

# M Management Committee

Meeting date: August 24, 2011

ADVISORY INFORMATION	
<b>Date:</b>	August 18, 2011
<b>Subject:</b>	Authorization to Award General Obligation Grant Anticipation Notes (GANs) Within Established Financial Parameters
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Policy 3-1-2; MN Statute 475.22
<b>Staff Prepared/Presented:</b>	Mary Bogie, Deputy CFO, 651-602-1359 Allen Hoppe, Sr. Manager Treasury, 651-602-1629
<b>Division/Department:</b>	All

## Proposed Action

That the Metropolitan Council adopt parameters Resolution 2011-24, authorizing issuance and award of sale of General Obligation Grant Anticipation Notes (GANs) and execution of other necessary documents to complete their sale.

## Background

The Council’s Central Corridor Light Rail Transit (CCLRT) project is being funded half by local partners and half by the U.S. Federal Transit Administration (FTA). The specific FTA financial commitment is spelled out in the Full Funding Grant Agreement (FFGA) which was signed by FTA and the Council on April 26, 2011. FTA payments to the Council will be received on a reimbursement basis (after the Council has paid contractors and sought reimbursement from FTA). These GANs will provide interim cash flow to the project while awaiting receipt of FTA reimbursement payments.

The above Proposed Action is part of the CCLRT Cash Flow Financing Plan approved by the Council on May 25, 2011. This issuance of GANs is the first in an expected series of four (total) GANs issuances needed to finance the project’s cash needs in a manner which best minimizes total financing costs.

This Council action item authorizes staff to award sale of the GANs within specific parameters adopted by the Council as summarized in the below Rationale section. The Rationale provides specific up-front information to the Council on controlling expectations for the sale yet provides Council staff flexibility both in setting the sale date for the most advantageous issuance conditions in the market place, and, in putting efficiencies into the GANs issuance process. Once the GANs sale has been awarded to an underwriter, an informational reporting of the results will be provided to the Management Committee and Council.

## Rationale

The parameters established for the GANs sale are included in the attached resolutions, exhibits, and appendices. Council staff will keep award of the GANs within the following parameters:

<u>ITEM</u>	<u>G.O. GANs</u>
Sale Authorization (days)	90
Maximum Authorized Par Amount	\$90 million
Maximum True Interest Cost (TIC)	2.00%

## **Funding**

The GANs' financing costs include interest expense (net of interest revenue on positive balances), fees from a financial advisor and bond counsel, rating agencies' fees, printing fees, etc. The GANs principal will be fully paid from portions of the reimbursement payments; half of the GANs interest and issuance expenses will be paid from FTA reimbursements, the other half from contributions of our local funding partners. The GANs will also carry the full faith and credit backing of the Council, in the form of our general obligation pledge of ad valorem taxes.

## **Known Support / Opposition**

None.

CERTIFICATION OF EXTRACT FROM MINUTES  
RELATING TO GENERAL OBLIGATION  
GRANT ANTICIPATION NOTES, SERIES 2011C

Issuer: Metropolitan Council, Minnesota

Governing Body: Council Members

Kind, date, time and place of meeting: A regular meeting held Wednesday, August 24, 2011, at 4:00 o'clock P.M., at 390 North Robert Street, St. Paul, Minnesota.

Members Present:

Members Absent:

Documents Attached:

Extract of minutes of said meeting including:

RESOLUTION NO. 2011-24  
TO ISSUE AND SELL GENERAL OBLIGATION  
GRANT ANTICIPATION NOTES, SERIES 2011C, FIXING THE FORM  
AND SPECIFICATIONS THEREOF AND PROVIDING FOR THEIR  
EXECUTION AND DELIVERY

I, the undersigned, being the duly qualified and acting Recording Secretary of the Metropolitan Council, the public corporation issuing the notes 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 24, 2011, so far as they relate to said Notes; 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 \_\_\_\_\_, 2011

\_\_\_\_\_  
Laurie Nistl, Recording Secretary

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

RESOLUTION NO. 2011- 24  
TO ISSUE AND SELL GENERAL OBLIGATION  
GRANT ANTICIPATION NOTES, SERIES 2011C, FIXING THE FORM  
AND SPECIFICATIONS THEREOF AND PROVIDING FOR THEIR  
EXECUTION AND DELIVERY

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. 2011-24  
TO ISSUE AND SELL GENERAL OBLIGATION  
GRANT ANTICIPATION NOTES, SERIES 2011C, FIXING THE FORM  
AND SPECIFICATIONS THEREOF AND PROVIDING FOR THEIR  
EXECUTION AND DELIVERY

BE IT RESOLVED by the Metropolitan Council (the “Council” or the “Issuer”), as follows:

SECTION 1. AUTHORIZATION AND SALE.

1.1 Authorization and Purpose. This Council determines that it is necessary to sell and issue its tax-exempt General Obligation Grant Anticipation Notes, Series 2011C (the “Notes”), in a aggregate principal amount not to exceed \$90,000,000, subject to adjustment as provided in the Terms of Proposal referred to in Section 1.2 hereof, pursuant to Minnesota Statutes, Sections 473.39 and 475.522 and Chapter 475, to finance construction costs of the Central Corridor Light Rail Transit Project (the “CCLRT Project”) in anticipation of the receipt of federal grants to be received by the Council, as prescribed in the Council’s CCLRT Cash Flow Financing Plan approved by the Council on May 25, 2011.

The Notes shall be designated General Obligation Grant Anticipation Notes, Series 2011C (the “Notes” or the “Series 2011C Notes”).

1.2 Terms of Note Sale; Notices. The Council has retained Springsted Incorporated, St. Paul, Minnesota (“Springsted”) as independent financial advisor, and while the Council will set a date and time for receipt of proposals as hereinafter provided, pursuant to Minnesota Statutes, Section 475.60, subdivision 2, paragraph 9, Springsted is hereby authorized to solicit proposals for the Notes on behalf of the Council on a competitive basis without requirement of published notice. The terms of the Notes and the sale thereof shall be substantially as set forth in the Terms of Proposal attached as Exhibit A hereto, which is hereby approved. The Council hereby determines to sell the Notes in accordance with the procedures set forth in Exhibit A. The specifications set forth in Exhibit A may be revised by the Chief Financial Officer in consultation with Springsted, provided that the principal amount of Notes authorized and issued hereunder shall not exceed \$90,000,000. The Council hereby delegates to the Chief Financial Officer, or the Chief Financial Officer’s designee, authority to consider the proposals and award the sale not later than 90 days from the date hereof based upon the best proposal, provided that the true interest cost of the Notes shall not exceed a net rate of 2.00% per annum, and the purchase price must be not less than the par amount of the Notes.

SECTION 2. NOTE TERMS; REGISTRATION; EXECUTION AND DELIVERY.

2.1 Maturities; Interest Rates; Denominations and Payment. The Notes shall be originally dated as of the date of issuance, shall be in the denomination of \$5,000 each, or any integral multiple thereof, shall mature on March 1 in the respective years and amounts stated in the respective Terms of Proposal, and shall bear interest from date of issue until paid at the respective annual rates pursuant to Section 1.2 hereof.

The Notes shall be issuable only in fully registered form. The interest thereon and, upon

surrender of each Note, the principal amount thereof shall be payable by wire transfer, check or draft issued by the Registrar described herein; provided that, so long as the Notes are registered in the name of a securities depository, or a nominee thereof, in accordance with paragraph 3 of Exhibit C hereto, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.2 Dates and Interest Payment Dates. Upon initial delivery of the Notes pursuant to Section 2.5 hereof, and upon any subsequent transfer or exchange pursuant to Exhibit C hereto, the date of authentication shall be noted on each Note so delivered, exchanged or transferred. Interest on the Notes shall be payable on March 1 and September 1 in each year, commencing March 1, 2012, to the owner of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day.

The Notes shall be subject to redemption and payment prior to maturity at the option of the Council, in whole or in part, on any date on or after September 1, 2012, in such order of maturity as the Council may determine, at par plus accrued interest. Thirty (30) days' mailed notice of any such redemption shall be given to the registered owners of the Notes to be redeemed pursuant to Minnesota Statutes, Chapter 475.

2.3 Appointment of Initial Registrar. The Issuer hereby appoints the Chief Financial Officer of the Council, in St. Paul, Minnesota, as the initial note registrar, transfer agent and paying agent (the "Registrar"). The Issuer reserves the right to change the Registrar upon thirty (30) days notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Notes in its possession to the successor Registrar and shall deliver the note register to the successor Registrar.

2.4 Registration. The effect of registration and the rights and duties of the Issuer and the Registrar with respect thereto are set forth in paragraph 2 of Exhibit C hereto.

2.5 Execution, Authentication and Delivery. The Notes shall be prepared under the direction of the Secretary and shall be executed on behalf of the Issuer by the signatures of the Chair and the Treasurer, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Notes shall cease to be such officer before the delivery of any Note, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Note shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Note has been duly executed by the manual signature of the Registrar. The executed certificate of authentication on each Note shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Notes have been prepared, executed and authenticated, the Secretary shall deliver to the purchaser (a "Purchaser") upon payment of the purchase price in accordance with the contract of sale hereinafter executed therefor, and such Purchaser shall not be obligated to see to the application of the purchase price.

2.6 Form of Notes. The Notes shall be prepared in substantially the form set forth in Exhibit C hereto.

SECTION 3. USE OF PROCEEDS. Upon payment of the Notes by the Purchaser thereof the Chief Financial Officer shall deposit any accrued interest received on the sale of the Notes directly in the Debt Service Fund established pursuant to Section 4 hereof and shall deposit the remaining proceeds of such Notes, including any premium received on the sale of the Notes, into a separate Capital Fund hereby created and to be maintained as a separate bookkeeping account of the Council (the "Capital Fund"). Note proceeds deposited in the Capital Fund and investment income thereon shall be disbursed at the direction of the Council for the purposes specified in subsection 1.1 hereof, including costs of issuance of the Notes. Any moneys remaining in the Capital Fund after payment of all costs financed by the Notes shall be transferred to the Debt Service Fund and used to pay interest coming due on the Notes.

SECTION 4. GRANT RECEIPTS UNDER FULL FUNDING GRANT AGREEMENT. The Council hereby determines that the maximum annual debt service on the Notes in each year does not exceed the estimated grants (the "Grant Receipts") to be received under the Full Funding Grant Agreement with the United States Department of Transportation Federal Transit Authority dated April 26, 2011 (the "Full Funding Grant Agreement"). The Council hereby pledges the Grant Receipts in an amount sufficient to pay 105% of debt service on the Notes when due.

SECTION 5. 2011C GANS DEBT SERVICE FUND. The Notes issued pursuant to this Resolution shall be payable from a separate and special 2011C GANS Debt Service Fund (the "Debt Service Fund") of the Issuer, which the Issuer agrees to maintain as a separate special bookkeeping fund until the Notes have been paid in full. There is hereby appropriated and shall be paid into the Debt Service Fund, (a) any accrued interest received on the sale of the Notes, (b) on or before a principal or interest payment date, Grant Receipts in an amount sufficient, together with other funds then on hand in the Debt Service Fund, to pay 105% of the principal and interest then due on the Notes, (c) any funds appropriated by the Council for the payment of the Notes, including but not limited to, funds received from the local partners for the CCLRT Project in an amount sufficient with the Grant Receipts to pay 105% of the principal and interest on the Notes when due, (d) any taxes collected pursuant to Section 6 hereof in the event the other funds available to pay the Notes are insufficient, and (e) all investment income on the foregoing. The moneys on hand in the Debt Service Fund from time to time shall be used only to pay the principal of and interest on Notes when due. If the money in the Debt Service Fund should at any time be insufficient to pay principal and interest due on the Notes, such amounts shall be paid from other moneys on hand in other funds of the Issuer, which other funds shall be reimbursed therefor when sufficient money becomes available in the Debt Service Fund.

SECTION 6. GENERAL OBLIGATION PLEDGE. The full faith, credit and unlimited taxing powers of the Council shall be and are hereby irrevocably pledged for the prompt and full payment of the principal of and interest on the Notes issued hereunder as such payments respectively become due, and the Council covenants and agrees that if and to the extent the amounts pledged and on deposit in the Debt Service Fund are insufficient to pay the principal and interest on the Note when due, it will levy on all taxable property in the metropolitan area that is subject to taxation by the Council, a direct, irrevocable ad valorem tax for this purpose, the collections of which shall be deposited in the Debt Service Fund.

SECTION 7. DEFEASANCE. When all of the Notes have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the registered owners of such Notes shall cease. The Issuer may discharge its obligations with respect to any Notes which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any Note should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The Issuer may also at any time discharge its obligations with respect to any Notes, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal and interest to become due thereon to maturity or said redemption date.

SECTION 8. CERTIFICATION OF PROCEEDINGS.

8.1 Registration of Notes. The Chief Financial Officer is hereby authorized and directed to file a certified copy of this resolution and such additional certificates as may be required with the County Auditors of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties and to obtain from each County Auditor a certificate, prepared in, substantially the form set forth respectively in Exhibit D hereto, that the Notes have been duly entered upon the Auditor's note register.

8.2 Authentication of Transcript. The officers of the Issuer and County Auditors of the Counties specified in Section 8.1 are hereby authorized and directed to prepare and furnish to the Purchaser and to Kennedy & Graven, Chartered, Bond Counsel, certified copies of all proceedings and records relating to the Notes and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Notes, as the same appear from the books and records in their custody and control or as otherwise known to them, and all such certified copies, affidavits and certificates, including any heretofore furnished, shall be deemed representations of the Issuer as to the correctness of all statements contained therein.

8.3 Official Statement. The Council staff, in cooperation with Springsted, is hereby authorized and directed to prepare on behalf of the Council an official statement (the "Official Statement") to be distributed to potential purchasers of the Notes. The Official Statement shall contain the Terms of Proposal for the Notes, as set forth in Section 1.2 hereof, and such other information as shall be deemed advisable and necessary to describe adequately the Council and the security for, and terms and conditions of, the Notes. The final Official Statement shall be in the form approved by the Chief Financial Officer.

SECTION 9. TAX COVENANTS; ARBITRAGE MATTERS AND CONTINUING DISCLOSURE.

9.1 No Designation as Qualified Tax-Exempt Obligations. The Notes are not designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.



## 9.2 Tax Covenants.

(a) The Issuer covenants and agrees with the registered owners of the Series 2011C Notes that it will not take, or permit to be taken by any of its officers, employees or agents, any action which would cause the interest payable on the Series 2011C Notes to become subject to taxation under the Code and the Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Series 2011C Notes will not become includable in gross income of the recipient under the Code and the Regulations.

The Project financed with the proceeds of the Notes authorized by this Resolution will be owned and maintained by the Issuer so long as the Notes are outstanding and will be publicly available. The Issuer will not enter into any lease, use agreement, management agreement or other agreement or contract with any non-governmental person relating to the use of the improvements which might cause the Notes to be considered “private activity notes” or “private loan notes” pursuant to Section 141 of the Code.

9.3 Arbitrage Certification. The Chair and Treasurer, being the officers of the Issuer charged with the responsibility for issuing the Notes pursuant to this resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Regulations, stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Notes which make it reasonable to expect that the proceeds of such Notes will not be used in a manner that would cause such Notes to be arbitrage notes within the meaning of the Code and Regulations.

9.4 Arbitrage Rebate. The Issuer acknowledges that the Notes are subject to the rebate requirements of Section 148(f) of the Code. The Issuer covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Regulations to preserve the exclusion of interest on the Notes from gross income for federal income tax purposes, unless the Notes qualify for an exception from the rebate requirement pursuant to one of the spending exceptions set forth in Section 1.148-7 of the Regulations and no “gross proceeds” of the Notes (other than amounts constituting a “bona fide debt service fund”) arise during or after the expenditure of the original proceeds thereof.

9.5 Continuing Disclosure. To provide for the public availability of certain information relating to the Notes and the security therefor and to permit the original Purchaser and other participating underwriters in the primary offering of the Notes to comply with amendments to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the “Rule”), which will enhance the marketability of the Notes, the Issuer hereby makes the covenants and agreements in Exhibit B hereto for the benefit of the Owners (as defined in Exhibit B) from time to time of the outstanding Notes. The Chief Financial Officer shall have overall responsibility for compliance with the Undertaking of Continuing Disclosure and other similar undertakings hereafter made by the Council under Rule 15c2-12(b)(5), and the Chief Financial Officer shall implement the dissemination of reports and notices thereunder. Amendments permitted by the undertakings necessitated by a change in

circumstances that arises from a change in legal requirements, or change in law may be made by the Chief Financial Officer.

SECTION 10. NOTE RATINGS. The Chief Financial Officer is authorized and directed to obtain ratings of the Notes from up to three nationally recognized credit rating services, to pay the reasonable and customary charges of such rating services, and to take such other action as may be required so that the Notes may be issued and sold as contemplated hereby.

SECTION 11. SEVERABILITY. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

SECTION 12. HEADINGS. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

Adopted: August 24, 2011

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Laurie Nistl, Recording Secretary

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Susan Haigh, Chair

EXHIBIT A

TERMS OF PROPOSAL, SERIES 2011C NOTES

## EXHIBIT B

### CONTINUING DISCLOSURE UNDERTAKING

(a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the original purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the SEC) under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the Issuer hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The Issuer is the only "obligated person" in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. The Issuer has complied in all material respects with any undertaking previously entered into by it under the Rule. If the Issuer fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, "Owner" or "Bondowner" means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any "Beneficial Owner" (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, "Beneficial Owner" means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The Issuer will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the Issuer, the following information at the following times:

(1) on or before 270 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ending December 31, 2010, the following financial information and operating data in respect of the Issuer (the Disclosure Information):

(A) the audited financial statements of the Issuer for such fiscal year, accompanied by the audit report and opinion of the accountant or government auditor relating thereto, as permitted or required by the laws of the State of Minnesota, containing balance sheets as of the end of such fiscal year and a statement of operations, changes in fund balances and cash flows for the fiscal

year then ended, showing in comparative form such figures for the preceding fiscal year of the Issuer, prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the Issuer, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the Issuer; and

(B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under headings: "Indebtedness of the Council and Its Agencies," "Council Property Values" and "Council Financial Information," which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the Issuer shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the Issuer shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, that have been filed with the SEC or have been made available to the public on the Internet Web sit of the Municipal Securities Rulemaking Board (the MSRB). The Issuer shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the Issuer have materially changed or been discontinued, such Disclosure Information need no longer be provided if the Issuer includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other Issuer operations in respect of which data is not included in the Disclosure Information and the Issuer determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (3) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1), then the Issuer shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events (each a "Material Fact"):

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults, if material;

- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (G) Modifications to rights of security holders, if material;
- (H) Bond calls, if material, and tender offers;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities, if material; and
- (K) Rating changes;
- (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

As used herein, a "Material Fact" is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a "Material Fact" is also an event that would be deemed "material" for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

(3) In a timely manner, notice of the occurrence of any of the following events or conditions:

- (A) the failure of the Issuer to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
- (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the Issuer under subsection (d)(2);

(C) the termination of the obligations of the Issuer under this section pursuant to subsection (d);

(D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information or the audited financial statements, if any, furnished pursuant to subsection (b)(2) or (3) are prepared; and

(E) any change in the fiscal year of the Issuer.

(c) Manner of Disclosure.

(1) The Issuer agrees to make available to the MSRB, in an electronic format as prescribed by the MSRB from time to time, the information described in subsection (b).

(2) The Issuer further agrees to make available, by electronic transmission, overnight delivery, mail or other means, as appropriate, the information described in subsection (b) to any rating agency then maintaining a rating of the Bonds at the request of the Issuer and, at the expense of such Bondowner, to any Bondowner who requests in writing such information, at the time of transmission under paragraph (1) of this subsection (c), or, if such information is transmitted with a subsequent time of release, at the time such information is to be released.

(3) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

(1) The covenants of the Issuer in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the Issuer under this section shall terminate and be without further effect as of any date on which the Issuer delivers to the Registrar an opinion of Issuer's current Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the Issuer to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

(2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the Issuer from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Council filed in the office of the recording officer of the Issuer accompanied by an opinion of Issuer's current Bond Counsel, who may rely on certificates of the Issuer and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation

or a change in the identity, nature or status of the Issuer or the type of operations conducted by the Issuer, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the Issuer agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.





This Note is one of an issue in the aggregate principal amount of \$90,000,000 issued pursuant to a resolution adopted by the Council on August 24, 2011 (the "Resolution"), in anticipation of the receipt of federal grants for the Central Corridor Light Rail Transit Project and is issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Sections 473.39 and 475.522 and Chapter 475. The Notes are issuable only in fully registered form, in denominations of \$5,000 or any integral multiple thereof, of single maturities.

The Notes are subject to redemption and prepayment at the option of the Issuer, in whole or in part, and if in part in such order of maturity dates as the Issuer may select and by lot as selected by Registrar in multiples of \$5,000 on September 1, 2012, and on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date of redemption.

As provided in the Resolution and subject to certain limitations set forth therein, this Note is transferable upon the books of the Issuer at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney; and may also be surrendered in exchange for Notes of other authorized denominations. Upon such transfer or exchange the Issuer will cause a new Note or Notes to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The Issuer and the Registrar may deem and treat the person in whose name this Note is registered as the absolute owner hereof, whether this Note is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the Issuer nor the Registrar shall be affected by any notice to the contrary.

Notwithstanding any other provisions of this Note, so long as this Note is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Note, and shall give all notices with respect to this Note, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the Issuer.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Note in order to make it a valid and binding general obligation of the Issuer in accordance with its terms, have been done, do exist, have happened and have been performed as so required; and that if necessary for the payment of such principal and interest when due, ad valorem taxes are required to be levied upon all property taxable by the Issuer, without limitation as to rate or amount.

This Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the manual signature of the Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Note to be executed on its behalf by the facsimile signatures of the Chair and Treasurer.

METROPOLITAN COUNCIL, MINNESOTA

(Facsimile Signature Treasurer)

(Facsimile Signature Chair)

\_\_\_\_\_



ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the \_\_\_\_\_ within Note and all rights thereunder, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Note on the books kept for registration of the within Note, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
Signature(s) must be guaranteed by an eligible guarantor institution meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other signature guaranty program as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Please insert social security or other identifying number of assignee:

\_\_\_\_\_

[End of Series 2011C Note Form]

2. Registration. The effect of registration and the rights and duties of the Issuer and the Registrar with respect thereto are as follows:

(a) Register. The Registrar shall keep at its office a note register in which the Registrar shall provide for the registration of ownership of Notes and the registration of transfers and exchanges of Notes entitled to be registered, transferred or exchanged.

(b) Transfer of Notes. Upon surrender for transfer of any Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes, aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until such interest payment date.

(c) Exchange of Notes. Whenever any Notes are surrendered by the registered owner for exchange the Registrar shall authenticate and deliver one or more new Notes, aggregate principal amount and maturity, as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. All Notes surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the Issuer.

(e) Improper or Unauthorized Transfer. When any Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Note or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The Issuer and the Registrar may treat the person in whose name any Note is at any time registered in the note register as the absolute owner of such Note, whether such Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Notes, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Notes. In case any Note shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Note, amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Note or in lieu of and in substitution for any such Note destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Note destroyed, stolen or lost, upon filing with the Registrar of evidence

satisfactory to it that such Note was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate note or indemnity in form, substance and amount satisfactory to it, in which both the Issuer and the Registrar shall be named as obligees. All Notes so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the Issuer. If the mutilated, destroyed, stolen or lost Note has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Note prior to payment.

(i) Authenticating Agent. The Registrar is hereby designated authenticating agent for the Notes, within the meaning of Minnesota Statutes, Section 475.55, Subdivision I, as amended.

4. (a) Securities Depository. For purposes of this paragraph 3, the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Note, the person in whose name such Note is recorded as the beneficial owner of such Note by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Notes.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Notes as securities depository.

“Representation Letter” shall mean the Representation Letter pursuant to which the sender agrees to comply with DTC’s Operational Arrangements.

(b) The Notes shall be initially issued as separately authenticated fully registered notes, and one Note shall be issued in the principal amount of each stated maturity of the Notes. Upon initial issuance, the ownership of such Notes shall be registered in the note register in the name of Cede & Co., as nominee of DTC. The Registrar and the Issuer may treat DTC (or its nominee) as the sole and exclusive owner of the Notes registered in its name for the purposes of payment of the principal of or interest on the Notes, selecting the Notes or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Notes under the Resolution, registering the transfer of Notes, and for all other purposes whatsoever; and neither the Registrar nor the Issuer shall be affected by any notice to the contrary. Neither the Registrar nor the Issuer shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Notes under or through DTC or any Participant, or any other person which is not shown on the note register as being a registered owner of any Notes, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Notes, with respect to any notice which is permitted or required to be given to owners of Notes under the Resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Notes, or with respect to any consent given or other action taken by DTC as registered owner of the Notes. So long as any Note is registered in the name of Cede & Co., as nominee of DTC,

the Registrar shall pay all principal of and interest on such Note, and shall give all notices with respect to such Note, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal of and interest on the Notes to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Note for each separate stated maturity evidencing the obligation of the Issuer to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Notes of each series will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the Issuer determines that it is in the best interest of the Beneficial Owners that they be able to obtain Notes in the form of note certificates, the Issuer may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Notes in the form of certificates. In such event, the Notes will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Notes at any time by giving notice to the Issuer and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Notes will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC, if not previously filed with DTC, by the Chair or Treasurer is hereby authorized and directed.

(e) In the event that any transfer or exchange of Notes is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Notes to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of the Resolution. In the event Notes in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Notes, or another securities depository as owner of all the Notes, the provisions of the Resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Notes in the form of note certificates and the method of payment of principal of and interest on such Notes in the form of note certificates.



EXHIBIT D

ANOKA COUNTY AUDITOR'S CERTIFICATE  
AS TO REGISTRATION

The undersigned, being the duly qualified and acting County Auditor of Anoka County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on August 24, 2011, and a related certificate by Metropolitan Council of the Minneapolis-St. Paul metropolitan area, Minnesota, setting forth the form and details of an issue of an issue of \$90,000,000 General Obligation Grant Anticipation Note, Series 2011C dated as of \_\_\_\_\_, 2011.

I further certify that the issue has been entered on my bond register as required by Minnesota Statutes, Chapter 475.

WITNESS my hand and official seal on \_\_\_\_\_, 2011

\_\_\_\_\_  
County Auditor

(SEAL)

CARVER COUNTY AUDITOR'S CERTIFICATE  
AS TO REGISTRATION

The undersigned, being the duly qualified and acting County Auditor of Carver County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on August 24, 2011, and a related certificate by Metropolitan Council of the Minneapolis-St. Paul metropolitan area, Minnesota, setting forth the form and details of an issue of an issue of \$90,000,000 General Obligation Grant Anticipation Note, Series 2011C dated as of \_\_\_\_\_, 2011.

I further certify that the issue has been entered on my bond register as required by Minnesota Statutes, Chapter 475.

WITNESS my hand and official seal on \_\_\_\_\_, 2011

\_\_\_\_\_  
County Auditor

(SEAL)

DAKOTA COUNTY AUDITOR'S CERTIFICATE  
AS TO REGISTRATION

The undersigned, being the duly qualified and acting County Auditor of Dakota County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on August 24, 2011, and a related certificate by Metropolitan Council of the Minneapolis-St. Paul metropolitan area, Minnesota, setting forth the form and details of an issue of an issue of \$90,000,000 General Obligation Grant Anticipation Note, Series 2011C dated as of \_\_\_\_\_, 2011.

I further certify that the issue has been entered on my bond register as required by Minnesota Statutes, Chapter 475.

WITNESS my hand and official seal on \_\_\_\_\_, 2011

\_\_\_\_\_  
County Auditor

(SEAL)

WASHINGTON COUNTY AUDITOR'S CERTIFICATE  
AS TO REGISTRATION

The undersigned, being the duly qualified and acting County Auditor of Washington County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on August 24, 2011, and a related certificate by Metropolitan Council of the Minneapolis-St. Paul metropolitan area, Minnesota, setting forth the form and details of an issue of an issue of \$90,000,000 General Obligation Grant Anticipation Note, Series 2011C dated as of \_\_\_\_\_, 2011.

I further certify that the issue has been entered on my bond register as required by Minnesota Statutes, Chapter 475.

WITNESS my hand and official seal on \_\_\_\_\_, 2011

\_\_\_\_\_  
County Auditor

(SEAL)

RAMSEY COUNTY AUDITOR'S CERTIFICATE  
AS TO REGISTRATION

The undersigned, being the duly qualified and acting County Auditor of Ramsey County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on August 24, 2011, and a related certificate by Metropolitan Council of the Minneapolis-St. Paul metropolitan area, Minnesota, setting forth the form and details of an issue of an issue of \$90,000,000 General Obligation Grant Anticipation Note, Series 2011C dated as of \_\_\_\_\_, 2011.

I further certify that the issue has been entered on my bond register as required by Minnesota Statutes, Chapter 475.

WITNESS my hand and official seal on \_\_\_\_\_, 2011

\_\_\_\_\_  
County Auditor

(SEAL)

HENNEPIN COUNTY AUDITOR'S CERTIFICATE  
AS TO REGISTRATION

The undersigned, being the duly qualified and acting County Auditor of Hennepin County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on August 24, 2011, and a related certificate by Metropolitan Council of the Minneapolis-St. Paul metropolitan area, Minnesota, setting forth the form and details of an issue of an issue of \$90,000,000 General Obligation Grant Anticipation Note, Series 2011C dated as of \_\_\_\_\_, 2011.

I further certify that the issue has been entered on my bond register as required by Minnesota Statutes, Chapter 475.

WITNESS my hand and official seal on \_\_\_\_\_, 2011

\_\_\_\_\_  
County Auditor

(SEAL)

SCOTT COUNTY AUDITOR'S CERTIFICATE  
AS TO REGISTRATION

The undersigned, being the duly qualified and acting County Auditor of Scott County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on August 24, 2011, and a related certificate by Metropolitan Council of the Minneapolis-St. Paul metropolitan area, Minnesota, setting forth the form and details of an issue of an issue of \$90,000,000 General Obligation Grant Anticipation Note, Series 2011C dated as of \_\_\_\_\_, 2011.

I further certify that the issue has been entered on my bond register as required by Minnesota Statutes, Chapter 475.

WITNESS my hand and official seal on \_\_\_\_\_, 2011

\_\_\_\_\_  
County Auditor

(SEAL)

## EXHIBIT A

**THE COUNCIL HAS AUTHORIZED SPRINGSTED INCORPORATED TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:**

### TERMS OF PROPOSAL

**\$90,000,000\***

**METROPOLITAN COUNCIL  
(MINNEAPOLIS – SAINT PAUL METROPOLITAN AREA)  
STATE OF MINNESOTA**

**GENERAL OBLIGATION GRANT ANTICIPATION NOTES, SERIES 2011C**

**(BOOK ENTRY ONLY)**

Proposals for the Notes and the Good Faith Deposit (“Deposit”) will be received on Wednesday, September 14, 2011, until 10:30 A.M., Central Time, at the offices of Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota, after which time proposals will be opened and tabulated. Consideration for award of the Notes will be by the Chief Financial Officer or its designee immediately following the opening of proposals.

### SUBMISSION OF PROPOSALS

Springsted will assume no liability for the inability of the bidder to reach Springsted prior to the time of sale specified above. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the Council to purchase the Notes regardless of the manner in which the Proposal is submitted.

(a) **Sealed Bidding.** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Springsted. Signed Proposals, without final price or coupons, may be submitted to Springsted prior to the time of sale. The bidder shall be responsible for submitting to Springsted the final Proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted Proposal.

**OR**

(b) **Electronic Bidding.** Notice is hereby given that electronic proposals will be received via PARITY<sup>®</sup>. For purposes of the electronic bidding process, the time as maintained by PARITY<sup>®</sup> shall constitute the official time with respect to all Bids submitted to PARITY<sup>®</sup>. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY<sup>®</sup> for purposes of submitting its electronic Bid in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the Council, its agents nor PARITY<sup>®</sup> shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the Council, its agents nor PARITY<sup>®</sup> shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY<sup>®</sup>. The Council is using the services of PARITY<sup>®</sup> solely as a communication mechanism to conduct the electronic bidding for the Notes, and PARITY<sup>®</sup> is not an agent of the Council.

If any provisions of this Terms of Proposal conflict with information provided by PARITY<sup>®</sup>, this Terms of Proposal shall control. Further information about PARITY<sup>®</sup>, including any fee charged, may be obtained from:

PARITY<sup>®</sup>, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018  
Customer Support: (212) 849-5000

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\* Preliminary; subject to change.



## DETAILS OF THE NOTES

The Notes will be dated as of the date of delivery, as the date of original issue, and will bear interest payable on March 1 and September 1 of each year, commencing March 1, 2012. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Notes will mature March 1 in the years and amounts\* as follows:

2012	\$25,000,000
2013	\$20,000,000
2014	\$45,000,000

\* *The Council reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Notes or the maturity amounts offered for sale. Any such increase or reduction will be made in multiples of \$5,000 in any of the maturities. In the event the principal amount of the Notes is increased or reduced, any premium offered or any discount taken by the successful bidder will be increased or reduced by a percentage equal to the percentage by which the principal amount of the Notes is increased or reduced.*

Proposals for the Notes may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption and must conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the Proposal Form.

#### BOOK ENTRY SYSTEM

The Notes will be issued by means of a book entry system with no physical distribution of Notes made to the public. The Notes will be issued in fully registered form and one Note, representing the aggregate principal amount of the Notes maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Notes. Individual purchases of the Notes may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Notes, will be required to deposit the Notes with DTC.

#### REGISTRAR

The Chief Financial Officer of the Council will serve as registrar.

#### OPTIONAL REDEMPTION

The Council may elect on September 1, 2012, and on any day thereafter, to prepay Notes due on or after March 1, 2013. Redemption may be in whole or in part and if in part at the option of the Council and in such manner as the Council shall determine. If less than all Notes of a maturity are called for redemption, the Council will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

## SECURITY AND PURPOSE

The Notes will be general obligations of the Council for which the Council will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the Council will pledge the grant receipts in an amount sufficient to pay 105% of debt service on the Notes when due. The proceeds will be used to partially finance the construction of the Central Corridor Light Rail Transit system connecting downtown Minneapolis and downtown Saint Paul, Minnesota, in anticipation of the receipt of Federal Transit Administration grant payments.

## BIDDING PARAMETERS

Proposals shall be for not less than \$90,000,000 (Par) and accrued interest on the total principal amount of the Notes.

No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the Council scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates are not required to be in level or ascending order; however, the rate for any maturity cannot be more than 1% lower than the highest rate of any of the preceding maturities. Notes of the same maturity shall bear a single rate from the date of the Notes to the date of maturity. No conditional proposals will be accepted.

## GOOD FAITH DEPOSIT

Proposals, regardless of method of submission, shall be accompanied by a Deposit in the amount of \$900,000, in the form of a certified or cashier's check, a wire transfer, or Financial Surety Bond and delivered to Springsted Incorporated prior to the time proposals will be opened. Each bidder shall be solely responsible for the timely delivery of their Deposit whether by check, wire transfer or Financial Surety Bond. Neither the Council nor Springsted Incorporated have any liability for delays in the transmission of the Deposit.

Any Deposit made by **certified or cashier's check** should be made payable to the Council and delivered to Springsted Incorporated, 380 Jackson Street, Suite 300, St. Paul, Minnesota 55101.

Any Deposit sent via **wire transfer** should be sent to Springsted Incorporated as the Council's agent according to the following instructions:

Wells Fargo Bank, N.A., San Francisco, CA 94104  
ABA #121000248  
for credit to Springsted Incorporated, Account #635-5007954  
Ref: Metropolitan Council Series 2011C Good Faith Deposit

Contemporaneously with such wire transfer, the bidder shall send an e-mail to [bond\\_services@springsted.com](mailto:bond_services@springsted.com), including the following information; (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer, (iii) the issue to which it applies, and (iv) the return wire instructions if such bidder is not awarded the Notes.

Any Deposit made by the successful bidder by check or wire transfer will be delivered to the Council following the award of the Notes. Any Deposit made by check or wire transfer by an unsuccessful bidder will be returned to such bidder following Council action relative to an award of the Notes.

If a **Financial Surety Bond** is used, it must be from an insurance company licensed to issue such a bond in the State of Minnesota and pre-approved by the Council. Such bond must be submitted to Springsted Incorporated prior to the opening of the proposals. The Financial

Surety Bond must identify each underwriter whose Deposit is guaranteed by such Financial Surety Bond. If the Notes are awarded to an underwriter using a Financial Surety Bond, then that underwriter is required to submit its Deposit to the Council in the form of a certified or cashier's check or wire transfer as instructed by Springsted Incorporated not later than 3:30 P.M., Central Time on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Council to satisfy the Deposit requirement.

The Deposit received from the purchaser, the amount of which will be deducted at settlement, will be deposited by the Council and no interest will accrue to the purchaser. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the Council.

#### AWARD

The Notes will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis. The Council's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The Council will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Notes, (ii) reject all proposals without cause, and (iii) reject any proposal that the Council determines to have failed to comply with the terms herein.

#### CUSIP NUMBERS

If the Notes qualify for assignment of CUSIP numbers such numbers will be printed on the Notes, but neither the failure to print such numbers on any Note nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Notes. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

#### SETTLEMENT

On or about September 28, 2011, the Notes will be delivered without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Notes shall be made in federal, or equivalent, funds that shall be received at the offices of the Council or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Notes has been made impossible by action of the Council, or its agents, the purchaser shall be liable to the Council for any loss suffered by the Council by reason of the purchaser's non-compliance with said terms for payment.

#### CONTINUING DISCLOSURE

On the date of actual issuance and delivery of the Notes, the Council will execute and deliver a Continuing Disclosure Undertaking (the "Undertaking") whereunder the Council will covenant for the benefit of the owners of the Notes to provide certain financial and other information about the Council and notices of certain occurrences to information repositories as specified in and required by SEC Rule 15c2-12(b)(5).

## OFFICIAL STATEMENT

The Council has authorized the preparation of an Official Statement containing pertinent information relative to the Notes, and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor to the Council, Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Notes, together with any other information required by law, shall constitute a "Final Official Statement" of the Council with respect to the Notes, as that term is defined in Rule 15c2-12. By awarding the Notes to any underwriter or underwriting syndicate submitting a proposal therefor, the Council agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Notes are awarded 250 copies of the Official Statement and the addendum or addenda described above. The Council designates the senior managing underwriter of the syndicate to which the Notes are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Notes agrees thereby that if its proposal is accepted by the Council (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Notes for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated August 24, 2011

BY ORDER OF THE METROPOLITAN COUNCIL

/s/ Wes Kooistra  
Chief Financial Officer