



City of Grand Island

Tuesday, August 28, 2012

Council Session

Item G15

#2012-233 - Approving Redemption of Wood River Flood Control Bonds

Staff Contact:

Council Agenda Memo

From: Jaye Monter, Finance Director

Meeting: August 28, 2012

Subject: Approving Redemption of Wood River Flood Control Bonds

Item #s: G-15

Presenter(s): Jaye Monter, Finance Director

Background

At the August 21, 2012 Special Meeting, Council voted unanimously to retire the Wood River Control Bonds in the principal amount of \$765,000 using cash reserves. The intent of which is to use the mill levy designated for the annual debt payment of approximately \$275,000 towards funding the Grand Island Police Department's 2013 budget request.

Discussion

The City of Grand Island Wood River Flood Control Bonds, Series 2004 Refunding Series 1999 Bonds, date of original issue August 17, 2004 are outstanding in the amount of \$765,000 and are due in the years 2013 and 2014. The Wood River Diversion project was designed to provide flood protection for 1,755 structures in the City of Grand Island, numerous suburban dwellings, public facilities and utilities and protect 5,000 acres of irrigated cropland in rural Hall and Merrick Counties. In addition, the project enhanced wildlife habitat and provided for wetland development.

These Bonds are subject to redemption any time following August 17, 2009.

The interest rate on the Bonds maturing December 15, 2012 is 3.8%, the rate on the Bonds maturing December 15, 2013 is 4.00%, and the rate on the Bonds maturing December 14, 2013 is 4.10%.

The redemption of the outstanding bonds would require a cash outflow of \$765,000 and accrued interest of \$8,700. Interest savings of approximately \$38,225 would be incurred by retiring the bonds early over the three year time period.

If Council approves the redemption of these bonds, the Bonds will be called for payment on September 28, 2012. 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 Wood River Flood Control Bonds, City of Grand Island NE Refunding Bonds Series 2004.
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 Wood River Flood Control Bonds, City of Grand Island NE Refunding Bonds Series 2004.

Sample Motion

Move to approve the redemption of the Wood River Flood Control Bonds, City of Grand Island NE Refunding Bonds Series 2004.

RESOLUTION 2012-233

WHEREAS, it is necessary and advisable that the following bonds (Bonds) in accordance with their option provisions, are hereby called for payment on September 28, 2012, after which date interest on the Bonds will cease:

Wood River Flood Control Bonds, City of Grand island NE Refunding Bonds Series 2004, date of original issue August 17, 2004 presently outstanding in the principal amount of \$765,000, due in years 2013, 2014 and 2015, issued for the purpose of refunding said Wood River Control Bonds Refunding Bonds, Series 2004. The Wood River Diversion project was designed to provide flood protection for 1,755 structures in the City of Grand Island, numerous suburban dwellings, public facilities and utilities and protect 5,000 acres of irrigated cropland in rural Hall and Merrick Counties. In addition, the project enhanced wildlife habitat and provided for wetland development. The Series 2004 Bonds mature and bear interest as follows:

Principal <u>Amount</u>	Maturity <u>Date</u>	Interest <u>Rate</u>	CUSIP <u>No.</u>
\$250,000	December 15, 2012	3.80%	385622NG6
\$250,000	December 15, 2013	4.0%	385622NH4
\$265,000	December 15, 2014	4.10%	385622NJ0

Said Bonds are hereinafter referred to as the “Refunded Bonds.”

Said bonds are subject to redemption at any time on or after August 17, 2009, as a whole or in part from time to time at the principal amount thereof, plus accrued interest on such principal amount then being redeemed to the date fixed for such redemption; and

WHEREAS, the principal of and interest on the Refunded Bonds shall be paid upon presentation and surrender thereof at the designated corporate trust office of Cornerstone Bank, (the “Paying Agent”), as paying agent and registrar for the Refunded Bonds; and

WHEREAS, a true copy of this resolution shall be filed immediately with the Paying Agent and the Paying Agent is hereby instructed to mail notice to each registered owner of the bonds not less than thirty days prior to the date fixed for redemption and to give any other notice as may be required by the Depository Trust Company; and

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that:

The above Bonds be redeemed on September 28, 2012.

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Adopted by the City Council of the City of Grand Island, Nebraska, August 28, 2012.

Approved as to Form August 24, 2012	<input checked="" type="checkbox"/> City Attorney
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Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk