RESOLUTION # 32- 2017

RELATING TO THE DISSOLUTION OF THE COUNTIES TRANSIT IMPROVEMENT BOARD

WHEREAS, the Minnesota Legislature has, by Laws of Minnesota 2008 Chapter 152, Article 4, Section 2, codified as Minnesota Statutes § 297A.992 (the "Act"), authorized metropolitan counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington to impose a one-quarter percent sales and use tax, and an excise tax of $20 per motor vehicle purchased or acquired from any person engaged in the business of selling motor vehicles at retail ("Sales Tax"), following the formation of a joint powers board by agreement among the counties; and

WHEREAS, in 2008, the boards of commissioners of the counties of Anoka, Dakota, Hennepin, Ramsey and Washington (the "CTIB Counties") entered into a joint powers agreement (the "JPA") and imposed the Sales Tax, thereby constituting the Metropolitan Transportation Area as defined in the Act; and

WHEREAS, the JPA stated as its purpose to establish the Counties Transit Improvement Board ("CTIB"), to receive and distribute funding for transportation improvements, and not to supplant state and regional obligations, all in accordance with the Act; and

WHEREAS, the Act authorized the joint powers board to make grants for various transit purposes; and

WHEREAS, pursuant to the JPA, the CTIB Counties committed to the development of a system of transitways to better serve the residents and businesses of the Twin Cities Metropolitan Area and to efficiently move people and goods throughout the region; and

WHEREAS, the CTIB Counties intended that, in accordance with the Act, the Sales Tax proceeds will be made available for the development and operation of transitways, including rail and bus rapid transit projects, serving the residents and businesses of the Metropolitan Transportation Area; and

WHEREAS, CTIB has endeavored to award grants to promote geographic equity over time with respect to investments in transitways to implement the CTIB Counties' regional vision; and

WHEREAS, the vision for the five-county Metropolitan Transportation Area is a network of connected transitways that acts as a catalyst for economic development, increased system-wide transit ridership and further transit expansion; and

WHEREAS, on September 21, 2016, CTIB approved a Program of Projects Investment Strategy and identified the future transitway and transitway improvement projects in which it plans to invest, including: Southwest LRT (METRO Green Line Extension), Bottineau LRT (METRO Blue Line Extension), I-35W South BRT (METRO Orange Line), Gateway BRT (METRO Gold Line), Riverview LRT (if selected as the LPA), METRO Blue Line Vehicles, Mall of America Station, Northstar Safety Improvements – Armstrong and Hanson, METRO Red Line Cedar Grove Station, and Red Rock BRT; and

WHEREAS, CTIB recognizes that transitways supported by CTIB require substantial capital investment, as well as a long-term commitment to operations, in order to build community trust in the permanence of the transitway; and

WHEREAS, the capital costs of CTIB transitway projects are typically funded through a combination of revenue sources, including an estimated 50% from the federal government, 30% from CTIB, 10% from the individual counties or regional railroad authorities, and 10% from the State of Minnesota; and

WHEREAS, to date, regional transit projects have secured $1.48 billion in federal funding; and

WHEREAS, since its formation, CTIB has provided nearly a billion dollars to ten transitway corridors: $767.5 million in capital grants, $214.7 million in operating grants, and $11.77 million in guaranteed grants to Washington County; and

WHEREAS, CTIB pays 50% of the net operating subsidy of the following transitways: METRO Blue Line, METRO Green Line, and METRO Red Line; 41.95% of the Northstar Commuter Rail line; and has previously committed to pay 50% of the future net operating costs of the Southwest LRT Project (METRO Green Line Extension), Bottineau LRT (METRO Blue Line Extension), and new and expanded I-35W South BRT (METRO Orange Line) transitway projects; and

WHEREAS, CTIB has committed by resolution to pay up to $463.76 million or 30.19% of Bottineau LRT (METRO Blue Line Extension) Project's capital costs (Resolution #36-2016); up to $37.5 million or 24.9% of I-35W South BRT (METRO Orange Line) Project's capital costs (Resolution #41-2016, as amended by Resolution #18-2017); up to $516.5 million or 27.8% of Southwest LRT (METRO Green Line Extension) Project's capital costs (Resolution #44-2016); and up to $15 million or 60% of the costs of the project development phase of work for the Gateway BRT (METRO Gold Line) Project (Resolution #17-2017); and

WHEREAS, adequate and predictable state funding has been and continues to be a barrier to completing transitway projects in a timely manner; and

WHEREAS, Minnesota Statutes § 297A.993 authorizes counties that are not participating in CTIB to impose up to one-half of one percent sales and use tax and a $20 motor vehicle excise tax for transportation purposes; and

WHEREAS, the CTIB Counties wish to implement the voluntary dissolution of CTIB and the termination of the JPA establishing CTIB so that each County may impose a sales and excise tax pursuant to Minnesota Statutes § 297A.993, allowing for increased revenue and greater flexibility to meet the Counties' needs; and

WHEREAS, the Act requires that before CTIB can terminate, CTIB must provide for the satisfaction of all of its outstanding bonds and obligations, which would include any outstanding funds owed to the Minnesota Department of Revenue; and

WHEREAS, the CTIB Counties remain committed to the construction and operations of the Board's vision for a network of transitways serving the five-county area.

NOW, THEREFORE, BE IT RESOLVED that the Counties Transit Improvement Board, subject to the conditions identified below, will provide funding to satisfy all outstanding debt and obligations, including but not limited to:

1. An amount sufficient to satisfy the Senior Sales Tax Revenue Note, Series 2010, not to exceed $92 million;
2. The 2017 Operating Grants, as approved January 18, 2017;
3. Up to 75% of the 2017 Capital Grants, as approved January 18, 2017;
4. All unpaid amounts for 2015 and 2016 Capital Grants;
5. All unpaid Guaranteed Capital Grant funds to Washington County, including $1,144,106 to reconcile the actual tax proceeds with the annual budgeted amount, and any refund from the sale of excess property purchased with Washington County guaranteed grant funds;
6. Expenses incurred in accordance with the 2017 Administrative Budget as approved on December 7, 2016;
7. Expenses incurred in accordance with the 2017 Intergovernmental Budget as approved on December 7, 2016;
8. Expenses incurred relating to the wind-down costs of CTIB as set forth in *Attachment* 1, Additional CTIB Wind-Down Distributions; and
9. Additional obligations to be funded by a reserve account, established by CTIB in the amount of $ 3,719,500. The account will be administered by a trustee selected by CTIB and will be available to address known, unforeseen or not-yet-quantified CTIB expenses following the dissolution of CTIB, including but not limited to payments owed to the Minnesota Department of Revenue. The trustee's actions will be directed by the county commissioner who was chair of CTIB at the time of dissolution and Anoka County Commissioner Scott Schulte, in accord with a fiduciary obligation to each of the former CTIB Counties. To the extent that funds available to the trustee are not sufficient to satisfy all obligations of CTIB to the Minnesota Department of Revenue, each County will

timely pay the trustee that County's proportionate share based on contributions as necessary to permit the trustee to satisfy those obligations.

Following the satisfaction of debt and obligations listed above, each County will be paid its share of unexpended funds, grant refunds, or any other CTIB funds that become available, if any, which will be deposited with and held by the trustee. When all obligations are met, the trustee will distribute any such remaining funds to each County in proportion to the contributions of each county in accordance with Article IX, Section 2. D of the Joint Powers Agreement.

BE IT FURTHER RESOLVED, that the CTIB payment of the above listed debt and obligations is subject to the fulfillment of the following conditions no later than June 30, 2017:

1. Each County Board agrees, by resolution adopted by the respective governing bodies, to termination of the JPA pursuant to Article IX, Section 2. A. 2 in the form of *Attachment 2A* (Resolution Terminating the Joint Powers Agreement Establishing the Counties Transit Improvement Board and Imposing a Transportation Tax) or *Attachment 2B* (Resolution Terminating the Joint Powers Agreement Establishing the Counties Transit Improvement Board).
2. Hennepin County agrees to pre-payment of the Senior Sales Tax Revenue Note, Series 2010.
3. Each County Board agrees, by resolution as set forth in *Attachment 2A* or *2B*, *Exhibit A* (Assumption of CTIB Funding Commitments), to assume all or a portion of the CTIB Share of Net Operating Costs of currently operating transitways as provided below. The "CTIB Share" is now defined in *Attachment 4* (Establishing the CTIB Share of Transitway Operating Costs).
    a. Hennepin County agrees to assume the obligation to pay 18.6% of the CTIB Share of Northstar Commuter Rail net operating costs, 100% of the CTIB Share of Hiawatha LRT (METRO Blue Line) net operating costs, and 60% of the CTIB Share of Central Corridor LRT (METRO Green Line) net operating costs; and

b. Ramsey County agrees to assume the obligation to pay 40% of the CTIB Share of Central Corridor LRT (METRO Green Line) net operating costs; and

c. Anoka County agrees to assume the obligation to pay 81.4% of the CTIB Share of Northstar Commuter Rail net operating costs.

4. Each County Board agrees, by resolution in the form as set forth in *Attachment 2A or Attachment 2B, Exhibit A*, to assume all or a portion of the unpaid balance of CTIB's Phase 1 capital funding commitments (including any amount unpaid pursuant to the 2017 Capital Grant Agreements), the CTIB Share of net operating costs, and all or a portion of the remaining balance of the State's capital share of the transitway projects, as follows:

   a. Hennepin County agrees to assume 100% of the remaining balance of CTIB's full funding commitment to the Southwest LRT Project (METRO Green Line Extension), the remaining balance of the State's share of the capital costs of the project (replacing only the principal amount represented by the $103.5 million in certificates of participation committed per resolution of the Metropolitan Council; it is understood that the Metropolitan Council may use that $103.5 million within the project budget to reimburse itself for the actual cash expended for project costs, excluding internal financing costs, to cash flow the related State share prior to issuance of the pledged $103.5 million in certificates of participation but not for other funds previously paid for the State share including but not limited to state appropriations, state bond funds, or other contributions by the Metropolitan Council from MVST revenues or otherwise), and 100% of the CTIB Share of net operating costs;

   b. Hennepin County agrees to assume 100% of the remaining balance of CTIB's full funding commitment to the Bottineau LRT Project (METRO Blue Line Extension), the remaining balance of the State's share, and 100% of the CTIB Share of net operating costs;

   c. Hennepin County agrees to assume 86% of the remaining balance of CTIB's full funding commitment to Phase 1 of the I-35W South BRT Project (METRO Orange Line), 86% of the remaining balance of the State's share of the capital costs of the project (recognizing any reductions for additional legislative contributions), and 86% of the CTIB Share of net operating costs;

d. Dakota County agrees to assume 14% of the remaining balance of CTIB's full funding commitment to Phase 1 of the I-35W South BRT Project (METRO Orange Line), 14% of the remaining balance of the State's share of the capital costs of the project (recognizing any reductions for additional legislative contributions), and 14% of the CTIB Share of net operating costs;

e. Ramsey County agrees to assume 50% of the remaining balance of CTIB's Project Development funding commitment to the Gateway BRT Project (METRO Gold Line), and 50% of the remaining balance of the State's share for Project Development;

f. Washington County agrees to assume 50% of the remaining balance of CTIB's Project Development funding commitment to the Gateway BRT Project (METRO Gold Line), and 50% of the remaining balance of the State's share for Project Development; and

g. Hennepin and Ramsey Counties reach agreement on the allocation of capital and operating costs and obligation to pay such costs for the Riverview LRT Project.

5. Each County Board agrees, by resolution in the form of *Attachment 2A or Attachment 3* (Resolution Imposing a Transportation Tax) and in accordance with Minnesota Statutes § 297A.993, to impose a new sales tax of no less than one-quarter of one percent and an excise tax of $20 per motor vehicle for transit and transportation purposes as set forth herein and to maintain such tax if needed to meet such county's obligations herein.

BE IT FURTHER RESOLVED, that upon the occurrence of the above, CTIB directs staff to take immediate action as necessary to assure that all of the outstanding debt and other obligations of CTIB will be satisfied in compliance with Minnesota Statutes § 297A.992, subdivision 10, and the CTIB chair is directed and authorized to execute all documents in furtherance thereof and further directs staff to continue coordination to facilitate the transition of CTIB responsibilities to the CTIB Counties.

BE IT FURTHER RESOLVED, that this Resolution supersedes Resolution # 21-2017, the conditions of which were not timely met.

Attachment 1

Additional CTIB Wind-down Distributions

Pursuant to Article IX.2.D of the Joint Powers Agreement, the Board agrees to distribute the below amounts of CTIB funds to the Counties, for use only as consistent with the purposes for which the revenues were raised, as specified in Minnesota Statutes § 297A.992, subdivision 6, or to the extent otherwise permitted by statute, as follows:

County	July 31, 2017 Cash Distribution	Estimated Future Pro-Rated Refunds	Estimated Total
Anoka	$4.1 million	$1.70 million	$ 5.8 million
Dakota	$21.3 million	$ 2.6 million	$23.9 million
Hennepin	$0.0 million	$11.05 million	$11.05 million
Ramsey	$0.0 million	$3.36 million	$3.36 million
Washington	$9.78 million	$1.18 million	$10.96 million

Attachment 2A

Resolution Terminating the Joint Powers Agreement Establishing the Counties Transit Improvement Board and Imposing a Transportation Tax

WHEREAS, the Minnesota Legislature, by Laws of Minnesota 2008, Chapter 152, Article 4, Section 2, codified as Minnesota Statutes § 297A.992 (the "Act"), authorized the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington to impose a one-quarter percent sales and use tax, and an excise tax of $20 per motor vehicle purchased or acquired from any person engaged in the business of selling motor vehicles at retail (the "Sales Tax"), following the formation of a joint powers board by agreement among the counties for use for designated transit projects; and

WHEREAS, the boards of commissioners of the counties of Anoka, Dakota, Hennepin, Ramsey and Washington (the "CTIB Counties") entered into a joint powers agreement (the "JPA") establishing the Counties Transit Improvement Board (the "CTIB"), and imposed the Sales Tax, thereby constituting the Metropolitan Transportation Area, as defined in the Act, while participating in CTIB; and

WHEREAS, the JPA provides in Article IX.2.A that the JPA shall terminate when all CTIB Counties agree by resolution adopted by their respective governing bodies to terminate the JPA and all obligations of CTIB shall have been paid or otherwise defeased in full; and

WHEREAS, on May 31, 2017, CTIB approved Resolution #32-2017 agreeing to pay all outstanding debt and obligations subject to the boards of commissioners of CTIB Counties taking certain actions as set forth in that Resolution, such that CTIB will terminate on September 30, 2017 and ____ County ("County") will then no longer be participating in CTIB; and

WHEREAS, Minnesota Statutes § 297A.993 authorizes counties not participating in CTIB to impose a transportation tax of up to one-half percent on retail sales and uses and an excise tax of $20 per motor vehicle for designated transit and transportation purposes (the "Transportation Tax"); and

Attachment 2A

WHEREAS, the County board of commissioners wishes to terminate the JPA so that the Sales Tax imposed under § 297A.992 will terminate and the County may impose the Transportation Tax authorized under § 297A.993 as provided herein; and

WHEREAS, the County board of commissioners wishes to take such actions as are set forth herein to meet the conditions in CTIB Resolution #32-2017, including but not limited to (1) the County assuring that CTIB commitments and obligations are met to the extent provided herein and (2) the County imposing the Transportation Tax; and

WHEREAS, Minnesota Statutes § 297A.993 requires that a county imposing the Transportation Tax must do so by resolution of the county board of commissioners after holding a public hearing; and

WHEREAS, the proceeds of the Transportation Tax must be designated by the respective county board exclusively to (1) payment of the capital cost of a specific transportation project or improvement; (2) payment of the costs, which may include both capital and operating costs, of a specific transit project or improvement; (3) payment of the capital costs of a safe routes to school program under Minnesota Statutes § 174.40; or (4) payment of transit operating costs; and

WHEREAS, the County board of commissioners desires to implement the Transportation Tax and have the State Department of Revenue collect the same, effective on October 1, 2017 and contingent upon the termination of CTIB as provided above; and

WHEREAS, the proceeds of such a Transportation Tax must be spent on projects designated in the ___________ County Sales and Use Tax Transportation Improvement Plan ("Plan"), or as otherwise denominated by the County consistent with Minnesota Statutes §297A.993, subdivision 2, for which the required public hearing has been held on ________ and which Plan is adopted herein; and

WHEREAS, the Plan may be amended by future actions of the County board after a public hearing.

NOW, THEREFORE, BE IT RESOLVED, that the County board of commissioners agrees to terminate the JPA, effective September 30, 2017 and upon the satisfaction of all of the conditions of CTIB Resolution #32-2017 including but not limited to all of the obligations of CTIB having been paid or otherwise defeased in full; and

BE IT FURTHER RESOLVED, that, upon the vote by all CTIB Counties to terminate the JPA and the action by CTIB to pay or defease all obligations in full as provided above, the taxes will be terminated and the County board of commissioners hereby directs appropriate County officials to take such timely actions, no later than June 30, 2017, as are necessary to see to the administration of the termination of the taxes under Minnesota Statutes § 297A.992, subdivision 10 and § 297A.99, subdivision 12, including but not limited to notifying, or cooperating with CTIB to notify, the Minnesota Department of Revenue; and

BE IT FURTHER RESOLVED, that upon the completion of the actions set forth herein, the County is no longer part of the Metropolitan Transportation Area as defined in Minnesota Statutes § 297A.992, subdivision 1; and

BE IT FURTHER RESOLVED, that the County board of commissioners assumes and agrees to carry forward the CTIB funding commitment(s), to the extent set forth in *Exhibit A* and additionally including the obligation to pay the County's proportionate share of any CTIB obligations to the Minnesota Department of Revenue to the extent that the CTIB reserve account is insufficient; and

BE IT FURTHER RESOLVED, that the County board of commissioners approves and authorizes the execution of the agreements referenced in *Exhibit B*; and

BE IT FURTHER RESOLVED, that the County board of commissioners authorizes and implements a 0._% sales and use tax and an excise tax of $20 per motor vehicle as provided for in Minnesota Statutes § 297A.993, to be imposed on October 1, 2017 contingent upon the termination of CTIB as provided in CTIB Resolution #32-2017, for the purpose of funding transit and transportation improvements as designated in the Plan and in duly adopted amendments to the Plan; and

BE IT FURTHER RESOLVED, that the County board of commissioners hereby adopts the Plan, which is attached to this resolution and is on file with the clerk of the board; and

BE IT FURTHER RESOLVED, that the County board of commissioners has designated the projects identified in *Exhibits A and B* in the Plan; will retain those projects in the Plan to the extent necessary for the County to meet the obligations identified in those *Exhibits A and B*; and will continue the Transportation Tax at a sufficient rate and for a sufficient time if needed to meet those obligations; and

BE IT FURTHER RESOLVED, that the provisions of Minnesota Statutes § 297A.99, Subdivisions 4, and 6 through 12, shall govern the imposition, administration, collection and enforcement of the Transportation Tax; and

BE IT FURTHER RESOLVED, that the County board of commissioners hereby directs appropriate County officials to take such timely actions as are necessary to implement the Transportation Tax, including but not limited to the certification of the taxes to the Minnesota Department of Revenue, on or before June 30, 2017.

Resolution Terminating the Joint Powers Agreement Establishing the Counties Transit Improvement Board

WHEREAS, the Minnesota Legislature, by Laws of Minnesota 2008 Chapter 152, Article 4, Section 2, codified as Minnesota Statutes § 297A.992 (the "Act"), authorized the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington to impose a one-quarter percent sales and use tax, and an excise tax of $20 per motor vehicle purchased or acquired from any person engaged in the business of selling motor vehicles at retail ("Sales Tax"), following the formation of a joint powers board by agreement among the counties for use for designated transit projects; and

WHEREAS, the boards of commissioners of the counties of Anoka, Dakota, Hennepin, Ramsey and Washington (the "CTIB Counties") entered into a joint powers agreement (the "JPA") establishing the Counties Transit Improvement Board (the "CTIB"), and imposed the Sales Tax, thereby constituting the Metropolitan Transportation Area, as defined in the Act, while participating in CTIB; and

WHEREAS, the JPA provides in Article IX.2.A that the JPA shall terminate when all CTIB Counties agree by resolution adopted by their respective governing bodies to terminate the JPA and all obligations of CTIB shall have been paid or otherwise defeased in full; and

WHEREAS, on May 31, 2017, CTIB approved Resolution #32-2017 agreeing to pay all outstanding debt and obligations subject to the boards of commissioners of CTIB Counties taking certain actions as set forth in that Resolution, such that CTIB will terminate on September 30, 2017 and ____ County (the "County") will then no longer be participating in CTIB; and

WHEREAS, Minnesota Statutes § 297A.993 authorizes counties not participating in CTIB to impose a transportation tax of up to one-half percent on retail sales and uses and an excise tax of $20 per motor vehicle for designated transit and transportation purposes (the "Transportation Tax"); and

WHEREAS, the County board of commissioners wishes to terminate the JPA so that the taxes imposed under § 297A.992 will terminate and the County may impose the taxes authorized under § 297A.993 as provided herein; and

WHEREAS, the County board of commissioners wishes to take such actions as are set forth herein to meet the conditions in CTIB Resolution #32-2017, including but not limited to (1) the County assuring that CTIB commitments and obligations are met to the extent provided herein and (2) the County imposing the Transportation Tax.

NOW, THEREFORE, BE IT RESOLVED, that the County board of commissioners agrees to terminate the JPA, effective September 30, 2017 and upon the satisfaction of all of the conditions of CTIB Resolution #32-2017 including but not limited to all of the obligations of CTIB having been paid or otherwise defeased in full; and

BE IT FURTHER RESOLVED, that, upon the vote by all CTIB counties to terminate the JPA and the action by CTIB to pay or defease all obligations in full as provided above, the taxes will be terminated and the County board of commissioners hereby directs appropriate County officials to take such timely actions, no later than June 30, 2017, as are necessary to see to the administration of the termination of the taxes under Minnesota Statutes §§ 297A.992, subdivision 10, and 297A.99, subdivision 12, including but not limited to notifying, or cooperating with CTIB to notify, the Minnesota Department of Revenue; and

BE IT FURTHER RESOLVED, that upon the completion of the actions set forth herein, the County is no longer part of the Metropolitan Transportation Area as defined in Minnesota Statutes § 297A.992, subdivision 1; and

BE IT FURTHER RESOLVED, that the County board of commissioners assumes and agrees to carry forward the CTIB funding commitment(s), to the extent set forth in *Exhibit A* and additionally including the obligation to pay the County's proportionate share of any CTIB obligations to the Minnesota Department of Revenue to the extent that the CTIB reserve account is insufficient; and

BE IT FURTHER RESOLVED, that the County board of commissioners approves and authorizes the execution of the agreements referenced in *Exhibit B* and shall in conformance to conditions contained in CTIB Resolution #32-2017 act to impose a Transportation Tax pursuant to Minnesota Statutes § 297A.993.

Attachment 3

Resolution Imposing A Transportation Tax

WHEREAS, Minnesota Statutes § 297A.993 (the "Act") authorizes counties not participating in the Counties Transit Improvement Board ("CTIB") to impose a transportation tax of up to one-half percent on retail sales and uses and an excise tax of $20 per motor vehicle for designated transit and transportation purposes (the "Transportation Tax"); and

WHEREAS, the Act requires that a county imposing the Transportation Tax must do so by resolution of the county board of commissioners after holding a public hearing; and

WHEREAS, the proceeds of the Transportation Tax must be designated by the respective county board exclusively to (1) payment of the capital cost of a specific transportation project or improvement; (2) payment of the costs, which may include both capital and operating costs, of a specific transit project or improvement; (3) payment of the capital costs of a safe routes to school program under Minnesota Statutes § 174.40; or (4) payment of transit operating costs; and

WHEREAS, the board of commissioners has, pursuant to Resolution ___ (Resolution Terminating the Joint Powers Agreement Establishing the Counties Transit Improvement Board) declared its intent to no longer be part of the Metropolitan Transportation Area as defined in Minnesota Statutes § 297A.992, subdivision 1, and has exercised its authority under the CTIB Joint Powers Agreement to vote to terminate the Joint Powers Agreement effective September 30, 2017; and

WHEREAS, pursuant to CTIB Resolution #32-2017, and subject to the conditions provided therein, CTIB will take all such actions as are necessary to effectuate the dissolution of CTIB including the satisfaction of all outstanding debt and other obligations as required by Minnesota Statutes § 297A.992, subdivision 10, such that the sales tax under § 297A.992 will terminate and ___ County (the "County") will no longer be participating in CTIB effective September 30, 2017; and

WHEREAS, the board of commissioners desires to implement the Transportation Tax and have the State Department of Revenue collect the same, effective on October 1, 2017 and contingent upon the termination of CTIB as provided above; and

WHEREAS, the proceeds of such a Transportation Tax must be spent on projects designated in the ___________ County Sales and Use Tax Transportation Improvement Plan ("Plan"), or as otherwise denominated by the County consistent with Minnesota Statutes § 297A.993, subdivision 2, for which the required public hearing has been held on ________ and which Plan is adopted herein; and

WHEREAS, the Plan may be amended by future actions of the County board after a public hearing.

NOW, THEREFORE, BE IT RESOLVED, that the County board of commissioners authorizes and implements a 0._% sales and use tax and an excise tax of $20 per motor vehicle as provided for in Minnesota Statutes § 297A.993, to be imposed on October 1, 2017 contingent upon the termination of CTIB as provided in CTIB Resolution #32-2017, for the purpose of funding transit and transportation improvements as designated in the Plan and in duly adopted amendments to the Plan; and

BE IT FURTHER RESOLVED, that the County board of commissioners hereby adopts the Plan, which is attached to this resolution and on file with the clerk of the board; and

BE IT FURTHER RESOLVED, that the board of commissioners has designated the projects identified in *Exhibits A and B* to Resolution __ (Resolution Terminating the Joint Powers Agreement Establishing the Counties Transit Improvement Board) in the

Plan; will retain those projects in the Plan to the extent necessary for the County to meet the obligations identified in those *Exhibits A and B*; and will continue the taxes identified in the first resolving clause at a sufficient rate and for a sufficient time if needed to meet those obligations;

BE IT FURTHER RESOLVED, that the provisions of Minnesota Statutes § 297A.99, Subdivisions 4, and 6 through 12, shall govern the imposition, administration, collection and enforcement of the taxes; and

BE IT FURTHER RESOLVED, that the County board of commissioners hereby directs appropriate County officials to take such timely actions as are necessary to implement the taxes, including but not limited to the certification of the taxes to the Minnesota Department of Revenue, on or before June 30, 2017.

Attachment 4

Establishing the CTIB Share of Transitway Operating Costs
Term Sheet

The Counties Transit Improvement Board (the "Board") has under consideration the dissolution of the joint powers agreement that is currently in place. A requirement of the Board's action on dissolution is to have its current funding commitments assumed by individual county members in whole or in part. Certain of the funding commitments provide payment by the Board of a share of the net operating cost for the currently operating lines, including: METRO Blue Line LRT, METRO Green Line LRT, Northstar Commuter Rail, and METRO Red Line BRT. Funding commitments for future lines include: Southwest LRT (METRO Green Line Extension), Bottineau LRT (METRO Blue Line Extension), and I-35W South BRT (METRO Orange Line). This term sheet describes the provisions related to payment of the CTIB Share in 2018 and beyond for operating transitways, It will further provide the basis for establishing the CTIB Share for future lines when operations commence.

This Term Sheet is summary in nature and not intended to be a complete statement of the terms of the intended agreement/s among the parties. The parties to the agreement or agreements referred to in the Term Sheet include the Metropolitan Council as recipient of the funds described and the following counties:

METRO Blue Line LRT	Hennepin County
METRO Green Line LRT	Hennepin County & Ramsey County
Northstar Commuter Rail	Anoka County & Hennepin County

This term sheet acknowledges that the Metropolitan Council has agreed to pay 100 percent of the Net Operating Costs of the METRO Red Line BRT, and that there will be no agreement between Dakota County and the Metropolitan Council for the CTIB Share of those costs.

<u>Term of Agreement</u>

The agreement will apply to Net Operating Cost incurred beginning January 1, 2018 and ending December 31, 2022, and will automatically renew for consecutive five-year periods, as amended from time to time, unless otherwise agreed to by the parties or as provided for under "Termination" herein.

<u>Definitions</u>

Net Operating Cost, Operating Revenue and Operating Expense will have the same meaning as in the current Master Operations Funding Agreement. Relevant sections of the Master Operations Funding Agreement are reproduced below for ease of reference:

> <u>Net Operating Cost or Net Operating Costs</u> shall be defined as the Operating Costs attributable by Council to a Grant Period less Operating Revenues. Net Operating Costs, defined herein and applicable to this Agreement, shall be derived in a manner consistent with the system of accountability agreed to by the Parties in this Agreement.

Attachment 4

Operating Costs means the costs of operating a Transitway Service. This includes direct costs attributable to Transitway Service operations and indirect costs attributable to Transitway Service as follows:

a. Federal A-87 Support Service Allocation: The Federal Transit Administration ('FTA') has established federal guidelines that allow support services that cannot be charged directly to be allocated between operating and capital operations per OMB Circular 122 Section A-87.
b. Modal Allocation: The Metro Transit Modal Allocation is for joint operating expenses of Metro Transit that support both bus and rail operations, but not capital expenditures. These joint operating expenses are not included in the Federal A-87 Support Service Allocation per federal guidelines, as they only support operational needs.
c. Metropolitan Council Allocation: The Metropolitan Council provides support services for all operations within the metropolitan Council. These support services are allocated to each Council Operating Unit.
d. Contracted Services Overhead Allocation: The Metropolitan Transportation Services department supports contracted Transitway Service operations. These overhead costs are incurred for the administration of contracts with external providers.

The parties agree that the definition of Operating Costs does not include life cycle capital replacement needs, including rolling stock.

Operating Revenue means revenues reasonably attributable or allocable to a Transitway Service for a Grant Period, including but not limited to:

a. Revenues attributable by Council, in consultation with Board, to operation of Transitway Service, including but not limited to passenger fares, auxiliary revenue such as advertising, metropolitan Airports Commission Service Revenue, and other miscellaneous revenues such as interest income;
b. Any and all federal funds or other applicable funding sources or revenues available to Council that are specifically designated for operation of Transitway Service;
c. Any and all federal funds or other applicable funding sources or revenues allocated by Council, in consultation with Board, for operation of Transitway Service.

If significant specially designated revenues for operations of Transitway Service are received from the State Legislature, the Parties agree to meet and determine the impacts on Operating Revenues and Net Operating Costs.

Proportionate Share of Shared Use Facility Costs means the allocation of Operating Costs of major shared use transitway station facilities, including park and ride facilities that serve express bus routes, according to the following methodologies:

a. For Rail/Bus Shared Use Facilities: Operating Costs shall be allocated to each respective mode using a weighted formula, with a 50 percent weight given to ridership for each route using the facility, and a 50 percent weight given to the number of scheduled trips for each route using the facility.

b. For BRT/Bus Shared Use Facilities: Operating Costs shall be allocated to each respective mode based on the number of scheduled trips for each route using the facility.

The Proportionate Share of Shared Use Facility Costs will be calculated for the 2018 Base Share amount, and then recalculated every three years on the facilities agreed to for each individual corridor.

Transitway Service means the operation of a light rail transit, commuter rail transit, or bus rapid transit line, currently including the Hiawatha LRT transitway (operating as the METRO Blue Line), the Central Corridor LRT transitway (operating as the METRO Green Line), and the Northstar commuter rail transitway. Transitway Service does not include the operation of Arterial bus rapid transit, regular route bus, express bus, Metro Mobility or any other transit services.

Supplanting Prohibited

Funds provided under the agreement or agreements must supplement, and not supplant, state, federal or other sources of assistance available and such sources may not be diverted to maximize county contributions. Funds provided may only be used to pay Operating Costs of Transitway Service, and may not be used pay the cost of any non-Transitway Service directly or indirectly.

Source of Funding

Unless otherwise determined at the sole discretion of each county, the source of funding is taxes imposed under Minnesota Statutes § 297A.993. Payment in any year is subject to annual appropriation of each county.

CTIB Share

The CTIB Share of Operating Costs in any year will be the sum of the Base Share and the Non-Annual Share.

Base Share

The Base Share is for annual Operating Costs incurred for the normal day to day operations of Transitway Service. These costs can include:

- Labor and Benefits
- Contracted Services including Professional and Technical Services
- Materials, Parts and Supplies including Fuel, Repair Parts and Repair Supplies
- Other Expenses including Utilities, Insurance, Leases and Rentals, Advertising, Training
- Allocated Expenses including Modal Allocations, A-87 Federal Allocations, Metropolitan Council Allocations, Contracted Service Allocations

Attachment 4

The CTIB Base Share will be the following amounts in 2018, increased by 3.15% in each year thereafter, unless adjusted from time to time as specified herein.

METRO Blue Line/Green Line LRT*	$ 25,051,223 [placeholder]
Northstar Commuter Rail	$ 7,127,181

*Note: The LRT Base Share will be adjusted to account for the Proportionate Share of Shared Use Facility Costs at the Mall of America Station.

Non-Annual Share

Some Operating Costs do not occur annually, but rather are scheduled programs that are necessary to maintain the normal operation of the Transitway Service. An amount for non-annual Operating Costs (the "Non-Annual Share") will be included in the annual CTIB Share and accounted for separately. These costs can include:

- Labor Training costs for Rail Overhaul Programs
- Rail Grinding Program
- Station Rehabilitation Programs – BRT or Rail
- Tile Grouting

The Non-Annual Share will be the following amounts in 2018, increased by 3.15% in each year thereafter, unless adjusted from time to time as specified herein.

METRO LRT Operations	$ 750,000
Northstar Commuter Rail	$ 150,000

Expenditure of amounts on deposit in the account for the Non-Annual Share will be subject to review and reconciliation by the contributing counties and specifically budgeted as such by Metropolitan Council prior to the expenditure. In the event amounts on deposit in the account for the Non-Annual Share accumulate to an amount in excess of twice the annual contribution amount at the end of any given year, the amount of such excess will be distributed back to the county, or proportionately to the counties, that provided funding for the year just ended. In the event, there is a scheduled, non-annual Operating Cost planned for a Transitway Service that exceeds the yearly contribution amount for the Non-Annual Share, the parties agree to discuss a potential adjustment to the Non-Annual Share.

Annual True-up of Base Share

a. Year-End Operations and Financial Report. On or about July 15 of each year, Council shall present to County/ies for its review and comment an audited year-end operations and financial report ("Year-end Operations and Financial Report") for the prior calendar year. This prior year audited Year-end Operations and Financial Report will be presented on or about July 15th of each subsequent calendar year and will include variances for actual versus budget revenue and expense financial results.

b. Reconciliation/Surplus Monies. Within thirty (30) days of publication of Council's annual Certified Financial Report, any surplus moneys provided to Council by County/ies for Transitway Services and any interest earnings generated by County's/ies' contribution to Council of funds shall be returned to County/ies in proportion to the contributions of County/ies upon completion of operations authorized by an Operating Agreement. If the Operating Agreement is terminated for any reason and any balance remains after all operating costs are paid, said balance will be owed to County/ies within thirty (30) days of publication of Council's annual Certified Financial Report.

Manner of Payment

Each calendar year beginning January 1, 2018, the Metropolitan Council shall invoice the counties on a quarterly basis, and the counties shall make equal quarterly payments in February, May, August, and November.

Separate Accounts

Payments received as and expenses charged against the Base Share will be accounted for separately from payments received as and expenses charged against the Non-Annual Share.

Budgeting and Reporting

The agreement or agreements may include budgeting and reporting information similar to that described in the Master Operating Agreement Section 5, or as agreed to by the parties. The parties agree to meet at least annually to review the annual budget and expenditures of the Base Share and the Non-Annual Share.

Service Levels

The Metropolitan Council will not make decisions about material service changes and frequency levels without due regard for, and the timely involvement (at least 60 days) of, the counties paying for the operating subsidies for such service.

Reopening Conditions

The intent of the parties is to provide a more streamlined, predictable method of providing the subsidy; however, all parties realize that there is no way to anticipate all future circumstances and agree that there may be a need to make adjustments from time to time. Any party may request consideration of specific circumstances; however, the following items will be cause for reopening terms of the agreement.

a. A significant change to Operating Revenues, including but not limited to a fare increase.

b. A material service change is proposed that results in 25% or more change in daily in-service hours of a Transitway Service.

c. A new Transitway Service commences operations, for the purposes of establishing the Base Share and Non-Annual Share for the new Transitway Service.

d. An extension to an existing Transitway Service or the addition of a new station on an existing Transitway Service.

e. The Legislature modifies the Minnesota Statutes § 297A.993 sales tax base.

f. An unforeseen circumstance occurs that results in significant on-going costs to the Transitway Service.

<u>Termination of the Agreement</u>

The agreement or agreements are subject to termination in the event:

a. A transitway ceases to operate

b. Legislature eliminates the Minnesota Statutes § 297A.993 sales tax or restricts its use to preclude payment under the agreement/s

c. The parties agree to terminate the agreement

EXHIBIT A

ASSUMPTION OF CTIB FUNDING COMMITMENTS

Anoka County assumes the following funding commitments:

1. 81.4 % of the CTIB Share of Northstar Commuter Rail net operating costs (for reference see CTIB Resolution #18-2008).

EXHIBIT A

ASSUMPTION OF CTIB FUNDING COMMITMENTS

Dakota County assumes the following funding commitments:

1. 14% of the remaining balance of CTIB's full funding commitment to the capital costs of Phase 1 of the I-35W South BRT (METRO Orange Line) project, 14% of the remaining balance of the State's share of the capital costs of the project (recognizing any reductions for additional legislative contributions), and 14% of the CTIB Share of net operating costs (for reference see CTIB Resolution #41-2016 as amended by Resolution #18-2017).
2. CTIB Resolution #55-2014: 14% of the remaining balance of CTIB's Project Development commitment to the capital costs of Phase 1 of the I-35W South BRT (METRO Orange Line) project.

EXHIBIT A

ASSUMPTION OF CTIB FUNDING COMMITMENTS

Hennepin County assumes the following funding commitments:

Operating:

1. 18.6% of the CTIB Share of Northstar Commuter Rail net operating costs (for reference see CTIB Resolution #18-2008).
2. 100% of the CTIB Share of Hiawatha LRT (METRO Blue Line) net operating costs (for reference see CTIB Resolution #18-2008).
3. 60% of the CTIB Share of Central Corridor LRT (METRO Green Line) net operating costs (for reference see CTIB Resolution #18-2008).

Capital:

Southwest LRT (METRO Green Line Extension)

4. 100% of the remaining balance of CTIB's full funding commitment to the capital costs of the Southwest LRT Project (METRO Green Line Extension), the remaining balance of the State's share of the capital costs of the project (replacing only the principal represented by the $103.5 million in certificates of participation pledged per resolution of the Metropolitan Council; it is understood that the Metropolitan Council may use that $103.5 million within the project budget to reimburse itself for the actual cash expended for project costs, excluding internal financing costs, to cash flow the related State share prior to issuance of the pledged $103.5 million in certificates of participation but not for other funds previously paid for the State share including but not limited to state appropriations, state bond funds, or other contributions by the Metropolitan Council from MVST revenues or otherwise) (for reference see CTIB Resolution #44-2016), and 100% of the CTIB Share of future net operating costs (for reference see CTIB Resolution # 49-2014).
5. CTIB Resolution #70-2016: Funding Commitment for the Engineering Phase of Work for the Southwest LRT Project (METRO Green Line Extension).
6. CTIB Resolution #52-2015: Adjustments to CTIB's Funding Commitments for the Southwest LRT Project (METRO Green Line Extension).
7. CTIB Resolution #49-2014: CTIB Funding Commitments for the Southwest LRT Project (METRO Green Line Extension).
8. CTIB Resolution #71-2012: Funding Commitment for the Preliminary Engineering Phase of the Southwest LRT Project (METRO Green Line Extension).

Bottineau LRT Project (METRO Blue Line Extension)

9. 100% of the remaining balance of CTIB's full funding commitment to the capital costs of the Bottineau LRT Project (METRO Blue Line Extension), the remaining balance of the State's share of the capital costs of the project, and 100% of the CTIB Share of future net operating costs (for reference see CTIB Resolution #39-2016).
10. CTIB Resolution #16-2017: Funding Commitment for the Engineering Phase of Work for the Bottineau LRT Project (METRO Blue Line Extension).

I-35W South BRT (METRO Orange Line)

11. 86% of the remaining balance of CTIB's full funding commitment to Phase 1 capital costs of the I-35W South BRT Project (METRO Orange Line), 86% of the remaining balance of the State's share of the capital costs of the project (recognizing any reductions for additional legislative contributions), and 86% of the CTIB Share of future net operating costs (for reference see CTIB Resolution #41-2016 as amended by Resolution #18-2017).
12. CTIB Resolution #55-2014: 86% of the remaining balance of CTIB's Project Development commitment to the capital costs of Phase 1 of the I-35W South BRT Project (METRO Orange Line).

In addition to the assumption of the above CTIB funding commitments, Hennepin County also agrees to fund 30 percent of the capital costs of the Riverview LRT Project, provided that Ramsey County agrees to fund 70 percent of the capital costs, all after subtracting for (1) the federal share, which is assumed to be 49 percent of the total capital costs, and (2) the share of the regional railroad authorities which shall in combination be 10 percent of the total capital costs. The terms of such agreement will be memorialized in an agreement between Hennepin County and Ramsey County. Hennepin County and Ramsey County will also share, in the same 30/70 proportions, the CTIB Share of future net operating costs per the agreement being memorialized with the Metropolitan Council in accordance with the term sheet attached hereto.

EXHIBIT A

ASSUMPTION OF CTIB FUNDING COMMITMENTS

Ramsey County assumes the following funding commitments:

1. 40% of the CTIB Share of Central Corridor LRT (METRO Green Line) net operating costs (for reference see CTIB Resolution #18-2008).
2. 50% of the remaining balance of CTIB's Project Development funding commitment to the capital costs of the Gateway BRT Project (METRO Gold Line), and 50% of the remaining balance of the State's share of capital costs for Project Development (for reference see CTIB Resolution #17-2017).

In addition to the assumption of the above CTIB funding commitments, Ramsey County also agrees to fund 70 percent of the capital costs of the Riverview LRT Project, provided that Hennepin County agrees to fund 30 percent of the capital costs, all after subtracting for (1) the federal share, which is assumed to be 49 percent of the total capital costs, and (2) the share of the regional railroad authorities which shall in combination be 10 percent of the total capital costs. The terms of such agreement will be memorialized in an agreement between Hennepin County and Ramsey County. Ramsey County and Hennepin County will also share, in the same 70/30 proportions, the CTIB Share of future net operating costs per the agreement being memorialized with the Metropolitan Council in accordance with the term sheet attached hereto.

EXHIBIT A

ASSUMPTION OF CTIB FUNDING COMMITMENTS

Washington County assumes the following funding commitments:

1. 50% of the remaining balance of CTIB's Project Development funding commitment to the capital costs of the Gateway BRT Project (METRO Gold Line), and 50% of the remaining balance of the State's share of capital costs for Project Development (for reference see CTIB Resolution #17-2017).

EXHIBIT B

ASSUMPTION OF CTIB AGREEMENTS AND OBLIGATIONS

1. An agreement whereby CTIB assigns to Anoka County, and Anoka County assumes, the 2017 Operating Grant Agreement for the Northstar Commuter Rail Project with the Metropolitan Council (#08-2017-01).

EXHIBIT B

ASSUMPTION OF CTIB AGREEMENTS AND OBLIGATIONS

Agreements whereby CTIB assigns to Dakota County, and Dakota County assumes, the following agreements and obligations:

1. 2017 Operating Grant Agreement for the METRO Red Line Service (Cedar Avenue Bus Rapid Transit) with the Metropolitan Council (#06-2017-01).
2. 2017 Operating Grant Agreement for the Cedar Avenue Express Service with the Metropolitan Council (#07-2017-01).
3. 2017 Operating Grant Agreement for the I-35W South Express Service with the Metropolitan Council (#10-2017-01).

Through a separate agreement with the Metropolitan Council, Dakota County also agrees to pay 14 percent of the remaining balance of the 2017 Capital Grant Agreement for the I-35W South BRT Project (METRO Orange Line) with the Metropolitan Council (#03-2017-01), which Agreement will be assigned to and assumed by Hennepin County.

EXHIBIT B

ASSUMPTION OF CTIB AGREEMENTS AND OBLIGATIONS

Agreements whereby CTIB assigns to Hennepin County, and Hennepin County assumes, the following agreements and obligations:

1. 2017 Capital Grant Agreement for the Southwest LRT Project (METRO Green Line Extension) with the Metropolitan Council (#01-2017-01).
2. 2017 Capital Grant Agreement for the Bottineau LRT Project (METRO Blue Line Extension) with the Metropolitan Council (#02-2017-01).
3. 2017 Capital Grant Agreement for the I-35W South BRT Project (METRO Orange Line) with the Metropolitan Council (#03-2017-01). Through a separate agreement between Dakota County and the Metropolitan Council, Dakota County will pay 14% of the remaining balance of the 2017 Capital Grant.
4. 2017 Operating Grant Agreement for LRT Operations (METRO Blue and Green Lines) with the Metropolitan Council (#09-2017-01).

EXHIBIT B

ASSUMPTION OF CTIB AGREEMENTS AND OBLIGATIONS

Agreements whereby CTIB assigns to Ramsey County, and Ramsey County assumes, the following agreements and obligations:

None.

EXHIBIT B

ASSUMPTION OF CTIB AGREEMENTS AND OBLIGATIONS

Agreements whereby CTIB assigns to Washington County, and Washington County assumes, the following agreements and obligations:

None.

COUNTIES TRANSIT IMPROVEMENT BOARD

	Board Members	YEA	NAY	ABSTAIN	ABSENT
Hennepin County	Peter McLaughlin, Chair	X			
	~~Mike Opat~~ Marion Greene	X			
Anoka County	Matt Look	X			
	Scott Schulte	X			
Dakota County	Thomas Egan	X			
	MaryLiz Holberg		X		
Ramsey County	Rafael Ortega	X			
	Jim McDonough	X			
Washington County	Lisa Weik	X			
	Karla Bigham	X			
Metropolitan Council	Adam Duininck	X			

Commissioner Peter McLaughlin, CTIB Chair

Date: May 31, 2017

Certification

I hereby certify that the foregoing resolution is a true and correct copy of the resolution presented to and adopted by the Counties Transit Improvement Board at a duly authorized meeting thereof held on the 31st day of May, 2017 as shown by the minutes of said meeting in my possession.

Title: Clerk to the Board