

M Management Committee

Meeting date: January 12, 2011

ADVISORY INFORMATION

Date:	January 7, 2011
Subject:	Authorization to Award General Obligation Refunding 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 [Resolution 2011-03](#), authorizing the issuance, sale and award of general obligation wastewater revenue refunding bonds, and execution of other necessary documents to complete this event.

Background

Council policy requires that a debt instrument which is refinanced for the purpose of lowering interest costs must realize a net present value (“NPV”) savings of at least 3% of the future principal and interest of the refunded bonds. Currently, this refunding is projected to have an NPV savings of about 5.6% (equivalent to about \$0.6 million).

Parameters Resolution

This action item authorizes staff to award sale of the bonds within 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 and quicker award certainty to the underwriters. 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):

<i>Item</i>	<i>2011B Bonds Refund 2002B Bonds</i>
Sale Authorization Period	120 days
Par to Refund	\$9.57 million
Maximum Par to be Issued	\$9.67 million
Minimum Savings on 2002B Debt Service	3.0%
Type	Tax Exempt

Funding--The refunding is being undertaken to lower interest expense on debt. The refunding bonds contain a general obligation pledge, but no part of this pledge is expected to be needed during the repayment periods; all of the debt service is expected to be paid from net revenues of the wastewater disposal system.

Known Support / Opposition—None.