2005
General Obligation
Debt Overlapping
on the Saint Paul Tax Base

Debt Reported through 2005
and Projected through 2010

Acknowledgments

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Executive Summary

The Joint Debt Advisory Committee (JDAC)—an ad hoc group of elected officials and professional staff of the City of Saint Paul, Independent School District 625 (Saint Paul Public Schools), Ramsey County (including the Ramsey County Regional Railroad Authority “RCRRA”) and the Saint Paul Port Authority (Port Authority)—has been active on a periodic basis since 1977. State legislation establishing the Truth in Taxation process spurred these jurisdictions to form the Joint Property Tax Advisory Committee (JPTAC) and initiate a number of cooperative ventures to control property taxes within the corporate limits of the City of Saint Paul. The JDAC serves as a subcommittee of the JPTAC to proactively manage the combined debt position of these divisions. Its objective is to mitigate the costs of capital financing by coordinating efforts as reflected in the mission statement.

Mission Statement

The City of Saint Paul, the Saint Paul Public Schools, the Saint Paul Port Authority, Ramsey County (including the Ramsey County Regional Railroad Authority “RCRRA”) agree to work together to: coordinate general obligation financing of the area’s capital needs, keep such financing within agreed upon debt level targets, jointly plan for meeting the capital needs of each jurisdiction and monitor associated impacts on property taxes in Saint Paul.

Strategies

To achieve the goals set forth in the Mission Statement, the jurisdictions agree to work to:

Maintain overlapping general obligation debt ratios within a range approved by these jurisdictions for the five-year period of 2006 through 2010;

Notify other jurisdictions when unanticipated capital needs require that the jurisdictions confer on recommendations for rescheduling of debt issuance plans to keep within the adopted target ranges;

Identify annually both the immediate and long range debt-related conditions of these jurisdictions which would impact property taxes of Saint Paul residents, and take appropriate action to remain consistently within the debt levy ranges approved by the jurisdictions; and

Exchange information and expertise during each jurisdiction’s capital improvement budgeting process, such that the jurisdictions can eliminate duplication, share facilities where appropriate, and provide the taxpayers with the greatest return for the jurisdictions’ capital improvements.

The JDAC’s prudent work to improve financial planning and regularly publish a book to coordinate overlapping debt has not gone unnoticed. These efforts continue to contribute to the affirmation of the City’s and County’s AAA credit rating as ranked by Standard & Poor’s. In 1989, the Government Finance Officers Association (GFOA) recognized the JDAC with its Louisville Award for innovation in financial management and the Award for Excellence for debt management. The Louisville Award is given rarely, and only in recognition of exceptional creativity in addressing public sector financial management issues. Finally, the committee’s successful efforts have also inspired other major public institutions to coordinate debt management.

Indicator Summary

Current Report Results 2005:

Goal	Result
• Net debt per capita shall not exceed a range of $2,000 to $2,500 through 2010.	• Objective met.
• Combined debt to indicated market value not to exceed a range of 3% to 6%.	• Objective met. Indicator is expected to decrease from 2.1% in 2005 to 1.8% in 2010.
• Net G.O. debt service levy per household not to exceed $550.	• Objective met through 2009. Expected increase up to $559 in 2010.
• Net G.O. debt service levy per capita to per capita income not to exceed 1%.	• Objective met.

Historical Report Results: 2003

Goal	Result
• Net debt per capita shall not exceed a range of $1,000 to $2,500 through 2008.	• Objective met. Debt per capita values meet the target range through 2008.
• Combined debt to indicated market value not to exceed a range of 3% to 6%.	• Objective met.
• Net G.O. debt service levy per household not to exceed $550.	• Objective met. Expected increase from 2004 to 2008 is $437 to $496.
• Net G.O. debt service levy per capita to per capita income not to exceed 1%.	• Objective met.

2001

Goal	Result
• Net debt per capita shall not exceed a range of $1,000 to $2,500 through 2005.	• Objective met. Debt per capita values meet the target range through 2005.
• Combined debt to indicated market value not to exceed a range of 3% to 6%.	• Objective met.
• Net G.O. debt per capita to per capita income not to exceed a range of 3% to 6%.	• Objective met. The ratio is expected to decrease from 5.7% in 2001 to 5.5% in 2005.
• Net G.O. debt service levy per household not to exceed $550.	• Objective met. Expected increase from 2001 to 2005 is $442 to $528.

1998

Goal	Result
• Net debt per capita shall not exceed $1,523 to $1,628 through 2002.	• Objective met. Debt per capita values meet the target range through 2002.
• Annual increase in combined debt to indicated market not to exceed 20%.	• Objective met.
• Net G.O. debt per capita to per capita income to increase at level well below warning level of 15%.	• Objective met. The ratio is expected to grow at a relatively constant rate of 5.5% through 2002.
• Net G.O. debt service levy per household not to exceed a range of $361 to $412 for 2001 and $371 to $425 for 2002.	• Objective met. Expected increase from 1998 to 2002 is $330 to $425.

2005 Report Recommendations

The Subcommittee has established the following recommendations:

- The governing boards of all the organizations represented on the Joint Debt Subcommittee adopt the report as a management tool for decision making regarding capital improvements and debt for the next five years.
- The City of Saint Paul, Saint Paul Public Schools, Ramsey County, RCRRA and the Saint Paul Port Authority expand their current efforts at collaborative planning for joint use of current and future facilities, as well as opportunities to transfer facilities among them as facility needs change.
- The participating jurisdictions meet every two years to update this report and evaluate compliance within the adopted target ranges.
- Adopt the most recent Standard & Poor's data for benchmark target ranges for the two Debt Position Indicators.
- The Joint Property Tax Advisory Committee (JPTAC) annually reviews the proposed debt of all the jurisdictions prior to setting the proposed levy.
- The Joint Property Tax Advisory Committee (JPTAC) considers the impact of RCRRA debt for the east metropolitan area transit and transportation projects.
- The Joint Property Tax Advisory Committee (JPTAC) will examine the following indicators to ensure that they stay within the recommended ranges for the term of this report.

Debt Position Indicators

The 2005 Standard & Poor's ranges for debt position indicators were used to evaluate Saint Paul's debt [1]. The range criteria for the indicators are based on percentile analysis of the available Standard & Poor's statistical data.

- **Total Net General Obligation (G.O.) Debt to Indicated Market Value**
  Total Net G.O. Debt shall not exceed the Below Average range of 1.7% to 2.2% of Indicated Market Value. (Range of 3% to 6% was used in previous Joint Debt Book editions). See page 20.
- **Total Net G.O. Debt Per Capita**
  Total Net G.O. Debt shall not exceed an Average range of $1,229 to $2,141. (Range of $1,000 to $2,500 was used in previous editions). See page 22.

Ability-to-Pay Indicators

Ability to Pay Indicators benchmarks accepted by JPTAC in 2003.

- **Debt Service Levy per Household**
  Debt Service Levy per Household shall not exceed $550 per household.
- **Debt Service Levy Per Capita to per Capita Income**
  Total Net G.O. Debt Service Levy per Capita shall not exceed 1% of per Capita Income.
- **Debt Service Levy Per Median Taxable Value Home**
  The Effective Tax Rate for Debt Service on a Median Taxable Value Home in Saint Paul shall not exceed 0.5%.

Operational/Capital Finance Interface Indicator

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[1] State and Local Government Credit Analysis by the Numbers: Standard & Poor's, 2005.

This report also includes an Operational/Capital Finance Interface Indicator.

Methodology

This report addresses debt conditions within the corporate limits of the City of Saint Paul. The report covers two distinct periods: historical for the years 2001 through 2005, and future for the years 2006 through 2010. These time periods permit a long-term perspective for debt trends, occurring both within jurisdictions and combined among the jurisdictions. All figures, unless noted otherwise, are in nominal (current) dollars.

The impacts of debt are evaluated by a series of indicators. The Subcommittee reviewed a range of potentially affected areas and decided to monitor three: debt position, financial operations and ability to pay. Each indicator is profiled as to definition and purpose, and trend/summary. Where available, a benchmark is given.

In recognition of the fact that the City's ability to repay debt is influenced by the strength and growth potential of its tax base, this report also includes tables summarizing economic conditions in the Saint Paul area relevant to the repayment of debt, including employment, income, job diversity, housing characteristics, retail sales, sales tax and hotel tax. These are profiled to provide an overview of the state of the City of Saint Paul's area economy and its tax base.

The informational sources for establishing the indicators are the participating jurisdictions. Wherever possible, information has come from financial reports, capital and operational budgets, and other adopted planning documents of the participating jurisdictions. Where such information did not exist, a decision was made by the professional staff of the participating jurisdiction to develop such information.

This report covers certain types of general obligation debt, with general obligation debt being that for which the property taxing powers of the jurisdictions ultimately guarantee debt repayment. General obligation debt that is repaid by traditional municipal utilities, such as water and sewer, and for which payment is guaranteed by an outside party, are excluded from this study. Debt that is included in this study will be referred to throughout this report as Net G.O. Debt. The appendix contains a detailed listing of each jurisdiction's debt included in this study.

The City, in particular, issues many types of debt which are secured solely from non-property tax revenue sources. Termed revenue bonds, these are also excluded from the analysis. In general, capital items acquired through leasing are excluded from this analysis. However, lease payments for the Griffin Building and Police Vehicles are included in this study, since the primary source of repayment is property taxes.

The County debt includes two adjustments in the study. First, a portion of the 2000 CIP which financed the Lake Owasso Residence, a portion of the 2002 CIP which financed the Ponds Golf Course, a portion of the 2004 CIP is financed by the Mounds View ISD, the 2001 Minnesota Public Facilities Authority note for the RiverCentre Pedestrian Connection Project, and the 2002 Street Aid Bonds are supported by non-property tax revenues and have been excluded from this study. Second, the County's remaining eligible debt is prorated based on the proportion of City property tax base (tax capacity) in the County, both historical and projected, over the study period. For 2005, the City's share of the Ramsey County tax base is 47.5%.

The Ramsey County Regional Railroad Authority (RCRRA) consists of the seven Ramsey County commissioners and is considered a component unit of Ramsey County. The RCRRA has the power to levy taxes, issue bonds and enter into contracts and agreements. The RCRRA is reported as a separate entity in this book. The RCRRA estimates bond issues of $53 million in 2007, $5 million in 2008, $7 million in 2009 and $33 million in 2010 for the local share of costs for the acquisition, restoration and/or refurbishment of a downtown Saint Paul transit, transportation and rail center, which could include the historic Union Depot, for the east metropolitan area, and for future rail transit and related corridors connecting in downtown Saint Paul.

The School District debt does include Certificates of Participation, which in the District's case, are paid from tax levies and are secured by the full faith and credit of the District. The debt does not include four Alternative Facility Bond issues, each originally at $11 million, because the 1997 Omnibus Tax Bill (Article I, sections 1, 2 and 3) provides a State grant that reimburses the District for the annual costs of these bond issues.

The Port Authority debt consists of a general obligation debt issued in 1994 and refunded in 2003, which is payable solely from ad valorem taxes spread on all taxable property within the City. A pledge of the full faith and credit of the City backs the general obligation Port Authority issue, and tax levies by the Port Authority were certified upon the sale of the bonds. The Port Authority debt also includes two bond issues which are primarily payable from tax increments, but also have a back-up general obligation pledge of the City. In May 2006, the Great Northern Business Center Bond issue was refunded and no longer has a back-up general obligation of the City. All other outstanding debt of the Port Authority is payable solely from various revenue sources, including revenues generated by financed projects, tax increment and reserve funds, and is therefore excluded for the purposes of this report.

Each jurisdiction has maintained its high credit ratings for general obligation bonds. The ratings are as follows:

Jurisdiction	Moody's Investors Service	Standard & Poor's Ratings Services
City of Saint Paul/Port Authority	Aa2	AAA
County of Ramsey	Aaa	AAA
Saint Paul Public Schools	Aa2	AA

Note: The Saint Paul Port Authority general obligation bonds are secured by the general obligation pledge of the City of Saint Paul, and therefore carry the City's ratings of Aa2 and AAA.

The Ramsey County Regional Railroad Authority will be issuing debt in 2007. The bonds will be rated at that time on their own merit.

Overview of Debt Issuance and the Economy

The Role of Debt

All participating jurisdictions use a variety of funding sources to invest in capital assets. Debt is one important source of funding. It represents a long-term commitment of resources to repay obligations. If debt levels become too high, leading to increasing annual draws on the community's resources for debt service, local governments will be faced with critical choices as to their ability to fund operations and provide for future capital investment. Monitoring and managing the individual and combined levels of debt becomes central to assessing the overall financial health of the community. In addition, each participant's overall level of debt and their contributions to the overlapping debt placed on other participants is valuable information.

This report focuses on property tax factors. Property taxes are used to fund both operations and debt service for capital investment. Although the jurisdictions normally use the property tax levy as financing for debt service payments, they have certain authority to use other sources for financing as well.

Table 1, shown on page 8, displays the dollar amount of total Net G.O. Debt by participant and combined over the period 2001 through 2010.

Table 2, on page 9, shows the changes in the annual percentage contributions to the total net G.O. debt burden, or overlapping debt, as a percent of the total net debt of the combined entities.

Table 3, on page 10, exhibits the effect of inflation on levels of debt from 2001 to 2005. Total Net G.O. debt is shown both in nominal (actual dollar) terms and in constant 2001 dollars.

Detailed Net G.O. debt for each jurisdiction is described in the Appendix (pages 48–54).

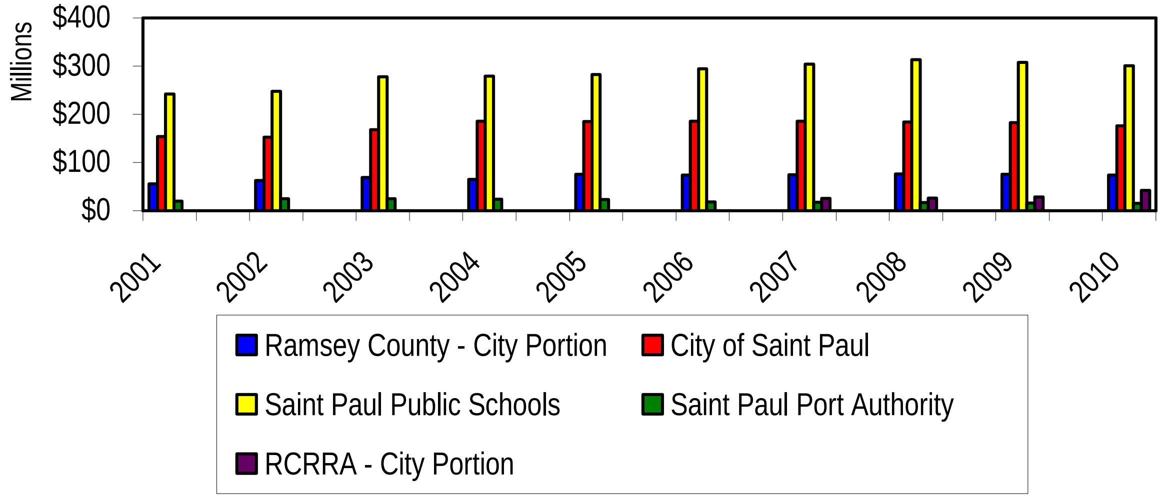
The committee's findings indicate:

- Total Net G.O. Debt increases in 2001 through 2008 and then decreases in 2009 and 2010.

- The proportion of net G.O. debt relative to each jurisdiction has remained relatively constant for the years reported. Saint Paul Port Authority portion of G.O. debt decreases from 4.1% in 2005 to 2.5% in 2010.

- In constant (inflation-adjusted) dollars, total net G.O. debt has increased from $471 million in 2001 to $522 million in 2003, and then decreased to $518 million in 2005.

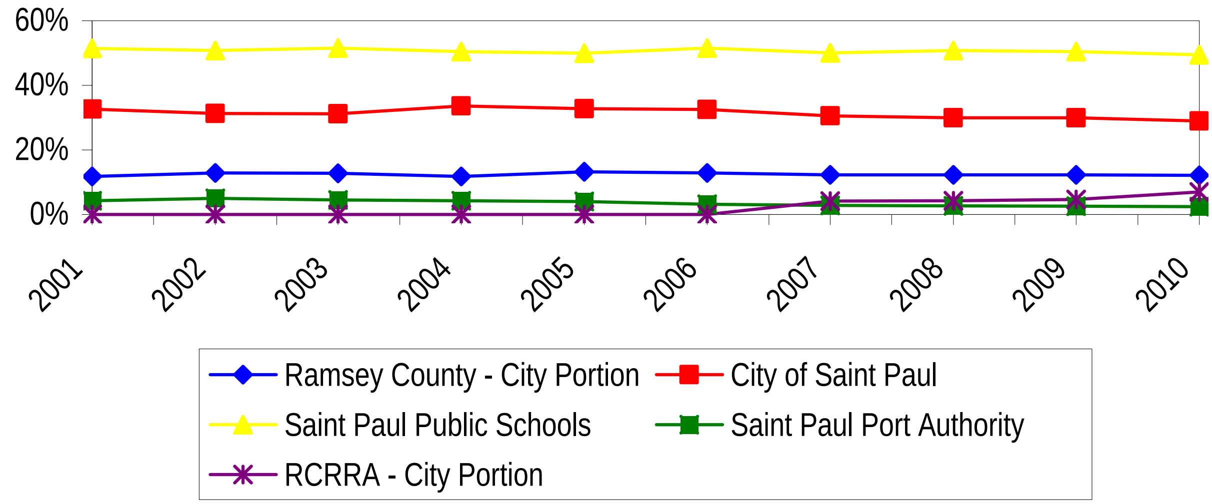
Table 1: Total Net G.O. Debt by Issuer



Total G.O. Debt:	2001	2002	2003	2004	2005
Ramsey County - City Portion	$55,542,025	$62,951,570	$69,199,900	64,918,250	75,337,375
City of Saint Paul	153,740,000	152,760,000	168,505,000	185,768,177	185,295,022
Saint Paul Public Schools	242,085,720	247,972,378	278,140,380	279,023,548	282,600,554
Saint Paul Port Authority	20,000,000	24,775,000	24,250,000	23,725,000	23,065,000
RCRRA - City Portion	-	-	-	-	-
Total Existing & New	$471,367,745	$488,458,948	$540,095,280	$553,434,975	$566,297,951

	2006	2007	2008	2009	2010
Ramsey County - City Portion	$73,525,250	$74,883,750	$75,828,763	75,014,375	74,025,188
City of Saint Paul	185,648,249	186,022,570	184,480,000	182,685,000	176,290,000
Saint Paul Public Schools	294,164,408	304,346,235	313,774,497	307,649,013	300,756,031
Saint Paul Port Authority	18,030,000	17,345,000	16,645,000	15,920,000	15,175,000
RCRRA - City Portion	0	25,175,000	26,291,250	28,238,750	42,370,000
Total Existing & New	$571,367,907	$607,772,555	$617,019,510	$609,507,138	$608,616,219

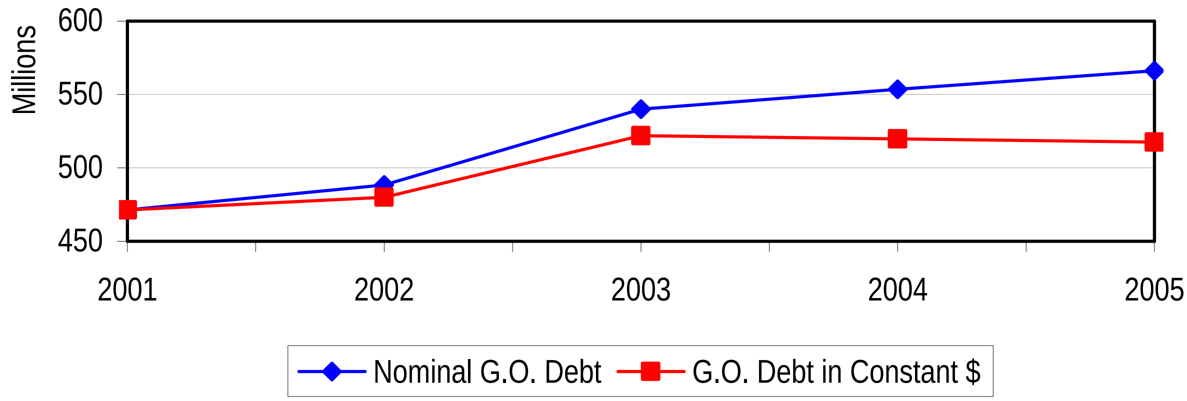
Table 2: Overlapping G.O. Debt as Percent to Total



Overlapping Debt as Percent of Total:	2001	2002	2003	2004	2005
Ramsey County - City Portion	11.8%	12.9%	12.8%	11.7%	13.3%
City of Saint Paul	32.6%	31.3%	31.2%	33.6%	32.7%
Saint Paul Public Schools	51.4%	50.8%	51.5%	50.4%	49.9%
Saint Paul Port Authority	4.2%	5.1%	4.5%	4.3%	4.1%
RCRRA - City Portion	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

	2006	2007	2008	2009	2010
Ramsey County - City Portion	12.9%	12.3%	12.3%	12.3%	12.2%
City of Saint Paul	32.5%	30.6%	29.9%	30.0%	29.0%
Saint Paul Public Schools	51.5%	50.1%	50.9%	50.5%	49.4%
Saint Paul Port Authority	3.2%	2.9%	2.7%	2.6%	2.5%
RCRRA - City Portion	0.0%	4.1%	4.3%	4.6%	7.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Table 3: Total Net G.O. Debt—Nominal and 2001 Constant Dollar



Nominal G.O. Debt:	2001	2002	2003	2004	2005
Ramsey County - City Portion	$55,542,025	$62,951,570	$69,199,900	$64,918,250	$75,337,375
City of Saint Paul	153,740,000	152,760,000	168,505,000	185,768,177	185,295,022
Saint Paul Public Schools	242,085,720	247,972,378	278,140,380	279,023,548	282,600,554
Saint Paul Port Authority	20,000,000	24,775,000	24,250,000	23,725,000	23,065,000
Total	$471,367,745	$488,458,948	$540,095,280	$553,434,975	$566,297,951
Consumer Price Index (Mpls/St Paul):	176.5	179.6	182.7	187.9	193.1

G.O. Debt in Constant Dollars:	2001	2002	2003	2004	2005
Ramsey County - City Portion	$55,542,025	$61,864,989	$66,851,573	$60,979,623	$68,860,936
City of Saint Paul	153,740,000	150,123,274	162,786,713	174,497,516	169,365,983
Saint Paul Public Schools	242,085,720	243,692,231	268,701,571	262,095,030	258,306,565
Saint Paul Port Authority	20,000,000	24,347,369	23,427,066	22,285,591	21,082,198
Total	$471,367,745	$480,027,864	$521,766,923	$519,857,760	$517,615,683

The Economy

In addition to management, financial operations and debt position indicators, there are several other elements that demonstrate the ability of an issuer to maintain stable finances and high credit ratings. One notable factor is the local economy. A healthy local economy increases the probability that an issuer has dependable resources to repay debt in both the short and long term. Conversely, a weak economy means a limitation in capacity to issue further debt because the resources for repayment are less reliable.

Saint Paul is a state capital and an important part of the overall strong Twin Cities metro area economy[2]:

- Total estimated population of the seven-county Twin Cities metropolitan area is 2.77 million, and continues to grow. The number of households increased by 59,567, with a gain of 128,968 people from 2000 to 2004.

- Almost three-quarters of adults (73.4%) work, giving the Twin Cities the highest level of labor force participation among the 25 largest Metropolitan Statistical Areas (MSAs). Combined with good-paying jobs, the Twin Cities ranked 7th in income per capita ($38,601). The unemployment rate dropped from 4.4% in 2004 to 3.7% in 2005.

- The area's Gross Metro Product was $162 billion in 2004 ($135 billion in 2003), ranked 14th among 25 largest MSAs.

- Annual growth in income per resident averaged 1.6% from 2000 to 2003. The Twin Cities ranked 13th among the 25 largest MSAs. The median wage was $17.49 per hour ($16.83 in 2004) in the seven-county metro area for the third quarter of 2005.

- The area gained 24,400 jobs in 2005, an employment increase of 1.3% from 2004. The cumulative job gain since 2000 has been 0.6%. The Twin Cities is 11th among the 25 largest MSAs in job growth since 2000.

- The Twin Cities ranked 7th in affordable housing among the 25 largest MSAs, with 64% of homes affordable at the median income family in third quarter of 2005.

Saint Paul compares favorably when ranked among the 20 largest northeast and Midwest cities[3] on certain economic and social factors[4]:

- 2nd lowest in unemployment rate
- 2nd lowest in percent of people below poverty level (13.9%)
- 3rd highest in percent of population over 25 years with a bachelor's degree (33.6%)
- 6th highest in percent of housing that is owner occupied (55%)
- 6th highest in median value of owner-occupied houses ($173,204)

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2 The following statistics are excerpted directly from Metropolitan Council, *State of the Region 06: Regional Economic Indicators*, January 31, 2006. Available at: http://www.metrocouncil.org/planning/sor2006/2005RegIndicators.pdf

3 The cities are Baltimore, Boston, Buffalo, Chicago, Cincinnati, Cleveland, Columbus, Detroit, Indianapolis, Kansas City, Milwaukee, Minneapolis, New York, Newark, Omaha, Philadelphia, Pittsburgh, St. Louis and Toledo.

4 Unemployment data from Bureau of Labor Statistics, Local Area Unemployment Statistics program, http://www.*bls*.gov/lau/home.htm#data. All other data are from the 2004 American Community Survey Ranking Tables-Places, from http://www.census.gov/acs/www/Products/Ranking/index.htm.

For this report, the following economic trends: population, unemployment, job growth, income, job diversity, property value, housing characteristic, sales growth and sales and hotel taxes, have been selected to represent the condition of the Saint Paul area economy and its tax base. Charts containing this information can be found on pages 13-18.

Population is all people, male and female, child and adult, living in a given geographic area. According to the Minnesota State Demographic Center, Saint Paul's population has grown from 287,151 in 2000 to 287,410 in 2004. Twenty-five percent of the population were under 18 years and 11 percent were 65 years and older. In 2004, 87 percent of people 25 years and over had at least graduated from high school and 34 percent had a bachelor's degree or higher.

A household includes all the people who occupy a housing unit as their usual place of residence. A housing unit is a house, an apartment, a mobile home or trailer, a group of rooms or a single room occupied as separate living quarters, or if vacant, intended for occupancy as separate living quarters. Household size is the total number of people living in a housing unit. In 2004, there were 112,668 households in Saint Paul. The average household size was 2.3 people.

Unemployment rate is the number of persons who are in the labor force but not actively employed, as a percentage of the total labor force. A low unemployment rate is seen as a sign of a healthy economy. Saint Paul's annual average 2005 unemployment rate was 4.4%; the 2004 unemployment rate was 5.4%. Saint Paul's unemployment rate is historically lower than the U.S. rate (5.1% in 2005 and 5.6% in 2004).

Complementing the unemployment figures, job figures show that Saint Paul gained 1.26% of jobs in 2005 compared to 2004; and 0.7% comparing 2005 and 2003, offsetting 0.55% job loss in 2004 compared to 2003. There were 180,781 jobs in Saint Paul in 2005.

Moreover, the median family income has risen from $50,930 in 2000 to $53,834 in 2004. This means that 50% of the families in Saint Paul had an income more than $50,930 in 2000 and $53,834 in 2004. A 6% increase between 2000 and 2004 suggests that the wealth of families continues to rise in Saint Paul.

Per capita income is an average income obtained by dividing aggregate income by total population. In Saint Paul, it has risen from $21,488 in 2002 to $22,533 in 2004.

Another characteristic of wealth is median earnings. Earnings represent the amount of income received regularly before deductions for personal income taxes, Social Security, bond purchases, union dues, Medicare deductions, etc. Median earnings have risen from $26,365 in 2002 to $28,778 in 2004.

Increasing income and earnings are typically seen as a positive indicator of a healthy economy and growing tax base. Also, the percentage of individuals in Saint Paul whose income is below poverty level has decreased from 15.6% in 2002 to 13.9% in 2004.

The composition and diversity of the employment base are prime considerations in evaluating the strength of the economy. The diverse employment base of Saint Paul provides the primary strength of the community and has proven to be an attraction for continued economic growth and viability.

In 2004, for the employed population 16 years and older, the leading industries in Saint Paul were education, health and social services, 28%; professional and business services, 13%; trade, 13%; and financial activities, 10%.

Among the most common occupations were: Management, professional and related occupations, 35%; sales and office occupations, 26%; service occupations, 18%; production, transportation and material moving occupations, 14%; and construction, extraction and maintenance occupations, 7%.

Seventy-four percent of the people employed were private wage and salary workers; 11% were federal, state or local government workers; and 4% were self-employed.

In 2005, the major employers in Saint Paul were: U.S. Bancorp, 29%; State of Minnesota, 21%; University of Minnesota, 9%; 3M Company, 8% and Target Corporation, 7%.

Another indicator of the economic strength of Saint Paul is the rising value of its real estate market; specifically, the property value of Saint Paul homes. Between 2002 and 2005, single-family homes increased 23% in value to a median sales price of $195,000 in 2005.

In 2004, Saint Paul had a total of 116,772 housing units, 4% of which were vacant. (A housing unit is vacant if no one is living in it at the time of enumeration, unless its occupants are only temporarily absent). Of the total housing units, 54.6% were in single-unit structures, 44.7% were in multi-unit structures and 0.7% were mobile homes.

In 2004, the City of Saint Paul had 111,977 occupied housing units, of which 61,597 (55%) were owner occupied. (A housing unit is owner occupied if the owner or co-owner lives in the unit, even if it is mortgaged or not fully paid for) and 50,380 (45%) renter occupied. (All occupied units which are not owner occupied, whether they are rented for cash rent or occupied without payment of cash rent, are classified as renter occupied).

The median monthly housing costs for mortgaged owners was $1,260; nonmortgaged owners $342 and renters $638.

Thirty-three percent of owners with mortgages, 14% of owners without mortgages, and 44% of renters in Saint Paul spent 30% or more of household income on housing.

The sales growth in the City of Saint Paul measures the dollar value of all taxable sales for the year in Saint Paul. Growing sales demonstrates increased business in the city and marks a healthy economy. Total retail sales increased 9.2% between 2002 and 2005.

Saint Paul sales and use tax revenues increased 7% between 2002 and 2005.

Saint Paul hotel tax revenues increased from $2,795,810 to $2,879,891 (3%) between 2002 and 2005.

Notes:

Timeliness of Data

The Economy section contains information from different sources. The most recent available information is included in this section. Since different agencies collect and publish data at different periods, the timeliness of information varies.

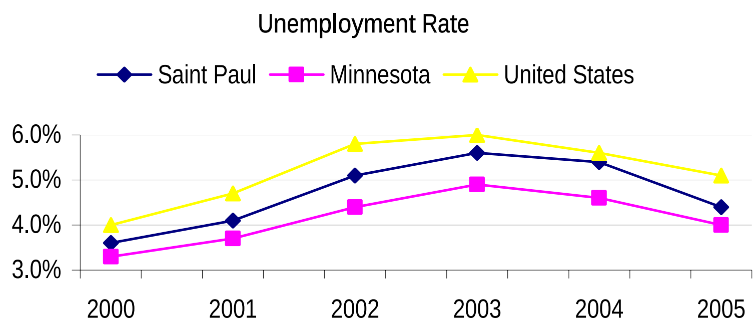
Accuracy of Data

Since agencies providing statistical information use sample surveys between censuses, some of the above statistics are estimates. The year 2000 data is based on the census count and is accurate.

Economic Statistics
Selected Economic Trends in the City of Saint Paul

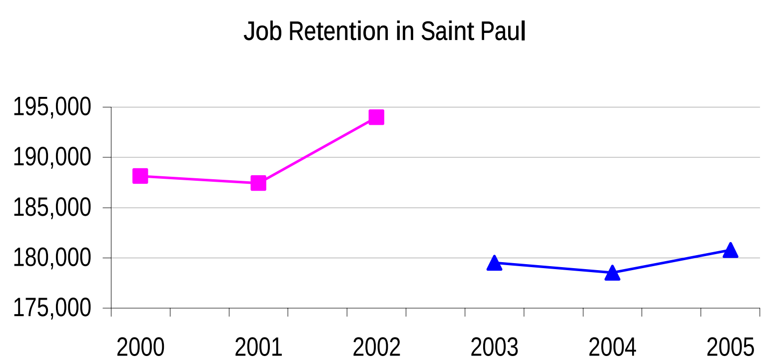
Employment

Unemployment Rate	2000	2001	2002	2003	2004	2005
Saint Paul	3.6%	4.1%	5.1%	5.6%	5.4%	4.4%
Minnesota	3.3%	3.7%	4.4%	4.9%	4.6%	4.0%
United States	4.0%	4.7%	5.8%	6.0%	5.6%	5.1%



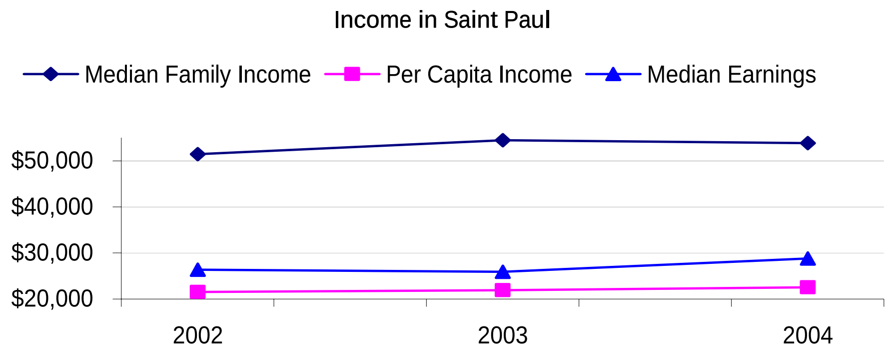
	2000	2001	2002	2003	2004	2005*
Job Retention	188,134	187,444	193,993	179,523	178,531	180,781

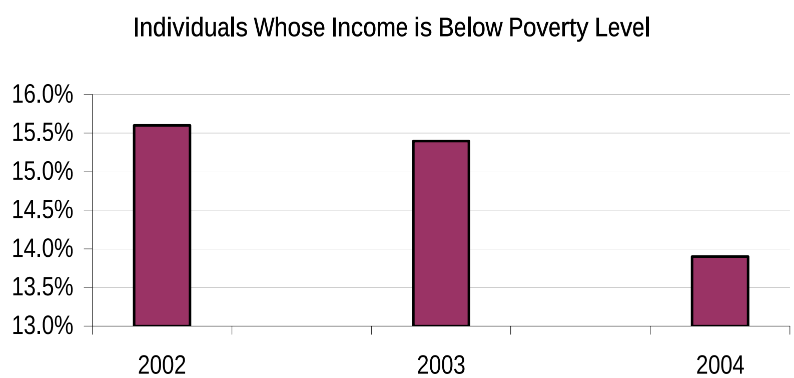
Job retention data is no longer comparable to prior data after 2002.
*2005 is based on data through the third quarter.



Income

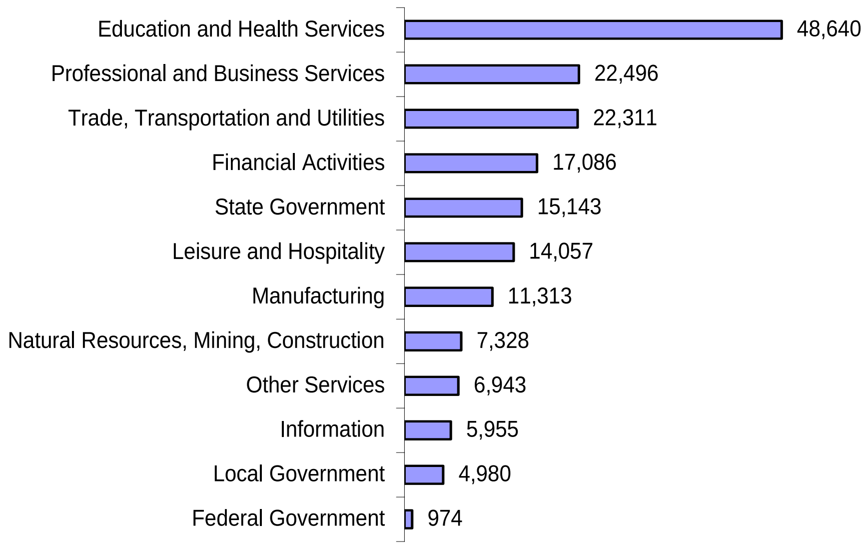
	2000	2001	2002	2003	2004
Median Family Income	$ 50,930	Data unavailable	$ 51,421	$ 54,449	$ 53,834
Per Capita Income	$ 20,216	$ 21,867	$ 21,488	$ 21,893	$ 22,533
Median Earnings			$ 26,365	$ 25,876	$ 28,778
Individuals Whose Income is Below Poverty Level			15.6%	15.4%	13.9%



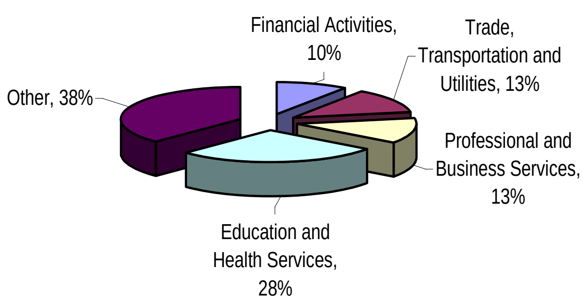


Job Diversity

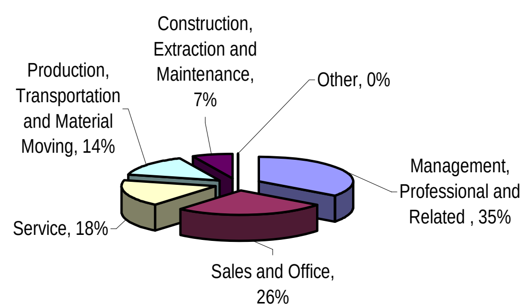
Covered Employment by NAICS Super-Sector in Saint Paul in 2004



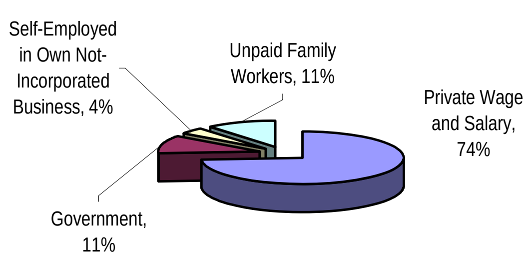
Leading Industries in Saint Paul



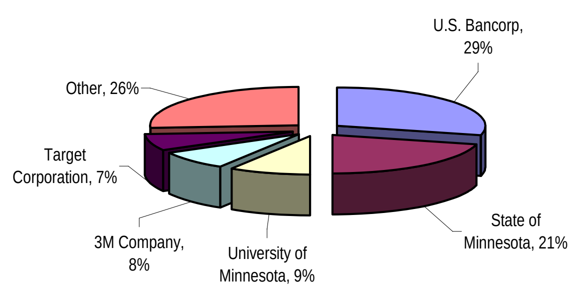
Most Common Occupations in Saint Paul



Worker by Class in Saint Paul

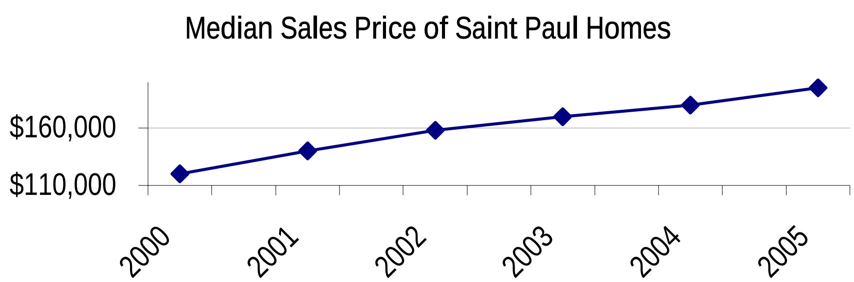


Major Employers in Saint Paul

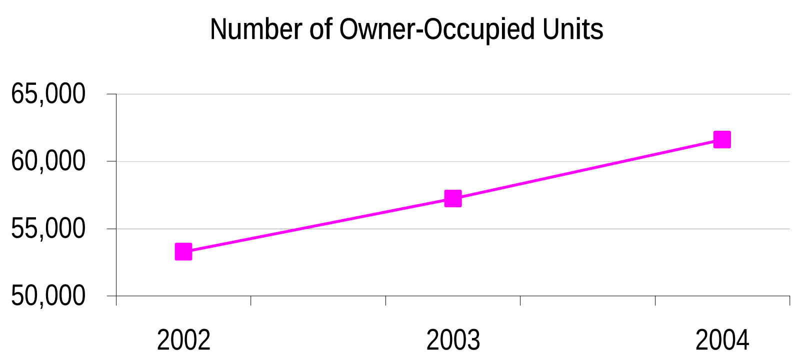


Housing Characteristics

	2000	2001	2002	2003	2004	2005
Median Sales Price	$120,000	$140,000	$158,000	$170,000	$179,900	$195,000
Increase/Decrease from Previous Year	15%	17%	13%	8%	6%	8%

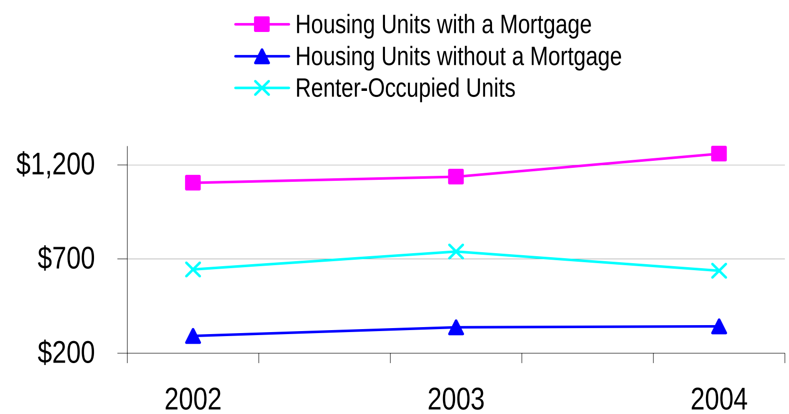


	2002	2003	2004
Number of Owner-Occupied Units	53,270	57,244	61,597
Increase/Decrease from Previous Year		7%	8%

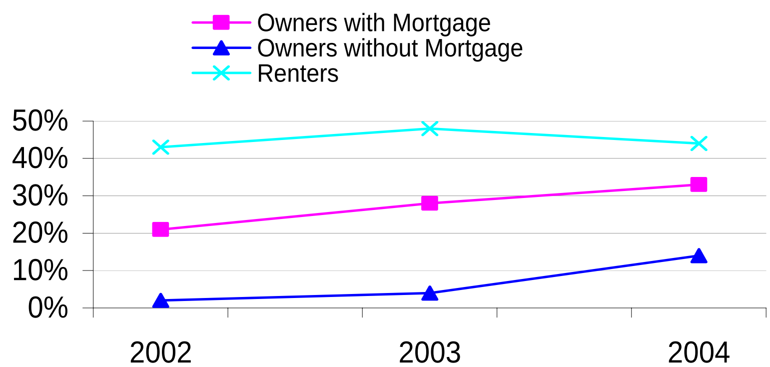


Housing Costs

	2002	2003	2004
Housing Units with a Mortgage	$ 1,105	$ 1,137	$ 1,260
Increase/Decrease from Previous Year		3%	11%
Housing Units without a Mortgage	$ 291	$ 337	$ 342
Increase/Decrease from Previous Year		16%	1%
Renter-Occupied Units	$ 644	$ 740	$ 638
Increase/Decrease from Previous Year		15%	-14%

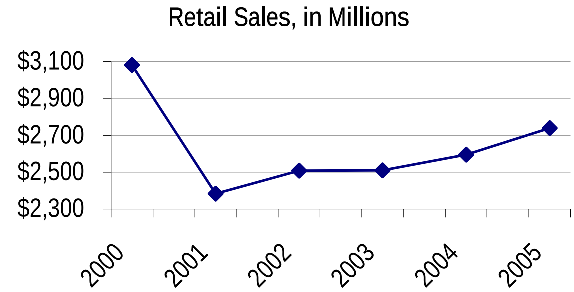


Spent 30% or More of Household Income on Housing	2002	2003	2004
Owners with Mortgage	21%	28%	33%
Owners without Mortgage	2%	4%	14%
Renters	43%	48%	44%

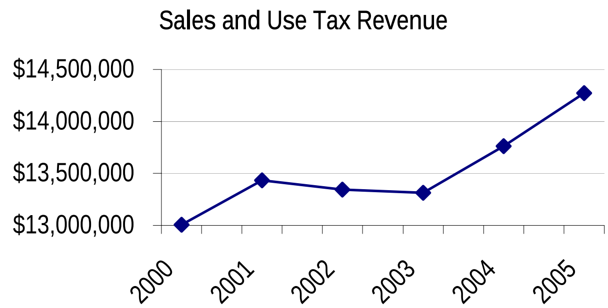


Retail Sales and Sales Tax

	2000	2001	2002	2003	2004	2005
Retail Sales, in Millions	$ 3,081	$ 2,383	$ 2,508	$ 2,510	$ 2,596	$ 2,739
Increase/Decrease from Previous Year		-23%	5%	0%	3%	6%

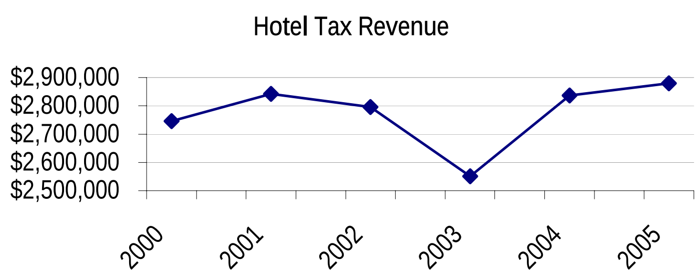


	2000	2001	2002	2003	2004	2005
Sales and Use Tax Revenue	$ 13,007,632	$ 13,432,180	$ 13,344,192	$ 13,312,005	$ 13,762,357	$ 14,271,686
Increase/Decrease from Previous Year	16.6%	3.3%	–0.7%	–0.2%	3.4%	3.7%



Hotel Tax

	2000	2001	2002	2003	2004	2005
Hotel Tax Revenue	$ 2,746,161	$ 2,842,772	$ 2,795,810	$ 2,550,721	$ 2,836,543	$ 2,879,891
Increase/Decrease from Previous Year	11.50%	3.60%	–1.7%	–8.5%	11.21%	1.53%



Indicators

Debt financing of public infrastructure affects the participating jurisdictions and their citizens in a variety of ways. The focus here is on the way in which the overlapping debt of participating jurisdictions affects property taxes paid by residents within the corporate limits of the City of Saint Paul and the credit ratings assigned to each jurisdiction. In order to examine such effects, the committee has chosen indicators falling into three categories: debt position, citizens' ability to pay and operational/capital finance interface. The indicators were selected because the subcommittee feels that they are the best representations of the factors this report intends to address. For each of these areas, indicators of impact have been determined, analyzed and summarized. These indicators provide basic proxies of the jurisdictions' individual and combined impacts. Each indicator is profiled as to definition and purpose and trend/summary. Where available and applicable, a credit industry benchmark is given and used as a basis to analyze the overlapping debt.

The debt position indicators chosen for this report are Net G.O. Debt to Indicated Market Value and Net G.O. Debt per Capita. These indicators provide a valuable view of the debt burden on available resources and are factors of consideration during the credit rating process.

The Debt Service Levy per Capita to per Capita Income is used to measure annual per capita income to annual per capita debt service levy.

The Ability-to-Pay indicators are Debt Service Levy per Household, Debt Service Levy per Capita to per Capita Income and the Tax Bill for Debt Service Tax Levies of Median Value Home. Debt Service Levy per Household shows the tax impact of debt on an individual Saint Paul household. Debt Service Levy per Capita to per Capita Income shows the annual property tax burden placed on the annual income capacity of Saint Paul citizens. The Tax Bill for Debt Service Tax Levies shows the property tax impact for a median priced home in Saint Paul. Examination of these three indicators reveals the general tax impact of Saint Paul's overlapping debt on its citizens.

This report also includes an operational/capital finance interface indicator. Debt Service Tax Levy as a Percentage of Total Tax Levy shows the proportional impact of the debt on other components of each jurisdiction's operations.

These indicators are included in this report, not only because they measure the capacity to handle debt burden and stability of financial management; they are also key elements used by rating agencies when determining ratings. The credit rating of a jurisdiction is a critical measure of successful debt management. A strong credit rating means that the issuer is generally able to issue debt at a lower interest rate, hence reducing costs to the municipality and its taxpayers.

Detailed information relating to the specifics of each indicator is given in the individual profiles on the following pages.

Debt Position Indicator
Total Net G.O. Debt to Indicated Market Value

Definition and Purpose: Debt to Indicated Market Value is a basic credit rating indicator that shows the total net principal amount of debt to the full value of real estate. The ultimate source of repayment for this debt is the general property tax, with such tax levied against the value of all properties. This indicator depicts the overall debt burden as both the amount of debt and the resources for repayment (value) change over time. Low ratios are viewed as positive indicators. Estimated Market Value, Sales Ratio and Indicated Market Value are explained in the Appendix on page 56.

Target Range: Not to exceed 1.7% to 2.2% - Below Average Debt Burden, State and Local Government Credit Analysis by the Numbers: Standard and Poor's, 2005.

Trend/Summary: The combined Net G.O. Debt to Indicated Market Value decreased from 3.3% in 2001 to 2.1% in 2005, an average annual decrease of 11%. This indicator is projected to continue its decrease at an average annual rate of 3%, falling from 2.1% in 2005 to 1.8% in 2010. For the years 2006 through 2010, the indicated market value is assumed to increase at 4.4% per year.

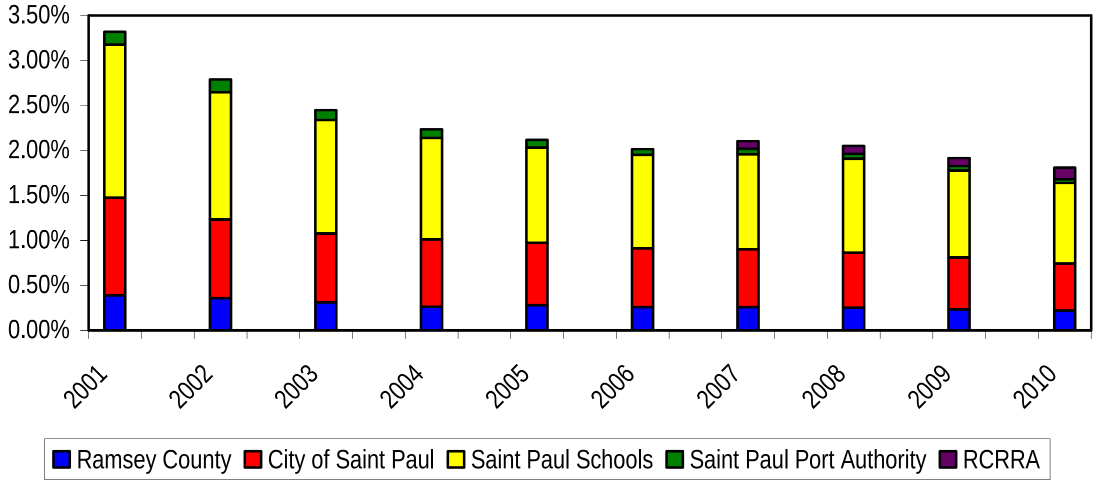
The target range is met through 2010.

Standard & Poor's Ranges for Tax-Backed G.O. Ratios (Cities over 150,000)	
Overall Net Debt to Market Value	
High	> 5.46%
Above Average	3.83% - 5.46%
Average	2.21% - 3.82%
Below Average	1.70% - 2.20%
Low	< 1.70%

The following ranges were used in the previous Joint Debt Book editions:

Standard and Poor's Public Finance Typical Ranges for Tax-Backed G.O. Ratings	
Debt to Market Value	
Low Debt Burden	0% - 3%
Moderate Debt Burden	3% - 6%
High Debt Burden	> 6%

Debt Position Indicator
Total Net G.O. Debt to Indicated Market Value



G.O. Debt to I.M.V.	2001	2002	2003	2004	2005
Ramsey County	0.39%	0.36%	0.31%	0.26%	0.28%
City of Saint Paul	1.08%	0.87%	0.76%	0.75%	0.69%
Saint Paul Schools	1.70%	1.42%	1.26%	1.13%	1.06%
Saint Paul Port Authority	0.14%	0.14%	0.11%	0.10%	0.09%
RCRRA	0.00%	0.00%	0.00%	0.00%	0.00%
Total Debt to Market Value	3.32%	2.79%	2.45%	2.23%	2.12%
% Increase/decrease	-17.6%	-15.9%	-12.2%	-8.7%	-5.2%
City I.M.V.	$14,204,320,796	$17,512,595,034	$22,062,705,540	$24,765,421,831	$26,742,814,714

	2006	2007	2008	2009	2010
Ramsey County	0.26%	0.26%	0.25%	0.24%	0.22%
City of Saint Paul	0.66%	0.64%	0.61%	0.57%	0.52%
Saint Paul Schools	1.04%	1.05%	1.04%	0.97%	0.89%
Saint Paul Port Authority	0.06%	0.06%	0.06%	0.05%	0.05%
RCRRA	0.00%	0.09%	0.09%	0.09%	0.13%
Total Debt to Market Value	2.02%	2.10%	2.05%	1.91%	1.81%
% Increase/decrease	-4.8%	4.4%	-2.6%	-6.6%	-5.6%
City I.M.V.	$28,340,047,417	$28,879,032,919	$30,109,871,220	$31,834,019,798	$33,661,667,053

Debt Position Indicator
Total Net G.O. Debt per Capita

Definition and Purpose: This indicator is formulated by dividing the total Net G.O. debt by the total population. It depicts the overall debt burden placed on the citizens of Saint Paul, as both debt levels and populations change over time.

Target Range: Not to exceed range of $1,229 to $2,141 - Average Overall Debt per Capita, State and Local Government Credit Analysis by the Numbers: Standard and Poor's, 2005.

Trend/Summary: Net G.O. debt per capita increased from $1,642 in 2001 to $1,950 in 2005. Net G.O. debt per capita is projected not to exceed $2,063 in 2008 and decrease to $1,995 in 2010. For the years 2006 through 2010, City population is assumed to increase at 1.0% per year. (See note on page 54).

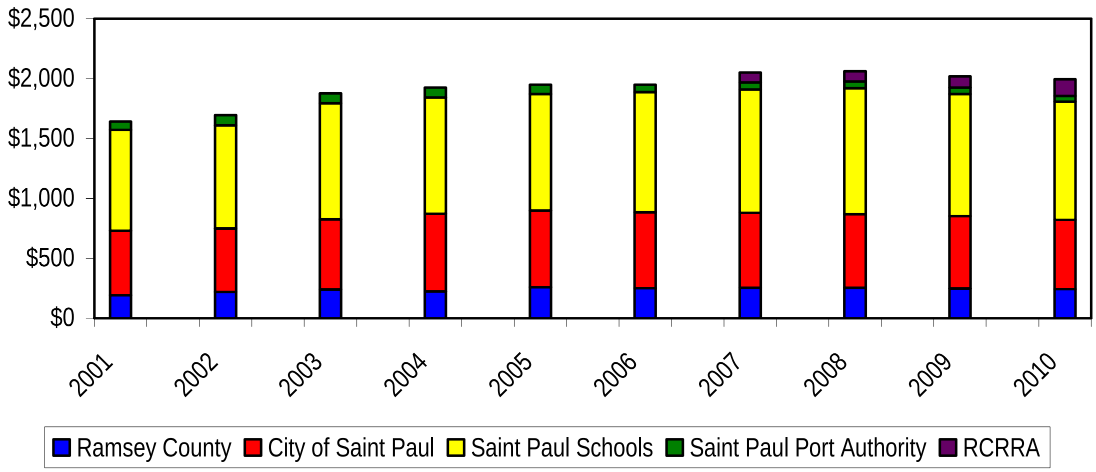
The target range is met through 2010.

Standard & Poor's Ranges for Tax-Backed G.O. Ratios (Cities over 150,000)	
Overall Net Debt per Capita	
High	> $2,710
Above Average	$2,142 - $2,710
Average	$1,229 - $2,141
Below Average	$936 - $1,228
Low	< $936

The following ranges were used in the previous Joint Debt Book editions:

Standard and Poor's Public Finance Typical Ranges for Tax-Backed G.O. Ratings	
Overall Debt per Capita	
Low	< $1,000
Moderate	$1,000 - $2,500
High	> $2,500

Debt Position Indicator
Total Net G.O. Debt per Capita



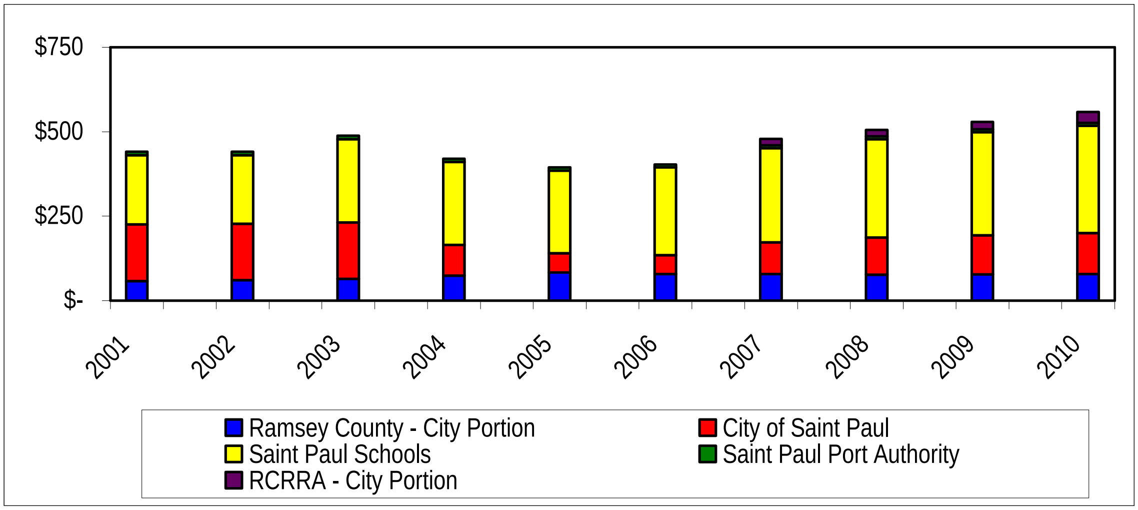
G.O. Debt per Capita	2001	2002	2003	2004	2005
Ramsey County	$193	$219	$241	226	259
City of Saint Paul	535	530	586	646	638
Saint Paul Schools	843	861	967	971	973
Saint Paul Port Authority	70	86	84	83	79
RCRRA	0	0	0	0	0
Total Debt per Capita	$1,642	$1,696	$1,878	$1,926	$1,950
City Population	287,151	288,000	287,604	287,410	290,342

	2006	2007	2008	2009	2010
Ramsey County	$251	$253	$253	$248	$243
City of Saint Paul	633	628	617	605	578
Saint Paul Schools	1,003	1,027	1,049	1,019	986
Saint Paul Port Authority	61	59	56	53	50
RCRRA	0	85	88	93	139
Total Debt per Capita	$1,948	$2,052	$2,063	$2,018	$1,995
City Population	293,273	296,205	299,137	302,058	305,000

Ability-to-Pay Indicator
Debt Service Levy per Household

Definition and Purpose:	The property tax can be viewed as the price government charges for its services. These services are broadly divided into operations (such as public safety, street maintenance, etc.) and infrastructure investment (such as pay-as-you-go capital and debt service). This indicator measures the annual debt service property tax levy per household (annual price of debt). The purpose is to show how this price to the citizens for debt service changes over time with annual debt levy variations. This indicator is not a representation of the tax bill for debt service (which is based on property values rather than income). A sample tax bill for debt service of median value homes is provided on page 29. See page 57 for additional data.
Target Range:	Not to exceed $550.
Trend/Summary:	The combined debt service levy per household increased from $441 in 2001 to $488 in 2003, and then decreased to $395 in 2005, an average annual decrease of 2.7% between 2001 and 2005. The combined debt service levy per household is expected to increase from $403 to $559 in the years 2006 to 2010, an average increase of 8.5%. The target was met through 2009; however it is not met for 2010. If the benchmark is adjusted to inflation for 2001-2005 (at the annual average rate of 2.3%), the benchmark would be $600. For the years 2006 through 2010, the number of households is assumed to rise 1% per year. (See note on page 57).

Ability-to-Pay Indicator
Debt Service Levy per Household



Debt Service Levy per Household	2001	2002	2003	2004	2005
Ramsey County - City Portion	$ 57	$ 61	$ 64	$ 74	$ 83
City of Saint Paul	168	167	167	91	57
Saint Paul Schools	205	203	247	245	245
Saint Paul Port Authority	11	11	10	9	9
RCRRA - City Portion	-	-	-	-	-
Total	$ 441	$ 441	$ 488	$ 420	$ 395
Number of City Households	112,109	112,784	112,668	112,668	113,890

	2006	2007	2008	2009	2010
Ramsey County - City Portion	$ 78	$ 79	$ 77	$ 77	$ 79
City of Saint Paul	57	94	110	116	121
Saint Paul Schools	259	279	290	306	318
Saint Paul Port Authority	9	9	9	9	8
RCRRA - City Portion	-	18	20	22	32
Total	$ 403	$ 478	$ 506	$ 529	$ 559
Number of City Households	115,112	116,334	117,556	118,778	120,000

Figures reported are for the years taxes are payable.

Ability to Pay Indicator
Debt Service Levy per Capita to per Capita Income

Definition and Purpose: This indicator is formulated by dividing the Debt Service Property Tax Levy per Capita by per Capita Income. It depicts the annual debt service property tax levy burden placed on the income capacity of Saint Paul citizens as both debt and income levels change over time. Low ratios are viewed as positive indicators. See the Debt Service Levy per Capita table on page 58.

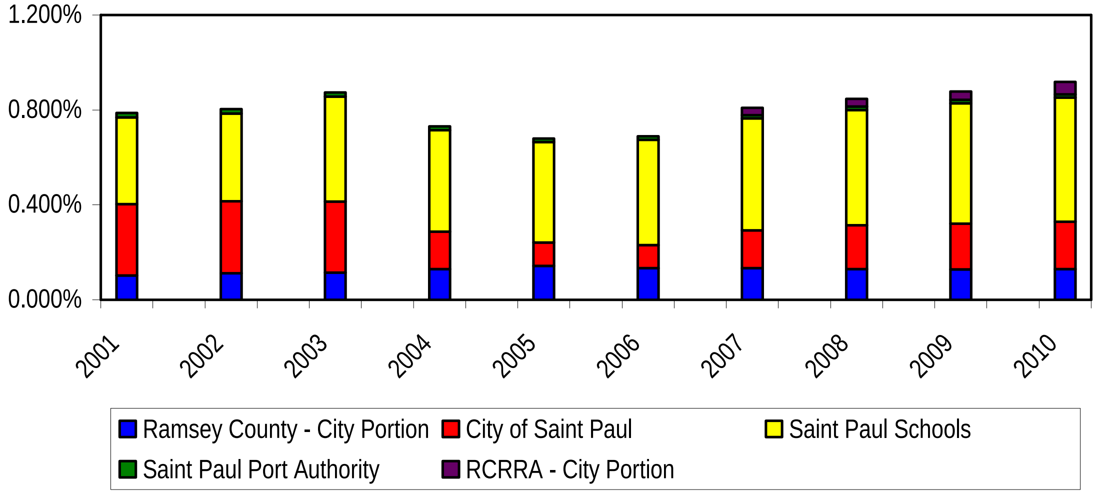
Target Range: Not to exceed 1%.

Trend/Summary: Net Debt Service Property Tax Levy per Capita to per Capita Income increased from 0.787% in 2001 to 0.874% in 2003, then decreased to 0.680% in 2005, and then is projected to increase from 0.688% in 2006 to 0.919% in 2010.

For the years 2006 through 2010, per capita income is assumed to rise 1% per year.

The target range is met through 2010.

Ability-to-Pay Indicator
Debt Service Levy per Capita to per Capita Income



G.O. Debt to per Capita Income	2001	2002	2003	2004	2005
Ramsey County - City Portion	0.102%	0.111%	0.115%	0.129%	0.143%
City of Saint Paul	0.300%	0.303%	0.299%	0.158%	0.099%
Saint Paul Schools	0.366%	0.370%	0.442%	0.427%	0.422%
Saint Paul Port Authority	0.019%	0.019%	0.018%	0.016%	0.016%
RCRRA - City Portion	0.000%	0.000%	0.000%	0.000%	0.000%
Total	0.787%	0.804%	0.874%	0.731%	0.680%
City per Capita Income	$21,867	$21,488	$21,893	$22,533	22,759

	2006	2007	2008	2009	2010
Ramsey County - City Portion	0.134%	0.133%	0.129%	0.128%	0.130%
City of Saint Paul	0.097%	0.159%	0.184%	0.192%	0.199%
Saint Paul Schools	0.443%	0.472%	0.486%	0.508%	0.523%
Saint Paul Port Authority	0.015%	0.015%	0.014%	0.014%	0.014%
RCRRA - City Portion	0.000%	0.031%	0.033%	0.036%	0.053%
Total	0.688%	0.809%	0.847%	0.878%	0.919%
City per Capita Income	$22,988	$23,219	$23,453	$23,688	$23,926

Figures reported are for the years taxes are payable.

Ability-to-Pay Indicator
Tax Bill for Debt Service Tax Levies – Median Value Home in Saint Paul

Definition and Purpose: A major portion of the debt covered in this report will be repaid by property taxes. An indicator of the burden of this debt is how the amount of the tax bill for this debt service changes over time for representative residential properties. This indicator estimates the change in property tax bills for debt service for a property with the annual median value in Saint Paul. See page 59 for detailed explanation of the debt service levies, debt tax rates and median property values tables.

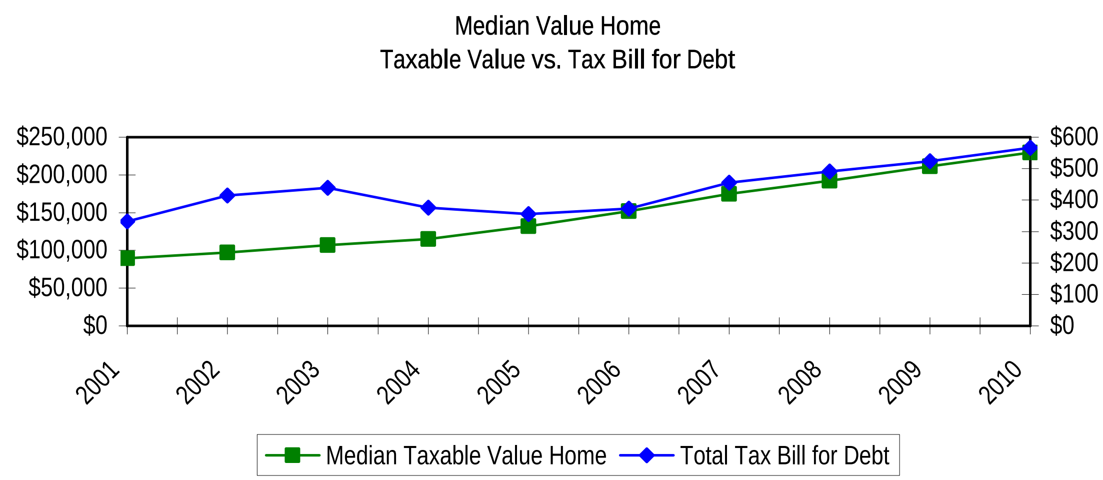
Target Range: Effective Tax Rate of less than 0.5%.

Trend/Summary: Over the period shown, the fluctuation in the debt service tax bill for a median priced house in Saint Paul reflected the rise in the Median Taxable Value and change in the debt service tax levies. The effective tax rate decreased from 0.37% in 2001 to 0.28% in 2005. The average annual decrease is 6.9%. It is projected to fluctuate around 0.25% for the years 2006 through 2010.

For the years 2006 through 2010, the median value home is assumed to grow by an average of 5.9% per year.

The target range is met through 2010.

Ability-to-Pay Indicator
Tax Bill for Debt Service Tax Levies – Median Value Home in Saint Paul



	2001	2002	2003	2004	2005
Median Value Home	$ 96,900	$ 113,500	$ 135,200	$ 154,000	$ 169,700
Taxable Value	89,600	97,200	106,900	115,000	132,200
Ramsey County - City Portion	$ 43	$ 57	$ 58	$ 66	$ 75
City of Saint Paul	$ 127	$ 156	$ 150	$ 82	$ 52
Saint Paul Schools	$ 154	$ 191	$ 222	$ 220	$ 221
Saint Paul Port Authority	$ 8	$ 10	$ 9	$ 8	$ 8
RCRRA - City Portion	$ -	$ -	$ -	$ -	$ -
Total Debt Taxes (Gross)	$ 332	$ 414	$ 439	$ 376	$ 356
Effective Tax Rate for Debt	0.37%	0.43%	0.41%	0.27%	0.28%

	2006	2007	2008	2009	2010
Median Value Home	$ 182,700	$ 196,500	$ 208,300	$ 218,700	$ 229,600
Taxable Value	152,000	174,800	192,300	211,500	229,600
Ramsey County - City Portion	$ 73	$ 75	$ 75	$ 77	$ 80
City of Saint Paul	52	90	107	114	123
Saint Paul Schools	240	265	282	303	322
Saint Paul Port Authority	8	8	8	8	9
RCRRA - City Portion	-	17	19	22	33
Total Debt Taxes (Gross)	$ 373	$ 455	$ 491	$ 524	$ 567
Effective Tax Rate for Debt	0.25%	0.26%	0.26%	0.25%	0.25%

Total debt taxes are reported for the years taxes are payable.

Operational/Capital Finance Interface Indicator
Debt Service Tax Levy to Total Tax Levy

Definition and Purpose: The total tax levy has an operational component and a debt service component. This indicator shows the proportional share that represents the debt service component and illustrates over time any pressure it may exert, either on the total levy or on the operational components. This indicator is specific to each jurisdiction and not applicable to the combined jurisdictions.

Trend/Summary: The County's ratio of debt service to total increased from 8.6% in 2001 to 10.0% in 2005. The average annual rate of increase is 3.9%. It decreases to a projected rate of 8.5% in 2010. The 2006-2010 average annual rate of decrease is 1.7%. Overall, the average annual decrease in ratio from 2001 to 2010 is 0.2%.

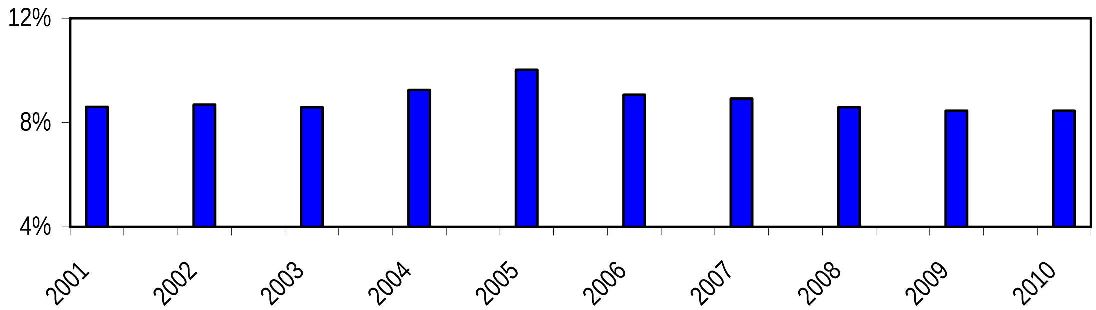
The City's ratio decreased from 30.2% in 2001 to a projected rate of 9.9% in 2006, then increases to 15.6% in 2007 and then fluctuates around 16%.

The School District's ratio increased from 19.1% in 2001 to 38.3% in 2005. The debt service tax levy has increased due to the issuance of capital and alternative facility bonds; however, the overall total net tax levy has decreased over the same time period. Major property tax reform by the Minnesota Legislature in 2001 resulted in a $66.3 million drop in the total tax levy of the district between the payable 2001 levy and the payable 2002 levy, which increased the ratio up to 42.5% in 2002. Debt service tax levy to total tax levy ratio dropped to 34.5% in 2006 and then increases at an average rate of 3.3% to 39.2% in 2010.

The Port Authority's ratio dropped from 45.2% in 2001 to 43.4% in 2005 at an average annual rate of decrease of 1.0%. The projected ratio decreases from 43.3% in 2006 to 27.9% in 2010 at an average annual rate of decrease of 10.4%.

RCRRA plans to issue debt for the first time in 2007. The projected ratio increases from 22.2% in 2007 to 41.1% in 2010 at an average annual rate of increase of 22.7%.

Operational/Capital Finance Interface Indicator
Debt Service Tax Levy to Total Tax Levy – Ramsey County



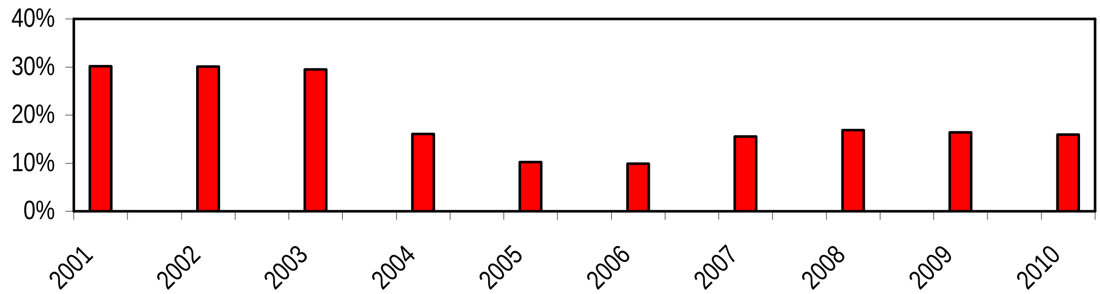
Ramsey County	2001	2002	2003	2004	2005
Debt Service Tax Levies	$ 13,602,238	$ 14,573,159	$ 15,272,897	$ 17,587,559	$ 19,927,210
Total Net Tax Levies	$ 158,235,432	$ 167,653,264	$ 177,789,322	$ 190,164,964	$ 198,864,950
Debt Service Levy to Total	8.6%	8.7%	8.6%	9.2%	10.0%

	2006	2007	2008	2009	2010
Debt Service Tax Levies	$ 19,005,044	$ 19,250,801	$ 19,093,708	$ 19,355,253	$ 19,949,340
Total Net Tax Levies	$ 209,635,475	$ 215,924,540	$ 222,402,277	$ 229,074,345	$ 235,946,575
Debt Service Levy to Total	9.1%	8.9%	8.6%	8.4%	8.5%

Note: The tax levy amounts shown above represent levies spread on all taxable property within Ramsey County, not just the portion attributable to the City of Saint Paul.

Figures reported are for the years taxes are payable.

Operational/Capital Finance Interface Indicator
Debt Service Levy to Total Tax Levy – City of Saint Paul



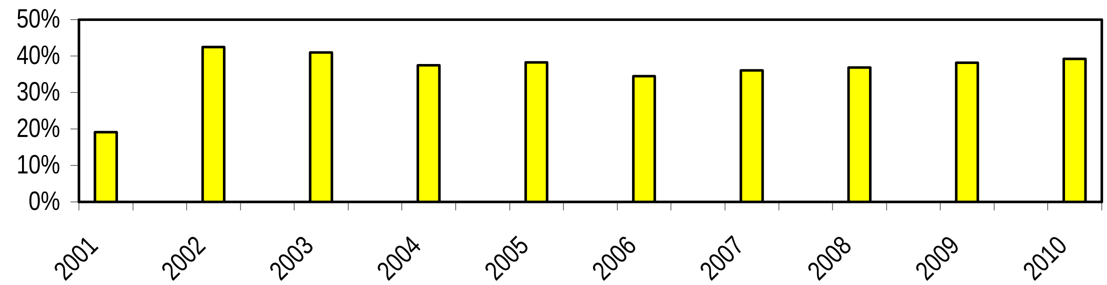
City of Saint Paul	2001	2002	2003	2004	2005
Debt Service Tax Levies	$18,838,395	$18,780,895	$18,838,395	10,262,898	6,522,821
Total Net Tax Levies	$62,393,263	$62,393,263	$63,843,263	63,927,263	63,927,263
Debt Service Levy to Total	30.2%	30.1%	29.5%	16.1%	10.2%

	2006	2007	2008	2009	2010
Debt Service Tax Levies	$6,522,821	$10,968,826	$12,938,826	$13,738,826	$14,538,826
Total Net Tax Levies	$65,845,514	70,456,943	76,798,366	83,711,789	91,244,583
Debt Service Levy to Total	9.9%	15.6%	16.8%	16.4%	15.9%

Note: The Total Net Tax Levy includes the mandatory/discretionary levy imposed by the City on behalf of the Port Authority.

Figures reported are for the years taxes are payable.

Operational/Capital Finance Interface Indicator
Debt Service Levy to Total Tax Levy – Saint Paul Public Schools

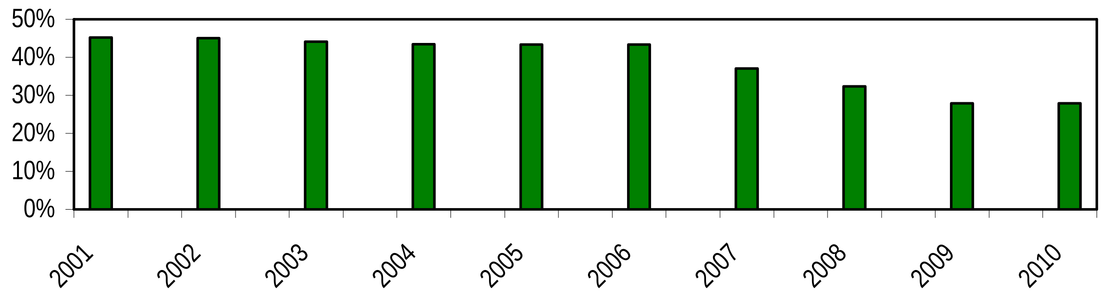


Saint Paul Schools	2001	2002	2003	2004	2005
Debt Service Tax Levies	$ 22,974,142	$ 22,881,945	$ 27,809,400	$ 27,637,507	$ 27,895,902
Total Net Tax Levies	$ 120,137,297	$ 53,854,010	$ 67,822,018	$ 73,808,113	$ 72,927,730
Debt Service Levy to Total	19.1%	42.5%	41.0%	37.4%	38.3%

	2006	2007	2008	2009	2010
Debt Service Tax Levies	$ 29,856,801	$ 32,430,399	$ 34,119,641	$ 36,314,584	$ 38,131,749
Total Net Tax Levies	$ 86,663,102	$ 90,054,695	$ 92,717,565	$ 95,257,508	$ 97,344,673
Debt Service Levy to Total	34.5%	36.0%	36.8%	38.1%	39.2%

Figures reported are for the years taxes are payable.

Operational/Capital Finance Interface Indicator
Debt Service Levy to Total Tax Levy – Saint Paul Port Authority



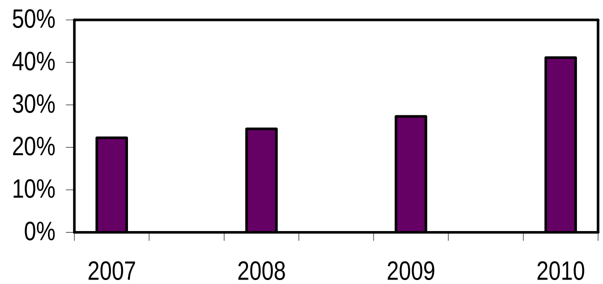
Saint Paul Port Authority	2001	2002	2003	2004	2005
Debt Service Tax Levies	$ 1,195,000	$ 1,190,000	$ 1,145,000	$ 1,061,000	$ 1,005,000
Total Net Tax Levies	$ 2,645,000	$ 2,640,000	$ 2,595,000	$ 2,443,000	$ 2,317,000
Debt Service Levy to Total	45.2%	45.1%	44.1%	43.4%	43.4%

	2006	2007	2008	2009	2010
Debt Service Tax Levies	$ 1,004,000	$ 1,008,000	$ 1,010,000	$ 1,010,000	$ 1,012,000
Total Net Tax Levies	$ 2,317,000	$ 2,717,000	$ 3,121,000	$ 3,615,000	$ 3,624,000
Debt Service Levy to Total	43.3%	37.1%	32.4%	27.9%	27.9%

Note: The Total Net Tax Levy includes the mandatory/discretionary levy imposed by the City on behalf of the Port Authority.

Figures reported are for the years taxes are payable.

Operational/Capital Finance Interface Indicator
Debt Service Levy to Total Tax Levy –
Ramsey County Regional Railroad Authority



	2006	2007	2008	2009	2010
Debt Service Tax Levies	$ 0	$ 4,435,000	$ 4,853,000	$ 5,438,000	$ 8,199,400
Total Net Tax Levies	$ 0	$ 19,939,000	$ 19,939,000	$ 19,939,000	$ 19,939,000
Debt Service Levy to Total		22.2%	24.3%	27.3%	41.1%

Note: The 2006 RCRRA bond issue has been delayed until 2007. For the purposes of this report, the levy number in 2006 has been reported as zero.

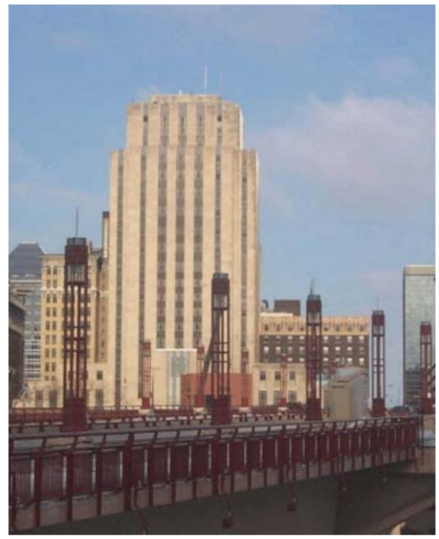
The tax levy amounts shown above represent levies spread on all taxable property within Ramsey County, not just the portion attributable to the City of Saint Paul.

Figures reported are for the years taxes are payable.

Capital Investment Strategies and Initiatives

Each participating jurisdiction is making infrastructure investments to accomplish its specific initiatives. These initiatives are based on the individual conditions and objectives of each jurisdiction. This section summarizes—by participant—these conditions, objectives and initiatives.

Ramsey County



Ramsey County provides services to its residents in five major areas: Human Services, Public Safety and Justice, Public Health, Parks and Public Works and Central Administration. The County owns a large number of facilities and other infrastructure throughout the County necessary in providing these services. Ramsey County has a capital improvement program process and bonding authority to finance its capital needs of all of these facilities.

Capital Improvement Plan

The Capital Improvement Plan is the County's long-term plan for the management of its infrastructure assets. The Plan establishes the long-range projected financing levels needed to preserve and maintain the County's investment in its infrastructure assets. The Plan prioritizes projects based on a ranking system and useful life, which provides for effective utilization of available outside funding sources (Federal, State, other) in addition to County funding. The County financing of projects include tax levy, debt issuance, rental revenues and outside sources. Also under County Board consideration is the development and funding of a Comprehensive Capital Assets Management and Preservation Plan (CCAMPP) which is discussed on page 38.

The County Board established the Capital Improvement Plan process, including a citizens' advisory committee, in 1987. The Capital Improvement Plan Advisory Committee (CIPAC) is made up of fourteen citizens appointed by the seven County Commissioners. Ramsey County's Capital Improvement Plan (CIP) budget process begins with departments requesting projects for $25,000 or more. CIP projects are currently divided into four categories: 1) Regular Projects, 2) Major Projects, 3) Equipment Replacement Schedule and 4) Building Improvements. Major Projects, Equipment Replacement Schedule Projects and Building Improvements are separated from what are generally considered more regular capital maintenance projects for discussion and recommendation purposes.

Major Projects

Major Projects are defined as projects over $1 million in size. Departments submit their project requests annually to the County Manager. The County manager then analyzes the requests and makes a recommendation to the County Board of which projects should be funded. The County Board, using the County Manager's recommendations, prioritize which project(s), if any, will be included in the annual bond sale. Projects are considered for financing in future years, depending upon their priority and the County's debt levels, as well as debt service compared to benchmarks.

In 2005, the County Board approved the expansion and renovation of the Community Corrections Facility. The total cost of this project is $17 million, which is financed over three years. The cash flow of the project calls for bond issues of $4.25 million in 2006, $10.75 million in 2007 and $2.8 million in 2008. The new expansion area is 53,000 square feet, which will provide additional inmate beds, an area for female inmates, additional program office and storage space and 50 additional parking spaces. The remodeled space is 37,800 square feet and includes mechanical and electrical upgrades.

The expected completion date of the project is November 1, 2008.

Regular Projects (Between $25,000 and $1,000,000)

The County Board established the following priorities for rating individual capital projects: 1) Protect Life/Safety, 2) Maintain Public Health, 3) Replace Facility, 4) Maintain Physical Property, 5) Reduce Operating Costs, 6) Protect Property, 7) Provide Public Service, 8) Provide Public Convenience and 9) Enhance County Image. CIPAC members individually rank requested regular projects. Staff from various County departments also individually rate the regular projects, and the two rankings are then combined. This combined rank is used to set overall regular CIP project request priorities for the Capital Improvement Program Five-Year Plan, and the annual amount to be financed from bonds. Most of the CIP regular projects are repair/replacement and maintenance projects that maintain capital facilities and infrastructure. These projects should help improve operating efficiencies and offset increased costs for operations and repairs.

The conditions of roads are evaluated, based on objective measurement criteria, with a pavement management system. The findings are reviewed by representatives of municipalities for project recommendations.

Equipment Replacement Schedule

This program provides for scheduled replacement of equipment for Parks and Recreation, Public Works, Community Corrections and Sheriff's Departments from tax levy funds in the operating budget. Funds are used annually to purchase equipment such as squad cars, road construction, maintenance equipment and grounds maintenance equipment.

Building Improvements

In 1996, the Capital Improvement Program (Citizens) Advisory Committee (CIPAC) recommended, and the County Board approved, the use of dedicated rental revenues from occupants in County-owned buildings to finance scheduled building improvements. A six-year plan is prepared annually to fund the building improvements/maintenance from the rental revenue. The pay-as-you-go financing method, from the rental revenues, is used for improvements/maintenance such as replacing carpet, roof repair and energy system upgrades.

The funding, operated as Internal Services Funds, is done for the Ramsey County Government Center-East and West buildings, the Juvenile and Family Justice Center, the Law Enforcement Center, the Public Works Facility, the Sheriff Patrol Station and the Suburban Court Facility.

Comprehensive Capital Assets Management and Preservation Plan (CCAMPP)

The CCAMPP is being finalized by the Senior Management Team for approval by the County Board. An inventory of capital assets is maintained to evaluate the condition of each asset and identify predictable life cycle requirements and/or replacement schedules for each class of asset. The classes of assets are buildings/grounds, mobile equipment and roads. This information is used to determine present and future needs that require capital infrastructure or equipment. The costs are calculated to preserve capital assets based on the present and future needs.

Also included in the Plan is a Building Condition Report, which provides life cycle cost analysis and is used in the long-range facility planning of the County.

Debt Strategy

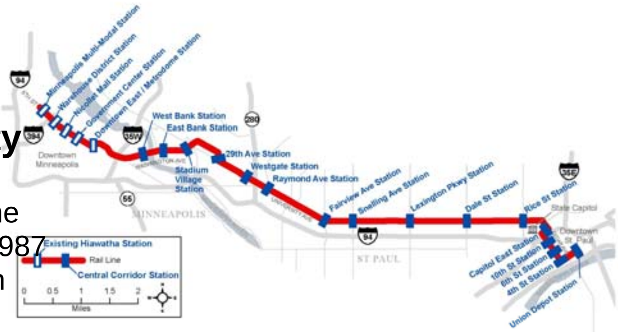
In November 1992, Ramsey County became the only Home Rule Charter County in the State of Minnesota. Most debt and building fund levy limits and other restrictions established under previous statutes no longer apply, giving Ramsey County the opportunity—and the responsibility—to establish realistic and affordable capital improvement levies for debt service and a Capital Improvement and Equipment Replacement levy (pay-as-you-go). The debt limit applies to all local governmental units in Minnesota. This limit is 2% of the market value of all taxable property in the County. With this in mind, the following policy was established:

1) A long-range finance plan (10 years) for regular capital maintenance projects and major building projects.

2) A responsible debt level in accordance with industry benchmarks.

In addition, the County participates with the City of Saint Paul, Saint Paul Public Schools and Saint Paul Port Authority to review overall general obligation debt on the Saint Paul tax base through the work of the Joint Debt Subcommittee of the Joint Property Tax Advisory Committee.

Ramsey County Regional Railroad Authority



The Ramsey County Board of Commissioners organized the Ramsey County Regional Railroad Authority (RCRRA) in 1987 for the purpose of planning and providing transit services in Ramsey County. The RCRRA is a political subdivision of Minnesota. It is governed by the seven Ramsey County Commissioners and is considered a component unit of Ramsey County.

Long Range Capital Plan

The RCRRA adopted a long-range capital plan in 2005. The plan extends through 2014 and includes construction of a light rail transit corridor between downtown Saint Paul and downtown Minneapolis, development of a multi modal transit hub at the historic Union Depot in downtown Saint Paul and purchase of rights of way to preserve options for rail transit corridors. The RCRRA share of the capital costs of the projects in the plan are estimated at $181 million through 2014. The plan calls for 80% of the cost, or $145 million, to be debt financed and 20% of the cost, or $36 million, to be financed with cash reserves. The first bond issue is planned for 2007 in the amount of $53 million.

Major Initiatives

Two major projects are underway and commonly known as: Central Corridor and Union Depot.

The Central Corridor is the primary east/west route between downtown Saint Paul and downtown Minneapolis. Construction of light rail transit (LRT) along the corridor will connect five major activity centers—the two downtowns, the University of Minnesota, the Midway area and the State Capitol complex. Nearly 120,000 people reside in the corridor and it is home to 280,000 jobs today, with an expected number of 345,000 by 2030. LRT ridership is anticipated to be 43,000 per day in 2030.

The Central Corridor LRT line will be part of the regional transit system and will connect to the Hiawatha LRT corridor at the Metrodome. The terminus will be at the proposed Minneapolis multimodal station, which will also serve the Northstar commuter rail line.

The capital cost for the Central Corridor was estimated at $840 million in 2007 dollars. The cost has recently been escalated to reflect year of construction. The line is now anticipated to open in 2014, and the current cost estimate is $930 million.

The Federal Transit Administration is expected to pay one half of the capital costs. The State and Ramsey and Hennepin County Regional Railroad Authorities will pay the other half of the costs with the State paying two thirds and the counties paying one third. The RCRRA will assume 70% of the county share and the Hennepin County Regional Railroad Authority will assume 30% of the county share.

The Union Depot is an historic treasure located in downtown Saint Paul that is envisioned as functional transportation facility that can accommodate existing and future downtown and long distance transfers and trips. The Depot will be a multimodal transit hub where Amtrak, Central LRT, intracity buses and Metro Transit buses will connect. Eventually, commuter rail and high-speed rail will also connect at the Depot.

The Depot opened in 1923 and hosted passenger rail service until 1971. The concourse has been used as a warehouse by the United State Post Office since that time. Acquisition of property necessary to complete the project began in 2005 with the purchase of ten acres east of the Depot. Also in 2005, the Post Office agreed to relocate its operations to Eagan to free up property critical to the project. Negotiations for the purchase of the concourse from the Post Office are underway, facilitated by the Saint Paul Port Authority.

The capital cost for the Union Depot is estimated at $361 million in 2003 dollars. The RCRRA share of the cost is estimated at $125.2 million. To date, the Union Depot project has been awarded a $50 million federal grant from the National and Regional Significance Fund and a $3.5

million state bonding award.

City of Saint Paul

Saint Paul is the State Capital and Minnesota's second largest city. The City covers an area of 56 square miles, and is situated wholly in Ramsey County.

Major Initiatives

Economic Development
To maintain economic growth, the City will continue to develop and implement strategic plans to encourage private investment in housing and economic development projects in Saint Paul, the results of which can be seen below.

Recently Completed Major Developments

- **Housing:**
  - 5000 Program: Four years ago, with vacancy rates hovering around 1%, the City established the Housing 5000 Program to accelerate housing development. When the Housing 5000 Program ended on December 31, 2005, it had exceeded its goals. Instead of 5,000 new or substantially rehabilitated housing units, the construction financing for 5,370 units had closed; and instead of leveraging the investment of $1 billion, the Program had leveraged $1.059 billion, 84% of which came from private sources.
  - Affordable Housing: As part of the Housing 5000 goals, the City also established the goal that the construction financing for 1,000 new or substantially rehabilitated units of affordable housing would close before December 31, 2005. When the Program ended, construction financing had closed for 1,173 affordable units, 600 of them affordable to families at or below 30% of Area Median Income (AMI), and 573 affordable to families between 31% and 50% of AMI.

- **Central Corridor Revitalization:** The Central Corridor, running along University Avenue from the State Capitol to Minneapolis, has attracted significant investment in the past few years, and stands to attract more in the future if Light Rail Transit (LRT) is developed on University Avenue in the next few years. Some recent major developments include
  - Highway 280 and University: At the western edge of the Central Corridor, 575 units of new housing have been built or are being developed, and Saint Paul's state-designated Bioscience Zone is operating, including a $24 million, 125,000-square-foot bioscience incubator operated by University Enterprise Laboratories (UEL). Just to the east of Highway 280, construction has begun on the Carleton Place Lofts, with 169 units of rental housing being developed out of three vacant warehouses.
  - Fairview and University: At the southwest corner of Fairview and University, Episcopal Homes has developed two new senior housing buildings.
  - Lexington and University: The new ALDI grocery and TCF Bank have been completed at the southwest corner of Lexington and University.
  - Dale and University: A $25 million, four-story, mixed-use project at the southwest corner, with the Rondo Library on the first floor and 98 affordable residential rental units above, will open this summer.

- Recent Retail Developments: The Central Corridor continues to attract new retail businesses, with Menards, CVS Pharmacy and Wal-Mart all opening new stores in the past three years.

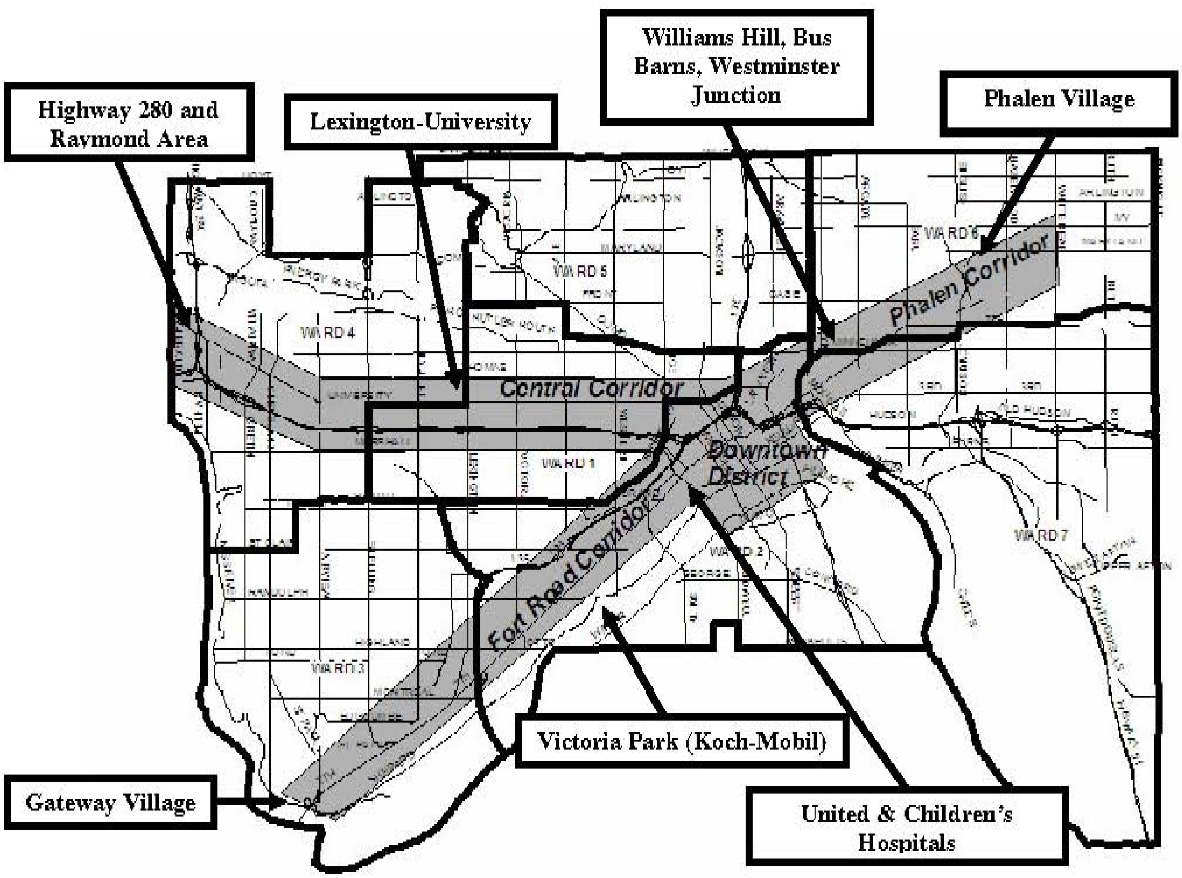
- **Fort Road:** Also called West Seventh Street, Fort Road runs southwest from the downtown to Fort Snelling, parallel to the Mississippi River.
  - Gateway Village: So called because of its location across from Fort Snelling at the southwestern gateway to Saint Paul, 578 units of new rental and ownership housing are now complete. To the east at Victoria Park, 245 housing units for all incomes and life cycles will be built on the bluffs overlooking the Mississippi River.
  - United and Children's Hospitals: At the western edge of the downtown, these two hospitals are near the end of their decade-long, $41 million expansion, which has already added most of the projected 800 jobs to the existing base of 3,000 medical workers.

- **Phalen Corridor:** Formerly a blighted and underutilized industrial corridor served by railroads, the Phalen Corridor runs northeast from downtown to the Phalen Village neighborhood.
  - Phalen Boulevard: The last section of the new 2½-mile, $61 million Phalen Boulevard opened last fall. It is the first new road built in Saint Paul in more than 20 years, and it gives the East Side direct access to Interstate 35E.
  - Phalen Village: At the east end of Phalen Boulevard is Phalen Village, with new and rehabilitated housing adjacent to a repositioned commercial center and a new $60 million building for the State Bureau of Criminal Apprehension.
  - Williams Hill and Westminster Junction Business Centers: At the west end of Phalen Boulevard are the Williams Hill Business Center, the Metro Transit Bus Barns and the Westminster Junction Business Center, which together have almost 1,500 new jobs developed on former brownfields that used to have only 50 jobs.

- **Downtown District:** The downtown extends from the State Capitol campus on the north to the West Side Flats across the river.
  - RiverCentre and Xcel Energy Center: RiverCentre opened in 1998, the Xcel Hockey Arena opened in 2000, and the RiverCentre tunnel, which links both of them to the skyway system and downtown hotels, opened in 2002.
  - Headquarter Companies: Important headquarter companies have expanded downtown, including the Saint Paul Companies, Minnesota Mutual and Ecolab. In 2003, US Bancorp moved its downtown employees into a new 350,000-square-foot back office operations center across the river.
  - State Office Building: In 2005, the State of Minnesota completed two new downtown office buildings adjacent to Interstate 94.
  - Fitzgerald Park: In the past five years, the north edge of downtown has grown into a cultural district, with the McNally Smith Music College, a new Minnesota Public Radio building (which more than doubled its size), the Fitzgerald Theater and the new Minnesota Business Academy, all within a block of Fitzgerald Park.
  - Downtown Housing: Since 2002, about 1,400 new housing units have been, and are being, developed in new and rehabilitated buildings in four downtown neighborhoods: Lowertown, the North Quadrant, the Upper Landing and the West Side Flats. Some of these units have been in obsolete office buildings converted into apartments and condominiums. This has added benefit of reducing the amount of uncompetitive Class C office space.

- **Central Business District:** Downtown extends from the State Capitol campus on the north to the West Side Flats across the river. RiverCentre opened in 1998, the Xcel Hockey Arena opened in 2000 and the RiverCentre tunnel, which links both of them to the skyway system and downtown hotels, opened in 2002. Important headquarters companies have expanded the downtown, including The Saint Paul Companies, Minnesota Mutual and Ecolab. In 2003, US Bancorp moved its downtown employees into a new 350,000-square-foot back office operations center across the river. In 2005, the State of Minnesota completed two new downtown office buildings adjacent to Interstate 94. The north edge of downtown has grown into a cultural district, with the McNally-Smith Music College, a new Minnesota Public Radio building, the Fitzgerald Theater and the Minnesota Business Academy, all within a block of Fitzgerald Park. Since 2002, about 1,400 new housing units have been, and are being, developed in new and rehabilitated buildings in four downtown neighborhoods: Lowertown, the North Quadrant, the Upper Landing and the West Side Flats. Some of these units have been in obsolete office buildings converted into apartments and condominiums, which has helped reduce the amount of uncompetitive Class C office space.

Competitive Industry Clusters: In the past five years, the City has made significant progress in anchoring two globally competitive industry clusters in the downtown and in diversifying its economy. The computer and software industry is now anchored by the world headquarters of Lawson Software, and the insurance industry continues to be anchored by the St. Paul Travelers and Minnesota Life. In anticipation of City and State plans to establish the Bioscience Corridor, the City has purchased a building to develop into a Bioscience Incubator in partnership with the University of Minnesota.



Women and Minority Businesses
The goal of Minority Business Development and Retention (MBDR) is to increase minority and female participation in business opportunities generated by the Department of Planning and Economic Developments Housing and Economic Development activities. MBDR also attempts to connect minorities, females and people with disabilities to employment opportunities generated by our economic and housing development projects. This project is having a great success. For more information about this project, see http://www.stpaul.gov/business/mbdr/.

Strategic Partnerships
The final component of the City's comprehensive revitalization strategy is to continue to develop its strategic partnerships. The City and the Port Authority continue to work together on long-term corridor revitalization projects like the Phalen Corridor. Other key partnerships include the Capital City Partnership and the Saint Paul Riverfront Corporation, each of which has become a clear and independent force for downtown and riverfront revitalization in the decade since their formation.

Preservation of City Infrastructure
Each year, the City's capital budget contains funds to maintain City-owned facilities. The purpose of this program is to provide funds to be utilized under specific eligibility guidelines for maintenance, to protect the City's investment in its public facilities.

Capital Improvement Process
The CIB process is built on the premise that the City must preserve the fiscal integrity of its operating, debt service and capital improvement budgets by engaging in careful and thorough analysis of each capital improvement proposal, including the long-range impact on operating costs and revenue generation. City departments, District councils and other parties annually submit proposals for capital projects. These proposals are evaluated and prioritized by the Saint Paul Long-Range Capital Improvement Budget Committee (CIB Committee) and its task forces. Based on the recommendations of the CIB Committee, the City Council adopts an annual capital budget and a five-year "Tentative Program of Commitments," which estimates future appropriates needed to complete initiated projects. Projects are categorized with one of eleven capital functions: Streets, Street Lighting, Traffic Engineering, Bridges, Sewers, Parks and Open Spaces, Libraries, Housing and Economic Development, Police, Fire and Safety, and Special Facility Support.

Saint Paul Public Schools

Saint Paul Public Schools is recognized locally and nationally as a leader in urban education. Students and their families benefit from a wide range of educational programs and services available at schools throughout the city. Schools are maintained and managed efficiently and effectively in order to ensure an effective learning environment for all students.

With more than 41,000 students and more than 6,500 employees, Saint Paul Public Schools is the largest urban school district in Minnesota, and the second largest school district in the state. Students hail from countries across the globe and speak more than 100 languages and dialects.

In 2005-2006, Saint Paul Public Schools students were:

Caucasian American:	10,939	(27%)
Asian American:	12,239	(30%)
African American	12,050	(29%)
Latino/Hispanic American:	5,143	(13%)
American Indian:	772	(2%)

Families choose from neighborhood schools, magnet/specialty schools and extended day programs. All Saint Paul Public Schools offer rigorous curriculum and specialized programs targeted at a variety of student groups, such as English language learner (ELL) curriculum, gifted services and International Baccalaureate pre-college programs. All of these are designed to challenge every student to reach his or her fullest potential and succeed in school and in life.

Making Progress: Since 1999, Saint Paul Public Schools has been executing a strategic plan, updated regularly, to help the district better meet the needs of its students. This approach is working. The achievement gap is slowly narrowing, test scores are up, and Saint Paul students are performing better every year.

In fact, Saint Paul students have made more improvement on the Minnesota Comprehensive Assessments in the last five years than the state at large, and the achievement gap between native English speakers and ELL students is nearly closed. Even taking this progress into account, Saint Paul Public Schools is still working diligently to find new ways to improve even further, and is currently in the process of drafting an updated strategy for the next three years of improvement.

Schools and Buildings

To serve its diverse student population, the District operates schools located throughout the City of Saint Paul that function not only as educational hubs, but also as community gathering spots where meetings, elections, and celebrations are held throughout the year.

Saint Paul Public Schools operates 51 elementary schools (K-6, K-8 or 1-8), eight junior/middle schools (6-8), seven senior high schools (9-12), a special education school, an Open School (K-12) and a variety of alternative learning centers. In all, the School District owns 72 facilities and leases 15, comprising a total of 7.6 million square feet. Approximately 50 percent of the buildings owned by Saint Paul Public Schools are more than 50 years old.

Currently, space is at a premium in the secondary schools, where a student population bubble is moving through the high schools. The School District is addressing the issue by making creative use of smaller spaces that in the past had been utilized as non-instructional areas. In the next few years, the district expects the high school space problem to dissipate.

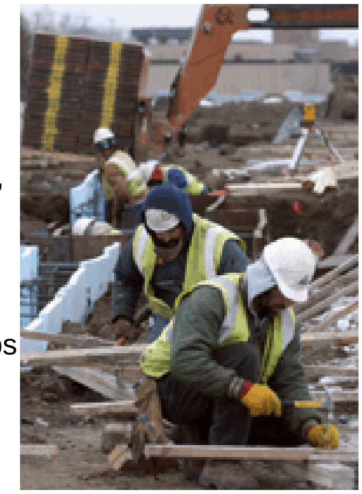
When school is not in session, District buildings become community gathering spots. Each November, thousands of Saint Paul residents visit their neighborhood schools to vote. Thousands more visit schools for Community Education activities, including personal growth programs, family education, employment training, adult literacy programs and more. Schools are also used for community gatherings and non-district sporting events.

Facilities Management and Funding
To ensure that the schools and facilities are meeting the needs of students and the community, Operations Department manages buildings and their operating and construction funds. In the 2005-2006 school year, revenue from bond sales totaled $26 million. Saint Paul Public Schools continues to sell $15 million per year through 2008 in capital bonding to finance improvements to its buildings and another $11 million per year in alternative bonding to finance deferred maintenance projects throughout the School District.

Construction Projects Recently Completed or Currently Underway
- Construction of building addition and major remodeling and renovation at Washington Technology Middle School, 1041 Marion Street
- Building addition and remodeling at Galtier Elementary School, 1317 Charles Avenue
- Athletic field and running track improvements at Johnson Senior High School 1349 Arcade Street
- Remodeling and renovation at Monroe Community School, 810 Palace Avenue

Operations Department projects in the areas of deferred maintenance, handicapped accessibility and health and safety compliance from alternative bonds ($11 million) revenue each
year. Deferred maintenance projects recently completed or currently underway include:
- Roof replacement projects at Phalen Lake Elementary School, 1089 Cypress Street; Hayden Heights Elementary School, 1863 E. Clear Avenue; Highland Park Junior High School, 975 S. Snelling Avenue; Cherokee Heights Elementary School, 694 Charlton Street; and Chelsea Heights Elementary School, 1557 Huron Street
- Lighting replacements at Jackson Elementary School, 437 Edmund Avenue; Roosevelt Elementary School, 160 E. Isabel Street; Riverview Elementary School, 271 E. Belvidere Street; and Longfellow Elementary School, 318 Moore Street
- Piping Replacements at Highland Park Elementary School, 1700 Saunders Avenue; Como Park Elementary School, 780 W. Wheelock Parkway; and Franklin Elementary School, 690 Jackson Street
- Window replacement at Highland Park Junior High School, 975 S. Snelling Avenue.

Saint Paul Port Authority



The Saint Paul Port Authority, authorized by the Minnesota Legislature and organized in 1932, contributes to the Twin Cities East Metro area growth and prosperity by providing businesses with clean land on which to expand, space on the Mississippi River to receive and ship commodities efficiently, loans for real estate and equipment purchases and workforce development programs for businesses.

Since 2000, the Port Authority helped retain or create more than 11,000 jobs in the East Metro area.

A seven-member Board of Commissioners governs the Port Authority. The Mayor, with the approval and consent of the Saint Paul City Council, appoints the Board to overlapping six-year terms. Two Board members must also be City Councilmembers.

The Port Authority provides four primary business lines for its industrial customers: brownfield redevelopment, asset-based financing, workforce development and harbor management.

The Port Authority also is active in East Metro economic development through partnerships with neighboring communities and regional organizations, and it manages nearly $200 million in loans and properties on behalf of private investors.

The Port Authority may, after holding a public hearing, create development districts within its area of jurisdiction, make public improvements, and acquire and lease or sell land and buildings for industrial uses. The Port Authority also may acquire, construct, lease and sell industrial commercial and other revenue-producing projects, enter into revenue agreements for the financing thereof, and issue bonds payable from revenues derived from such agreements. State-delegated Port Authority powers include: (1) Acquiring property by condemnation and (2) Levying ad valorem taxes to pay debt service on general obligation bonds issued by the Port Authority with the approval of the Saint Paul City Council. City Council consent also is required prior to the issuance of Port Authority general obligation bonds.

The Port Authority, as an industrial development organization, has 18 fully-developed business centers in Saint Paul.

Westminster Junction

The Westminster Junction Business Center is a 24-acre business center located less than a quarter mile from Interstate 35E on the new Phalen Boulevard. It is expected to generate more than 600 jobs in 422,000 square feet of new building space, and when fully operational, more than $1.2 million in annual property taxes. New building construction began in spring 2004 and will continue through 2006. The new Phalen Boulevard has served as the impetus for more than $100 million in new housing and commercial investment on the East Side.

RiverBend
Established in 1998, the Port Authority and Wellington Management, Inc. are jointly developing the 22-acre business center along Shepard Road and Randolph Avenue in Saint Paul. The Port Authority and Wellington each will pay half of the estimated $18 million cost to develop up to 220,000 square feet of office and showroom space and own 50 percent of the building when it is completed. The development is expected to provide more than 800 jobs.

Energy Park Corporate Center
The Port Authority and Ryan Development Companies of Minneapolis jointly developed a 100,000-square foot office/showroom building on the last remaining four-acre parcel in the Energy Park Business Center at Lexington Avenue and Energy Park Drive. Thomson Promotion, a national testing firm with 250 of its employees, and the headquarters of Kemps Ice Cream fill out the building space.

Great Northern North and South
The Great Northern Business Center, a 29-acre project generally bordered by Dale and Topping Streets and Minnehaha and Como Avenues, eventually will contain nine businesses with 680 employees and 460,000 square feet of building space. When fully operational by the end of 2006, the center's businesses are expected to generate more than $815,000 a year in property taxes.

Williams Hill
Established in 1998, this 27-acre, fully developed business center is along East University Avenue and Interstate 35E in Saint Paul. Eight companies now occupy six buildings on the site, employing 430 people and generating more than $670,000 annually in property taxes.

Arlington
Established in 1997, this 20-acre business center is adjacent to Interstate 35E north of downtown Saint Paul, between Maryland Avenue and Arlington Street. Four buildings now occupy the site, employing more than 550 people and generating nearly $520,000 annually in property taxes.

Crosby Lake
Established in 1996, this 27-acre business center, once used to store petroleum products, runs along Shepard Road on the bluffs overlooking the Mississippi River at Interstate 35E in Saint Paul. Six companies now occupy the site, employing nearly 430 people and generating almost $625,000 annually in property taxes.

Appendix

This Appendix contains statistical data, sources and detailed footnotes that support the analysis contained in this report.

Projected Annual General Obligation Bonding Assumptions (in millions)

Ramsey County	2006	2007	2008	2009	2010
Regular Projects	2.500	2.500	2.500	2.500	2.500
Major Building Projects	4.250	10.750	7.500	7.500	7.500
SUBTOTAL	6.750	13.250	10.000	10.000	10.000
City of Saint Paul					
Principal only					
Property Tax Financed					
- Capital Improvement	11.000	11.000	11.000	11.000	11.000
- Street Improvement Assessment	12.500	12.500	12.500	12.500	12.500
- Library Agency Bonds	0.000	0.000	0.000	0.000	0.000
- Koch-Mobil TIGO	0.000	0.275	0.000	0.000	0.000
SUBTOTAL	23.500	23.775	23.500	23.500	23.500
Saint Paul Public Schools					
Property Tax Financed					
- Deferred Maintenance	11.000	11.000	11.000	11.000	11.000
- Capital Improvement	15.000	15.000	15.000	0.000	0.000
SUBTOTAL	26.000	26.000	26.000	11.000	11.000
Saint Paul Port Authority					
	0.000	0.000	0.000	0.000	0.000
SUBTOTAL	0.000	0.000	0.000	0.000	0.000
Ramsey County Regional Railroad Authority					
	0.000	53.000	5.000	7.000	33.000
SUBTOTAL	0.000	53.000	5.000	7.000	33.000
TOTAL	56.250	116.025	64.500	51.500	77.500

Table 1: Total Net General Obligation Debt by Issuer

Total general obligation debt by issuer consists of the following types of debt:

Ramsey County

Consists of all County general obligation debt outstanding as of December 31, 2005, with the exception of library bonds paid by taxes collected outside Saint Paul. Certificates of Participation issued in April 1996, which are not backed by the full faith and credit of the County, are also excluded. Also excluded are a portion of the 2000 CIP issue which financed the Lake Owasso Residence, the 2001 Minnesota Public Facilities Authority loan for the RiverCentre Pedestrian Connection Project, a portion of the 2002 CIP issue which financed the Ponds Golf Course, a portion of the 2004 CIP issue which is financed by the Mounds View ISD, the 2002 Street Aid Bonds and the 2003 Public Facility Lease Revenue Series A issue for the Griffin Building. All of these issues have outside revenue which is used to pay the debt. Four of these issues are general obligation debt. In addition, the amount of general obligation debt shown is the net amount applicable to just the City's property value as a percent of the entire County value in taxable net tax capacity. The full debt amount and applicable Saint Paul share is as follows:

Payable Year	Existing Countywide Net G.O. Debt	Projected New Debt	Total County Net G.O. Debt	% Applicable to Saint Paul	Saint Paul Portion of County Net G.O. Debt
2000	116,055,000	-	116,055,000	47.30%	54,894,015
2001	117,425,000	-	117,425,000	47.30%	55,542,025
2002	133,090,000	-	133,090,000	47.30%	62,951,570
2003	146,300,000	-	146,300,000	47.30%	69,199,900
2004	167,270,000	-	167,270,000	47.50%	79,453,250
2005	158,605,000	-	158,605,000	47.50%	75,337,375
2006	148,040,000	6,750,000	154,790,000	47.50%	73,525,250
2007	138,090,000	19,560,000	157,650,000	47.50%	74,883,750
2008	131,102,000	28,537,500	159,639,500	47.50%	75,828,763
2009	120,920,000	37,005,000	157,925,000	47.50%	75,014,375
2010	110,885,000	44,957,500	155,842,500	47.50%	74,025,188

Note: Projections for the percent applicable to Saint Paul in 2006 through 2010 assume a stabilized share of the County's total debt to be applicable to the City of Saint Paul.

Table 1 (Continued)

Ramsey County

The following table lists general obligation debt included and excluded for Ramsey County for the year ending December 31, 2005.

Issue	Principal	Debt Service Payment Source
1996A Capital Improvement Plan Series	$ 10,245,000	Property Taxes
1998 Capital Improvement Plan Series A	$ 850,000	Property Taxes
1998 Capital Improvement Plan Refunding Series B	$ 1,455,000	Property Taxes
1999 Capital Improvement Plan Series A	$ 3,455,000	Property Taxes
2000 Capital Improvement Plan Series A	$ 9,460,000	Property Taxes
2001 Capital Improvement Plan Series 2001A	$ 8,995,000	Property Taxes
2002 Capital Improvement Plan Series 2002A	$ 30,345,000	Property Taxes
2002 CIP Refunding Series 2002B	$ 25,960,000	Property Taxes
2003 Capital Improvement Plan Series 2003A	$ 25,110,000	Property Taxes
2004 CIP Refuding Series 2002B	$ 12,700,000	Property Taxes
2004 Capital Improvement Plan Series 2004D	$ 28,480,000	Property Taxes
2005 Capital Improvement Plan Series 2005A	$ 2,500,000	Property Taxes
2005 CIP Refunding Series 2005B (Advance Refunding)	$ 18,010,000	Property Taxes
Less: 2005 Advance Refunding	$ (18,960,000)	
Total Debt Recognized for JDAC Report	$ 158,605,000	
2001 General Obligation Notes (Pedestrian Connection)	$ 6,407,000	Lease Payments
2000 Capital Improvement Plan Series A (Lake Owasso)	$ 3,605,000	State Medicaid
2002 Capital Improvement Plan Series 2002A (Ponds)	$ 3,185,000	Revenue Fees
2002 Street Aid Bonds 2002C	$ 4,200,000	State Aid
2003 Public Facility Lease Revenue Series 2003A	$ 13,375,000	Lease Payments
2004 Mounds View ISD Lease	$ 1,225,000	Revenue
Subtotal	$ 31,997,000	
Total G.O. Debt	$ 190,602,000	

Table 1 (Continued)

City of Saint Paul

Consists of general obligation debt as of December 31, 2005.

The following types of debt are included in this report:

- Capital Improvement (CIB)
- Special assessment street improvement
- Tax increments with a G.O. pledge
- Leases payable from property tax

The following types of debt are excluded from this report:

- Debt which is not secured by the City's G.O. pledge
- Water and sewer revenue debt with a proven source
- Debt supported by other sources that do not affect the City's tax base

The following table lists general obligation debt included and excluded for the City of Saint Paul for the year ending December 31, 2005.

Issue	Principal	Debt Service Payment Source
Capital Improvements	$ 103,455,000	Property Taxes
Street Improvements	$ 23,320,000	Street Assessments
Library Agency Bonds	$ 12,280,000	Property Taxes
Tax Increments		
Block 39/Lawson	$ 14,750,000	Tax Increments
Koch Mobil	$ 3,950,000	Tax Increments
Midway Marketplace	$ 5,130,000	Tax Increments
Riverfront Development	$ 7,685,000	Tax Increments
Griffin Building Lease (Police Headquarters)	$ 13,375,000	Property Taxes
Police Vehicle Lease	$ 1,350,022	General Fund
Total Debt Recognized for JDAC Report	$ 185,295,022	
CIB for Science Museum/Wabasha Bridge	$ 3,465,000	Franchise Fees
Block 39/Lawson Project - Revenue Supported	$ 21,255,000	Parking Revenues
Water Loan (PFA)	$ 2,747,332	Water Utility Revenues
Sewer Loan (PFA)	$ 15,824,589	Sewer Utility Revenues
Sewer Bonds	$ 3,480,000	Sewer Utility Revenues
Subtotal	$ 46,771,921	
Total G.O. Debt	$ 217,341,921	

Table 1 (Continued)

Saint Paul Public Schools

Saint Paul Public Schools debt consists of all the School District general obligation debt outstanding as of June 30, 2005, including Certificates of Participation, which are secured by the full faith, credit and taxing power of the District. These figures increased over the past years due to three major factors that were impacting the need for capital funding. Some of these factors will continue into the future, and others are no longer an issue for the District.

The first factor was the rapid enrollment growth that began in the mid-80s and continued through the late 90s. In the ten years between 1991 and 2001, the student enrollment grew by 6,579 students, or 18%. This growth fueled the need for one high school and two elementary schools. They were built with the proceeds of the sale of Certificates of Participation. The enrollment has now leveled off, and new debt for the construction of new buildings is not anticipated in the near future.

The second factor has been the changing demographics of the District and the changing needs of the new students coming into the schools. The District has faced a need to remodel space and make smaller learning environments to accommodate the needs of these students. Other issues related to changing student needs for facilities have arisen due to changes in technology use in schools and the growth of early education programs requiring new and different types of spaces in schools. The District has sold $15 million in general obligation bonds, known as capital bonds, for the past seven years to fund these improvements and will continue to do so for the next three years.

The third factor is the age of the District’s buildings and the growing need to deal with deferred maintenance, code requirements and environmental safety mandates that arise in older buildings. The average age of the District’s buildings is 48 years old. The District did not issue any debt for capital purposes from 1978 through 1998. During that period of time, the operating capital funds were not enough to keep up with the growing maintenance needs and changing code and environmental safety mandates of the aging buildings. Major areas of expenditure include roof repair, tuckpointing, fire and life safety updates, architectural barrier removal, asbestos abatement and management, indoor air quality, lead in water and paint, etc. The District has issued $11 million in general obligation bonds, known as alternative bonds, for the past ten years to address these issues in District buildings and will continue to do so for the foreseeable future.

Table 1 (Continued)

Saint Paul Public Schools

The following table lists general obligation debt included and excluded for the Saint Paul Public Schools for the year ending June 30, 2005.

Issue	Principal	Debt Service Payment Source
1996C Refunding Bonds	$ 11,475,000	Property Taxes
1998A School Building Bonds	$ 475,000	Property Taxes
1998B School Building Bonds	$ 1,975,000	Property Taxes
1999B School Building Bonds	$ 8,025,000	Property Taxes
1999C School Building Bonds	$ 2,200,000	Property Taxes
2000A School Building Bonds	$ 3,005,000	Property Taxes
2000B School Building Bonds	$ 2,205,000	Property Taxes
2001A QZAB's	$ 6,000,000	Property Taxes
2001B School Building Bonds	$ 4,085,000	Property Taxes
2001C School Building Bonds	$ 12,515,000	Property Taxes
2002A School Building Bonds	$ 10,410,000	Property Taxes
2002B School Building Bonds	$ 14,250,000	Property Taxes
2002C Refunding Bonds	$ 5,430,000	Property Taxes
2002D Refunding Bonds	$ 6,060,000	Property Taxes
2003B School Building Bonds	$ 10,615,000	Property Taxes
2003C School Building Bonds	$ 14,480,000	Property Taxes
2004B School Builidng Bonds	$ 25,335,000	Property Taxes
2004C School Building Bonds	$ 6,630,000	Property Taxes
2005A School Building Bonds	$ 24,995,000	Property Taxes
2005B School Building Bonds	$ 44,290,000	Property Taxes
1990B Certificates	$ 4,578,644	Property Taxes
1993A Certificates	$ 2,170,000	Property Taxes
1993C Certificates	$ 3,041,910	Property Taxes
1995C Certificates	$ 20,975,000	Property Taxes
1997B Certificates	$ 12,500,000	Property Taxes
1999A Certificates	$ 11,300,000	Property Taxes
2002E Refunding Certificates	$ 13,580,000	Property Taxes
Total Debt Recognized for JDAC Report	$ 282,600,554	
2002D Refunding	$ 6,275,000	
2004C Refunding	$ 22,425,000	
Total G.O. Debt	$ 311,300,554	

Table 1 (Continued)

Saint Paul Port Authority

Saint Paul Port Authority debt consists of all Port Authority general obligation debt outstanding as of December 31, 2005 and excludes all revenue debt.

Issue	Principal	Debt Service Payment Source
2002 Williams Hill Business Center	$ 4,695,000	Tax Increments/G.O. Credit Enhancement
2003 Crosby/Jackson Refunding	$ 14,005,000	Property Taxes
2003 Great Northern Business Center	$ 4,365,000	Tax Levy/G.O. Credit Enhancement
Total Debt Recognized for JDAC Report	$ 23,065,000	

Ramsey County Regional Railroad Authority

The Ramsey County Regional Railroad Authority (RCRRA) was organized in 1987 for the purpose of planning and providing transit services in Ramsey County. The RCRRA is a political subdivision of Minnesota and governed by the seven Ramsey County Commissioners. The first debt issuance for the RCRRA is scheduled in 2007. The debt issued is independent of Ramsey County's debt and need not have the County's rating. The bonds that will be issued are not general obligation bonds but rather revenue bonds and the revenue can include its taxes.

The following table lists the proposed bond issues for RCRRA from 2007 to 2010.

Payable Year	Existing Regional Railroad Net Debt	Projected New Debt	Total Regional Railroad Net Debt	% Applicable to Saint Paul	Saint Paul Portion of Regional Railroad Net Debt
2007	-	53,000,000	53,000,000	47.50%	25,175,000
2008	50,350,000	5,000,000	55,350,000	47.50%	26,291,250
2009	52,450,000	7,000,000	59,450,000	47.50%	28,238,750
2010	56,200,000	33,000,000	89,200,000	47.50%	42,370,000

Table 2: Overlapping Net G.O. Debt as Percent to Total

The percentages shown in Table 2 are calculated from the debt figures used in Table 1.

Table 3: Total Net G.O. Debt – Nominal and Constant 2001 Dollar

The inflation adjusted numbers for Net G.O. Debt are based on the debt figures from Table 1 and Twin Cities Consumer Price Index figures from the U.S. Department of Labor; Bureau of Labor Statistics.

Economic Statistics

Source of Data

The statistics are excerpted from the following sources:

- Population and household data: Minnesota Demographic Center, United States Bureau of Labor Statistics
- Unemployment rate and job retention: Department of Employment and Economic Development
- Income and earnings: United States Bureau of Labor Statistics
- Leading industries, common occupations, class of worker: United States Bureau of Labor Statistics
- Major Employers in Saint Paul: Telephone survey of individual employers, February 2006
- Single-family home median sales price: Saint Paul Area Association of Realtors
- Housing units and housing costs: United States Bureau of Labor Statistics
- Sales in Saint Paul: Survey of Buying Power of the Sales & Marketing Management Magazine
- Sales and use tax and hotel tax: Saint Paul Office of Financial Services.

Debt Position Indicators

Total Net General Obligation Debt to Indicated Market Value

This indicator uses the same debt figures developed in Table 1. Indicated Market Value (IMV) is also known as the true or full market value. The IMV is based on the County Assessor's Estimated Market Value for the City divided by the sales ratio for each year. The ratio for pay years 2001-2005 was determined by the State Department of Revenue, and the ratio for pay years 2006-2010 was estimated by the County Assessor's Office. The sales ratio represents the overall relationship between the Estimated Market Value of property within the community and the actual "arms length" selling price when the property changes hands. IMV projection for pay 2006-2010 include a 4.4% average annual growth factor.

Assessment	Payable	Estimated	Sales	Indicated
2000	2001	$11,065,165,900	77.90%	$14,204,320,796
2001	2002	$13,046,883,300	74.50%	$17,512,595,034
2002	2003	$15,532,144,700	70.40%	$22,062,705,540
2003	2004	$17,583,449,500	71.00%	$24,765,421,831
2004	2005	$19,629,226,000	73.40%	$26,742,814,714
2005	2006	$21,396,735,800	75.50%	$28,340,047,417
2006	2007	$23,247,621,500	80.50%	$28,879,032,919
2007	2008	$24,991,193,113	83.00%	$30,109,871,220
2008	2009	$26,740,576,630	84.00%	$31,834,019,798
2009	2010	$28,612,416,995	85.00%	$33,661,667,053

Total Net G.O. Debt Per Capita

This indicator offers a ratio of the debt provided in Table 1 to the city population each year. The Saint Paul population estimates for the years 2001-2004 and 2010 are obtained from Metropolitan Council (Metro Council Annual Estimate as of March 8, 2006). These estimates are interpolated to get the numbers for the years in between.

Ability-to-Pay Indicators

Debt Service Levy per Household

Debt service levies are the tax levies spread by each entity annually to pay for debt service solely supported by taxes. The Ramsey County levies represent only the portion spread on the City of Saint Paul tax base. The proportional amount applied is the same percent detailed in the notes for Table 1. Counts of the City's households are estimates obtained from the Metropolitan Council and Saint Paul Office of Financial Services.

Total Debt Service Tax Levies Applicable to Saint Paul

Debt Service Tax Levies	2001	2002	2003	2004	2005
Ramsey County - City Portion	$ 6,433,859	$ 6,893,104	$ 7,224,080	$ 8,354,091	$ 9,465,425
City of Saint Paul	18,838,395	18,780,895	18,838,395	10,262,898	6,522,821
Saint Paul Schools	22,974,142	22,881,945	27,809,400	27,637,507	27,895,902
Saint Paul Port Authority	1,195,000	1,190,000	1,145,000	1,061,000	1,005,000
RCRRA - City Portion	-	-	-	-	-
Total	49,441,396	49,745,944	55,016,875	47,315,496	44,889,148

Debt Service Tax Levies	2006	2007	2008	2009	2010
Ramsey County - City Portion	$ 9,027,396	$ 9,144,130	$ 9,069,511	$ 9,193,745	$ 9,475,937
City of Saint Paul	6,522,821	10,968,826	12,938,826	13,738,826	14,538,826
Saint Paul Schools	29,856,801	32,430,399	34,119,641	36,314,584	38,131,749
Saint Paul Port Authority	1,004,000	1,008,000	1,010,000	1,010,000	1,012,000
RCRRA - City Portion	-	2,106,625	2,305,175	2,583,050	3,894,715
Total	46,411,018	55,657,980	59,443,153	62,840,205	67,053,227

Figures reported are for the years taxes are payable.

Total Net General Obligation Debt Service Levy Per Capita to Per Capita Income

This indicator uses the Debt Service Levy Per Capita figures developed in the table below. Per capita income is the estimated amount of total income divided by the number of persons in Saint Paul. City population figures are estimates provided by the Metropolitan Council and the Saint Paul Office of Financial Services. Per capita income through 2004 is obtained from the U.S. Bureau of Labor Statistics. Figures for 2005-2010 are estimates based on historical 1% average annual increase assumption.

Debt Service Tax Levy per Capita

Debt Service Tax Levy per Capita	2001	2002	2003	2004	2005
Ramsey County - City Portion	$22	$24	$25	29	33
City of Saint Paul	66	65	66	36	22
Saint Paul Schools	80	79	97	96	96
Saint Paul Port Authority	4	4	4	4	4
RCRRA - City Portion	0	0	0	0	0
	172	173	191	165	155
City Population	287,151	288,000	287,604	287,410	290,342

	2006	2007	2008	2009	2010
Ramsey County - City Portion	$31	$31	$30	$30	$31
City of Saint Paul	22	37	43	45	48
Saint Paul Schools	102	109	114	120	125
Saint Paul Port Authority	3	3	3	3	3
RCRRA - City Portion	0	7	8	9	13
	$158	$188	$199	$208	$220
City Population	293,273	296,205	299,137	302,058	305,000

Tax Bill for Debt Service Tax Levies – Saint Paul Resident

Debt service levies are the tax levies spread by each entity annually to pay for debt service solely supported by taxes. The debt service levies are net of Market Value Credits (MVC) paid directly to the entity by the State. The County determines the taxable value of a median home value reflecting the Limited Market Value (LMV) formula adopted by state law. The tax capacity of a median value home is then determined by multiplying the class rate by the taxable value. The tax capacity is then multiplied by the tax rate for debt for each entity. This results in the tax bill for debt service of a median value home in Saint Paul. The City's annual taxable value of a median value home, tax capacity of median value home and tax rate for debt of each jurisdiction are as follows:

Median Property Values

	2006	2007	2008	2009	2010
Median Taxable Value Home	182,700	196,500	208,300	218,700	229,600
Limited Market Value	152,000	174,800	192,300	211,500	229,600
Tax Capacity	1,520	1,748	1,923	2,115	2,296
Tax Capacity - Saint Paul	189,071,923	213,657,000	232,886,000	253,846,000	271,615,000

Debt Tax Rates

Debt Tax Rates	2006	2007	2008	2009	2010
Ramsey County - City Portion	4.775%	4.280%	3.894%	3.622%	3.489%
City of Saint Paul	3.450%	5.134%	5.556%	5.412%	5.353%
Saint Paul Schools	15.791%	15.179%	14.651%	14.306%	14.039%
Saint Paul Port Authority	0.531%	0.472%	0.434%	0.398%	0.373%
RCRRA - City Portion	0.000%	0.986%	0.990%	1.018%	1.434%

Operational/Capital Finance Interface Indicator

Debt Service Tax Levy to Total Tax Levy

Debt service tax levies are the same figures described under the Ability-to-Pay Indicators in this Appendix, with the exception of the County and RCRRA, which represent the full County levy rather than the portion attributable only to the City.