

M Management Committee

Meeting date: January 23, 2008

ADVISORY INFORMATION

Date: January 16, 2008
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: Beth Widstrom-Anderson, CFO, 651-602-1567
Division/Department: All

Proposed Action

That the Metropolitan Council adopt Resolutions [2008-02](#), [2008-03](#), and [2008-04](#) authorizing issuance and award of sale of General Obligation Bonds and execution of other necessary documents to complete the bond sale.

Background

The Council issues General Obligation bonds, generally on an annual basis, to fund Wastewater, Parks and Transit capital projects. Bond proposals are developed with the assistance of Financial Advisors and Bond Counsel. In the past bids on bonds were presented to the Management Committee and the Council on the same day that the bids were taken. The approval of the Council occurred hours after the bidding. This practice created uncertainty with the bidders, reduced flexibility in setting the bond sale date, and, because of the short time frame, increased the risk of error in the award process and accompanying resolution documents.

The change we are proposing to the bond issuance model would authorize staff to award sale of the bonds within specific parameters adopted by the Council. This process will provide more specific up-front information to the Council on expectations for the sale and will provide flexibility in setting the date to take advantage of dates most advantageous to the sale. Once the bids have been authorized, staff will return to the Management Committee to report the results of the bond sale.

Rationale

The proposed bond sale is for \$40.3 million of transit bonds and \$80.0 million of wastewater bonds. In addition, wastewater refunding bonds in an amount not to exceed \$9.11 million are proposed to realize interest savings on a 1993 PFA Loan. The estimated net present value of the interest savings is approximately \$470,000 and the refunding meets Council refunding criteria. Actual savings will depend on market conditions at the time of sale. The bonds are expected to be sold in late February with a closing some time after March 1.

The parameters established for this bond sale are as follows:

Item	Environmental Services	Environmental Services	Transit
Sale Authorization (days)	120	120	120
Maximum Par Amount	\$80,000,000	\$9,110,000	\$40,300,000
Bid Limits (% of par)	99.5%-105.0%	99.5%-102.0%	99.5%-102.0%
Maximum True Interest Cost (TIC)	5.0%	5.0%	5.0%
Bonds to be Refunded		1993 PFA Loan	
Estimated Present Value Savings		\$470,000	

Funding

The proposed bond issues are included in the 2008 Operating Budget and 2008-2013 Capital Program and Budget.

Known Support / Opposition

None