

Management Committee

For the Metropolitan Council meeting of December 11, 2013

Subject: Authorization to Award General Obligation Debt Within Established Financial Parameters Resolutions 2013-33, 34, 35, and 36

Proposed Action

That the Metropolitan Council adopt the attached parameters Resolutions 2013-33, 2013-34, 2013-35, 2013-36, 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 \$194.0 million and are made up of the following pieces:

CCLRT Cash Flow Purposes (Interim Capital Funding)

1. \$101.0 Million General Obligation Grant Anticipation Notes, Series 2014A (GANs)

Capital Funding Purposes:

2. \$ 8.0 Million General Obligation Park Notes, Series 2014B
3. \$25.0 Million Obligation Transit Notes, Series 2014C
4. \$60.0 Million General Obligation Wastewater Revenue Bonds, Series, 2014D

Summary of Committee Discussion/Questions

In support of the GANs, Mark Fuhrmann, Deputy General Manager for the CCLRT project, provided a PowerPoint presentation covering the funding status of the project while Allen Hoppe, Senior Manager, Treasury, reviewed the CCLRT cash flow forecast and usage of GANs. Committee members asked about the certainty of federal funding and Mr. Fuhrmann pointed out that historically the funding has been certain but funding can be delayed. Mr. Hoppe then proceeded to review the parameters by which all four debt resolutions are being approved.

Management Committee

Meeting date: November 13, 2013

For the Metropolitan Council meeting of December 11, 2013

Subject: Authorization to Award General Obligation Debt Within Established Financial Parameters Resolutions 2013-33, 34, 35, and 36

District(s), Member(s): All

Policy/Legal Reference: Policy 3-1-2

Staff Prepared/Presented: Allen Hoppe, Senior Manager, Treasury (651-602-1629) and Mark Fuhrmann, Deputy General Manager, CCLRT (651-602-1942)

Division/Department: Multiple

Proposed Action

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CCLRT Cash Flow Purposes (Interim Capital Funding)

5. \$101.0 Million General Obligation Grant Anticipation Notes, Series 2014A (GANs)

Capital Funding Purposes:

6. \$ 8.0 Million General Obligation Park Notes, Series 2014B
7. \$25.0 Million Obligation Transit Notes, Series 2014C
8. \$60.0 Million General Obligation Wastewater Revenue Bonds, Series, 2014D

Background

About once per 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 2012, we had \$1.3 billion of the above type of debt on our books (excludes loans from the Minnesota Public Facilities Authority); of this amount, \$122.5 million will be re-paid by the end of 2013. A larger amount of debt will be re-paid in 2014 when our GANs repayment requirements increase.

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 most advantageous interest rate conditions in the market place, make minor adjustments to the structure of refunding bonds, and give quicker award certainty to the underwriters which increases the attractiveness of our 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	2014A	2014B	2012C	2012D
Purpose	CCLRT	Parks	Transit	Wastewater
Sale Authorization (days)	90	90	90	90
Max Par to Issue(million \$)	\$101.0	\$8.0	\$25.0	\$60.0
Min purchase price/issue	100%	100%	100%	100%
Max True Interest Cost(%)	1.1%	1.1%	1.1%	4.3%

Funding

The GANs principal will be repaid from Federal Transit Administration (FTA) project expense reimbursements as provided in the Full Funding Grant Agreement (FFGA) associated with the Central Corridor Light Rail Transit (CCLRT) grant application. Issuance and interest expenses are funded first from interest revenue with the balance funded 50% by local partners and 50% by FTA.

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