

2015 Report

Joint Debt Advisory Committee: Impact of General Obligation Debt on Saint Paul Tax Base



Joint Debt Advisory Committee:

City of Saint Paul

Ramsey County

Saint Paul Public Schools

Saint Paul Port Authority

Ramsey County Regional Railroad Authority

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Executive Summary

The Joint Debt Advisory Committee (JDAC) is an ad hoc sub-committee of the Joint Property Tax Advisory Committee (JPTAC). The 2015 JDAC report continues a longstanding tradition of cross-jurisdiction communication, planning and coordination. JDAC's goal is to coordinate and monitor the impact of general obligation, property tax supported bonds on the City of Saint Paul proper.

In achieving this goal, JDAC uses actual statistics from 2011 – 2015, as well as projections for 2016 – 2020, and reports the resulting actual and projected debt ratios. Projections have been provided by each of the underlying jurisdictions: Saint Paul, Ramsey County, Saint Paul Public Schools, Saint Paul Port Authority and the Ramsey County Regional Railroad Authority.

Debt ratios are a key component to managing the Saint Paul area debt profile – oftentimes they are the best measure of how G.O. debt impacts the property tax payer. In the past these ratios have been a key component by which rating agencies determine credit ratings (which directly impacts the cost of borrowing), and improve the ability of the jurisdictions to manage their individual and collective indebtedness. In recent years these credit rating agencies have come under regulatory scrutiny and in response have shifted their methodologies in a variety of ways. Future reports will need to determine the best way to reconcile the new methodological approaches of the various rating agencies with the measurable debt ratios historically used in this report to measure the impact that G.O. debt has on the property tax payers of Saint Paul.

The actual and projected ratios show continued stability in our debt profile. Changes in debt ratios are a function of two things: factors in our control (amount of debt outstanding) and factors outside our control (for example, the Indicated Market Value). After years of economic weakness nationwide, property values are recovering back towards recent highs. As property values declined, some debt ratios appeared to be higher even as no new debt was added. Now that values are again increasing, many ratios look more favorable than they have in past years. Over a ten-year period of time (2011 – projected 2020), the amount of total debt by all jurisdictions has stayed relatively stable. With the increase in property values some ratios have remained level or have improved.

The target goals for the six debt ratios have been met for the actuals shown for 2011-2016. Some of the ratios begin to exceed targets for the projected years 2018-2020 as the School District begins a capital plan anticipated to include significant increases in bonding. JDAC recommends the governing bodies of each jurisdiction: adopt the report as a management tool; expand 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; meet every two years to update this analysis; JPTAC annually review proposed debt of all jurisdictions prior to setting levies; and examine the ratios to ensure they remain pertinent in light of rating agency shifts and remain within the target ranges identified.

Background

The Joint Debt Advisory Committee (JDAC) is 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, and 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 entities. JDAC’s objective is to mitigate the costs of capital financing by coordinating efforts as reflected in the mission statement.

JDAC Mission Statement

The City of Saint Paul, the Saint Paul Public Schools, the Saint Paul Port Authority, and Ramsey County (including the Ramsey County Regional Railroad Authority) agree to work together to: coordinate general obligation (G.O.) 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.

The JDAC’s prudent work to improve financial planning and regularly publish a book to coordinate overlapping debt has not gone unnoticed. While some ratios may have shifted in rating agency methodology, these efforts continue to contribute to the affirmation of each entities high credit ratings. 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 jurisdictions to coordinate debt management.

Achieving Goals

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

- Maintain overlapping G.O. debt ratios within a range approved by these jurisdictions for the five-year period of 2016 through 2020;
- 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.

JDAC's Standing Recommendations

The JDAC has established the following long-term recommendations:

- The governing boards of each JDAC member organization should 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, RCRRRA and the Saint Paul Port Authority expand 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 adopted target ranges;
- The Joint Property Tax Advisory Committee (JPTAC) annually reviews the proposed debt of all jurisdictions prior to setting the proposed levy; and
- The Joint Property Tax Advisory Committee (JPTAC) will examine the following ratio ratios to ensure that they stay within the recommended ranges for the term of this report.

Debt Ratios

JDAC has established the following ratios to quantify whether goals are being met:

- Debt Burden (Total Net General Obligation G.O. Debt to Indicated Market Value)
- Total Net G.O. Debt Per Capita
- Debt Service Levy Per Median Taxable Value Home
- Debt Service Levy per Household
- Debt Service Levy Per Capita to per Capita Income
- Debt Service Tax Levy as a Percentage of Total Tax Levy

Methodology

This report addresses the municipal debt profile within the corporate limits of the City of Saint Paul, and covers two distinct periods: historical (“Actual”) for the years 2011 through 2015, and future (“Projected”) for the years 2016 through 2020. These provide 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 impact of debt is best evaluated by a series of ratios. The JDAC 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.

Source data for the analysis comes from each participating jurisdiction, including: financial reports, capital and operational budgets, and other adopted planning documents. Where such information did not exist, staff of that jurisdiction made determinations to ensure accurate data.

The 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 which is repaid with a non-levy revenue sources such as traditional municipal utilities (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 the 2015 Report as Net G.O. Debt and is labeled as Total Debt Recognized for the JDAC Report. The appendix contains a detailed listing of each jurisdiction’s debt included in this study.

The City of Saint Paul, in particular, issues many types of debt which are secured by property taxes but repaid solely from non-general property tax revenue sources. Revenue, tax increment (TIF), parking bonds, and certain facility and equipment leases are also excluded from the analysis. In general, capital items acquired through leasing are excluded from this analysis. However, lease payments for the Jimmy Lee facility are included in this study, since the primary source of repayment is general property taxes.

The Ramsey County debt includes two adjustments in the study. First, bond issues, or portions of bond issues, that are supported by non-property tax revenues have been excluded. These include the 2001 Minnesota Public Facilities Authority note for the River Centre Pedestrian Connection Project, a portion of the 2005 CIP refunding bonds for the Lake Owasso Residence, a portion of the 2007 CIP refunding bonds for the Nursing Home, a portion of the 2011 CIP refunding bonds for the Ponds Golf Course (2011-2015 only), the 2012 State Aid Street refunding Bonds, and the 2016 Solid Waste Facility Revenue bonds (2016-2020 only). 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 2015, the City’s share of the Ramsey County tax base is 46.9%.

The Ramsey County Regional Railroad Authority (RCRRA) is a political subdivision of the State of Minnesota and is governed by the seven Ramsey County commissioners. It is reported as 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 issued \$20 million in debt in 2012 to cash flow its financial obligations for the Green Line and the Union Depot project.

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 Port Authority debt consists of five general obligation debt issuances: the first was originally issued in 1994 and refunded in 2003, the second was issued in 2008 for the Port Eastside Development Project, and in 2009, two additional issues (split between taxable and tax exempt) totaling 8.13 million were issued to supplement the 2008 issue. Additional issues of \$8.05 and \$8.46 million were issued in 2013 and 2014, respectively, for Development Projects. The issues are 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. A bond issue which is payable from tax increments and project revenues is not included into the general obligation debt for Port Authority. 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.

In recognition of the fact that the jurisdictions' ability to repay debt is influenced by the strength and growth potential of its tax base, this report also includes an economic update for Saint Paul in the Appendix.

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 | Fitch |
|-----------------------------------|--------------------------------------|---|--------------|
| City of Saint Paul/Port Authority | n/a | AAA | AAA |
| County of Ramsey | Aaa | AAA | n/a |
| Saint Paul Public Schools | Aa2 | AA+ | n/a |

Note: The Saint Paul Port Authority general obligation bonds are secured by a general obligation property tax levy of the port authority. In the event funds on hand for payment of principal and interest are at any time insufficient, the City is required to levy additional taxes upon all taxable properties within its boundaries and therefore the debt is rated on parity with the City's AAA ratings.

RCRRA issued its debt in 2012 through a bank loan with US Bank and will be paid off in 2016. The \$20 million in debt was not rated by Moody's or Standard and Poor's.

JDAC Goals – Status Update

JDAC Report Results 2015: (Actual: 2011-2015 and Projected: 2016-2020)

| Goal | Result |
|---|--|
| <ul style="list-style-type: none"> Combined net G.O. debt to indicated market value/economic market value not to exceed 3% - 6% range. | <ul style="list-style-type: none"> Objective met. Economic market value projected to increase from 2016-2020, while G.O. debt increases less significantly. |
| <ul style="list-style-type: none"> Total net debt per capita shall not exceed \$2,500 | <ul style="list-style-type: none"> Objective met for 2011-2018, while out year projections exceed the target. |
| <ul style="list-style-type: none"> Net G.O. debt service levy per household not to exceed \$600. | <ul style="list-style-type: none"> Objective met for years 2011-2018 with out-year projections exceeding the target. |
| <ul style="list-style-type: none"> Net G.O. debt service levy per capita to per capita income not to exceed 1%. | <ul style="list-style-type: none"> Objective met. |
| <ul style="list-style-type: none"> Total effective tax rate for debt service on a median taxable value home in Saint Paul shall not exceed 0.5%. | <ul style="list-style-type: none"> Objective met. |

JDAC Report Results 2013: (Actual: 2009-2013 and Projected: 2014-2018)

| Goal | Result |
|---|--|
| <ul style="list-style-type: none"> Combined net G.O. debt to indicated market value/economic market value not to exceed 3% - 6% range. | <ul style="list-style-type: none"> Objective met. Economic market value projected to remain roughly flat from 2011-2015 |
| <ul style="list-style-type: none"> Total net debt per capita shall not exceed \$2,000 to \$2,500 through 2015. | <ul style="list-style-type: none"> Objective met. |
| <ul style="list-style-type: none"> Net G.O. debt service levy per household not to exceed \$600. | <ul style="list-style-type: none"> Objective met. |
| <ul style="list-style-type: none"> Net G.O. debt service levy per capita to per capita income not to exceed 1%. | <ul style="list-style-type: none"> Objective met. |
| <ul style="list-style-type: none"> Total effective tax rate for debt service on a median taxable value home in Saint Paul shall not exceed 0.5%. | <ul style="list-style-type: none"> Objective met. |

Report Results: 2011 (Actual: 2007-2011 and Projected: 2012-2016)

| Goal | Result |
|---|--|
| <ul style="list-style-type: none"> Combined net G.O. debt to indicated market value not to exceed 3% - 6% range. | <ul style="list-style-type: none"> Objective met. Indicated market value projected to decrease from 2009 to 2013. |
| <ul style="list-style-type: none"> Total net debt per capita shall not exceed \$2,000 to \$2,500 through 2013. | <ul style="list-style-type: none"> Objective met. |
| <ul style="list-style-type: none"> Net G.O. debt service levy per household not to exceed \$600. | <ul style="list-style-type: none"> Objective met. |
| <ul style="list-style-type: none"> Net G.O. debt service levy per capita to per capita income not to exceed 1%. | <ul style="list-style-type: none"> Objective met. |
| <ul style="list-style-type: none"> Total effective tax rate for debt service on a median taxable value home in Saint Paul shall not exceed 0.5%. | <ul style="list-style-type: none"> Objective met. |

Overview of Debt

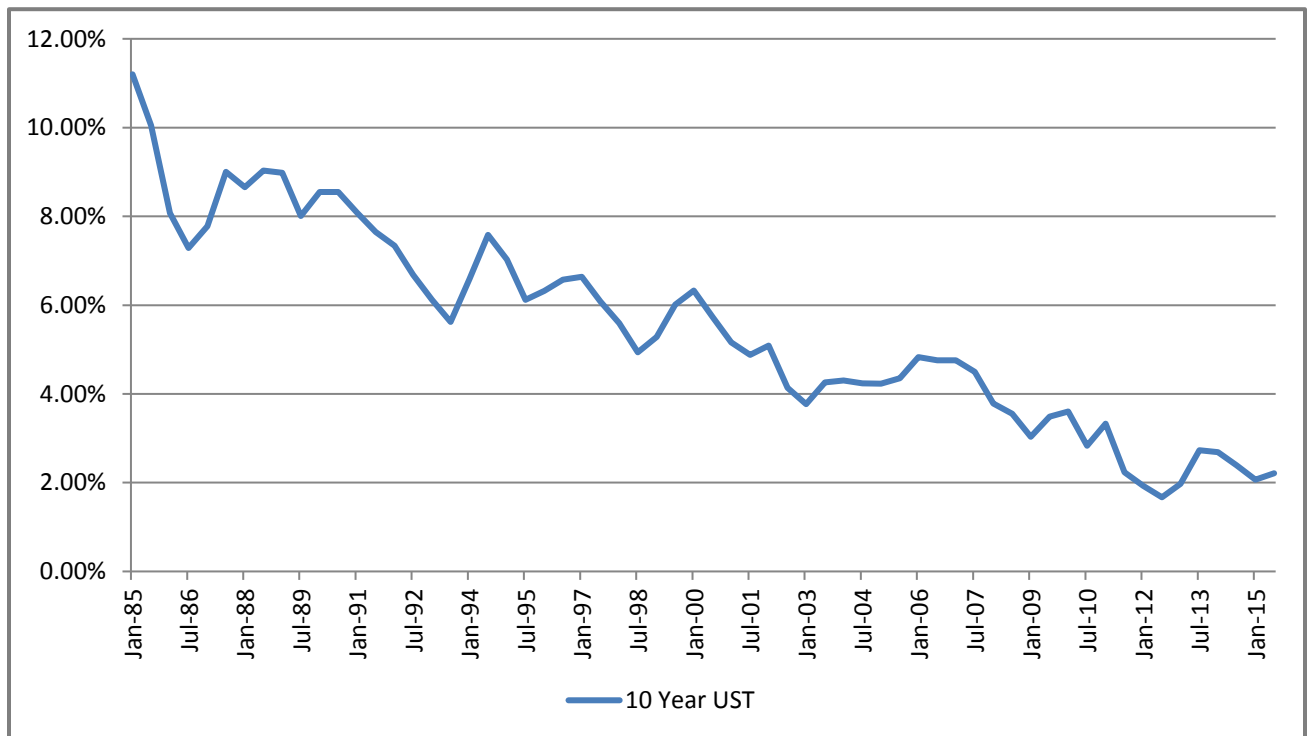
Role of Debt

Jurisdictions have multiple ways to pay for long-term capital assets. Debt is one important source of funding. It represents a long-term commitment of resources to repay obligations for long-term assets. Debt can be a useful tool as the repayment stream matches the useful life of the asset, the people who are benefitting from the asset are paying for it and it smooths expenditures – avoiding material property tax spikes and drops. 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. Therefore, monitoring and managing the individual and combined levels of debt becomes central to assessing the overall financial health of the community.

This report focuses exclusively on property tax supported debt. Although jurisdictions normally use property tax levy as financing for debt service payments, they each have various authority to use other sources for financing as well.

Over the past several years, interest rates have remained close to historic lows, lowering the cost of borrowing to entities. Below is a graph of the 10 Year Treasury, a standard benchmark for interest rates.

10 Year U.S. Treasury Yield - 20 Year History



Source Data for Analysis

Table 1: Total Net G.O. Debt (\$) by Issuer

Net G.O. Debt increases as Saint Paul Public Schools projections include a large facilities renovation and capital improvement plan to be implemented over the next 10 years.

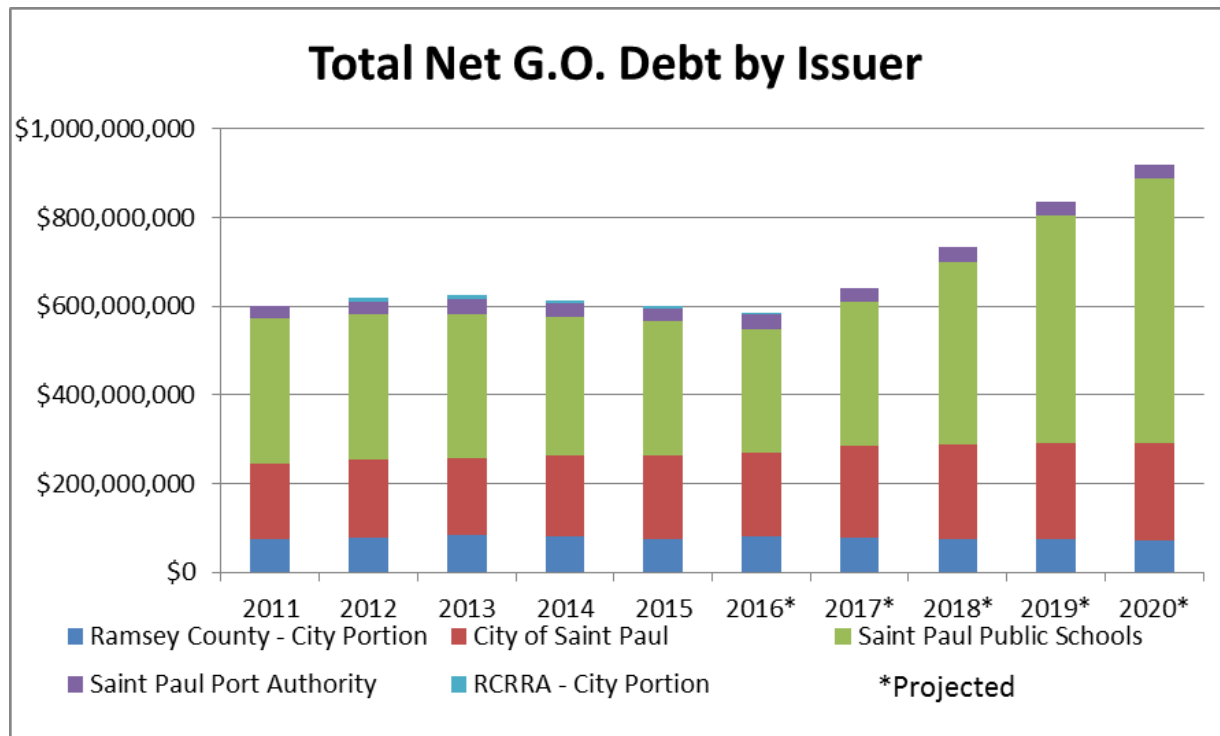


Table: I

| Total Net G.O. Debt: | Actual | | | | | Average |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | |
| Ramsey County - City Portion | \$74,147,175 | \$76,838,375 | \$83,252,190 | \$81,073,685 | \$75,888,890 | \$78,240,063 |
| City of Saint Paul | \$170,910,009 | \$177,344,369 | \$174,881,625 | \$180,691,250 | \$185,993,750 | \$177,964,201 |
| Saint Paul Public Schools | \$326,818,423 | \$326,538,353 | \$324,424,389 | \$313,990,215 | \$303,679,887 | \$319,090,253 |
| Saint Paul Port Authority | \$28,085,000 | \$27,345,000 | \$31,810,000 | \$30,100,000 | \$28,460,000 | \$29,160,000 |
| RCRRA - City Portion | - | \$9,500,000 | \$9,380,000 | \$7,833,864 | \$4,720,485 | \$6,286,870 |
| Total | \$599,960,607 | \$617,566,097 | \$623,748,204 | \$613,689,014 | \$598,743,012 | \$610,741,387 |

| | Projected | | | | | Average |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2016* | 2017* | 2018* | 2019* | 2020* | |
| Ramsey County - City Portion | \$79,535,365 | \$76,492,493 | \$75,695,662 | \$74,205,649 | \$72,393,902 | \$75,664,614 |
| City of Saint Paul | \$189,756,250 | \$209,416,250 | \$213,440,000 | \$217,463,750 | \$218,452,500 | \$209,705,750 |
| Saint Paul Public Schools | \$279,589,071 | \$324,300,000 | \$408,535,000 | \$511,765,000 | \$598,395,000 | \$424,516,814 |
| Saint Paul Port Authority | \$32,765,000 | \$30,820,000 | \$34,780,000 | \$32,480,000 | \$30,075,000 | \$32,184,000 |
| RCRRA - City Portion | \$1,581,312 | - | - | - | - | \$316,262 |
| Total | \$583,226,998 | \$641,028,743 | \$732,450,662 | \$835,914,399 | \$919,316,402 | \$742,387,441 |

Table 2. Total Debt Service Tax Levies (\$)

To pay for the debt shown in Table 1, the jurisdictions have to levy debt service levies, as shown in Table 2. Given the projected increase in SPPS bonding related to their capital plan their debt service tax levy is projected to increase more significantly than other entities.

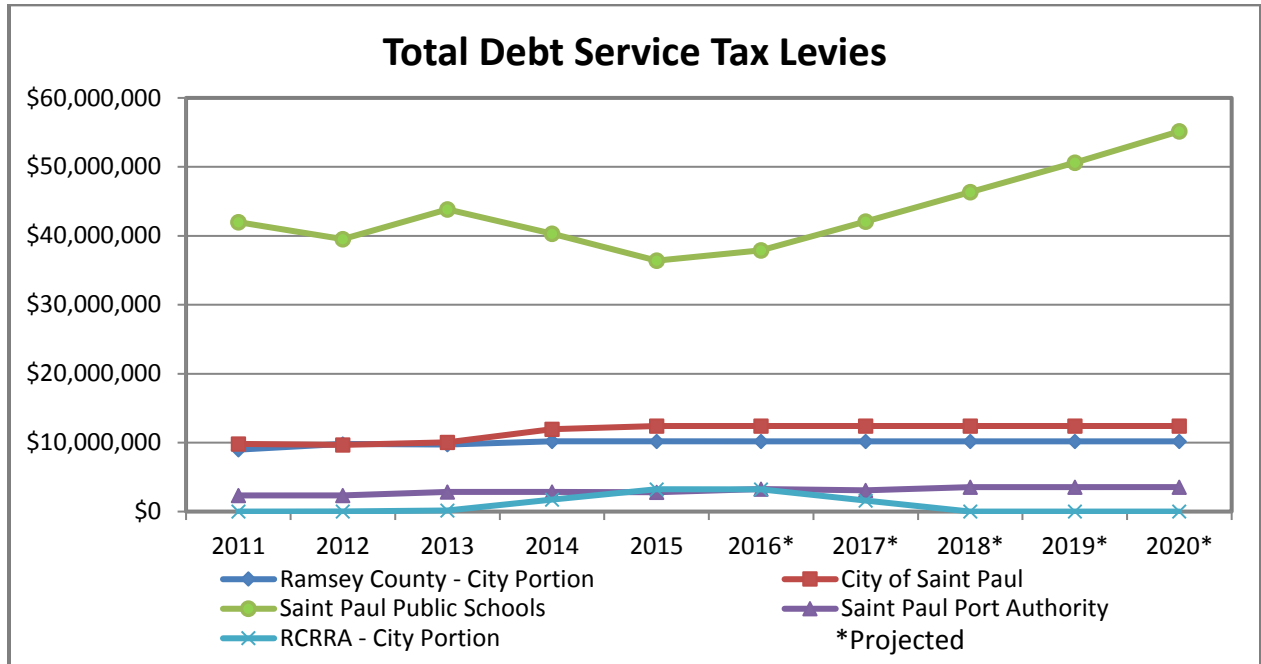


Table: II

| Total Debt Service Tax Levies | Actual | | | | | Average |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | |
| Ramsey County - City Portion | \$8,981,328 | \$9,832,500 | \$9,708,300 | \$10,193,715 | \$10,193,715 | \$9,781,912 |
| City of Saint Paul | \$9,815,423 | \$9,671,043 | \$10,050,902 | \$11,949,160 | \$12,408,754 | \$10,779,056 |
| Saint Paul Public Schools | \$41,970,427 | \$39,498,061 | \$43,852,360 | \$40,327,197 | \$36,396,561 | \$40,408,921 |
| Saint Paul Port Authority | \$2,345,000 | \$2,344,000 | \$2,841,000 | \$2,835,000 | \$2,795,400 | \$2,632,080 |
| RCRRA - City Portion | - | \$23,053 | \$143,338 | \$1,716,846 | \$3,241,906 | \$1,025,029 |
| Total | \$63,112,178 | \$61,368,657 | \$66,595,900 | \$67,021,918 | \$65,036,336 | \$64,626,998 |

| Total Debt Service Tax Levies | Projected | | | | | Average |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2016* | 2017* | 2018* | 2019* | 2020* | |
| Ramsey County - City Portion | \$10,163,793 | \$10,164,253 | \$10,164,253 | \$10,164,253 | \$10,164,253 | \$10,164,161 |
| City of Saint Paul | \$12,393,448 | \$12,393,448 | \$12,393,448 | \$12,393,448 | \$12,393,448 | \$12,393,448 |
| Saint Paul Public Schools | \$37,902,558 | \$42,055,572 | \$46,348,922 | \$50,624,387 | \$55,157,124 | \$46,417,713 |
| Saint Paul Port Authority | \$3,258,300 | \$3,090,948 | \$3,542,360 | \$3,545,865 | \$3,550,474 | \$3,397,589 |
| RCRRA - City Portion | \$3,211,063 | \$1,595,809 | - | - | - | \$961,374 |
| Total | \$66,929,162 | \$69,300,030 | \$72,448,983 | \$76,727,953 | \$81,265,299 | \$73,334,285 |

Table 3. Projected Change of Debt Service Tax Levies from 2011-2020

Saint Paul Public Schools projections include a large facilities renovation and capital improvement plan to be implemented over the next 10 years. These improvements include opening up a new middle school, expansion of existing schools, entry renovations and various facility upgrades. Projected bonding to fund this plan results in the large projected change in their debt service tax levy.

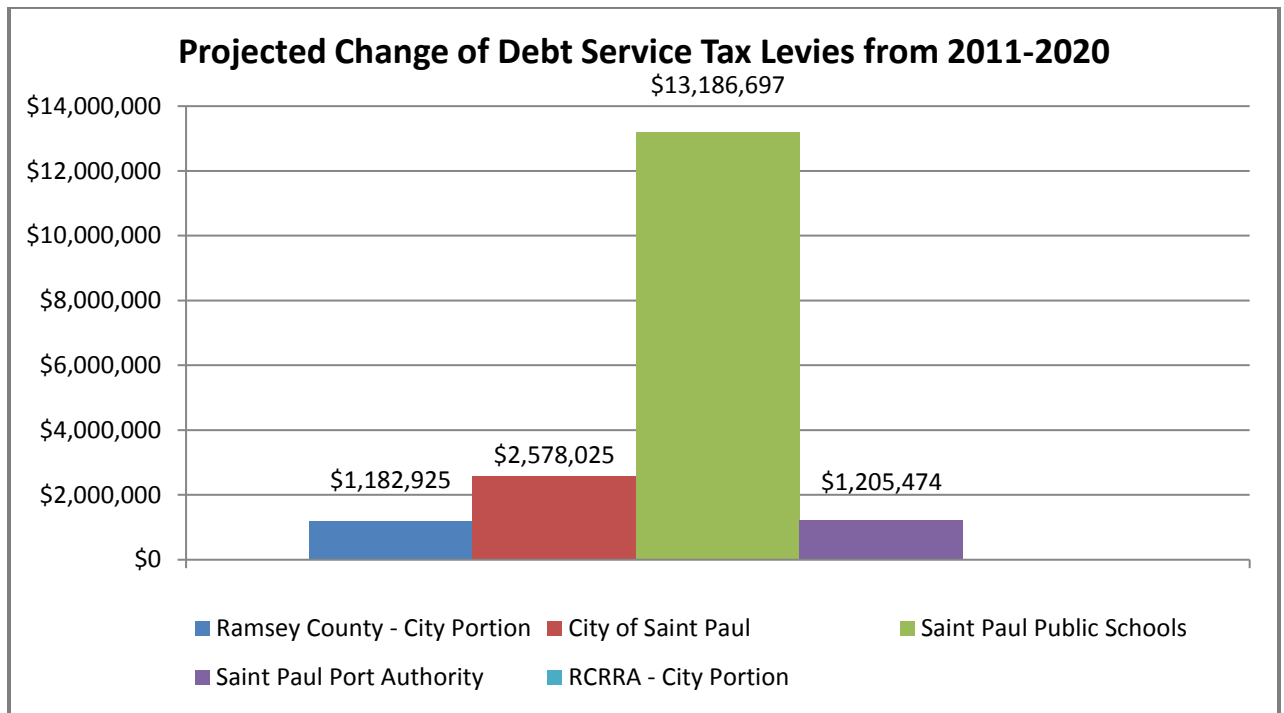


Table III

| Change in Debt Service Tax Levies | 2011 | 2020 | Projected 10 year Change | % Change | % of Total Change |
|-----------------------------------|--------------|--------------|-----------------------------|----------|----------------------|
| Ramsey County - City Portion | \$8,981,328 | \$10,164,253 | \$1,182,925 | 13.17% | 6.52% |
| City of Saint Paul | \$9,815,423 | \$12,393,448 | \$2,578,025 | 26.27% | 14.20% |
| Saint Paul Public Schools | \$41,970,427 | \$55,157,124 | \$13,186,697 | 31.42% | 72.64% |
| Saint Paul Port Authority | \$2,345,000 | \$3,550,474 | \$1,205,474 | 51.41% | 6.64% |
| RCRRA - City Portion | - | - | - | 0.00% | 0.00% |
| Total | \$63,112,178 | \$81,265,299 | \$18,153,121 | 28.76% | 100.00% |

Debt Ratios

Overview of Debt Ratios

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 tracks several ratios: the first two ratios are industry standards used by the rating agencies and investors, while the remaining are designed to help the governing bodies understand the impact on the tax base.

- A. Debt Burden: Net G.O. Debt to Indicated Market Value/Economic Market Value
- B. Net G.O. Debt per Capita
- C. Tax Rate for Debt Service Tax Levies of Median Value Home
- D. Debt Service Tax Levy as a Percentage of Total Tax Levy
- E. Debt Service Levy per Household
- F. Debt Service Levy per Capita to per Capita Income

Debt ratios measure the capacity to manage the debt burden and stability of financial management and provide rating agencies key information in determining the credit rating. Better credit ratings mean lower interest rates, 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 Ratios

A. Debt Burden (Total Net G.O. Debt divided by Indicated Market Value/Economic Market Value)

Definition:

Debt Burden is an industry standard ratio showing the total net principal amount of debt to the full value of real estate, as a percentage. It simply shows how leveraged the tax base is, as a percent. This ratio is key, as ultimately, the tax base is repaying the debt in the form of levy. The higher the debt burden, the more leveraged a community is – with less flexibility to issue more debt in the future. Low debt burden is a credit positive. Estimated Market Value, Sales Ratio and Indicated Market Value/Economic Market Value are explained on page 14.

Factors:

Since the time of the last report, market values have stabilized following a relatively large decline in value. As values declined almost all communities saw increases in their debt burdens due to national economic impacts. Since 2014 Saint Paul has seen stabilizing and increasing values which paired with flat to decreasing debt has led to a stabilizing debt burden. The increased debt issuance projected in the report exceeds the growth in values leading to a projected increase in the debt burden.

Target Range:

3% - 6%

Trend:

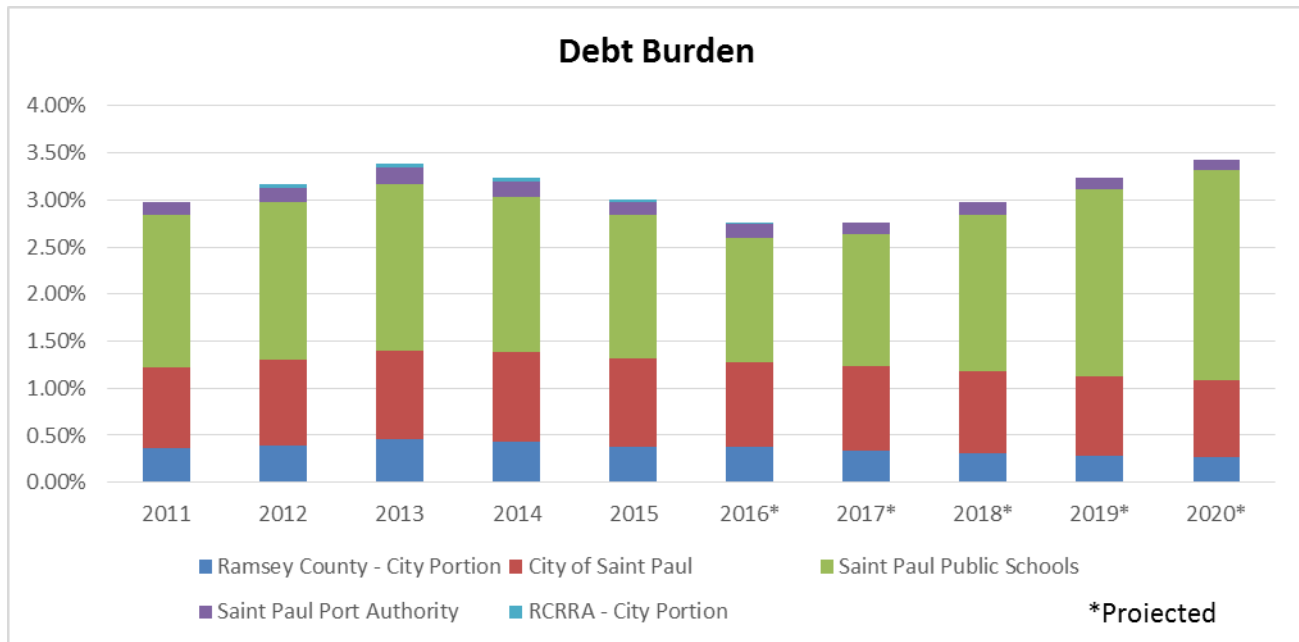
The combined Net G.O. Debt to Indicated Market Value rose from 2.98% in 2011 to 3.00% in 2015 with an average of 3.16% over the 5 year period. This indicator is projected to increase from 2.83% in 2016 to 3.42% in 2020 with an estimated average of 3.03%, within the target range.

The target range is met.

| JDAC Established Ratios for Tax-Backed G.O. Debt | |
|--|-----------|
| Debt Burden | |
| Low | Below 3% |
| Moderate | 3% - 6% |
| Moderately High | 6% - 10% |
| High | Above 10% |

A. Debt Burden (Total Net G.O. Debt divided by Indicated Market Value/Economic Market Value)

The average for the ten year period remained in the 3-6% target range. As values recover the debt burden has decreased back below the target range to below 3%. While market values are projected to increase back towards recent highs the increased issuance of additional debt led to a projected increase in debt burden.



| Debt Burden | 2011 | 2012 | Actual 2013 | 2014 | 2015 | Average |
|------------------------------|------------------|------------------|--------------------|------------------|------------------|------------------|
| Ramsey County - City Portion | 0.37% | 0.39% | 0.45% | 0.43% | 0.38% | 0.40% |
| City of Saint Paul | 0.85% | 0.91% | 0.95% | 0.95% | 0.93% | 0.92% |
| Saint Paul Public Schools | 1.62% | 1.68% | 1.76% | 1.66% | 1.52% | 1.65% |
| Saint Paul Port Authority | 0.14% | 0.14% | 0.17% | 0.16% | 0.14% | 0.15% |
| RCRRA - City Portion | 0.00% | 0.05% | 0.05% | 0.04% | 0.02% | 0.03% |
| Total | 2.98% | 3.17% | 3.39% | 3.24% | 3.00% | 3.16% |
| City I.M.V./E.M.V. | \$20,154,846,082 | \$19,483,213,536 | \$18,395,256,997 | \$18,961,254,913 | \$19,935,679,209 | \$19,386,050,147 |
| | 2016* | 2017* | Projected 2018* | 2019* | 2020* | Average |
| Ramsey County - City Portion | 0.38% | 0.33% | 0.31% | 0.29% | 0.27% | 0.31% |
| City of Saint Paul | 0.90% | 0.90% | 0.87% | 0.84% | 0.81% | 0.86% |
| Saint Paul Public Schools | 1.32% | 1.40% | 1.66% | 1.98% | 2.23% | 1.72% |
| Saint Paul Port Authority | 0.15% | 0.13% | 0.14% | 0.13% | 0.11% | 0.13% |
| RCRRA - City Portion | 0.01% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total | 2.76% | 2.76% | 2.98% | 3.24% | 3.42% | 3.03% |
| City I.M.V./E.M.V. | \$21,167,794,604 | \$23,189,345,579 | \$24,580,706,314 | \$25,809,741,629 | \$26,842,131,295 | \$24,317,943,884 |

A. Indicated/Economic Market Value

History of Indicated Market Value & Economic Market Value

Indicated Market Value (IMV) has been replaced by a new metric, Economic Market Value (EMV), to better represent the true or full market value of the City. The EMV is based on the County Assessor's Estimated Market Value for the City divided by the sales ratio for each year. The ratio and values for pay years 2012-2016 were determined by the State Department of Revenue, and the ratio and values for pay years 2017-2020 were 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 arm's length selling price when the property changes hands.

| Assesment Year | Taxes Payable Year | Estimated Market Value | Indicated Market Value 99-2010 Economic MV 2011-2019 (Assessed) | 21 month Sales Ratios | Real or Projected Estimated Market Value Change | Change in Indicated or Economic Value |
|----------------|--------------------|------------------------|--|-----------------------|---|---------------------------------------|
| 1999 | 2000 | \$9,169,403,301 | \$11,237,013,849 | 81.60% | 8.02% | 14.90% |
| 2000 | 2001 | \$11,065,165,900 | \$14,204,320,796 | 77.90% | 20.67% | 26.41% |
| 2001 | 2002 | \$13,046,883,300 | \$17,512,595,034 | 74.50% | 17.91% | 23.29% |
| 2002 | 2003 | \$15,532,144,700 | \$22,062,705,540 | 70.40% | 19.05% | 25.98% |
| 2003 | 2004 | \$17,583,449,500 | \$24,765,421,831 | 71.00% | 13.21% | 12.25% |
| 2004 | 2005 | \$19,629,226,000 | \$26,742,814,714 | 73.40% | 11.63% | 7.98% |
| 2005 | 2006 | \$21,320,915,700 | \$26,485,609,565 | 80.50% | 8.62% | -0.96% |
| 2006 | 2007 | \$23,295,388,500 | \$27,342,005,282 | 85.20% | 9.26% | 3.23% |
| 2007 | 2008 | \$23,923,671,700 | \$26,415,766,667 | 90.60% | 2.70% | -3.39% |
| 2008 | 2009 | \$22,976,580,500 | \$24,049,087,234 | 94.80% | -3.96% | -8.96% |
| 2009 | 2010 | \$21,668,377,100 | \$21,959,237,136 | 98.10% | -5.69% | -8.69% |
| 2010 | 2011 | \$20,193,026,000 | \$20,154,846,082 | 99.70% | -6.81% | -8.22% |
| 2011 | 2012 | \$18,981,961,700 | \$19,483,213,536 | 99.20% | -6.00% | -3.33% |
| 2012 | 2013 | \$17,895,675,800 | \$18,395,256,997 | 97.20% | -5.72% | -5.58% |
| 2013 | 2014 | \$17,892,285,500 | \$18,961,254,913 | 94.36% | -0.02% | 3.08% |
| 2014 | 2015 | \$19,171,391,000 | \$19,935,679,209 | 96.17% | 7.15% | 5.14% |
| 2015 | 2016 | \$19,950,961,400 | \$21,167,794,604 | 94.25% | 4.07% | 6.18% |
| 2016 | 2017 | \$22,029,878,300 | \$23,189,345,579 | 95.00% | 10.42% | 9.55% |
| 2017 | 2018 | \$23,351,670,998 | \$24,580,706,314 | 95.00% | 6.00% | 6.00% |
| 2018 | 2019 | \$24,519,254,548 | \$25,809,741,629 | 95.00% | 5.00% | 5.00% |
| 2019 | 2020 | \$25,500,024,730 | \$26,842,131,295 | 95.00% | 4.00% | 4.00% |

Trend/Summary: The Indicated Market Value/Economic Market Value (IMV/EMV) during the actual and projected period from payable years 2012-2020 increased from \$19.483 million to \$26.842 million. IMV/EMV increased by 9% from payable 2012-2016. Economic market value is projected to increase by 16% from payable years 2017-2020.

Debt Ratios

B. Total Net G.O. Debt per Capita

Definition:

Debt per capita 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. While this is an industry standard analyzed by rating agencies and investors, it can be skewed, minimizing its usefulness. Taxes to repay debt are levied on the tax base, not population. For example, take two identical community's with the same tax base, and same amount of debt. The bedroom community will have a lower debt per capita, while a well-diversified community with industrial, retail and residential will have a higher debt per capita. It is for this reason, that debt per capita, while helpful, can be skewed or misinterpreted. Thus, debt burden is relied upon more than debt per capita.

Target Range:

Not to exceed \$2,500

Trend:

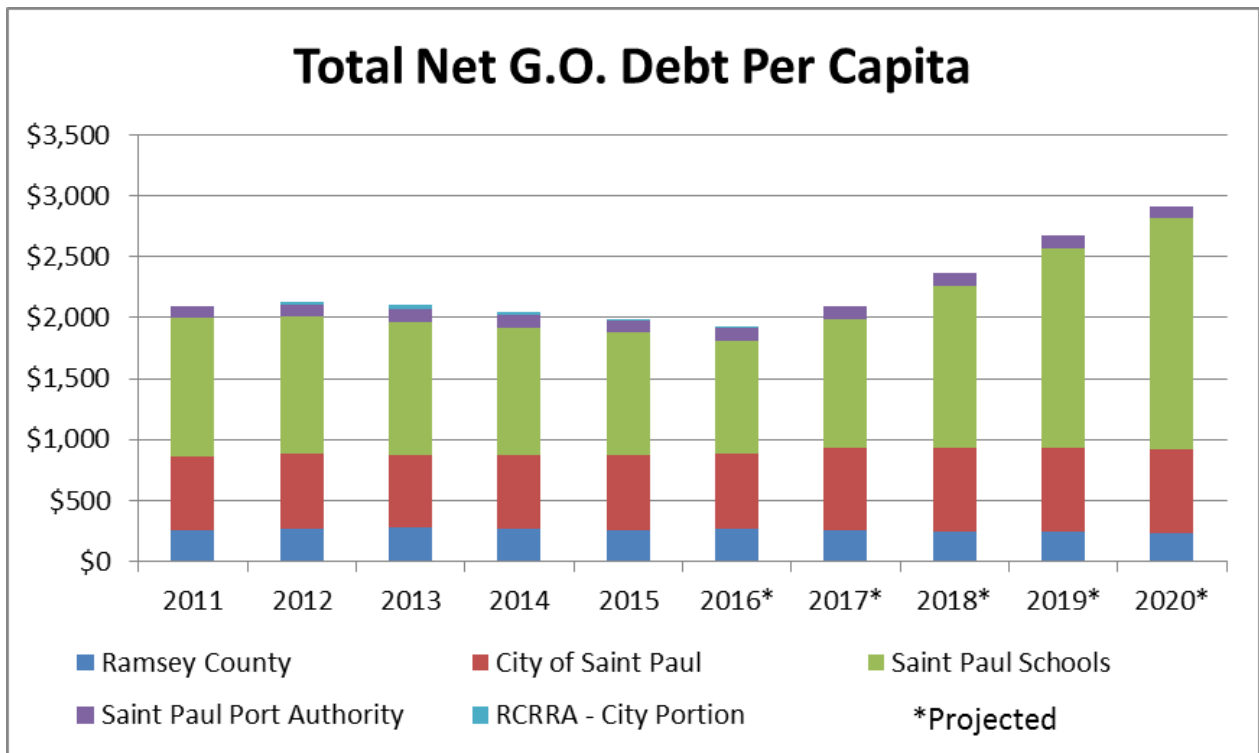
Net G.O. debt per capita decreased from \$2,095 in 2011 to \$1,933 in 2015. Net G.O. debt per capita is projected to increase from \$1,923 in 2016 to \$2,918 in 2020 as outstanding debt increases more quickly than moderate projected increase in population.

The target range is met for the years 2011 through projected 2018 but may exceed targets as additional debt is projected to be issued.

| JDAC Established Ratios for Tax-Backed G.O. Debt | |
|--|-------------------|
| Overall Net Debt per Capita | |
| Very Low | Below \$1,000 |
| Low | \$1,000 - \$2,000 |
| Moderate | \$2,000 - \$5,000 |
| High | Above \$5,000 |

B. Total Net G.O. Debt per Capita

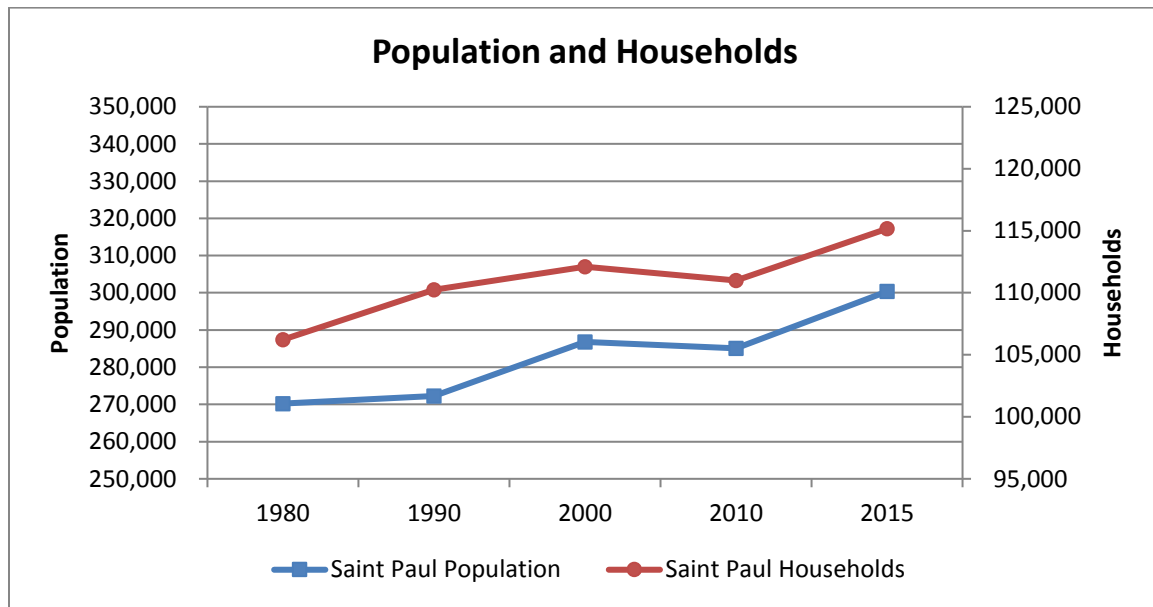
Total Debt per Capita averages just over \$2,200 over the ten year period, as gains in population are offset by additional projected bonding.



| G.O. Debt per Capita | 2011 | 2012 | Actual 2013 | 2014 | 2015 | Average |
|------------------------------|----------------|----------------|--------------------|----------------|----------------|----------------|
| Ramsey County | \$259 | \$266 | \$281 | \$271 | \$253 | \$266 |
| City of Saint Paul | \$597 | \$613 | \$590 | \$603 | \$619 | \$604 |
| Saint Paul Schools | \$1,141 | \$1,129 | \$1,094 | \$1,048 | \$1,011 | \$1,085 |
| Saint Paul Port Authority | \$98 | \$95 | \$107 | \$100 | \$95 | \$99 |
| RCRRA - City Portion | \$0 | \$33 | \$32 | \$26 | \$16 | \$21 |
| Total Debt per Capita | \$2,095 | \$2,135 | \$2,103 | \$2,048 | \$1,993 | \$2,075 |
| City Population | 286,367 | 289,270 | 296,542 | 299,641 | 300,353 | 294,435 |
| | 2016* | 2017* | Projected 2018* | 2019* | 2020* | Average |
| Ramsey County | \$262 | \$250 | \$245 | \$238 | \$230 | \$245 |
| City of Saint Paul | \$626 | \$684 | \$690 | \$697 | \$694 | \$678 |
| Saint Paul Schools | \$922 | \$1,059 | \$1,322 | \$1,640 | \$1,900 | \$1,368 |
| Saint Paul Port Authority | \$108 | \$101 | \$113 | \$104 | \$95 | \$104 |
| RCRRA - City Portion | \$5 | \$0 | \$0 | \$0 | \$0 | \$1 |
| Total Debt per Capita | \$1,923 | \$2,093 | \$2,369 | \$2,679 | \$2,918 | \$2,397 |
| City Population | 303,282 | 306,211 | 309,140 | 312,069 | 315,000 | 309,140 |

B. Total Net G.O. Debt per Capita

Population Trends



Population Trends

| Year | Population | | Households | |
|------|------------|------------|------------|------------|
| | Metro* | Saint Paul | Metro* | Saint Paul |
| 1980 | 1,985,873 | 270,230 | 721,357 | 106,223 |
| 1990 | 2,288,721 | 272,235 | 875,504 | 110,249 |
| 2000 | 2,642,062 | 286,840 | 1,021,456 | 112,109 |
| 2010 | 2,849,567 | 285,068 | 1,117,749 | 111,001 |
| 2015 | 3,005,419 | 300,353 | 1,176,655 | 115,164 |

*Seven-county metropolitan area

Source: U.S. Census 1980, 1990, 2000, 2010, Metropolitan Council Estimates for 2015

Trend: Population and households in the City of Saint Paul have shown stable growth below the growth in the 7 County Twin Cities Metropolitan area since 1980. Between 2010 and 2015 the growth rate of Saint Paul has equaled the growth rate of the metropolitan area as population growth in Saint Paul has increased. The increasing rate of growth causes the debt per capita ratio to decrease if debt issuance remains stable. The total debt has remained relatively stable since 2011 and is projected to decrease over the 5 year projected period.

Debt Ratios

C. Tax Rate for Debt Service Tax Levies for Median Value Home for Saint Paul

Definition: This ratio estimates the change in property tax rates for debt service for a residential property with the annual median value in Saint Paul. See page 24 for detailed explanation of the debt service levies, debt tax rates and median property values tables. This ratio is not used by rating agencies or investors – so there are no industry standards by which to compare.

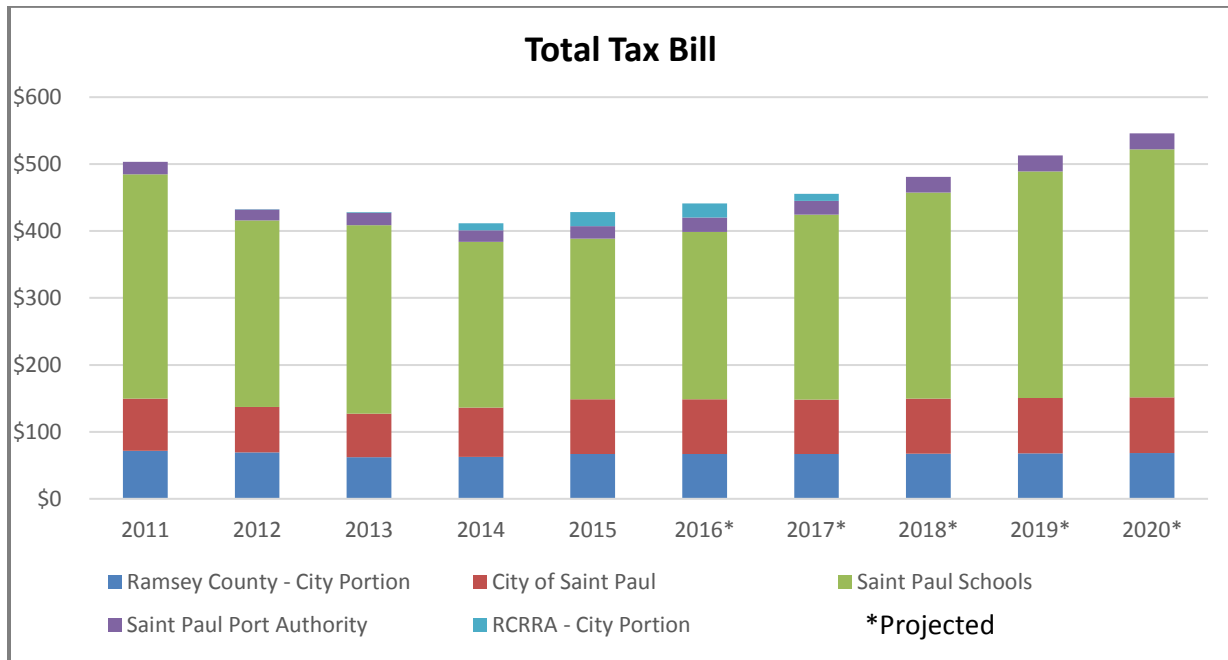
Target Range: Effective Tax Rate of less than 0.5%

Trend: Over the period from 2011 to 2015, the fluctuation in the debt service tax bill for a median priced house in Saint Paul reflected the recent fall and subsequent stabilization in the Median Taxable Value and change in the debt service tax levies. The effective tax rate increased from 0.324% to 0.355% in this time. The five year average annual increase is 3%. It is projected to decrease from 0.345% to 0.328% for the years 2016 through 2020 as market values are projected to continue to rise.

For the years 2016 through 2020, the median value home is assumed to increase from 151,500 to 186,600.

The target range is met.

C. Tax Rate for Debt Service Tax Levies for Median Value Home in Saint Paul



Tax Rate for Debt Service Tax Levies for Median Value Home in St Paul

| | Actual | | | | | Average |
|------------------------------|------------|------------|------------|------------|------------|------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | |
| Median Value Home | \$ 155,500 | \$ 149,300 | \$ 133,700 | \$ 130,500 | \$ 145,000 | \$ 142,800 |
| Taxable Value | \$ 155,500 | \$ 125,500 | \$ 108,500 | \$ 105,000 | \$ 120,800 | \$ 123,060 |
| Ramsey County - City Portion | \$72 | \$69 | \$62 | \$63 | \$67 | \$ 67 |
| City of Saint Paul | \$78 | \$68 | \$65 | \$73 | \$82 | \$ 73 |
| Saint Paul Schools | \$335 | \$278 | \$282 | \$248 | \$240 | \$ 276 |
| Saint Paul Port Authority | \$19 | \$17 | \$18 | \$17 | \$18 | \$ 18 |
| RCRRA - City Portion | \$0 | \$0 | \$1 | \$11 | \$21 | \$ 7 |
| Total Tax Bill | \$503 | \$432 | \$428 | \$412 | \$428 | \$ 434 |
| Effective Tax Rate for Debt | 0.324% | 0.345% | 0.395% | 0.392% | 0.355% | 0.362% |

| | Projected | | | | | Average |
|------------------------------|--------------|--------------|--------------|--------------|--------------|------------|
| | 2016* | 2017* | 2018* | 2019* | 2020* | |
| Median Value Home | \$151,500.00 | \$161,200.00 | \$170,900.00 | \$179,400.00 | \$186,600.00 | \$ 169,920 |
| Taxable Value | \$127,900.00 | \$138,500.00 | \$149,000.00 | \$158,300.00 | \$166,200.00 | \$ 147,980 |
| Ramsey County - City Portion | \$67 | \$67 | \$67 | \$68 | \$68 | \$67 |
| City of Saint Paul | \$82 | \$81 | \$82 | \$83 | \$83 | \$82 |
| Saint Paul Schools | \$250 | \$276 | \$308 | \$338 | \$370 | \$309 |
| Saint Paul Port Authority | \$21 | \$20 | \$24 | \$24 | \$24 | \$23 |
| RCRRA - City Portion | \$21 | \$10 | - | - | - | \$6 |
| Total Tax Bill | \$441 | \$455 | \$481 | \$513 | \$546 | \$ 487 |
| Effective Tax Rate for Debt | 0.345% | 0.329% | 0.323% | 0.324% | 0.328% | 0.330% |

Debt Ratios

D. Debt Service Levy per Household

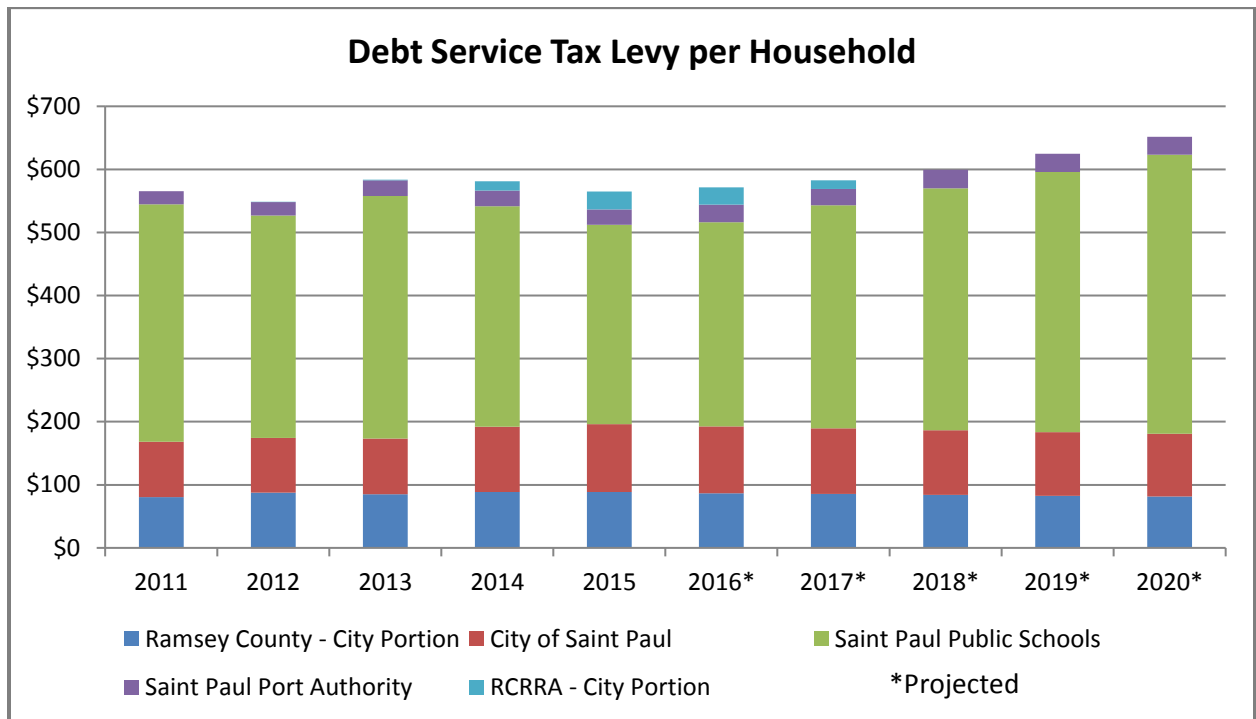
Definition: The property tax can be viewed as the price government charges for its services. These services are broadly divided into operations (such as public safety, street maintenance, etc.) and infrastructure investment (such as pay-as-you-go capital and debt service). This ratio measures the annual debt service 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 levies variations. This indicator is not a representation of the tax Rate for debt service (which is based on property values rather than income). Similar to debt per capita, this ratio is helpful, but can be incorrectly misconstrued and misleading. Nonetheless, it is another metric to assess how leveraged the tax base is.

Target Range: Not to exceed \$600.

Trend: The combined debt service levy per Household remained stable at \$565 in 2011 and 2015, with a five year average of \$569. The combined debt service levy per household is projected to increase from \$572 to \$652 in the years 2016 to 2020 with a five year average of \$606 as the projection for Saint Paul Public Schools includes a 10-year facilities renovation and capital improvement plan.

The target is met through 2018 with out-year projections exceeding the target.

D. Debt Service Levy per Household



Debt Service Levy per Household

| Debt Service Tax Levies per Household | 2011 | 2012 | Actual 2013 | 2014 | 2015 | Average |
|---------------------------------------|--------------|--------------|----------------|--------------|--------------|--------------|
| Ramsey County - City Portion | \$80 | \$88 | \$85 | \$88 | \$89 | \$86 |
| City of Saint Paul | \$88 | \$86 | \$88 | \$104 | \$108 | \$95 |
| Saint Paul Public Schools | \$376 | \$353 | \$385 | \$350 | \$316 | \$356 |
| Saint Paul Port Authority | \$21 | \$21 | \$25 | \$25 | \$24 | \$23 |
| RCRRA - City Portion | \$0 | \$0 | \$1 | \$15 | \$28 | \$9 |
| Total | \$565 | \$548 | \$584 | \$581 | \$565 | \$569 |
| Number of Households | 111,620 | 111,949 | 114,047 | 115,304 | 115,164 | 113,617 |

| Debt Service Tax Levies per Household | 2016* | 2017* | Projected 2018* | 2019* | 2020* | Average |
|---------------------------------------|--------------|--------------|--------------------|--------------|--------------|--------------|
| Ramsey County - City Portion | \$87 | \$85 | \$84 | \$83 | \$82 | \$84 |
| City of Saint Paul | \$106 | \$104 | \$103 | \$101 | \$99 | \$103 |
| Saint Paul Public Schools* | \$324 | \$353 | \$383 | \$412 | \$442 | \$383 |
| Saint Paul Port Authority | \$28 | \$26 | \$29 | \$29 | \$28 | \$28 |
| RCRRA - City Portion | \$27 | \$13 | \$0 | \$0 | \$0 | \$8 |
| Total | \$572 | \$582 | \$599 | \$625 | \$652 | \$606 |
| Number of Households | 117,071 | 118,978 | 120,885 | 122,792 | 124,700 | 120,885 |

Debt Ratios

E. Debt Service Levy per Capita to per Capita Income

Definition:

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 ratios.

Target Range:

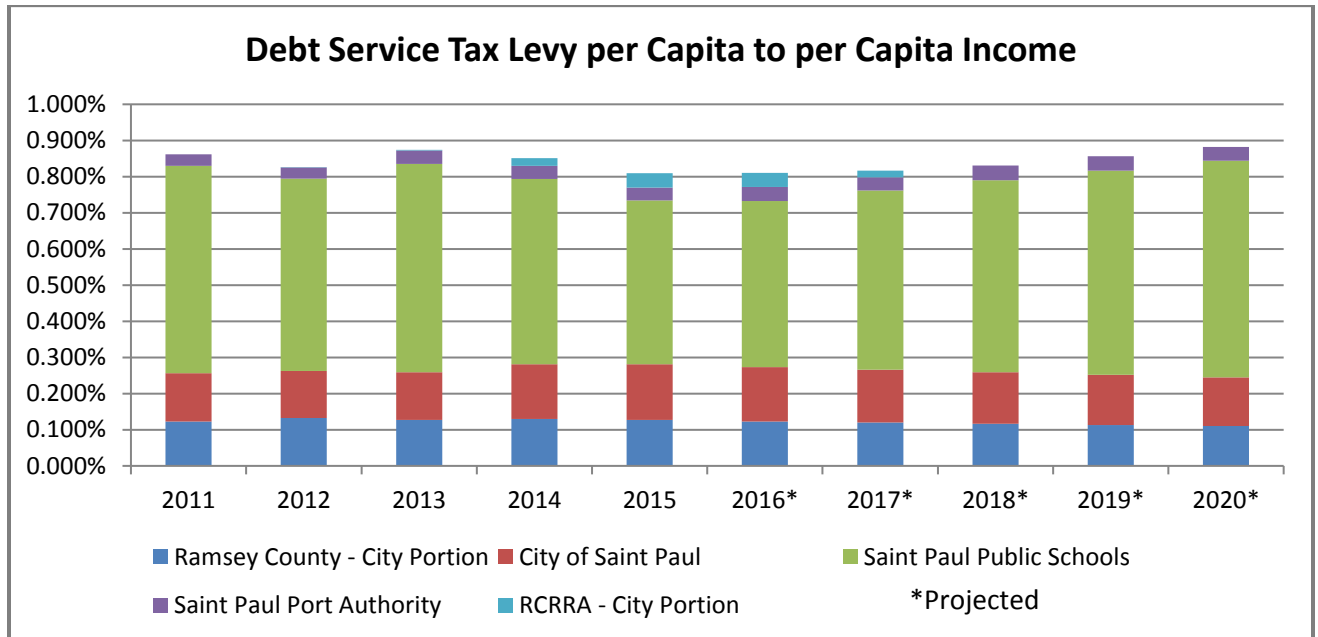
Not to exceed 1%.

Trend:

Debt Service Property Tax Levy per Capita to per Capita Income decreased from 0.862% in 2011 to 0.810% in 2015, and the five year averages is 0.845%. For 2016 to 2020 the projected percent increases from 0.811% to 0.882%, with a five year projected average of 0.839% as wages are projected to increase an average of 1.5% per year based on 5 year historical trend. Population is also projected to increase over the period.

The target range is met.

E. Debt Service Levy per Capita to per Capita Income



Debt Service Tax Levy per Capita to per Capita Income

| | 2011 | 2012 | Actual 2013 | 2014 | 2015 | Average |
|------------------------------|---------------|---------------|----------------|---------------|---------------|---------------|
| Ramsey County - City Portion | 0.123% | 0.132% | 0.127% | 0.130% | 0.127% | 0.128% |
| City of Saint Paul | 0.134% | 0.130% | 0.132% | 0.152% | 0.154% | 0.140% |
| Saint Paul Public Schools | 0.573% | 0.532% | 0.576% | 0.512% | 0.453% | 0.529% |
| Saint Paul Port Authority | 0.032% | 0.032% | 0.037% | 0.036% | 0.035% | 0.034% |
| RCRRA - City Portion | 0.000% | 0.000% | 0.002% | 0.022% | 0.040% | 0.013% |
| Total | 0.862% | 0.826% | 0.874% | 0.852% | 0.810% | 0.845% |
| City per Capita Income | 25,576 | 25,686 | 25,695 | 26,268 | 26,741 | 25,993 |

| | 2016* | 2017* | Projected 2018* | 2019* | 2020* | Average |
|------------------------------|---------------|---------------|--------------------|---------------|---------------|---------------|
| Ramsey County - City Portion | 0.123% | 0.120% | 0.117% | 0.113% | 0.110% | 0.117% |
| City of Saint Paul | 0.150% | 0.146% | 0.142% | 0.138% | 0.135% | 0.142% |
| Saint Paul Public Schools | 0.459% | 0.496% | 0.531% | 0.565% | 0.599% | 0.530% |
| Saint Paul Port Authority | 0.039% | 0.036% | 0.041% | 0.040% | 0.039% | 0.039% |
| RCRRA - City Portion | 0.039% | 0.019% | 0.000% | 0.000% | 0.000% | 0.012% |
| Total | 0.811% | 0.817% | 0.831% | 0.856% | 0.882% | 0.839% |
| City per Capita Income | 27,222 | 27,712 | 28,211 | 28,719 | 29,236 | 28,220 |

Figures reported are for the years taxes are payable.

Debt Ratios

F. Debt Service Tax Levy to Total Tax Levy

| | |
|--------------------|---|
| Definition: | The total tax levy is comprised of an operating levy and a debt service levy. 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: | <p>The County's ratio of debt service to total increased from 7.4% in 2011 to 8.2% in 2015. The five year average is 7.9%. For the Projected period 2016-2020 the ratio is expected to remain mostly stable at 7.8%. The five year average is 7.8%.</p> <p>The City's ratio increased from 10.6% in 2011 to 12.2% in 2015 for a five year average of 11.0%. For the Projected period 2016-2020 the total is expected to remain stable at 11.9%. The five year average is 11.9 %.</p> <p>The School District's ratio decreased from 34.5% in 2011 to 26.7% in 2015. The five year average is 31.0%. For the Projected period 2016-2020 the total increases from 26.8% to 34.8%. The five year average is 30.9%.</p> <p>The Port Authority's ratio of debt service to total tax levy increased from 52.6% in 2011 to 60.7% in 2015. The five year average is 59.2%. For the Projected period 2016-2020 the total decreases from 64.3 % to 61.6%. The five year average is 62.1%.</p> <p>The RCRRA annual levy funds operations and capital budgets. After issuing bonds in 2012 a portion of the levy has been used for the repayment of debt. The ratio increased from 0.0% in 2011 to 36.1% in 2015 for a five year average of 11.4%. For the Projected period 2016-2020 the ratio is expected to decrease from 33.5% back to 0.0% as the debt is repaid. The five year average is 10.0%.</p> |

Debt Ratios

F. Debt Service Tax Levy to Total Tax Levy

| Total Debt Service Tax Levies | Actual | | | | | Average |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | |
| Ramsey County - City Portion | \$8,981,328 | \$9,832,500 | \$9,708,300 | \$10,193,715 | \$10,193,715 | \$9,781,912 |
| City of Saint Paul | \$9,815,423 | \$9,671,043 | \$10,050,902 | \$11,949,160 | \$12,408,754 | \$10,779,056 |
| Saint Paul Public Schools | \$41,970,427 | \$39,498,061 | \$43,852,360 | \$40,327,197 | \$36,396,561 | \$40,408,921 |
| Saint Paul Port Authority | \$2,345,000 | \$2,344,000 | \$2,841,000 | \$2,835,000 | \$2,795,400 | \$2,632,080 |
| RCRRA - City Portion | - | \$23,053 | \$143,338 | \$1,716,846 | \$3,241,906 | \$1,025,029 |
| Total | \$63,112,178 | \$61,368,657 | \$66,595,900 | \$67,021,918 | \$65,036,336 | \$64,626,998 |

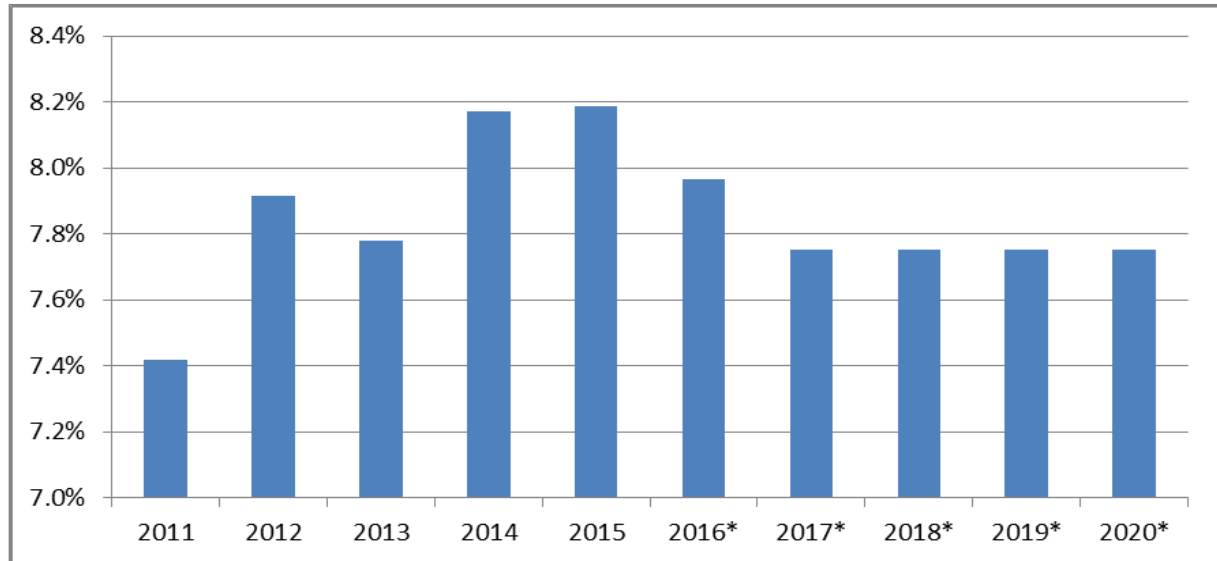
| Total Debt Service Tax Levies | Projected | | | | | Average |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2016* | 2017* | 2018* | 2019* | 2020* | |
| Ramsey County - City Portion | \$10,163,793 | \$10,164,253 | \$10,164,253 | \$10,164,253 | \$10,164,253 | \$10,164,161 |
| City of Saint Paul | \$12,393,448 | \$12,393,448 | \$12,393,448 | \$12,393,448 | \$12,393,448 | \$12,393,448 |
| Saint Paul Public Schools | \$37,902,558 | \$42,055,572 | \$46,348,922 | \$50,624,387 | \$55,157,124 | \$46,417,713 |
| Saint Paul Port Authority | \$3,258,300 | \$3,090,948 | \$3,542,360 | \$3,545,865 | \$3,550,474 | \$3,397,589 |
| RCRRA - City Portion | \$3,211,063 | \$1,595,809 | - | - | - | \$961,374 |
| Total | \$66,929,162 | \$69,300,030 | \$72,448,983 | \$76,727,953 | \$81,265,299 | \$73,334,285 |

| Total Tax Levies | Actual | | | | | Average |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | |
| Ramsey County - City Portion | \$121,063,327 | \$124,221,573 | \$124,822,995 | \$124,720,215 | \$124,525,615 | \$123,870,745 |
| City of Saint Paul | \$92,497,520 | \$97,809,058 | \$99,396,152 | \$99,396,152 | \$101,825,142 | \$98,184,805 |
| Saint Paul Public Schools | \$121,744,538 | \$126,072,576 | \$133,719,340 | \$135,056,534 | \$136,407,114 | \$130,600,020 |
| Saint Paul Port Authority | \$4,456,700 | \$3,855,700 | \$4,652,700 | \$4,646,700 | \$4,607,100 | \$4,443,780 |
| RCRRA - City Portion | - | \$9,470,935 | \$9,351,302 | \$8,936,001 | \$8,978,233 | \$7,347,294 |
| Total | \$339,762,085 | \$361,429,842 | \$371,942,489 | \$372,755,602 | \$376,343,204 | \$364,446,645 |

| Total Tax Levies | Projected | | | | | Average |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2016* | 2017* | 2018* | 2019* | 2020* | |
| Ramsey County - City Portion | \$127,594,013 | \$131,135,791 | \$131,135,791 | \$131,135,791 | \$131,135,791 | \$130,427,436 |
| City of Saint Paul | \$103,794,243 | \$103,794,243 | \$103,794,243 | \$103,794,243 | \$103,794,243 | \$103,794,243 |
| Saint Paul Public Schools | \$141,208,630 | \$145,361,644 | \$149,654,994 | \$153,930,459 | \$158,463,196 | \$149,723,785 |
| Saint Paul Port Authority | \$5,070,000 | \$5,150,000 | \$5,652,000 | \$5,706,000 | \$5,760,000 | \$5,467,600 |
| RCRRA - City Portion | \$9,595,481 | \$9,659,813 | \$9,659,813 | \$9,659,813 | \$9,659,813 | \$9,646,947 |
| Total | \$387,262,366 | \$395,101,492 | \$399,896,842 | \$404,226,307 | \$408,813,044 | \$399,060,010 |

Debt Service Levy to Total Tax Levy

Ramsey County



| Ramsey County - City portion | Actual | | | | | Average |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | |
| Debt Service Tax Levy | \$8,981,328 | \$9,832,500 | \$9,708,300 | \$10,193,715 | \$10,193,715 | \$9,781,912 |
| Total Tax Levies | \$121,063,327 | \$124,221,573 | \$124,822,995 | \$124,720,215 | \$124,525,615 | \$123,870,745 |
| Debt Service Levy to Total | 7.4% | 7.9% | 7.8% | 8.2% | 8.2% | 7.9% |

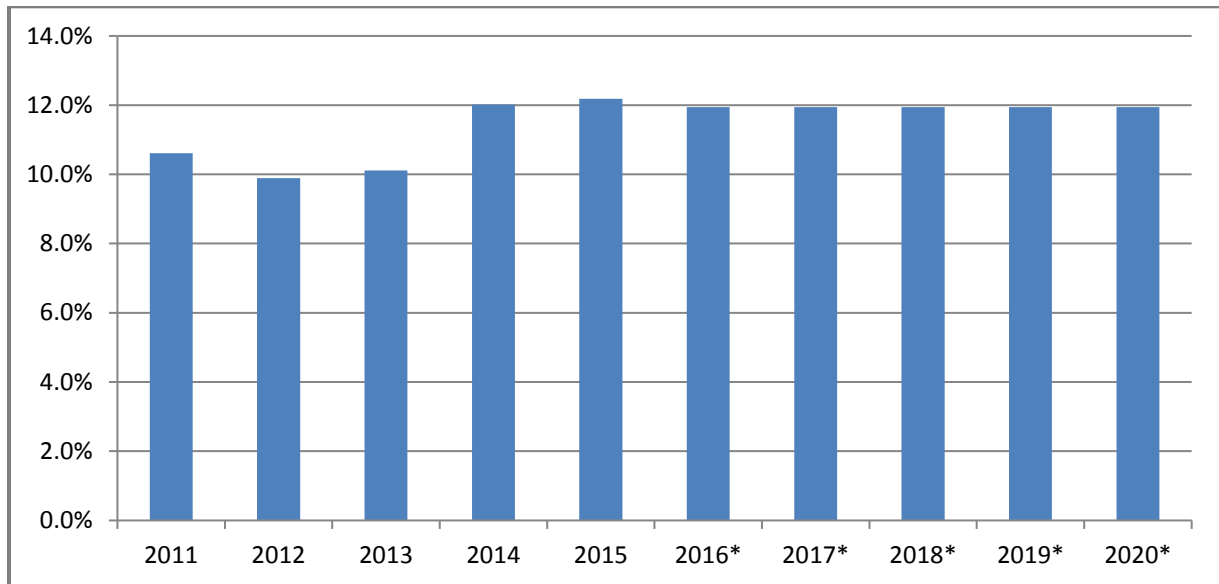
| Ramsey County - City Portion | Projected | | | | | Average |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2016* | 2017* | 2018* | 2019* | 2020* | |
| Debt Service Tax Levy | \$10,163,793 | \$10,164,253 | \$10,164,253 | \$10,164,253 | \$10,164,253 | \$10,164,161 |
| Total Tax Levies | \$127,594,013 | \$131,135,791 | \$131,135,791 | \$131,135,791 | \$131,135,791 | \$130,427,435 |
| Debt Service Levy to Total | 8.0% | 7.8% | 7.8% | 7.8% | 7.8% | 7.8% |

Note: Figures reported are for the years taxes are payable.

Does not include library debt as this levy is suburban and attributes to Ramsey County only.

Debt Service Levy to Total Tax Levy

City of Saint Paul



| City of St Paul | Actual | | | | | Average |
|----------------------------|--------------|--------------|--------------|--------------|---------------|--------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | |
| Debt Service Tax Levy | \$9,815,423 | \$9,671,043 | \$10,050,902 | \$11,949,160 | \$12,408,754 | \$10,779,056 |
| Total Tax Levies | \$92,497,520 | \$97,809,058 | \$99,396,152 | \$99,396,152 | \$101,825,142 | \$98,184,805 |
| Debt Service Levy to Total | 10.6% | 9.9% | 10.1% | 12.0% | 12.2% | 11.0% |

| City of St Paul | Projected | | | | | Average |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2016* | 2017* | 2018* | 2019* | 2020* | |
| Debt Service Tax Levy | \$12,393,448 | \$12,393,448 | \$12,393,448 | \$12,393,448 | \$12,393,448 | \$12,393,448 |
| Total Tax Levies | \$103,794,243 | \$103,794,243 | \$103,794,243 | \$103,794,243 | \$103,794,243 | \$103,794,243 |
| Debt Service Levy to Total | 11.9% | 11.9% | 11.9% | 11.9% | 11.9% | 11.9% |

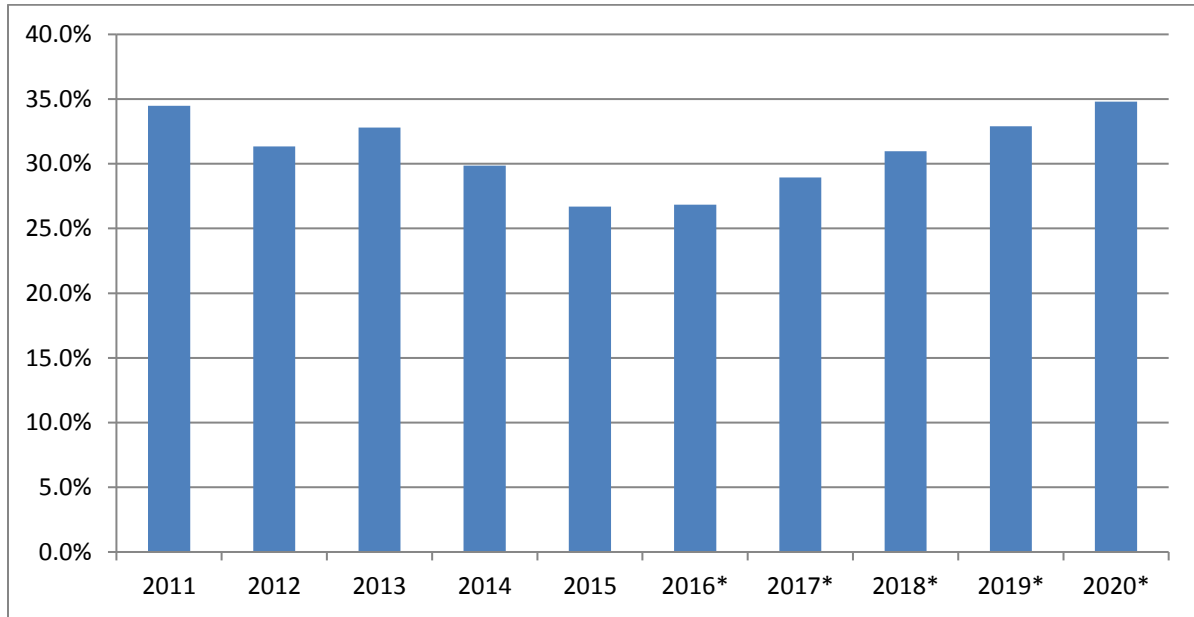
Note: Consistent with the City's debt fund policy the City is using a combination of fund balance and levy to pay net G.O. debt.

Beginning in 2014 the Saint Paul Public Library Agency G.O. debt levy was added to the City's G.O. Debt Levy. In the past the Total Net Tax Levy has included the mandatory/discretionary levy imposed by the City on behalf of the Port Authority, this levy is now included in the Port Authority total on subsequent tables.

Figures reported are for the years taxes are payable.

Debt Service Levy to Total Tax Levy

Saint Paul Public Schools



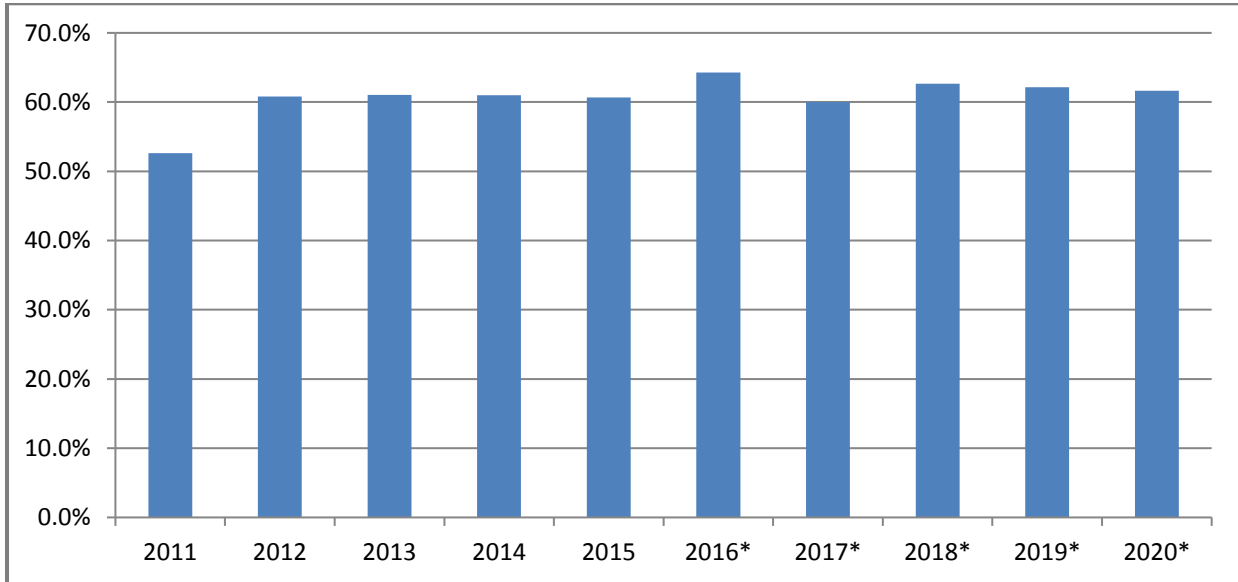
| Saint Paul Schools | Actual | | | | | Average |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | |
| Debt Service Tax Levy | \$41,970,427 | \$39,498,061 | \$43,852,360 | \$40,327,197 | \$36,396,561 | \$40,408,921 |
| Total Tax Levies | \$121,744,538 | \$126,072,576 | \$133,719,340 | \$135,056,534 | \$136,407,114 | \$130,600,020 |
| Debt Service Levy to Total | 34.5% | 31.3% | 32.8% | 29.9% | 26.7% | 31.0% |

| Saint Paul Schools | Projected | | | | | Average |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2016* | 2017* | 2018* | 2019* | 2020* | |
| Debt Service Tax Levy | \$37,902,558 | \$42,055,572 | \$46,348,922 | \$50,624,387 | \$55,157,124 | \$46,417,713 |
| Total Tax Levies | \$141,208,630 | \$145,361,644 | \$149,654,994 | \$153,930,459 | \$158,463,196 | \$149,723,785 |
| Debt Service Levy to Total | 26.8% | 28.9% | 31.0% | 32.9% | 34.8% | 30.9% |

Note: Figures reported are for the years taxes are payable.

Debt Service Levy to Total Tax Levy

Saint Paul Port Authority



| Saint Paul Port Authority | Actual | | | | | Average |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | |
| Debt Service Tax Levy | \$2,345,000 | \$2,344,000 | \$2,841,000 | \$2,835,000 | \$2,795,400 | \$2,632,080 |
| Total Tax Levies | \$4,456,700 | \$3,855,700 | \$4,652,700 | \$4,646,700 | \$4,607,100 | \$4,443,780 |
| Debt Service Levy to Total | 52.6% | 60.8% | 61.1% | 61.0% | 60.7% | 59.2% |

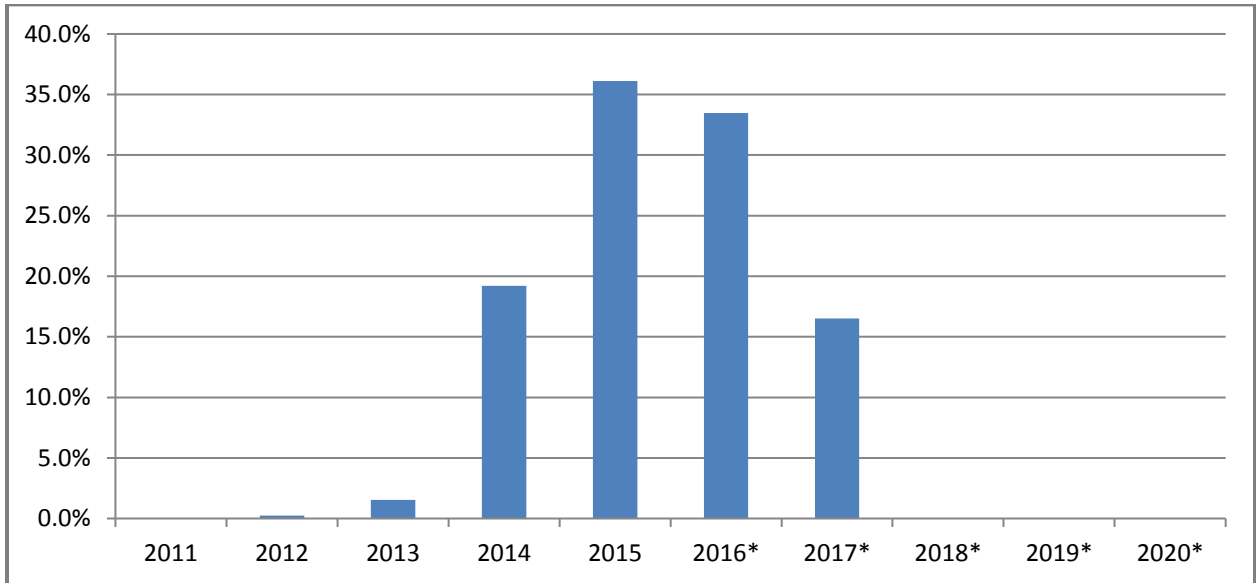
| Saint Paul Port Authority | Projected | | | | | Average |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2016* | 2017* | 2018* | 2019* | 2020* | |
| Debt Service Tax Levy | \$3,258,300 | \$3,090,948 | \$3,542,360 | \$3,545,865 | \$3,550,474 | \$3,397,589 |
| Total Tax Levies | \$5,070,000 | \$5,150,000 | \$5,652,000 | \$5,706,000 | \$5,760,000 | \$5,467,600 |
| Debt Service Levy to Total | 64.3% | 60.0% | 62.7% | 62.1% | 61.6% | 62.1% |

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.

Debt Service Levy to Total Tax Levy

Ramsey County Regional Railroad Authority



| Actual | | | | | | |
|--|------|-------------|-------------|-------------|-------------|-------------|
| Ramsey County Regional Rail Authority - City Portion | 2011 | 2012 | 2013 | 2014 | 2015 | Average |
| Debt Service Tax Levy - City portion | - | \$23,053 | \$143,338 | \$1,716,846 | \$3,241,906 | \$1,025,029 |
| Total Tax Levies - City Portion | - | \$9,470,935 | \$9,351,302 | \$8,936,001 | \$8,978,233 | \$7,347,294 |
| Debt Service Levy to Total | 0.0% | 0.2% | 1.5% | 19.2% | 36.1% | 11.4% |

| Projected | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Ramsey County Regional Rail Authority - City Portion | 2016* | 2017* | 2018* | 2019* | 2020* | Average |
| Debt Service Tax Levy - City portion | \$3,211,063 | \$1,595,809 | - | - | - | \$961,374 |
| Total Tax Levies - City Portion | \$9,595,481 | \$9,659,813 | \$9,659,813 | \$9,659,813 | \$9,659,813 | \$9,646,947 |
| Debt Service Levy to Total | 33.5% | 16.5% | 0.0% | 0.0% | 0.0% | 10.0% |

Note: The RCRRA annual levy funds the operating and capital budget. Debt service is paid out of this total.

Capital Investment Strategies and Initiatives by Jurisdiction

Each participating jurisdiction is making investments in capital projects 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 for 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.

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 \$50,000 or more. CIP projects are currently divided into four categories: 1) Major Projects, 2) Regular Projects, 3) Equipment Replacement and 4) Building Improvements. Major Projects, Equipment Replacement 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. CIPAC members review and provide comments to the County Manager on Major Projects. The County Manager analyzes the requests and makes a recommendation to the County Board regarding 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 affordability.

Riverfront Properties

The former Ramsey County Adult Detention Center and the Ramsey County Government Center West Building, located along the bluff of the Mississippi River in downtown St. Paul, are being removed to make way for shovel-ready development. The County has invested over \$10 million to convert this site, opening up the St. Paul riverfront to prime commercial development opportunities. Deconstruction continues and is scheduled to be completed in 2017.

Rice Creek Commons

In April 2013, the County purchased the 427-acre site of the Twin Cities Army Ammunition Plant, located in the City of Arden Hills. Forty-four buildings have been demolished, environmental clean-up work has been completed on the full site, and the soil has been cleaned to residential standards. In May 2016, Alatus LLC was chosen as the master developer for the mixed-use site with development expected to start in late 2017 or early 2018. Once completed, this area is expected to be home to 3,000 residents who live in apartments and homes of all kinds and a workplace to 4,000 employees. It is poised to become one of the most vibrant residential, commercial, and retail areas in the Minneapolis-Saint Paul metropolitan area.

Boys Totem Town

Boys Totem Town (BTT) is a residential program for up to 36 adolescent boys, age 14-19, who have been committed by the court to treatment for committing offenses and demonstrating risky behavior in the community. Boys Totem Town has been serving the Ramsey County community for more than 100 years. Treatment programs focus on risk assessment, strength identification, culturally responsive programming, counseling, and family therapy. In August 2014, both the Ramsey County Board and the Hennepin County Board agreed to study the feasibility of opening a joint residential treatment center that would allow for more comprehensive youth programming.

Regular Projects (Between \$50,000 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 Regular projects, the two rankings are then combined. This combined rank is used to set overall Regular CIP project request priorities for the Capital Improvement Program Six-Year Plan, and the annual amount to be financed from bonds. Most of the Regular CIP 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

This program provides for scheduled replacement of equipment for County departments from tax levy in a centralized fleet fund. Funds are used annually to purchase equipment such as squad cars, road construction equipment, maintenance equipment, grounds maintenance equipment and other vehicles.

Building Improvements – Property Management

In 1996, 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 and managed by Property Management, is done for the Ramsey County Courthouse, Ramsey County Government Center – East, Metro Square, the Juvenile and Family Justice Center, the Law Enforcement Center, the Public Works Facility, 90 West Plato, 911 Dispatch Center, 402 University, 5 S. Owasso Boulevard, the Correctional Facility, the Sheriff Patrol Station, the Library Facilities, Suburban Court Facility and the Medical Examiner building.

Building Improvements – Repairs

The Building Improvements plan for other facilities (formerly Comprehensive Capital Assets Management and Preservation Plan – CCAMPP) is approved 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 capital infrastructure and equipment needs and calculate the associated costs. This funding is for buildings not directly managed by Property Management and includes: Boys Totem Town, County Extension Barn, Family Service Center, Landmark Center, Public Health (555 Cedar) and Parks & Recreation facilities.

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). A debt limit applies to all local governmental units in Minnesota. This limit is 3% of the Estimated 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 JDAC of the Joint Property Tax Advisory Committee.

Ramsey County Regional Railroad Authority

The Ramsey Regional Railroad Authority (RCRRA) was formed in 1987 for the purpose of planning and providing transit services in Ramsey County. RCRRA is a political subdivision of Minnesota governed by the seven Ramsey County Commissioners. Recognizing the importance of transit for mobility and economic development, RCRRA plans, educates, coordinates, implements and funds transit options within Ramsey County. Regional Railroad Authority leadership and employees are active participants in planning and developing other transit corridors that will serve the region.



Long Range Capital Plan

A long-range capital plan was adopted by RCRRA in 2005 that included the construction of a light rail transit corridor, the development of a multi modal transit and transportation hub, and purchase of right-of-way segments to preserve options for future transit corridors. The capital plan is reviewed annually and updated as needed.

Major Initiatives

The Central Corridor (Green Line) route between downtown Saint Paul and downtown Minneapolis is complete. Testing of the light rail vehicles and driver training along the line has begun. Economic development along the route is strong and many expected benefits are now being realized. The RCRRA leadership and staff team led the planning effort for the Green Line before transferring responsibility for engineering, construction, and operation to the Metropolitan Council. RCRRA committed to pay 7% of the total project cost, up to \$67 million.

Payments began in 2009. In 2012 and 2013, annual payment amounts of \$11,200,000 were made. The funding commitment was fulfilled in December 2014 with 2014 payments totaling \$13,665,617.

Construction at Union Depot is complete. The majestic historic landmark's renovation, restoration and new construction was finished in 2012, ahead of schedule and under budget. More than 2,200 skilled workers were on-site during the construction project and 2,200 off-site jobs, including architects, engineers, fabricators and truck drivers were also created. The total project cost was \$243 million, including \$105 million of RCRRA levy. In 2012, RCRRA borrowed \$20 million from US Bank for cash flow purposes to fund the Central Corridor obligation and Union Depot renovation costs. Interest payments began in 2012 and a final interest/principal payment will occur in February 2017.

Union Depot re-opened as a multi-modal transit and transportation hub on December 8, 2012. The celebration drew well over 25,000 community members, laborers, elected officials, and former railroad employees including engineers and Red Caps.

Union Depot currently serves Metro Transit, Minnesota Valley Transit Authority, Jefferson Lines, Greyhound, megabus.com and two casino bus lines. Amtrak began passenger rail service in 2014. Light rail service began in June 2014 at the Green Line's Union Depot station near the North Plaza. A bicycle repair and sales retailer, Lowertown Bike, opened in 2016. Bicyclists also have access to parking options across the property, including the bus platform, to encourage multi-modal trips. Connections to two regional bike trails exist from Union Depot. Additional transportation amenities at Union Depot include four electric vehicle charging stations and preferred parking for low-emission vehicles. Occupied tenant spaces include a Java Express restaurant, transportation provider ticket offices and traditional offices. A second restaurant will be opening in the 1st quarter of 2017. Minor improvements continue for future office, transit, transportation and retail tenants, but the building improvements are minimal at this time.

Finally, indoor spaces provide commuters with comfortable access to buses, electronic charging, meeting spaces and free Wi-Fi. Visitors can enjoy picnic areas, a rail fan observation area and a wide range of public events.

With completion of the Green Line and Union Depot's renovation, RCRRA efforts are focused on developing regional transit corridors that will connect at Union Depot. Corridors in the planning stages include: Riverview, Rush Line, Gateway, Robert Street, Red Rock and Minnesota High-Speed Rail. To keep the proposed Rush Line corridor intact, RCRRA determined the need to purchase the segment of the former Burlington Northern Santa Fe right-of-way between Beam Avenue and north of I-694 in Maplewood, Minnesota. In 2012, the RCRRA authorized and directed staff to negotiate a purchase agreement with the City of Maplewood, consistent with the Board's direction. In 2013, the land in the right-of-way was purchased from the City of Maplewood for \$401,562.

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.

Saint Paul is committed to strong financial management actions. In addition to the annual adopted operating budget, the City adopts an annual Capital Improvement Budget and Program.



Preserving the City's Infrastructure: The City maintains its facilities through a Capital Improvement Budget (CIB) process that involves citizens in ranking and recommending projects through an open and competitive process. The CIB process is built on the philosophy 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.

Capital Improvement Budget Process: 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 appropriations 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. The City received State approval to extend the issue of CIB Bonds from 10 up to 30 years. The purpose of the extension was to better match the asset life to the term of the CIB debt.

Highlights

1. Soccer Stadium: Minnesota United was granted a Major League Soccer franchise and selected the bus barn site in Saint Paul for a 21,000 seat stadium development. Development and use agreements as well as a site plan were approved by the City council and the City will participate in the redevelopment by contributing \$18.4 Million for infrastructure investments with the goal of the stadium driving development of the larger Snelling Midway superblock. The team is seeking property tax relief from the Legislature to build a \$150 million stadium overlooking Interstate 94 between Pascal and Snelling avenues. When Minnesota United played a friendly exhibition match against Club Leon of Mexico, more than 18,000 fans filled the seats at Target Field demonstrating the appeal of soccer in Minnesota.

2. Lowertown Ballpark: CHS Field opened May 21, 2015. The Ballpark replaced the existing Midway Stadium and is home to the St. Paul Saints Baseball team. The Ballpark was the first step in revitalizing the Lowertown area and six new restaurants have opened surrounding the CHS Field. In addition to the economic development benefits of the new ballpark in Lowertown, the Port Authority is currently developing the old ballpark site for industrial use.

3. Ford Site Planning: The Ford plant closure was announced in 2006, with final closure occurring at the end of 2011. Demolition is complete and environmental remediation is under way, and when completed, will provide for one of the largest redevelopment opportunities in recent history at a prime location within the Highland Park neighborhood. Ford anticipates marketing the site for a master developer in 2017.

4. 8-80 Vitality Fund: Based on the work of internationally renowned urban designer Gil Penalosa, this fund will allow the building of bold and vibrant places across the City with the goal of making Saint Paul an 8-80 City that works for people of all ages, from 8 to 80. Enabled by a successful refunding of the 1996 Sales Tax bonds used to finance the Civic Center, the Mayor has proposed \$40 million dollars of new Sales tax supported bonds to fund economic development projects in 2015 which include the renovation of the Palace theatre downtown, Street reconstruction city-wide, Grand rounds bike lane construction and improvements at Dickerman Park along the Central Corridor Green Line.

5. Seven Corners: Opus Group is in the process of constructing Oxbo, a six-story, 191-unit luxury apartment complex at the former Seven Corners Hardware site, right across from the Xcel Energy Center. The U-shaped building, which will include 11,500 square feet of retail on the ground floor, is scheduled to open in early 2017. The City continues to work with Opus on the nearby seven corners gateway site with plans for additional mixed use development.

6. Housing Projects & Redevelopment: The City has successfully brought forward various housing projects such as the Penfield Housing lofts with a new downtown upscale grocery, Farmer's Market Lofts, and Frogtown Square subsequently encouraging new private sector investment in housing with projects such as the Schmidt Artist Lofts, Pioneer Endicott Building, Post Office and Rayette Lofts. The HRA successfully sold the Farmer's Market Lofts and Penfield to private owners in 2016.

7. Downtown Businesses: Downtown anchors such as Ecolab and Travelers have continued their commitment to downtown Saint Paul as Ecolab purchased the Travelers building and Travelers consolidated operations in a singular site in downtown. Recent reports from the Saint Paul Building Owners & Managers Association shows that the office vacancy rate in downtown has fallen to a 5-year low in part due to the conversion of Class C office space to residential uses.

8. Palace Theatre: The 1916 vaudeville theater has been closed for regular use since 1977. The city bought the Palace at 17 W. Seventh Place and is ripping out most of the seating, creating a 2,800-person concert venue for contemporary music. Expected to attract more than 100,000 people annually, the Palace Theatre will fill a need in the current entertainment venue market in downtown. The \$14.7 million renovation is expected to open in 2016.

9. Children's Museum: Minnesota Children's Museum began in December on a \$30 million expansion and renovation. The museum, which remains open during most of construction, is re-imagining all of its galleries, creating more exhibit space and adding a variety of visitor amenities. The new Museum will feature a multi-story climbing structure, an expanded gallery for toddlers, a larger water-and-air play space, and several other new experiences. The Museum also is adding a café with coffee bar, more bathrooms, an additional elevator and an entrance on the skyway level.

10. Public Safety Training Facility: The Saint Paul Port Authority is constructing a new public safety training facility for the Saint Paul Police Department at 500 Lafayette near the police headquarters to replace the aging public safety annex at 100 E 10th St. The new facility will include a state of the art indoor shooting range, defensive tactics training area, training classroom and other amenities.

Saint Paul Public Schools

The Saint Paul Public Schools (SPPS) District is one of Minnesota's largest school districts with more than 39,000 students. Highly trained and deeply dedicated staff, cutting-edge academic programs, and strong community support are among the District's hallmarks.

Students of color make up more than three fourths (78%) of the student population, and they hail from countries throughout the world. Students speak more than 100 languages and dialects; 31% receive English Learner services, and others received support through immersion programs and language interpreters.



In 2010, the District launched a Racial Equity plan to eliminate institutional practices that result in predictably lower academic achievement for students of color. The evidence of this work can be seen at all levels of the organization: the school board, cabinet, licensed and non-licensed staff, and at school sites.

Overall graduation rates held steady in 2015, after six consecutive years of increases. Also, graduation rates in nearly all District high schools exceed the state's average, and the District has significantly reduced the racial disparity in graduation rates between white students and students of color.

Student Demographics (2015-2016)

Student Enrollment

| | |
|-------------------------------------|---------------|
| • Early Childhood Special Education | 784 |
| • Pre-Kindergarten | 1,481 |
| • Kindergarten – Grade 6 | 20,855 |
| • Secondary (7-12) | <u>15,966</u> |
| • Enrollment Grand Total | 39,086 |

Saint Paul's students are:

- Asian American (32%)
- African American (30%)
- White American (22%)
- Latino/Hispanic American (14%)
- American Indian (2%)

Percentages are rounded

Our District is located in Minnesota's capital city--a diverse urban center that provides students and schools with opportunities beyond the classroom. All of our schools and programs have partnerships with business, arts and cultural organizations that provide valuable enrichment opportunities.

Saint Paul also provides the district with a talented pool of education professionals.

Employees

| | |
|-------------------------------------|--------------|
| • K-12 Teachers | 3,344 |
| • Principals & Other Administration | 288 |
| • Paraprofessionals | 1,196 |
| • Support Staff | <u>1,235</u> |
| • TOTAL EMPLOYEES | 6,063 |

People choose to work in our district because they are committed to helping all students learn to the best of their abilities. By employing a highly skilled, highly dedicated team of professionals, we increase our students' chances of turning educational challenges into opportunities.

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.

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 forty elementary schools (PK-5 or PK-8), seven junior/middle schools (5-8, PK/4-8), twelve senior high schools (6-12, 9-12), a special education school, a variety of alternative learning centers, and administrative facilities. In all, the School District owns 72 facilities and leases 2, comprising a total of 7.3 million square feet. Approximately 67 percent of the buildings owned by Saint Paul Public Schools are more than 50 years old.

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, the Operations Department manages buildings and their operating and construction funds. The 2015-2016 capital issuances for \$15 million were issued in July, 2016 instead of June. Saint Paul Public Schools has historically sold \$15 million per year in capital bonding to finance improvements to its buildings. Saint Paul Public Schools projections include a large facilities renovation and capital improvement plan to be implemented over the next 10 years and financed with bonding. These improvements include opening up a new middle school, expansion of existing schools, entry renovations and various facility upgrades. The Pay As You Go levy provides another \$11-12 million per year to finance deferred maintenance projects throughout the School District such as roof repair, tuckpointing, architectural barrier removal, painting, piping replacement, paving replacement and repair, HVAC system repair and modifications, etc.

Construction Projects recently completed or currently underway

- Facility Master Plan
- Renovation and remodeling of Creative Arts, Johnson Sr., Humboldt Jr., Homecroft/Rivereast and 261 Chester
- Elevator upgrades at Adams, Humboldt Campus and Ramsey
- Pool area upgrades at Murray Middle and Humboldt Sr.
- Baker Center renovation at Cherokee Heights
- Security panel and Wireless cable improvements at various district buildings

Deferred maintenance projects recently completed or currently underway include

- Roof replacement projects at Focus Beyond and Galtier
- Paving replacements and repairs at Battle Creek Middle, Murray Middle, Wheelock and Harding
- Flooring replacements at Humboldt Sr., Battle Creek Middle, Rondo, Highland Sr., and Groveland Park
- Electrical equipment replacement at Highland Park Campus
- Piping and water service renovation at Battle Creek Elementary, Highland Middle and Rondo
- Stadium and bleacher renovation at Central Sr. and Humboldt Sr.
- Fire Alarm Replacement at JJ Hill, Horace Mann and St. Anthony Park

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.



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 Council members.

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.

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. City Council consent is required prior to the issuance of general obligation bonds, or the creation of development districts.

The Port Authority has 21 business centers. A summary of several of the more recent is as follows:

| | Acres | Developed | Jobs | Taxes (a) |
|---|-------|-----------|------|-----------|
| Beacon Bluff | 65 | 50% | 493 | \$832 |
| Arlington | 20 | 100% | 659 | \$597 |
| Chatsworth | 4 | 100% | 92 | \$169 |
| Crosby Lake | 27 | 100% | 914 | \$835 |
| Great Northern North & South | 29 | 100% | 1064 | \$1,320 |
| River Bend | 22 | 75% | 373 | \$675 |
| Westminster Junction | 19 | 100% | 822 | \$2,390 |
| Williams Hill | 27 | 100% | 416 | \$738 |

(a) In thousands.

Appendix

This Appendix contains statistical data, sources and detailed footnotes that support the analysis contained in this report, as well as recent additional information on the Economy in Saint Paul.

I. Projected Annual General Obligation Bonding Assumptions

| | | | | | |
|--|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| Ramsey County | 2016 | 2017 | 2018 | 2019 | 2020 |
| Regular Projects | 4.000 | 4.000 | 4.000 | 4.000 | 4.000 |
| Major Building Projects | 21.400 | 3.800 | 10.000 | 10.000 | 10.000 |
| SUBTOTAL | \$25.400 | \$7.800 | \$14.000 | \$14.000 | \$14.000 |
| City of Saint Paul | | | | | |
| 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 |
| - Public Safety Bonds | 0.000 | 15.000 | 0.000 | 0.000 | 0.000 |
| - Parks / Library Agency Bonds | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| SUBTOTAL | \$23.500 | \$38.500 | \$23.500 | \$23.500 | \$23.500 |
| Saint Paul Public Schools | | | | | |
| Property Tax Financed | | | | | |
| - Capital Improvement | 15.000 | 42.760 | 96.855 | 119.060 | 103.650 |
| SUBTOTAL | \$15.000 | \$42.760 | \$96.855 | \$119.060 | \$103.650 |
| Saint Paul Port Authority | | | | | |
| | 0.000 | 0.000 | 6.000 | 5.800 | 5.550 |
| SUBTOTAL | \$0.000 | \$0.000 | \$6.000 | \$5.800 | \$5.550 |
| Ramsey County Regional Railroad Authority | | | | | |
| | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| SUBTOTAL | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| TOTAL | <u>\$63.900</u> | <u>\$89.060</u> | <u>\$140.355</u> | <u>\$162.360</u> | <u>\$146.700</u> |

II. Table 1: Total Net General Obligation Debt by Issuer (Detail by Year)

A. Ramsey County

The following table consists of Ramsey County general obligation debt outstanding as of December 31, 2015, with the exception of library bonds paid by taxes collected outside of Saint Paul. Also excluded are bond issues, or portions of bond issues, that are supported by non-property tax revenues. These include the 2001 Minnesota Public Facilities Authority note for the River Centre Pedestrian Connection Project, a portion of the 2005 CIP refunding bonds for the Lake Owasso Residence, a portion of the 2007 CIP refunding bonds for the Nursing Home, a portion of the 2011 CIP refunding bonds for the Ponds Golf Course (2011-2015 only), the 2012 State Aid Street refunding bonds, and the 2016 Solid Waste Facility Revenue bonds (2016-2020 only). 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:

Ramsey County

| Payable Year | Existing Countywide Net G.O. Debt | Projected New G.O. Debt | Total County Net G.O. Debt | % Applicable to St. Paul | St Paul Portion of County Net G.O. Debt |
|--------------|---|----------------------------|-------------------------------|-----------------------------|---|
| 2011 | 157,425,000 | - | 157,425,000 | 47.10% | 74,147,175 |
| 2012 | 161,765,000 | - | 161,765,000 | 47.50% | 76,838,375 |
| 2013 | 177,510,000 | - | 177,510,000 | 46.90% | 83,252,190 |
| 2014 | 172,865,000 | - | 172,865,000 | 46.90% | 81,073,685 |
| 2015 | 161,810,000 | - | 161,810,000 | 46.90% | 75,888,890 |
| 2016 | 144,185,000 | 25,400,000 | 169,585,000 | 46.90% | 79,535,365 |
| 2017 | 155,297,000 | 7,800,000 | 163,097,000 | 46.90% | 76,492,493 |
| 2018 | 147,398,000 | 14,000,000 | 161,398,000 | 46.90% | 75,695,662 |
| 2019 | 144,221,000 | 14,000,000 | 158,221,000 | 46.90% | 74,205,649 |
| 2020 | 140,358,000 | 14,000,000 | 154,358,000 | 46.90% | 72,393,902 |

Ramsey County Regional Railroad Authority

| Railroad Authority | Existing Railroad Debt | Projected New Debt | Total Railroad Debt | % Applicable to Saint Paul | Saint Paul Portion of Regional Railroad Net |
|--------------------|---------------------------|-----------------------|---------------------|-------------------------------|--|
| 2011 | - | - | - | 47.10% | - |
| 2012 | 20,000,000 | - | 20,000,000 | 47.50% | 9,500,000 |
| 2013 | 20,000,000 | - | 20,000,000 | 46.90% | 9,380,000 |
| 2014 | 16,703,334 | - | 16,703,334 | 46.90% | 7,833,864 |
| 2015 | 10,065,001 | - | 10,065,001 | 46.90% | 4,720,485 |
| 2016 | 3,371,667 | - | 3,371,667 | 46.90% | 1,581,312 |
| 2017 | - | - | - | 46.90% | - |
| 2018 | - | - | - | 46.90% | - |
| 2019 | - | - | - | 46.90% | - |
| 2020 | - | - | - | 46.90% | - |

Note: Projections for the percent applicable to Saint Paul in 2016 through 2020 assume a stable share of the County's total debt to be applicable to the City of Saint Paul.

II. Table 1 (Continued)

A. Ramsey County

The following table lists general obligation debt included and excluded for Ramsey County for the year ending December 31, 2015.

Outstanding Debt Table

Ramsey County

General Obligation Debt Outstanding - 12/31/2015

| Issue | Principal | Debt Service Payment Source |
|--|-----------------------------|-----------------------------|
| 2005 CIP Refunding Series 2005B | \$4,065,000 | Property Taxes |
| 2006 Capital Improvement Plan Series 2006A | \$3,010,000 | Property Taxes |
| 2007 Capital Improvement Plan Series 2007A | \$11,865,000 | Property Taxes |
| 2008 Capital Improvement Plan Series 2008A | \$3,420,000 | Property Taxes |
| 2009 Capital Improvement Plan Series 2009A | \$3,775,000 | Property Taxes |
| 2010 CIP Refunding Series 2010A | \$3,595,000 | Property Taxes |
| 2010 CIP Improvement Plan Series 2010B (BAB) | \$5,165,000 | Property Taxes |
| 2010 CIP Improvement Plan Series 2010C | \$7,770,000 | Property Taxes |
| 2011 Capital Improvement Plan Series 2011A | \$15,905,000 | Property Taxes |
| 2011 CIP Refunding Series 2011B | \$24,375,000 | Property Taxes |
| 2012 Capital Improvement Plan Series 2012A | \$16,515,000 | Property Taxes |
| 2012 CIP Refunding Series 2012B | \$10,720,000 | Property Taxes |
| 2013 Capital Improvement Plan 2013A | \$21,360,000 | Property Taxes |
| 2013 Capital Improvement Plan 2013B TCAAP | \$11,490,000 | Property Taxes |
| 2014 Capital Improvement Plan Series 2014B | \$8,965,000 | Property Taxes |
| 2014 Capital Improvement Plan Refunding | \$6,315,000 | Property Taxes |
| 2015 Capital Improvement Plan Series 2015A | \$3,500,000 | Property Taxes |
| Total Debt Recognized for JDAC Report | <u>\$161,810,000</u> | |
| 2001 GO Notes (Pedestrian Connection) | \$4,472,000 | |
| 2005 CIP Refunding Series B: Lake Owasso | \$1,420,000 | |
| 2011 CIP Refunding Series 2011B (Ponds) | \$1,350,000 | |
| 2012 CIP Refunding Series 2012C (State Street) | \$2,805,000 | |
| 2007 CIP Series 2007A (Nursing Home) | \$1,540,000 | |
| Total Debt Excluded (Other Revenue Sources) | <u>\$11,587,000</u> | |
| Total G.O. Debt | <u>\$173,397,000</u> | |

II. Table 1 (Continued)

B. City of Saint Paul

Consists of general obligation debt as of December 31, 2015

The following types of debt are included in this report:

- Capital Improvement (CIB)
- Special assessment street improvement (levy portion, typically 75%)
- Public Safety
- 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
- Debt supported by other sources (parking and tax increment)
- Water and sewer revenue debt
- Special assessment street improvement (assessment portion, typically 25%)

The following table lists general obligation debt included and excluded for the City of Saint Paul for the year ending December 31, 2015.

Outstanding Debt Table

City of Saint Paul

General Obligation Debt Outstanding - 12/31/2015

| Issue | Principal | Debt Service Payment Source |
|--|-----------------------|-----------------------------|
| Capital Improvements | \$ 63,710,000 | Property Taxes |
| Street Improvements | \$ 70,563,750 | Property Taxes |
| Library Agency Bonds | \$ 17,240,000 | Property Taxes |
| Public Safety Bonds | \$ 28,350,000 | Property Taxes |
| Recreational Facilities | \$ 6,130,000 | Property Taxes |
| Total Debt Recognized for JDAC Report | \$ 185,993,750 | |
| Street Improvements (Assessments) | \$ 23,521,250 | Street Assessments |
| DSI Note | \$ 365,888 | Permit and Licence Fees |
| COMET | \$ 12,135,000 | Departmental Surcharge |
| Block 39/Lawson | \$ 19,875,000 | Parking Revenues |
| Koch Mobil | \$ 2,125,000 | Tax Increments |
| Midway Marketplace | \$ 1,335,000 | Tax Increments |
| U.S. Bank Operations Center | \$ 9,660,000 | Tax Increments |
| City Hall Annex Lease | \$ 1,475,306 | Rent Payments |
| Water Loan (PFA) | \$ 411,600 | Water Utility Revenues |
| Sewer Loan (PFA) | \$ 5,193,949 | Sewer Utility Revenues |
| Total Debt Excluded (Other Revenue Sources) | \$ 76,097,993 | |
| Total G.O. Debt | \$ 262,091,743 | |

II. Table 1 (Continued)

C. Saint Paul Public Schools

Saint Paul Public Schools debt consists of all the School District general obligation debt outstanding as of June 30, 2016, including Certificates of Participation, which are secured by the full faith, credit and taxing power of the District. In November 2012, District voters took a long-term view of investment in their community by supporting the District request for a renewed levy of \$39 million to support pre-kindergarten, all-day kindergarten, math and reading support, reduced class sizes, special education, English language learners, and personalized learning through technology.

The District has had a capital bond program since 1990, and an alternative bond program since 1994 to fund facility and technology needs. During that time, the District has also financed the acquisition and construction of a number of new schools through the sale of certificates of participation, and through lease purchase authorizations. These financing programs allowed the District to acquire and construct new facilities, construct building additions and improvements to meet ongoing needs of changing student populations and educational programs, and complete major repairs and maintenance on aging district buildings to prevent further deterioration and extend their useful life.

With the changing demographics in the District and the changing needs of the students coming into the schools, the District has faced a need to remodel space and create smaller learning environments to accommodate the needs of these students. Other student need issues facing the District are changes in technology use in schools, and the growth of early education programs.

As part of its Strong Schools, Strong Communities 2.0 Strategic Plan, Saint Paul Public Schools has completed the development of a 10-year Facilities Master Plan (FMP) to ensure school buildings and grounds are able to meet the 21st century learning needs of students. This data-driven decision making process will ensure continued wise investments of capital bonds sales to address facilities needs in coordination with all facilities revenue.

On April 26, 2016 the Board of Education approved a resolution to adopt a Five Year Implementation Plan for the FMP, establishing funding goals, expected work scopes and schedules. The approved implementation plan has prioritized \$484 million of work to take place over the next five years. Included in this value are:

- New Area 'A' middle school to accommodate existing students transitioning to this grade level;
- A focus on maintenance and the upgrade or replacement of existing building systems to support sustainability and cost efficiency goals;
- A variety of major renovation and addition projects to ensure facility and technology alignment with the evolving instructional and physical education needs of our students.

In an ongoing effort to meet the needs of students, faculty, staff and communities at large, there will be an annual review and update to the implementation plan. This will, in a sense,

create a living document that will take into consideration emerging factors that may impact proposed site remodeling projects such as: prioritizing facility capital and improvement projects based on the approved Board of Education facility criteria; synthesizing new and emerging district strategic direction with the FMP; and outlining how the consequences of a new strategic direction may impact facility needs.

C. 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, 2016.

SPPS Outstanding Debt Table

Saint Paul Public Schools

General Obligation Debt Outstanding - 06/30/2016

| Issue | Principal | Debt Service Payment Source |
|--|------------------------|-----------------------------|
| 2004C School Building Bonds | \$ 640,000 | Property Taxes |
| 2006A School Building Bonds | \$ 16,385,000 | Property Taxes |
| 2007A School Building Bonds | \$ 18,135,000 | Property Taxes |
| 2008A School Building Bonds | \$ 19,390,000 | Property Taxes |
| 2008B Refunding Bonds (96C, 99B) | \$ 1,520,000 | Property Taxes |
| 2009B School Building Bonds | \$ 7,500,000 | Property Taxes |
| 2009D Qualified School Construction Bonds | \$ 16,115,000 | Property Taxes |
| 2010A Refunding Bonds (01B, 01C) | \$ 6,030,000 | Property Taxes |
| 2010B School Building Bonds | \$ 6,120,000 | Property Taxes |
| 2010C Qualified School Construction Bonds | \$ 18,250,000 | Property Taxes |
| 2011A School Building Bonds | \$ 22,135,000 | Property Taxes |
| 2011C Refunding Bonds (02A, 02B) | \$ 11,675,000 | Property Taxes |
| 2012A School Building Bonds | \$ 22,155,000 | Property Taxes |
| 2012B Refunding Bonds (03B, 03C, 04B) | \$ 24,840,000 | Property Taxes |
| 2013A School Building Bonds | \$ 22,400,000 | Property Taxes |
| 2013B Refunding Bonds (05A, 06A) | \$ 28,635,000 | Property Taxes |
| 2014A School Building Bonds | \$ 14,290,000 | Property Taxes |
| 2015A School Building Bonds | \$ 15,000,000 | Property Taxes |
| 2015B Refunding Bonds (05B) | \$ 18,665,000 | Property Taxes |
| 1993C Certificates of Participation | \$ 183,631 | Property Taxes |
| 2009 A Refunding Cert (99A COP) | \$ 2,985,000 | Property Taxes |
| 2015C Refunding (06C COP) | \$ 2,025,000 | Property Taxes |
| Total Debt Recognized for JDAC Report | \$ 295,073,631 | |
| 2013B Refunding Bonds (05A, 06A) | \$ (15,210,000) | |
| State Aid 1994-1997 Alt Bonds (2004C) | \$ (274,560) | State Aid |
| Total Debt Excluded (Other Revenue Sources) | \$ (15,484,560) | |
| Total G.O. Debt | \$ 279,589,071 | |

II. Table 1 (Continued)

D. Saint Paul Port Authority

Saint Paul Port Authority debt consists of all Port Authority general obligation debt outstanding as of December 31, 2015 and excludes all revenue debt.

**Port Authority of Saint Paul
General Obligation Debt Outstanding - 12/31/2015**

| Issue | Principal | Debt Service Payment Source |
|--|----------------------|--|
| 2014-1 (GO 2003-8 Refund) (1994 GO Crossover) | \$ 7,710,000 | G.O Debt Levy |
| 2008-6 3M Plant acquisition | \$ 6,405,000 | G.O Debt Levy |
| 2009-15 3M Plant Redevelopment | \$ 4,720,000 | G.O Debt Levy |
| 2009-16 3M Plant Redevelopment | \$ 2,055,000 | G.O Debt Levy |
| 2013-1 General Obligation Taxable Improvement | \$ 7,570,000 | G.O Debt Levy |
| Total Debt Recognized for JDAC Report | \$ 28,460,000 | |
| 2010-2 Crossover Refunding of Series 2002-4 - WH | \$ 3,110,000 | Tax Increments/G.O. Credit Enhancement |
| Total Debt Excluded | \$ 3,110,000 | |
| Total G.O. Debt | \$ 31,570,000 | |

E. 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. Any debt issued will be independent of Ramsey County's debt and need not have the County's rating but it will overlap Saint Paul.

**Ramsey County Regional Railroad Authority
General Obligation Debt Outstanding - 12/31/2015**

| Issue | Principal | Debt Service Payment Source |
|--|----------------------|-----------------------------|
| 2012A Limited Tax Obligation Note | \$ 5,065,000 | Levy |
| 2012B Limited Tax Obligation Note | \$ 5,000,001 | Levy |
| Total Debt Recognized for JDAC Report | \$ 10,065,001 | |
| Total G.O. Debt | \$ 10,065,001 | |

VIII. Economic Update for Saint Paul (August 2016)

Several factors weigh into the ability of an issuer to repay its debt. The report in large measure focuses on the amount of debt outstanding – which is in the issuers’ control. Additional factors include the local economic condition – as the local tax base ultimately pays the debt service on the bonds. However, this factor is somewhat outside the immediate control of the issuer. The final appendix provides statistic data that defines the historic, current and (when available) projected condition of Saint Paul’s local economy.

Saint Paul is characterized by its:

- Diverse, local economy
- Stable metro population
- Well-educated population
- High income levels
- Real estate and tax trends
- Unemployment rate consistently below U.S. average

The diverse local economy is evidenced by the 2015 NAICS Super Sector data.

| NAICS Super-Sector | Employment | % of Total Employment by NAICS Super-Sector |
|-------------------------------------|------------|--|
| Education and Health Services | 61,072 | 33.89% |
| Public Administration | 23,111 | 12.83 |
| Professional and Business Services | 20,688 | 11.48 |
| Trade, Transportation and Utilities | 19,284 | 10.70 |
| Leisure and Hospitality | 15,986 | 8.87 |
| Financial Activities | 14,646 | 8.13 |
| Manufacturing | 7,923 | 4.40 |
| Other Services | 6,494 | 3.60 |
| Construction | 5,586 | 3.10 |
| Information | 5,365 | 2.98 |
| Natural Resources and Mining | 40 | 0.02 |
| Total | 180,195 | 100.00% |

(a) 2015 second quarter data; most recent information available.

(b) State and Federal data confidentiality restrictions preclude the release of information that, directly or indirectly, can be attributed to a specific employer.

Source: Minnesota Department of Employment and Economic Development, <http://www.apps.deed.state.mn.us>.

Saint Paul benefits from its diverse private employers as well as its strong government and non-profit presence.

Private Employers in the City

| Employer | Product/Service | Approximate Employment |
|--|--|------------------------|
| 3M Company | Industrial and consumer products | 10,500 |
| Ecolab Inc. | Chemical products and cleaning systems | 2,500 |
| Securian Financial Group | Insurance and annuities | 2,489 |
| The Traveler's Companies, Inc. | Insurance | 2,100 |
| U.S. Bancorp | Financial Services | 2,000 |
| Marsden | Janitorial services | 1,539 ^(a) |
| AbbeyCare Inc. | Home health care services | 1,000 |
| Merrill Corporation | Management consulting | 820 |
| Ditech Mortgage Group (formerly, Green Tree Servicing LLC) | Mortgage Lending Services | 700 |
| Canadian Pacific Railway | Transportation | 625 ^(a) |
| People Incorporated | Mental Health Services | 642 |
| Hubbard Broadcasting | Television station | 600 |
| Infor, formerly Lawson Software | Computer consulting/software development | 575 |
| West Rock Recycling (formerly Rock Tenn Recycling) | Recycled paper products | 400 ^(b) |

^(a) Includes full- and part-time employees.

^(b) Includes employees throughout the State of Minnesota.

Non-Profit and Government Employers in the City

| Employer | Product/Service | Approximate Employment |
|--|--------------------------|-------------------------|
| University of Minnesota | Post-secondary education | 18,000 ^(a) |
| State of Minnesota | State government | 15,427 ^(a) |
| HealthEast | Health care | 7,500 ^{(a)(b)} |
| Independent School District No. 625 | Public education | 6,100 |
| Regions Hospital | Health care | 3,740 |
| Ramsey County | County government | 4,390 ^(a) |
| United Hospital | Health care | 3,400 |
| City of Saint Paul | City government | 2,893 ^{(a)(c)} |
| University of St. Thomas | Post-secondary education | 1,920 ^(a) |
| Children's Hospital and Clinics of Minnesota | Health care | 1,376 |
| Science Museum of Minnesota | Museum | 574 |

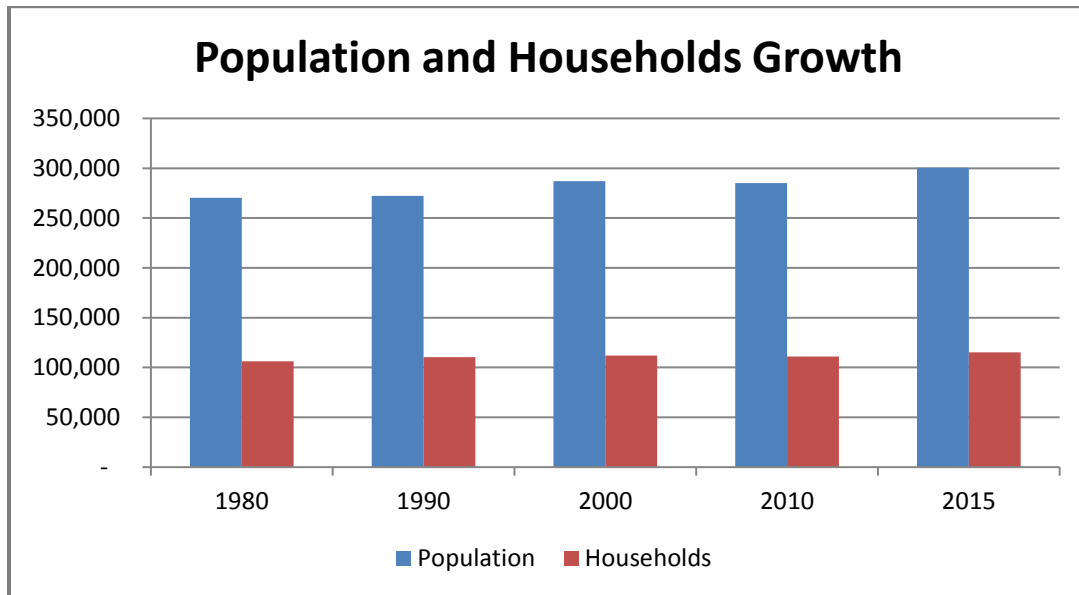
^(a) Includes full- and part-time employees.

^(b) Includes all home care clinics in its network.

^(c) Includes 990 sworn police and fire employees.

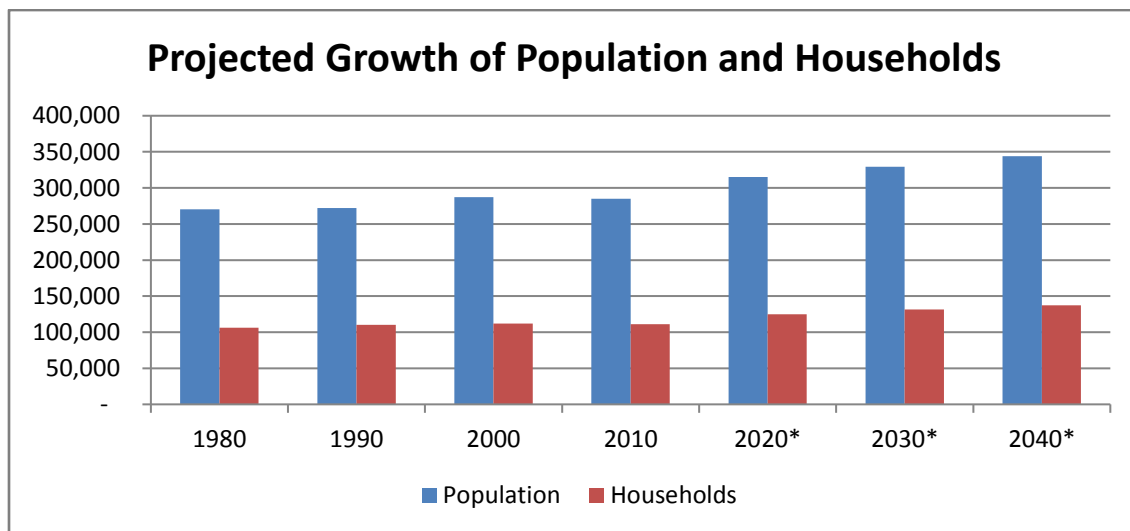
Source: This does not purport to be a comprehensive list and is based on an August 2015 best efforts telephone survey of individual employers. Some employers do not respond to inquiries.

Saint Paul has grown since 1980, with stable growth in both population as well as households.



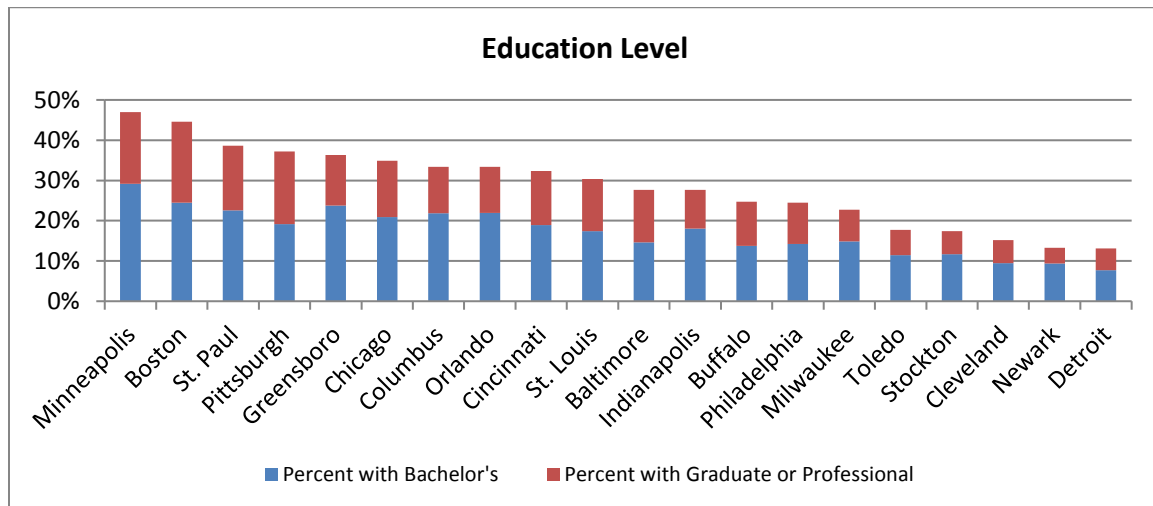
Source: US Census data 1980, 1990, 2000, 2010, Metropolitan Council estimates for 2015

The Metropolitan Council projects steady and manageable population growth for Saint Paul through 2040, typical for a fully mature City.



Source: Metropolitan Council "Thrive MSP 2040" Projections

Saint Paul has a well-educated population compared to its peer group, positioning the City and the Twin Cities region for future economic strength, as well as research and development initiatives.



Source: US Census Data 2014 American Community Survey

The number of colleges and universities within the City and surrounding area ensure a source of well-educated employees for local employers.

Colleges and Universities Located in the City

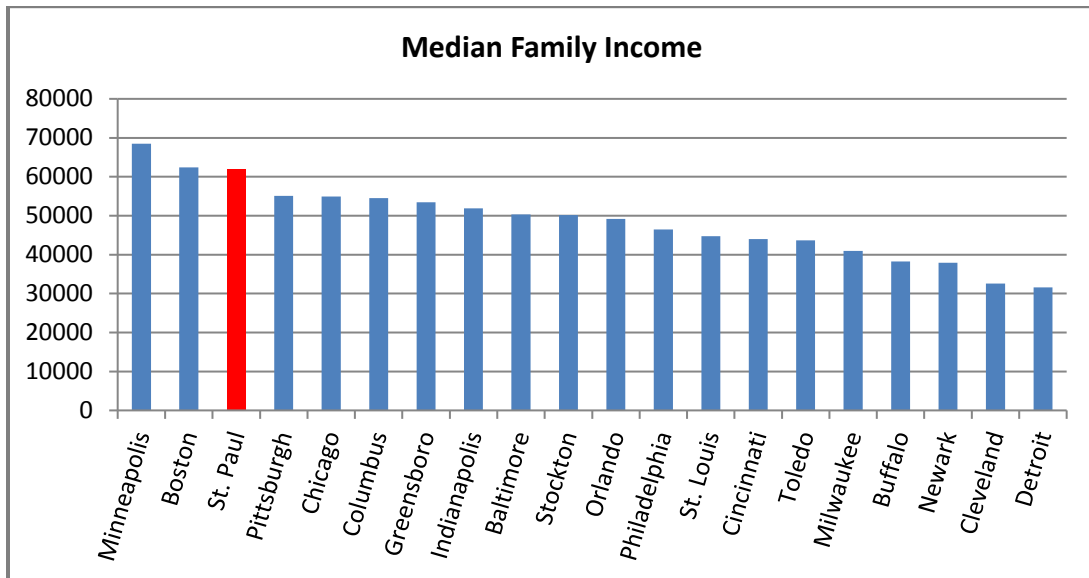
| College/University | Fall 2014 Enrollment ^(a) (Head Count) |
|--|---|
| University of Minnesota (metro campuses) | 51,147 |
| University of St. Thomas ^(b) | 10,198 |
| Metropolitan State University | 8,355 |
| Saint Paul College | 6,600 |
| St. Catherine University ^(b) | 5,051 |
| Hamline University | 4,469 |
| Concordia University | 4,039 |
| Macalester College | 2,073 |
| Mitchell/Hamline School of Law | 668 |
| Luther Seminary | 622 |

(a) Includes full- and part-time students. Latest information available.

(b) Includes both Minneapolis and Saint Paul campuses. The main campuses for both the University of St. Thomas and St. Catherine University are located in Saint Paul.

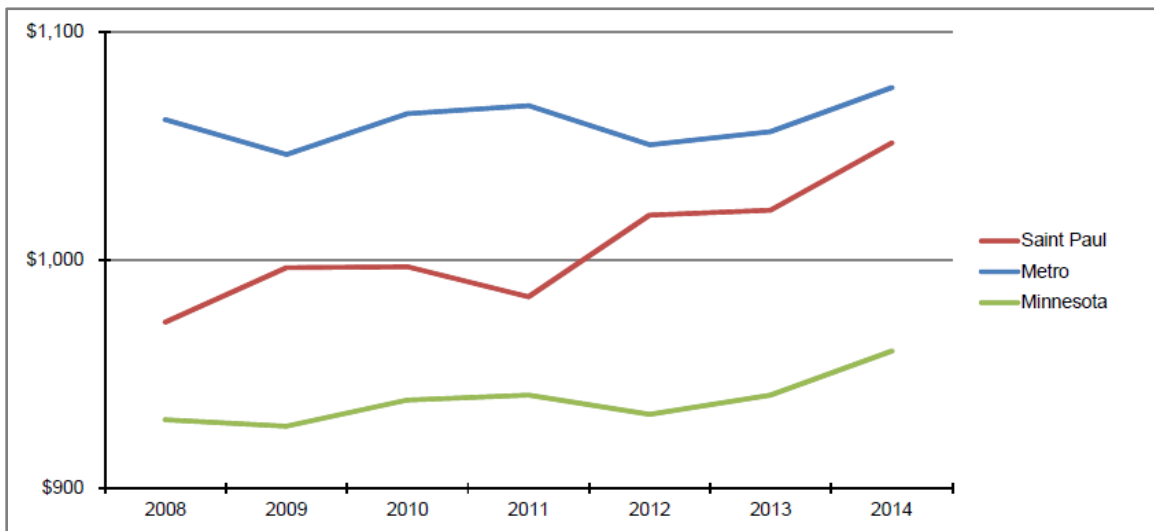
Sources: Basic Data Series 2014 (posted June 2015) by the Minnesota Office of Higher Education, <http://www.ohe.state.mn.us>; and Luther Seminary, <http://www.luthersem.edu>.

Compared to our peer group, the Twin Cities, and Saint Paul have strong wealth indices.



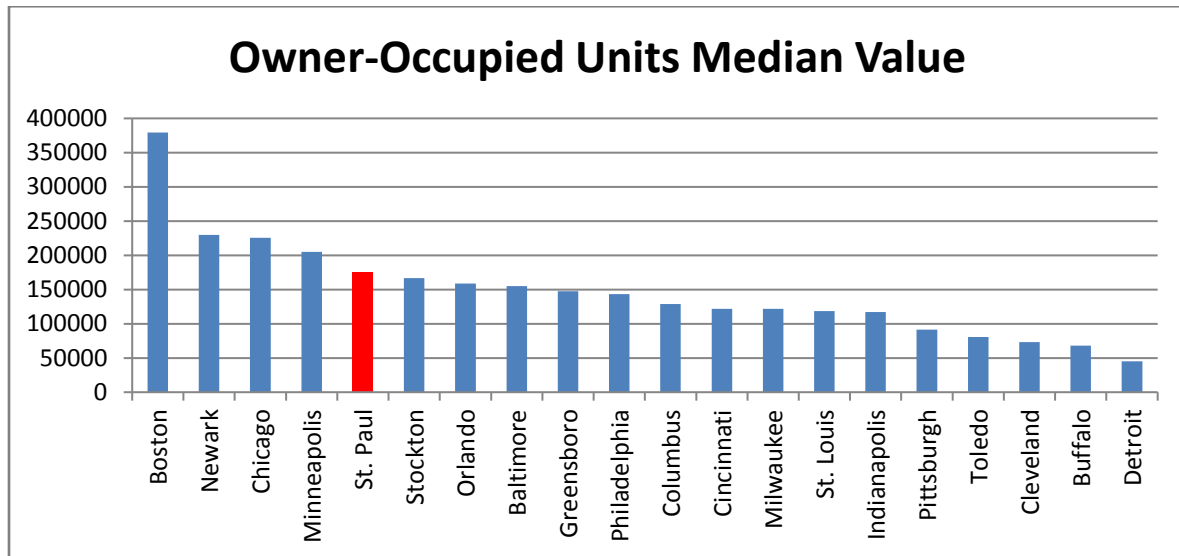
Source: US Census Data 2014 American Community Survey

Average weekly wages in the City fall between those of the larger Metropolitan area and the State have been steadily increasing since 2011, outpacing the growth in the Metro area.



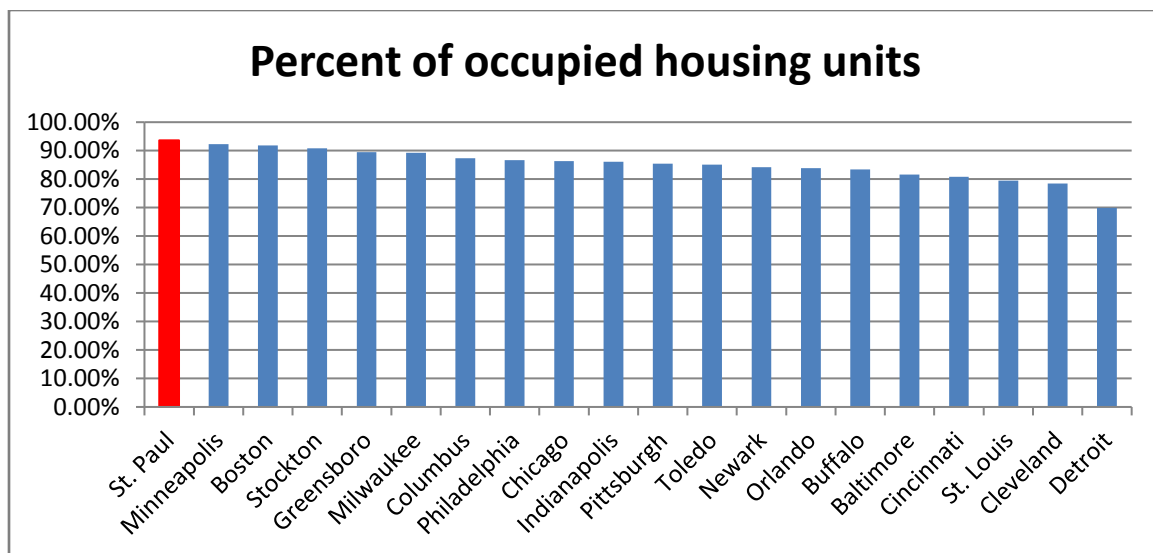
Source: City of Saint Paul PED "Saint Paul Market Watch" report Spring 2015

Despite our higher wealth indices, Saint Paul remains relatively affordable as evidenced by our median value of owner-occupied housing units.



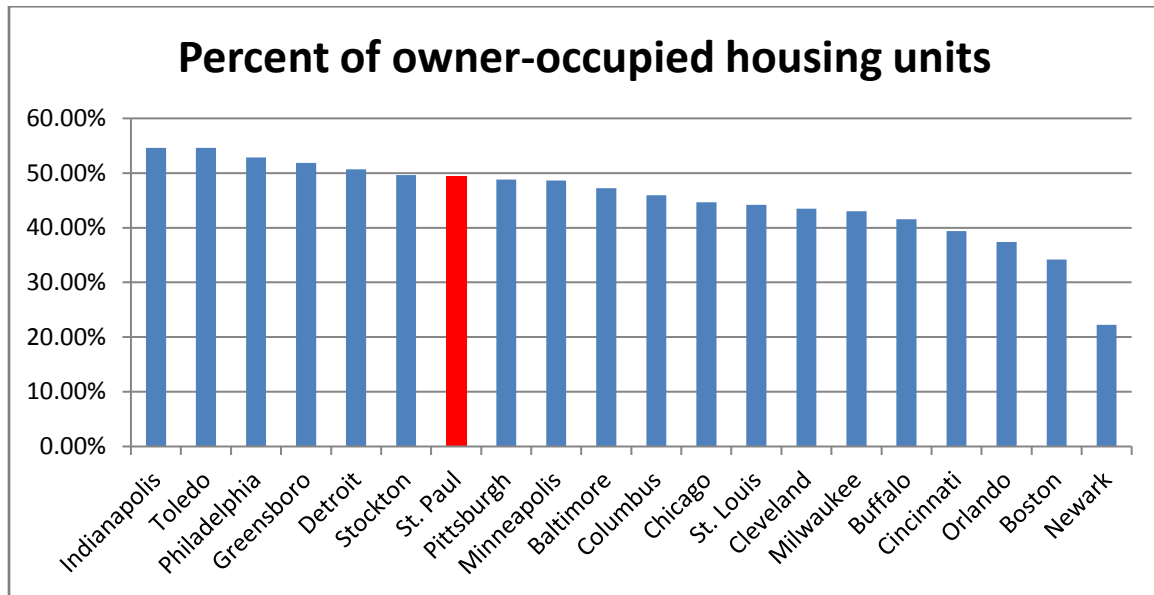
Source: US Census Data 2014 American Community Survey

While vacant housing threatens many communities nationally, Saint Paul fairs very well compared to our peer group, topping 90%.



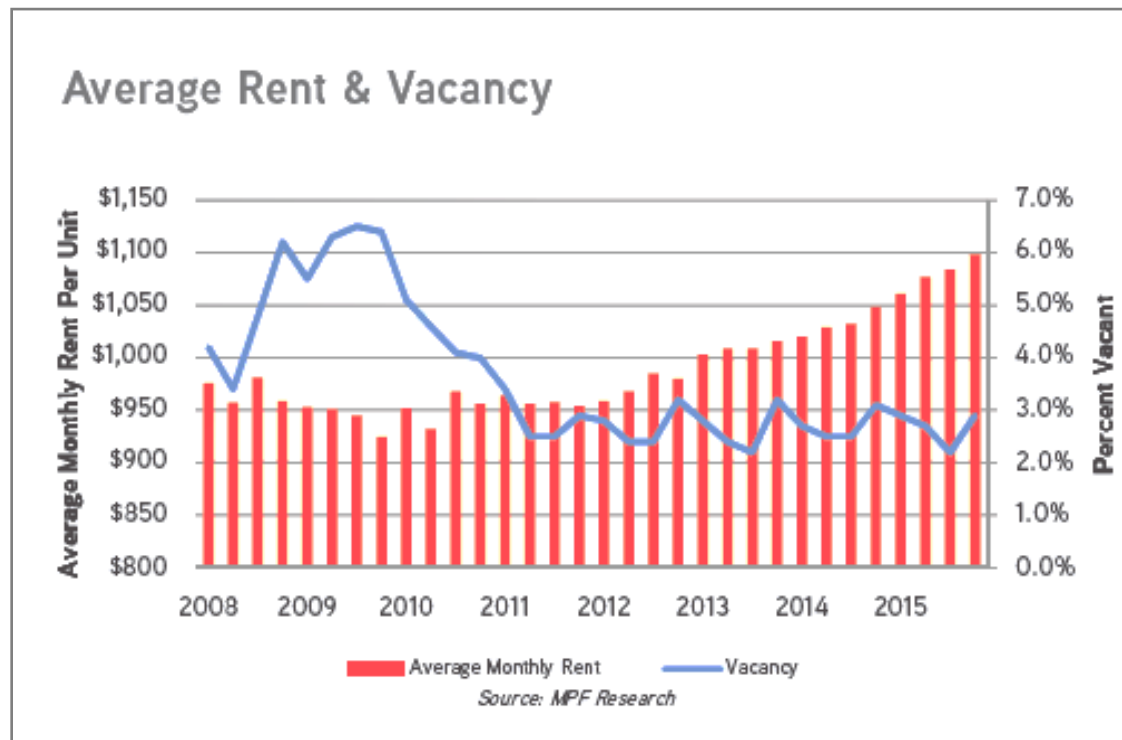
Source: US Census Data 2014 American Community Survey

Additionally, Saint Paul's housing stock represents an average mix of owner-occupied and rental units.



Source: US Census Data 2014 American Community Survey

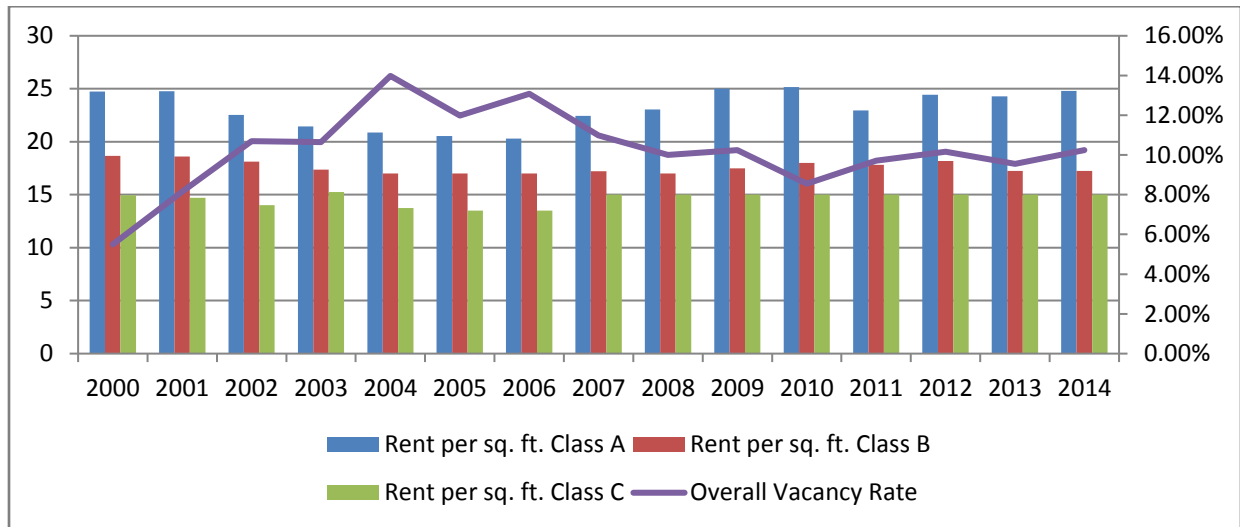
Similar to national trends, apartment vacancy rates have decreased, while rents have increased.



Source: Colliers International Research & Forecast Report "Minneapolis-St. Paul Apartment"

Note: Data for Saint Paul-Minneapolis Metropolitan Area

Office rents have proven resilient during the economic recession, while vacancy rates have been relatively stable.

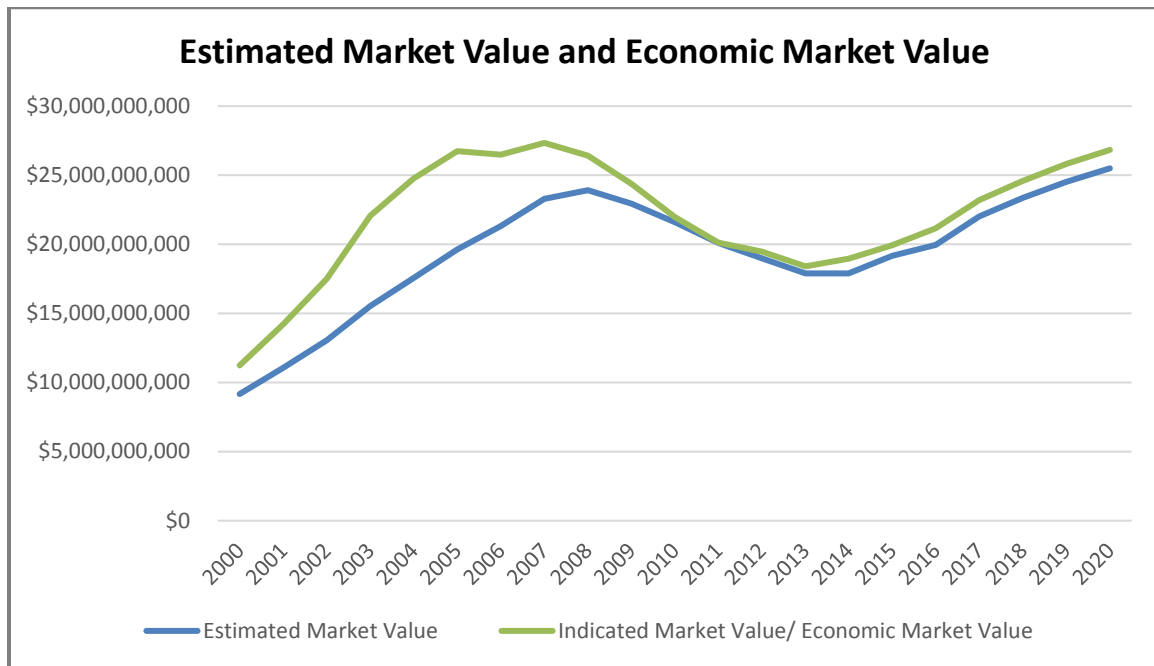


Source: Greater Saint Paul Building Owners and Managers Association Market Reports

Following years of strong housing value appreciation, median values for homes in Saint Paul declined every year since 2008 in line with nationwide trends. Values began to stabilize in 2013 and assessed values have since rebounded significantly, highlighting the strength of the housing market in the City.

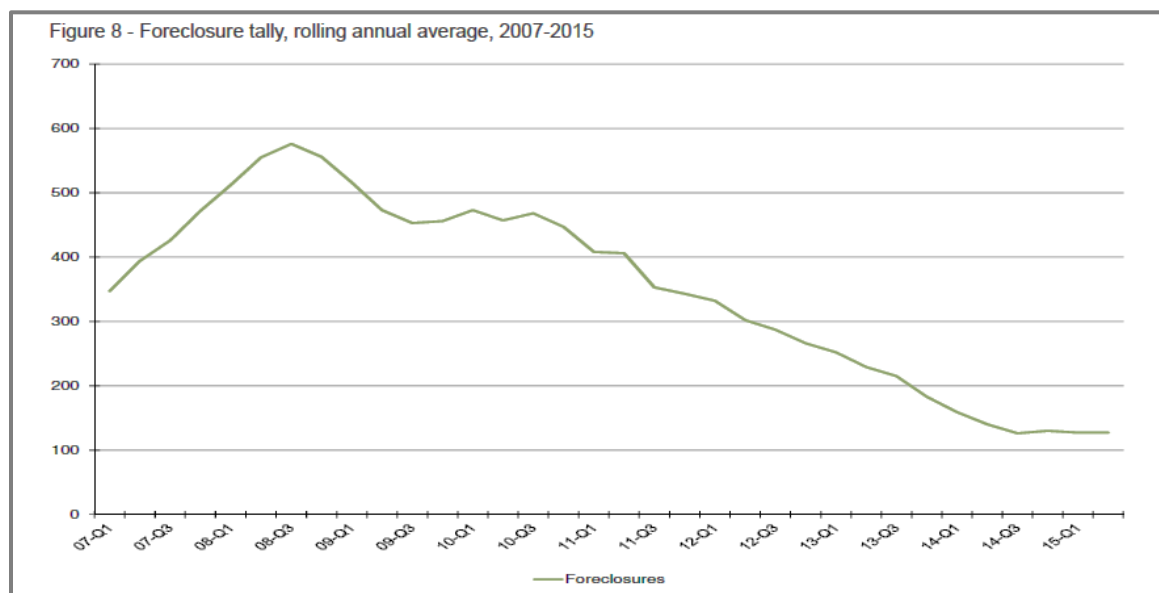
| Year | Median Assessed Value | %Change |
|------|-----------------------|---------|
| 2007 | 199,500 | |
| 2008 | 184,300 | -7.6% |
| 2009 | 168,100 | -8.8% |
| 2010 | 155,500 | -7.5% |
| 2011 | 149,300 | -4.0% |
| 2012 | 133,700 | -10.4% |
| 2013 | 130,500 | -2.4% |
| 2014 | 145,000 | 11.1% |
| 2015 | 151,500 | 4.5% |
| 2016 | 161,200 | 6.4% |

The City's estimated market value and economic market value has stabilized in 2013 and began to recover in 2014 with significant increases realized in 2015 and are projected to continue to grow.



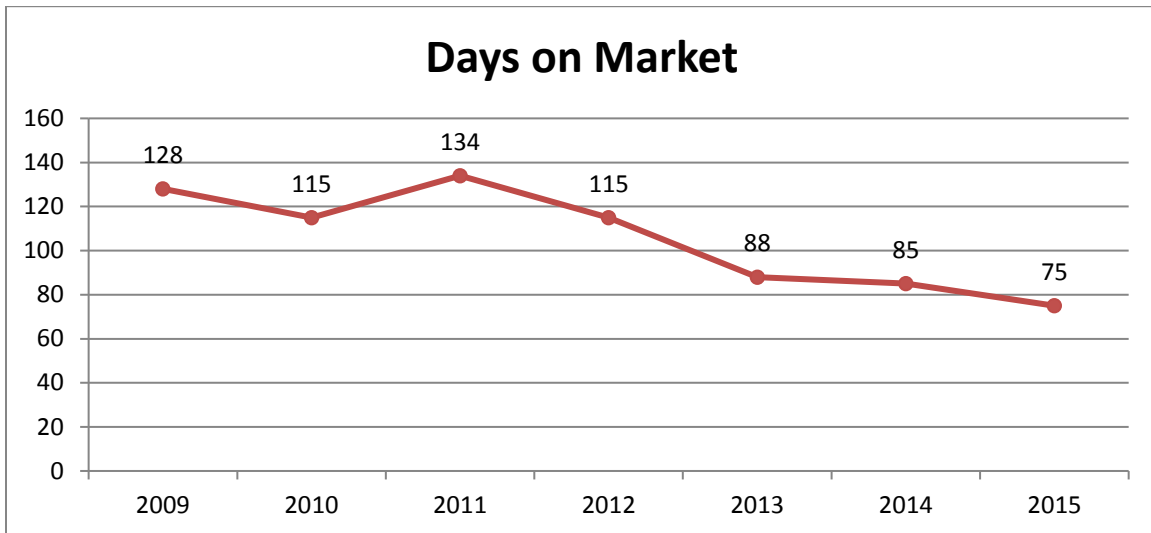
Source: Ramsey County Assessor
 Figures reported are for the years taxes are payable.

Encouraging signs can be seen in the real estate market as foreclosures have declined significantly from their 2008 peak.



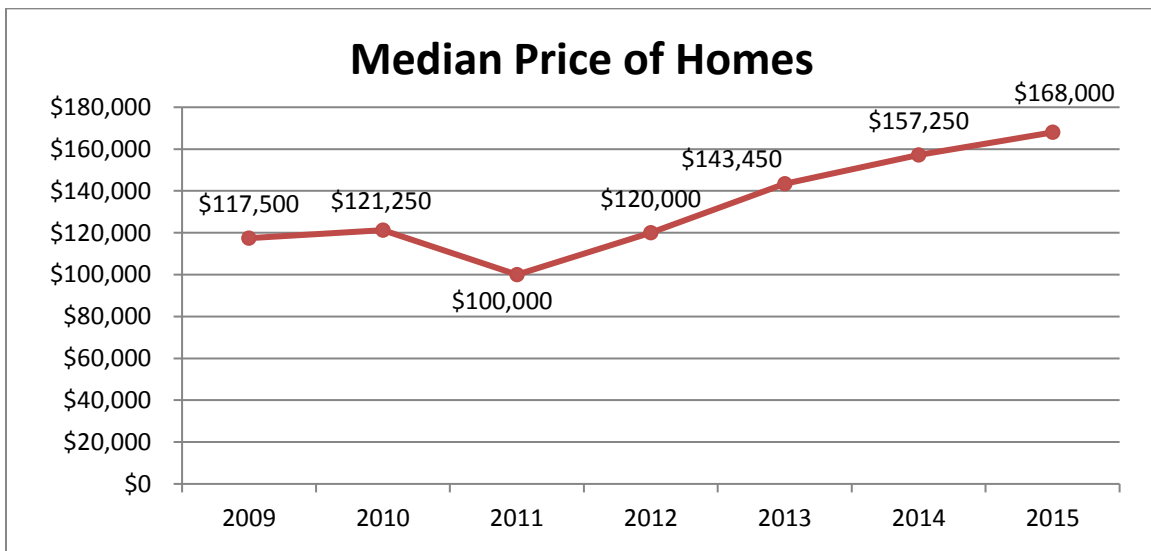
Source: Ramsey County Sheriff's Office: Saint Paul Department of Safety and Inspections, data compiled by PED

Homes are selling more quickly as shown by the number of days on the market,



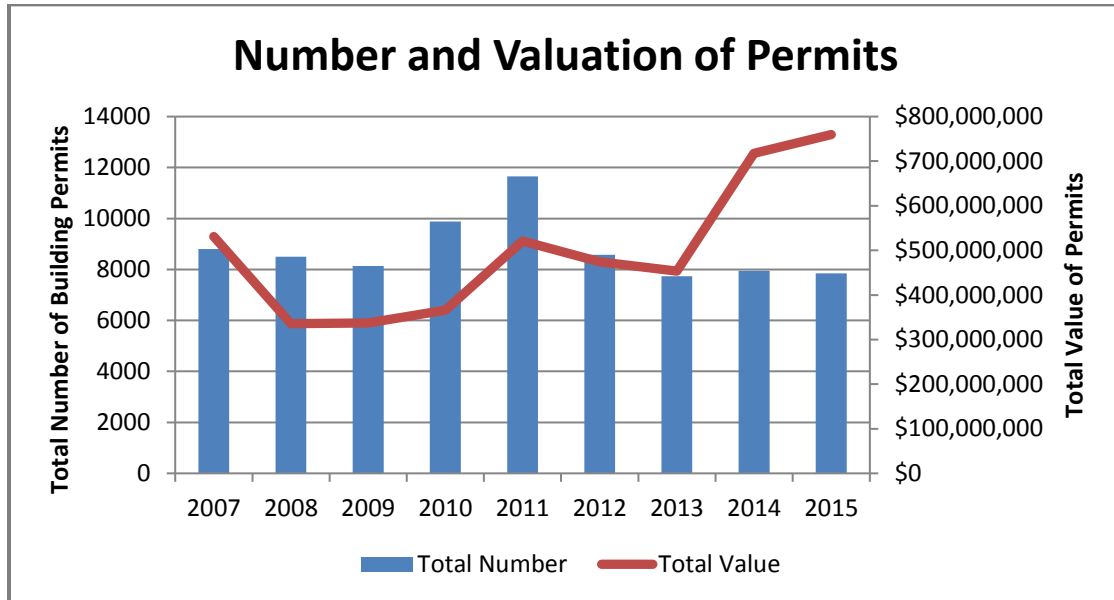
Source: MLS data from the Minneapolis Area Association of Realtors and 10K Research.

and at higher prices as shown by the median sales price data.



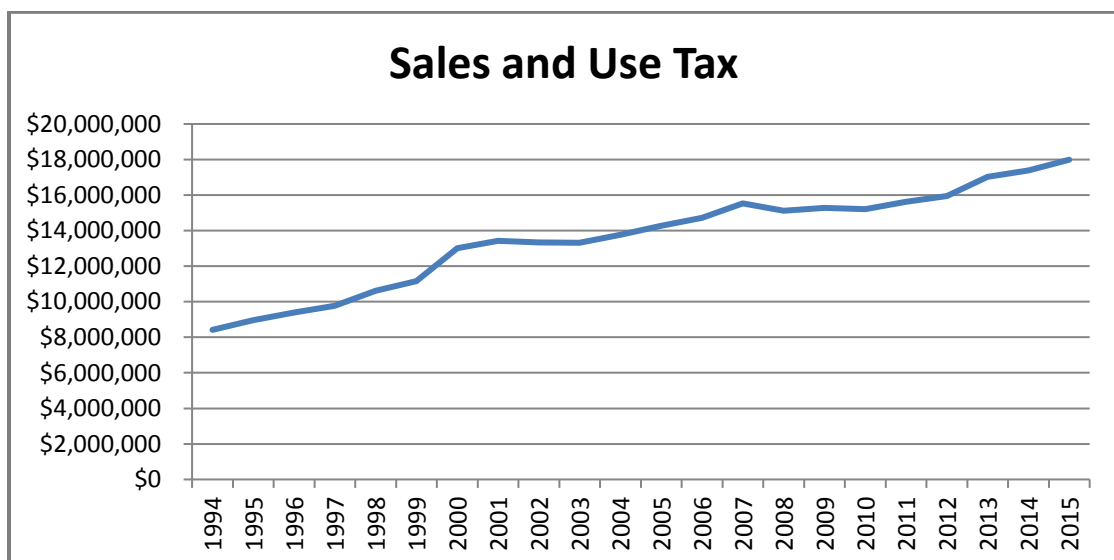
Source: MLS data from the Minneapolis Area Association of Realtors and 10K Research.

In addition to valuation declines, the national housing crisis also resulted in slowing the number and valuation of permits. In the City, the number of permits reached its lowest point in 2009 with values reaching their lowest in 2008. Since then, number of permit growth has stabilized and valuation of permits have shown great growth especially as large scale high value projects are constructed.



Source: City of Saint Paul Department of Safety and Inspections

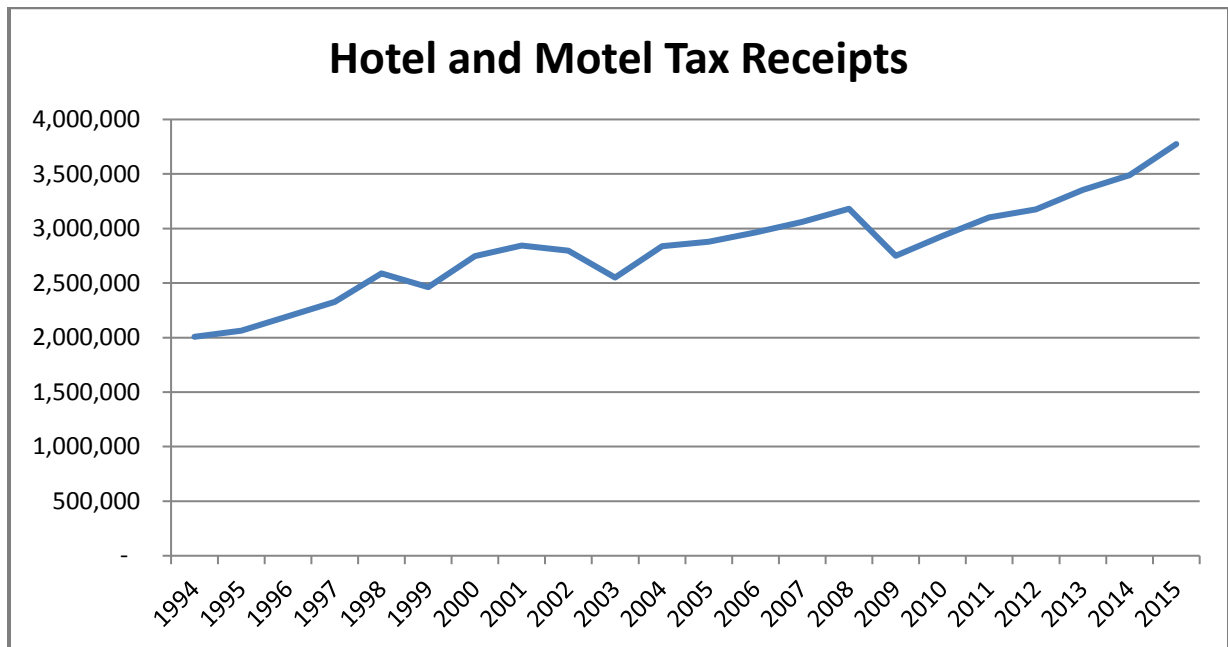
Another sign of economic recovery and the strength of the local economy, Saint Paul's Sales and Use Tax receipts have grown significantly, despite the national economic downturn,



*Collections prior to 2000 do not include Use Tax

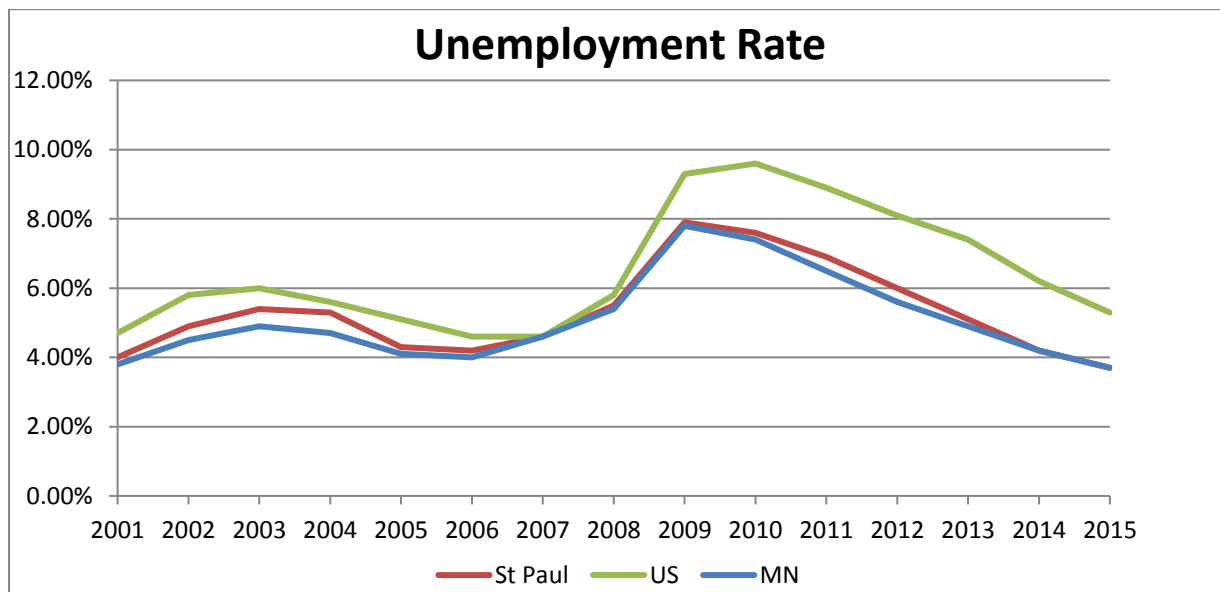
Source: City of Saint Paul

as has the city's Hotel and Motel tax receipts since 2009.



Source: City of Saint Paul

A final indicator of Saint Paul's economic condition is unemployment in the City. As shown below, trends in Saint Paul unemployment displays encouraging progress in the ongoing recovery from the economic downturn, with 24 straight months of declining unemployment rates.



Source: MN Department of Employment & Economic Development Local Area Unemployment Statistics

IX. Other Acknowledgments

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