

June 6, 2024

Mr. John McCarthy, Director
Ms. Sarah Brown, Treasurer
Neal Younghans, Debt Manager
City of Saint Paul
Office of Financial Services
15 West Kellogg Boulevard, Room 700
Saint Paul, Minnesota 55102

Re: Recommendations for Award of the City of Saint Paul's:

General Obligation Various Purpose Bonds, Series 2024A (the "Series 2024A Bonds") and
General Obligation Street Reconstruction Bonds, Series 2024B (the "Series 2024B Bonds")

Dear Mr. McCarthy, Ms. Brown and Mr. Younghans:

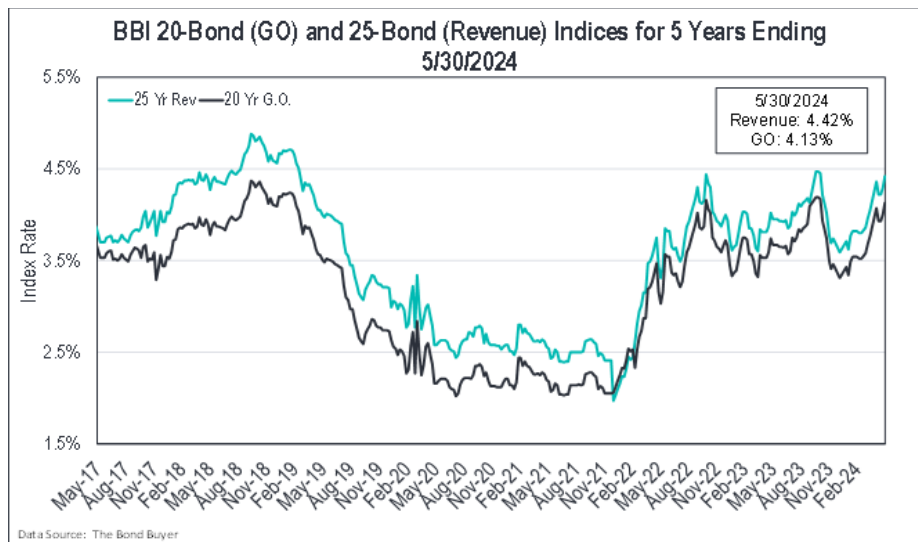
This letter summarizes the results of the competitive bid taken this morning for the General Obligation Various Purpose Bonds, Series 2024A (the "Series 2024A Bonds") and General Obligation Street Reconstruction Bonds, Series 2024B (the "Series 2024B Bonds").

Purpose and Repayment Sources of the Series 2024A Bonds

Proceeds of the Series 2024A Bonds together with an estimated reoffering premium will be used to (i) finance certain capital improvement projects identified in the City's adopted 2023 and 2024 Capital Improvement Budget and Programs (the "CIB Portion") (ii) the acquisition of certain equipment including, but not limited to, public safety vehicles, software, technology upgrades and other capital equipment (the "Capital Note Portion") and (iii) pay the associated costs of issuance relating to the Series 2024A Bonds.

Tax-Exempt Market Rates

The chart on the following page provides a snapshot of current market conditions in the tax-exempt market. Municipal borrowing rates have increased in the past month, generally seen as a correction in relatively low rates as investors are less bullish at the prospect of the Federal Reserve reducing interest rates this calendar year. Favorably for the City, municipal rates come down incrementally this week, reducing by about 15 basis points. The tax-exempt muni market's primary indicator is the weekly Bond Buyer's Index. The five-year historical BBI mapping below shows the recent increase in borrowing rates, although rates remain low from a historical perspective.



Sale Results – Series 2024A Bonds

The City received sixteen (16) bids on the Series 2024A Bonds.

Bid Award*	Bidder Name	TIC
<input type="checkbox"/>	StoneX Financial Inc.	3.257852
<input checked="" type="checkbox"/> Reoffering	HilltopSecurities	3.289536
<input type="checkbox"/>	Truist Securities, Inc.	3.291015
<input type="checkbox"/>	BOK Financial Securities, Inc.	3.313588
<input type="checkbox"/>	J.P. Morgan Securities LLC	3.316232
<input type="checkbox"/>	Fifth Third Securities, Inc.	3.316935
<input type="checkbox"/>	Mesirow Financial, Inc.	3.317403
<input type="checkbox"/>	Piper Sandler & Co	3.325924
<input type="checkbox"/>	Huntington Securities, Inc.	3.340731
<input type="checkbox"/>	TD Securities	3.349190
<input type="checkbox"/>	Janney Montgomery Scott LLC	3.352269
<input type="checkbox"/>	Jefferies LLC	3.359489
<input type="checkbox"/>	Fidelity Capital Markets	3.359809
<input type="checkbox"/>	KeyBanc Capital Markets	3.443248
<input type="checkbox"/>	Bancroft Capital, LLC	3.462437
<input type="checkbox"/>	Robert W. Baird & Co., Inc.	3.574069

The lowest (or best) eligible bid was received from Hilltop Securities at a true interest cost of 3.2895%. At bid opening time it appeared that StoneX Financial Inc had the lowest bid at 3.2578%, however in our quality control process of confirming bids it was discovered the bid contained an error and StoneX withdrew their bid. Favorably, Hilltop’s bid was only 3 bps higher and below our estimate of 3.343% when the bonds were structured at the end of April.

This Issue was bid with \$1,640,202.60 premium, more than was included in our original estimated structure in April. The City opted to keep \$1 million of premium. As a result, the principal amount of the Series 2024A Bonds increased from \$22,215,000 (as printed on the POS) to \$22,770,000.

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 the City. We have enclosed bid tabulation forms for each Issue summarizing the bid specifics and composition of each underwriting syndicate.

Recommendation

We recommend award of sale of the Series 2024A to Hilltop Securities, Inc.

Basis of Recommendation

Our recommendation is based on two primary factors. Firstly, there were an incredible total of 15 valid bidders on the bonds, a number which strongly suggests the City got a fair market view of the deal. Secondly, the City's financing program includes the issuance of debt every year, allowing for averaging of interest rates. As a frequent issuer the City's debt represents a sample of debt across the market and is not skewed by any one borrowing.

Sale Results – Series 2024B Bonds

The City received nine (9) bids on the Series 2024B Bonds.

Bid Award*	Bidder Name	TIC
<input checked="" type="checkbox"/> Reoffering	Piper Sandler & Co	3.528752
<input type="checkbox"/>	StoneX Financial Inc.	3.543462
<input type="checkbox"/>	Janney Montgomery Scott LLC	3.553260
<input type="checkbox"/>	HilltopSecurities	3.563860
<input type="checkbox"/>	Robert W. Baird & Co., Inc.	3.569420
<input type="checkbox"/>	Fidelity Capital Markets	3.582940
<input type="checkbox"/>	TD Securities	3.619960
<input type="checkbox"/>	Bancroft Capital, LLC	3.643121
<input type="checkbox"/>	BOK Financial Securities, Inc.	3.692972

The lowest (or best) bid was received from Piper Sandler & Co at a true interest cost of 3.528%. Our estimate of the interest rates based on market conditions at the end of April was 3.738%.

This Issue was bid with \$711,424 premium, which was used to downsize the issue. As a result, the principal amount of the Series 2024B Bonds decreased from \$8,180,000 (as printed on the POS) to \$8,040,000.

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 the City. We have enclosed bid tabulation forms for each Issue summarizing the bid specifics and composition of each underwriting syndicate.

Recommendation

We recommend award of sale of the Series 2024B Bonds to Piper Sandler & Co.

Basis of Recommendation

Our recommendation is based on two primary factors. Firstly, there were a total of nine bidders on the bonds, a number which suggests the City got a fair market view of the deal. Secondly, the City's financing program includes the issuance of debt every year, allowing for averaging of interest rates. As a frequent issuer the City's debt represents a sample of debt across the market and is not skewed by any one borrowing.

Credit Rating

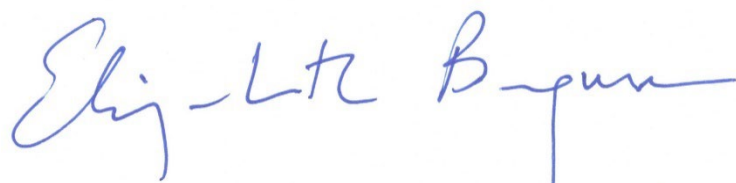
The Bonds were assigned an AAA rating by both S&P Global Ratings (S&P) and Fitch Ratings. A 'stable' outlook was assigned in each case. S&P had pointed questions about the 2022 ACFR, specifically the decline in General Fund reserve levels and the General Fund receivables from other funds which had weak financial positions. City staff gave an excellent presentation of mitigating information and allayed some of the agency's concerns. Ultimately the rating and outlook were affirmed, however S&P has signaled further diminishment of financial position would have a negative impact on the AAA rating. The City should take steps to address receivable in the General Fund in order to maintain the AAA rating from S&P.

The AAA is the highest possible rating, and it is limited to a few jurisdictions nationally across all types of bonds. High credit ratings are essential to obtaining the lowest possible financing costs, which, for the City's borrowings, lead to lower property taxes and utility customer bills.

Baker Tilly congratulates the City of Saint Paul on the completion of this financing process with its highly successful results.

We welcome any discussion on the sale and its outcome. We are very appreciative of the opportunity to again be of service to the City of Saint Paul.

Respectfully,



Elizabeth Bergman, Principal

\$22,215,000*

City of Saint Paul, Minnesota

General Obligation General Obligation Various Purpose Bonds, Series 2024A

S&P Underlying Rating: AAA

Fitch Underlying Rating: AAA

Sale Date: June 5, 2024

BBI: 4.13%

Average Maturity: 5.451 Years

Bidder	TIC
Hilltop Securities Inc.	3.2895%
Truist Securities Inc	3.2910%
BOK Financial Securities, Inc.	3.3135%
J.P. Morgan Securities LLC	3.3162%
Fifth Third Securities, Inc.	3.3169%
Mesirow Financial, Inc.	3.3174%
Piper Sandler & Co.	3.3259%
Huntington Securities, Inc.	3.3407%
TD Securities (USA) LLC	3.3491%
Janney Montgomery Scott LLC	3.3522%
Jefferies LLC	3.3594%
Fidelity Capital Markets	3.3598%
Keybanc Capital Markets	3.4432%
Bancroft Capital LLC	3.4624%
Robert W. Baird & Co., Incorporated	3.5740%

Winning Bidder Information	Maturity	Interest Rate	Reoffering Yield	Reoffering Price
HILLTOP SECURITIES INC.	9/1/2024	5.00%	3.33%	101.908%
	9/1/2025	5.00%	3.26%	103.624%
	9/1/2026	5.00%	3.16%	105.517%
	9/1/2027	5.00%	3.14%	107.225%
	9/1/2028	5.00%	3.11%	108.970%
	9/1/2029	5.00%	3.09%	110.662%
	9/1/2030	5.00%	3.09%	112.207%
	9/1/2031	5.00%	3.08%	112.275%
	9/1/2032	5.00%	3.07%	112.344%
	9/1/2033	4.00%	3.28%	104.567%

Purchase Price: \$23,855,202.60 *

Net Interest Cost: \$4,184,246.29 *

TIC: 3.2895% *

* Subsequent to bid opening, the par amount increased to \$22,770,000; and the price, net interest cost, and true interest cost have changed to \$24,456,399.80, \$4,317,277.98, and 3.2903%, respectively.

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\$8,810,000*

City of Saint Paul, Minnesota

General Obligation Street Reconstruction Bonds, Series 2024B

S&P Underlying Rating: AAA

Fitch Underlying Rating: AAA

Sale Date: June 5, 2024

BBI: 4.13%

Average Maturity: 8.515 Years

Bidder	TIC
Piper Sandler & Co.	3.5287%
StoneX Financial, Inc.	3.5434%
Janney Montgomery Scott LLC	3.5532%
Hilltop Securities Inc.	3.5638%
Robert W. Baird & Co., Incorporated	3.5694%
Fidelity Capital Markets	3.5829%
TD Securities (USA) LLC	3.6199%
Bancroft Capital, LLC	3.6431%
BOK Financial Securities, Inc.	3.6929%

Winning Bidder Information	Maturity	Interest Rate	Reoffering Yield	Reoffering Price
PIPER SANDLER & CO.	5/1/2025	5.00%	3.40%	101.316%
	5/1/2026	5.00%	3.34%	102.941%
	5/1/2027	5.00%	3.20%	104.852%
	5/1/2028	5.00%	3.18%	106.533%
	5/1/2029	5.00%	3.15%	108.247%
	5/1/2030	5.00%	3.15%	109.800%
	5/1/2031	5.00%	3.14%	111.371%
	5/1/2032	5.00%	3.13%	112.913%
	5/1/2033	5.00%	3.13%	114.345%
	5/1/2034	5.00%	3.13%	115.734%
	5/1/2035	5.00%	3.15%	115.550%
	5/1/2036	5.00%	3.19%	115.184%
	5/1/2037	5.00%	3.28%	114.366%
	5/1/2038	5.00%	3.34%	113.825%
	5/1/2039	5.00%	3.40%	113.286%
	5/1/2040	4.00%	3.85%	101.215%
	5/1/2041	4.00%	3.95%	100.400%
5/1/2042	4.00%	4.00%	100.000%	
5/1/2044	4.00%	4.05%	99.318%	

Purchase Price: \$9,521,424.35*

Net Interest Cost: \$2,785,212.32*

TIC: 3.5287%*

* Subsequent to bid opening, the par amount decreased to \$8,040,000; and the price, net interest cost, and true interest cost have changed to \$8,694,493.11, \$2,633,585.78, and 3.5398%, respectively.

RES 24-787

COMPLETIONS AND CONFORMING DETAILS
FOR
CITY OF SAINT PAUL, MINNESOTA
GENERAL OBLIGATION VARIOUS PURPOSE BONDS
SERIES 2024A

There is before this Council a draft resolution for the sale of the above general obligation improvement bonds that requires certain completions and details that conform to those. The Clerk or bond counsel for the Series 2024A 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 Amounts.</u> Other materials before this Council indicate the principal amount of the Series 2024A Bonds; in paragraph 1.01 shall be revised to conform if necessary, and the issue amount stated in the form of bond shall be revised to conform if necessary. The principal amount of the Series 2024A Bonds shall be inserted in Exhibit A to the resolution.	¶ 1.01, 1.03 and Exhibit A	Par amount increased to \$22,770,000
2. <u>Winning Proposer.</u> Other materials before this Council indicate the Purchaser, whose name shall be inserted in paragraph 1.03.	¶ 1.03	Hilltop Securities Inc.
3. <u>Purchase Price.</u> Other materials before this Council indicate the proposed purchase price of the Series 2024A Bonds, and, if applicable, the purchase price for a revised issue size. The blanks in paragraph 1.03 shall be completed with the purchase price.	¶ 1.03	\$24,456,399.80 (the principal amount of the Series 2024A Bonds (\$22,770,000.00), plus original issue premium of \$1,719,851.05, less a Purchaser's discount of \$33,451.25)
4. <u>Redemption.</u> Other materials before this Council indicate that there are no term bonds which are subject to mandatory redemption, and if applicable, paragraph 1.06(b) shall be revised to show the scheduled mandatory redemption of any term bonds.	¶ 1.06	No Term Bonds

5.	<u>Interest Rates, Yield, Price & True Interest Cost.</u> Other materials before this Council indicate the interest rates, the yields, and the price for the maturity dates of the Series 2024A Bonds, and the true interest cost for the Series 2024A Bonds to be added to the schedule in Exhibit B attached to the resolution.	Exhibit B	See columns 3, 4, and 6 of the attached schedule A-1 (Pricing Summary) True Interest Cost is 3.290376%.
6.	<u>Tax Levies.</u> A schedule of tax levy is before this Council, and Exhibit C shall be completed in conformance therewith.	Exhibit C	See attached schedule on page A-2 (Post-Sale Tax Levies)
7.	<u>Proposals for the Series 2024A Bonds.</u> The proposals for the Series 2024A Bonds shall be inserted in Exhibit D to the resolution.	Exhibit D	See attached bid tabulation on page A-3

\$22,770,000**City of Saint Paul, Minnesota**

General Obligation Various Purpose Bonds, Series 2024A

Issue Summary

Pricing Summary

Maturity	Bond	Coupon	Yield	Value	Price	YTM	Call Date	Call Price	Dollar Price
09/01/2025	Serial Coupon	5.000%	3.330%	2,525,000.00	101.908%	-	-	-	2,573,177.00
09/01/2026	Serial Coupon	5.000%	3.260%	2,845,000.00	103.624%	-	-	-	2,948,102.80
09/01/2027	Serial Coupon	5.000%	3.160%	2,990,000.00	105.517%	-	-	-	3,154,958.30
09/01/2028	Serial Coupon	5.000%	3.140%	1,770,000.00	107.225%	-	-	-	1,897,882.50
09/01/2029	Serial Coupon	5.000%	3.110%	1,860,000.00	108.970%	-	-	-	2,026,842.00
09/01/2030	Serial Coupon	5.000%	3.090%	1,950,000.00	110.662%	-	-	-	2,157,909.00
09/01/2031	Serial Coupon	5.000%	3.090%	2,050,000.00	112.207%	-	-	-	2,300,243.50
09/01/2032	Serial Coupon	5.000%	3.080%	2,150,000.00	112.275%	c 3.276%	09/01/2031	100.000%	2,413,912.50
09/01/2033	Serial Coupon	5.000%	3.070%	2,255,000.00	112.344%	c 3.421%	09/01/2031	100.000%	2,533,357.20
09/01/2034	Serial Coupon	4.000%	3.280%	2,375,000.00	104.567%	c 3.463%	09/01/2031	100.000%	2,483,466.25
Total	-	-	-	\$22,770,000.00	-	-	-	-	\$24,489,851.05

Bid Information

Par Amount of Bonds	\$22,770,000.00
Reoffering Premium or (Discount)	1,719,851.05
Gross Production	\$24,489,851.05
Total Underwriter's Discount (0.147%)	\$(33,451.25)
Bid (107.406%)	24,456,399.80
Total Purchase Price	\$24,456,399.80
Bond Year Dollars	\$124,908.00
Average Life	5.486 Years
Average Coupon	4.8064798%
Net Interest Cost (NIC)	3.4563663%
True Interest Cost (TIC)	3.2903763%

\$22,770,000**City of Saint Paul, Minnesota**General Obligation Various Purpose Bonds, Series 2024A
Issue Summary**Post-Sale Tax Levies**

Payment Date	Principal	Coupon	Interest	Total P+I	105% Overlevy	Fiscal Total/Levy Amount	Levy/Collect Year
03/01/2025	-	-	755,552.78	755,552.78	793,330.42	793,330.42	2023/2024
09/01/2025	2,525,000.00	5.000%	557,375.00	3,082,375.00	3,236,493.75		
03/01/2026	-	-	494,250.00	494,250.00	518,962.50	3,755,456.25	2024/2025
09/01/2026	2,845,000.00	5.000%	494,250.00	3,339,250.00	3,506,212.50		
03/01/2027	-	-	423,125.00	423,125.00	444,281.25	3,950,493.75	2025/2026
09/01/2027	2,990,000.00	5.000%	423,125.00	3,413,125.00	3,583,781.25		
03/01/2028	-	-	348,375.00	348,375.00	365,793.75	3,949,575.00	2026/2027
09/01/2028	1,770,000.00	5.000%	348,375.00	2,118,375.00	2,224,293.75		
03/01/2029	-	-	304,125.00	304,125.00	319,331.25	2,543,625.00	2027/2028
09/01/2029	1,860,000.00	5.000%	304,125.00	2,164,125.00	2,272,331.25		
03/01/2030	-	-	257,625.00	257,625.00	270,506.25	2,542,837.50	2028/2029
09/01/2030	1,950,000.00	5.000%	257,625.00	2,207,625.00	2,318,006.25		
03/01/2031	-	-	208,875.00	208,875.00	219,318.75	2,537,325.00	2029/2030
09/01/2031	2,050,000.00	5.000%	208,875.00	2,258,875.00	2,371,818.75		
03/01/2032	-	-	157,625.00	157,625.00	165,506.25	2,537,325.00	2030/2031
09/01/2032	2,150,000.00	5.000%	157,625.00	2,307,625.00	2,423,006.25		
03/01/2033	-	-	103,875.00	103,875.00	109,068.75	2,532,075.00	2031/2032
09/01/2033	2,255,000.00	5.000%	103,875.00	2,358,875.00	2,476,818.75		
03/01/2034	-	-	47,500.00	47,500.00	49,875.00	2,526,693.75	2032/2033
09/01/2034	2,375,000.00	4.000%	47,500.00	2,422,500.00	2,543,625.00		
03/01/2035	-	-	-	-	-	2,543,625.00	2033/2034
Total	\$22,770,000.00	-	\$6,003,677.78	\$28,773,677.78	\$30,212,361.67	\$30,212,361.67	-



\$22,215,000*

City of Saint Paul, Minnesota

General Obligation General Obligation Various Purpose Bonds, Series 2024A

S&P Underlying Rating: AAA

Fitch Underlying Rating: AAA

Sale Date: June 5, 2024

BBI: 4.13%

Average Maturity: 5.451 Years

Bidder	TIC
Hilltop Securities Inc.	3.2895%
Truist Securities Inc	3.2910%
BOK Financial Securities, Inc.	3.3135%
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Huntington Securities, Inc.	3.3407%
TD Securities (USA) LLC	3.3491%
Janney Montgomery Scott LLC	3.3522%
Jefferies LLC	3.3594%
Fidelity Capital Markets	3.3598%
Keybank Capital Markets	3.4432%
Bancroft Capital LLC	3.4624%
Robert W. Baird & Co., Incorporated	3.5740%

Winning Bidder Information	Maturity	Interest Rate	Reoffering Yield	Reoffering Price
HILLTOP SECURITIES INC.	9/1/2024	5.00%	3.33%	101.908%
	9/1/2025	5.00%	3.26%	103.624%
	9/1/2026	5.00%	3.16%	105.517%
	9/1/2027	5.00%	3.14%	107.225%
	9/1/2028	5.00%	3.11%	108.970%
	9/1/2029	5.00%	3.09%	110.662%
	9/1/2030	5.00%	3.09%	112.207%
	9/1/2031	5.00%	3.08%	112.275%
	9/1/2032	5.00%	3.07%	112.344%
	9/1/2033	4.00%	3.28%	104.567%

Purchase Price: \$23,855,202.60*

Net Interest Cost: \$4,184,246.29*

TIC: 3.2895%*

* Subsequent to bid opening, the par amount increased to \$22,770,000; and the price, net interest cost, and true interest cost have changed to \$24,456,399.80, \$4,317,277.98, and 3.2903%, respectively.

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RES 24-789

COMPLETIONS AND CONFORMING DETAILS
FOR
CITY OF SAINT PAUL, MINNESOTA
GENERAL OBLIGATION STREET RECONSTRUCTION
SERIES 2024B

There is before this Council a draft resolution for the sale of the above bonds that requires certain completions and details that conform to terms of sale. The Clerk or bond counsel for the Series 2024B 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>Winning Proposer – Series 2024B Bonds.</u> Other materials before this Council indicate the winning Purchaser, whose name shall be inserted in paragraph 1.	¶ 1	Piper Sandler & Co.
2. <u>Principal Amounts – Series 2024B Bonds.</u> Other materials before this Council indicate the principal amount of the Series 2024B Bonds and the principal amounts of each maturity.	¶ 1 and Exhibit A	Par amount decreased to \$8,040,000
3. <u>Purchase Price – Series 2024B Bonds.</u> Other materials before this Council indicate the proposed purchase price of the Series 2024B Bonds, and, if applicable, the purchase price for a revised issue size. The blanks in paragraph 1 shall be completed with the purchase price.	¶ 1	\$8,694,493.11 (the principal amount of the Series 2024B Bonds (\$8,040,000.00), plus original issue premium of \$675,168.05, less a Purchaser’s discount of \$20,674.94)
4. <u>Redemption.</u> Other materials before this Council indicate that there may be one or more term bonds which are subject to mandatory redemption, and if applicable, paragraph 6(b) shall be revised to show the scheduled mandatory redemption of any term bonds.	¶ 6(b)	There is one term bond maturing on May 1, 2044.

5.	<u>Interest Rates, Yields, Price & True Interest Cost – Series 2024B Bonds.</u> Other materials before this Council indicate the interest rates, the yields and the price for the maturity dates of the Series 2024B Bonds and the true interest cost of the Series 2024B Bonds to be added to the schedule in Exhibit B attached to the resolution.	Exhibit B	See columns 3, 4, and 6 of the attached schedule A-1 (Pricing Summary) True Interest Cost is 3.5398111%.
6	<u>Proposals for the Series 2024B Bonds.</u> The proposals for the Series 2024B Bonds shall be inserted in Exhibit C to the resolution.	Exhibit C	See attached bid tabulation on page A-2
7	<u>Tax Levies.</u> A schedule of tax levies is before this Council, and Exhibit D shall be completed in conformance therewith.	Exhibit D	See attached schedule on page A-3 (Post-Sale Tax Levies)

\$8,040,000**City of Saint Paul, Minnesota**

General Obligation Street Reconstruction Bonds, Series 2024B

Issue Summary

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
05/01/2025	Serial Coupon	5.000%	3.400%	480,000.00	101.316%	-	-	-	486,316.80
05/01/2026	Serial Coupon	5.000%	3.340%	490,000.00	102.941%	-	-	-	504,410.90
05/01/2027	Serial Coupon	5.000%	3.200%	495,000.00	104.852%	-	-	-	519,017.40
05/01/2028	Serial Coupon	5.000%	3.180%	515,000.00	106.533%	-	-	-	548,644.95
05/01/2029	Serial Coupon	5.000%	3.150%	530,000.00	108.247%	-	-	-	573,709.10
05/01/2030	Serial Coupon	5.000%	3.150%	550,000.00	109.800%	-	-	-	603,900.00
05/01/2031	Serial Coupon	5.000%	3.140%	575,000.00	111.371%	-	-	-	640,383.25
05/01/2032	Serial Coupon	5.000%	3.130%	595,000.00	112.913%	-	-	-	671,832.35
05/01/2033	Serial Coupon	5.000%	3.130%	620,000.00	114.345%	-	-	-	708,939.00
05/01/2034	Serial Coupon	5.000%	3.130%	640,000.00	115.734%	-	-	-	740,697.60
05/01/2035	Serial Coupon	5.000%	3.150%	215,000.00	115.550%	c 3.284%	05/01/2034	100.000%	248,432.50
05/01/2036	Serial Coupon	5.000%	3.190%	225,000.00	115.184%	c 3.429%	05/01/2034	100.000%	259,164.00
05/01/2037	Serial Coupon	5.000%	3.280%	230,000.00	114.366%	c 3.593%	05/01/2034	100.000%	263,041.80
05/01/2038	Serial Coupon	5.000%	3.340%	240,000.00	113.825%	c 3.713%	05/01/2034	100.000%	273,180.00
05/01/2039	Serial Coupon	5.000%	3.400%	250,000.00	113.286%	c 3.819%	05/01/2034	100.000%	283,215.00
05/01/2040	Serial Coupon	4.000%	3.850%	260,000.00	101.215%	c 3.896%	05/01/2034	100.000%	263,159.00
05/01/2041	Serial Coupon	4.000%	3.950%	270,000.00	100.400%	c 3.967%	05/01/2034	100.000%	271,080.00
05/01/2042	Serial Coupon	4.000%	4.000%	280,000.00	100.000%	-	-	-	280,000.00
05/01/2044	Term 1 Coupon	4.000%	4.050%	580,000.00	99.318%	-	-	-	576,044.40
Total		-	-	\$8,040,000.00	-	-	-	-	\$8,715,168.05

Bid Information

Par Amount of Bonds	\$8,040,000.00
Reoffering Premium or (Discount)	675,168.05
Gross Production	\$8,715,168.05
Total Underwriter's Discount (0.257%)	\$(20,674.94)
Bid (108.140%)	8,694,493.11
Total Purchase Price	\$8,694,493.11
Bond Year Dollars	\$70,739.33
Average Life	8.798 Years
Average Coupon	4.6481621%
Net Interest Cost (NIC)	3.7229440%
True Interest Cost (TIC)	3.5398111%



\$8,810,000*

City of Saint Paul, Minnesota

General Obligation Street Reconstruction Bonds, Series 2024B

S&P Underlying Rating: AAA

Fitch Underlying Rating: AAA

Sale Date: June 5, 2024

BBI: 4.13%

Average Maturity: 8.515 Years

Bidder	TIC
Piper Sandler & Co.	3.5287%
StoneX Financial, Inc.	3.5434%
Janney Montgomery Scott LLC	3.5532%
Hilltop Securities Inc.	3.5638%
Robert W. Baird & Co., Incorporated	3.5694%
Fidelity Capital Markets	3.5829%
TD Securities (USA) LLC	3.6199%
Bancroft Capital, LLC	3.6431%
BOK Financial Securities, Inc.	3.6929%

Winning Bidder Information	Maturity	Interest Rate	Reoffering Yield	Reoffering Price
PIPER SANDLER & CO.	5/1/2025	5.00%	3.40%	101.316%
	5/1/2026	5.00%	3.34%	102.941%
	5/1/2027	5.00%	3.20%	104.852%
	5/1/2028	5.00%	3.18%	106.533%
	5/1/2029	5.00%	3.15%	108.247%
	5/1/2030	5.00%	3.15%	109.800%
	5/1/2031	5.00%	3.14%	111.371%
	5/1/2032	5.00%	3.13%	112.913%
	5/1/2033	5.00%	3.13%	114.345%
	5/1/2034	5.00%	3.13%	115.734%
	5/1/2035	5.00%	3.15%	115.550%
	5/1/2036	5.00%	3.19%	115.184%
	5/1/2037	5.00%	3.28%	114.366%
	5/1/2038	5.00%	3.34%	113.825%
	5/1/2039	5.00%	3.40%	113.286%
	5/1/2040	4.00%	3.85%	101.215%
	5/1/2041	4.00%	3.95%	100.400%
5/1/2042	4.00%	4.00%	100.000%	
5/1/2044	4.00%	4.05%	99.318%	

Purchase Price: \$9,521,424.35*

Net Interest Cost: \$2,785,212.32*

TIC: 3.5287%*

* Subsequent to bid opening, the par amount decreased to \$8,040,000; and the price, net interest cost, and true interest cost have changed to \$8,694,493.11, \$2,633,585.78, and 3.5398%, respectively.

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\$8,040,000

City of Saint Paul, Minnesota

General Obligation Street Reconstruction Bonds, Series 2024B

Issue Summary

Post-Sale Tax Levies

Payment Date	Principal	Coupon	Interest	Total P+I	105% Overlevy	Assessments	Levy Amount	Levy/Collect Year
05/01/2025	480,000.00	5.000%	327,728.89	807,728.89	848,115.33	184,572.00	663,543.33	2023/2024
05/01/2026	490,000.00	5.000%	364,100.00	854,100.00	896,805.00	232,770.57	664,034.43	2024/2025
05/01/2027	495,000.00	5.000%	339,600.00	834,600.00	876,330.00	210,901.56	665,428.44	2025/2026
05/01/2028	515,000.00	5.000%	314,850.00	829,850.00	871,342.50	204,079.00	667,263.50	2026/2027
05/01/2029	530,000.00	5.000%	289,100.00	819,100.00	860,055.00	197,256.44	662,798.56	2027/2028
05/01/2030	550,000.00	5.000%	262,600.00	812,600.00	853,230.00	190,433.90	662,796.10	2028/2029
05/01/2031	575,000.00	5.000%	235,100.00	810,100.00	850,605.00	183,611.34	666,993.66	2029/2030
05/01/2032	595,000.00	5.000%	206,350.00	801,350.00	841,417.50	176,788.78	664,628.72	2030/2031
05/01/2033	620,000.00	5.000%	176,600.00	796,600.00	836,430.00	169,966.22	666,463.78	2031/2032
05/01/2034	640,000.00	5.000%	145,600.00	785,600.00	824,880.00	163,143.68	661,736.32	2032/2033
05/01/2035	215,000.00	5.000%	113,600.00	328,600.00	345,030.00	156,321.12	188,708.88	2033/2034
05/01/2036	225,000.00	5.000%	102,850.00	327,850.00	344,242.50	60,722.56	283,519.94	2034/2035
05/01/2037	230,000.00	5.000%	91,600.00	321,600.00	337,680.00	58,517.24	279,162.76	2035/2036
05/01/2038	240,000.00	5.000%	80,100.00	320,100.00	336,105.00	56,311.92	279,793.08	2036/2037
05/01/2039	250,000.00	5.000%	68,100.00	318,100.00	334,005.00	54,106.62	279,898.38	2037/2038
05/01/2040	260,000.00	4.000%	55,600.00	315,600.00	331,380.00	51,901.30	279,478.70	2038/2039
05/01/2041	270,000.00	4.000%	45,200.00	315,200.00	330,960.00	49,695.98	281,264.02	2039/2040
05/01/2042	280,000.00	4.000%	34,400.00	314,400.00	330,120.00	47,490.66	282,629.34	2040/2041
05/01/2043	285,000.00	4.000%	23,200.00	308,200.00	323,610.00	45,285.34	278,324.66	2041/2042
05/01/2044	295,000.00	4.000%	11,800.00	306,800.00	322,140.00	43,080.04	279,059.96	2042/2043
05/01/2045	-	-	-	-	-	40,874.72	(40,874.72)	2043/2044
Total	\$8,040,000.00	-	\$3,288,078.89	\$11,328,078.89	\$11,894,482.83	\$2,577,830.99	\$9,316,651.84	-

May 23, 2024

Ms. Sarah Brown
Treasurer
Saint Paul
700 City Hall, 15 W. Kellogg Blvd.
Saint Paul, MN 55102

Dear Ms. Brown:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed in the attached Notice of Rating Action.

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We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Laura Porter
Managing Director - Global Group Head
Public Finance

LP/er

Enc: Notice of Rating Action
(Doc ID:261659 Rev 0)

Notice of Rating Action

<u>Bond Description</u>	<u>Rating Type</u>	<u>Rating Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
Saint Paul (MN) GO street reconstruction bonds ser 2024B	Long Term Rating	New Rating	AAA	RO:Sta	2024-05-22 00:00:51.0	
Saint Paul (MN) GO street reconstruction bonds ser 2024B	Unenhanced Long Term Rating	New Rating	AAA	RO:Sta	2024-05-22 00:00:51.0	
Saint Paul (MN) GO var purpose bonds ser 2024A	Long Term Rating	New Rating	AAA	RO:Sta	2024-05-22 00:00:51.0	
Saint Paul (MN) GO var purpose bonds ser 2024A	Unenhanced Long Term Rating	New Rating	AAA	RO:Sta	2024-05-22 00:00:51.0	

Key: RO: Rating Outlook, RW: Rating Watch, Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving



RatingsDirect®

Summary:

St. Paul, Minnesota; General Obligation; Special Assessments

Primary Credit Analyst:

Emma Drilias, Madison (1) 312-233-7132; emma.drilias@spglobal.com

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Jessica Olejak, Chicago + 1 (312) 233 7068; jessica.olejak@spglobal.com

Table Of Contents

Credit Highlights

Outlook

Credit Opinion

Related Research

Summary:

St. Paul, Minnesota; General Obligation; Special Assessments

Credit Profile

US\$22.215 mil GO various purp bnds ser 2024A due 09/01/2034		
<i>Long Term Rating</i>	AAA/Stable	New
US\$8.81 mil GO street reconstruction bnds ser 2024B due 05/01/2044		
<i>Long Term Rating</i>	AAA/Stable	New
St Paul GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'AAA' long-term rating to the City of St. Paul, Minn.'s anticipated \$22.215 million series 2024A general obligation (GO) various purpose bonds and \$8.81 million series 2024B GO street reconstruction bonds.
- At the same time, S&P Global Ratings affirmed its 'AAA' rating on St. Paul's existing GO debt, issued by the city and the St. Paul Port Authority, and its 'AAA' rating on the port authority's limited property tax debt.
- The outlook is stable.

Security

The series 2024A and B bonds are secured by the city's unlimited ad valorem tax pledge. Series 2024A proceeds will finance capital projects identified in the capital improvement plan and acquisition of public safety vehicles and other capital equipment. Series 2024B bonds will pay for street reconstruction projects.

Many of St. Paul's GO bonds outstanding are secured by additional revenue pledges, including special assessments and tax-increment revenue, but we rate all GO bonds based on the city's GO pledge.

The port authority's GO bonds are secured by the authority's pledge of its property tax, without limitation as to rate or amount. The limited-tax GO bonds issued by the port authority are secured by the authority's pledge of its property tax, which is limited to 0.01813% of estimated market value, applicable to all taxable property within the city. We rate the limited property taxes pledged to the bonds on par with the issuer credit rating on St. Paul. In our view, the likelihood of payment is tied to the credit fundamentals of the city, rather than just the port authority, because of their shared tax base, the significant oversight that the city has over the authority and its debt issuance, and the core function that the authority provides for the city. In addition, we view resources to be generally fungible, even if specific revenues are designated for a particular purpose.

Credit overview

Key factors supporting the rating include St. Paul's very strong local economy, benefiting from the stabilizing influence of the State of Minnesota and various higher education institutions, and a very strong management team, with elected officials that have demonstrated commitment to structurally balanced operations. Offsetting these strengths, in our view, is the city's weaker budgetary flexibility, with low available reserves compared with those of peers.

With an available fund balance ratio of 9.6% in 2022, St. Paul's budgetary flexibility remains strong, but lower than it has been traditionally and well below that of its peer group. In recent years, the general fund has been pressured due to growing receivables from underperforming funds, and in 2022, substantial decreases in the fair market value of investments led to a material decline to the reported unassigned fund balance. We understand the city's investment strategy is to buy and hold investments to maturity so that any fair market value losses are unrealized; however, the unprecedented market value losses weakened an already pressured balance sheet, posing moderate risk to the city's credit profile.

Based on estimates for 2023, management expects improvement to available reserves following increases to the fair market value of investments relative to 2022, coupled with a projected \$1.86 million (0.5%) net general fund surplus. We also believe St. Paul's very strong liquidity position, with more than \$472 million in total cash and investments as of 2022, will cushion the city's overall credit profile against recent reserve volatility.

We will continue to monitor St. Paul's general fund balance because further declines will result in a negative rating action. However, we believe the rating is currently stable based on management's forward-looking plans to improve funds with negative balances, paired with officials' longstanding commitment to maintaining structural budgetary balance.

The rating further reflects our opinion of the city's:

- Very strong economy, anchoring the Minneapolis-St. Paul metropolitan statistical area (MSA), with strong residential and commercial growth, and overall economic stability supported by multiple government and higher education institutions;
- Very strong management, with a history of well-managed budgets, that has consistently produced balanced operating results, paired with a strong institutional framework score;
- Continued strong financial performance with surplus general fund operations, notwithstanding unrealized declines to the fair market value of investments, with a balanced 2024 budget reflecting incremental growth in spending and revenues; and
- Weak debt and contingent liability profile relative to that of peers due to St. Paul's higher debt service as a percentage of expenditures, offset by modest pension and other postemployment benefit (OPEB) costs and little medium-term likelihood of meaningful cost acceleration.

Environmental, social, and governance

We analyzed St. Paul's environmental, social, and governance factors relative to the city's economy, management, financial measures, and debt and liability profile, and consider them to be neutral in our credit analysis. The city was delayed in completing its 2022 audit, which management attributes to fewer available auditors in the region and at the state level. We understand the 2023 audit is in progress and is expected to be complete by the end of 2024. We

recognize the city's efforts to maintain financial transparency and up-to-date reporting in our view of St. Paul's very strong management. The city is also proactive in mitigating cyber-security risks, hired a chief information security officer in 2023, and maintains contracts with rapid response teams in the event of cyber attacks.

Rating above the sovereign

St. Paul's GO bonds are eligible to be rated above the sovereign because we believe the city can maintain better credit characteristics than the nation in a stress scenario. Under our criteria "Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions" (published Nov. 19, 2013), U.S. local governments are considered to have moderate sensitivity to country risk. The institutional framework in the U.S. is predictable for local governments, allowing them significant autonomy, independent treasury management, and no history of government intervention.

Outlook

The stable outlook reflects our expectation that available reserves reached a low point in 2022 and are not likely to deteriorate further over the two-year outlook horizon. The outlook also reflects St. Paul's consistently strong budgetary performance, benefiting from revenue flexibility and growth, paired with a very strong liquidity position, which we believe are supported by very strong management. The MSA's broad and diverse characteristics, as well as the stabilizing support provided by the city's role as the state capital and various higher education institutions, also provide rating stability.

Downside scenario

We will take negative rating action if available reserves decline for any reason. Downside pressure could also emerge if future debt issuances lead to weakening of our assessment of the city's debt and contingent liability profile.

Credit Opinion

Available reserves declined, but overall budgetary flexibility remains strong

St. Paul's available reserves declined in 2022 following a \$23.4 million decrease in the fair market value of investments stemming from the Federal Reserve's recurring interest rate hikes. As noted, St. Paul's investment strategy is to buy and hold investments to maturity, so any losses to the fair market value of investors are unrealized. Nevertheless, these market value losses, in conjunction with a large general fund receivable, weakened St. Paul's already pressured general fund balance.

We adjusted the city's available general fund balance to remove \$22.7 million due from nonmajor governmental, nonmajor enterprise, and internal services funds. Most of the adjusted receivable is due from the following funds:

- Parks special services nonmajor enterprise fund accounts for \$7.3 million, or 32% of the total adjusted receivable. The city's municipal golf courses are a primary driver of the negative fund balance, although the city has reported growth in annual golf course usage since 2021. For 2024, projections show total golf rounds played are on track to exceed 2023. Management indicates this fund is trending positively following changes to golf operations including increases to golf user fees, self-service kiosks to reduce staffing needs, implementation of inventory management

software, and offering alcoholic beverages at golf courses.

- Right-of-way maintenance fund accounts for \$4.9 million, 21% of the total adjusted receivable. A 2022 court decision prohibited St. Paul from charging fees for certain street maintenance services, leading to an abrupt midyear change in the operations of that fund. In 2023, the city moved the entire right-of-way maintenance budget to the general fund, prompting a large 14.65% increase to the overall levy. In our view, this larger-than-typical levy increase highlights the city's revenue flexibility and officials' commitment to maintaining balanced general fund operations.
- Como Zoo Campus fund accounts for \$3.3 million, 15% of the total adjusted receivable. The zoo closed for much of the pandemic, leading to a negative balance in the fund. Management indicates zoo attendance is gradually increasing, and that the city may move some zoo staffing costs to the general fund in the 2025 budget.

Management has outlined plans to improve all underperforming funds' cash balances over the long-term, but we anticipate the receivable will likely remain large on the balance sheet for several years.

Based on management's calculation, without removal of the longstanding receivables, the fund balance is in line with the city's policy to maintain at least 15% of expenditures in unassigned reserves in the combined general and library funds. Estimates for fiscal 2023 show the available balance should improve relative to the 2022 but we anticipate available reserves will remain low relative to those of peers over the outlook horizon.

Continued strong financial performance with operational balance expected through 2024

Despite reserve volatility, St. Paul has maintained balanced budget operations through a combination of conservative budgeting for expenditures and modest revenue growth. Fiscal 2023 estimates show a \$1.86 million general fund surplus (about 0.5% of budgeted expenditures). The fiscal 2024 operating budget is balanced, with an overall 3.7% levy increase. In 2024, the city will receive new revenue from several sources including an \$8.8 million annual increase in state local government aid and a new 1% local option sales tax, approved by voters in 2023, for parks and streets improvements over the next 20 years. For the preliminary 2025 budget, management expects continuance of structural balance and a modest levy increase. St. Paul received \$166 million in total federal stimulus in 2021 and 2022, of which \$92 million has been spent through the first quarter of 2024. Remaining stimulus funds are allocated to programs for neighborhood safety, housing, and modernization of city services, as well as continued budget stabilization. Management expects the 2025 budget will include \$1 million of costs returned to the general fund that have been paid for with stimulus aid in recent years.

After adjusting for the \$23.4 million decrease in fair market value of investments recorded under general fund revenue, the city's 2022 operating result reflects a strong \$10.8 million (3.5%) net surplus. In addition, we adjusted general fund and total governmental funds revenue and expenditures for recurring transfers that function as revenue and expenditures, as well as spending of bond proceeds and one-time capital expenditures. The 2022 operating result exceeded budget with general fund expenditures coming in nearly \$6 million under budget, coupled with positive revenue variances for franchise fees, public safety pension aid, building permit and licenses, and hotel tax. The net \$10.8 million surplus accounts for St. Paul's early defeasance of nearly \$20 million of debt for series 2014A, 2015A, 2016A, and 2020F GO bonds, which we view as proactive management of the city's long-term liabilities.

Due to the commitment of officials to structurally balanced budgets, demonstrated willingness to raise revenues and

ability to control expenditures, and past generation of at least break-even results, we expect budgetary performance will remain strong.

Very strong liquidity with good management of direct placement debt

In 2022, St. Paul held \$427.2 million in unrestricted cash and investments available for liquidity purposes, supporting our opinion of the city's very strong overall liquidity position. Despite the fair market value investment losses in 2022, we have not traditionally viewed the city's investments as aggressive, because it primarily invests in agencies of the federal government, money market funds and certificates of deposit, and municipal securities in line with its investment policy.

The \$29.5 million series 2023C GO street reconstruction bonds are direct-placement debt with a variable-rate and an agreement we view as permissive since it allows for acceleration without adequate notification, which we would consider to be 180 days. If the debt were accelerated due to an event of default or cross-default of parity GO debt, in our view, St. Paul has liquidity to cover debt service. Therefore, we do not view this debt issuance as weakening liquidity or the overall credit profile. City policy limits variable-rate debt to 30% of the debt portfolio.

In addition, St. Paul has the following direct-placement debt:

- Series 2014 long-term grant appropriation note;
- Series 2020E Ford redevelopment site storm sewer revenue bonds;
- Series 2021E special assessment revenue bond (Highland Bridge Project); and
- Series 2023B GO capital note.

In our view, the terms of the agreements for these obligations are standard. Furthermore, we do not view them as a liquidity risk because, aside from the series 2023B GO note, all are secured by specific revenue streams and not the city's GO pledge. We note, however, the liquidity score could weaken if the amount of debt subject to acceleration relative to the city's total government available cash materially increases.

Very strong economy with continued citywide growth despite downtown market value declines

St. Paul's economy continues to grow with several large-scale developments underway: a 150-acre mixed-use redevelopment at the former Ford assembly plant site is nearing completion; a 34.5-acre site adjacent to the Allianz soccer stadium is planned for mix-used development; a 112-acre site, the former Hillcrest Golf Course, is zoned for 1,000 housing units and light industrial uses; and a five-acre downtown riverfront site owned by Ramsey County is in the planning stages.

While St. Paul continues to see steady growth in its total market value, market values in the city's downtown declined 6.1% in 2024 based on Ramsey County's 2024 assessor's report. The rise in hybrid work has led to less downtown foot traffic relative to pre-pandemic levels, and we believe long-term demand for downtown office and retail space remains uncertain. In partnership with the St. Paul Downtown Alliance, the city recently completed a study on the downtown investment strategy, with key priorities including attracting 20,000 more residents, creating 20,000 more downtown jobs, and generating a 20% increase in downtown visitation. A local developer recently announced plans to convert a 26-floor downtown office tower to 187 new residential units, which could bolster the city's downtown revitalization

efforts.

The value of building permits and sales tax collects reached an all-time high in 2023 based on year-end estimates, indicating strong economic activity citywide. The prominence of state government in the city and the presence of multiple higher education institutions, including University of Minnesota's St. Paul campus, support our view that St. Paul benefits from such stabilizing institutions.

Very strong management with forwarding-looking practices

The city administration uses historical trend analysis in setting the annual budget. Management monitors general fund budget-to-actual results at least monthly. The city council does not receive budget-to-actual reports on a predetermined schedule, but council staff can access real-time budget-to-actual information and provide that to council on request. St. Paul has adopted budget systems that allow for real-time budget evaluation, which officials believe has enhanced their ability to monitor budget-to-actual results.

St. Paul maintains its own formal investment policy in conjunction with the state's investment statute. The administration conducts quarterly reviews of investments and prepares a quarterly report. The report is available to the council on request.

Management updates its five-year financial model at least annually, and the administration uses the model as a planning tool. The model focuses on expenditure projections and holds revenue flat, based on the city's approach that the administration, in partnership with the council, will either generate the additional revenue required to match projected expenditures or cut costs to continually produce a structurally balanced budget. The city also annually updates its five-year capital improvement plan, which includes funding sources.

St. Paul has a formal general fund unassigned reserve policy to maintain at least 15% of expenditures in its combined general and library funds, which it has historically exceeded. The city's informal target is to strive for 20%-30% of expenditures in reserve, which it is not currently meeting but maintains as a goal.

The city has policies related to derivatives, post-debt issuance compliance, and a debt service reserve fund minimum. It also participates in a biannual joint debt advisory committee report with Ramsey County, St. Paul Public Schools, the St. Paul Port Authority, and Ramsey County Regional Railroad Authority that sets specific guidelines for debt ratios, including debt as a percentage of market value and debt per capita.

Debt metrics have marginally weakened as debt issuance outpaces market value growth

We revised our view of the city's debt and contingent liability profile to weak from adequate, as overall net debt as a percent of the market value increase just above 3%. This change does not materially weaken our view of St. Paul's overall credit profile, as the data point is close to the threshold and slight changes in any part of the calculation could result in our view of the city's debt changing back to adequate.

St. Paul will issue \$63.4 million in sales tax revenue and refunding bonds in July 2024, which is included in our net direct debt calculations. The city also plans to issue approximately \$64.5 million of GO debt through 2026, as well as \$115.7 million in enterprise-backed debt over the next two years, with no GO pledge. Given that the city will amortize more GO debt than it plans to issue over the next two years, we do not believe additional debt will weaken the debt profile.

Pension and OPEB do not represent a medium-term risk

The city participates in the following plans, which are administered by the Public Employees Retirement Associate of Minnesota:

- The Minnesota General Employees Retirement Fund (GERF): 83.1% funded as of June 30, 2023, using a 7.0% discount rate, with a city proportionate share of the plan's net pension liability (NPL) of \$100.7 million;
- The Public Employees Police and Fire Fund (PEPFF): 86.5% funded, using a 7.0% discount rate, with a city proportionate share of the NPL of \$160.1 million; and
- A single-employer, defined-benefit OPEB plan that the city funds on a pay-as-you-go basis: 0% funded, with a \$206.1 million net liability.

In the most recent year, plan-level contributions to GERF met our static funding metric--meaning that employer and employee contributions were enough to match the present value of current-year benefits and the interest on the NPL--but fell short of our minimum funding progress metric. Contributions to PEPFF fell short of both static and minimum funding progress metrics. However, the plans are reasonably well funded, and we expect the city to be able to absorb any likely medium-term costs increases without placing undue pressure on operations. (For more information on the pension plans, see "Pension Spotlight: Minnesota," published Aug. 10, 2023, on RatingsDirect.)

St. Paul contributes to certain retirees' health care and life insurance premiums and allows others to remain on its plans. These costs are expected to peak in the late 2020s before beginning to decline.

St. Paul, Minnesota--Key credit metrics

	Most recent	Historical information		
		2022	2021	2020
Very strong economy				
Projected per capita EBI % of U.S.	86			
Market value per capita (\$)	118,739			
Population (no.)		313,360	311,856	312,492
County unemployment rate(%)		2.7		
Market value (\$000)	37,208,109	32,945,343	31,059,407	28,877,725
Ten largest taxpayers % of taxable value	3.3			
Strong budgetary performance				
Operating fund result % of expenditures		3.5	0.3	1.2
Total governmental fund result % of expenditures		9.5	4.4	2.8
Strong budgetary flexibility				
Available reserves % of operating expenditures		9.6	13.5	13.7
Total available reserves (\$000)		29,448	42,727	42,298
Very strong liquidity				
Total government cash % of governmental fund expenditures		82	83	57
Total government cash % of governmental fund debt service		830	809	450
Very strong management				
Financial Management Assessment	Strong			

St. Paul, Minnesota--Key credit metrics (cont.)

	Most recent	Historical information		
		2022	2021	2020
Weak debt & long-term liabilities				
Debt service % of governmental fund expenditures		9.9	10.3	12.6
Net direct debt % of governmental fund revenue	79			
Overall net debt % of market value	3.3			
Direct debt 10-year amortization (%)	61			
Required pension contribution % of governmental fund expenditures		5.6		
OPEB actual contribution % of governmental fund expenditures		1.3		

Strong institutional framework

EBI--Effective buying income. OPEB--Other postemployment benefits. Data points and ratios may reflect analytical adjustments.

Related Research

- 2023 Update Of Institutional Framework For U.S. Local Governments, Nov. 28, 2023
- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022
- Alternative Financing: Disclosure Is Critical To Credit Analysis In Public Finance, Feb. 18, 2014
- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013

Ratings Detail (As Of May 22, 2024)

St Paul Port Auth		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
St. Paul taxable GO street imp special assessment rfdg bnds		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
St. Paul GO cap imp bnds		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
St. Paul GO rfdg bnds		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
St. Paul GO tax increment rfdg bnds		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
St. Paul GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
St Paul Port Authority, Minnesota		
St Paul, Minnesota		
St Paul GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
St Paul Port Auth taxable GO bnds		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

Ratings Detail (As Of May 22, 2024) (cont.)		
St Paul Port Auth tax-exempt GO bnds		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
St Paul Port Auth (St. Paul) GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
St Paul Public Library Agency, Minnesota		
St Paul, Minnesota		
St. Paul Pub Lib Agy (St. Paul) GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

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