

Finance Plan

City of Princeton, Minnesota

\$445,000

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

July 13, 2023



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Executive Summary

The following is a summary of the recommended terms for the issuance of \$445,000 General Obligation Improvement Bonds, Series 2023A (the “Bonds” or the “Series 2023A Bonds”).

Purpose	<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 \$995,156 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>
Security	<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">• Special assessments collected from benefitted properties.• Property tax levies.
Repayment Term	<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>
Estimated Interest Rate	<p>Average coupon: 4.00%</p>
Prepayment Option	<p>The Bond is subject to prepayment, in whole or in part, on any day at a price of par plus accrued interest.</p>
Rating	<p>The City will not apply for a bond rating from Standard & Poor’s.</p>
Tax Status	<p>The Bonds will be tax-exempt, bank qualified obligations.</p>
Type of Bond Sale	<p>Public Sale Amongst Local Banks – Competitive Bids</p>
City Council Award	<p>Thursday, August 10, 2023</p>
Closing Date	<p>Est. September 7, 2023</p>

Overview of Project Costs

Business Park Infrastructure Improvements		
City of Princeton, MN		
Preliminary Project Costs		Source of Funding
Sewer	353,194.00	General obligation bond / BDPI grant / Lot sale proceeds
Water	456,431.00	General obligation bond / BDPI grant / Lot sale proceeds
Street/Storm Sewer	844,281.90	General obligation bond / BDPI grant / Lot sale proceeds
Trail	57,805.00	Paid with City cash
Lighting	170,518.00	General obligation bond / BDPI grant / Lot sale proceeds
Gas/Electric	120,000.00	Paid with City cash
	2,002,229.90	

Preliminary Sources and Uses

Sources Of Funds

Par Amount of Bonds	\$445,000.00
Cash Contribution From Lot Sale Proceeds	995,156.00
BDPI Grant	400,000.00
City Cash Contribution	177,805.00

Total Sources	\$2,017,961.00
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Uses Of Funds

Costs of Issuance	15,000.00
Deposit to Project Construction Fund	2,002,229.90
Rounding Amount	731.10

Total Uses	\$2,017,961.00
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Preliminary Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/07/2023	-	-	-	-	-
08/01/2024	-	-	16,020.00	16,020.00	-
02/01/2025	31,000.00	4.000%	8,900.00	39,900.00	55,920.00
08/01/2025	-	-	8,280.00	8,280.00	-
02/01/2026	39,000.00	4.000%	8,280.00	47,280.00	55,560.00
08/01/2026	-	-	7,500.00	7,500.00	-
02/01/2027	41,000.00	4.000%	7,500.00	48,500.00	56,000.00
08/01/2027	-	-	6,680.00	6,680.00	-
02/01/2028	42,000.00	4.000%	6,680.00	48,680.00	55,360.00
08/01/2028	-	-	5,840.00	5,840.00	-
02/01/2029	44,000.00	4.000%	5,840.00	49,840.00	55,680.00
08/01/2029	-	-	4,960.00	4,960.00	-
02/01/2030	46,000.00	4.000%	4,960.00	50,960.00	55,920.00
08/01/2030	-	-	4,040.00	4,040.00	-
02/01/2031	48,000.00	4.000%	4,040.00	52,040.00	56,080.00
08/01/2031	-	-	3,080.00	3,080.00	-
02/01/2032	49,000.00	4.000%	3,080.00	52,080.00	55,160.00
08/01/2032	-	-	2,100.00	2,100.00	-
02/01/2033	51,000.00	4.000%	2,100.00	53,100.00	55,200.00
08/01/2033	-	-	1,080.00	1,080.00	-
02/01/2034	54,000.00	4.000%	1,080.00	55,080.00	56,160.00
Total	\$445,000.00	-	\$112,040.00	\$557,040.00	-

Yield Statistics

Bond Year Dollars	\$2,801.00
Average Life	6.294 Years
Average Coupon	4.0000000%
Net Interest Cost (NIC)	4.0000000%
True Interest Cost (TIC)	3.9948615%
Bond Yield for Arbitrage Purposes	3.9948615%
All Inclusive Cost (AIC)	4.6336047%

IRS Form 8038

Net Interest Cost	4.0000000%
Weighted Average Maturity	6.294 Years