

**BOARD OF WATER COMMISSIONERS
RESOLUTION**

PRESENTED BY
COMMISSIONER _____

No. **25-71**
DATE January 14, 2025

Resolution Requesting the City of Saint Paul, Minnesota to Issue Grant Anticipation Notes in an Aggregate Principal Amount of up to \$12,000,000 for Various Lead Pipe Replacement Projects; Expressing the Intent of the Board of Water Commissioners to Reimburse Itself from the Proceeds of Such Grant Anticipation Notes; and Authorizing Board of Water Commissioners Staff to Take Certain Actions with Respect to the Sale of Such Grant Anticipation Notes

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 Utility and the City are working on a lead pipe replacement program that will require the incurrence of a grant anticipation note or other debt obligation for funding of a portion of such lead pipe replacement projects (the “Lead Pipe Replacement Projects”), including the planning, design, inspection, project implementation, and construction costs that are not funded by one or more grants from the State of Minnesota (the “State”); and

WHEREAS, at its March 8, 2022 meeting, the Board of Water Commissioners directed staff to initiate a 10-year enhanced lead service line replacement plan (“Lead Free SPRWS”); and

WHEREAS, at its April 16, 2024 meeting, the Board directed staff to apply for funding from the Minnesota Public Facilities Authority (the “PFA”) to finance the replacement of approximately 2,500 lead services, as certified by the Minnesota Department of Health; and

WHEREAS, at its August 20, 2024 meeting, the Board accepted funding from the PFA totaling \$35,000,000 for the Lead Pipe Replacement Projects, pending the execution 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; and

WHEREAS, it is proposed that the Saint Paul City Council (the “Council”) adopt resolutions at a later date authorizing the issuance of one or more series of grant anticipation notes or other debt obligations, in an aggregate amount of up to \$12,000,000 which are anticipated to be sold in a direct placement to the PFA and which will help provide funding for a portion of the Lead Pipe Replacement Projects in 2025 or 2026 (the “Lead Pipe Replacement Notes”); and

WHEREAS, the Lead Pipe Replacement Notes will be special, limited obligations of the City payable solely from the revenues of one or more grants to be received from the State and other sources, if any, deemed necessary in order to (i) fund the Lead Pipe Replacement Projects, and (ii) pay costs of issuance; and

WHEREAS, 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 Lead Pipe Replacement Notes to the PFA in the future when appropriate; and

Water Commissioners
Yeas

Nays

Adopted by the Board of Water Commissioners

January 14, 2025

In favor

Opposed

ORIGINAL

Secretary

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WHEREAS, the Council will also authorize execution and delivery of a PFA Loan Agreement or Bid Form as necessary for the Lead Pipe Replacement Notes in connection with such sale; and

WHEREAS, the Board will be required to concur in the issuance and sale of the Lead Pipe Replacement Notes at a later date after such sale of the Lead Pipe Replacement 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. The Board hereby requests and recommends that the City authorize the issuance of the Lead Pipe Replacement Notes in an estimated amount of up to \$12,000,000 in order to fund the Lead Pipe Replacement Projects and work with Utility staff, PFA staff, City staff, Ballard Spahr LLP and Ehlers & Associates, Inc. on the issuance and sale of the Lead Pipe Replacement Notes 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 each series of the Lead Pipe Replacement Notes. 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 Lead Pipe Replacement Notes.

- 2) Reimbursement. The Board intends to make expenditures for the capital projects financed by the Lead Pipe Replacement Notes (the Lead Pipe Replacement Projects) and reimburse such expenditures from the proceeds of the Lead Pipe Replacement Notes. This resolution is intended to constitute a declaration of the Board's official reimbursement 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 Lead Pipe Replacement Projects).

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Water Commissioners
Yeas

Nays

Adopted by the Board of Water Commissioners

January 14, 2025

In favor

Opposed

Secretary

ORIGINAL