

# Committee Report

Management Committee



**Committee Meeting Date:** August 14, 2024

**For the Metropolitan Council:** August 28, 2024

## Business Item: 2024-209

Redeem General Obligation Transit Bonds: Resolution 2024-16

### Proposed Action

The Metropolitan Council adopt Resolution 2024-16 providing for the redemption of outstanding General Obligation Transit Capital and Refunding Bonds Series 2012C and General Obligation Transit Refunding Bonds Series 2012H, including the incurrence of related redemption expenses, and execution of necessary redemption documents.

### Summary of Management Committee Discussion/Questions

Mark Thompson, Director Treasury, presented Business Item 2024-209.

Mr. Thompson gave the following background: Approval of Resolution 2024-16 will provide for the redemption of two outstanding Transit bonds issued in 2012. Redeeming means paying-off the remaining maturities early.

The bonds issues are:

- General Obligation Transit Capital and Refunding Bonds, Series 2012C – with \$9,965,000 of outstanding maturities.
- General Obligation Transit Refunding Bonds, Series 2012H – with \$2,965,000 of outstanding maturities.

The Council's financial advisor has recommended redeeming these bonds, and doing so will save the Council ~\$1.5 million in future interest costs. The bonds will be redeemed October 1, 2024 and will be funded with existing Transit debt service fund balance.

No questions or discussion.

Motion by Barber, seconded by Lilligren. Motion carried.

# Business Item

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For the Metropolitan Council: August 28, 2024

## Business Item: 2024-209

Redeem General Obligation Transit Bonds: Resolution 2024-16

<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Debt Management Policy FM 3-2 MN. Statutes Chapters 473.39 and 475
<b>Staff Prepared/Presented:</b>	Mark Thompson, Director Treasury, 612-602-1629
<b>Division/Department:</b>	Finance - Treasury

### Proposed Action

The Metropolitan Council adopt Resolution 2024-16 providing for the redemption of outstanding General Obligation Transit Capital and Refunding Bonds Series 2012C and General Obligation Transit Refunding Bonds Series 2012H, including the incurrence of related redemption expenses, and execution of necessary redemption documents.

### Background

In 2012, the Council issued \$52,000,000 General Obligation Transit Capital and Refunding Bonds Series 2012C and \$24,624,000 General Obligation Transit Refunding Bonds Series 2012H. Both bond series are currently callable, meaning the Council has the option to redeem (pay-off) these bonds at any time. Original final maturity dates are 3/1/2032 for Series 2012C and 2/1/2028 for Series 2012H. Series 2012C and 2012H are the only outstanding Transit bonds that are currently callable

Outstanding balances to be redeemed on 10/1/2024 are \$9,965,000 of Series 2012C and \$2,965,000 of Series 2012H. Accrued interest will be paid to bondholders up to the redemption date.

Redeeming these bond series would result in future interest cost savings. Redemption would result in future interest cost savings of \$1,472,112 for Series 2012C and \$190,431 for Series 2012H.

Transit debt service fund balances will be used to fund both redemptions. Fund balances have accumulated across the totality of Transit debt service funds over time from higher interest earnings and the 5% over levy required by state statute. The Council's Financial Advisor has recommended using debt service fund balances and redeeming these bonds.

## Rationale

Redeeming these two bond issues will reduce future interest costs on Transit debt.

## Thrive Lens Analysis

Redeeming these two bond issues demonstrates **Stewardship** over the Council's financial resources by managing our debt service fund balances and saving future interest costs.

## Funding

Transit debt service fund balance.

## Small Business Inclusion

There are no direct impacts to small business inclusion associated with the proposed action.



CERTIFICATION OF EXTRACT FROM MINUTES  
RELATING TO RESOLUTION PROVIDING FOR THE REDEMPTION OF CERTAIN  
OUTSTANDING GENERAL OBLIGATION TRANSIT CAPITAL AND REFUNDING  
BONDS, SERIES 2012C AND GENERAL OBLIGATION TRANSIT REFUNDING BONDS,  
SERIES 2012H OF THE COUNCIL

Issuer: Metropolitan Council, Minnesota

Governing Body: Council Members

Kind, date, time and place of meeting: A regular meeting held Wednesday, August 28, 2024, at 4:00 o'clock P.M.

Members Present:

Members Absent:

Documents Attached:

Extract of minutes of said meeting including:

RESOLUTION NO. 2024-16

RESOLUTION PROVIDING FOR THE REDEMPTION OF CERTAIN  
OUTSTANDING GENERAL OBLIGATION TRANSIT CAPITAL AND  
REFUNDING BONDS, SERIES 2012C AND GENERAL OBLIGATION TRANSIT  
REFUNDING BONDS, SERIES 2012H OF THE COUNCIL

I, the undersigned, being the duly qualified and acting Recording Secretary of the Metropolitan Council, the public corporation issuing the Bonds referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been extracted; that said documents are correct and accurate copies of the resolution and related documents approved by the Council at its regular meeting held on August 28, 2024, so far as they relate to said Bonds; and that said meeting was duly held by the governing body at the time and place and was attended by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such Recording Secretary on \_\_\_\_\_, 2024.

\_\_\_\_\_  
Recording Secretary

After some discussion, Council Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

RESOLUTION NO. 2024-16

RESOLUTION PROVIDING FOR THE REDEMPTION OF CERTAIN  
OUTSTANDING GENERAL OBLIGATION TRANSIT CAPITAL AND  
REFUNDING BONDS, SERIES 2012C AND GENERAL OBLIGATION TRANSIT  
REFUNDING BONDS, SERIES 2012H OF THE COUNCIL

The motion for the adoption of the foregoing resolution was seconded by Council Member \_\_\_\_\_, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

and the following were absent for the vote:

whereupon the resolution was declared duly passed and adopted and was signed by the Chair whose signature was attested by the Recording Secretary.

RESOLUTION NO. 2024-16

RESOLUTION PROVIDING FOR THE REDEMPTION OF CERTAIN  
OUTSTANDING GENERAL OBLIGATION TRANSIT CAPITAL AND  
REFUNDING BONDS, SERIES 2012C AND GENERAL OBLIGATION TRANSIT  
REFUNDING BONDS, SERIES 2012H OF THE COUNCIL

BE IT RESOLVED By the Metropolitan Council (the “Council”), as follows:

1. The Council has issued its General Obligation Transit Capital and Refunding Bonds, Series 2012C, dated June 15, 2012 (the “2012C Bonds”). The 2012C Bonds maturing on March 1 in the years 2025 through 2032, both inclusive, in the principal amount of \$9,965,000 (the “2012C Callable Bonds”), are subject to redemption and prepayment on any date at a price of par plus accrued interest.

2. The Council has issued its General Obligation Transit Refunding Bonds, Series 2012H, dated as of November 15, 2012 (the “2012H Bonds”). The 2012H Bonds maturing on February 1 in the years 2025 through 2028, both inclusive in the principal amount of \$2,965,000 (the “2012H Callable Bonds”), are subject to redemption and prepayment on any date at a price of par plus accrued interest.

3. It is determined that it is in the sound financial management of the Council that the 2012C Callable Bonds and the 2012H Callable Bonds be prepaid and redeemed on October 1, 2024, or such later date for which proper notice of call may be given, and such bonds are hereby called for redemption on such date.

4. The Chief Financial Officer of the Metropolitan Council, as the paying agent and registrar for the 2012C Callable Bonds and the 2012H Callable Bonds (the “Registrar”) is authorized and directed mail the Notices of the Call for Redemption in substantially the forms attached hereto as **EXHIBITS A** and **B** to the registered owners of each of the 2012C Callable Bonds and the 2012H Callable Bonds, respectively, to be redeemed at the addresses shown on the registration books kept by the Registrar.

Adopted: August 28, 2024.

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Recording Secretary

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Charles Zelle, Chair

EXHIBIT A

NOTICE OF CALL FOR REDEMPTION

GENERAL OBLIGATION TRANSIT CAPITAL AND REFUNDING BONDS, 2012C  
METROPOLITAN COUNCIL  
MINNEAPOLIS-ST PAUL METROPOLITAN AREA, MINNESOTA

NOTICE IS HEREBY GIVEN that, by order of the Metropolitan Council (Minneapolis-Saint Paul Area), State of Minnesota, there have been called for redemption and prepayment on

October 1, 2024

all outstanding bonds of the Council designated as General Obligation Transit Capital and Refunding Bonds, 2012C dated June 15, 2012, having a stated maturity date of March 1 in the years 2025 through 2032, both inclusive, totaling \$9,965,000 in principal amount, and with the following CUSIP numbers:

<u>Year of Maturity</u>	<u>Amount</u>	<u>CUSIP</u>
2025	\$1,120,000	591852 UJ5
2026	1,170,000	591852 UK2
2027	1,185,000	591852 UL0
2028	1,220,000	591852 UM8
2029	1,245,000	591852 UN6
2030	1,310,000	591852 UP1
2031	1,355,000	591852 UQ9
2032	1,360,000	591852 UR7

The bonds are being called at a price of par plus accrued interest to October 1, 2024, on which date all interest on said bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment at the office of Chief Financial Officer/Treasurer of the Metropolitan Council in St. Paul, Minnesota, on or before October 1, 2024 at the following address:

Metropolitan Council  
390 Robert Street North  
St. Paul, Minnesota 55101-1805

Important Notice: In compliance with the Jobs and Growth Tax Relief Reconciliation Act of 2003, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time the payment by the redeeming institutions if they are not provided with your social security number or federal employer identification number, properly certified. This requirement is fulfilled by submitting a W-9 Form, which may be obtained at a bank or other financial institution.

The Registrar will not be responsible for the selection or use of the CUSIP number, nor is any representation made as to the correctness indicated in the Redemption Notice or on any Bond. It is included solely for convenience of the Holders.

Dated: \_\_\_\_\_, 2024

BY ORDER OF THE COUNCIL



EXHIBIT B

NOTICE OF CALL FOR REDEMPTION

GENERAL OBLIGATION TRANSIT REFUNDING BONDS, SERIES 2012H  
METROPOLITAN COUNCIL  
MINNEAPOLIS-ST PAUL METROPOLITAN AREA, MINNESOTA

NOTICE IS HEREBY GIVEN that, by order of the Metropolitan Council (Minneapolis-Saint Paul Area), State of Minnesota, there have been called for redemption and prepayment on

October 1, 2024

all outstanding bonds of the Council designated as General Obligation Transit Refunding Bonds, Series 2012H, dated as of November 15, 2012, having a stated maturity date of February 1 in the years 2025 through 2028, both inclusive, totaling \$2,965,000 in principal amount, and with the following CUSIP numbers:

<u>Year of Maturity</u>	<u>Amount</u>	<u>CUSIP</u>
2025	\$715,000	591852 VS4
2026	730,000	591852 VT2
2027	755,000	591852 VU9
2028	765,000	591852 VV7

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Dated: \_\_\_\_\_, 2024

BY ORDER OF THE COUNCIL