

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: JUNE 18, 2025

**REGARDING: RESOLUTION APPROVING PARKING ENTERPRISE REVENUE
REFUNDING BONDS, SERIES 2025A and 2025B AND
AUTHORIZING THE PREPARATION OF NECESSARY
DOCUMENTS AND MATERIALS IN CONNECTION WITH THE
REFUNDING/ REFINANCING**

DISTRICT 17 WARD 2

Requested Board Action

Request authorization to issue Parking Enterprise Revenue Refunding Bonds, Series 2025A and Taxable Parking Enterprise Revenue Refunding Bonds, Series 2025B in a maximum aggregate principal amount of \$19,000,000 (collectively the Series 2025 Bonds) and approval of related documents.

There are two HRA resolutions for adoption as follows:

1. General Bond Resolution Authorizing the Issuance of Parking Revenue Bonds (approved first); and
2. First Supplemental Bond Resolution Authorizing the Issuance of Parking Enterprise Revenue Refunding Bonds, Series 2025A and Taxable Parking Enterprise Revenue Refunding Bonds, Series 2025B

The General Bond Resolution establishes terms that are applicable to all Revenue Bonds that might be issued under this program, including Additional Bonds. The First Supplemental Bond Resolution establishes terms that apply only to the Series 2025 Bonds.

Background

The HRA has issued multiple pledged parking revenue bonds over the years. The most recent issuance was in 2017, pledging net parking revenue/operating income from the following facilities: Smith Avenue Ramp, Kellogg Underground Ramp, Block 19 Ramp, Robert Street Ramp, Lowertown Ramp, 7A Ramp (old Science Museum), and Farmer's Market Lot (city owned) (the

“Prior Bonds”). The Prior Bonds refinanced bonds issued in 2010. To market the bonds, the City also pledged the first \$3 million from its meter and fine revenues. The Prior Bonds mature on 8/1/2035 and the current outstanding balance is \$19,920,000.

The HRA is proposing to issue revenue bonds to refinance the Prior Bonds. The proposal is intended to reduce our annual debt service payment, to align better with the pledged parking net operating income, and to remove the 7A Ramp from the existing pledge positioning it for re-use/redevelopment of the Gallery Towers office building.

We will extend the final maturity by ten years to 8/1/2045. A portion of the bonds will be sold as taxable bonds to allow long-term contracts in the Robert Street Ramp.

The proposed principal amount to be issued is estimated to total \$16,230,000, as follows (the “Series 2025 Bonds”):

- Tax Exempt Series 2025A - \$15,435,000
- Taxable Series 2025B - \$795,000

The proceeds of the Series 2025 Bonds, along with other funds held by the HRA for the Prior Bonds, will be used to:

- Refinance the HRA’s outstanding Parking Revenue Refunding Bonds (Parking Facilities Project), Series 2017A
- Deposit funds to the Reserve Account in an amount that satisfies the Reserve Requirement (equal to the maximum annual debt service currently estimated to total \$1,304,250)
- Deposit funds to the Repair and Replacement Account (equal to the amount currently on deposit with the HRA equal to \$3,120,142) and
- Pay costs of issuance for the Series 2025 Bonds

The parking facilities pledged to the repayment of the Series 2025 Bonds include five (5) parking ramps and one (1) surface lot (3,994 total spaces) (the “Pledged Parking Facilities”):

- Robert Street Ramp – 880 spaces / Built 1993
- Lowertown Ramp – 910 spaces / Built 1987
- Kellogg Underground Ramp – 428 spaces / Built 1997

- Block 19 Ramp – 1,044 spaces / Built 2004
- Smith Avenue Transit Ramp – 603 spaces / Built 2006
- one surface parking lot (Farmers Market Lot) – 129 spaces/ Built 1981

A map of the HRA parking facilities is included as an **attachment**, including the pledged facilities. This refinancing will strengthen the operations of the Parking Enterprise Fund by taking advantage of extending the final maturity and removing the 7A Parking Ramp and adjusting debt structure to allow options for more effective operations of the Pledged Parking Facilities.

The Pledged Parking Facilities net operating income does not cover the annual debt service payment required for the Prior Bonds, and the refinancing will reduce the annual debt service payment. The City will continue to pledge meter and fine revenue, with the first \$3,000,000 received from the combined accounts, to market the bonds and achieve a credit rating of A+ or better (the current rating on the Prior Bonds) as set forth in a Pledge Agreement, to be approved by the HRA and the City Council. S&P Global Ratings will issue a rating on the Series 2025 Bonds. In February, S&P Global affirmed our A+ rating with a stable outlook. This rating is primarily due to the city pledge and the available cash in the Pledged Parking Fund.

The Pledge Agreement will require the HRA to deposit \$400,000 annually to the Repair and Replacement Account. This account is used to pay for repairs and capital improvements for the Pledged Parking Facilities.

Budget Action

An HRA budget amendment is required for this transaction and is included in the **attached** Financial Analysis; all changes are within the HRA Parking Enterprise Fund 6810. The budget amendment is authorized within the First Supplemental Resolution.

Future Action

A resolution before the City Council is scheduled for this same date, June 18, approving the above-mentioned Pledge Agreement. We anticipate closing on the refinancing by early July, following proper notice periods for the redemption of the Prior Bonds.

Financing Structure

Piper Sandler is the underwriter for the Series 2025 Bonds. They currently estimate an average coupon of 5.0%, and an all-in true interest cost of 4.68%. The Series 2025 Bonds will be sold in \$5,000 minimum denominations based on the strength of the rating per HRA policies. The Series 2025 Bonds will be issued to strengthen the operations by reducing the annual debt costs for short-term savings. The maximum annual debt service on the Series 2025 Bonds is projected to total \$1,305,552, and we are forecasting 2025 net operating income from the pledged parking facilities of \$1,562,714, demonstrating coverage of 1.2x. The Projected Financing Schedules are **attached**.

The total estimated cost of the refinancing is \$21,913,571 as shown below:

Sources of Funds

Principal Amount, Series 2025A	\$15,435,000
Principal Amount, Taxable Series 2025B	795,000
Net Premium on Series 2025A Bonds	804,781
Prior 2017 Bond Funds	4,878,790
Total	\$21,913,571

Uses of Funds

Deposit to 2017 Refunding Escrow	\$20,260,822
Deposit to Debt Service Reserve Fund	1,305,552
Costs of Issuance/Rounding	236,471
Est. Underwriter's Discount	110,726
Total	\$21,913,571

The HRA Financing Team includes Piper Sandler as Underwriter, Ballard Spahr as Bond Counsel and PFM Financial Management, LLC as municipal advisor to the HRA.

Refinancing Parameters: The First Supplemental Resolution includes the following parameters for issuance of the Series 2025 Bonds: a maximum aggregate principal of \$19,000,000 and a not to exceed all-in true interest cost of 5.50%. There will be a Pricing Committee that will consist of the Executive Director of the HRA (or designee), the Chief Financial Officer of the HRA (or designee), the Debt Manager of the HRA (or designee), the City Treasurer (or designee), with consultation from a representative of PFM. The Pricing Committee will be charged with determining the structure of the bonds within the parameters of the approving resolution.

PED Credit Committee Review

The Credit Committee reviewed and approved the terms of the refinancing on June 10, 2025.

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

This refinancing will strengthen the operations of the Parking Enterprise Fund by extending the maturity date by ten years, removing the 7A Parking Ramp from the pledge and adjusting debt structure to allow options for more effective operations.

Recommendation:

The Executive Director recommends approval of the General Bond Resolution and the First Supplemental Bond Resolution; authorizing the issuance of the Series 2025 Bonds.

Sponsored by: Chair Johnson

Staff: Jenny Wolfe, 266-6680

Attachments

- Map of Parking Facilities
- Financial Analysis (Budget Amendment)
- Projected Financing Schedules