Saint Paul Regional Water Services August 11, 2026

STAFF REPORT

SUBJECT

BOARD RESOLUTION NO. 26-1286

Pertaining to the issuance of a water revenue note in an original aggregate principal amount not to exceed $10,000,000.

2026 STRATEGIC PLAN GOALS: Financial Stability

Executive Summary: The Board of Water Commissioners has previously passed Resolutions and 26-245, 26-246, and 26-976, which authorized SPRWS staff, city staff, and the St. Paul City Council proceed with plans to issue approximately $10,000,000 of debt to complete financing of the McCarron's Water Treatment Plant Improvements project.

To that end, SPRWS, the City, and the MN Public Facilities Authority are preparing loan terms that are agreeable to all parties. Specifically, **the loan terms include $10,000,000 of principal; a term of 20 years; and a below-market, subsidized interest rate**. The loan is expected to be fully executed by August or September of 2026.

With loan terms agreed upon by SPRWS staff, City staff, and the Public Facilities Authority, all that remains necessary to issue the debt and execute the agreement is a final pair of resolutions:

1. A resolution by the St. Paul City Council confirming the desire to issue the debt
2. A concurring resolution by the BWC confirming the desire to issue the debt

The first of these resolutions is planned to be on the City Council's agenda at their meeting on August 19, 2026. A draft of this city council resolution has been included in the meeting packet for reference. The second of these resolutions is on the BWC agenda for today, August 11, 2026, and your approval of the resolution is sought at this point.

Upon passage of the two resolutions listed above, the City will execute the financing agreement with the PFA and will issue the debt. No further debt issuances to support the McCarron's project are expected.

Collectively, between DWRF loans in 2023, 2023, 2024, 2025, and 2026 and a revenue bond issuance in 2023, SPRWS will have leveraged $235,250,000 of debt to facilitate the McCarron's project. Additionally, $5,277,877.99 of interest was earned through the temporary investment of 2023 Revenue bond funds and invested in the project; no interest payments on these funds are necessary. In total, funds available for the project are $240,527,877.99. The Board had authorized $241.6M for the project, and the project continues to trend under-budget as it approaches its conclusion.

RECOMMENDATION

Approval