

## Management Committee

Meeting date: May 27<sup>th</sup>, 2015

For the Metropolitan Council meeting of June 10<sup>th</sup>, 2015

**Subject:** Authorization to Award General Obligation Debt Within Established Financial Parameters, Resolutions 2015-2, 2015-3, 2015-4

**District(s), Member(s):** All

**Policy/Legal Reference:** 3-1-2

**Staff Prepared/Presented:** Richard Koop, Senior Manager, Treasury (651-602-1629) and Jim Chang, Financial Analyst, Treasury (651-602-1366)

**Division/Department:** Multiple

### Proposed Action

The Metropolitan Council adopt the attached parameters Resolution 2015-2, 2015-3, 2015-4, authorizing the issuance, sale and award of general obligation debt, the incurrence of related issuance expenses and execution of necessary documents to secure this financing. Collectively, the below new debt issues total \$151.0 million and are made up of the following:

#### Capital Funding Purposes:

1. \$ 45.0 Million General Obligation Transit Bonds, Series 2015A
2. \$ 6.0 Million General Obligation Park Bonds, Series 2015B
3. \$100.0 Million General Obligation Wastewater Revenue Bonds, Series 2015C

### Background

Approximately once a year the Council issues debt securities such as bonds, notes and/or loans to fund capital projects as described in its capital budget. At the end of 2014, we had \$1.2 billion of the above type of debt on our books (excludes loans from the Minnesota Public Facilities Authority); of this amount, \$330.4 million will be re-paid by the end of 2015.

#### Parameters Resolutions

This action item authorizes staff to award sale of the debt within parameters adopted by the Council as summarized in the below Rationale section and specified in the attached parameters resolutions. The parameters provide specific up-front information to the Council on expectations for the debt sales yet provide flexibility in setting the sale date to take advantage of the interest rate conditions in the market place, make minor adjustments to the structure of bonds, and give quicker award certainty to the underwriters which increases the attractiveness of the debt to investors. After the sale, staff will provide the results to the Management Committee and Council.

### Rationale

The parameters established for the bond sales are included in the attached resolutions and their exhibits and appendices. Council staff will keep award of the bonds within the following parameters (next page):

Parameter		2015A	2015B	2015C
Purpose		Transit	Park	Wastewater
Sale Authorization (days)		90	90	90
Max Par to Issue(million \$)		\$50.0	\$6.5	\$115.0
Min purchase price/issue		100%	100%	100%
Max True Interest Cost(%)		3.0%	2.1%	3.9%

### Funding

General obligation Parks and Transit bonds will be paid from property tax levies.

General obligation Wastewater bonds will be paid from wastewater system revenues; although available as a resource, no property tax levies are expected for wastewater debt.

### Known Support / Opposition

None