

METROPOLITAN COUNCIL

Management Committee

May 23, 2012

**Issuance of Taxable Wastewater
Refunding Bonds**

Parameters Resolutions

1. Sets debt issuance limitations/requirements.
2. Provides Committee/Council with expectations for sale results and staff performance.
3. Provides staff flexibility to set/change sale date and make minor changes within limits.
4. Award to underwriters is quicker, thus making bond sale more certain and keeping our rates lowest.
5. Staff will follow-up with results of bond sales to Committee/Council.

Parameters

- 120 # of days approval to complete sale.
- \$217.0 Maximum par to issue.
- \$209.89 Maximum par to refund.
- \$ 4.0MM* Minimum NPV Savings.

** Currently expecting about \$10 million.*

Action: Refunding Up To Five PFA Loans & Re-Paying Credits

1. \$18.2 MM of 1997 loan
2. \$32.1 MM of 1998 loan
3. \$39.12 MM of 2000 loan
4. \$50.47 MM of 2001 loan
5. \$75.945 MM of 2002 loan

Estimated credits: \$3.2 million

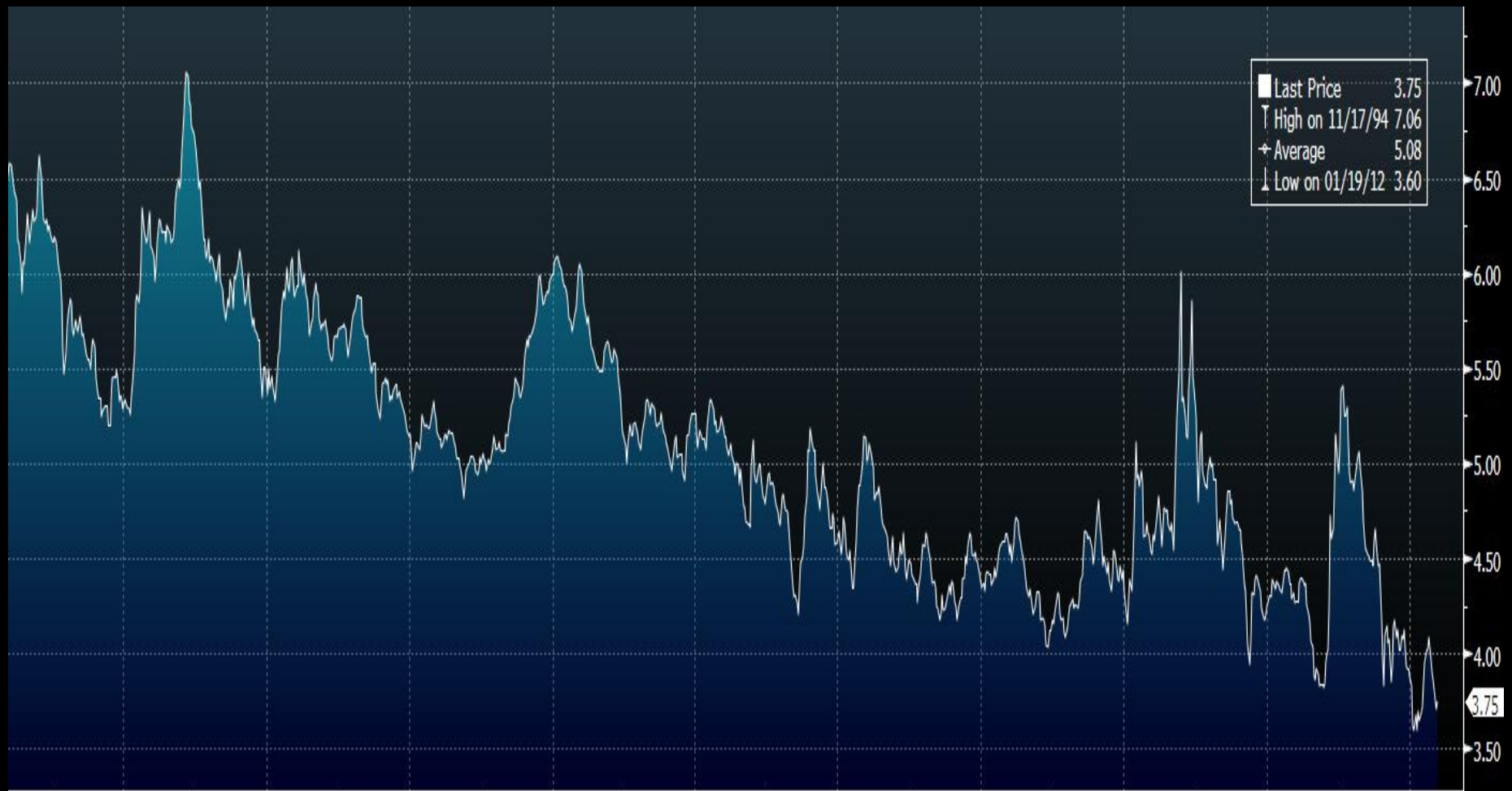
Refinancing History on This Deal

- Five loans may be pre-paid at Council's option.
- PFA has been informed that we are refunding up to five loans.
- Council staff attempted to negotiate with PFA for a rate reduction to loans.
- PFA attorneys determined that PFA will not reduce our loan rates due to potential logistical and legal ramifications.
- Council and PFA staff concur that a portion of past PFA refunding bond credits given to Council should be returned to PFA if we refund loans.

Issuance Info

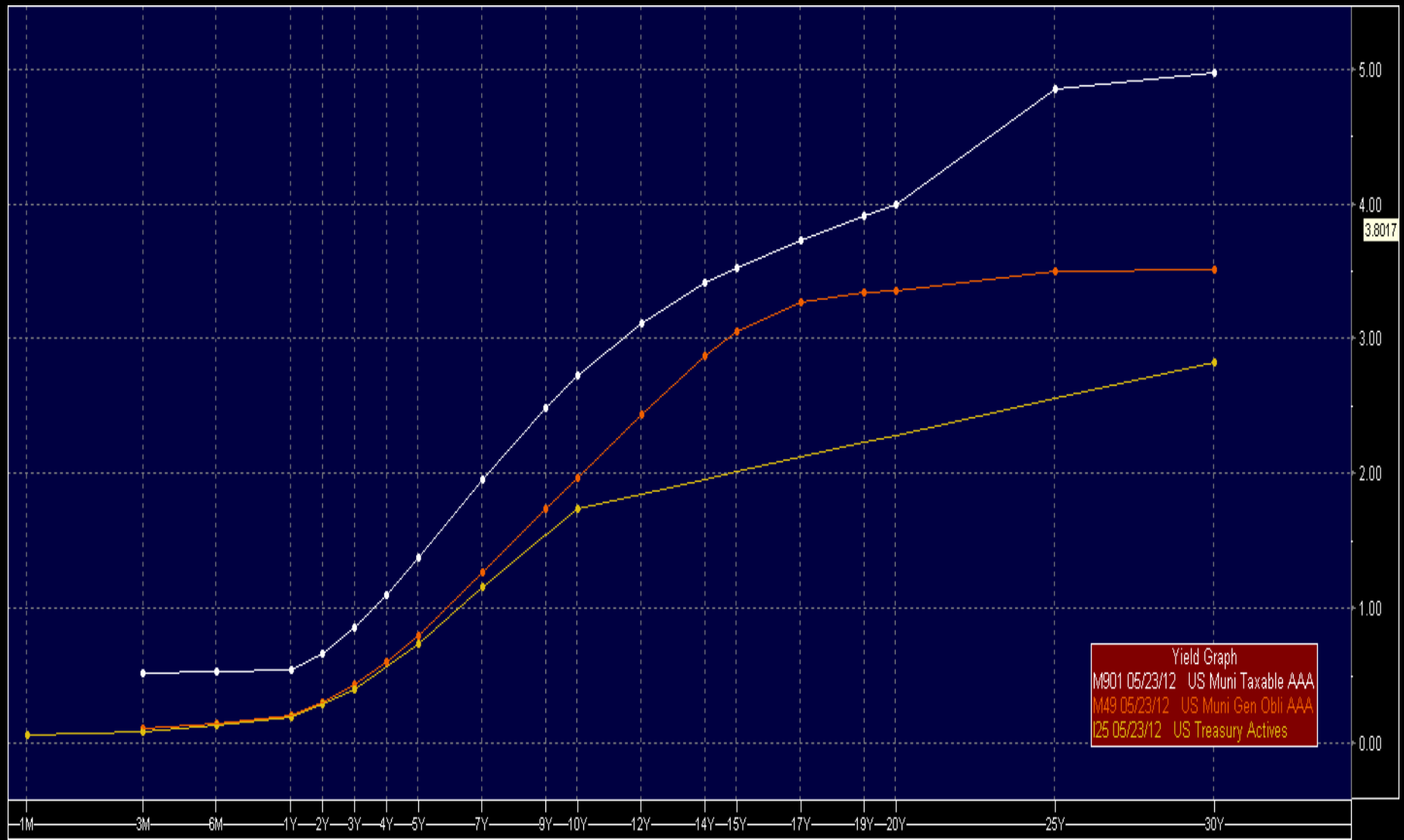
- Preliminary sale date: June 26, 2012
- Appeal to taxable buyers, not our traditional tax exempt buyers.
- Ratings expected: AAA (S&P) / Aaa (Moody's)
- Expect several bids.
- Interest rate expected: 1.0% (TIC)

BBI: 20 Years of Rates, 20-Year TE Bonds

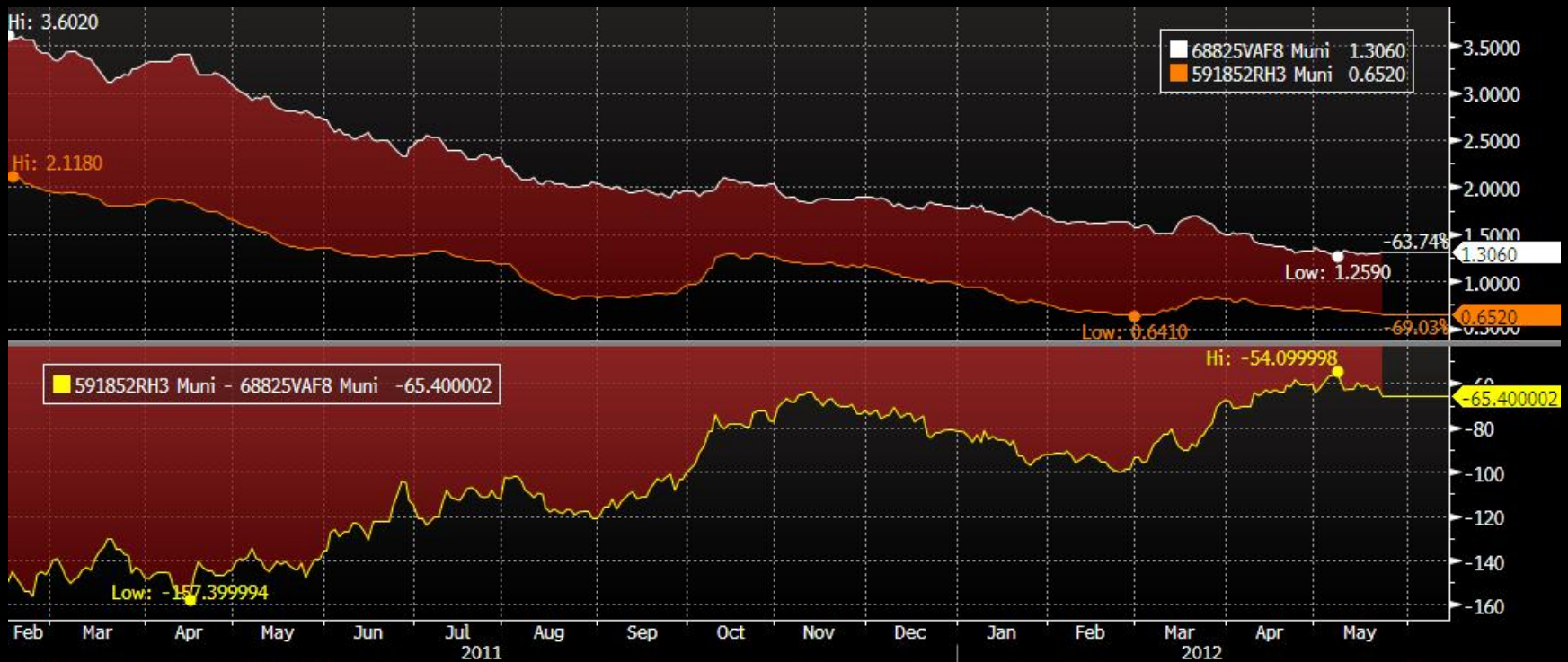


■ Last Price 3.75
↑ High on 11/17/94 7.06
+ Average 5.08
↓ Low on 01/19/12 3.60

Taxable Muni vs. TE Muni & UST Curves



Sample Taxable (WI BABs) vs TE (MC WW), 4-Yr Mat, 15-Mo. Yld History



QUESTIONS?
