

SUBJECT

BOARD RESOLUTION NO. 24-975

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

STRATEGIC PLAN GOALS: Quality Water and Financial Stability

Background:

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”). Subsequently, SPRWS, initiated Lead Free SPRWS aimed at improving water quality and safety.

At its April 11, 2023 meeting, the Board directed staff to apply for funding from the Minnesota Public Facilities Authority (MNPFA) to finance the replacement of lead services, which was certified by the Minnesota Department of Health. On September 12, 2023, the Board accepted funding from the MNPFA totaling \$15,000,000 for Lead Free SPRWS, pending the execution of a Master Loan and Grant Agreement governing the financing of such funding. 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 \$7,500,000. These notes will be sold in a direct placement to the Public Facilities Authority (PFA) to provide funding for the Lead Pipe Replacement Projects anticipated to occur in 2024 or 2025. 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 & Associates, Inc. to facilitate the sale of the Grant Anticipation Notes to the PFA at an appropriate time. This process includes preparation of necessary documents, such as a PFA 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 its subsequent meeting.

RECOMMENDATION

Approval