STATEWIDE EMERGENCY COMMUNICATIONS BOARD

FINANCE COMMITTEE

September 19, 2016
12:00 p.m.
Chair: Cari Gerlicher
Conference Call
Dial in: 1-888-742-5095
Code: 2786437892#

MEETING AGENDA

Call Meeting to Order

Approval of Agenda

New Business

- **Early ARMER Bond Payoff** ***ACTION ITEM***

Adjourn

September 19, 2016

To: Commissioner Ramona Dohman, Chair, Statewide Emergency Communications Board
From: Cari Gerlicher, Chair, SECB Finance Committee
Subject: Bonds

As many of you are aware, one of the goals of the SECB is to pursue early ARMER bond payoff to free up money for future needs. The current bonds go out to the year 2026. Jackie Mines has been working diligently with the Department of Management and Budget towards achieving this initiative. One of the bond is callable now which gives the opportunity to pay that one off early and refund the rest of the bonds at a more aggressive interest rate using Treasury bonds as opposed to market bonds. The following are advantages to pursuing this at this time.

The current interest rate is at an average of 4.8% and we will now have bonds at a 1.3% interest rate saving the state money over the life of the bonds. The net savings from this refinance on the remainder of the bonds is $7.66 Million.

The bonds will be paid down with the majority of the dollars sent to MMB rather than only a portion holding the rest in reserve which leaves us a very large balance at the end of the payoff. Currently the terms of the bonds to the bond holders is that we pay $23 M annually holding in reserve $10 M in case we should default on the bonds. This causes us to have a large reserve at the end of the bond term. It would be prudent not to have a large reserve with MMB at the end of the bond payments. Refunding with Treasury bonds allows us to pay a more aggressive amount over the next five years and pay them off earlier.

There will be a savings of $23 Million a year for ECN from the year 2021 to 2025 saving an additional $115 Million and allowing us to either use that money for other projects or reduce the 911 fee.

Refinancing with Treasury Bonds also protects us from the vulnerability of the market.

The final negotiation with the bond house was this past Friday. I was expecting that we could have taken care of this in the normal October meeting cycle however MMB has requested that we move this through the SECB this month to meet a continuing disclosure issue with the release of the November forecast on December 1st. SEC rules are that they have to disclose any update to numbers if it occurs within 25 days of the sale. If they close on the sale by November 4th, we do not have to do any further updates for the numbers until next December with our annual continuing disclosure document.

They are using the same time frame for the State Appropriation Bonds we are selling the day after the 911 bonds. Those bonds would require MMB to update our entire official statement and they just don't have the time and personnel to do it.

EXTRACT OF MINUTES OF A MEETING OF THE
STATEWIDE EMERGENCY COMMUNICATIONS BOARD

A meeting of the Statewide Emergency Communications Board (the "Board"), was duly held at the MnDOT Shoreview Training and Conference Center, 1900 County Road I West, Shoreview, Minnesota on Thursday, September 22, 2016, commencing at 12:30 p.m.

The following members of the Board were present:

The following members of the Board were absent:

The attached resolution was introduced. Board Member _____ moved the adoption of the resolution. The motion for the adoption of the resolution was duly seconded by Board Member _____ and upon a vote being taken thereon the resolution was adopted by a vote of _____ (___) affirmative votes to _____ (__) negative votes. The Chair of the Board declared the resolution to have been adopted by at least two-thirds of all members of the Board (i.e. at least 14 votes).

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STATEWIDE EMERGENCY COMMUNICATIONS BOARD

RESOLUTION REQUESTING THE SALE AND ISSUANCE OF REVENUE REFUNDING BONDS OF THE STATE OF MINNESOTA BY THE COMMISSIONER OF MINNESOTA MANAGEMENT AND BUDGET TO REFUND CERTAIN OUTSTANDING OBLIGATIONS OF THE STATE OF MINNESOTA

BE IT RESOLVED BY THE STATEWIDE EMERGENCY COMMUNICATIONS BOARD

Section 1. Background.

1.01. The State of Minnesota, in accordance with Minnesota Statutes, Section 403.275, as amended, issued the following obligations:

(a) the 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2008 (the "Series 2008 Bonds"), in the original aggregate principal amount of $42,205,000;

(b) the 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2009 (the "Series 2009 Bonds"), in the original aggregate principal amount of $60,510,000; and

(b) the 911 Revenue Board (Public Safety Radio Communications System Project), Series 2011 (the "Series 2011 Bonds"), in the original aggregate principal amount of $60,380,000.

1.02. Pursuant to Minnesota Statutes, Section 403.275, subdivision 1, the Commissioner of Management and Budget, if requested by a vote of at least two-thirds of all members of the Statewide Emergency Communications Board (formerly known as the Statewide Radio Board), shall sell and issue state revenue bonds for the following purposes: (a) to pay the costs of the statewide public safety radio communication system backbone identified in the plan under Minnesota Statutes, Section 403.36, and those elements that the Statewide Emergency Communications Board determines are of regional or statewide benefit and support mutual aid and emergency medical services communication, including, but not limited to, costs of master controllers of the backbone; (b) to pay the costs of issuance, debt service, and bond insurance or other credit enhancements, and to fund reserves; and (c) to refund bonds issued under Minnesota Statutes, Section 403.275.

Section 2. Sale and Issuance of Bonds. The Statewide Emergency Communications Board hereby requests that the Commissioner of Management and Budget sell and issue revenue bonds pursuant to Minnesota Statutes, Section 403.275, subdivision 1, in one or more series, in an aggregate principal amount not to exceed $100,000,000, under the terms and conditions set forth in Minnesota Statutes, Section 403.275, to refund the outstanding Series 2008 Bonds, Series 2009 Bonds, and Series 2011 Bonds.

Passed and adopted this September 22, 2016.

STATEWIDE EMERGENCY COMMUNICATIONS BOARD

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Ramona L. Dohman
Commissioner of Minnesota Department of Public Safety and Chair of the Statewide Emergency Communications Board

RESOLUTION

The attached resolution was adopted by the Statewide Emergency Communications Board on September 22, 2016. The question was on the adoption of the resolution, and there were __ AYE votes and __ NAY votes as follows:

STATEWIDE EMERGENCY COMMUNICATIONS BOARD Designee (Member or Appointing Entity)	**Aye**	**Nay**	**Other**
1. Ramona Dohman, Commissioner of Public Safety - **Chair of SECB**	_____	_____	_____
2. _____ Commissioner of Transportation	_____	_____	_____
3. _____ State Chief Information Officer	_____	_____	_____
4. _____ Commissioner of Natural Resources	_____	_____	_____
5. _____ Chief of Minnesota State Patrol	_____	_____	_____
6. _____ Metropolitan Council	_____	_____	_____
7. _____ League of Minnesota Cities - Metropolitan Area	_____	_____	_____
8. _____ League of Minnesota Cities - Greater Minnesota	_____	_____	_____
9. _____ Association. of Minnesota Counties - Metropolitan Area	_____	_____	_____
10. _____ Association. of Minnesota Counties - Greater Minnesota **Executive Secretary of SECB**	_____	_____	_____
11. _____, Minnesota Sheriff's Association - Metropolitan Area	_____	_____	_____
12. _____, Minnesota Sheriff's Association - Greater Minnesota	_____	_____	_____
13. _____, Minnesota Chiefs of Police Association - Metropolitan Area	_____	_____	_____
14. _____, Minnesota Chiefs of Police Association - Greater Minnesota	_____	_____	_____

STATEWIDE EMERGENCY COMMUNICATIONS BOARD Designee (Member or Appointing Entity)	Aye	Nay	Other
15. _____ Metropolitan Emergency Services Board	_____	_____	_____
16. _____ Minnesota Fire Chiefs' Association - Metropolitan Area	_____	_____	_____
17. Chief _____ Minnesota Fire Chiefs' Association - Greater Minnesota	_____	_____	_____
18. _____, Minnesota Ambulance Association - Metropolitan Area **Vice Chair of SECB**	_____	_____	_____
19. _____, Minnesota Ambulance Association - Greater Minnesota	_____	_____	_____
20. _____ Central Region Emergency Services Board; Representative Phase 3 Government Units	_____	_____	_____

RESOLUTION ADOPTED.

ATTEST:

_____
Jim McMahon, Executive Secretary to the
Statewide Emergency Communications Board