

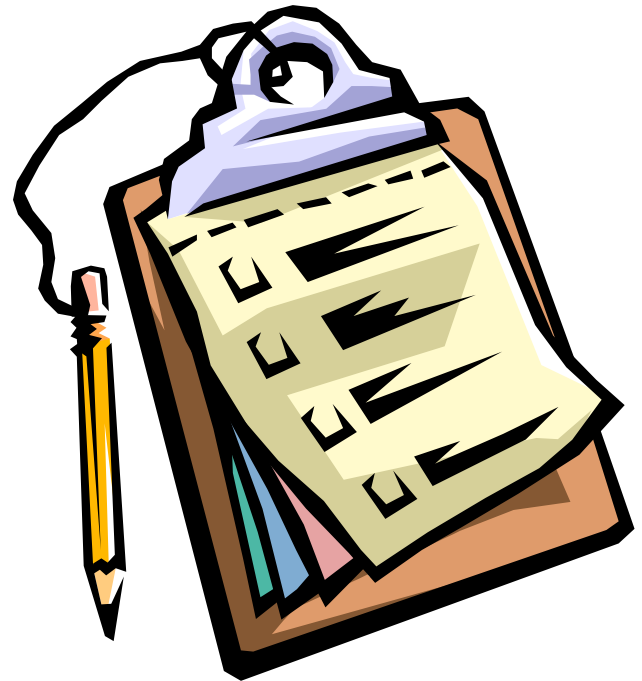
MMUA Finance Program



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Program Coordinator

Overview

- Purpose
- Program Details
 - Options
- Qualifications
- Finance Team
- MCMU
- Previous Bond Issues
 - Current Status
- Application Process
- Frequently Asked Questions
- Contact Information



Purpose

- The finance program provides a simple, flexible and low-cost financing option for utility projects.
- Save Money
 - Using an economy of scale.
- Save Time
 - Simple application, less paperwork.
 - Administration & coordination handled by MMUA.
 - Very efficient turn around time from loan application to loan closing (as quick as within one month).
- Be Flexible
 - Program can accommodate many different projects and financing structures.

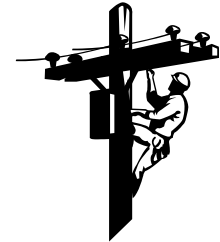


Program Details

- Funds multiple projects over one large bond issue taking advantage of economies of scale offered through pooled financing.
 - Reduces a borrower's fixed transaction costs helping achieve the lowest cost of borrowing.
- Cost of Issuance is proportionately spread amongst borrowers.
- Underlying bonds are variable rate.
 - Credit rating of "AA-" from Standard and Poor's.
- Tax-exempt.
- No risk of default from other borrowers.
 - Each loan is backed by an individual letter of credit.

Flexible Options

- Features:
 - Loans or leases
 - Large or small projects
 - Prepay loan at any time
 - Fixed, variable or a combination rate financing
 - Short- or long-term financing
 - General obligation or revenue backed pledge
 - Easy and fast access to funds
 - Borrower not required to hold an individual 10% reserve unless previous parity debt requires it.



What & Who Qualifies

- All MMUA/MCMU members
 - Electric
 - Gas
 - Water
 - Wastewater
- Types of projects
 - New construction
 - Equipment
 - Refinancing



Finance Team

- Issuer → Midwest Consortium of Municipal Utilities
- Bond Counsel → Peter Cooper of McGrann Shea
- Financial Advisor → Springsted Incorporated
- Financial Advisor → Lawrenson Services
- Underwriter/Remarketing → Wells Fargo
- Credit Provider → US Bank
- Rating Agency → Standard & Poor's
- Trustee → US Bank



Midwest Consortium of Municipal Utilities

- Established June 2004 as a MN nonprofit.
 - MCMU is a political subdivision of the state with authority to issue tax-exempt debt.
- Cities join MCMU to participate in the finance program.
 - Provides a connection of public purpose for one political subdivision to finance another.
 - Minimal cost of membership – \$250 per year.
- Joining MCMU does not commit the borrower to using the finance program, it provides them the option to use it.

MCMU - Board

- Board of Directors:
 - Larry Koshire, Rochester - Chairmen
 - Paul Leland, Blue Earth – Vice Chairmen
 - Al Crowser, Alexandria - Secretary
 - Bryan Adams, Elk River - Treasurer
 - Dave Thompson, Princeton
 - Mark Petsche, Wells



Original Bond Issue

- Closed January 27, 2005.
- Multiple projects totaling \$16,690,00.
- Credit rating by Standard and Poor's of "AA-".
- Seven loans to five borrowers:
 - Alexandria Light & Power
 - CMMPA
 - Princeton Public Utilities
 - Rochester Public Utilities
 - Wells Public Utilities
- Fixed and variable rate financing.

ORIGINAL

Current Issue

- \$50,000,000 draw down bond authorized October 27, 2005.
- Undesignated pool vs. designated pool.
- Credit rating of “AA-” from Standard & Poor’s.
- Completed 21 loans to 19 borrowers;

Aitkin	CMMPA	Hibbing	Sauk Centre
City of Blooming Prairie	City of Delano	Lakota	Two Harbors
Blooming Prairie Utilities	Delano Municipal	Moorhead	Winton
Blue Earth	Elbow Lake	Princeton	Worthington
Brewster	Grand Marais	Rochester	

- Totaling approximately \$39,500,000.

Future Bond Issues

- \$5,500,000 remaining for qualified member projects.
- Currently, setting up potential loans for utility projects throughout the coming months.
- Once remaining funds are loaned out MCMU will issue a new draw-down bond continuing the program.



Application Process

- Reimbursement Resolution, if needed.
 - Covers project expenses incurred prior to closing.
- Complete and submit application.
- Obtain credit approval.
- Appropriate resolutions are drafted.
 - Preliminary repayment schedules are issued.
- Pass necessary documents through required governing bodies.
- Pick a loan closing date.
- Submit draw requests.
 - Monies are wired as requested.
 - Funds not immediately withdrawn are invested with GIC provider until they are needed.

Frequently Asked Questions

- What if another borrower defaults on their loan?
 - Borrower is responsible only for payments on its own loan.
 - No responsibility for the default of another borrower.
 - Credit provider makes loan payments in the event of another borrower's default.
- What if I have better credit than the other cities involved with the program?
 - A borrower with strong credit is not affected by other borrowers with weaker credit.

Questions, Comments?

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www.mmua.org/finance

