

**M** Management Committee  
For the Metropolitan Council meeting of July 22, , 2009

**ADVISORY INFORMATION**

**Date Prepared:** July 15, 2009

**Subject:** Authorization to Award General Obligation Bonds Within Established Financial Parameters

**Proposed Action:**

That the Metropolitan Council adopt Resolutions 2009-08, 2009-09, and 2009-10 authorizing issuance and award of sale of General Obligation Bonds and execution of other necessary documents to complete the sale of these bonds.

**Summary of Committee Discussion / Questions:**

Council Treasury Manager (Allen Hoppe) presented the three bond issues, describing the characteristics and funding sources for each. These are parameters resolutions, i.e., so long as the bond bids are within the terms stated in the resolutions, the CFO (or designee) will confirm the bond sales to the bond underwriters. Background information about the past and present condition of the debt markets and the Council's debt was also discussed. The par amount of the Transit and Wastewater Refunding bonds will vary depending on interest rate levels on the day of the sale.

Also presenting was one of the Council's financial advisors (David MacGillivray, Chairman of Springsted, Inc.), who briefly discussed our use of the new Build America Bonds for longer-term bond issues such as for Metro Transit (resolution 2009-08). Mr. MacGillivray responded to a question about debt market turbulence existing late last year and earlier this year, mentioning that now is an excellent time to bring bonds to market.

The bond sales are tentatively set for August 12, 2009. Results will be provided to the Management Committee and Council as an informational item around August 12<sup>th</sup> or a subsequent meeting date.

# M Management Committee

**Business Item**  
Items: 2009-228

Meeting date: July 8, 2009

## ADVISORY INFORMATION

**Date:** July 1, 2009  
**Subject:** Authorization to Award General Obligation Bonds Within Established Financial Parameters  
**District(s), Member(s):** All  
**Policy/Legal Reference:** Policy 3-1-2  
**Staff Prepared/Presented:** Allen Hoppe, Sr. Manager Treasury, 651-602-1629  
**Division/Department:** All

### Proposed Action

That the Metropolitan Council adopt Resolutions [2009-08](#), [2009-09](#), and [2009-10](#), authorizing issuance and award of sale of general obligation bonds and execution of other necessary documents to complete the bond sales.

### Background

The Council issues general obligation bonds, generally on an annual basis, to fund Wastewater, Parks and Transit capital projects. This proposal is based on the capital funding needs for Transit and Parks bonds and Council bonding to refund a loan from the Minnesota Public Facilities Authority (the "PFA"). Wastewater (new capital) bonds will likely be sold in the marketplace this fall. Bond offerings are developed with the assistance of a financial advisor and external bond counsel.

This action item authorizes staff to award sale of the bonds within specific parameters adopted by the Council as summarized in the below Rationale section. It provides specific up-front information to the Council on expectations for the sale yet provides flexibility in setting the sale date to take advantage of the most advantageous interest rate conditions in the market place. Once the bids have been authorized, staff will return to the Management Committee and Council with informational items that report the results of the bond sales.

### 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:

Item	Metro Transit	Parks	Refunding of ES PFA Loan
Sale Authorization (days)	90	90	120
Maximum Authorized Par Amount	\$43.0 million	\$10.0 million (a)	\$17.555 million (b)
Bid Limits (% of authorized total par)	99.0%-102.0%	99.5%-102.0%	99.45%-102.0%
Maximum True Interest Cost (TIC)	4.5%	3.25%	3.5%

(a) Depending on bids, par may be sized down. (b) Par will most likely be re-sized up, or down, to avoid over/under-issuance in refunding the 1996 PFA Loan.

### Funding

The proposed new money bond issues are included in the 2009 Operating Budget and 2010-2014 Capital Program and Budget. The Refunding is being undertaken so as to lower interest expense.

## **Known Support / Opposition**

None.