



City of Grand Island

Wednesday, November 12, 2014
Council Session

Item G-9

#2014-344 - Approving Redemption of General Obligation Refunding Bonds, Series 2009

Staff Contact: Jaye Monter, Finance Director

Council Agenda Memo

From: Jaye Monter, Finance Director

Meeting: November 12, 2014

Subject: Approving Redemption of General Obligation Refunding Bonds, Series 2009

Item #s: G-9

Presenter(s): Jaye Monter, Finance Director

Background

On September 9, 2014, City Council approved the Fiscal Year 2014-2015 Annual Single City Budget and Annual Appropriations Bill. Included in the Fiscal Year 2014-2015 budget is the appropriation to retire the City of Grand Island General Obligation Refunding Bonds Series 2009.

During the 2014-2015 budget process, the early retirement of debt allowed a larger portion of the .3241 mill levy to be used as a revenue source in the General Fund. Use of General Fund cash reserves is reflected in the 2014-2015 budget cash transfer to retire the debt obligation in the Debt Service Fund.

Discussion

The City of Grand Island General Obligation Refunding Bonds, Series 2009, date of original issue June 16, 2009 are outstanding in the amount of \$1,390,000 and are payable on December 15 in the years 2014 through 2017. The various purpose bonds began in January of 2002 in the amount of \$4,370,000 to fund various street and alley improvements, particularly the Street Improvement District 1221 which improved South Locust Street from Highway 34 to Stolley Park Road.

These Bonds are subject to redemption any time following June 14, 2014.

The interest rate on the Bonds maturing December 15, 2014 is 2.55%, the rate on the Bonds maturing December 15, 2015 is 2.85%, the rate on the Bonds maturing December 15, 2016 is 3.10% and the rate on the Bonds maturing December 15, 2017 is 3.25%.

The redemption of the outstanding bonds requires a cash outflow of \$1,390,000 and accrued interest of \$20,480, which is reflected in the 2014-2015 budget cash transfer of \$1,450,000 from the General Fund to the Debt Service Fund. Interest savings of \$67,120 would be incurred by retiring the bonds early.

If Council approves the redemption of these bonds, the Bonds will be called for payment on December 15, 2014. The paying agent and registrar for the Bonds is Cornerstone Bank.

Alternatives

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

1. Approve the Resolution to redeem the City of Grand Island General Obligation Refunding Bonds, Series 2009.
2. Postpone the issue to a future meeting.
3. Take no action.

Recommendation

City Administration recommends that the Council approve the Resolution to redeem the City of Grand Island NE General Obligation Refunding Bonds Series 2009.

Sample Motion

Move to approve the redemption of the City of Grand Island NE General Obligation Refunding Bonds Series 2009.

DIRECTION FOR CALL

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009 OF THE CITY OF GRAND ISLAND, IN THE STATE OF NEBRASKA (the “Refunded 2009 Bonds”),

Section 1. That the following maturities of the Refunded 2009 Bonds of the City of Grand Island, Nebraska (the “City”) are hereby irrevocably called for redemption on December 15, 2014:

General Obligation Refunding Bonds, Series 2009, issued by the City, date of original issue – June 16, 2009, in the outstanding principal amount of One Million Three Hundred Ninety Thousand Dollars (\$1,390,000), numbered as shown on the books of the Paying Agent and Registrar, becoming due, and bearing interest as follows (the “Called 2009 Bonds”):

<u>Principal Amount</u>	<u>Maturing December 15 of Year</u>	<u>Interest Rate</u>	<u>CUSIP</u>
\$ 330,000	2014	2.55%	385622 PA7
345,000	2015	2.85	385622 PB5
350,000	2016	3.10	385622 PC3
365,000	2017	3.25	385622 PD1

The Called 2009 Bonds are subject to redemption at any time on or after June 16, 2014, at the principal amount thereof plus accrued interest to the date fixed for redemption, and said interest is payable semiannually.

Section 2. The Called Bonds are to be paid off at the office of Cornerstone Bank, York, Nebraska, (the “Paying Agent”) as paying agent and registrar.

Section 3. This Direction for Call is a determination by the undersigned with respect to redemption of the Called Bonds, as called for in the resolution of the Mayor and City Council of the City adopted on November 12, 2014, and the actions and determinations made herein pursuant to said resolution are and shall constitute the action of the City without further action of the Mayor and City Council of the City.

Section 4. A copy of this Direction for Call shall be filed with the Paying Agent, not less than thirty days prior to said date fixed for redemption of the Called Bonds. The Paying Agent is hereby directed to mail notice to all registered owners of the Called Bonds to be redeemed not less than thirty days prior to the date fixed for redemption in accordance with ordinance authorizing the issuance of the Called Bonds and to take all other actions deemed necessary in connection therewith.

Dated as of the 12th day of November, 2014.

By: _____
Mayor

RESOLUTION 2014-344

RESOLUTION CALLING
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009
FOR REDEMPTION

BE IT RESOLVED by the Mayor and City Council of the City of Grand Island, Nebraska, as follows:

Section 1. That the following bonds issued by the City of Grand Island, Nebraska (the "City") are hereby authorized to be called for redemption at par plus accrued interest on such date as set forth in the Direction for Call (as defined below):

General Obligation Refunding Bonds, Series 2009, dated June 16, 2009, in the principal amount of \$1,390,000, becoming due December 15, 2014 through December 15, 2017 (the "Called Bonds"), all inclusive, issued for the purpose of providing funds for refunding \$2,925,000 Various Purpose Bonds, Series 2002, of the City, date of original issue, January 15, 2002, all as set out in the ordinance authorizing the Called Bonds, and to pay costs of issuance of the Called Bonds.

Section 2. The Called Bonds are subject to redemption at any time on or after June 16, 2014 and are payable at the office of the Paying Agent and Registrar, Cornerstone Bank, York, Nebraska.

Section 3. The Mayor and the City Finance Director of the City (each, an "Authorized Officer") are hereby authorized at any time on or after the date of this Resolution to direct the call for redemption of said bonds on behalf of the City and such direction, when made in writing (the "Direction for Call"), shall constitute the action of the City without further action of the Mayor and Council of the City. The call date shall be set for any time on or after November 15, 2014 but shall be no later than February 1, 2015, and after such date the Authorized Officers shall have no authority to make any such determination hereunder without further action of the Mayor and Council of the City and this Resolution shall be of no further force and effect.

Section 4. A copy of this Resolution and the Direction for Call shall be filed at least thirty (30) days prior to the date of call with the Cornerstone Bank, York, Nebraska, as Paying Agent and Registrar and said Paying Agent and Registrar is hereby instructed to give notice of redemption in the manner provided for in the ordinance authorizing said bonds.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, November 12, 2014.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk