

Finance Plan

City of Princeton, Minnesota

\$965,000

**General Obligation Sewer Revenue Bonds,
Series 2024A**

June 13, 2024



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Member FINRA and SIPC

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Executive Summary

The following is a summary of the recommended terms for the issuance of \$965,000 General Obligation Sewer Revenue Bonds, Series 2024A (the "Bonds" or the "Series 2024A Bonds").

| | |
|--------------------------------|--|
| Purpose | Proceeds from the Bonds will be used to finance the North lift station reconstruction project and to pay the costs associated with the issuance of the Bonds. |
| Security | The Bonds will be a general obligation of the City. The City will pledge net revenues of the City's sewer utility for payment of the Bonds. |
| Repayment Term | The Bonds will mature annually each February 1 in the years 2026 through 2045. Interest on the Bonds will be payable on August 1, 2025, and semiannually thereafter on each February 1 and August 1. |
| Estimated Interest Rate | Average coupon: 4.04% True interest cost (TIC): 4.25% |
| Prepayment Option | Bonds maturing on and after February 1, 2033, will be subject to redemption on February 1, 2032 and any day thereafter at a price of par plus accrued interest. |
| Rating | A rating will be requested from Standard and Poor's (S&P). The City's general obligation debt is currently rated "AA" by S&P. In addition, the Bonds will be rated "AAA" through the State Credit Enhancement program. |
| Tax Status | The Bonds will be tax-exempt, bank qualified obligations. |
| Type of Bond Sale | Negotiated Sale |
| Pricing Date | Thursday, August 15, 2024 |
| Council Consideration | Thursday, August 15, 2024 |

Preliminary Scenario Comparison

**City of Princeton, Minnesota
Lift Station Project / Preliminary**

(interest rates based AA/State Enhanced Rates as of 6-6-24)

Scenario: Issuance of General Obligation Sewer Revenue Bonds

| | 15 Year | 20 Year |
|------------------------------------|------------------|------------------|
| DEBT SERVICE | | |
| Project Amount | \$ 918,000 | \$ 918,000 |
| Add Costs of Issuance and Rounding | \$ 47,000 | \$ 47,000 |
| Bond Amount | \$ 965,000 | \$ 965,000 |
| Bond term (Years) | 15 | 20 |
| Avg. Interest Rate | 3.83% | 4.04% |
| Total Net Debt Service | \$ 1,305,664 | \$ 1,443,870 |
| Avg. Annual Debt Service | \$ 87,044 | \$ 72,194 |
| 105% Statutory Annual Debt Service | \$ 91,396 | \$ 75,803 |

Calendar of Events

| June 2024 | | | | | | |
|-----------|-----|-----|-----|-----|-----|-----|
| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | | | | | | |

| July 2024 | | | | | | |
|-----------|-----|-----|-----|-----|-----|-----|
| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | 31 | | | |
| | | | | | | |

| August 2024 | | | | | | |
|-------------|-----|-----|-----|-----|-----|-----|
| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| | | | | | | |

| September 2024 | | | | | | |
|----------------|-----|-----|-----|-----|-----|-----|
| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | | | | | |
| | | | | | | |

Holiday
 Important Date

| Date | Action | Responsible Party |
|-----------------|---|--|
| June 13 | Presentation of Finance Plan | City Council, Northland |
| June 27 | Credit Enhancement Resolution Adopted by City Council | City Council Action, Northland, Bond Counsel |
| July 3 | Preliminary Official Statement Sent to City for Sign Off and to Rating Agency | Northland, City |
| Week of July 15 | Bond Rating Conference Call | Northland, City, Rating Agency |
| August 2 | Bond Rating Received | Rating Agency, City, Northland |
| August 8 | Draft Awarding Resolution Sent to the City | Northland, Bond Counsel |
| August 15 | Pricing Date Bond Purchase Contract Signed and Awarding Resolution adopted | City Council Action, Northland, Bond Counsel |
| September 11 | Closing on the Bonds (Proceeds available) | Northland, City Staff, Bond Counsel |