

Lift Station Reconstruction Project

- Project costs of approximately \$800,000 for lift station, and \$200,000 in design for utility reconstruction in 2022.
- Utility project financing is eligible for a credit enhancement program offered by the Minnesota Public Facilities Authority (MN PFA). Through the program, the State provides a limited obligation to step in and make debt payments in the event the City is unable to do so. That guarantee improves the credit worthiness of the issue.
- Program applications are accepted on an on-going basis. MN PFA charges an application fee of \$500.00.

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Steps in the process include:

- 1) Engaging an underwriter to negotiate the purchase of bonds.
- 2) Engaging bond counsel for the necessary legal work & opinion.
- 3) Determining if a credit rating needs to be purchased.
- 4) Receiving bids for the project to confirm total project costs.
- 5) Application to the MN PFA Credit Enhancement Program.
- 6) Final pricing negotiated with underwriter.
- 7) Final pricing accepted by the City Council.
- 8) Closing (funds transferred to the City's account).

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Our goal is to fix the terms and interest rate on the lift station project financing at approximately the same time that the construction contract is being awarded.

With interest rates remaining at historic lows, it is in the City's interest to finance the utility project costs (which can be credit enhanced by the State) and preserve cash for contingencies and project costs that are more expensive to finance including street reconstruction costs.

Sept 13th will be a key voting meeting

- SEH anticipates having bids from contractors & we will award a contract
- At that same time, we can sign Bond documents to secure funding