

Deb Meade

From: Ron Moorse
Sent: Thursday, June 09, 2016 4:34 PM
To: mayor; Joe Richter; ward1; ward3; rpnelson501@gmail.com; Diane Hankee
Cc: Deb Meade
Subject: additional debt service info
Attachments: Street improvements planning suppl.docx; add'n'l debt service info.pdf

Attached is a memo and materials regarding additional debt service information related to street improvements planning.

Ron

Meeting Date June 13, 2016

Council Memo

City of Afton
3033 St. Croix Trl, P.O. Box 219
Afton, MN 55001

To: Honorable Mayor Bend and Members of the City Council
From: Ron Moorese, City Administrator
Date: June 9, 2016
Re: Street Improvements Planning - **Supplemental**

Additional Debt Service Materials

Attached are the debt service schedule for the 2005 Road Paving Bonds and estimated annual debt service payments for two bond amounts, each with two repayment term options, along with the estimated tax impacts of each bond option, assuming the annual debt service payments would be 100% paid by new property tax revenue. If there are existing tax levies that could be reallocated to the debt service payments, the tax impact would be reduced.

The sale of bonds involves financing costs (financial advisor, bond counsel, rating agency and underwriter's fee) - a good rule of thumb is between 1.5% - 2.0% of project cost. So, with a \$3.0 million project, \$60,000 of financing costs would be added. Or the amount to be borrowed could be \$3.0 million, but only \$2,940,000 would be deposited in to the construction fund.

\$4,000,000

City of Afton, Minnesota
General Obligation Abatement Bonds, Series 2005A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
08/01/2006	-	-	142,326.25	142,326.25
02/01/2007	-	-	77,632.50	77,632.50
08/01/2007	-	-	77,632.50	77,632.50
02/01/2008	75,000.00	3.500%	77,632.50	152,632.50
08/01/2008	-	-	76,320.00	76,320.00
02/01/2009	80,000.00	3.500%	76,320.00	156,320.00
08/01/2009	-	-	74,920.00	74,920.00
02/01/2010	90,000.00	3.500%	74,920.00	164,920.00
08/01/2010	-	-	73,345.00	73,345.00
02/01/2011	100,000.00	3.500%	73,345.00	173,345.00
08/01/2011	-	-	71,595.00	71,595.00
02/01/2012	110,000.00	3.550%	71,595.00	181,595.00
08/01/2012	-	-	69,642.50	69,642.50
02/01/2013	120,000.00	3.550%	69,642.50	189,642.50
08/01/2013	-	-	67,512.50	67,512.50
02/01/2014	135,000.00	3.550%	67,512.50	202,512.50
08/01/2014	-	-	65,116.25	65,116.25
02/01/2015	145,000.00	3.550%	65,116.25	210,116.25
08/01/2015	-	-	62,542.50	62,542.50
02/01/2016	160,000.00	3.625%	62,542.50	222,542.50
08/01/2016	-	-	59,642.50	59,642.50
02/01/2017	175,000.00	3.625%	59,642.50	234,642.50
08/01/2017	-	-	56,470.63	56,470.63
02/01/2018	190,000.00	3.750%	56,470.63	246,470.63
08/01/2018	-	-	52,908.13	52,908.13
02/01/2019	210,000.00	3.750%	52,908.13	262,908.13
08/01/2019	-	-	48,970.63	48,970.63
02/01/2020	225,000.00	4.000%	48,970.63	273,970.63
08/01/2020	-	-	44,470.63	44,470.63
02/01/2021	245,000.00	4.000%	44,470.63	289,470.63
08/01/2021	-	-	39,570.63	39,570.63
02/01/2022	265,000.00	4.000%	39,570.63	304,570.63
08/01/2022	-	-	34,270.63	34,270.63
02/01/2023	290,000.00	4.000%	34,270.63	324,270.63
08/01/2023	-	-	28,470.63	28,470.63
02/01/2024	310,000.00	4.000%	28,470.63	338,470.63
08/01/2024	-	-	22,270.63	22,270.63
02/01/2025	335,000.00	4.100%	22,270.63	357,270.63
08/01/2025	-	-	15,403.13	15,403.13
02/01/2026	365,000.00	4.125%	15,403.13	380,403.13
08/01/2026	-	-	7,875.00	7,875.00
02/01/2027	375,000.00	4.200%	7,875.00	382,875.00
Total	\$4,000,000.00	-	\$2,317,857.50	\$6,317,857.50

City of Afton, Minnesota
Bond Options and Tax Impacts

	Option 1		Option 2	
	\$3,000,000		\$4,000,000	
Par Amount				
Repayment Term (Years)	15	20	15	20
Interest Rate	2.50%	2.75%	2.50%	2.75%
Annual Payment (Rounded)	\$242,000	\$197,000	\$323,000	\$263,000
TAX IMPACT ANALYSIS				
2014/2015 Tax Capacity	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000
Tax Rate Increase	4.0%	3.3%	5.4%	4.4%
Residential Market Value				
\$100,000	\$29	\$24	\$39	\$31
\$250,000	\$95	\$77	\$127	\$103
\$500,000	\$202	\$164	\$269	\$219
Commercial Market Value				
\$100,000	\$61	\$49	\$81	\$66
\$500,000	\$373	\$304	\$498	\$405
\$1,000,000	\$776	\$632	\$1,036	\$844
Apartment Market Value				
\$200,000	\$101	\$82	\$135	\$110
\$500,000	\$252	\$205	\$336	\$274
\$1,000,000	\$504	\$410	\$673	\$548
Agricultural Homestead (Acres)*				
160	\$190	\$155	\$254	\$207
320	\$430	\$350	\$574	\$468
640	\$1,076	\$876	\$1,436	\$1,169
Agricultural Non-Homestead (Acres)				
160	\$323	\$263	\$431	\$351
320	\$645	\$525	\$861	\$701
640	\$1,291	\$1,051	\$1,723	\$1,403

*Assumes \$100,000 residence