



601 N. Moapa Valley Boulevard \* Post Office Box 257  
Logandale, Nevada \* 89021  
Telephone (702) 397-6893 \* Facsimile (702) 397-6894

---

To: Chairman Ken Staton, & MVWD Board of Directors  
From: Joseph Davis, General Manager  
Date: April 2, 2015  
Subject: Pre-payment on long term debt

**Background:**

In fiscal year 2014, the actual year ending net income was \$641,989 (\$300,000 is encumbered with vanguard lateral replacement) this leaves a balance in excess of \$340,000 that was deposited in the Districts general account.

During past conversations between staff and the Directors, the question of possible ways to put this \$300,000 to better use than in a savings account. Discussions included a pre-payment of long term debt; staff has taken the liberty to run an analysis on all current long term debt requirements. The 2010 series water revenue bonds are the best candidate to make a pre-payment on.

The original amount of the bond was \$1,798,760 with an annual obligation of \$93,684 over the next 35yrs. The total debt obligation over 35yrs is \$3,425,983 (principal \$1,737,152 interest \$1,688,830) Staff has supplied figures for two different lump sum payment options of \$300,000 & \$500,000.

- *\$300,000 payment on July 1, 2015 would have a savings of \$720,889 and shorten the length of the bond requirement 10 years and 11 months*
- *\$500,000 Payment on July 1, 2015 would have a savings of \$1,007,527 and shorten the length of the bond requirement 16 years and 1 month*

The savings experienced from pre-payment over the life of the bond are significantly higher than any interest rate the District would ever see in an interest bearing account.