



**Saint Paul** Minnesota  
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# **DEBT MANAGEMENT**

## **PRESENTATION TO THE SAINT PAUL CITY COUNCIL**

Office of Financial Services, Treasury

October 28, 2020

# Debt Management

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## Department Description:






- Manage the City's existing debt
- Issue debt instruments to finance capital projects at the lowest possible cost
- Develop and implement financing alternatives for the City
- Increase transparency about the City's debt obligations

## Goals and Accomplishments:

- Coordinate rating agency processes
  - Standard and Poor's Global Ratings – AAA/Stable
  - Fitch Ratings – AAA/Stable
- Manage the City's \$500 million debt portfolio consisting of general obligation and revenue bonds
- Sell and refinance debt obligations
- Pay existing debt on time and comply with ongoing disclosure and arbitrage requirements
- Maintain investor relations

# Ratings

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Rating Agency	2016	2017	2018	2019	2020
S&P	AAA	AAA	AAA	AAA	AAA
Outlook	Stable	Stable	Stable	Stable	Stable
Fitch	AAA	AAA	AAA	AAA	AAA
Outlook	Stable	Stable	Negative	Negative	Stable
Status					

# Outstanding Debt Portfolio

(as of 3/11/2020)

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## General Obligation Bonds

General Obligation Tax Levy	143,845,000
General Obligation Levy (Library)	11,420,000
General Obligation Special Assessment	84,770,000
General Obligation Tax Increment	17,365,000
General Obligation Utility Revenue	661,000
Subtotal	<u>258,061,000</u>

## Revenue Bonds

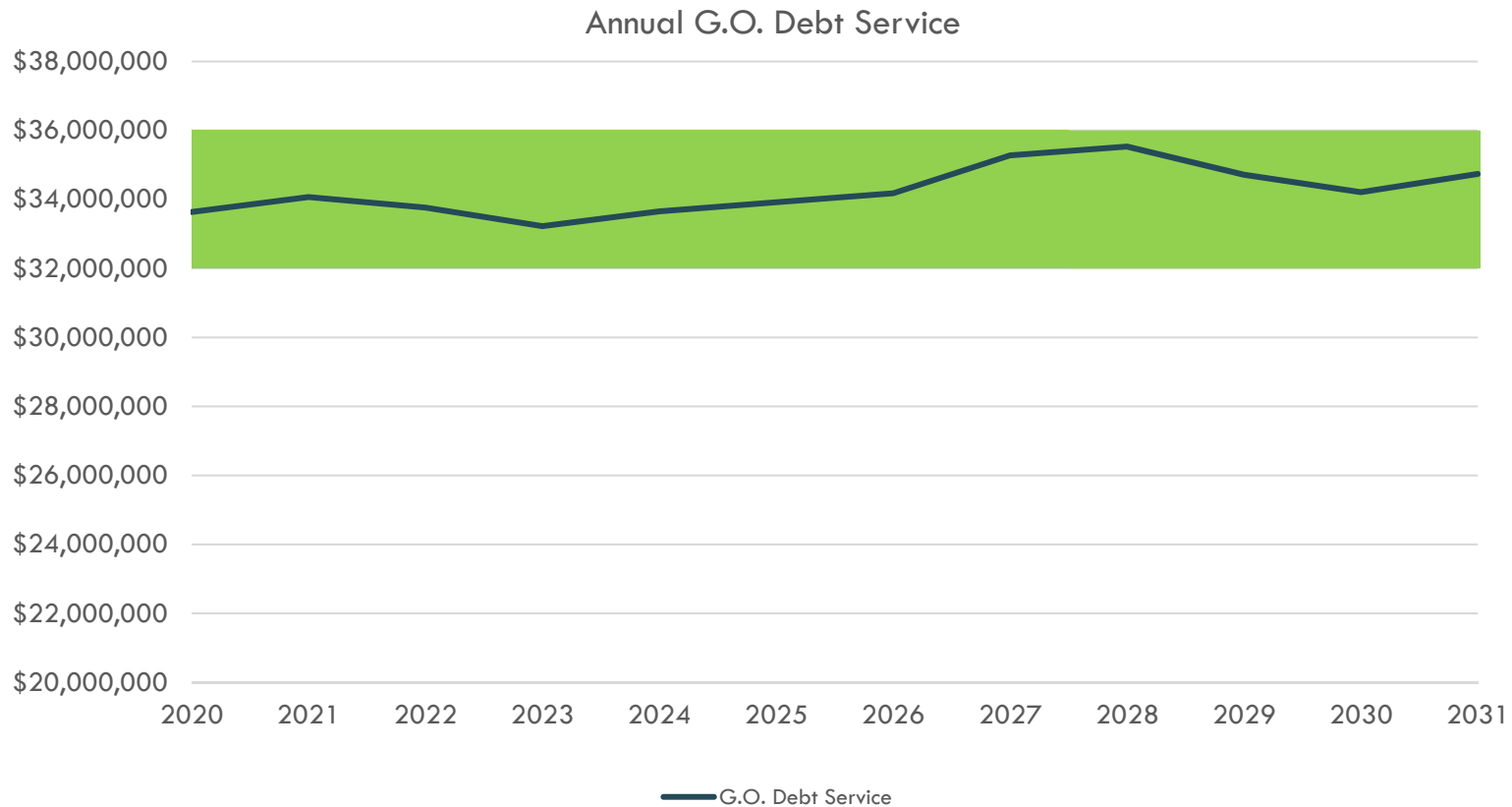
Lease Appropriation	991,131
Recycling and Trash Fees	3,876,000
Water Revenue	33,209,000
Sewer Revenue	85,795,000
Sales Tax	97,340,000
Subtotal	<u>221,211,131</u>

## Total

479,272,131

# G.O. Debt Service Target Range

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The Debt Model targets \$32-\$36M in annual debt service.



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# Debt Model: 5-Year Plan for G.O. Debt

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<b>Spending</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Total Debt Service (Existing + Future)	33,636,605	34,068,356	33,763,431	33,224,943	33,655,995
Total Debt Service for Ford	238,194	1,262,688	1,407,338	1,400,838	1,398,684
Total Subsequent year Debt service	15,084,162	15,695,846	16,322,328	16,320,824	16,843,737
Salaries and Miscellaneous expenses	622,991	638,566	654,530	670,894	687,666
Arbitrage expense	280,000	280,000	280,000	280,000	280,000
<b>Total Expenditures</b>	<b>49,861,951</b>	<b>51,945,456</b>	<b>52,427,627</b>	<b>51,897,499</b>	<b>52,866,083</b>
<b>Financing</b>					
Property Tax Budget	17,965,868	19,615,868	21,215,868	22,815,868	24,315,868
Other Revenue	14,219,668	13,928,167	11,845,063	11,138,292	11,038,032
Use of Fund Balance - subsequent year	15,084,162	15,695,846	16,322,328	16,320,824	16,843,737
Use of Fund Balance	2,592,253	2,705,575	3,044,368	1,622,515	668,446
<b>Total Financing</b>	<b>49,861,951</b>	<b>51,945,456</b>	<b>52,427,627</b>	<b>51,897,499</b>	<b>52,866,083</b>
<i>Additional property tax</i>	<i>1,055,050</i>	<i>1,244,215</i>	<i>1,387,520</i>	<i>1,600,000</i>	<i>1,500,000</i>
<i>Additional property tax for Ford CIB</i>	<i>131,735</i>	<i>405,785</i>	<i>212,480</i>	<i>-</i>	<i>-</i>
<b>Total Budget Increase</b>	<b>1,186,785</b>	<b>1,650,000</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,500,000</b>
Total Reserved Fund Balance	19,239,288	19,872,103	20,529,199	20,570,024	21,122,658
Unreserved Fund Balance	9,924,792	6,586,402	2,884,938	1,221,598	518
<b>Total Fund Balance at Year End</b>	<b>29,164,080</b>	<b>26,458,505</b>	<b>23,414,137</b>	<b>21,791,622</b>	<b>21,123,176</b>

# G.O. Debt Service: Revenues/Transfers

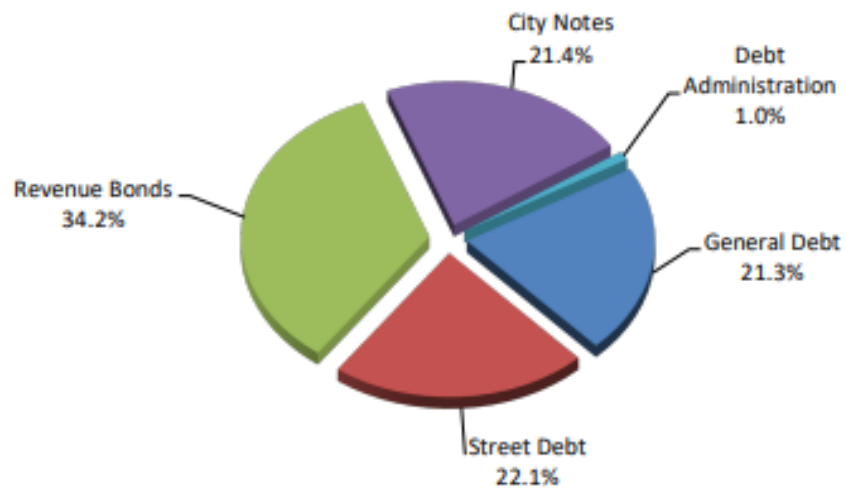
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Other Revenues/Transfers	2020 Adopted Budget	2021 Proposed Budget	Variance
Property Tax	16,779,083	17,965,868	1,186,785
Sales Tax	4,250,000	3,500,000	(750,000)
Sales Tax for Fleet	1,525,000	1,525,000	-
General Fund for Fleet	940,377	940,377	-
Public Works for Fleet	-	204,410	204,410
Assessments	2,800,000	2,700,000	(100,000)
WPA	3,000,000	3,000,000	-
Interest Earnings	155,884	155,884	-
Build America Bond's Subsidy	385,568	364,387	(21,181)
Sidewalk	85,220	62,619	(22,581)
ETI for Infor	858,000	864,000	6,000
Use of Fund Balance	1,980,927	2,592,253	611,326
<b>Total</b>	<b>32,760,059</b>	<b>33,874,798</b>	<b>1,114,759</b>

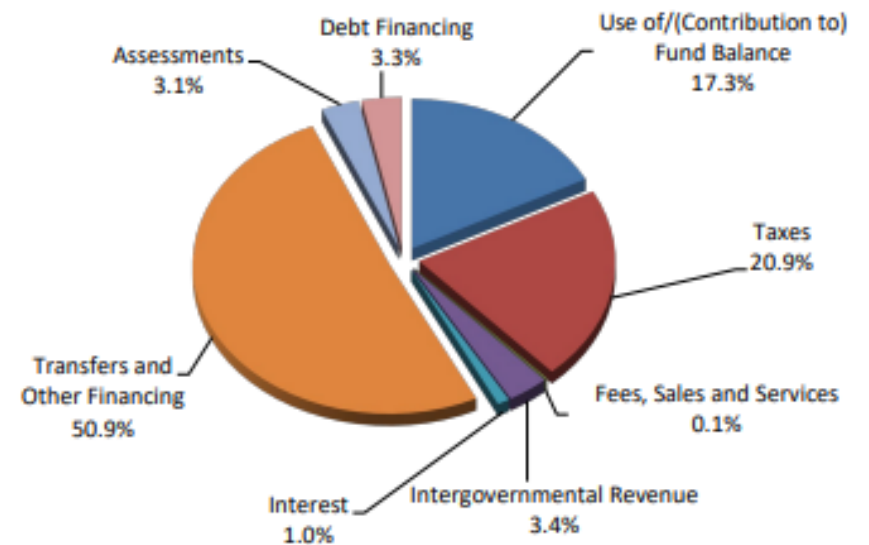
# Debt Service Funds

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## 2021 Spending by Major Category



## 2021 Financing by Major Source



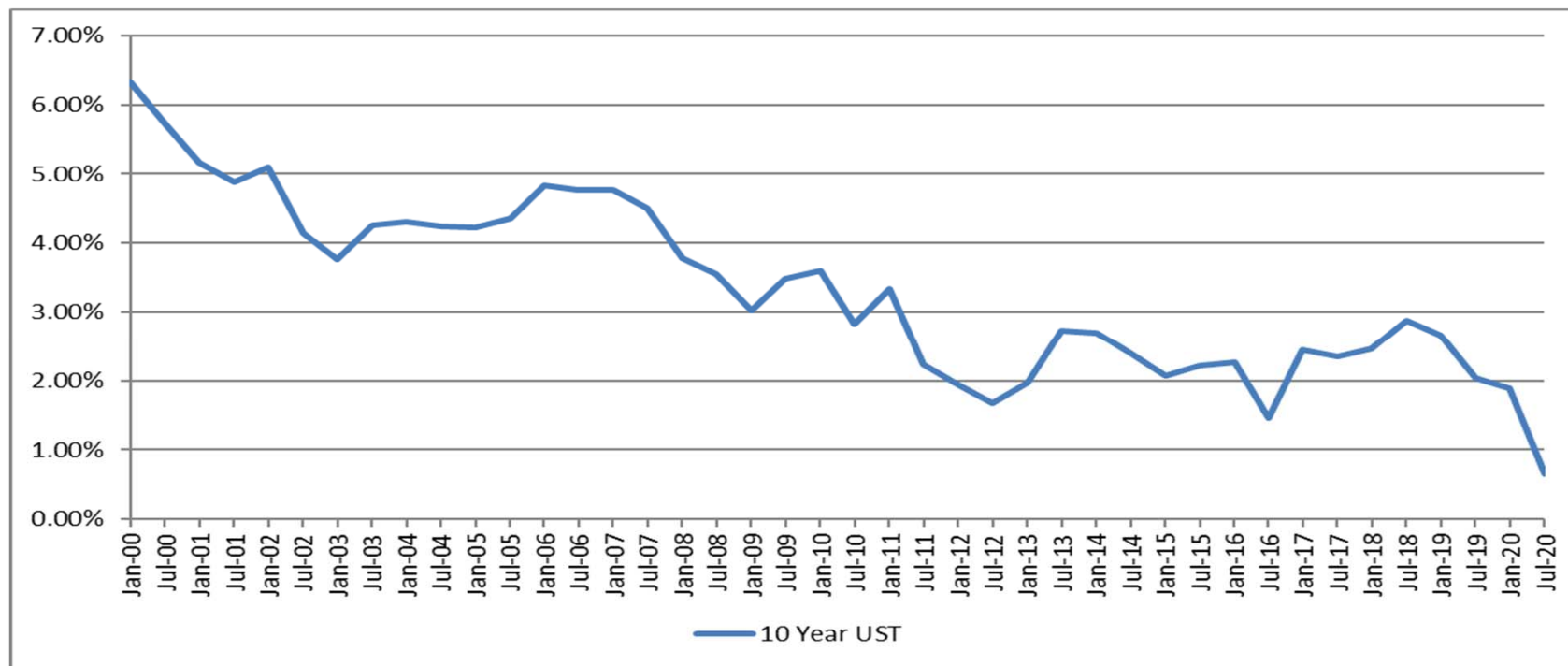
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# Market Update

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- Interest rates return to historic lows
- Continues to be a favorable borrowing environment for issuers looking to fund capital projects and refinance debt



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# 2021 Debt Strategy

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## New Money

Issue	Estimate	Security/Authority	Project
2021A	\$11,000,000	G.O. CIB	Capital Improvements
2021A	3,110,567	G.O. Capital Notes	Vehicles and Equipment
2021D	8,000,000	Sewer Revenue	Capital Maintenance Projects
2021E	20,000,000	Water Revenue	Water CIP
2021F	12,500,000	G.O. Street Reconstruction	St. Paul Street Vitality Program
<b>Total</b>	<b>\$54,610,567</b>		

## New Money for the Ford Redevelopment Site

Issue	2021 Estimate	Previously Issued Amount	Total Budgeted Authorization	Remaining Authorization	Security
2021A	2,500,000	725,000	5,725,000	2,500,000	G.O. CIB
2021C	3,720,000	5,475,000	9,195,000	-	City TIF (GO/Rev)
2021B	9,415,000	-	9,415,000	-	429 Revenue or G.O. Assessment Bonds
		8,600,000	8,600,000	-	GI District Connection Fee
<b>Total</b>	<b>\$15,635,000</b>	<b>\$14,800,000</b>	<b>\$32,935,000</b>	<b>\$2,500,000</b>	



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# 2021 Debt Strategy Cont.

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Refunding Issues	Amount Outstanding	Security	Project
2012D	\$1,700,000	G.O. Capital Note	Capital Improvements
2012A	1,035,000	G.O. Capital Improvement	Capital Improvements
2013B	1,400,000	G.O. Capital Improvement	Capital Improvements
2010F	3,740,000	G.O. Capital Improvement	BAB
2010G	5,590,000	G.O. Capital Improvement	RZED
2010H	3,700,000	G.O. Library	RZED
2013C	7,470,000	Street Improvement	St. Paul Street Vitality Program
2019G	9,200,000	Street Reconstruction	St. Paul Street Vitality Program 2019G
2011C	5,320,000	Sewer Revenue	Sewer Revenue Bonds, Series 2011C
2013D	6,065,000	Sewer Revenue	Sewer Revenue Bonds, Series 2013D
<b>Total Refundings</b>	<b>\$45,220,000</b>		

Potential Refunding Issues	Amount Outstanding	Security	Project
2000	\$3,227,000	People Connection Lease	Ramsey County Pedestrian Connection
2010A	1,580,000	G.O. Tax Increment	Koch/Mobil Project
2009D	545,000	Public Safety TE	Fire Station #1
2013A	4,330,000	Water Revenue	Water Capital Projects
2014E	6,035,000	Sewer Revenue	Sewer Revenue Bonds, Series 2014E
2014A	4,690,000	G.O. Capital Improvement	Capital Improvements
2014B	17,130,000	Street Improvement	St. Paul Street Vitality Program
2020F	20,000,000	Street Reconstruction	St. Paul Street Vitality Program 2020F
<b>Total Potential Refundings</b>	<b>\$57,537,000</b>		

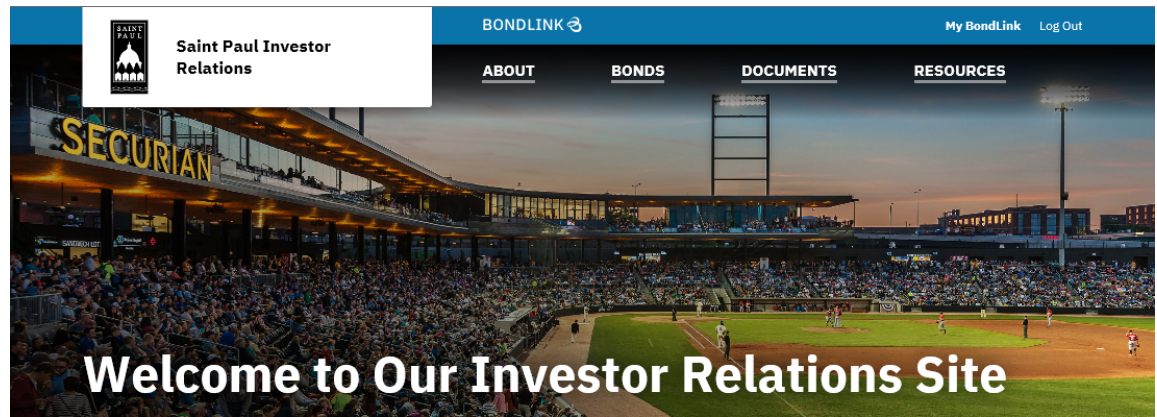
# Questions

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Please contact Michael Solomon at  
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or Sarah Brown at  
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Visit the City's Investor Relations  
Website!

<https://www.stpaulbonds.com/city-of-saint-paul-minnesota-mn/i565>



On behalf of the City of Saint Paul, Minnesota, I would like to welcome you to our official investor relations website. We appreciate your interest and investment in bonds issued by the City of Saint Paul and its related entities, as it allows us to make critical investments in public infrastructure throughout the city. The City is committed to maintaining strong bond ratings, and to being as transparent as possible with the investor community and general public.

I hope you find this website useful as you seek to better understand the credit fundamentals of the City of Saint Paul. Please do not hesitate to contact our office with suggestions for how we can be doing better. Thanks again for your interest in the City's financing program.

**Michael Solomon, Treasurer**

