



Legislation Text

File #: RES 16-1570, **Version:** 1

Requesting the City of Saint Paul, Minnesota issue and sell a \$7,500,000 water revenue note, series 2016 to the Minnesota Public Facilities authority for various drinking water improvement projects.

WHEREAS, Saint Paul Regional Water Services (the "Utility") provides safe drinking water to the residents of the City of Saint Paul, Minnesota (the "City") and the surrounding municipalities; and

WHEREAS, the Board of Water Commissioners of the City of Saint Paul, the governing body of the Utility (the "Board"), has identified the following capital projects that will require the incurrence of a debt obligation for funding: (i) the purchase and installation of the McCarron's switchgear and electrical replacement improvements and (ii) the West Saint Paul pump station generator and electrical improvements (collectively, the "2016 Projects"); and

WHEREAS, the Board, by adoption of RES 16-649 on April 12, 2016, established its desire to finance the 2016 Projects by means of a drinking water revolving fund loan from the Minnesota Public Facilities Authority (the "MPFA") in an amount of approximately \$7,200,000, or the as-bid costs of the 2016 Projects; and

WHEREAS, the City Council (the "Council") of the City adopted on December 16, 2015, the 2016 Budget of the Water Department which included \$7,585,000 of debt funded capital spending; and

WHEREAS, the Council of the City adopted on February 10, 2016, RES 16-231 "Granting preliminary approval to the issuance of certain general obligation and revenue bonds as approved in the 2016 budget of the City and authorizing City finance staff and advisors to take certain actions with respect to the sale of such bonds; and

WHEREAS, it is proposed that the Council adopt a resolution authorizing the issuance of a Water Revenue Note, Series 2016 (the "2016 Note") to be sold to the MPFA in the approximate amount of \$7,500,000, or the as-bid costs, in order to fund the 2016 Projects; and

WHEREAS, the 2016 Note will be issued and payable on parity with the other outstanding revenue bonds/notes of the City that are payable from the net revenues of the Utility, and Utility staff and City staff will negotiate the terms and interest rate of the 2016 Note with MPFA; and

WHEREAS, the Council of the City will also authorize execution and delivery of a Bond Purchase and Project Loan Agreement (the "MPFA Loan Agreement") between the City and the MPFA, and, if necessary, the Board

NOW, THEREFORE BE IT RESOLVED, by the Board of Water Commissioners of the City of Saint Paul as follows:

1. Request and Recommendation. The Board hereby requests and recommends that the City authorize the issuance of the 2016 Note in order to fund the 2016 Projects and accept the offer of the MPFA to purchase the 2016 Note upon the terms and conditions negotiated by Utility staff and City staff with the MPFA. This Board will review and take concurring action at its next meeting following Council action authorizing issuance of the 2016 Note.

2. MPFA Loan Agreement. The MPFA Loan Agreement as executed by the City will be concurred to by the Board. If the MPFA requires the Utility also execute the MPFA Loan Agreement, the President and Secretary of the Board shall execute the MPFA Loan Agreement on behalf of the Board, or if the President or Secretary is unavailable, any other member of the Board may execute the MPFA Loan Agreement.