



DDA

David Drown Associates, Inc.
Public Finance Advisors

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August 25, 2025

City of Saint James
Attn: Amanda Knoll, City Manager
P.O. Box 70
Saint James, MN 56081

RE: 2025 Project Financing – 7th Street, 13th Avenue, and Ring Road

Honorable Mayor, Councilmembers, and Manager Knoll:

The purpose of this letter is to provide updated information regarding project financing for the 2025 Project that includes reconstruction of portions of 7th Street, 13th Avenue, and Ring Road. Based on the estimated project costs resulting from the bids received and costs incurred to date, we estimate the total project costs as follows:

Construction & Engineering	\$2,349,513.01
MN Rural Water Program Fees	19,250.00
Capitalized Interest	4,987.13

TOTAL PROJECT COSTS: \$2,373,750.14

Sources to be utilized to finance project costs are summarized below:

G.O. Tax Abatement & Utility Revenue Bonds	\$965,000.00
Construction Fund Earnings	575.64
MNDOT Grant (LRIP)	1,408,174.50

TOTAL FUNDING SOURCES: \$2,373,750.14

Payment and Revenue Requirements:

The bond issue has been structured over a 20-year term based on debt service contributions from the impacted enterprise funds and special assessments. Water revenues will contribute approximately \$25,000 to debt service annually, wastewater revenues will contribute approximately \$20,000 annually, and the storm sewer fund will be required to make an annual contribution to debt service averaging approximately \$10,000 per year.

It is assumed that special assessments of \$291,711 will be levied against benefited properties over a term of 20-years at an interest rate of approximately 5.5%. It is expected that the assessments will be certified this fall for collection starting in 2026.

Method of Sale:

We have found negotiated bank placements to be effective for issues of less than \$1 million as we are able to significantly reduce issuance costs by avoiding a credit rating (\$13,250) and an underwriter (\$12,545). Staff has directed us to make contact with local lending institutions to determine their level of interest in purchasing this bond issue. I also requested a proposal from the MN Rural Water Program lender. Based on the response I received from local lenders, I have recommended utilizing Minnesota Rural Water Association's loan program as well as its program lender based on the interest rate they are willing to commit to.

\$965,000 General Obligation Bonds:

If the Council chooses to finance the project as proposed, David Drown Associates, Inc. recommends the following:

- Approximately 20-year term on the project financing at an interest rate of 4.65%
- Bonds callable any time after 2/1/2032.
- Sale of bonds through a negotiated bank placement (MN Rural Water Program Lender)
- We do not recommend purchasing a Standard & Poor's Rating

Schedule and Issuance:

If determined to be appropriate to proceed, the proposed schedule would be as follows:

September 2, 2025	Award Sale of Bonds
September 16, 2025	Closing

The City's bond counsel (Taft) will be providing a resolution to award the sale of bonds to the Minnesota Rural Water Loan Program lender. I recommend that the City Council approve this resolution if it is determined to be appropriate to proceed with the project financing as proposed. Please feel free to contact me with any questions regarding the attached materials. Thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script, reading "Shannon Sweeney".

Shannon Sweeney, Associate
David Drown Associates, Inc.



\$965,000

General Obligation Improvement & Utility Revenue Note, Series 2025A

Master Cash Flow

MINNESOTA RURAL WATER ASSOCIATION MEGA LOAN PROGRAM

Uses of Funds

Street Reconstruction Portion	1,439,151.39
Tax Abatement Portion	910,361.62
Other	-
Total Project Costs	2,349,513.01
Underwriter's Discount Allowance	0.00%
Unused Discount to D/S Fund	-
Fiscal Fee (includes Tax Abatement & Street Reconstruction processing)	11,750.00
Bond Counsel	4,800.00
Pay Agent	-
Printing & Misc	1,350.00
MN Rural Water Association Sponsorship	1,350.00
Bond Premium	-
Excess Proceeds	-
Capitalized Interest (to D/S Fund)	4,987.13
	<u>2,373,750.14</u>

Sources of Funds

Bond Issue	965,000.00
Bond Premium	-
Construction Fund Earnings	575.64
LRIP Grant	1,408,174.50
	<u>2,373,750.14</u>

Payment Schedule & Cashflow

Payment Schedule						
12-Month					Payment	PLUS
Period ending	Principal	Coupon	Yield	Interest	Total	5%
9/16/2025	<i>Dated Date</i>					
2/1/2026	-	4.65%	4.65%	16,827	16,827	17,419
2/1/2027	30,000	4.65%	4.65%	44,873	74,873	78,616
2/1/2028	32,000	4.65%	4.65%	43,478	75,478	79,251
2/1/2029	33,000	4.65%	4.65%	41,990	74,990	78,739
2/1/2030	34,000	4.65%	4.65%	40,455	74,455	78,178
2/1/2031	37,000	4.65%	4.65%	38,874	75,874	79,668
2/1/2032	38,000	4.65%	4.65%	37,154	75,154	78,911
2/1/2033	39,000	4.65%	4.65%	35,387	74,387	78,106
2/1/2034	41,000	4.65%	4.65%	33,573	74,573	78,302
2/1/2035	44,000	4.65%	4.65%	31,667	75,667	79,450
2/1/2036	46,000	4.65%	4.65%	29,621	75,621	79,402
2/1/2037	48,000	4.65%	4.65%	27,482	75,482	79,256
2/1/2038	50,000	4.65%	4.65%	25,250	75,250	79,012
2/1/2039	52,000	4.65%	4.65%	22,925	74,925	78,671
2/1/2040	55,000	4.65%	4.65%	20,507	75,507	79,282
2/1/2041	57,000	4.65%	4.65%	17,949	74,949	78,696
2/1/2042	60,000	4.65%	4.65%	15,299	75,299	79,063
2/1/2043	63,000	4.65%	4.65%	12,509	75,509	79,284
2/1/2044	66,000	4.65%	4.65%	9,579	75,579	79,358
2/1/2045	68,000	4.65%	4.65%	6,510	74,510	78,236
2/1/2046	72,000	4.65%	4.65%	3,348	75,348	79,115
	<u>965,000</u>			<u>555,251</u>	<u>1,520,251</u>	<u>1,596,014</u>

Bond Details

Sale Date	9/2/2025
Dated Date	9/16/2025
Closing Date	9/16/2025
1st Interest Payment	8/1/2026
Proceeds spent by:	12/31/2027
Purchase Price	965,000.00
Net Interest Cost	555,250.69
Net Effective Rate	4.65000%
Average Coupon	4.65000%
Call Option	@ par 2/1/2032
Weighted Avg. Maturity	12.374
Average Life	12.374
Bond Yield	4.65055%
Purchaser	Security Bank & Trust Co.
Bond Counsel	Taft Law
Rating Agency	None
Pay Agent	City Clerk
Tax Status	Tax Exempt
Continuing Disclosure	None - Audits upon Request
Rebate	Small Issuer
Statutory Authority	MS, Chapters 429, 444, & 475

Collection Year	Pledged Revenues				Account Balances	
	Special Assessments	Water Revenues	Storm Revenues	Sewer Revenues	Surplus (deficit)	Account Balance
					Initial Deposit to D/S Fund >	4,987
2025	-	5,719	2,238	4,476	(4,987)	-
2026	24,410	25,393	9,936	19,873	996	996
2027	24,410	25,404	9,941	19,882	386	1,382
2028	24,410	25,393	9,936	19,873	874	2,256
2029	24,410	25,360	9,923	19,847	1,362	3,618
2030	24,410	25,787	10,090	20,181	800	4,418
2031	24,410	25,686	10,051	20,102	1,337	5,756
2032	24,410	25,562	10,003	20,005	1,875	7,630
2033	24,410	25,416	9,946	19,891	1,362	8,992
2034	24,410	25,731	10,069	20,137	898	9,889
2035	24,410	25,518	9,985	19,970	482	10,372
2036	24,410	25,765	10,082	20,164	1,166	11,537
2037	24,410	25,485	9,972	19,944	799	12,337
2038	24,410	25,664	10,043	20,085	1,532	13,868
2039	24,410	25,799	10,095	20,191	1,214	15,083
2040	24,410	25,407	9,942	19,883	945	16,028
2041	24,410	25,474	9,968	19,936	725	16,753
2042	24,410	25,497	9,977	19,954	554	17,307
2043	24,410	25,475	9,968	19,937	432	17,739
2044	24,410	25,407	9,942	19,884	1,408	19,148
2045	24,410	25,778	10,087	20,174	1,335	20,482
	<u>488,204</u>	<u>516,721</u>	<u>202,195</u>	<u>404,390</u>	<u>15,496</u>	

General Obligation Improvement & Utility Revenue Note, Series 2025A

Uses of Funds

Street Improvements	1,439,151.39
Other	-
Total Project Costs	1,439,151.39
Underwriter's Discount Allowance	0.00%
Unused Discount to D/S Fund	-
Allocated Issuance Costs	5,705.18
Bond Premium	-
Excess Proceeds	-
Capitalized Interest (to D/S Fund)	4,987.13
	1,449,843.70

Sources of Funds

Bond Issue	286,000.00
Bond Premium	-
Construction Fund Earnings	387.88
LRIP Grant	1,163,455.82
	1,449,843.70

Payment Schedule & Cashflow

Payment Schedule						
12-Month Period ending	Principal	Coupon	Yield	Interest	Payment Total	PLUS 5%
9/16/2025	<i>Dated Date</i>					
2/1/2026	-	4.65%	4.65%	4,987	4,987	4,987
2/1/2027	9,000	4.65%	4.65%	13,299	22,299	23,414
2/1/2028	10,000	4.65%	4.65%	12,881	22,881	24,025
2/1/2029	10,000	4.65%	4.65%	12,416	22,416	23,536
2/1/2030	10,000	4.65%	4.65%	11,951	21,951	23,048
2/1/2031	11,000	4.65%	4.65%	11,486	22,486	23,610
2/1/2032	11,000	4.65%	4.65%	10,974	21,974	23,073
2/1/2033	11,000	4.65%	4.65%	10,463	21,463	22,536
2/1/2034	12,000	4.65%	4.65%	9,951	21,951	23,049
2/1/2035	13,000	4.65%	4.65%	9,393	22,393	23,513
2/1/2036	14,000	4.65%	4.65%	8,789	22,789	23,928
2/1/2037	14,000	4.65%	4.65%	8,138	22,138	23,244
2/1/2038	15,000	4.65%	4.65%	7,487	22,487	23,611
2/1/2039	15,000	4.65%	4.65%	6,789	21,789	22,878
2/1/2040	16,000	4.65%	4.65%	6,092	22,092	23,196
2/1/2041	17,000	4.65%	4.65%	5,348	22,348	23,465
2/1/2042	18,000	4.65%	4.65%	4,557	22,557	23,685
2/1/2043	19,000	4.65%	4.65%	3,720	22,720	23,856
2/1/2044	20,000	4.65%	4.65%	2,837	22,837	23,978
2/1/2045	20,000	4.65%	4.65%	1,907	21,907	23,002
2/1/2046	21,000	4.65%	4.65%	977	21,977	23,075
	286,000			164,436	450,436	472,708

Special Assessment Portion

20.12% \$ 291,711 Assessment Roll
20 Term
5.50% Rate
Fall 2025 Certified

Collection Year	Special Assessments	Tax Levies	Account Balances	
			Surplus (deficit)	Account Balance
			Initial Deposit to D/S Fund >	
				4,987
2025	-	-	(4,987)	-
2026	24,410	-	996	996
2027	24,410	-	386	1,382
2028	24,410	-	874	2,256
2029	24,410	-	1,362	3,618
2030	24,410	-	800	4,418
2031	24,410	-	1,337	5,756
2032	24,410	-	1,875	7,630
2033	24,410	-	1,362	8,992
2034	24,410	-	898	9,890
2035	24,410	-	482	10,372
2036	24,410	-	1,166	11,538
2037	24,410	-	799	12,337
2038	24,410	-	1,532	13,869
2039	24,410	-	1,214	15,083
2040	24,410	-	945	16,028
2041	24,410	-	725	16,753
2042	24,410	-	554	17,308
2043	24,410	-	432	17,739
2044	24,410	-	1,408	19,148
2045	24,410	-	1,335	20,483
	488,204	-	15,496	

General Obligation Improvement & Utility Revenue Note, Series 2025A

Uses of Funds			
Construction		910,361.62	
Engineering		-	
Contingency		-	
Other		-	
Total Project Costs		910,361.62	
Underwriter's Discount Allowance	0.00%	-	
Unused Discount to D/S Fund		-	
Allocated Issuance Costs		13,544.82	
Bond Premium		-	
Excess Proceeds		-	
Capitalized Interest (to D/S Fund)		-	
		<u>923,906.44</u>	

Sources of Funds		
Bond Issue		679,000.00
Bond Premium		-
Construction Fund Earnings		187.76
LRIP Grant (for Storm related costs)		<u>244,718.68</u>
		<u>923,906.44</u>

Payment Schedule & Cashflow

Payment Schedule						
12-Month Period ending	Principal	Coupon	Yield	Interest	Payment Total	PLUS 5%
9/16/2025	Dated Date					
2/1/2026	-	4.65%	4.65%	11,840	11,840	12,432
2/1/2027	21,000	4.65%	4.65%	31,574	52,574	55,202
2/1/2028	22,000	4.65%	4.65%	30,597	52,597	55,227
2/1/2029	23,000	4.65%	4.65%	29,574	52,574	55,203
2/1/2030	24,000	4.65%	4.65%	28,505	52,505	55,130
2/1/2031	26,000	4.65%	4.65%	27,389	53,389	56,058
2/1/2032	27,000	4.65%	4.65%	26,180	53,180	55,838
2/1/2033	28,000	4.65%	4.65%	24,924	52,924	55,570
2/1/2034	29,000	4.65%	4.65%	23,622	52,622	55,253
2/1/2035	31,000	4.65%	4.65%	22,274	53,274	55,937
2/1/2036	32,000	4.65%	4.65%	20,832	52,832	55,474
2/1/2037	34,000	4.65%	4.65%	19,344	53,344	56,011
2/1/2038	35,000	4.65%	4.65%	17,763	52,763	55,401
2/1/2039	37,000	4.65%	4.65%	16,136	53,136	55,792
2/1/2040	39,000	4.65%	4.65%	14,415	53,415	56,086
2/1/2041	40,000	4.65%	4.65%	12,602	52,602	55,232
2/1/2042	42,000	4.65%	4.65%	10,742	52,742	55,379
2/1/2043	44,000	4.65%	4.65%	8,789	52,789	55,428
2/1/2044	46,000	4.65%	4.65%	6,743	52,743	55,380
2/1/2045	48,000	4.65%	4.65%	4,604	52,604	55,234
2/1/2046	51,000	4.65%	4.65%	2,372	53,372	56,040
679,000				390,815	1,069,815	1,123,306

Utility
Portion

Collection Year	46%	18%	36%	Account Balances	
	Water Revenues	Storm Revenues	Sanitary Sewer Revenues	Surplus (deficit)	Account Balance
	Initial Deposit to D/S Fund >				
2025	5,719	2,238	4,476	-	-
2026	25,393	9,936	19,873	-	-
2027	25,404	9,941	19,882	-	-
2028	25,393	9,936	19,873	-	-
2029	25,360	9,923	19,847	-	-
2030	25,787	10,090	20,181	-	-
2031	25,686	10,051	20,102	-	-
2032	25,562	10,003	20,005	-	-
2033	25,416	9,946	19,891	-	-
2034	25,731	10,069	20,137	-	-
2035	25,518	9,985	19,970	-	-
2036	25,765	10,082	20,164	-	-
2037	25,485	9,972	19,944	-	-
2038	25,664	10,043	20,085	-	-
2039	25,799	10,095	20,191	-	-
2040	25,407	9,942	19,883	-	-
2041	25,474	9,968	19,936	-	-
2042	25,497	9,977	19,954	-	-
2043	25,475	9,968	19,937	-	-
2044	25,407	9,942	19,884	-	-
2045	25,778	10,087	20,174	-	-
	<u>516,721</u>	<u>202,195</u>	<u>404,390</u>	<u>-</u>	<u>-</u>

City of St. James, Minnesota
General Obligation Improvement & Utility Revenue Note, Series 2025A
\$965,000

MASTER BOND PAYMENT SCHEDULE

Paying Agent: City Clerk

Payment Date	Principal	Interest Rates	Semi-annual Interest	Semi-Annual Payment	Payment Notation	CUSIP Number
September 16, 2025	<i>Dated Date</i>					
February 1, 2026	-	4.650%	16,827.19	16,827.19		
August 1, 2026			22,436.25	22,436.25		
February 1, 2027	30,000	4.650%	22,436.25	52,436.25		
August 1, 2027			21,738.75	21,738.75		
February 1, 2028	32,000	4.650%	21,738.75	53,738.75		
August 1, 2028			20,994.75	20,994.75		
February 1, 2029	33,000	4.650%	20,994.75	53,994.75		
August 1, 2029			20,227.50	20,227.50		
February 1, 2030	34,000	4.650%	20,227.50	54,227.50		
August 1, 2030			19,437.00	19,437.00		
February 1, 2031	37,000	4.650%	19,437.00	56,437.00		
August 1, 2031			18,576.75	18,576.75		
February 1, 2032	38,000	4.650%	18,576.75	56,576.75		
August 1, 2032			17,693.25	17,693.25		
February 1, 2033	39,000	4.650%	17,693.25	56,693.25		
August 1, 2033			16,786.50	16,786.50		
February 1, 2034	41,000	4.650%	16,786.50	57,786.50		
August 1, 2034			15,833.25	15,833.25		
February 1, 2035	44,000	4.650%	15,833.25	59,833.25		
August 1, 2035			14,810.25	14,810.25		
February 1, 2036	46,000	4.650%	14,810.25	60,810.25		
August 1, 2036			13,740.75	13,740.75		
February 1, 2037	48,000	4.650%	13,740.75	61,740.75		
August 1, 2037			12,624.75	12,624.75		
February 1, 2038	50,000	4.650%	12,624.75	62,624.75		
August 1, 2038			11,462.25	11,462.25		
February 1, 2039	52,000	4.650%	11,462.25	63,462.25		
August 1, 2039			10,253.25	10,253.25		
February 1, 2040	55,000	4.650%	10,253.25	65,253.25		
August 1, 2040			8,974.50	8,974.50		
February 1, 2041	57,000	4.650%	8,974.50	65,974.50		
August 1, 2041			7,649.25	7,649.25		
February 1, 2042	60,000	4.650%	7,649.25	67,649.25		
August 1, 2042			6,254.25	6,254.25		
February 1, 2043	63,000	4.650%	6,254.25	69,254.25		
August 1, 2043			4,789.50	4,789.50		
February 1, 2044	66,000	4.650%	4,789.50	70,789.50		
August 1, 2044			3,255.00	3,255.00		
February 1, 2045	68,000	4.650%	3,255.00	71,255.00		
August 1, 2045			1,674.00	1,674.00		
February 1, 2046	72,000	4.650%	1,674.00	73,674.00		
965,000			555,250.69	1,520,250.69		

(1) These Maturities have been aggregated to Term Bonds, maturing in the final year shown, subject to mandatory sinking fund call.

Call Option: 2/1/2032 at par
Bonds Dated: 9/16/2025

This payment schedule assumes no bonds are redeemed early. Refunds, if they are done, will alter this payment schedule. David Drown Associates, Inc. (612-920-3320) is available at any time to review the feasibility of refunding this issue.