

# **Finance Plan**

**City of Princeton, Minnesota**

**\$543,000**

**General Obligation Improvement Bonds, Series  
2023A**

**April 13, 2023**



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## Executive Summary

The following is a summary of the recommended terms for the issuance of \$543,000 General Obligation Improvement Bonds, Series 2023A (the “Bonds” or the “Series 2023A Bonds”).

<b>Purpose</b>	<p>Proceeds from the Bonds will be used to finance infrastructure improvements to the Princeton Business Park. The bond issue will finance street, sewer, water and lighting improvements as well as pay the costs associated with the issuance of the Bonds.</p> <p>Available local revenue will be used to pay the costs associated with electric, gas and trail improvements within the project area. Lot sale revenue of approximately \$978,365 is expected to be available prior to the bond sale. In addition, the City has applied for a BDPI grant of approximately \$400,00. The lot sale revenue and the grant will be used to downsize the bond issue.</p>				
<b>Security</b>	<p>The Bonds will be a general obligation of the City. The City will pledge for payment of the Bonds:</p> <ul style="list-style-type: none"><li>• Special assessments collected from benefitted properties.</li><li>• Property tax levies.</li></ul>				
<b>Repayment Term</b>	<p>The Bonds will mature annually each February 1 in the years 2025 through 2034. Interest on the Bonds will be payable on August 1, 2024, and semiannually thereafter on each February 1 and August 1.</p>				
<b>Estimated Interest Rate</b>	<table><tr><td>Average coupon:</td><td>3.30%</td></tr><tr><td>True interest cost (TIC):</td><td>3.30%</td></tr></table>	Average coupon:	3.30%	True interest cost (TIC):	3.30%
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<b>Prepayment Option</b>	<p>Bonds maturing on and after February 1, 2031, will be subject to redemption on February 1, 2030 and any day thereafter at a price of par plus accrued interest.</p>				
<b>Rating</b>	<p>The City will not apply for a bond rating from Standard &amp; Poor’s.</p>				
<b>Tax Status</b>	<p>The Bonds will be tax-exempt, bank qualified obligations.</p>				
<b>Risk Factors</b>	<p>There are certain risks associated with all debt. Risk factors related to the Bonds are discussed in Attachment 4.</p>				
<b>Type of Bond Sale</b>	<p>Public Sale Amongst Local Banks – Competitive Bids</p>				
<b>Preliminary Pricing Date</b>	<p>Thursday, September 7, 2023</p>				

## Overview of Project Costs

<b>Business Park Infrastructure Improvements</b>		
<b>City of Princeton, MN</b>		
<b>Preliminary Project Costs</b>		<b>Source of Funding</b>
Sewer	220,996.65	General obligation bond / BDPI grant / Lot sale proceeds
Water	362,998.65	General obligation bond / BDPI grant / Lot sale proceeds
Street	1,167,068.61	General obligation bond / BDPI grant / Lot sale proceeds
Trail	56,834.01	Paid with City cash
Lighting	154,631.85	General obligation bond / BDPI grant / Lot sale proceeds
Gas/Electric	250,000.00	Paid with City cash
	<u>2,212,529.77</u>	

## Preliminary Sources and Uses

### Sources Of Funds

Cash Contribution From Lot Sale Proceeds	978,365.00
Par Amount of Bonds	\$543,000.00
BDPI Grant	400,000.00
City Cash Contribution	306,834.01

**Total Sources** **\$2,228,199.01**

### Uses Of Funds

Deposit to Project Construction Fund	2,212,529.77
Costs of Issuance	15,000.00
Rounding Amount	669.24

**Total Uses** **\$2,228,199.01**

## Preliminary Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
10/01/2023	-	-	-	-	-
08/01/2024	-	-	14,932.50	14,932.50	-
02/01/2025	42,000.00	3.300%	8,959.50	50,959.50	65,892.00
08/01/2025	-	-	8,266.50	8,266.50	-
02/01/2026	49,000.00	3.300%	8,266.50	57,266.50	65,533.00
08/01/2026	-	-	7,458.00	7,458.00	-
02/01/2027	50,000.00	3.300%	7,458.00	57,458.00	64,916.00
08/01/2027	-	-	6,633.00	6,633.00	-
02/01/2028	52,000.00	3.300%	6,633.00	58,633.00	65,266.00
08/01/2028	-	-	5,775.00	5,775.00	-
02/01/2029	54,000.00	3.300%	5,775.00	59,775.00	65,550.00
08/01/2029	-	-	4,884.00	4,884.00	-
02/01/2030	56,000.00	3.300%	4,884.00	60,884.00	65,768.00
08/01/2030	-	-	3,960.00	3,960.00	-
02/01/2031	57,000.00	3.300%	3,960.00	60,960.00	64,920.00
08/01/2031	-	-	3,019.50	3,019.50	-
02/01/2032	59,000.00	3.300%	3,019.50	62,019.50	65,039.00
08/01/2032	-	-	2,046.00	2,046.00	-
02/01/2033	61,000.00	3.300%	2,046.00	63,046.00	65,092.00
08/01/2033	-	-	1,039.50	1,039.50	-
02/01/2034	63,000.00	3.300%	1,039.50	64,039.50	65,079.00
<b>Total</b>	<b>\$543,000.00</b>	<b>-</b>	<b>\$110,055.00</b>	<b>\$653,055.00</b>	<b>-</b>

### Yield Statistics

Bond Year Dollars	\$3,335.00
Average Life	6.142 Years
Average Coupon	3.3000000%
Net Interest Cost (NIC)	3.3000000%
True Interest Cost (TIC)	3.2972873%
Bond Yield for Arbitrage Purposes	3.2972873%
All Inclusive Cost (AIC)	3.8171661%

### IRS Form 8038

Net Interest Cost	3.3000000%
Weighted Average Maturity	6.142 Years