



Legislation Text

File #: RES 24-838, **Version:** 1

Pertaining to the Issuance of Water Revenue Bonds in an Aggregate Principal Amount Not to Exceed \$58,000,000 for the Water Treatment Plant Improvement Project.

Resolution Requesting the City of Saint Paul, Minnesota to Issue and Sell Water Revenue Bonds in an Aggregate Principal Amount Not to Exceed \$58,000,000 for the WTP Modernization Project; Expressing the Intent of the Board of Water Commissioners to Reimburse Itself from the Proceeds of Such Tax-Exempt Bonds; and Authorizing Board of Water Commissioners Staff to Take Certain Actions with Respect to the Sale of Such Tax-Exempt Bonds

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 certain water improvement and rehabilitation projects as set forth in the Water Capital Improvement Plan for the years 2020 through 2026 generally described as McCarron’s Treatment Plant Improvements, including but not limited to financing the construction and equipping of new softening and settling facilities, new chemical handling facilities, new recarbonation facilities, new ozone facilities, and a new laboratory and operations space (the “WTP Modernization Project”) that will require the incurrence of a tax-exempt bonds or other debt obligation for funding of such WTP Modernization Project; and

WHEREAS, it is proposed that the Council adopt resolutions at a later date authorizing the issuance of one or more series of revenue notes, in an aggregate amount estimated to be approximately \$58,000,000 of which at least (i) \$29,000,000 is anticipated to be sold in a direct placement to the Minnesota Public Facilities Authority (the “PFA”) in 2024 (the “2024-1 Note”) and an additional \$29,000,000 to be issued in 2025 (the “2025 Note” and, together with the 2024-1 Note, the “WTP Notes”) which will help provide funding in addition to the more than \$150,000,000 previously issued for the WTP Modernization Project, and

WHEREAS, the WTP Notes will be special, limited obligations of the City payable solely from revenues of the Utility and each series of the WTP Notes will (i) fund the WTP Modernization Project, (ii) fund necessary reserves, if any, and (iii) pay costs of issuance; and

WHEREAS, the WTP Notes will be issued and payable on a parity with other outstanding revenue bonds of the City that are payable from the net revenues of the Utility, and the Utility staff and City staff will work with Ballard Spahr LLP as bond counsel to the City and Ehlers & Associates, Inc., as municipal advisor, to sell the WTP Notes in the future when appropriate; and

WHEREAS, the Council will also authorize execution and delivery of a Bond Purchase Agreement or Bid Form as necessary for the WTP Notes after such sale; and

WHEREAS, the Board will be required to concur in the issuance and sale of the WTP Notes at a later date after such sale of the WTP Notes but prior to their issuance by the City.

BE IT RESOLVED by the Board of Water Commissioners of the Saint Paul, Minnesota, as follows:

- 1) Request and Recommendation - 2024-1 Note. The Board hereby requests and recommends that the City authorize the issuance of the 2024-1 Note in an aggregate amount estimated to be approximately \$29,000,000 in order to fund the WTP Modernization Project and work with Utility staff, PFA staff, City staff, Ballard Spahr LLP and Ehlers & Associates, Inc. on the issuance and sale of the 2024-1 Note upon the terms and conditions deemed appropriate by Utility staff and City staff with advice from Ehlers & Associates, Inc. and Ballard Spahr LLP. The Board will review and take concurring action at its next meeting following Council action authorizing issuance and sale of the 2024-1 Note. The staff of the Utility and the City are also able to take all necessary actions to apply to the PFA for a loan for all or a portion of the 2024-1 Note.
- 2) Request and Recommendation - 2025 Note. The Board hereby requests and recommends that the City authorize the issuance of the 2025 Note in an aggregate amount estimated to be approximately \$29,000,000 in order to fund the WTP Modernization Project and work with Utility staff, PFA staff, City staff, Ballard Spahr LLP and Ehlers & Associates, Inc. on the issuance and sale of the 2025 Note upon the terms and conditions deemed appropriate by Utility staff and City staff with advice from Ehlers & Associates, Inc. and Ballard Spahr LLP. The Board will review and take concurring action at its next meeting following Council action authorizing issuance and sale of the 2025 Note. The staff of the Utility and the City are also able to take all necessary actions to apply to the PFA for a loan for all or a portion of the 2025 Note.
- 3) Reimbursement. The Board intends to make expenditures for the capital projects financed by the WTP Notes (the WTP Modernization Project) and reimburse such expenditures from the proceeds of tax-exempt bonds or obligations. This resolution is intended to constitute a declaration of the Board's official intent, for purposes of Section 1.150-2 of the Treasury Regulations, with respect to certain original expenditures made from any sources other than the proceeds of the obligations, in conjunction with the capital projects and equipment financed thereby (the WTP Modernization Project).