

Management Committee

Meeting date: April 24, 2019

For the Metropolitan Council meeting of May 8, 2019

Subject: Award General Obligation Debt Within Established Financial Parameters

District(s), Member(s): All

Policy/Legal Reference: 3-1-2

Staff Prepared/Presented: Richard Koop, Senior Manager, Treasury (651-602-1629)

Division/Department: Multiple

Proposed Action

The Metropolitan Council adopt the attached parameters Resolution 2019-4 and 2019-5, 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. The Council is issuing two separate bond issues in the amount of \$117 million which is all new debt. The individual bond issues are comprised of the following:

Capital Purposes:

1. \$72.3 million General Obligation Transit Bonds, Series 2019A
2. \$44.7 million General Obligation Transit Bonds, Series 2019B

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 2018, we had \$1.54 billion of outstanding debt, of this amount, \$146.4 million will be re-paid by the end of 2019.

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:

Parameter	2019A	2019B
Purpose	Transit	Transit
Sale Authorization (days)	90	90
Max Par to Issue (million \$)	\$72.3	\$44.7
Min purchase price/issue	100%	100%
Max True Interest Cost (%)	3.75%	4.35%

Thrive Lens Analysis

Stewardship – Providing a funding mechanism to leverage borrowing needs at low interest rates to complete capital projects.

Sustainability - The Capital program is in place for the preservation of the Metropolitan Council's infrastructure. Leveraging borrowing needs through issuing General Obligation bonds provides an efficient and cost effective model in preserving this infrastructure.

Funding

General Obligation Transit bonds will be paid from property tax levies.

Known Support / Opposition

None