to engineering, filing, advertising, easements, and power source for Lift Station No. 25 & 26, which equate to \$327,308.55.

This project continued the extension of sanitary sewer to the south side of Interstate 80 along US Highway 281.

Discussion

As noted in the July 26, 2016 memo to City Council \$2,369,722.83, of the \$2,572,013.30 total project cost, will be the responsibility of Sanitary Sewer Improvement District No. 2. The attached Promissory Note has been approved by Sanitary Sewer Improvement District No. 2 and provides for semi-annual installations in the amount of \$60,000.00 principal plus accrued interest commencing December 1, 2016 and on each June 1 and December 1 thereafter. Interest rate on such note shall be 2.5% with a term of twenty (20) years.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the Promissory Note for Sanitary Sewer Improvement District No. 2 in the amount of \$2,369,723.00 with a 2.5% interest rate for a twenty (20) year term.

Sample Motion

Move to approve.

SULLIVAN SHOEMAKER P.C., L.L.O.

Attorneys at Law

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Adam D. Pavelka
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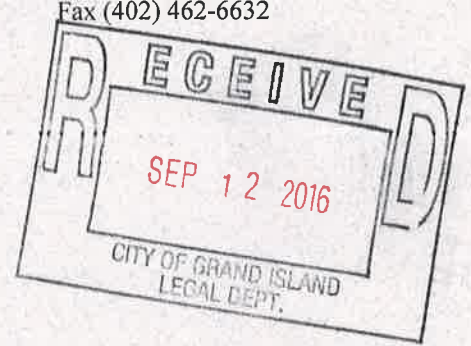
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D. Charles Shoemaker, Of Counsel

Joseph R. Helmann
(1926 - 1992)

September 9, 2016

Grand Island City Hall
Jerry Janulewicz, City Attorney
P.O. Box 1968
Grand Island, NE 68802-1968



Re: SID#2 – Hall County, Nebraska

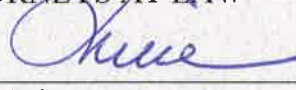
Dear: Jerry

Enclosed herewith is the Promissory Note executed by SID #2 of Hall County related to the force sewer main project in SID #2.

Please let me know if there are any questions.

Very truly yours,
SULLIVAN SHOEMAKER P.C.
ATTORNEYS AT LAW

By: _____


Michael E. Sullivan
mike@sullivanshoemaker.com

MES/nj
Encls.

PROMISSORY NOTE

Grand Island, Nebraska

\$2,369,723.00

July 28, 2016.

The undersigned, for value received, hereby promises to pay to the City of Grand Island, Nebraska (hereinafter called "Holder"), at its offices at 100 East First Street, Grand Island, Nebraska the sum of Two Million Three Hundred Sixty-nine Thousand Seven Hundred Twenty-three and no/100th Dollars (\$2,369,723.00) plus interest on the unpaid balance at the rate of 2.5% per annum in semi-annual installments in the amount of \$60,000.00 principal plus accrued interest commencing December 1, 2016 and on each June 1 and December 1 thereafter (except the last payment shall be the unpaid balance) until paid in full as provided by the payment schedule attached hereto, marked as "Exhibit A", and incorporated herein.

Acceleration Upon Default. At the option of the Holder hereof, this note and all other liabilities of the undersigned (hereinafter called the "Maker") to the Holder howsoever created, whether now existing or hereafter arising and whether due or to become due (this note and all such other liabilities being hereinafter called the "Obligations"), shall become immediately due and payable without notice or demand upon the occurrence of any of the event of default.

Waiver. No delay or omission on the part of the Holder in exercising any right hereunder shall operate as a waiver of such right or of any other right under this note. A waiver on any one occasion shall not be construed as a bar to or waiver of any right and/or remedy on any future occasion.

Waiver of Protest. Every Maker, endorser and guarantor of this note, or the obligations represented hereby, expressly waives presentment, protest, demand, notice of dishonor or default, and notice of any kind with respect to this note or any guaranty of this note or the performance of the obligations under this note or any guaranty of this note. No renewal or extension of this note, no release or surrender on any collateral or other security for this note or any guaranty of this note, no release of any person, primarily or secondarily liable on this note (including any Maker, endorser or guarantor), no delay in the enforcement of payment of this note or any guaranty of this note, and no delay or omission in exercising any right or power under this note or any guaranty of this note shall affect the liability of any Maker, endorser or guarantor of this note.

Meaning of Terms. As herein used the word "Holder" shall mean the payee or other endorsee of this note, who is in possession of it, or the bearer hereof, if this note is at the time payable to the bearer. As used herein the word "Maker" shall mean the undersigned.

SANITARY AND IMPROVEMENT DISTRICT NO. 2, HALL COUNTY, NEBRASKA

By: 
Chairman, Board of Trustees

[attest]


Clerk of the District

Exhibit "A"

Interest Rate: 2.5 per cent per annum

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Balance</u>
12/1/2016	\$ 60,000.00	\$ 19,801.79	\$ 79,801.79	\$ 2,309,723.00
6/1/2017	\$ 60,000.00	\$ 28,871.54	\$ 88,871.54	\$ 2,249,723.00
12/1/2017	\$ 60,000.00	\$ 28,121.54	\$ 88,121.54	\$ 2,189,723.00
6/1/2018	\$ 60,000.00	\$ 27,371.54	\$ 87,371.54	\$ 2,129,723.00
12/1/2018	\$ 60,000.00	\$ 26,621.54	\$ 86,621.54	\$ 2,069,723.00
6/1/2019	\$ 60,000.00	\$ 25,871.54	\$ 85,871.54	\$ 2,009,723.00
12/1/2019	\$ 60,000.00	\$ 25,121.54	\$ 85,121.54	\$ 1,949,723.00
6/1/2020	\$ 60,000.00	\$ 24,371.54	\$ 84,371.54	\$ 1,889,723.00
12/1/2020	\$ 60,000.00	\$ 23,621.54	\$ 83,621.54	\$ 1,829,723.00
6/1/2021	\$ 60,000.00	\$ 22,871.54	\$ 82,871.54	\$ 1,769,723.00
12/1/2021	\$ 60,000.00	\$ 22,121.54	\$ 82,121.54	\$ 1,709,723.00
6/1/2022	\$ 60,000.00	\$ 21,371.54	\$ 81,371.54	\$ 1,649,723.00
12/1/2022	\$ 60,000.00	\$ 20,621.54	\$ 80,621.54	\$ 1,589,723.00
6/1/2023	\$ 60,000.00	\$ 19,871.54	\$ 79,871.54	\$ 1,529,723.00
12/1/2023	\$ 60,000.00	\$ 19,121.54	\$ 79,121.54	\$ 1,469,723.00
6/1/2024	\$ 60,000.00	\$ 18,371.54	\$ 78,371.54	\$ 1,409,723.00
12/1/2024	\$ 60,000.00	\$ 17,621.54	\$ 77,621.54	\$ 1,349,723.00
6/1/2025	\$ 60,000.00	\$ 16,871.54	\$ 76,871.54	\$ 1,289,723.00
12/1/2025	\$ 60,000.00	\$ 16,121.54	\$ 76,121.54	\$ 1,229,723.00
6/1/2026	\$ 60,000.00	\$ 15,371.54	\$ 75,371.54	\$ 1,169,723.00
12/1/2026	\$ 60,000.00	\$ 14,621.54	\$ 74,621.54	\$ 1,109,723.00
6/1/2027	\$ 60,000.00	\$ 13,871.54	\$ 73,871.54	\$ 1,049,723.00
12/1/2027	\$ 60,000.00	\$ 13,121.54	\$ 73,121.54	\$ 989,723.00
6/1/2028	\$ 60,000.00	\$ 12,371.54	\$ 72,371.54	\$ 929,723.00
12/1/2028	\$ 60,000.00	\$ 11,621.54	\$ 71,621.54	\$ 869,723.00
6/1/2029	\$ 60,000.00	\$ 10,871.54	\$ 70,871.54	\$ 809,723.00
12/1/2029	\$ 60,000.00	\$ 10,121.54	\$ 70,121.54	\$ 749,723.00
6/1/2030	\$ 60,000.00	\$ 9,371.54	\$ 69,371.54	\$ 689,723.00
12/1/2030	\$ 60,000.00	\$ 8,621.54	\$ 68,621.54	\$ 629,723.00
6/1/2031	\$ 60,000.00	\$ 7,871.54	\$ 67,871.54	\$ 569,723.00
12/1/2031	\$ 60,000.00	\$ 7,121.54	\$ 67,121.54	\$ 509,723.00
6/1/2032	\$ 60,000.00	\$ 6,371.54	\$ 66,371.54	\$ 449,723.00
12/1/2032	\$ 60,000.00	\$ 5,621.54	\$ 65,621.54	\$ 389,723.00
6/1/2033	\$ 60,000.00	\$ 4,871.54	\$ 64,871.54	\$ 329,723.00
12/1/2033	\$ 60,000.00	\$ 4,121.54	\$ 64,121.54	\$ 269,723.00
6/1/2034	\$ 60,000.00	\$ 3,371.54	\$ 63,371.54	\$ 209,723.00
12/1/2034	\$ 60,000.00	\$ 2,621.54	\$ 62,621.54	\$ 149,723.00
6/1/2035	\$ 60,000.00	\$ 1,871.54	\$ 61,871.54	\$ 89,723.00
12/1/2035	\$ 60,000.00	\$ 1,121.54	\$ 61,121.54	\$ 29,723.00
6/1/2036	\$ 29,723.00	\$ 371.54	\$ 30,094.54	\$ -

RESOLUTION 2016-230

WHEREAS, with the extension of sanitary sewer to the south side of Interstate 80 along US Highway 281 the City Of Grand Island is requesting to enter into a Promissory Note with Sanitary Sewer Improvement District No. 2 to accommodate repayment of such sanitary sewer extension; and

WHEREAS, the final construction cost of such sanitary sewer extension is \$2,572,013.30, of which \$2,369,722.83 is the responsibility of Sanitary Sewer Improvement District No. 2; and

WHEREAS, such promissory note provides for semi-annual installations in the amount of \$60,000.00 principal plus accrued interest commencing December 1, 2016 and on each June 1 and December 1 thereafter; and

WHEREAS, the interest rate of 2.5% shall apply to the promissory note for a term of twenty (20) years.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the promissory note for Sanitary Sewer Improvement District No. 2 is hereby approved in the amount of \$2,369,723.00 with a 2.5% interest rate for a twenty (20) year term.

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Adopted by the City Council of the City of Grand Island, Nebraska, September 27, 2016

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ✕ _____
September 23, 2016 ✕ City Attorney