



# City of Grand Island

Tuesday, May 20, 2003

Council Session

## Item F1

### **#8811 - Consideration of Issuing Revenue Bonds for City's Sanitary Sewer System**

*On April 1, 1994, \$16,250,000 in revenue bonds were issued to finance the construction of additions and improvements to the City's sewer system. There presently is \$12,140,000 of principal outstanding of this issue with an average interest rate of 5.94%. We are at a point where these bonds may be refunded and new bonds issued at a rate around 3.41%. Estimated debt service savings would be between \$800,000 and \$900,000. With the planned revisions to the Wastewater Treatment Plant, closure of lagoons, and other operating improvements in the \$6 to \$8 million range, we believe it an opportune time to finance a portion of this work through new bonding of about \$3.5 million, for a total reissue of \$16,250,000. The savings on the refunding would essentially pay for the financing of the new monies. We would plan to retire this issue in 2014, the same date that the original bonds were to be paid off. See attached letter from Bruce Lefler, Ameritas Investment Corp. Bill Beavers, of Ameritas, will be at the council meeting to answer any questions. Staff strongly recommends this refunding and additional bond issuance.*

Staff Contact: David Springer

**City of Grand Island, Nebraska  
Sewer System Revenue Bonds  
Projected Debt Service for Refunding and New Money**

**Existing Debt Service****Series 1994 Bonds**

Par Outstanding	12,140,000
Maturity	April 1, 2004 - 2014
Average Interest Rate	5.94%
(1) Average Annual Net Debt Service	1,473,852
Total Net Debt Service	14,546,564
Optional Redemption	October 1, 2004 @ 101%

**Scenario 1 Same Maturity****Series 2003  
Refunding Bonds****Series 2003  
New Money****Series 2003  
Combined**

Par Amount	12,620,000	3,350,000	15,970,000
Maturity	April 1, 2004 - 2014	April 1, 2004 - 2014	
Average Interest Rate	3.23%	3.23%	
Average Annual Net Debt Service	1,372,406	355,000	1,727,406
Total Net Debt Service	13,373,913	3,559,477	16,933,390
Debt Service Savings (1)	est. \$900,000 +		
Avg. Annual Debt Service Savings	\$95,000		

(1) Final details of issue will be shown to Council at May 20 meeting.

(1) Net Debt Service factors the Debt Service Reserve amount along with projected interest income.

(2) This scenario has bonds for the \$3,000,000 of new money maturing after the Series 2003 Refunding Bonds mature.