

passed  
6-0

Date November 9, 2011

Original/Amended

(Circle one)

Agenda #18  
Res 11-2259

COMPLETIONS AND CONFORMING DETAILS  
FOR  
GENERAL OBLIGATION PUBLIC SAFETY AND REFUNDING BONDS  
SERIES 2011H

There is before this City Council (the "Council") a draft resolution for the sale of the above general obligation refunding bonds that requires certain completions and details that conform to those. The Clerk or bond counsel for the Series 2011H Bonds shall revise the draft resolution to read as it should with the completions and details provided here directly or by reference to other materials before this Council. Spots in the resolution are noted in the second column. The third column is optional but may contain the completion or note the specific source of the other materials.

COMPLETIONS AND DETAILS	SPOTS IN THE RESOLUTION	COMPLETION, DETAIL OR SOURCE (OPTIONAL)
1. <u>Principal Amount and Amounts for each Portion.</u> Other materials before this Council indicate the principal amount of the Series 2011H Bonds and the principal amounts of each maturity.	¶1.01, Exhibit A	Principal amount was reduced to \$14,605,000
2. <u>Amounts for each Portion.</u> Other materials before this Council indicate the principal amount of the Series 2011H Bonds will be used for specific uses.	¶1.02(a) with regard to the Public Safety Portion and 1.02(b) for the CIB Portion	Public Safety Portion: \$10,050,000 (plus \$537,011.50 of original issue premium)  CIB Portion: \$4,555,000 (plus \$130,461.20 of original issue premium)
3. <u>Winning Proposer.</u> Other materials before this Council indicate the Purchaser, whose name shall be inserted in the paragraph 1.03.	¶1.03	BMO Capital Markets GKST Inc.
4. <u>Purchase Price.</u> Other materials before this Council indicate the purchase price of the Series 2011H Bonds. The blanks in paragraphs 1.03 shall be completed with the principal amount, original issue premium, purchaser discount, proposed principal amount, and increased/reduced principal amount.	¶1.03	\$15,181,191.45 (\$14,605,000.00 plus net original premium of \$667,472.70, less purchaser's discount of \$91,281.25)

5.	<u>Interest Rates, Yield, Price &amp; True Interest Cost.</u> Other materials before this Council indicate the interest rates, the yields, and the price for the maturity dates of the applicable Series 2011H Bonds, and the true interest cost for the Series 2011H Bonds to be added to the schedules in Exhibit B attached to the resolution.	Exhibit B	See columns 3, 4, and 6 of the attached schedule on page A-1  True Interest Cost is 2.104522%
6.	<u>Scheduled Mandatory Redemption Provisions – Series 2011H Bonds.</u> Other materials before this Council indicate the redemption provisions for the Series 2011 Bonds to be included in Exhibit B and Paragraphs 1.06(b).	1.06(b) and Exhibit B	Term Bonds as follows:  6/1/2021 – 12/1/2021 \$990,000 6/1/2022 – 12/1/2022 \$1,015,000 6/1/2023 – 12/1/2023 \$1,035,000
7.	<u>Tax Levies.</u> A schedule of tax levies is before this Council, and Exhibits C and D shall be completed in conformance therewith.	Exhibits C and D	See attached schedules on page A-2 and A-3

**\$14,605,000**

**City of St. Paul, Minnesota**

General Obligation Public Safety and Refunding Bonds, Series 2011H  
Current Refunding of Ramsey County Revenue Series 2003A and City G.O. CIB 2004A

**Pricing Summary**

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
06/01/2012	Serial Coupon	3.000%	0.260%	1,190,000.00	101.276%	1,205,184.40
12/01/2012	Serial Coupon	3.000%	0.320%	1,185,000.00	102.584%	1,215,620.40
06/01/2013	Serial Coupon	3.000%	0.420%	2,690,000.00	103.768%	2,791,359.20
12/01/2013	Serial Coupon	3.000%	0.500%	375,000.00	104.886%	393,322.50
06/01/2014	Serial Coupon	2.000%	0.700%	380,000.00	103.173%	392,057.40
12/01/2014	Serial Coupon	3.000%	0.750%	395,000.00	106.588%	421,022.60
06/01/2015	Serial Coupon	2.000%	1.000%	395,000.00	103.398%	408,422.10
12/01/2015	Serial Coupon	3.000%	1.100%	405,000.00	107.354%	434,783.70
06/01/2016	Serial Coupon	2.000%	1.200%	410,000.00	103.468%	424,218.80
12/01/2016	Serial Coupon	3.000%	1.300%	430,000.00	108.150%	465,045.00
06/01/2017	Serial Coupon	3.000%	1.470%	435,000.00	108.008%	469,834.80
12/01/2017	Serial Coupon	3.000%	1.530%	440,000.00	108.351%	476,744.40
06/01/2018	Serial Coupon	3.000%	1.700%	460,000.00	107.928%	496,468.80
12/01/2018	Serial Coupon	3.000%	1.770%	465,000.00	108.027%	502,325.55
06/01/2019	Serial Coupon	3.000%	1.940%	475,000.00	107.334%	509,836.50
12/01/2019	Serial Coupon	3.000%	2.010%	470,000.00	107.253%	504,089.10
06/01/2020	Serial Coupon	3.000%	2.190%	475,000.00	105.891%	c 502,982.25
12/01/2020	Serial Coupon	3.000%	2.260%	490,000.00	105.366%	c 516,293.40
12/01/2021	Term 1 Coupon	3.000%	2.380%	990,000.00	104.474%	c 1,034,292.60
12/01/2022	Term 2 Coupon	3.000%	2.530%	1,015,000.00	103.371%	c 1,049,215.65
12/01/2023	Term 3 Coupon	3.000%	2.670%	1,035,000.00	102.353%	c 1,059,353.55
Total	-	-	-	\$14,605,000.00	-	\$15,272,472.70

**Bid Information**

Par Amount of Bonds.....	\$14,605,000.00
Reoffering Premium or (Discount).....	667,472.70
Gross Production.....	\$15,272,472.70
Total Underwriter's Discount (0.625%).....	\$(91,281.25)
Bid (103.945%).....	15,181,191.45
Total Purchase Price.....	\$15,181,191.45
Bond Year Dollars.....	\$74,988.17
Average Life.....	5.134 Years
Average Coupon.....	2.9448180%
Net Interest Cost (NIC).....	2.1764415%
True Interest Cost (TIC).....	2.1045220%

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**\$10,050,000**

**City of St. Paul, Minnesota**

**General Obligation Public Safety and Refunding Bonds, Series 2011H  
Public Safety Portion**

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**Post-Sale Tax Levies**

<b>Payment Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>	<b>105% Overlevy</b>	<b>Levy Amount</b>	<b>Levy/Collect Year</b>
12/01/2012	135,000.00	3.000%	278,945.00	413,945.00	434,642.25	434,642.25	2011/2012
12/01/2013	750,000.00	3.000%	279,975.00	1,029,975.00	1,081,473.75	1,081,473.75	2012/2013
12/01/2014	775,000.00	3.000%	259,300.00	1,034,300.00	1,086,015.00	1,086,015.00	2013/2014
12/01/2015	800,000.00	3.000%	239,700.00	1,039,700.00	1,091,685.00	1,091,685.00	2014/2015
12/01/2016	840,000.00	3.000%	219,500.00	1,059,500.00	1,112,475.00	1,112,475.00	2015/2016
12/01/2017	875,000.00	3.000%	195,975.00	1,070,975.00	1,124,523.75	1,124,523.75	2016/2017
12/01/2018	925,000.00	3.000%	169,350.00	1,094,350.00	1,149,067.50	1,149,067.50	2017/2018
12/01/2019	945,000.00	3.000%	141,375.00	1,086,375.00	1,140,693.75	1,140,693.75	2018/2019
12/01/2020	965,000.00	3.000%	113,025.00	1,078,025.00	1,131,926.25	1,131,926.25	2019/2020
12/01/2021	990,000.00	3.000%	83,850.00	1,073,850.00	1,127,542.50	1,127,542.50	2020/2021
12/01/2022	1,015,000.00	3.000%	53,925.00	1,068,925.00	1,122,371.25	1,122,371.25	2021/2022
12/01/2023	1,035,000.00	3.000%	23,325.00	1,058,325.00	1,111,241.25	1,111,241.25	2022/2023
<b>Total</b>	<b>\$10,050,000.00</b>	<b>-</b>	<b>\$2,058,245.00</b>	<b>\$12,108,245.00</b>	<b>\$12,713,657.25</b>	<b>\$12,713,657.25</b>	<b>-</b>

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**\$4,555,000**

**City of St. Paul, Minnesota**

General Obligation Public Safety and Refunding Bonds, Series 2011H  
Current Refunding of G.O. CIB Bonds, Series 2004A

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**Post-Sale Tax Levies -- Accrual Basis**

<b>Payment Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>	<b>105% Overlevy</b>	<b>Levy Amount</b>	<b>Levy/Collect Year</b>
12/01/2012	2,240,000.00	3.000%	115,295.00	2,355,295.00	2,473,059.75	2,473,059.75	2011/2012
12/01/2013	2,315,000.00	3.000%	34,725.00	2,349,725.00	2,467,211.25	2,467,211.25	2012/2013
-	\$4,555,000.00	-	\$150,020.00	\$4,705,020.00	\$4,940,271.00	\$4,940,271.00	-



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November 9, 2011

Mr. Todd Hurley, Director of Financial Services  
Office of Financial Services  
700 City Hall  
15 West Kellogg Boulevard  
Saint Paul, Minnesota 55102

Re: **Recommendations for Award of the City of Saint Paul's  
\$15,315,000 General Obligation Public Safety and Refunding Bonds, Series 2011H\***

Dear Mr. Hurley:

This letter summarizes the results of the competitive bids received this morning at 10:00 for the Issue listed above.

**Purpose and Repayment Sources of Issues**

The purposes of the Series 2011H General Obligation Public Safety and Refunding Bonds are to acquire the City's police headquarters building from Ramsey County and to refund on a current basis the City's 2004 General Obligation Capital Improvement Bonds to achieve interest costs savings. An objective of the facility acquisition is to reduce the annual City payments which have previously been made to Ramsey County. The Issue is repaid by general property taxes.

**Sale Results**

**The City received six bids on the Series 2011H G.O. Public Safety and Refunding Bonds.**

<u>Rank Bidder</u>	<u>TIC</u>
BMO Capital Markets.....	2.096%
Robert W. Baird .....	2.150%
Hutchinson, Shockey, Erley.....	2.165%
UBS Financial Services .....	2.198%
Piper Jaffray .....	2.232%
Wells Fargo .....	2.261%

\* Initial principal amounts prior to bidding.

The lowest (or best) bid was received from BMO Capital Markets at a true interest rate of 2.096%. Our estimate of interest rates from October 28th for this Issue was 2.28%.

The winning bid was a premium bid, meaning that the interest rates bid were above current market levels. To offset this interest rate difference the winning bidder provides the City with an upfront payment, the premium. The City is using the premium to reduce the amount of the Issue. The amount of the Issue has been reduced to \$14,605,000 from the original amount of \$15,315,000. Therefore, the City achieves its best overall borrowing costs resulting from the lowest bid through this principal reduction.

For the facility acquisition portion, the City's annual payments have been reduced from between \$160,000 and \$211,000, the total over the period 2012 through 2024 being \$1,989,984. The net of costs present value of these savings is \$1,893,137.

For the refunding of the 2004 Bonds, the net present value savings is \$84,758.

We require bidders to submit their bids on a true interest rate (TIC) basis to reflect the present value of their bids and, thereby, ensure the award is based on the lowest cost to Saint Paul. We have enclosed bid tabulation forms for the Issue summarizing the bid specifics and composition of each underwriting syndicate.

### **Recommendations**

We recommend award of sale to BMO Capital Markets.

### **Basis of Recommendations**

The City received a good number of competitive bids through this process. The winning bid was well below previous estimates over the last few weeks. As the Tax-Exempt Market section below describes, the overall market is at very low levels. The City achieved all of its objectives for this financing program.

### **Tax-Exempt Market**

The tax-exempt market is at very low levels. The national weekly index of tax-exempt interest rates, the Bond Buyer's Index (BBI), is at 4.02%, an extremely low level. Over the last 60 days, the tax-exempt market has experienced wide swings. Over the last ten days, the upheaval in the municipal market has lessened and settled in a very low range.

### **Credit Rating**

The City received separate ratings on its general obligation bonds from both Standard & Poor's (S&P) and Moody's Investors Service. In all cases, the ratings were reaffirmed by both agencies. The agencies often also apply an

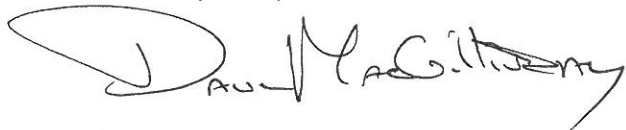
"outlook" - positive, stable or negative - to the rating. The outlook is defined as if current trends continue the rating will remain the same (stable outlook) or change up or down (positive or negative outlook).

	<b>S&amp;P</b>	<b>Moody's</b>
General Obligation Rating .....	AAA (stable) .....	Aa1 (positive)

We congratulate the City on its overall excellent credit ratings, in particular the S&P AAA rating with a stable outlook. Moody's has continued its "positive outlook" on its Aa1 rating from earlier this year. The AAA rating assigned by S&P and the positive outlook assigned by Moody's are exceptional credit designations in these difficult budget and economic times. We stress the importance of high credit ratings to keep interest costs low in the current financial climate.

We welcome any questions regarding this sale process and congratulate the City of Saint Paul on completion of a successful sale process.

Respectfully submitted,



David N. MacGillivray, Chairman  
Client Representative

dww

Enclosures

cc: Mr Jonathan North, Deputy Director, Financial Services  
Mr. Robert Geurs, City Debt, Structured Finance and TIF Manager





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**\$15,315,000\***

**CITY OF SAINT PAUL, MINNESOTA  
 GENERAL OBLIGATION PUBLIC SAFETY AND REFUNDING BONDS, SERIES 2011H  
 (BOOK ENTRY ONLY)**

**AWARD: BMO CAPITAL MARKETS GKST INC.**

**SALE: November 9, 2011** **Moody's Rating: Aa1**  
**Standard & Poor's Rating: AAA**

Bidder	Interest Rates	Price	Net Interest Cost	True Interest Rate
BMO CAPITAL MARKETS GKST INC.	3.00% 6/1/2012-12/1/2013 2.00% 6/1/2014 3.00% 12/1/2014 2.00% 6/1/2015 3.00% 12/1/2015 2.00% 6/1/2016 3.00% 12/1/2016-12/1/2023	\$15,919,156.55	\$1,692,916.78	2.0959%
ROBERT W. BAIRD & COMPANY, INCORPORATED	3.00% 6/1/2012-6/1/2019 2.00% 12/1/2019	\$15,887,783.49	\$1,731,338.18	2.1496%
C.L. KING & ASSOCIATES	3.00% 6/1/2020-12/1/2023			
COASTAL SECURITIES L.P.				
KILDARE CAPITAL				
FIDELITY CAPITAL MARKETS SERVICES				
EDWARD D. JONES & COMPANY				
SAMCO CAPITAL MARKETS, INC.				
LOOP CAPITAL MARKETS, LLC				
CREWS & ASSOCIATES				
BANK OF NEW YORK MELLON CAPITAL MARKETS				
WILLIAM BLAIR & COMPANY				
DAVENPORT & COMPANY LLC				
CRONIN & COMPANY, INC.				
WEDBUSH MORGAN SECURITIES				
JACKSON SECURITIES, LLC				
EASTERN BANK CAPITAL MARKETS				
INCAPITAL, LLC				
DOUGHERTY & COMPANY LLC				

(Continued)

Bidder	Interest Rates	Price	Net Interest Cost	True Interest Rate
HUTCHINSON, SHOCKEY, ERLEY & CO.	2.00% 6/1/2012-6/1/2013	\$15,289,801.70	\$1,696,910.80	2.1654%
	1.50% 12/1/2013-6/1/2017			
	1.75% 12/1/2017-6/1/2018			
	2.00% 12/1/2018-12/1/2019			
	2.25% 6/1/2020-12/1/2020			
	2.50% 6/1/2021-12/1/2023			
UBS FINANCIAL SERVICES INC. J.P. MORGAN SECURITIES LLC CITIGROUP GLOBAL MARKETS, INC.	2.00% 6/1/2012-12/1/2012	\$15,672,919.25	\$1,754,854.08	2.1977%
	3.00% 6/1/2013			
	2.00% 12/1/2013-12/1/2015			
	3.00% 6/1/2016			
	2.00% 12/1/16			
	3.00% 6/1/2017			
	2.00% 12/1/2017			
	3.00% 6/1/2018			
	2.50% 12/1/2018			
	3.00% 6/1/2019-12/1/2019			
	2.25% 6/1/2020			
	3.00% 12/1/2020			
	2.50% 6/1/2021-12/1/2021			
	3.00% 6/1/2022-12/1/2023			
PIPER JAFFRAY & CO.	2.00% 6/1/2012-12/1/2012	\$16,168,887.12	\$1,839,361.21	2.2321%
	3.00% 6/1/2013-12/1/2013			
	2.00% 6/1/2014			
	3.00% 12/1/2014			
	2.00% 6/1/2015			
	3.00% 12/1/2015-12/1/2017			
	2.00% 6/1/2018			
	3.00% 12/1/2018-12/1/2019			
	4.00% 6/1/2020-12/1/2023			
	WELLS FARGO BANK, NATIONAL ASSOCIATION			
3.00% 6/1/2018-12/1/2023				

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REOFFERING SCHEDULE OF THE PURCHASER

<u>Rate</u>	<u>Year</u>	<u>Yield</u>
3.00%	6/1/2012	0.26%
3.00%	12/1/2012	0.32%
3.00%	6/1/2013	0.42%
3.00%	12/1/2013	0.50%
2.00%	6/1/2014	0.70%
3.00%	12/1/2014	0.75%
2.00%	6/1/2015	1.00%
3.00%	12/1/2015	1.10%
2.00%	6/1/2016	1.20%
3.00%	12/1/2016	1.30%
3.00%	6/1/2017	1.47%
3.00%	12/1/2017	1.53%
3.00%	6/1/2018	1.70%
3.00%	12/1/2018	1.77%
3.00%	6/1/2019	1.94%
3.00%	12/1/2019	2.01%
3.00%	6/1/2020	2.19%
3.00%	12/1/2020	2.26%
3.00%	6/1/2021	2.38%
3.00%	12/1/2021	2.38%
3.00%	6/1/2022	2.53%
3.00%	12/1/2022	2.53%
3.00%	6/1/2023	2.67%
3.00%	12/1/2023	2.67%

BBI: 4.02%  
Average Maturity: 5.099 Years

\* Subsequent to bid opening, the issue size decreased from \$15,315,000 to \$14,605,000.