

SAINT PAUL
MINNESOTA

2023 Green Bonds Report for the City of Saint Paul

Series 2020D Sewer Revenue Bonds
Series 2021F Sewer Revenue Bonds
Series 2022B Sewer Revenue Bonds

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A Note from the Treasurer

Mayor Melvin Carter and the Saint Paul City Council recognize that climate change is a serious threat to the health, safety and quality of life for all residents. The City of Saint Paul, in partnership with the Great Plains Institute, developed a Climate Action & Resilience Plan adopted by the City Council in December 2019. The plan focuses on achieving carbon neutrality in city operations by 2030 and citywide by 2050. This work includes compiling data on energy use, transportation emissions, solid waste, and water treatment and distribution. Strategies to lessen the impacts of climate change will focus on what residents can do in their daily lives, as well as policy and regulatory actions the City can take, to dramatically reduce greenhouse gas emissions, adapt to the changing climate, and improve quality of life in the city.

One way the City is putting this plan into action is by viewing rain as a resource, not a waste product sent to the Mississippi River through stormwater drains and pipes. By looking at stormwater treatment in innovative ways at development sites, such as CHS Field, the Snelling-Midway redevelopment surrounding Allianz Field and the Ford site redevelopment, the City looks to create vibrant community-building amenities such as green space and water features for all residents and visitors to enjoy.

Since 2015, the City's Office of Financial Services Treasury Division has contributed to the City's efforts on sustainability by giving investors the opportunity to invest directly in environmentally-oriented capital investments through the purchase of "Green Bonds". The City's \$8,700,000 Sewer Revenue Green Bonds, Series 2015B were the first sold in the State of Minnesota, as well as one of the first Green Bond issuances under \$10,000,000. The City has continued to issue Sewer Revenue Green Bonds subsequently every year. This innovative financing tool helps to accomplish the goal of securing the lowest possible cost financing for these important projects, while also advancing the City's goals around sustainability.

In order to provide investors with ongoing information regarding the projects financed by the City's Green Bonds, the Treasury Division is providing this report including details and spending data on projects that have been funded by the City's Green Bonds, and the environmental impact the projects have made.

We hope that you find this report helpful and informative. Thank you for your interest and investment in the City's Green Bond program and sustainability in Saint Paul.

Sincerely,

Sarah E Brown

Sarah Brown,
Treasurer, Office of Financial Services

Annual Reporting Commitment

The City of Saint Paul (the “City”) intends to report on its Green Bond program at least annually, or until the proceeds of a series have been spent. The City’s Sewer Revenue Bonds, Series 2020D; Sewer Revenue Bonds, Series 2021F; and Sewer Revenue Bonds, Series 2022B will be referred to herein as the “Green Bonds”.

In the process of issuing the Green Bonds, the City worked with its municipal advisor, Baker Tilly, LLP, to ensure that the program complies with the Green Bond Principles (the “Principles”) as outlined by the International Capital Market Association. The Principles are voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market. The Principles include the following four components:

1. Use of proceeds
2. Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

This report shows spending and revenue data for projects financed in 2020, 2021 and 2022, unless noted otherwise.

Use of Proceeds

The City’s annual capital improvement and maintenance plan places a priority on sanitary and storm sewer improvement projects for aging infrastructure that are most likely to allow for exfiltration of untreated wastewater from the infrastructure, inflow and infiltration of clean water into the system, and untreated storm water into the environment.

The City has determined that the projects funded by the Green Bonds meet two categories:

1. **Sustainable Waste Management** (e.g. reducing the exfiltration of contaminated wastewater into the ground or reducing the risk of sewage back-up into the environment)
2. **Sustainable Water Management** (e.g. reducing the amount of clean water entering sewer systems or improving/adding new water treatment systems)

The Green Bonds are secured solely by revenues of the City’s Sewer Utility. The table below gives an overview of the proceeds deposited and actual spending for the Green Bonds. Net Proceeds Deposited is the amount of the bond series deposited into the construction account. Actuals is the total amount of bond proceeds spent on expenses for the designated construction projects.

Bond Issuance	Net Proceeds Deposited	Actuals	Ending Balance*
Sewer Revenue Bonds, Series 2020D	\$8,000,000	\$ 7,575,718	\$424,282
Sewer Revenue Bonds, Series 2021F	\$8,100,000	\$ 5,842,604	\$2,257,396
Sewer Revenue Bonds, Series 2022B	\$8,000,000	\$ 2,450,203	\$5,549,797

*Bonds will be drawn down to a de minimis amount.

The City has established processes and procedures to ensure the segregation of all bond proceeds from other city funds. In accordance with the Green Bond resolutions and IRS regulations, the proceeds from the Green Bonds have been deposited into segregated project accounts to be drawn upon to finance the costs of the individual projects.

Project Selection

The City owns and maintains approximately 808 miles of sanitary sewer and 455 miles of storm sewer, located in public streets, alleys, or easements. Most of the sanitary sewer system was constructed during the period 1887 to 1958, meaning that most of the system is at least 50 years old and nearly half of it is 75-125 years old.

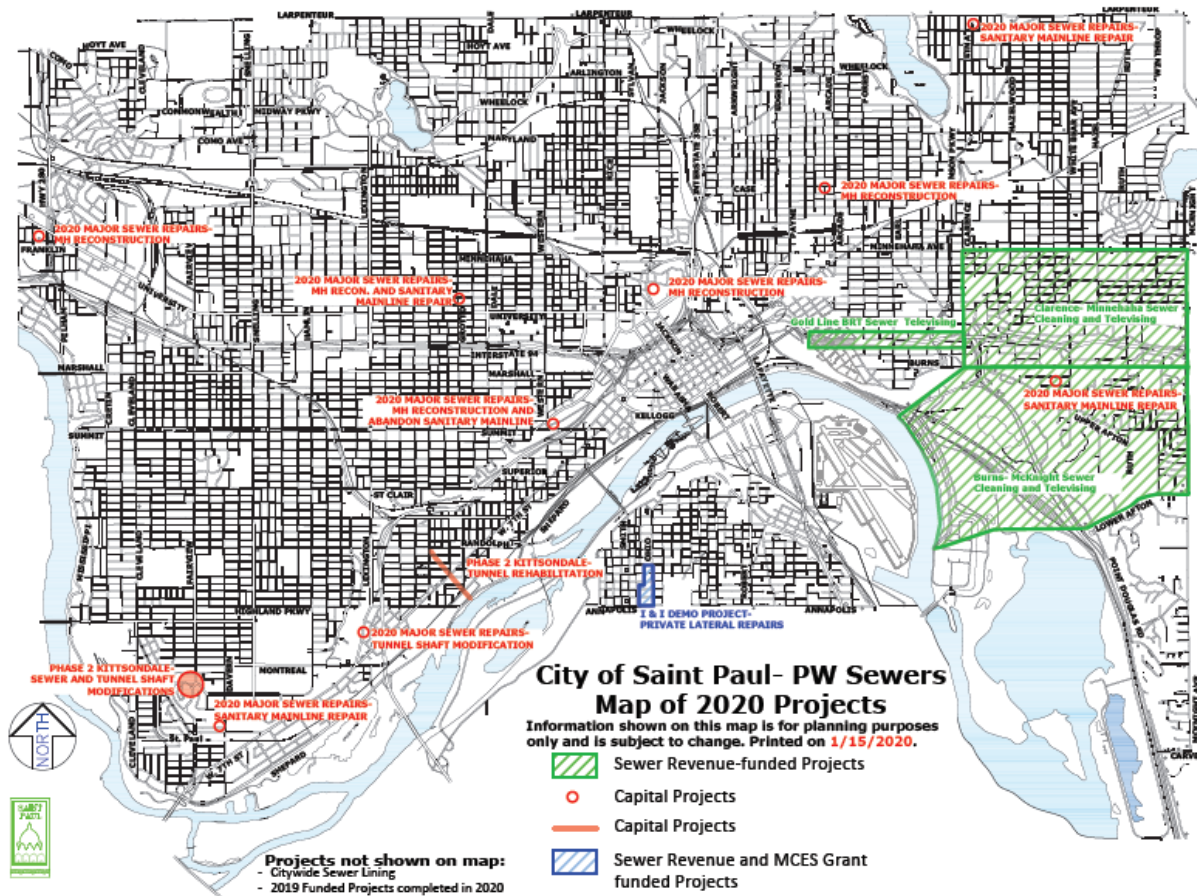
Projects are identified via a variety of testing processes and procedures, such as safety testing, video monitoring and manual inspections—portions of which were also financed by the bonds. Testing lasts about 30 minutes, and simulated smoke may be seen coming from manhole covers, storm drains, roof vents and building foundations. The sanitary sewer cleaning and televising program has a goal to clean and inspect approximately 80 miles of sanitary sewers, including manholes, each year. The program helps to evaluate pipes so that any necessary maintenance, repair or replacement can be scheduled to minimize unexpected problems and emergency repairs.



The projects financed include major sanitary sewer repairs and rehabilitation work as well as storm water tunnel rehabilitation and treatment improvements. The objectives of these projects include the proper segregation of wastewater from the environment, reduction of clean water entering the sanitary sewer system and the reduction of polluted storm water entering the environment, especially local bodies of water.

The projects selected are located in many areas across the City, as shown on the project area maps that follow.

2020 Sewer Utility Projects

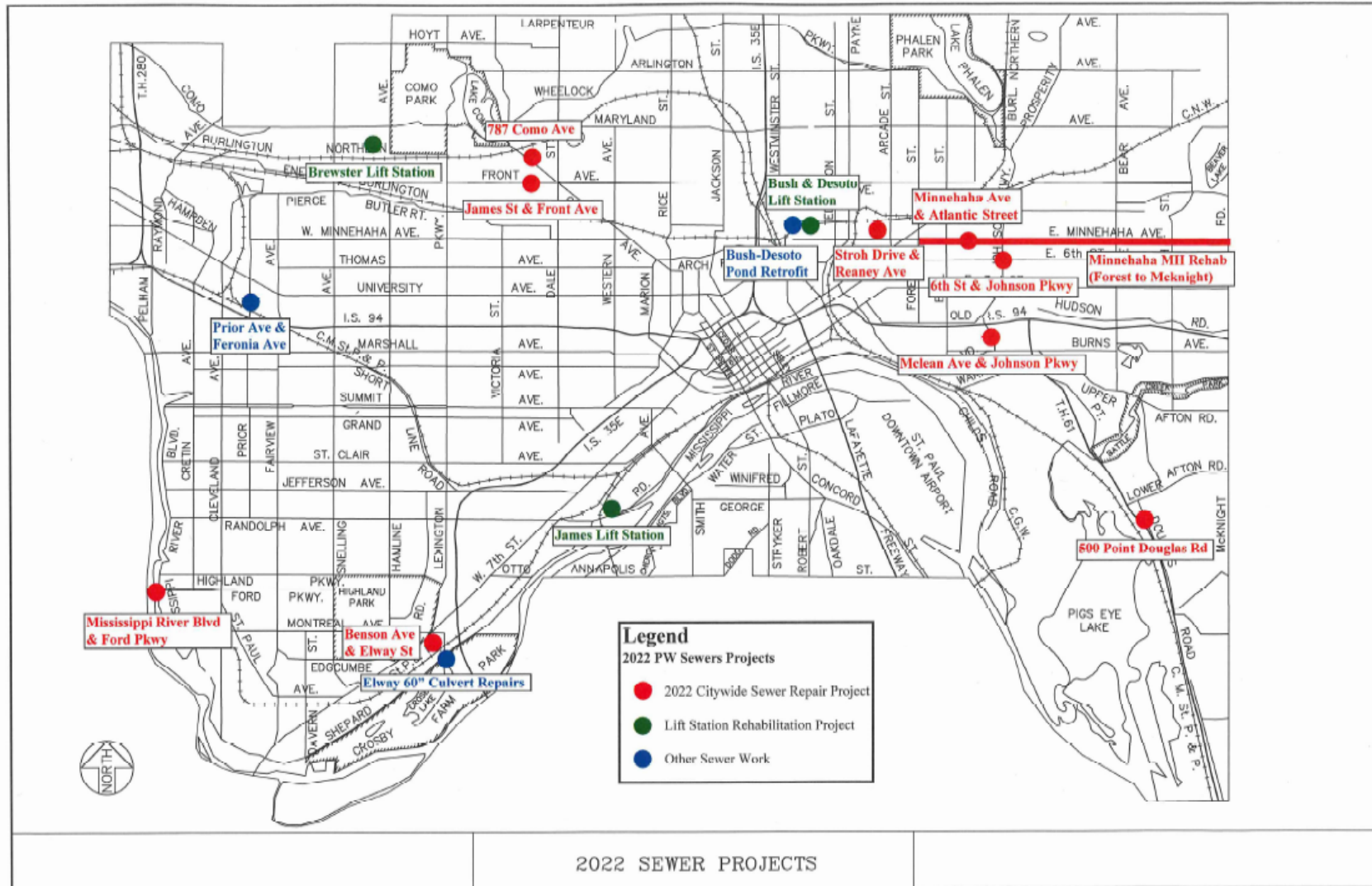


2021 Sewer Utility Projects

A map of the 2021 Sewer Utility Projects can be found here:

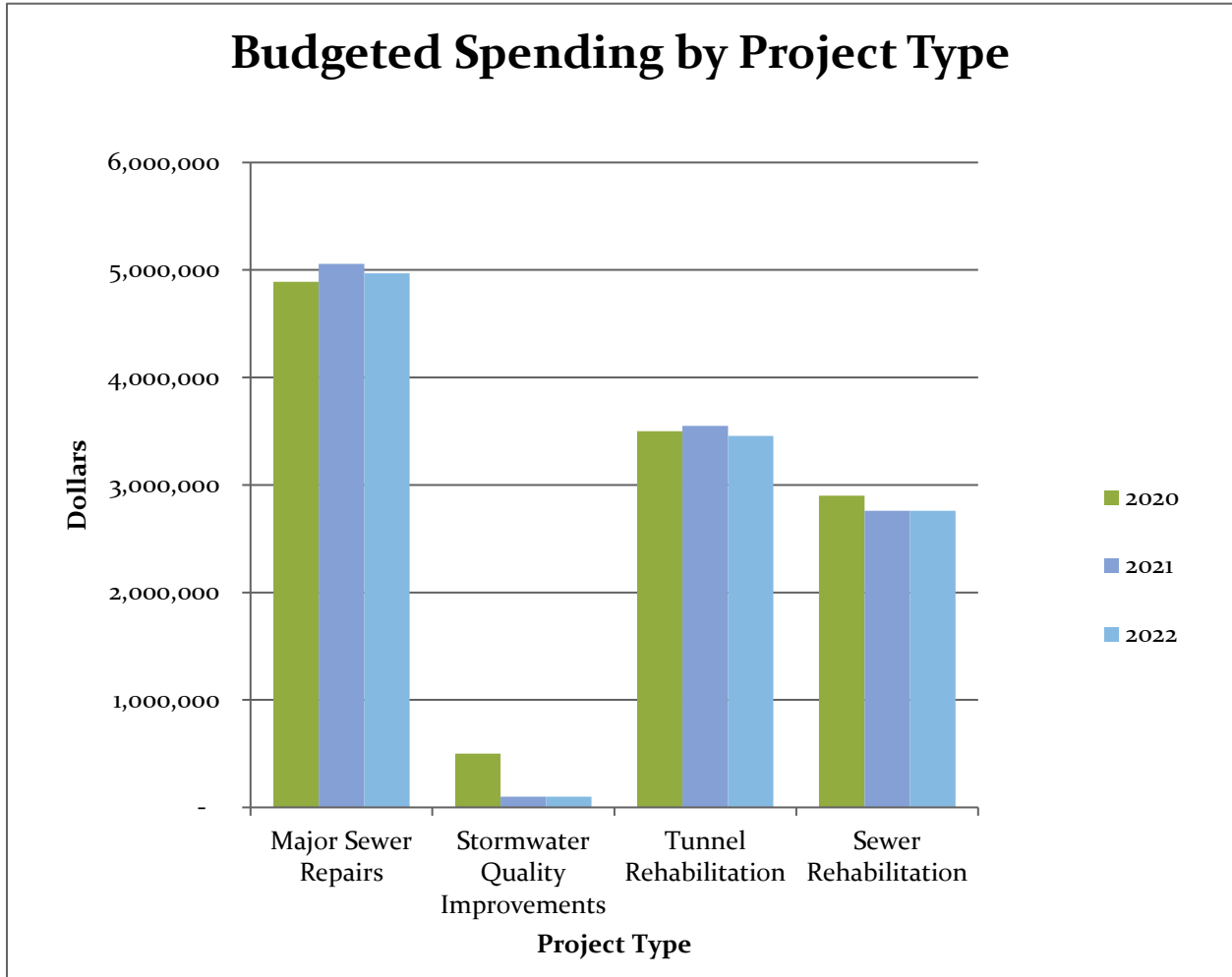
<https://stpaul.maps.arcgis.com/apps/webappviewer/index.html?id=55b963a97919474fb2b9b8940bffe5cf&find=pw2021etnaidahosewer>.

2022 Sewer Utility Projects



Project Spending and Environmental Impacts

The Green Bonds were anticipated to be spent on the project categories shown on the chart below.



Actual project spending and environmental impacts are shown in the tables below.

Major Sewer Repairs

Bond Issue	Project	Actuals	Project Status	Project Description & Environmental Impact
2020D	Coordination with City Street and County Road Reconstruction Projects	\$2,702,251	In Progress	Replace and rehabilitate brick manholes, replace broken City sewer piping, and replace private sanitary sewer services within public right-of-way to preserve street pavement life, reduce amount of clear water entering sanitary sewer systems, reduce sewage back-up risks, reduce street flooding risks, and to reduce sewage exfiltration into the ground.
2020D	2020 Citywide Sewer Repairs Project	\$1,187,500	Completed	Reconstruct broken City sewers and manholes to reduce sewage exfiltration into the ground and reduce sewage back-up risks.
2021F	Coordination with City Street and County Road Reconstruction Projects	\$1,443,206	In Progress	Replace and rehabilitate brick manholes, replace broken City sewer piping, and replace private sanitary sewer services within public right-of-way to preserve street pavement life, reduce amount of clear water entering sanitary sewer systems, reduce sewage back-up risks, reduce street flooding risks, and to reduce sewage exfiltration into the ground.
2021F	2021 Citywide Sewer Repairs Project	\$1,089,736	In Progress	Reconstruct broken City sewers and manholes to reduce sewage exfiltration into the ground and reduce sewage back-up risks.
2022B	2022 Major Sewer Repair Citywide - Coordination with City Street, County Road, and State Reconstruction Projects Repair Citywide	\$167,754	In Progress	Replace and rehabilitate brick manholes, replace broken City sewer piping, and replace private sanitary sewer services within public right-of-way to preserve street pavement life, reduce amount of clear water entering sanitary sewer systems, reduce sewage back-up risks, reduce street flooding risks, and to reduce sewage exfiltration into the ground.
2022B	2022 Citywide Sewer Repairs Project	\$1,022,434	In Progress	Reconstruct broken City sewers and manholes to reduce sewage exfiltration into the ground and reduce sewage back-up risks.
2022B	Brewster San LS Rehab Project	\$575,840	In Progress	Replace control cabinet, process piping and valves, pumps, and electrical components; install safety grates on wet well hatches; and install natural gas backup power generator. This will reduce sewage back-up risks and increase pump station reliability.
2022B	James Avenue San LS Rehab Project	\$30,863	In Progress	Replace control cabinet, process piping and valves, pumps, and electrical components; install safety grates on wet well hatches; and install natural gas backup power generator. This will reduce sewage back-up risks and increase pump station reliability.

Stormwater Quality Improvements

Bond Issue	Project	Actuals	Project Status	Project Description & Environmental Impact
2020D	2020 Stormwater Quality Improvement	\$298,529	In Progress	Planning and preliminary engineering activities to improve existing city storm water management facilities.
2021F	2021 Stormwater Quality Improvement	-	Not Started	Clean, repair, improve existing city storm water management facilities.
2022B	2022 Stormwater Quality Improvement	\$5,648	Not Started	Clean, repair, improve existing city storm water management facilities.

Sewer Tunnel Rehabilitation

Bond Issue	Project	Actuals	Project Status	Project Description & Environmental Impact
2020D	Phase 2 Kittsondale Storm Tunnel and Edgumbe Sanitary Repairs Project	\$2,169,818	Completed	Repair Kittsondale storm tunnels, including tunnel void grouting, concrete patching, and crack sealing; all in an effort to extend service life and reduce risk of tunnel collapse and sewer back-ups. Replace portions of sanitary sewers at Edgumbe and Fairview Avenue South and construct new access structures; all in an effort to inspect and maintain the system and reduce the amount of clear water entering the public sanitary system.
2021F	2021-2022 Tunnel Rehab Project (formerly known as storm tunnel outfall repair project)	\$3,286,858	Substantially Completed	<p>Repair and stabilize storm tunnel and sewer outfalls (8) to the Mississippi River; all in an effort to extend service life, reduce risk of sewer back-ups and erosion.</p> <p>Repair portions of the Phalen, Kittsondale, Portland, Marshall, and Highland storm tunnels; including tunnel void grouting, concrete patching, and crack sealing; all in an effort to extend service life and reduce risk of tunnel collapse and sewer back-ups.</p> <p>Construct new sanitary tunnel shaft near Butternut and Sumac to provide ability to inspect, maintain, and repair local tunnel systems.</p>

Bond Issue	Project	Actuals	Project Status	Project Description & Environmental Impact
2022B	2022-2023 Storm Outfall, Shaft, and Tunnel Repair Project	\$ 361,320	In Progress	<p>Repair tunnels; including tunnel void grouting, concrete patching, and crack sealing; all in an effort to extend service life and reduce risk of tunnel collapse and sewer back-ups.</p> <p>Repair and stabilize storm tunnel and storm sewer outfalls to the Mississippi River; all in an effort to extend service life, reduce risk of sewer back-ups and erosion.</p> <p>Construct new sanitary tunnel shaft near Montreal and West 7th Street to provide ability to inspect, maintain, and repair local tunnel system.</p>
2022B	Prior Ave - Sewer Repairs Project	\$ 279,735	In Progress	<p>Rehabilitate approximately 215 linear feet of a large egg-shaped brick sanitary sewer, rehabilitate nearby brick sanitary manholes, and construct a new sanitary access to provide ability to inspect, maintain, and repair local sanitary sewers.</p>

Sewer Rehabilitation

Bond Issue	Project	Actuals	Project Status	Project Description & Environmental Impact
2020D	2020 Citywide Sewer Lining Project	\$ 1,217,621	In Progress	<p>Lining of aging and defective Sewer pipes with cured in place pipe lining. Extend sewer service life, reduce amount of sewage exfiltration into ground, reduce risk of sewer back-ups, reduce amount of clear water (rain & ground water) entering the sanitary sewer system that does not need to be treated by wastewater treatment plant (thereby reduces treatment costs).</p>
2021F	2021 Citywide Sewer Lining Project	\$22,805	In Progress	<p>Lining of aging and defective Sewer pipes with cured in place pipe lining. Extend sewer service life, reduce amount of sewage exfiltration into ground, reduce risk of sewer back-ups, reduce amount of clear water (rain & ground water) entering the sanitary sewer system that does not need to be treated by wastewater treatment plant (thereby reduces treatment costs).</p>

Bond Issue	Project	Actuals	Project Status	Project Description & Environmental Impact
2022B	2022 Citywide Sewer Lining Project	\$6,610	In Progress	Lining of aging and defective Sewer pipes with cured in place pipe lining. Extend sewer service life, reduce amount of sewage exfiltration into ground, reduce risk of sewer back-ups, reduce amount of clear water (rain & ground water) entering the sanitary sewer system that does not need to be treated by wastewater treatment plant (thereby reduces treatment costs).

Additional Resources

- City of Saint Paul Investor Relations website: <https://www.stpaulbonds.com/>
- City of Saint Paul Climate Action and Resilience Plan: <https://www.stpaul.gov/departments/mayors-office/climate-action-planning/climate-action-resilience-plan>
- The City of Saint Paul was recognized as one of 95 cities worldwide on the 2021 CDP Cities A List. Additional information can be found on the CDP website at <https://www.cdp.net/en/cities/cities-scores>.

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The material provided in this report is intended to be informational reporting of project spending of the City of Saint Paul's Green Bonds and is not intended to provide investment advice or professional assessment of project impacts.