

HENNEPIN COUNTY

MINNESOTA

FINAL BOARD AGENDA

BOARD OF HENNEPIN COUNTY COMMISSIONERS
HENNEPIN COUNTY REGIONAL RAILROAD AUTHORITY
TUESDAY, JANUARY 22, 2019
1:30 PM

Chair: Jan Callison, District 6
Vice-Chair: Mike Opat, District 1
Members: Irene Fernando, District 2
Marion Greene, District 3
Angela Conley, District 4
Debbie Goettel, District 5
Jeff Johnson, District 7

-
1. **Approval of the Agenda**
 2. **Minutes from Previous Meeting**
 - A. Minutes 1-8-2019
 3. **New Business**
 - A. **19-HCRRRA-0004**

Neg Lease Agmt 73-34103 with Excelsior 3rd Street Station LLC for rental of HCRRRA property in Excelsior, 02/01/19–01/31/24 (recv \$20,194 first year)
 - B. **19-HCRRRA-0005**

Neg Lease Agmt 73-34106 with City of Excelsior for rental of HCRRRA property in Excelsior, 02/01/19–01/31/24 (recv \$1)
 - C. **19-HCRRRA-0006**

Neg Agmt A199471 with Carver County to purchase the Hopkins to Chaska corridor property in Carver County, \$1.7 million (recv)
 - D. **19-HCRRRA-0007**

Sale of approximately \$80,000,000 of limited tax bonds; fixing the form and specifications thereof; and providing for execution, delivery and payment

HENNEPIN COUNTY

MINNESOTA

MEETING MINUTES

BOARD OF HENNEPIN COUNTY COMMISSIONERS
HENNEPIN COUNTY REGIONAL RAILROAD AUTHORITY
TUESDAY, JANUARY 8, 2019
1:30 PM

Chair: Jan Callison, District 6
Vice-Chair: Mike Opat, District 1

Members: Irene Fernando, District 2
Marion Greene, District 3
Angela Conley, District 4
Debbie Goettel, District 5
Jeff Johnson, District 7

The Board of Commissioners of the Hennepin County Regional Railroad Authority met in the Hennepin County Government Center on January 8, 2019. The meeting was called to order at 1:43 PM by Commissioner Greene, Chair. All Commissioners were present except for Mike Opat who was absent.

1. Approval of the Agenda

APPROVED

Commissioner Debbie Goettel moved to adopt the Agenda, seconded by Commissioner Jan Callison and approved - 6 Yeas, 1 Absent - Opat

2. Minutes from Previous Meeting

A. 12/11/18 Meeting Minutes

ADOPTED

Commissioner Jeff Johnson moved to adopt the Minutes, seconded by Commissioner Angela Conley and approved - 6 Yeas, 1 Absent - Opat

3. New Business

A. 19-HCRRRA-0001

2019 Hennepin County Regional Railroad Authority Board of Commissioners organizational structure

Commissioner Jeff Johnson moved to nominate Jan Callison as Chair, Mike Opat as Vice Chair, Debbie Goettel as Secretary, and Marion Greene as Treasurer. Being that there were no other nominations;

BE IT RESOLVED, that the following be elected as officers of the Hennepin County Regional Railroad Authority Board of Commissioners for 2019:

Chair: Jan Callison

Vice Chair: Mike Opat

Secretary: Debbie Goettel

Treasurer: Marion Greene

ADOPTED

Commissioner Debbie Goettel moved to adopt, seconded by Commissioner Marion Greene and approved - 6 Yeas, 1 Absent - Opat

B. 19-HCRRRA-0002

2019 Hennepin County Regional Railroad Authority Board of Commissioners meeting schedule

BE IT RESOLVED, that the Hennepin County Regional Railroad Authority meetings for 2019 will be held following the regularly scheduled Hennepin County Board meetings, unless noted differently in the meeting schedule approved by the Hennepin County Board.

ADOPTED

Commissioner Debbie Goettel moved to adopt, seconded by Commissioner Marion Greene and approved
- 6 Yeas, 1 Absent - Opat

C. 19-HCRR-0003

2019 Hennepin County Regional Railroad Authority Board of Commissioners committee appointments

BE IT RESOLVED, that the following Hennepin County Regional Railroad Authority committee appointments for 2019 be approved:

Blue Line Extension (Bottineau) Light Rail Transit Community Works Steering Committee
Representative: Mike Opat, Chair
Representative: Irene Fernando

Blue Line Extension (Bottineau) Light Rail Transit Corridor Management Committee
Representative: Mike Opat
Representative: Irene Fernando
Alternate: Jan Callison

I-35W Solution Alliance
Representative: Debbie Goettel
Representative: Angela Conley

Riverview Corridor Policy Advisory Committee
Representative: Jan Callison
Alternate: Debbie Goettel (alternate)

Southwest Light Rail Transit Community Works Steering Committee
Representative: Jan Callison, Chair Alternate: Irene Fernando

Southwest Light Rail Transit Corridor Management Committee
Representative: Jan Callison
Representative: Marion Greene
Representative: Debbie Goettel
Alternate: Irene Fernando (alternate)

Southwest Light Rail Transit Executive Change Control Board
Representative: Jan Callison

Southwest Light Rail Transit Policy Maker Working Group
Representative: Jan Callison

ADOPTED

Commissioner Debbie Goettel moved to adopt, seconded by Commissioner Marion Greene and approved
- 6 Yeas, 1 Absent - Opat

4. Adjournment

The Regional Railroad Authority adjourned at 1:46 PM until Tuesday, January 22, 2019.

Maria Rose
Clerk to the County Board

Contracting opportunities can be found on the Hennepin County website: www.hennepin.us

HENNEPIN COUNTY

MINNESOTA

Regional Railroad Authority Board Action Request 19-HCRRRA-0004

Item Description:

Neg Lease Agmt 73-34103 with Excelsior 3rd Street Station LLC for rental of HCRRRA property in Excelsior, 02/01/19–01/31/24 (recv \$20,194 first year)

Resolution:

BE IT RESOLVED, that the Executive Director be authorized to negotiate Lease Agreement 73-34103 with Excelsior 3rd Street Station LLC, for rental of approximately 23,998 square feet of Hennepin County Regional Railroad Authority property located west of Water Street in the City of Excelsior, for the period February 1, 2019 through January 31, 2024, establishing the annual rent at \$20,194 per year for the first three years, with an adjustment for the fourth and fifth years; that following review and approval by the County Attorney's Office, the Chair be authorized to sign the agreement on behalf of the Authority; and that the Controller be authorized to accept and disburse funds as directed.

Background:

History: The Excelsior 3rd Street Station LLC building is located on the north side of the Hennepin County Regional Railroad Authority's (HCRRRA) Hopkins to Victoria corridor west of Water Street in downtown Excelsior. The building was originally designed to access the rail corridor directly from its loading docks. Once the corridor ceased active rail use, the building required and received a lease for building access and parking. The HCRRRA has provided such a lease since its acquisition of the corridor in 1981. Consistent with HCRRRA's *Land Use Management Plan*, Lease Agreement 73-34103 establishes the lease term for a five-year period, February 1, 2019 through January 31, 2024, and an annual rental charge of \$20,194 for the first three years, with an adjustment for years four and five according to the Consumer Price Index. Excelsior 3rd Street Station LLC will make an additional annual payment equal to 30 percent of the rent in lieu of property taxes. Either party may terminate the lease by giving a 30-day written notice.

Current Request: Authorization to negotiate Lease Agreement 73-34103 with Excelsior 3rd Street Station LLC for rental of HCRRRA property located in Excelsior, for the period February 1, 2019 through January 31, 2024, establishing the annual rent at \$20,194 per year for the first three years with an adjustment for years four and five.

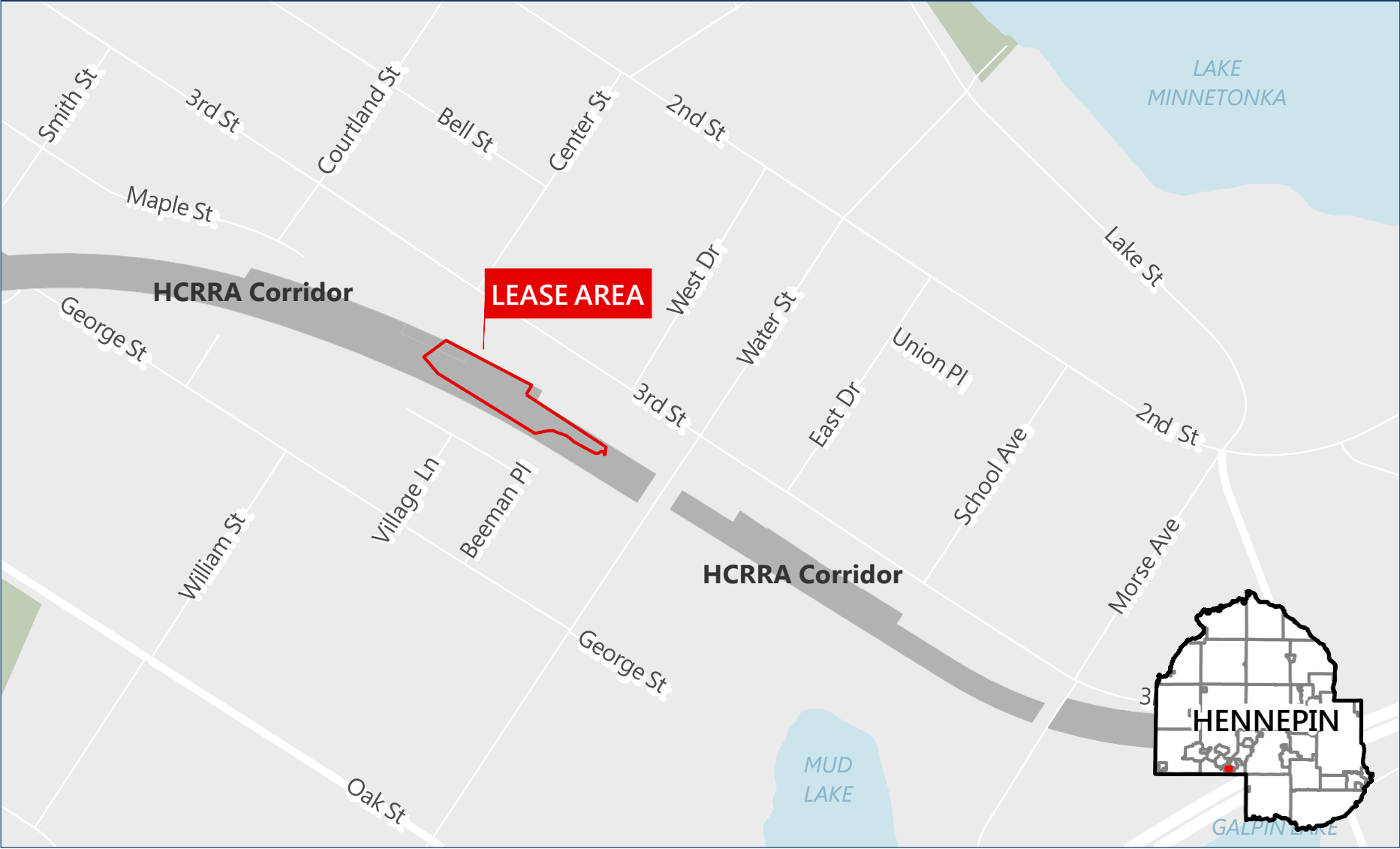
Impact/Outcome: Approval of this request allows for a new five-year lease with Excelsior 3rd Street Station LLC for property in Excelsior.

Recommendation from County Administrator: Recommend Approval

ATTACHMENTS:

Description	Upload Date	Type
Map of Excelsior 3rd Street Station LLC	1/14/2019	Map

Lease Agreement No. 73-34103 with Excelsior 3rd Street Station LLC



HENNEPIN COUNTY

MINNESOTA

Regional Railroad Authority Board Action Request 19-HCRRRA-0005

Item Description:

Neg Lease Agmt 73-34106 with City of Excelsior for rental of HCRRRA property in Excelsior, 02/01/19–01/31/24 (recv \$1)

Resolution:

BE IT RESOLVED, that the Executive Director be authorized to negotiate Lease Agreement 73-34106 with the City of Excelsior, for rental of approximately 1,225 square feet of Hennepin County Regional Railroad Authority property located west of Water Street in the City of Excelsior, for the period February 1, 2019 through January 31, 2024, with annual rent established at \$1 per year; that following review and approval by the County Attorney's Office, the Chair be authorized to sign the agreement on behalf of the Authority; and that the Controller be authorized to accept and disburse funds as directed.

Background:

History: Several buildings are located adjacent to the Hennepin County Regional Railroad Authority's (HCRRRA) Hopkins to Victoria corridor on the west side of Water Street in the City of Excelsior. These buildings were built when the corridor was an active rail line, and the businesses leased property from the railroad company to gain access from Water Street. The leases were assigned to the HCRRRA when the corridor was purchased in 1981 and were modified in 1994 and 2012 to accommodate the construction and subsequent realignment of a recreation trail constructed on the corridor. Wooden fences were also constructed on either side of the trail for safety purposes.

The location of the fences leaves a 7-foot by 172-foot strip of pavement on the north side of the trail. This strip has been leased by the City of Excelsior for driveway and access purposes since 1999. The rate for this public use is \$1.

In accordance with HCRRRA's Land Use Management Plan, Lease Agreement 73-34106 establishes the lease term for a five-year period, February 1, 2019 through January 31, 2024, and an annual rental charge of \$1. Either party may terminate the lease by giving a 30-day written notice.

Current Request: Authorization to negotiate Lease Agreement 73-34106 with City of Excelsior for rental of HCRRRA property located in Excelsior, for the period February 1, 2019 through January 31, 2024, establishing the annual rent of \$1.

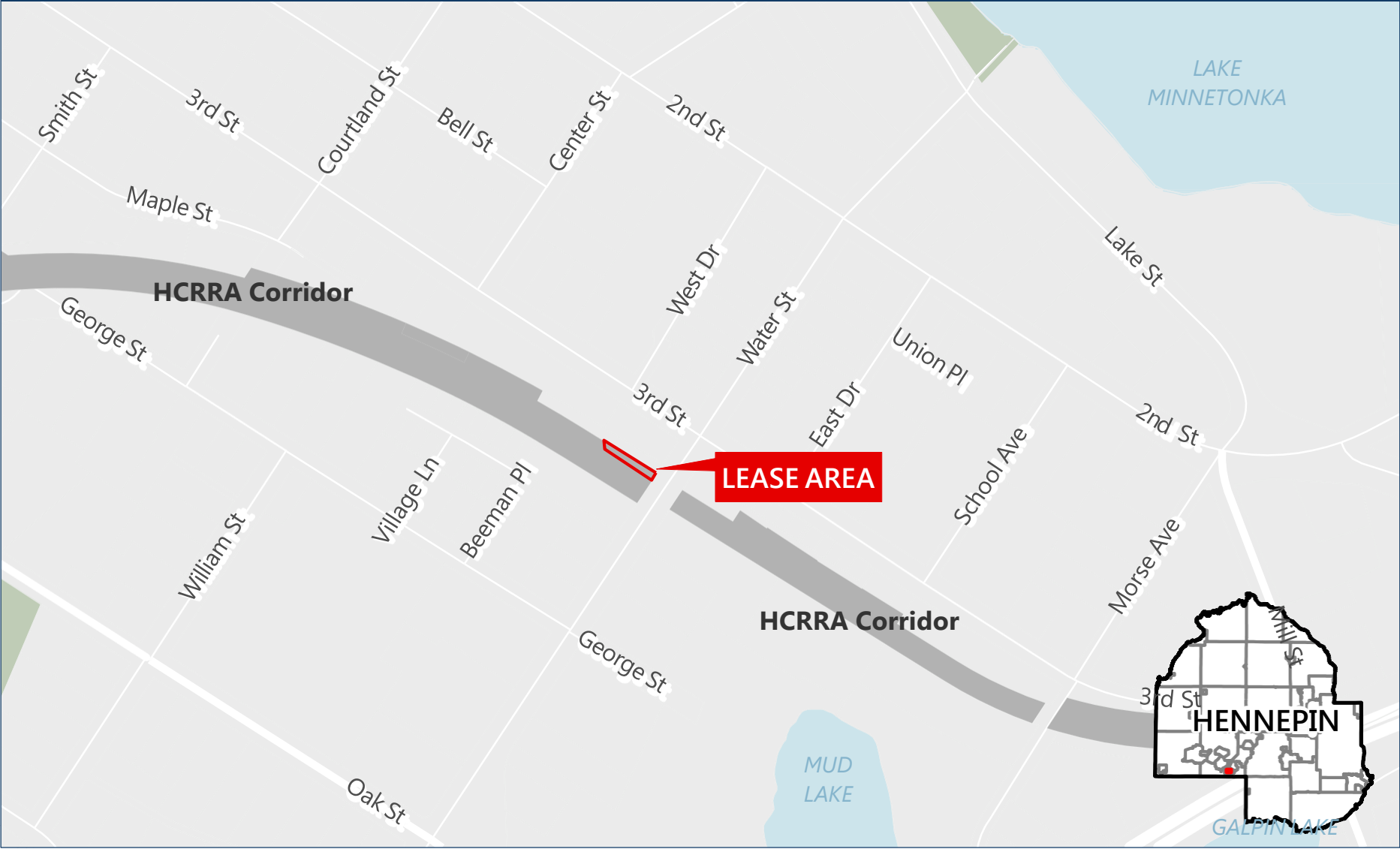
Impact/Outcome: Approval of this request allows for a new five-year lease with City of Excelsior for property in Excelsior.

Recommendation from County Administrator: Recommend Approval

ATTACHMENTS:

Description	Upload Date	Type
Map of lease area for HCRRRA property in Excelsior	1/14/2019	Map

Lease Agreement No. 73-34106 with City of Excelsior



HENNEPIN COUNTY

MINNESOTA

Regional Railroad Authority Board Action Request 19-HCRRRA-0006

Item Description:

Neg Agmt A199471 with Carver County to purchase the Hopkins to Chaska corridor property in Carver County, \$1.7 million (recv)

Resolution:

BE IT RESOLVED, that the Executive Director be authorized to negotiate Agreement A199471 with Carver County for the purchase of the Hennepin County Regional Railroad Authority's Hopkins to Chaska corridor located in Carver County with an anticipated receivable amount of \$1,700,000; that following review and approval of the County Attorney's Office, that Chair be authorized to sign the agreement, deed and all documents associated with the conveyance on behalf of the authority; and that the Controller be authorized to accept and disburse funds as directed.

Background:

History: The Hennepin County Regional Railroad Authority (HCRRA) owns 46 miles of abandoned railroad corridors. Approximately three miles of the Hopkins to Chaska corridor extend into Carver County. This was purchased by the HCRRA as part of larger corridor purchase within Hennepin County before Carver County had the financial capability and organizational structure to purchase the segment within Carver County.

Several years ago, the HCRRA expressed a desire to transfer this segment to Carver County. When a slope failure occurred in June 2014 on the Hopkins to Chaska corridor in Chanhassen during Presidential Disaster #4182, the HCRRA engaged Carver County and Three Rivers Park District to address the slope failure. Both Carver County and Three Rivers Parks District were advised that the HCRRA would expect cost participation toward any local costs to repair the trail. Further, it was indicated to Carver County that a condition of advancing the repair of the slope failure and the reopening the trail would be the transfer of the Carver County segment.

The cost estimate to repair the slope failure by lowering the grade of the slope is currently estimated at \$1.7 million. This estimate includes design costs and other soft costs.

Staff recommends supporting Carver County's application to the Metropolitan Council's competitive Park Land Acquisition Fund. If successful, Carver County would use award proceeds to purchase the corridor from the HCRRA. The HCRRA in turn would use sales proceeds from Carver County to fund the slope restoration and soft costs. The estimated net HCRRA outlay is \$0.

A requirement of the fund is that a purchase agreement be entered into for the acquisition of the Hopkins to Chaska corridor. The purchase agreement will provide a contingency clause stating that if the fund does not provide full funding assistance, other alternatives will be pursued, and it will also establish conditions for closing and a transfer of HCRRA property located in Carver County to Carver County.

Current Request: Authorization to negotiate Agreement A199471 with Carver County of the purchase of the Hopkins to Chaska corridor located in Carver County with an anticipated receivable amount of \$1.7 million.

Impact/Outcomes: Approval of this request will allow for the HCRRA to transfer the Hopkins to Chaska

corridor property in Carver County to the County of Carver. Hennepin County will have no further legal or financial responsibilities upon the transfer.

Approval of this request would also provide the authority to work with local partners to repair the slope failure in Chanhassen and reestablish a broken link along the Minnesota River Bluffs Light Rail Transit trail.

Recommendation from County Administrator: Recommend Approval

HENNEPIN COUNTY

MINNESOTA

Regional Railroad Authority Board Action Request 19-HCRRRA-0007

Item Description:

Sale of approximately \$80,000,000 of limited tax bonds; fixing the form and specifications thereof; and providing for execution, delivery and payment

Resolution:

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Hennepin County Regional Railroad Authority, Minnesota (the "Authority"), as follows:

1. Finding. Pursuant to authority granted by Minnesota Statutes, Section 398A.07, the Board deems it necessary and expedient to issue and sell approximately \$80,000,000 in principal amount of Limited Tax Bonds, Series 2019A (the "Series 2019A Bonds"), to provide financing of a portion of the estimated capital costs of the METRO Green Line Extension Project in the southwest metropolitan area, known as the "Southwest LRT Project," contingent upon favorable market conditions, as determined by the Hennepin County Regional Railroad Authority Executive Director (the "Executive Director"), or the Hennepin County Director of Budget and Finance (the "Director of Budget and Finance"), as further described below. As used herein, the Series 2019A Bonds and any Additional Bonds authorized by paragraphs 12 and 13 are referred to as the "Bonds." The Bonds may contain such terms as the Authority may determine in accordance with Section 398A.07 and are not restricted by any other law limiting the amount, maturities, interest rates, purchase price or other terms of obligations of political subdivisions.

In the event the Authority, through the Executive Director or the Director of Budget and Finance determines that it is in the best interests of the Authority to issue and sell the Series 2019A Bonds at another time, or determines pursuant to authority of any other Authority resolution not to issue another series of bonds authorized, the Executive Director or the Director of Budget and Finance may re-designate the series of Bonds authorized hereby as "Limited Tax Bonds, Series 2019___," completing the blank with an uppercase letter as appropriate for the order of such issuance and to eliminate any gaps in the designation of such series caused by the determination not to issue and sell any series of bonds.

2. Background. The Authority is organized and existing as a regional railroad authority under the provisions of Minnesota Statutes, Chapter 398A (the "Act"). The Authority has power under the Act and this resolution authorizing the issuance of the Series 2019A Bonds. The Authority has completed the procedures set forth in Minnesota Statutes, Section 398A.04, Subdivision 8 for the levy of ad valorem property taxes. Accordingly, the Authority has power to levy a tax at an annual rate not exceeding 0.04835 percent of the estimated market value of all taxable property situated within Hennepin County (such amount as adjusted from time to time being referred to as the "Potential Tax Revenue"). The amount of taxes levied and collected each year under the Act are herein referred to as the "Tax Revenues." Under the Act, the Authority may pledge Tax Revenues to the payment of the Bonds authorized hereby, subject to the limit set forth in the Act.

3. Bond Sale. Electronic bids for the Series 2019A Bonds will be received at the Hennepin County Office of Budget and Finance, A-2301 Government Center, Minneapolis, Minnesota, on a date and time determined by the Director of Budget and Finance. This Board hereby delegates to the Director of Budget and Finance, or his designee, authority to consider the bids and award the sale to the best proposal. The Authority has

retained PFM Financial Advisors LLC, Minneapolis, Minnesota ("PFM"), as independent municipal advisor, and pursuant to Minnesota Statutes, Section 475.60, Subdivision 2, paragraph (9), PFM is hereby authorized to solicit proposals for the Series 2019A Bonds on behalf of the Authority.

4. Registrar and Paying Agent. The Director of Budget and Finance is hereby designated to act on behalf of the Authority as Bond Registrar, Transfer Agent and Paying Agent for the Series 2019A Bonds.

5. Official Statement. The Authority and County staff, in cooperation with PFM, are hereby authorized and directed to prepare on behalf of the Authority an official statement to be distributed to potential purchasers of the Series 2019A Bonds. Such official statement shall contain the Official Terms and Conditions of Bond Sale for the Series 2019A Bonds, as set forth above, and such other information as shall be deemed advisable and necessary to describe adequately the Authority and the security for, and terms and conditions of the Series 2019A Bonds. The final Official Statement shall be in the form approved by the Executive Director or the Director of Budget and Finance.

6. Continuing Disclosure. The Official Statement will contain an undertaking by the Authority to execute and deliver a Continuing Disclosure Certificate, substantially in the form approved by the Executive Director or the Director of Budget and Finance. The Director of Budget and Finance shall have overall responsibility for compliance with the Continuing Disclosure Certificate and other similar undertakings hereafter made by the Authority under Rule 15c2-12(b)(5) of the Securities and Exchange Commission, and the Director of Budget and Finance shall implement the dissemination of reports and notices thereunder. Amendments to the Continuing Disclosure Certificate permitted by the undertakings may be made by the Director of Budget and Finance. The Continuing Disclosure Certificate may be executed by the Executive Director or the Director of Budget and Finance. The Continuing Disclosure Certificate proposed to be executed and delivered in connection with the Bonds is hereby approved and the undertakings set forth therein shall be deemed covenants for the benefit of the holders of the Bonds.

7. Ratings. The Authority and County staff are authorized and directed to obtain ratings of the Series 2019A Bonds 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 actions as may be required so that the Series 2019A Bonds may be issued and sold as contemplated hereby.

8. Bond Terms. The Series 2019A Bonds shall be dated the date of issuance and shall bear interest at the rates determined by the successful proposer, payable semiannually on June 1 and December 1 in each year, commencing December 1, 2019, as set forth in the Certificate as to Terms of Bond Sale and Levy of Taxes (the "Certificate") to be executed at closing by the Chair, the Executive Director, and the Director of Budget and Finance.

The Authority, through the Executive Director or the Director of Budget and Finance, reserves the right to issue the Series 2019A Bonds based on applicable market conditions. The Series 2019A Bonds, if issued, shall mature on December 1 in the following years and in the following principal amounts:

Year	Principal Amount	Year	Principal Amount
2019	\$4,000,000	2029	\$3,860,000
2020	2,490,000	2030	4,055,000
2021	2,615,000	2031	4,255,000
2022	2,745,000	2032	4,470,000
2023	2,880,000	2033	4,695,000
2024	3,025,000	2034	4,925,000
2025	3,175,000	2035	5,175,000

2026	3,350,000	2036	5,480,000
2027	3,500,000	2037	5,705,000
2028	3,675,000	2038	5,990,000

The Authority may increase or reduce the principal amount of the Series 2019A Bonds as provided in the Official Terms and Conditions of Bond Sale; provided, however, the total principal amount of the Bonds shall not exceed \$80,000,000 and the final maturity of the Bonds shall be not later than December 1, 2038. The Authority may permit prospective proposers to designate any portion of the principal of the Series 2019A Bonds to be combined within one or more term bonds subject to mandatory sinking fund redemption. The Series 2019A Bonds shall be subject to redemption and prior payment at the option of the Authority in whole or in part in such order of maturity as the Authority may determine on the dates, at the prices, and for the maturities provided in the Official Terms and Conditions of Bond Sale. Thirty days mailed notice of any such redemption shall be given to the registered owners of the Series 2019A Bonds in the manner provided by Minnesota Statutes, Chapter 475. The Series 2019A Bonds shall be numbered from R-1 upwards in order of issuance or in such other order as the Registrar may determine and shall be in denominations of \$5,000 each or any integral multiple thereof.

As authorized by Minnesota Statutes, Section 475.60, this Board hereby delegates authority to the Director of Budget and Finance to approve or revise the final terms of the Certificate. Execution of the Certificate upon closing shall be conclusive evidence of the final adoption of the terms contained therein. The terms of the Certificate, when approved and finalized as evidenced by execution of the Certificate, are incorporated herein by reference.

9. Application of Proceeds. In accordance with Minnesota Statutes, Section 475.67, on the date of delivery of the Bonds, the proceeds of the sale of the Bonds shall be used by the Authority as follows:

- A. to pay or reimburse the Authority for payment of the capital costs of the Southwest LRT Project.
- B. Pay costs of issuance of the Series 2019A Bonds.
- C. Any accrued interest received from the purchaser of the Series 2019A Bonds shall be deposited in the Bond Fund (as hereinafter defined), to be used to pay interest on the Series 2019A Bonds.

10. Tax Levies. So long as any of the Bonds are outstanding, the Authority covenants with and for the benefit of each holder of the Bonds that the Authority will levy and collect taxes of the nature authorized by Minnesota Statutes, Section 398A.04, at the times and in the amounts necessary so that, subject to the limit in such section, the Tax Revenues will be sufficient to make the required payments into the Bond Fund, and, together with other available funds, also sufficient to pay the operating costs of the Authority. At a minimum, the Authority shall annually levy taxes in an amount equal to at least 105% of the principal and interest to become due on the Bonds in the following year.

11. Bond Fund. The Authority shall create and maintain a Bond Fund (the "Bond Fund") on its books so long as any of the Bonds are outstanding. The Authority shall deposit into the Bond Fund (i) an amount equal to accrued interest on the Bonds and (ii) Tax Revenues to the extent necessary to pay principal and interest on the Bonds when due. Funds deposited in the Bond Fund shall be used solely to pay the principal of and interest on the Bonds and for no other purpose. Amounts on deposit in the Bond Fund may be invested in accordance with Minnesota Statutes, Chapter 118A. The taxes required to be levied hereby and other funds appropriated to the Bond Fund for payment of the Bonds shall be held and used for no other purpose than to pay principal of and interest on the Bonds; provided, however, that if any payment of principal or interest shall become due when there is not sufficient money in the Bond Fund to pay the same, the Authority shall pay such principal or interest from the General Fund of the Authority and the General Fund shall be reimbursed for such advances out of the proceeds of taxes herein required to be levied.

12. Additional Bonds. The Bonds issued hereunder are issued on a parity basis with the Authority's \$39,885,000 Limited Tax Refunding Bonds, Series 2010A Bonds (the "Series 2010A Bonds"). Together, the Series 2010A Bonds and the Series 2019A Bonds shall be a first charge and lien upon the Tax Revenues, prior to the payment of any other costs of the Authority. Additional Bonds ("Additional Bonds") may be issued on a parity of lien with the Series 2010A Bonds and the Series 2019A Bonds herein authorized if, at the time the Additional Bonds are issued, Potential Tax Revenue is not less than 175% of the maximum annual principal and interest (after taking into account any mandatory redemption schedule) to become due with respect to (a) all Bonds then outstanding which are payable from the Bond Fund herein referred to and (b) the proposed Additional Bonds, for the years to and including the last maturity of any of the then outstanding Bonds. Except as otherwise provided in this paragraph 12 and paragraph 13, no additional obligations of the Authority payable from Tax Revenues shall hereafter be issued unless the same are expressly made a second and subordinate lien in the Tax Revenues.

13. Refunding Bonds. Additional Bonds may be issued to refund outstanding Bonds without the necessity of complying with the test set forth in paragraph 12 above to the extent required to pay Bonds which have matured or are about to mature and which cannot be paid from available funds on deposit in the Bond Fund. Any such refunding Additional Bonds shall mature subsequent to the maturity dates of all outstanding Bonds not so refunded. Additional Bonds may also be issued to refund outstanding Bonds without the necessity of complying with the tests set forth in paragraph 12 above if the debt service on Bonds in each of the future years during the remaining term of the Bonds is less than the debt service that would have been payable during said years had the refunding bonds not been issued. In making the calculations referred to in the foregoing sentence, (i) debt service on Bonds defeased by the issuance of the refunding bonds shall be disregarded and (ii) debt service on crossover refunding bonds shall be disregarded prior to the crossover date to the extent said debt service is to be paid from the crossover escrow account and debt service prior to the crossover date shall be calculated on the assumption the escrow will crossover and retire the refunded bonds.

14. Defeasance. When any Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the holders of such Bonds shall cease, and such Bonds shall no longer be deemed to be outstanding under this Resolution. The Authority may discharge its obligations with respect to any Bond which is due on any date by depositing with the Paying Agent on or before that date a sum sufficient for the payment thereof in full; or, if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Paying Agent a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The Authority may also discharge its obligations with respect to any prepayable Bond according to its terms, by depositing with the Paying Agent on or before that date an amount equal to the principal, interest and redemption premium, if any, to become due thereon to maturity or the redemption date, provided that notice of such redemption has been duly given as provided herein. The Authority may also at any time discharge its obligations with respect to any Bond, 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 irrevocable direct obligations of, or obligations fully guaranteed by, the United States of America, which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates and in such amounts as shall be required to pay all principal, interest and redemption premiums to become due thereon to maturity or the redemption date.

15. Tax Covenants. The Authority shall not take or permit any action that would cause the Series 2019A Bonds to be "private activity bonds" within the meaning of Section 141 of the Code. The Authority shall comply with the rebate requirements imposed under Section 148(f) of the Code and regulations thereunder, including (if applicable) the requirement to make periodic calculations of the amount subject to rebate thereunder and the requirement to make all required rebates to the United States with respect to the Series 2019A Bonds. In addition, the Authority shall make no investment of funds that would cause the Series 2019A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Director of

Budget and Finance is authorized to make any elections or allocations relating to the Bonds and proceeds thereof which are permitted or required under the Code. All terms used in this paragraph 15 shall have the meanings provided in the Code and applicable Treasury Regulations thereunder.

16. Beneficiaries. The provisions of this Resolution shall be deemed covenants for the benefit of the registered owners, from time to time, of the Bonds.

17. Other Matters. As authorized by Minnesota Statutes, Section 475.60, this Board hereby delegates to the Director of Budget and Finance authority to approve the final terms of a bid acceptance form or Purchase Agreement (if any), in consultation with PFM and Dorsey & Whitney LLP, as bond counsel to the County. The Chair, the Executive Director, the Director of Budget and Finance, and their respective designees are further authorized and directed to take all necessary actions to cause the Series 2019A Bonds to be issued, executed and delivered as in this Resolution provided, and to prepare and furnish to the purchaser, and to the attorneys approving the Series 2019A Bonds, certified copies of all proceedings and records relating to the issuance of the Series 2019A Bonds and to the right, power and authority of the Authority and its officers to issue the same, and said certified copies and certificates shall be deemed to be representations of the Authority as to all matters stated therein. The Chair, Executive Director, and Director of Budget and Finance, and their designees are further authorized to take such other actions as may be required to effectuate the terms and intent of this Resolution.

The Executive Director shall furnish a certified copy of this Resolution, together with additional details of the terms of the sale and related tax levies, to the Hennepin County Auditor or Deputy County Auditor, and obtain the certificate required by Minnesota Statutes, Section 475.62.

The Controller is hereby authorized to transfer and disburse funds as necessary to carry out the intent of this Resolution.

Background:

This resolution authorizes the competitive sale of approximately \$80,000,000 of tax-exempt new money bonds by the Hennepin County Regional Railroad Authority (HCRRA) to provide financing for a portion of the HCRRA's share of the METRO Green Line Extension Project (RRA: Southwest FTA LRT – CP: 1000899) capital costs (under authority granted in Minnesota Statutes, Section 398A.07). The bonds will be limited tax obligations of the HCRRA, with the principal and interest payable from a property tax levied at a rate not to exceed 0.04835 percent of the estimated market value of all taxable property situated within the county. The current estimated maximum tax levy under this authority is \$82.8 million. The HCRRA has levied \$36 million in 2019 and the estimated annual levy for debt service on this new bond issue is \$6.3 million. These bonds will be structured as fixed rate obligations and mature over 20 years.

Staff recommends that ratings for these bonds be requested from two rating agencies: S&P Global Ratings and Fitch Ratings. This has been Hennepin County's practice for the past several years.

On May 31, 2018, the Authority adopted Resolution 18-HCRRA-0027 increasing its capital funding commitment for the METRO Green Line Extension Project by \$13,748,000 for a total commitment not to exceed \$199,548,000. Through December 31, 2018, cash capital contributions totaling \$70.8 million to the METRO Green Line Extension Project have been made on a pay-as-you-go basis from HCRRA property tax levies. Now that the project has entered construction, proceeds of these HCRRA bonds will provide a portion of its remaining capital funding commitment. Additional bonds will likely be issued in the future to complete the HCRRA's capital contribution, which is capped by state statute at 10 percent of the total capital cost of the project. The only other HCRRA bonds currently outstanding are the refunding bonds issued in 2010; those bonds are callable on December 1, 2019 and staff will likely request the authority to refund those bonds later this year.

This resolution grants discretion to Hennepin County's Director of Budget and Finance to modify the size of

the bond issue and to establish the sale date, currently expected to occur in March. The county utilizes the services of PFM Financial Advisors LLC, as its municipal advisor, and Dorsey & Whitney LLP, as bond counsel, to assist in making these determinations. Hennepin County Office of Budget and Finance staff, together with other county staff as appropriate, are requested to coordinate the details of this HCRRA financing.

Recommendation from County Administrator: Recommend Approval