



November 6, 2023

Minority Leader Lisa Demuth
223 State Office Building
100 Dr. Rev. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Representative Demuth,

I wanted to provide you an update on Management and Budget's (MMB) recent sale of Certificates of Participation ("COPs") conducted on Wednesday, October 25, 2023 (the "Sale Date"), to raise funds for the renovation and expansion of the State Office Building as authorized by legislation enacted in 2021 and codified as Minnesota Statutes, section 16B.2406.

MMB published notice of this sale on the agency's website and on various municipal bond industry platforms on Monday, October 16, 2023, and invited competitive bids for the purchase of those COPs on the Sale Date. Those bids were opened at 10:15 a.m. on October 25, and the winning bidder was the firm that offered the lowest overall interest cost to the state.

MMB received seven bids for the COPs, and Jefferies LLC offered the lowest true interest cost of 4.39 percent. With the financing of any long-term capital project, the State will be repaying the COPs with interest over time. From last week's sale results, the State will pay at the very most a total of \$729,321,190.97 through 2044, or about \$35.9 million annually. As part of MMB's ongoing responsible management of the state's debt portfolio, we will look for opportunities to refinance the COPs in the future and achieve interest rate savings so the final cost could be less.

We appreciate the opportunity to answer the questions posed in your letter and provide reassurance that the state received a competitive offer on the COPs last week.

Sincerely,

Erin Campbell
Commissioner

CC: Andrew Wagner, Executive Director – Minority Caucus
Commissioner Tamar Gronvall, Department of Administration
Julie Bayerl, Legislative Affairs Director, Department of Administration
Assistant Commissioner Jen Hassemmer, Minnesota Management and Budget
George Shardlow, Legislative Affairs Director, Minnesota Management and Budget