

# **Finance Plan**

**City of Princeton Public Utilities Commission,  
Minnesota**

**\$6,680,000**

**Electric Revenue Bonds, Series 2023A**

**March 2, 2023**



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## Executive Summary

The following is a summary of the recommended terms for the issuance of \$6,680,000 Electric Revenue Bonds, Series 2023A (the “Bonds” or the “Series 2023A Bonds”). Additional information on the proposed finance plan and issuing process can be found after the Executive Summary, in the Issue Overview and Attachment 3 – Related Considerations.

<b>Purpose</b>	Proceeds from the Bonds will be used to finance Phase 1 of the Princeton Public Utilities 10-year Capital Improvement Plan. The Phase 1 bond issue will finance distribution improvements and rate, coordination and arc flash studies as well as pay the costs associated with the issuance of the Bonds.
<b>Security</b>	The Public Utilities Commission (“PUC”) will pledge net revenues of the PUC’s electric utility for payment of the Bonds. The full faith and credit of the City <u>is not</u> pledged for payment of the Bonds.
<b>Repayment Term</b>	The Bonds will mature annually each April 1 in the years 2024 through 2043. Interest on the Bonds will be payable on April 1, 2024, and semiannually thereafter on each April 1 and October 1.
<b>Estimated Interest Rate</b>	Average coupon: 4.33% True interest cost (TIC): 4.51%
<b>Prepayment Option</b>	Bonds maturing on and after April 1, 2032, will be subject to redemption on April 1, 2031 and any day thereafter at a price of par plus accrued interest.
<b>Rating</b>	The PUC will apply for indicative rating from S&P.
<b>Tax Status</b>	The Bonds will be tax-exempt, bank qualified obligations.
<b>Risk Factors</b>	There are certain risks associated with all debt. Risk factors related to the Bonds are discussed in Attachment 4.
<b>Type of Bond Sale</b>	Negotiated Sale
<b>Pricing Date</b>	Wednesday, July 12, 2023
<b>Commission Consideration</b>	Wednesday, July 12, 2023 (Special Meeting)

## Preliminary Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
04/01/2024	100,000.00	3.600%	178,140.56	278,140.56
04/01/2025	175,000.00	3.550%	272,825.00	447,825.00
04/01/2026	255,000.00	3.550%	266,612.50	521,612.50
04/01/2027	265,000.00	3.550%	257,560.00	522,560.00
04/01/2028	270,000.00	3.550%	248,152.50	518,152.50
04/01/2029	280,000.00	3.600%	238,567.50	518,567.50
04/01/2030	290,000.00	3.600%	228,487.50	518,487.50
04/01/2031	300,000.00	3.700%	218,047.50	518,047.50
04/01/2032	315,000.00	3.750%	206,947.50	521,947.50
04/01/2033	325,000.00	3.750%	195,135.00	520,135.00
04/01/2034	340,000.00	4.000%	182,947.50	522,947.50
04/01/2035	350,000.00	4.000%	169,347.50	519,347.50
04/01/2036	365,000.00	4.350%	155,347.50	520,347.50
04/01/2037	380,000.00	4.350%	139,470.00	519,470.00
04/01/2038	395,000.00	4.500%	122,940.00	517,940.00
04/01/2039	415,000.00	4.500%	105,165.00	520,165.00
04/01/2040	435,000.00	4.650%	86,490.00	521,490.00
04/01/2041	455,000.00	4.650%	66,262.50	521,262.50
04/01/2042	475,000.00	4.650%	45,105.00	520,105.00
04/01/2043	495,000.00	4.650%	23,017.50	518,017.50
<b>Total</b>	<b>\$6,680,000.00</b>	<b>-</b>	<b>\$3,406,568.06</b>	<b>\$10,086,568.06</b>

### Yield Statistics

Bond Year Dollars	\$78,524.89
Average Life	11.755 Years
Average Coupon	4.3382017%
Net Interest Cost (NIC)	4.4870717%
True Interest Cost (TIC)	4.5056398%
Bond Yield for Arbitrage Purposes	4.3046295%
All Inclusive Cost (AIC)	4.5813198%

### IRS Form 8038

Net Interest Cost	4.3382017%
Weighted Average Maturity	11.755 Years

### Optional Redemption

04/01/2031	@100.000%
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## Preliminary Coverage Ratio

Date	Total Revenues*	Total D/S	Coverage
04/01/2024	1,415,357.00	278,140.56	5.0886394x
04/01/2025	1,415,357.00	447,825.00	3.1605136x
04/01/2026	1,415,357.00	521,612.50	2.7134262x
04/01/2027	1,415,357.00	522,560.00	2.7085062x
04/01/2028	1,415,357.00	518,152.50	2.7315452x
04/01/2029	1,415,357.00	518,567.50	2.7293592x
04/01/2030	1,415,357.00	518,487.50	2.7297804x
04/01/2031	1,415,357.00	518,047.50	2.7320989x
04/01/2032	1,415,357.00	521,947.50	2.7116846x
04/01/2033	1,415,357.00	520,135.00	2.7211339x
04/01/2034	1,415,357.00	522,947.50	2.7064992x
04/01/2035	1,415,357.00	519,347.50	2.7252601x
04/01/2036	1,415,357.00	520,347.50	2.7200227x
04/01/2037	1,415,357.00	519,470.00	2.7246174x
04/01/2038	1,415,357.00	517,940.00	2.7326659x
04/01/2039	1,415,357.00	520,165.00	2.7209770x
04/01/2040	1,415,357.00	521,490.00	2.7140635x
04/01/2041	1,415,357.00	521,262.50	2.7152481x
04/01/2042	1,415,357.00	520,105.00	2.7212909x
04/01/2043	1,933,213.25	518,017.50	3.7319458x
<b>Total</b>	<b>\$28,824,996.25</b>	<b>\$10,086,568.06</b>	-

\* Based on 2021 Audited Net Revenues

## Calendar of Events

May 2023						
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			

June 2023						
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 2023						
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 2023						
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		

Holiday  
 Important Date

Date	Action	Responsible Party
March 2	Northland Securities Presents Preliminary Financing Timeline	PUC, Northland
May 17	Finance Plan Sent to the PUC	Northland
May 24	Review of Finance Plan	PUC, Northland
May 25	Preliminary Official Statement Sent to PUC for Sign Off and Moody's for Indicative Rating Process	Northland, PUC Staff
Week of June 12 or 19	Indicative Rating Call with Moody's	PUC, Northland, Moody's
June 28	Indicative Rating Received. Decision made on pursuing full rating or non-rated	PUC, Northland, Moody's
July 5	Awarding Resolution sent to PUC Concurring Resolution sent to City	Northland, Bond Counsel
July 12	Pricing Date  Bond Purchase Contract Signed and Awarding Resolution adopted (Special PUC Meeting)	<b>PUC Action</b> , Northland, Bond Counsel
July 13	Concurring Resolution adopted by the City Council	<b>City Council Action</b> , Northland, Bond Counsel
August 9	Closing on the Bonds (Proceeds Available)	Northland, PUC Staff, Bond Counsel

# 10 Year CIP & Debt Outlook

<u>CIP PHASES – 10 YEAR PLAN</u>	<u>EST. CONST COST</u>	<u>EST. AMOUNT OF DEBT ISSUED</u>
<b><u>Phase 1 (Ongoing – 2025)</u></b>	\$ 5,954,200	\$ 6,680,000
<ul style="list-style-type: none"> <li>• Distribution Improvements, OH-URD</li> <li>• Studies: Rate, Coordination, Arc Flash</li> </ul>		June 2023
<b><u>Phase 2 (2024 – 2027)</u></b>	\$ 5,125,200	\$ 5,600,000
<ul style="list-style-type: none"> <li>• Distribution Improvements, OH-URD</li> <li>• North Substation Improvements</li> </ul>		2025
<b><u>Phase 3 (2027 – 2030)</u></b>	\$ 2,624,900	\$ 0
<ul style="list-style-type: none"> <li>• Power Plant Substation Improvements</li> <li>• SCADA System Development</li> </ul>		(Uses Cash Reserves)
<b>TOTAL CIP Cost</b>	<b>\$ 13,704,300</b>	<b>\$ 12,280,000</b>