

# **SUPPLEMENTAL PACKET**

## **Council Work Session**

City of Afton, Minnesota  
GO Improvement Bonds, Series 2020A

Option 1 Issue Details:

Project Cost	\$1,200,000
Financing Cost	\$50,000
Par Amount	\$1,250,000
Issue Date	2/1/2020
First Interest	8/1/2020

Option 2 Issue Details:

Project Cost	\$1,445,000
Financing Cost	\$55,000
Par Amount	\$1,500,000
Issue Date	2/1/2020
First Interest	8/1/2020

Option 1: \$1.3M Project Cost / Reduce Levy to \$95,000 with No New Debt Levy: 10 Year Repayment

Date	Principal	Coupon	Semi-Annual Interest	Semi-Annual P&I	Annual Total	Capital Infr Fund Levy	VBWD Contribution	Temp Bd, PFA Levy	New Debt Levy	Total Revenues	Annual Balance/ (Shortfall)	Cumulative Balance	Cumulative Coverage	Levy Year
02/01/2020	-		0.00	0.00										
08/01/2020	-		13,926.25	13,926.25										
02/01/2021	200,000.00	2.00%	13,926.25	213,926.25	227,852.50	95,000.00	50,000.00	95,000.00	0.00	240,000.00	12,147.50	12,147.50	1.11	2020
08/01/2021	-		11,926.25	11,926.25										
02/01/2022	210,000.00	2.05%	11,926.25	221,926.25	233,852.50	95,000.00	50,000.00	95,000.00	0.00	240,000.00	6,147.50	18,295.00	1.10	2021
08/01/2022	-		9,773.75	9,773.75										
02/01/2023	125,000.00	2.10%	9,773.75	134,773.75	144,547.50	0.00	50,000.00	95,000.00	0.00	145,000.00	452.50	18,747.50	1.13	2022
08/01/2023	-		8,461.25	8,461.25										
02/01/2024	130,000.00	2.15%	8,461.25	138,461.25	146,922.50	0.00	50,000.00	95,000.00	0.00	145,000.00	(1,922.50)	16,825.00	1.10	2023
08/01/2024	-		7,063.75	7,063.75										
02/01/2025	130,000.00	2.25%	7,063.75	137,063.75	144,127.50	0.00	50,000.00	95,000.00	0.00	145,000.00	872.50	17,697.50	1.13	2024
08/01/2025	-		5,601.25	5,601.25										
02/01/2026	85,000.00	2.35%	5,601.25	90,601.25	96,202.50	0.00	0.00	95,000.00	0.00	95,000.00	(1,202.50)	16,495.00	1.16	2025
08/01/2026	-		4,602.50	4,602.50										
02/01/2027	90,000.00	2.45%	4,602.50	94,602.50	99,205.00	0.00	0.00	95,000.00	0.00	95,000.00	(4,205.00)	12,290.00	1.08	2026
08/01/2027	-		3,500.00	3,500.00										
02/01/2028	90,000.00	2.50%	3,500.00	93,500.00	97,000.00	0.00	0.00	95,000.00	0.00	95,000.00	(2,000.00)	10,290.00	1.09	2027
08/01/2028	-		2,375.00	2,375.00										
02/01/2029	90,000.00	2.50%	2,375.00	92,375.00	94,750.00	0.00	0.00	95,000.00	0.00	95,000.00	250.00	10,540.00	1.11	2028
08/01/2029	-		1,250.00	1,250.00										
02/01/2030	100,000.00	2.50%	1,250.00	101,250.00	102,500.00	0.00	0.00	95,000.00	0.00	95,000.00	(7,500.00)	3,040.00	0.96	2029
<b>Total</b>	<b>1,250,000</b>		<b>136,960</b>	<b>1,386,960</b>	<b>1,386,960</b>	<b>190,000</b>	<b>250,000</b>	<b>950,000</b>	<b>-</b>	<b>1,390,000</b>	<b>3,040</b>			

Option 2: \$1.5 MM Project Cost / Continue \$114,000 PFA Levies plus New Debt Levy: 10 Year Repayment

Date	Principal	Coupon	Semi-Annual Interest	Semi-Annual P&I	Annual Total	Capital Infr Fund Levy	VBWD Contribution	PFA Debt Levy	New/Other Levy/Funds	Total Revenues	Annual Balance/ (Shortfall)	Cumulative Balance	Cumulative Coverage	Levy Year
02/01/2020	-		0.00	0.00										
08/01/2020	-		16,780.00	16,780.00										
02/01/2021	220,000.00	2.00%	16,780.00	236,780.00	253,560.00	95,000.00	50,000.00	114,000.00	10,500.00	269,500.00	15,940.00	15,940.00	1.13	2020
08/01/2021	-		14,580.00	14,580.00										
02/01/2022	240,000.00	2.05%	14,580.00	254,580.00	269,160.00	95,000.00	50,000.00	114,000.00	10,500.00	269,500.00	340.00	16,280.00	1.06	2021
08/01/2022	-		12,120.00	12,120.00										
02/01/2023	150,000.00	2.10%	12,120.00	162,120.00	174,240.00	0.00	50,000.00	114,000.00	10,500.00	174,500.00	260.00	16,540.00	1.10	2022
08/01/2023	-		10,545.00	10,545.00										
02/01/2024	155,000.00	2.15%	10,545.00	165,545.00	176,090.00	0.00	50,000.00	114,000.00	10,500.00	174,500.00	(1,590.00)	14,950.00	1.08	2023
08/01/2024	-		8,878.75	8,878.75										
02/01/2025	155,000.00	2.25%	8,878.75	163,878.75	172,757.50	0.00	50,000.00	114,000.00	10,500.00	174,500.00	1,742.50	16,692.50	1.11	2024
08/01/2025	-		7,135.00	7,135.00										
02/01/2026	115,000.00	2.35%	7,135.00	122,135.00	129,270.00	0.00	0.00	114,000.00	10,500.00	124,500.00	(4,770.00)	11,922.50	1.06	2025
08/01/2026	-		5,783.75	5,783.75										
02/01/2027	115,000.00	2.45%	5,783.75	120,783.75	126,567.50	0.00	0.00	114,000.00	10,500.00	124,500.00	(2,067.50)	9,855.00	1.06	2026
08/01/2027	-		4,375.00	4,375.00										
02/01/2028	115,000.00	2.50%	4,375.00	119,375.00	123,750.00	0.00	0.00	114,000.00	10,500.00	124,500.00	750.00	10,605.00	1.09	0
08/01/2028	-		2,937.50	2,937.50										
02/01/2029	115,000.00	2.50%	2,937.50	117,937.50	120,875.00	0.00	0.00	114,000.00	10,500.00	124,500.00	3,625.00	14,230.00	1.15	0
08/01/2029	-		1,500.00	1,500.00										
02/01/2030	120,000.00	2.50%	1,500.00	121,500.00	123,000.00	0.00	0.00	114,000.00	10,500.00	124,500.00	1,500.00	15,730.00	1.14	0
<b>Total</b>	<b>1,500,000</b>		<b>169,270</b>	<b>1,669,270</b>	<b>1,669,270</b>	<b>190,000</b>	<b>250,000</b>	<b>1,140,000</b>	<b>105,000</b>	<b>1,685,000</b>	<b>15,730</b>			

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# Future Growth and Development

- To what extent should settlement funds be used to cover future growth and development? For example:
  - Extending municipal water pipes to a new neighborhood development (e.g., water mains, service connection to the house)
  - Increasing capacity of public water systems (e.g., new municipal wells, pumping, treatment, pipe sizing) to handle future growth
  - Drilling and/or treatment of new private wells
- If so, how long should future growth/development be covered? (Note: Scenarios will be considering community build-out to 2040)



## Recap of May Discussion on Operations and Maintenance

- General support from the work groups that funds should be set aside to cover long-term O&M costs
  - Suggestion that the settlement funds cover the life of the asset
  - Suggestion that settlement funds only cover PFAS-related O&M costs – other non-PFAS related O&M costs should be covered by the communities
  - Not sure how much to set aside – depends on capital costs
- Work groups seemed to first prioritize capital costs, and then O&M costs

*Any thoughts or reactions to this summary?*

# Follow-up Discussion on O&M and Recapitalization

- How important is it to retain funds for O&M?
- How many years do we want to cover O&M? Should the length of O&M funding differ by project type (e.g., private well treatment, public water systems)?
- Do we want to set aside money for recapitalization?



## May Discussion on Contingencies

- What money do we want to set aside to address issues that may occur later on? (e.g., changing HBVs, plume movement/detection, future water supply/use)
  - General consensus from work groups that money should be set aside for contingencies (10%-25%?)
  - There were questions regarding where the money is held and how much to set aside
  - There was a suggestion to take advantage of interest

*Any thoughts or reactions to this summary?*

## Follow-up Discussion on Contingencies

- How much settlement funds should be set aside for contingencies?  
10%? 25%
  - What types of activities do you think this could cover?
- How do you feel about taking higher financial risk for higher long-term yield?
  - High risk high yield investment account?
  - Low risk low yield savings account?



## Other questions

- How much settlement funds should be set aside for the other part of Priority 1 (e.g., groundwater recharge, water conservation)?