

SUBJECT

BOARD RESOLUTION NO. 25-1237

Pertaining to the Issuance of Grant Anticipation Notes for Lead Pipe Replacement Projects.

2025 STRATEGIC PLAN GOALS: Financial Stability and Quality Water

At its March 8, 2022 meeting, the Board directed staff to initiate a 10-year enhanced lead service line replacement plan (“Lead Free SPRWS”).

At its April 16, 2024 meeting, the Board directed staff to apply to the Minnesota Public Facilities Authority (“MNPFA”) for funding in an amount of up to \$35,000,000 to finance the replacement of approximately 2,500 lead services in 2025 or 2026. On August 20, 2024, the Board accepted funding from the PFA totaling \$35,000,000 for the Lead Pipe Replacement Projects, pending the execution of the Phase IV Project Order under the Master Loan and Grant Agreement, with funding allocated for both private and public service line replacement. The private portion of lead service line replacement is to be 100% grant funded and the public portion is to be funded through the issuance of a form of loan through the Drinking Water Revolving Fund secured by Grant Anticipation Notes.

Proposal:

It is proposed that the Board of Water Commissioners of the City of Saint Paul authorize the issuance of Grant Anticipation Notes in an aggregate principal amount of up to \$11,580,000. These notes will be sold in a direct placement to the MNPFA to provide funding for the Lead Pipe Replacement Projects anticipated to occur in 2025 or 2026. The Grant Anticipation Notes will be structured as special, limited obligations of the City, payable solely from the revenues derived from grants received from the State of Minnesota and potentially other funding sources necessary to cover project costs and issuance expenses.

Actions Taken:

Utility staff, in coordination with City staff, will collaborate with legal counsel Ballard Spahr LLP and municipal advisor Ehlers and Associates, Inc. to facilitate the sale of the Grant Anticipation Notes to the MNPFA at an appropriate time. This process includes preparation of necessary documents, such as a project order under terms and conditions of the Master Loan and Grant Agreement, to ensure compliance with regulatory requirements and financial best practices.

Upon authorization from the Saint Paul City Council for the issuance and sale of each series of the Grant Anticipation Notes, the Board of Water Commissioners will review and provide concurrence at a subsequent meeting.

RECOMMENDATION

Approval