

Management Committee

For the Metropolitan Council meeting of: April 11, 2018

Subject: Award General Obligation Debt Within Established Financial Parameters

Proposed Action

The Metropolitan Council adopt the attached parameters Resolution 2018-3, 2018-4 and 2018-5 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 three separate bond issues in the amount of \$157.295 million which is all new debt. The individual bond issues are comprised of the following:

Capital Purposes:

1. \$12.295 million Taxable General Obligation Wastewater Revenue Bonds, Series 2018B (Industrial Pretreatment Incentive Program)
2. \$105 million General Obligation Wastewater Revenue Bonds, Series 2018C
3. \$40 million General Obligation Transit Bonds, Series 2018D

Summary of Committee Discussion/Questions

Approximate 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. This year's bond issue is comprised of \$157.295 million of new debt as detailed in the proposed action.

Staff are real comfortable at the time of the sale, all the parameters set in the resolutions and described in the business item will be met.

Management Committee member had no questions or comments

It was moved by Rummel, seconded by Kramer, motion carried.

Management Committee

Meeting date: March 28, 2018

For the Metropolitan Council meeting of April 11, 2018

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

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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 2017, we had \$1.48 billion of outstanding debt, of this amount, \$135.4 million will be re-paid by the end of 2018.

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	2018B	2018C	2018D
Purpose	Wastewater (IPIP)	Wastewater	Transit
Sale Authorization (days)	90	90	90
Max Par to Issue (million \$)	\$12.5	\$125	\$50
Min purchase price/issue	100%	100%	100%
Max True Interest Cost (%)	4.50%	4.75%	3.75%

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

Taxable General Obligation Wastewater bonds (IPIP) will be paid for by the companies we are obtaining the financing for.

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.

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

Known Support / Opposition

None