

REFUNDING ISSUE – BOOK ENTRY ONLY

**RATINGS: Fitch: “AA”
Standard & Poor’s: “AA+”
See “RATINGS” herein**

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, Minneapolis, Minnesota, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and, to the same extent, from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and is not a preference item for purposes of computing the federal or Minnesota alternative minimum tax imposed on individuals, trust and estates. Such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations and is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. See “TAX EXEMPTION AND COLLATERAL TAX MATTERS” herein.

**\$91,715,000
STATE OF MINNESOTA
911 REVENUE REFUNDING BONDS
(PUBLIC SAFETY RADIO COMMUNICATIONS SYSTEM PROJECT),
SERIES 2016**

Dated: Date of Delivery

Due: June 1, as shown on the inside cover page

The \$91,715,000 911 Revenue Refunding Bonds (Public Safety Radio Communications System Project), Series 2016 (the “Series 2016 Bonds” or “Bonds”) bear interest from their date of delivery payable on June 1 and December 1, commencing on June 1, 2017. The Bonds mature on June 1 in the years, in the principal amounts, at the interest rates per annum, and at the yields and prices set forth on the inside of this cover page. The Bonds are not subject to redemption prior to their stated maturities.

THE BONDS ARE BEING ISSUED BY THE STATE OF MINNESOTA (THE “STATE”) UNDER AND PURSUANT TO LAWS OF MINNESOTA 2005, CHAPTER 136, ARTICLE 1, SECTION 9, SUBDIVISION 8; LAWS OF MINNESOTA 2007, CHAPTER 54, ARTICLE 1, SECTION 10, SUBDIVISION 8; AND MINNESOTA STATUTES, SECTION 403.275, AS AMENDED AND AN ORDER OF THE COMMISSIONER OF MINNESOTA MANAGEMENT AND BUDGET DATED AS OF THE DATE OF DELIVERY OF THE BONDS (THE “ORDER”), AND ARE SPECIAL, LIMITED OBLIGATIONS OF THE STATE PAYABLE SOLELY FROM AND SECURED BY APPROPRIATIONS FROM THE 911 EMERGENCY TELECOMMUNICATIONS SERVICE ACCOUNT PURSUANT TO MINNESOTA STATUTES, CHAPTER 403. THE PLEDGED REVENUES ARE DERIVED FROM FEES IMPOSED BY THE STATE ON EACH CUSTOMER OF A TELEPHONE SERVICE PROVIDER THAT FURNISHES SERVICE CAPABLE OF ORIGINATING A 911 EMERGENCY TELEPHONE CALL. THE BONDS ARE NOT GENERAL OR MORAL OBLIGATIONS OF THE STATE, AND ARE NOT SECURED BY A PLEDGE OF THE FULL FAITH AND CREDIT AND TAXING POWERS OF THE STATE.

The Bonds will be available in book-entry form only, and initially will be registered in the name of Cede & Co., nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. The Bank of New York Mellon Trust Company, N.A. is the Registrar and Paying Agent (the “Paying Agent”) for the Bonds.

LEGAL OPINION: Kennedy & Graven, Chartered, Minneapolis, Minnesota

PAYING AGENT/REGISTRAR: The Bank of New York Mellon Trust Company, N.A.

DELIVERY: Delivery of the Bonds is anticipated to be on or about November 1, 2016.

The date of this Final Official Statement is October 18, 2016.

STATE OF MINNESOTA

\$91,715,000

911 REVENUE REFUNDING BONDS

(PUBLIC SAFETY RADIO COMMUNICATIONS SYSTEM PROJECT)

SERIES 2016

Maturities, Amounts, Interest Rates, Prices or Yields and CUSIPs

Maturity Schedule

<u>Maturity (June 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP*</u>
2017	\$ 20,320,000	5.000%	0.780%	60412L CV9
2018	19,430,000	5.000%	0.910%	60412L CW7
2019	20,400,000	5.000%	1.010%	60412L CX5
2020	21,420,000	5.000%	1.110%	60412L CY3
2021	10,145,000	5.000%	1.130%	60412L CZ0

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Unless otherwise indicated, information contained in this Official Statement is based upon material provided by the State and available at the date of publication of this Official Statement.

No dealer, broker, salesman or other person has been authorized by the State or Underwriters to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the State or Underwriters. The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information. Certain information contained herein has been obtained from sources other than records of the State and is believed to be reliable, but it is not guaranteed. Information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there have not been any changes in the affairs of the State since the date hereof.

The Bonds have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state, in reliance upon exemptions contained in such act. The registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the states in which the Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Bonds or the accuracy of completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “possible” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The State disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the State’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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STATE OF MINNESOTA OFFICIALS

GOVERNOR	Mark Dayton
LIEUTENANT GOVERNOR	Tina Smith
SECRETARY OF STATE	Steve Simon
STATE AUDITOR	Rebecca Otto
ATTORNEY GENERAL	Lori Swanson
LEGISLATIVE AUDITOR	James R. Nobles

COMMISSIONER OF MANAGEMENT AND BUDGET

Myron Frans

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SUMMARY STATEMENT

The following information is furnished solely to provide limited introductory information regarding issuance of the \$91,715,000 911 Revenue Refunding Bonds (Public Safety Radio Communications System Project), Series 2016 (the "Series 2016 Bonds" or "Bonds") issued by the State of Minnesota (the "State"), acting by and through the Commissioner of Management and Budget ("MMB") and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto.

- Issuer:** State of Minnesota (the "State")
- Authority for Issuance:** The Bonds are being issued pursuant to Laws of Minnesota 2005, Chapter 136, Article 1, Section 9, Subdivision 8; Laws of Minnesota 2007, Chapter 54, Article 1, Section 10, Subdivision 8; and Minnesota Statutes, Section 403.275, as amended (collectively, the "Act") and the Order of the Commissioner of Management and Budget Authorizing the Issuance and Sale of the Bonds (the "Order").
- Security:** The Bonds are special, limited obligations of the State payable solely from and secured by appropriations from the 911 emergency telecommunications service account pursuant to Minnesota Statutes, Chapter 403. The pledged revenues are derived from fees imposed by the State on each customer of a telephone service provider that furnishes service capable of originating a 911 emergency telephone call. **The Bonds are not general or moral obligations of the State, and are not secured by a pledge of the full faith and credit and taxing powers of the state.**
- Purpose:** The Bonds will be issued to provide funds, along with additional funds of the State, for the purpose of: (i) defeasing and refunding, on an advance refunding basis, the outstanding maturities of the State's (a) \$42,205,000 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2008, dated December 2, 2008; (b) \$60,510,000 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2009, dated October 22, 2009; and, (c) \$60,380,000 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2011, dated August 30, 2011; and, (ii) paying the costs associated with the issuance of the Bonds. (Refer to "INTRODUCTION - Authorization, Purpose and Plan of Refunding").
- Principal Amount:** Principal is payable annually on June 1 of the years 2017 through 2021.
- Interest:** Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months, from the Dated Date (see below) of the Bonds. The interest is payable semiannually on each June 1 and December 1, commencing June 1, 2017.
- Dated Date/Delivery Date:** Date of delivery is expected to be November 1, 2016.

Denominations:	The Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof.
Book-Entry Bonds:	The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds.
Record Date:	The close of business on the 15 th day (whether or not a business day) of the immediately preceding month.
Redemption Provisions:	The Bonds are not subject to redemption prior to their stated maturities.
Continuing Disclosure:	See “CONTINUING DISCLOSURE” and “APPENDIX D – CONTINUING DISCLOSURE UNDERTAKING.”
Bond Ratings:	The Bonds have been rated “AA” by Fitch Ratings and “AA+” by S&P Global Ratings.
Registrar/Paying Agent/Escrow Agent:	The Bank of New York Mellon Trust Company, N.A.
Verification Agent:	Robert Thomas CPA, LLC
Legal Opinions:	The Bonds are approved as to validity from Kennedy & Graven, Chartered, Minneapolis, Minnesota, as Bond Counsel.
Additional Information:	Questions regarding this Official Statement should be directed to Susan Gurrola, Financial Analyst, Minnesota Management and Budget, 400 Centennial Office Building, St. Paul, Minnesota 55155, telephone (651) 201-8046, email sue.gurrola@state.mn.us or Arcelia Detert, Public Financial Management, Inc., telephone (612) 371-3749, email deterta@pfm.com.

\$91,715,000
STATE OF MINNESOTA
911 REVENUE REFUNDING BONDS
(PUBLIC SAFETY RADIO COMMUNICATIONS SYSTEM PROJECT)
SERIES 2016

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and Appendices A through F (the “Official Statement”), has been prepared by the State of Minnesota Department of Management and Budget to furnish information relating to the 911 Revenue Refunding Bonds (Public Safety Radio Communications System Project), Series 2016 (the “Series 2016 Bonds” or “Bonds”), to be issued by the State of Minnesota (the “State”) in the original aggregate principal amount of \$91,715,000, to prospective purchasers and to actual purchasers of the Bonds. The Bonds are dated as of their date of issuance. This Introduction contains only a brief description of or references to a portion of such information, and prospective and actual purchasers should read the entire Official Statement. Terms that are capitalized in the text of this Official Statement are defined in “APPENDIX A — DEFINED TERMS” or in the text of this Official Statement. These definitions should be read in conjunction with the text hereof.

Authorization, Purpose and Plan of Refunding

The Bonds are being issued pursuant to Laws of Minnesota 2005, Chapter 136, Article 1, Section 9, Subdivision 8; Laws of Minnesota 2007, Chapter 54, Article 1, Section 10, Subdivision 8; and Minnesota Statutes, Section 403.275, as amended (collectively, the “Act”), and an Order of the Commissioner of Minnesota Management and Budget, dated as of the date of delivery of the Bonds (the “Order”).

The Bonds will be issued to provide funds, along with additional funds of the State, for the purpose of:

(i) defeasing and refunding, on an advance refunding basis, the outstanding maturities of the following outstanding Bonds:

(a) 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2008, dated December 2, 2008 (the “Series 2008 Bonds”);

(b) 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2009, dated October 22, 2009 (the “Series 2009 Bonds”); and,

(c) 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2011, dated August 30, 2011 (the “Series 2011 Bonds”)

(the Series 2008 Bonds, Series 2009 Bonds and the Series 2011 Bonds, collectively referred as the “Refunded Bonds”); and,

(ii) paying the costs associated with the issuance of the Bonds.

The State intends to call the Series 2008 Bonds on June 1, 2018 (the “Series 2008 Bonds Call Date”), the Series 2009 Bonds on June 1, 2019 (the “Series 2009 Bonds Call Date”), and the Series 2011 Bonds on June 1, 2019 (the “Series 2011 Bond Call Date”). These are the earliest dates that the Refunded Bonds can be called.

In addition, the State intends to defease on December 1, 2016 (the “Series 2006 Bonds Call Date”) with available cash revenues from the Commissioner the outstanding balance of the 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2006, dated November 1, 2006 (the “Series 2006 Bonds”). The outstanding balance of the Series 2006 Bonds due on the Series 2006 Bonds Call Date is \$7,779,750, which corresponds to \$7,590,000 of principal and \$189,750 of interest.

The Refunded Bonds were issued by the State to finance portions of the system backbone of a statewide radio system plan, which enables emergency response organizations to utilize a single, integrated, and highly structured digital radio communications system. The statewide radio system is known as the Allied Radio Matrix for Emergency Response System (the “ARMER System”). Phases 1 and 2 provided nine counties in the Minneapolis-Saint Paul metropolitan area with the radio system infrastructure for the ARMER System. Phase 3 extended the ARMER System to the St. Cloud and Rochester State Patrol districts which encompass twenty-three (23) counties. Phases 4, 5 and 6 extended the ARMER System to the remaining counties of the State. For a more detailed description of the ARMER System, see the information herein under the caption “THE ARMER SYSTEM AND THE PROJECT.”

Table 1 below provides a list of the outstanding maturities and amounts of the Refunded Bonds and the maturities and amounts to be refunded.

Table 1
Plan of Refunding

<u>Series</u>	<u>Maturities Outstanding</u>	<u>Principal Amount Outstanding</u>	<u>Call Date</u>	<u>Maturities to be Refunded</u>	<u>Call Price</u>	<u>Par Amount of Refunded Bonds</u>
2008	2017-2024	\$ 19,365,000	06/01/2018	2017-2024	100%	\$ 19,365,000
2009	2017-2025	34,180,000	06/01/2019	2017-2025	100%	34,180,000
2011	2017-2026	<u>40,205,000</u>	06/01/2019	2017-2026	100%	<u>40,205,000</u>
Total		<u>\$ 93,750,000</u>				<u>\$ 93,750,000</u>

The State will deposit a portion of the proceeds of the Bonds into an escrow account (the “Escrow Account”) pursuant to an escrow agreement between the Commissioner of Management and Budget and The Bank of New York Mellon Trust Company N.A. (the “Escrow Agent”). To accomplish the defeasance, the State will deposit a portion of the proceeds of the Bonds and additional funds of the State into the Escrow Account that will be invested in securities (the “Defeasance Obligations”) maturing on such dates and bearing interest at such rates as are required to provide funds sufficient to pay principal and interest to become due on the Refunded Bonds to and including the Series 2008 Bonds Call Date, the Series 2009 Bonds Call Date and the Series 2011 Bonds Call Date. In addition, on the Series 2008 Bond Call Date, to pay and redeem the outstanding principal of the Series 2008 Bonds; on the Series 2009 Bonds Call Date, to pay and redeem the outstanding principal of the Series 2009 Bonds; and, on the Series 2011 Bonds Call Date, to pay and redeem the outstanding principal of the Series 2011 Bonds.

The Defeasance Obligations are securities purchased for the Escrow Account authorized by Minnesota Statutes, Section 11A.24, as amended. Sufficiency of the Defeasance Obligations will be verified by Robert Thomas CPA, LLC (the “Verification Agent”).

Bond Terms

The Bonds mature on June 1 in the years and in the principal amounts, and bear interest at the annual rates shown on the inside front cover page hereof. Interest on the Bonds is computed on the basis of a 360-day year of twelve 30-day months, and is payable semiannually on each June 1 and December 1 to maturity, commencing June 1, 2017. If principal or interest is due on a date on which commercial banks located in the State are not open for business (“Business Day”), then payment will be made on the first Business Day thereafter, with the same force and effect as if made on the stated payment date, and without additional interest accruing thereon for the period after such stated payment date (whether or not such next succeeding Business Day occurs in a succeeding month). The Bonds are not subject to optional redemption and prepayment.

The Bonds are issued in book entry form and in denominations of \$5,000 or multiples thereof of a single maturity. The Bonds will be initially registered in the name of Cede & Co., nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds. Accordingly, printed Bonds will not be available to purchasers of the Bonds. For a description of the book entry system pursuant to which the Bonds will be issued, see the information under the caption “BOOK ENTRY SYSTEM.”

Redemption and Prepayment

Optional Redemption

The Bonds are not subject to redemption prior to their stated maturities.

BOOK ENTRY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity for each series of the Bonds in the aggregate principal amount thereof and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Direct Participants and Indirect Participants (collectively, the “Participants”) are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is, in turn, to be recorded on the Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of

DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar of the Bonds ("Registrar") and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, or its nominee or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Registrar. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Registrar's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The above information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the completeness or the accuracy thereof, or as to the absence of material adverse changes in such information subsequent to the date hereof.

The State cannot and does not give any assurances that DTC, or a successor securities depository, or Participants will distribute to the Beneficial Owners of the Bonds: (i) payments of principal of or interest and premium, if any,

on the Bonds; (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in the Bonds; or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, or a successor securities depository, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC or the Participants will serve and act in the manner described in this Official Statement.

The State will have no responsibility or obligation to any Participant, or any Beneficial Owner or any other person with respect to: (i) the Bonds; (ii) the accuracy of any records maintained by DTC, or a successor securities depository, or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (iii) the payment by DTC, or a successor securities depository, or any Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (iv) the delivery by DTC, or a successor securities depository, or any Participant of any notice to any Beneficial Owner which is required or permitted to be given to owners of the Bonds; (v) the selection of which Beneficial Owners will receive payment in the event of any partial redemption of the Bonds; (vi) any consent given or other action taken by DTC, or a successor securities depository as a Bondholder; or, (vii) the performance by DTC, or any successor securities depository, of any other duties as securities depository.

SECURITY FOR THE BONDS

General

The Bonds are not general or moral obligations of the State and are not secured by a pledge of the full faith and credit and taxing powers of the State.

The Bonds are being issued under and pursuant to the Act and the Order. The Bonds are special, limited obligations of the State. The debt service on the Bonds will be payable from the 911 Fee assessed to each customer of a wireless, prepaid wireless, wire-line switched or packet-based telecommunications service provider connected to the public switched telephone network that furnishes service capable of originating a 911 emergency telephone call in the State based upon the number of wired or wireless telephone lines, or their equivalent. Pursuant to the Act and the Order, the 911 Fee Revenues are pledged as security for the payment of the principal of and interest on the Bonds. The 911 Fee is currently ninety-five cents (95¢) per month, and may be increased or decreased depending on cash flow needs. The 911 Fee increased to ninety-five cents (95¢) per month as of January 1, 2016 to meet the Statewide Emergency Communication Board's strategic initiatives. The Act authorizes an increase to ninety-five cents (95¢) per month as described under "SECURITY FOR THE BONDS--911 Fee Revenues," below. The State establishes the level of the 911 Fee within limits established under the Act and collects the 911 Fee Revenues monthly from the telephone companies operating in the State (a few smaller companies pay on a quarterly basis). The 911 Fee Revenues are required to be deposited in the 911 Emergency Telecommunications Service Account established under the terms of the Act, which account is maintained by the Commissioner of Public Safety. The amount necessary to pay debt service costs and fund reserves (if any) are appropriated from the 911 Emergency Telecommunications Service Account to the Commissioner of Minnesota Management and Budget. The 911 Fee Revenues have primarily been used to build and operate the infrastructure necessary for the 911 emergency telecommunications systems for rapid access to emergency services for consumers. Over the past thirteen years, the 911 Fee Revenues have also been utilized to construct Phases 1, 2, and 3, and portions of Phases 4, 5, and 6 of the ARMER System.

The 911 Fee Revenues had been pledged, on a parity basis, to pay debt service on (i) the Series 2006 Bonds, which were issued by the State primarily to finance Phase 3 of the ARMER System; (ii) the Series 2008 Bonds, which were issued in part to complete Phases 2 and 3 of the ARMER System and in part to finance a portion of Phases 4, 5, and 6 of the ARMER System; (iii) the Series 2009 Bonds, which were issued to finance a portion of Phases 4, 5, and 6 of the ARMER System and (iv) the Series 2011 Bonds, which were issued to finance a portion of Phases 4, 5, and 6 of the ARMER System (the Series 2006 Bonds, the Series 2008 Bonds, the Series 2009, and the Series 2011 Bonds are hereinafter referred to collectively as the "911 Bonds"). Although it is anticipated that the 911 Fee Revenues will continue to be applied to the payment of the costs of operating the 911 emergency telecommunications system and maintaining the ARMER System, as well as the Bonds, the Act provides that

911 Fee Revenues must be used to pay annual debt service costs prior to the use of 911 Fee Revenues to pay other costs.

Although the Commissioner is authorized under the Act to establish a reserve to secure the Bonds, no reserve has ever been established to secure the payment of the principal of or interest on the Bonds and no reserve is expected to be established for such purpose or to secure payment of any Additional Bonds.

911 Fee Revenues

The 2007 Special Law provides that the 911 Fee of not less than eight cents (8¢) nor more than sixty-five cents (65¢) per month is assessed upon each customer access line or other basic service. The 911 Fee must be collected from the customer by each wireless, wire-line, or packet-based telecommunication service provider and transferred to the Commissioner of Public Safety monthly (quarterly if the total monthly revenues from the 911 Fee are less than \$250 and annually if the total monthly revenues from the 911 Fee are less than \$25). The 911 Fee is established by the Commissioner of Public Safety with the approval of the Commissioner of Minnesota Management and Budget.

The 2007 Special Law also provides that the 911 Fee may be increased to: (i) no more than seventy-five cents (75¢) per month after June 30, 2008; (ii) no more than eighty-five cents (85¢) per month after June 30, 2009; and (iii) no more than ninety-five cents (95¢) per month on or after July 1, 2010. As a condition to any such increase of the 911 Fee, the Commissioner of Public Safety and the Commissioner of Transportation are required under the Act to certify to the chairs of the House of Representatives Public Safety Finance Division of the Finance Committee and the Senate Public Safety Budget Division of the Finance Committee that the detailed design of the ARMER System has been completed and that the financial analysis finds that sufficient revenue will be generated by proposed changes in the 911 Fee to cover all estimated debt service on revenue bonds proposed to be issued to complete the system. By letter dated June 22, 2008, the two commissioners filed with the appropriate legislative committee chairs the required certification regarding design and financial analysis of the ARMER System, and regarding sufficiency of 911 Fee Revenues to support debt service on bonds authorized by the 2007 Special Law.

The 911 Fee is currently set at ninety-five cents (95¢) per month. As authorized by the 2007 Special Law, and based on an analysis of needed funds, the Commissioner of Public Safety and the Commissioner of Minnesota Management and Budget may increase the 911 Fee based on cash flow needs. The Commissioner of Public Safety provides notice of any change in the 911 Fee to telecommunication service providers a minimum of forty-five (45) days in advance of any change. The 911 Fee Revenues are collected by the Commissioner of Public Safety and deposited into the 911 Emergency Telecommunications Service Account, a special revenue account separate from the State's general fund accounts. The 911 Fee Revenues are first applied to the payment of debt service on the Bonds and any Additional Bonds (on a parity basis), and thereafter are applied to the payment of the expenses of operating the 911 emergency telecommunications system and the ARMER System. Money remaining in the 911 Emergency Telecommunications Service Account at the end of each Fiscal Year remains pledged to and available for the obligations and uses described in this paragraph.

The annual "subscriber counts" upon which 911 Fees are assessed for the various service providers since Fiscal Year 2003 are provided in the following table.

Historical Subscriber Counts Annual Average

<u>Fiscal Year</u>	<u>Wire-Line</u>	<u>Wireless</u>	<u>Total</u>
2003	2,982,343	2,268,349	5,250,692
2004	2,921,343	2,540,549	5,461,892
2005	2,839,448	2,847,225	5,686,673
2006	2,737,440	3,170,398	5,907,838
2007	2,772,418	3,554,795	6,327,213
2008	2,605,641	3,851,956	6,457,597
2009	2,443,074	4,095,661	6,538,735
2010	2,276,877	4,264,170	6,541,047
2011	2,391,741	4,063,134	6,454,875
2012	2,319,199	4,127,217	6,446,416
2013	2,267,197	4,237,243	6,504,440
2014	1,987,155	4,513,351	6,500,506
2015	1,893,460	4,742,320	6,635,780
2016	1,894,143	4,826,911	6,721,054

A number of Voice over Internet Protocol (“VoIP”) or packet-based telecommunication providers offering service as Competitive Local Exchange Carriers (“CLEC”) have been included in the wire-line subscriber count. Following the order of the Federal Communications Commission (“FCC”) of June 2005 requiring VoIP telecommunications service providers to provide 911 service and to pay 911 Fees, Vonage, the principal VoIP telecommunications service provider in Minnesota, began submitting fees to the Commissioner of Public Safety. Under the “New and Emerging Technologies 911 Improvement Act of 2008,” VoIP companies are required to provide full and direct 911 service, provides such companies with certain liability protection for their 911 service, and authorizes states to collect surcharges related to 911 service.

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The 911 Fee has been in effect since 1987. The historical and projected collections of the 911 Fee Revenues for the Fiscal Years of the State commencing in Fiscal Year 2003 and ending in Fiscal Year 2019 are provided in the following table.

Historical and Projected 911 Fee Revenues

Fiscal Year	911 Fee	911 Fee Revenues (\$ in thousands)*
2003**	33¢	\$ 20,792.7
2004**	40¢	\$ 25,838.6
2005**	40¢	\$ 27,323.2
2006**	65¢	\$ 46,229.5
2007**	65¢	\$ 49,527.2
2008**	65¢	\$ 50,751.0
2009**	65¢	\$ 51,269.5
2010**	75¢	\$ 58,821.9
2011**	80¢	\$ 61,966.9
2012**	80¢	\$ 61,885.6
2013**	80¢	\$ 63,263.8
2014**	78¢****	\$ 63,571.2
2015**	78¢	\$ 62,110.9
2016***	95¢	\$ 69,470.9
2017***	95¢	\$ 76,083.0
2018***	95¢	\$ 76,418.0
2019***	95¢	\$ 76,882.5

* Ramona Dohman v. TracFone Wireless, Inc. (Ramsey County District Court File No. 62-CV-12-9326). In December 2012 the Department of Public Safety sued TracFone Wireless, Inc. to collect unpaid fees on pre-paid phones to support the State's 911 emergency and TAM funds. TracFone argues it is exempt from collecting the fees because of the prepaid nature of its business. The case settled and an additional \$2.5 million in revenues were received in FY 2014.

** Historical amounts are based on audited numbers.

*** Projected amounts are based on Department of Public Safety estimates of customers required to pay the 911 Fee under the Act; Projections assume that 911 Fee increased to 95¢ as of January 1, 2016 in anticipation of major hardware upgrades to ARMER Backbone. The estimated average monthly subscriber count used for FY 2017 is \$6,491,667.

**** This reduction in the 911 Fee by approximately 2¢ from the preceding year was required by applicable law following the maturity of the Metropolitan Council Bonds on October 1, 2013.

The 911 Fee Revenues must be submitted to the Commissioner of Public Safety by the 25th of the month following the month in which the 911 Fee Revenues are collected from the customers of each telephone company. The 911 Fee Revenues are deposited into the 911 Emergency Telecommunications Service Account maintained by the Commissioner of Public Safety as provided in the Act. For each Fiscal Year, 911 Fee Revenues for the month of July are transferred to the Commissioner of Public Safety by the 25th day of August. Funds are transferred from the 911 Emergency Telecommunications Service Account to the Debt Service Fund (the "Debt Service Fund") maintained by the Commissioner of Minnesota Management and Budget at the end of each month from August through May of each Fiscal Year. The transfer of funds to the Debt Service Fund is made before any other 911 emergency telecommunication system expenses or ARMER-related expenses are paid to assure that the annual debt service costs are met first from the available annual 911 Fee Revenues. For a description of annual 911 Fee Revenues and debt service costs, see "DEBT SERVICE AND COVERAGE SCHEDULE" on page 13 of this Official Statement.

Under the Order the State will establish the Debt Service Fund for the Bonds and will transfer a portion of the 911 Fee Revenues into the Debt Service Fund in an amount equal to: (i) one-quarter (1/4) of the next interest payment on the Bonds and one-tenth (1/10) of the next principal payment of the Bonds at the end of each month from August 31 through November 30 of each year; and (ii) one-sixth (1/6) of the next interest payment on the Bonds and one-tenth (1/10) of the next principal payment of the Bonds at the end of each month from December 31 through May 31. Receipts for 911 Fees paid by customers to telephone companies in May (remitted to the State on or before June 25th) and receipts for fees in June (remitted to the State on or before July 25th) are not anticipated to be needed for monthly transfers to the Debt Service Fund.

The 911 Fee Revenues have primarily been used to build and operate the infrastructure necessary for the 911 emergency telecommunications systems for rapid access to emergency services for consumers. Over the past fifteen years, the 911 Fee Revenues have also been utilized to construct Phases 1, 2, and 3, and a portion of Phases 4, 5, and 6 of the ARMER System. See “THE ARMER SYSTEM AND THE PROJECT”. The 911 Fee Revenues are pledged, on a parity basis, to pay debt service on the Series 2006 Bonds, which were issued by the State primarily to finance Phase 3 of the ARMER System, the Series 2008 Bonds, which were issued in part to complete Phases 2 and 3 of the ARMER System, and in part to finance a portion of Phases 4, 5, and 6 of the ARMER System, and the Series 2009 Bonds, which were issued to finance a portion of Phases 4, 5, and 6 of the ARMER System and the Series 2011 Bonds, which were issued to finance a portion of Phases 4, 5, and 6 of the ARMER System; and the 2016 Bonds, which are issued to prepay and defease the Series 2008 Bonds, the Series 2009 Bonds and the Series 2011 Bonds. Although it is anticipated that the 911 Fee Revenues will continue to be applied to the payment of the costs of operating the 911 emergency telecommunications system and maintaining the ARMER System, as well as to the payment of the principal of and interest on the Bonds, the Act provides that 911 Fee Revenues must be used to pay annual debt service costs prior to the use of 911 Fee Revenues to pay other costs.

Financial information with respect to the 911 Fee and the 911 Fee Revenues can be found under “DEBT SERVICE AND COVERAGE SCHEDULE” and in “APPENDIX B — FINANCIAL INFORMATION” in this Official Statement.

The Metropolitan Council Bonds

The Metropolitan Council was created in 1967 by State legislation (pursuant to laws now codified in Minnesota Statutes, Chapter 473) as a government unit responsible for the coordination of planning and development of the seven-county metropolitan area. The area over which the Metropolitan Council has responsibility includes the counties of Anoka, Carver, Dakota (excluding the City of Northfield), Hennepin (excluding the cities of Hanover and Rockford), Ramsey, Scott (excluding the City of New Prague), and Washington.

The Metropolitan Council issued bonds in 1999 in the principal amount of \$14,280,000 to assist in the financing of a portion of the capital costs of Phase 1 of the ARMER System. The Metropolitan Council refunded such bonds by issuance of its \$7,265,000 Refunding Revenue Bonds (Public Safety Radio Communications System Project), Series 2007D (the “Metropolitan Council Bonds”). The law under which the Metropolitan Council Bonds were issued granted a priority pledge of up to four cents (4¢) of the 911 Fee to the payment of the debt service on the Metropolitan Council Bonds. In Fiscal Year 2010, the four cents (4¢) of the 911 Fee produced 911 Fee Revenues of \$3,137,170. The annual debt service for the Metropolitan Council Bonds was approximately \$1,400,000 per year. The State transferred 911 Fee Revenues to the Metropolitan Council in an amount sufficient to meet the necessary debt service fund requirements on the Metropolitan Council Bonds on a monthly basis on the schedule for the 911 Bonds. The State continued to transfer 911 Fee Revenues for the Metropolitan Council Bonds on a priority basis before deposits to the Debt Service Fund for the 911 Bonds until the final maturity of February 1, 2013.

The 911 Bonds

The State issued the Series 2006 Bonds on November 22, 2006, to finance a portion of Phase 3 of the ARMER System together with certain Phase 2 enhancements. The Series 2006 Bonds are secured solely by 911 Fee Revenues, have a final maturity of June 1, 2018, and are subject to optional redemption on December 1, 2016, and any date thereafter. The State issued the Series 2008 Bonds on December 2, 2008, in part to finance the completion

of Phases 2 and 3 of the ARMER System, and in part to finance a portion of Phases 4, 5, and 6 of the ARMER System. The Series 2008 Bonds are secured solely by 911 Fee Revenues, have a final maturity of June 1, 2024, and the Series 2008 Bonds maturing on June 1, 2024, are subject to optional redemption on June 1, 2018, and any date thereafter. The State issued the Series 2009 Bonds on October 22, 2009, to finance a portion of Phases 4, 5, and 6 of the ARMER System. The Series 2009 Bonds are secured solely by 911 Fee Revenues, have a final maturity of June 1, 2025, and the Series 2009 Bonds maturing on and after June 1, 2020, are subject to optional redemption on June 1, 2019, and any date thereafter. The State issued the Series 2011 Bonds on August 30, 2011, to finance a portion of Phases 4, 5, and 6 of the ARMER System. The Series 2011 Bonds are secured solely by 911 Fee Revenues, have a final maturity of June 1, 2026, and the Series 2011 Bonds maturing on and after June 1, 2020, are subject to optional redemption on June 1, 2019, and any date thereafter. The State is issuing the 2016 Bonds (this issue) to refund and defease the Series 2008 Bonds, the Series 2009 Bonds and the Series 2011 Bonds.

The Series 2016 Bonds are issued on a parity basis with the Series 2006 Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2011 Bonds pursuant to the Commissioner's Order under which the Series 2016 Bonds were issued. See "SECURITY FOR THE BONDS—Additional Bonds" and "DEBT SERVICE AND COVERAGE SCHEDULE" for description of the Additional Bonds test.

Additional Bonds

The State has issued all bonds authorized to be issued under the Act and, therefore, has exhausted its current authority to issue additional bonds. However, the State reserves the right to issue additional bonds payable from the 911 Fee Revenues on a parity basis as to both principal and interest with the Series 2016 Bonds (the "Additional Bonds") provided that: (i) authority is enacted to issue Additional Bonds; (ii) projected collections of the 911 Fee Revenues (including any 911 Fee Revenues derived from any increases in the 911 Fee that are authorized by the Minnesota Legislature and imposed by the State) shall not in any Fiscal Year be less than 150 percent of the combined maximum annual debt service on the 911 Bonds and any Additional Bonds in any succeeding Fiscal Year; and (iii) any reserve for the 911 Bonds and Additional Bonds is funded to the requirement for such reserve as of the date of issuance of any Additional Bonds (although the Commissioner is authorized under the Act to establish a reserve to secure the 911 Bonds, no reserve has ever been established to secure the payment of the principal of or interest on the 911 Bonds and no reserve is expected to be established for such purpose or to secure payment of any Additional Bonds).

For a detailed description of projected annual 911 Fee Revenues, the projected debt service on the Series 2016 Bonds, and the resulting annual debt service coverage, see the table under the caption "DEBT SERVICE AND COVERAGE SCHEDULE" in this Official Statement.

Defeasance

Upon satisfaction of certain terms and conditions specified in the Order, the Bonds or portions thereof will be deemed to be defeased and the pledge of the 911 Fee Revenues to the Bonds pursuant to the provisions of the Order will be discharged. The Bonds will be defeased if the State irrevocably deposits with the Paying Agent, or with a bank qualified as an escrow agent for this purpose (the "Escrow Agent"), in an escrow fund established exclusively for payment of the Bonds (the "Escrow Fund"), cash and/or Defeasance Obligations, maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient money to make timely payment of all principal of and interest on the Bonds when due. The State must also deliver to the Paying Agent or Escrow Agent on the date the Escrow Fund is established, an opinion of nationally-recognized bond counsel to the effect that such deposit will not adversely affect the tax exempt status of any Bonds. In addition, a verification report of an independent certified public accounting firm as to the adequacy of the Escrow Fund to fully pay the Bonds proposed to be defeased must be delivered to the Paying Agent or Escrow Agent. Upon satisfaction of the foregoing, the Bonds will be secured solely by the cash and securities deposited with the Paying Agent or Escrow Agent in the Escrow Fund.

Waiver of Immunity

Under Minnesota Statutes, Section 3.751, the State has waived immunity from suit with respect to the controversies arising out of its debt obligations incurred pursuant to Article XI of the Minnesota Constitution in which controversy a bondholder would be entitled to redress against the State in a court, if the State were subject to suit. The State has conferred jurisdiction on State District Courts to hear and determine such controversies. Accordingly, if the State fails to pay in full the principal of or interest on the Bonds when due, a holder of a Bond on which principal of or interest is past due may be entitled to commence an action in the District Court for Ramsey County, Minnesota, with respect to any controversy with respect to which the bondholder is entitled to redress.

State Pledge Against Impairment of Contracts

Under Minnesota Statutes, Section 403.275, subdivision 9, the State pledges and agrees with the holders of the Bonds that the State will not limit or alter the rights vested in the Commissioner to fulfill the terms of any agreements made with the Bondholders, or in any way impair the rights and remedies of the Bondholders until the Bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholder, are fully met and discharged. The Commissioner has included this pledge and agreement of the State in the Order.

DEBT SERVICE AND COVERAGE SCHEDULE

The table entitled “Debt Service and Coverage Schedule” on page 15 of this Official Statement sets forth:

- (1) The historical and projected 911 Fee Revenues during the term of the Metropolitan Council Bonds and the Series 2006 Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2011 Bonds, and the Series 2016 Bonds;
- (2) The debt service requirements with respect to the Metropolitan Council Bonds and the Series 2006 Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2011 Bonds, and the Series 2016 Bonds;
- (3) The combined debt service requirements with respect to the Metropolitan Council Bonds and the Series 2006 Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2011 Bonds and the Series 2016 Bonds;
- (4) The annual debt service coverage ratio (including the Metropolitan Council Bonds);
- (5) Net revenues after payment of the Metropolitan Council Bonds;
- (6) The combined debt service requirements with respect to all bonds issued by the State (excluding the Metropolitan Council Bonds); and
- (7) The annual debt service coverage ratio (excluding the Metropolitan Council Bonds).

Interest on the Bonds is payable on June 1 and December 1 of each year. Principal of the Bonds is payable on June 1 of each year.

For purposes of the table on page 14, the 911 Fee Revenues in each Fiscal Year on and after 2019 have been assumed to remain unchanged from the projected revenues for Fiscal Year 2019, shown in the table under the caption “SECURITY FOR THE BONDS — Historical and Projected 911 Fee Revenues” (except as otherwise noted in the table).

Debt Service and Coverage Schedule

Period Ending 30-Jun	Monthly Fee	Historical and Projected Fees	Metropolitan Council Series 1999C	Metropolitan Council Series 2007	Prior Debt Service					Refunding Series 2016	Total Debt Annual P & I	Debt Service Coverage (including all debt)	Net Revenues After Metropolitan Council Bonds	State-Only Debt Service	Debt Service Coverage (State debt only)
			Annual P & I	\$ 7,265,000 Annual P & I	\$ 35,000,000 Annual P & I	\$ 42,205,000 Annual P & I	\$ 60,510,000 Annual P & I	\$ 60,380,000 Annual P & I	\$ 92,150,000 Est. Annual P & I						
(4)		(1)(2)(3)(5)(6)							(7)	(8)	(9)		(9)(10)	(9)(10)	(9)
2003	\$0.33	\$ 20,792,730	\$ 1,393,918	-	-	-	-	-	-	-	\$ 1,393,918	14.92	\$ 19,398,813	-	-
2004	0.40	25,838,597	1,396,578	-	-	-	-	-	-	-	1,396,578	18.50	24,442,020	-	-
2005	0.40	27,323,188	1,401,928	-	-	-	-	-	-	-	1,401,928	19.49	25,921,261	-	-
2006	0.65	46,229,523	1,399,668	-	-	-	-	-	-	-	1,399,668	33.03	44,829,856	-	-
2007	0.65	49,527,236	1,404,953	-	\$ 975,545	-	-	-	-	-	2,380,497	20.81	48,122,284	\$ 975,545	\$ 49.33
2008	0.65	50,751,000	-	\$ 1,311,163	4,262,363	-	-	-	-	-	5,573,526	9.11	49,439,837	4,262,363	11.60
2009	0.65	51,269,513	-	1,411,538	4,258,763	\$ 3,557,762	-	-	-	-	9,228,062	5.56	49,857,976	7,816,525	6.38
2010	0.75	58,821,937	-	1,413,300	4,229,263	7,445,138	\$ 6,342,940	-	-	-	19,430,640	3.03	57,408,637	18,017,340	3.19
2011	0.80	61,966,850	-	1,414,050	4,199,513	4,860,138	8,190,425	-	-	-	18,664,125	3.32	60,552,800	17,250,075	3.51
2012	0.80	61,885,563	-	1,411,800	4,203,313	3,399,800	5,138,425	\$ 1,862,670	-	-	16,016,007	3.86	60,473,763	14,604,207	4.14
2013	0.80	63,263,821	-	1,419,600	4,199,750	3,398,225	5,140,675	5,559,844	-	-	19,718,094	3.21	61,844,221	18,298,494	3.38
2014	0.78	63,571,200	-	-	4,172,250	3,393,625	5,141,425	5,555,944	-	-	18,263,244	3.48	63,571,200	18,263,244	3.48
2015	0.78	62,110,900	-	-	4,143,250	3,395,825	5,138,175	5,557,144	-	-	18,234,394	3.41	62,110,900	18,234,394	3.41
2016	0.95	69,470,900	-	-	4,117,500	3,399,425	5,139,175	5,556,644	-	-	18,212,744	3.81	69,470,900	18,212,744	3.81
2017 ⁽¹¹⁾	0.95	76,038,000	-	-	-	-	-	-	\$ 22,995,021	-	22,995,021	3.31	76,038,000	22,995,021	3.31
2018	0.95	76,418,000	-	-	-	-	-	-	22,999,750	-	22,999,750	3.32	76,418,000	22,999,750	3.32
2019	0.95	76,882,500	-	-	-	-	-	-	22,998,250	-	22,998,250	3.34	76,882,500	22,998,250	3.34
2020	0.95	76,882,500	-	-	-	-	-	-	22,998,250	-	22,998,250	3.34	76,882,500	22,998,250	3.34
2021	0.95	76,882,500	-	-	-	-	-	-	10,652,250	-	10,652,250	7.22	76,882,500	10,652,250	7.22
Column Totals			\$ 6,997,043	\$ 8,381,451	\$ 38,761,507	\$ 32,849,937	\$ 40,231,240	\$ 24,092,245	\$ 102,643,521	\$ 253,956,944			-	\$ 238,578,450	
Totals from FY 2017 to FY 2021			-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,643,521	\$ 102,643,521			\$ -	\$ 102,643,521	

- (1) Under current law, upon retirement of the Metropolitan Council Bonds (see "SECURITY FOR THE BONDS - the Metropolitan Council Bonds" above), the 911 Fee was required to be reduced by the amount that was applied to the payment of the debt service on the Metropolitan Council Bonds. This required a reduction of the 911 Fee in the amount of approximately \$1,400,000 per annum (or approximately two cents) per customer access line per month of the current 911 Fee.
- (2) Projected fees include a fee increase to \$.95 January 2016.
- (3) The fee was decreased to \$0.78 in October 2013 as the corresponding Metropolitan Council debt matured.
- (4) Annual principal is June 1, with semi-annual interest payments on June 1 and December 1.
- (5) Fiscal Years 2003 - 2016 fees are actual collections based on audited numbers. Fiscal Years 2017 - 2019 revenues are Department of Public Safety (DPS) projections.
- (6) DPS does not make revenue estimates beyond Fiscal Year 2019, so revenues are flat for projection purposes.
- (7) Fiscal Year 2012 debt service for Series 2011 is net of \$7,044,345 debt service fund deposit. These funds have been applied to the payments in the period ending 6/30/2012.
- (8) Debt Service estimates for 911 Refunding Bonds, Series 2016.
- (9) Net Revenue analysis (Debt Service Coverage of state-only debt) complies with the Additional Bonds Test of 150% coverage.
- (10) Values shown are rounded to the nearest whole number.
- (11) The outstanding \$7,590,000 of the Series 2006 Bonds will be defeased using excess funds on hand on December 1, 2016; \$703,385 of the Series 2008 Bonds, \$1,132,102 of the Series 2009 Bonds and \$1,423,206 of the Series 2011 Bonds due on June 1, 2017, will be paid using funds deposited from the Series 2016 Bonds into the Escrow Agent.

SOURCES AND USES OF FUNDS

The following table presents the estimated sources and uses of funds related to the Bonds.

Sources and Uses of Funds

Sources

Par Amount of Bonds	\$ 91,715,000
Plus Premium on Bonds	8,481,869
Funds on Hand	<u>3,252,692</u>
Total Sources	<u>\$ 103,449,561</u>

Uses

Deposit to Escrow Account	\$ 103,237,964
Costs of Issuance ¹	<u>211,597</u>
Total Uses	<u>\$ 103,449,561</u>

¹ Includes Underwriter's Discount on the Bonds.

THE ARMER SYSTEM AND THE PROJECT

General

In 2002 (partly in response to the public safety communication problems that followed the terrorist attacks on New York City on September 11, 2001), the State Legislature directed the Department of Public Safety, the Department of Transportation, the Department of Natural Resources, the Department of Administration, and other parties to cooperatively develop a plan to design and implement the statewide Allied Radio Matrix for Emergency Response system (the "ARMER System"), an 800 MHz digital radio system to be made available throughout the State. The purpose of the ARMER System is to ensure that all agencies supporting public safety in the State (local, regional, tribal, non-governmental, military, and federal) will have routine access to a voice and data communication infrastructure and participate in the governance structure supporting that communication infrastructure that is able to provide seamless communication interoperability between jurisdictions and across public safety disciplines necessary to support day-to-day operations, regional operations, statewide operations, and, when necessary, regional and national operations.

The "backbone" of the ARMER System is a digital, trunked, simulcast and multicast system capable of operating 700 and 800 MHz frequencies. Sites are interconnected by a digital microwave system, fiber optic cable, or T-1 lines. The ARMER System uses the latest and most advanced technology to provide communication capabilities that are not available with older radio systems. The ARMER System provides interoperability between users of the system and acts as the foundational infrastructure necessary for achieving interoperability with non-users on older radio communication systems. A fundamental element of the ARMER System plan is to provide the opportunity for all public safety and public service entities to achieve the highest level of interoperability by operating on a shared platform. That ARMER System platform is a scalable system that can address the expanding roles of public safety and public service entities and their interoperability needs.

One of the strategic initiatives of the Statewide Emergency Communications Board (the "Board") is to protect the investment in the ARMER System by keeping the system upgraded over the next five years. The Board authorized and approved funding for major upgrades in 2016, 2018 and 2021 to ensure the ARMER System uses the most up to date technology and protects the ARMER System from cyber security attacks. This allows the users to purchase current available features and radios as needed over this timeframe.

Development of the ARMER System

The ARMER System evolved from a regional implementation of the digital-trunked communication technology in the seven-county Minneapolis-Saint Paul Metropolitan Area plus the counties of Isanti and Chisago. The ARMER System was expanded to meet statewide needs including providing for a local alternative as local governments were required to replace their infrastructure pursuant to a Federal Communications Commission mandate that all non-Federal public safety licensees operating communication systems below 512 MHz move to narrowband voice channels and highly efficient data channel operations by January 1, 2013. As of October 2016, eighty three (83) counties have fully migrated into the ARMER System for their day-to-day radio communications and three (3) additional counties will be fully migrated by the end of 2017. The ARMER System is engineered to provide ninety-five percent (95%) mobile radio coverage on a county-by-county basis across the State. The Minnesota Department of Transportation transitioned to the ARMER system for its statewide operations in December of 2010, and the Minnesota State Patrol and other state law enforcement agencies have completed their transition to the ARMER System for statewide operations. The one (1) remaining County not fully migrated to the ARMER System is able to link directly into the ARMER System. As of October, 2016, ninety seven percent (97%) of the ARMER System sites are completed and operational along with microwave and network control elements providing statewide coverage.

Implementation and Governance of the ARMER System

Implementation of the ARMER System is a cooperative endeavor between the Department of Transportation, the Department of Public Safety, and the Board, formerly known as the Statewide Radio Board. Chapter 403 provides that the Board has overall responsibility for the ARMER System plan, including the technical and operational standards of the ARMER System. Chapter 403 also provides that the Commissioner of the Department of Public Safety is responsible for the implementation of the ARMER System and for contracting with the Department of Transportation for the construction, ownership, and operation of the communication infrastructure. As provided in Chapter 403, the Department of Public Safety and the Department of Transportation have executed an agreement (the "Interagency Agreement") which defines their respective responsibilities and provides for the submission of detailed spending and implementation plans to the Department of Public Safety as the construction and implementation of the ARMER System proceeds. Approval of those spending and implementation plans by the Department of Public Safety is required before the Department of Transportation may proceed with the implementation process and the Department of Public Safety is responsible for reporting such progress to the Board in sufficient detail to allow oversight of the build-out of the ARMER System. The Department of Public Safety and the Board are required to assure that the ARMER System is implemented in accordance with the approved plan and to assure that generally accepted project management principles and techniques are utilized in the implementation of the plan. The Interagency Agreement was updated in 2009 and has no expiration date.

Establishing a credible and representative governance structure has been an essential element in the State's plan to build the ARMER System. The origins of that governance structure go back to 1995 when the Minnesota legislature created the Metropolitan Radio Board as a unique political subdivision for the purpose of implementing a regional public safety radio system in the Minneapolis-Saint Paul Metropolitan Area. Following the adoption of the plan for the statewide ARMER System, a transition from a metropolitan regional structure to a statewide structure was mandated. The Board was created in 2004 to provide for the governance of the ARMER System. The twenty (20) members of the Board are comprised of eighteen (18) State, regional, and local elected and appointed officials and two representatives of emergency medical service providers. The Board has approved issuance of the Series 2016 Bonds.

The enabling legislation provided for regional planning and implementation through the permissive establishment of regional radio boards, which is an essential element of this bottom-up governance structure. It was intended that regional radio boards would evolve to represent regional interests and be comprised of elected officials representing the various local interests of each region. To date, seven (7) regional emergency communication boards have been formed to address and coordinate regional interoperability communication issues.

Financial information regarding the 911 Fee Revenues is set forth in "APPENDIX B — FINANCIAL INFORMATION" in this Official Statement.

RISK FACTORS

General

The Bonds are not general or moral obligations of the State and are not secured by a pledge of the full faith and credit and taxing powers of the State.

The Bonds are issued pursuant to the Act and the Order. The Bonds are special, limited obligations of the State. The debt service on the Bonds will be payable solely from the 911 Fee Revenues.

The availability and sufficiency of the 911 Fee Revenues are subject to factors over which the Commissioner and the State have no control. Reductions in 911 Fee Revenues may result from reductions in the number of wireless telephone customers, reductions in the number of wire line telephone customers, reductions in the number of telephone customers who obtain telephone services through Voice Over Internet Protocol (“VOIP”), or a change in federal law that prevents the State from collecting 911 Fees from telephone customers who obtain telephone services through VOIP. Reductions in the 911 Fee Revenues to pay debt service on the Bonds, even if not sufficient to result in the inability to pay debt service on the Bonds when due, could result in the reduction of the then existing credit ratings assigned to the Bonds by the Rating Agencies. A reduction in the credit ratings assigned to the Bonds would likely reduce their market value and might adversely affect their marketability. These and other risk factors affecting the Bonds are discussed below and should be reviewed by prospective purchasers of the Bonds prior to making any decision to purchase any Bonds.

In the event the 911 Fee Revenues are not sufficient to pay debt service on the Bonds when due, the Commissioner has no authority under State law to pay such debt service from any other source. The Commissioner is prohibited from paying debt service on the Bonds from any source other than the 911 Fee Revenues and interest earnings derived from the investment of 911 Fee Revenues.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements generally are identifiable by the terminology used such as “plan,” “expect,” “anticipate,” “estimate,” “budget,” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties, and other factors which may cause actual results, performance, or achievements described to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. The State does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions, or circumstances on which such statements are based, occur or do not occur.

Technology Factors

The 911 Fee will continue to be assessed to each customer in the State who utilizes telephone service via a wireless telephone, a wire line telephone, or telephone service that utilizes VOIP and that provides access to the 911 emergency telecommunications systems for rapid access to emergency services for consumers. Technology innovations in the communications industry have been particularly rapid and significant in the last decade and future innovations could result in a reduction in the use of wireless, wire line, and VOIP telephone services. Such technological changes would have to be very substantial and even drastic in nature and scope in order to result in a default in the payment of principal or interest on the Bonds. Nevertheless, predictions regarding the future of the communications industry have not been reliable in the past and may not be accurate as to the future developments.

No Security Interest or Mortgage

Minnesota Statutes, Section 475.78, provides that Article 9 of the Uniform Commercial Code (adopted in Minnesota as Minnesota Statutes, Sections 336.9-101 to 336.9-709, as amended) does not apply to security interests created by the State, except security interests in equipment and fixtures. No security interest has been granted to the Bondholders in any of the physical assets, including equipment and fixtures, acquired with the proceeds of the

Bonds. Therefore, no security interest in any assets have attached to or been perfected with respect to any security for the Bonds or any other assets.

The obligation of the Commissioner to make timely payments of the principal of and interest on the Bonds is not secured by a mortgage on any real property financed with the proceeds of the Bonds. Consequently, in the event the 911 Fee Revenues are not sufficient to pay the debt service on the Bonds, the Bondholders have no right to require the sale of any real property nor any interest in the sale proceeds of any such assets.

Minnesota Statutes, Section 403.275, subdivision 7, provides, in effect, that the pledge of the 911 Fee Revenues made by the Commissioner with respect to the Bonds is valid and binding from the time the pledge is made. The 911 Fee Revenues pledged and later received by the Commissioner are immediately subject to the lien of the pledge without any physical delivery of such money or further act, and the lien of any pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Commissioner, whether or not those parties have notice of the lien or pledge. Neither the Order of the Commissioner nor any other instrument by which a pledge is created need be recorded.

No Reserve Fund

Although the Commissioner is authorized under the Act to establish a reserve to secure the 911 Bonds, no reserve has ever been established to secure the payment of the principal of or interest on the 911 Bonds and no reserve is expected to be established for such purpose or to secure payment of any Additional Bonds.

Maintenance of Rating

The Bonds will be rated as to their creditworthiness by each of the Rating Agencies as of their date of issuance. No assurance can be given that the Bonds will maintain their original credit rating from any of the Rating Agencies. See "RATINGS" in this Official Statement.

Limited Enforcement of Bonds and Order

The Bonds and the Order authorizing the issuance of the Bonds can only be enforced in accordance with the provisions of the Order limiting the Bondholders' enforcement rights and requiring enforcement in the District Court for Ramsey County, Minnesota. The rights and remedies of the Registered Owners of the Bonds may be limited or rendered ineffective by judicial decisions or the application of principles of equity relating to or affecting the enforcement of creditor's rights or contractual obligations generally.

No Trustee

The Commissioner will not appoint a national or state bank or trust company to act as trustee on behalf of the Bondholders, to hold and invest sums on deposit in the Proceeds Account or the Debt Service Fund, to hold and invest money transferred to the Debt Service Fund until used to pay debt service on the Bonds, or to enforce any rights of the Bondholders under the Act or the Commissioner's Order authorizing and directing the issuance of the Bonds. Therefore, the Bondholders will be placing substantial reliance upon the Commissioner to comply with the provisions of the Act and the Order with respect to the rights of the Bondholders.

Internal Revenue Code Compliance

The Bonds could lose their tax-exempt status as a result of the State not complying with the various provisions of the Code, and the regulations promulgated thereunder. Following a determination by the Internal Revenue Service (the "IRS") that the interest on the Bonds should be included in gross income for federal tax purposes, the Bonds will not be subject to mandatory redemption as described under the heading "THE BONDS" and in the Order.

The opinion of Bond Counsel will be delivered on the date of issuance of the Bonds as described in "TAX EXEMPTION AND COLLATERAL TAX MATTERS" and "APPENDIX E – FORM OF BOND COUNSEL OPINION" herein; however, application for a ruling or determination from the IRS regarding the tax-exempt status of the Bonds has not and will not be made, and an opinion of counsel is not binding upon the IRS. The laws,

regulations, court decisions and administrative interpretations upon which the conclusions stated in the opinion of Bond Counsel are based on and subject to change by the United States Congress, the United States Treasury Department and later judicial and administrative decisions.

Interest on the Bonds may become subject to inclusion in gross income for purposes of federal income taxes retroactively to the date of issuance or the date of the breach of certain tax covenants in the Order

TAX EXEMPTION AND COLLATERAL TAX MATTERS

In the opinion of Kennedy & Graven, Chartered, bond counsel to the State, based on present federal and State laws, regulations, rulings, and decisions (which excludes any pending legislation which may have a retroactive effect), interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, estates, or trusts for State income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the State alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations and is subject to State franchise taxes on corporations (including financial institutions) measured by income.

The form of legal opinion to be issued by Kennedy & Graven, Chartered with respect to the Bonds is set forth in “APPENDIX E — FORM OF BOND COUNSEL OPINION.”

Continuing Compliance with the Code

Failure to comply with certain provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and certain regulations promulgated thereunder, may cause interest on the Bonds to become subject to federal and Minnesota income taxation retroactive to the date of issuance of the Bonds. These provisions include investment restrictions, required periodic payments of certain arbitrage earnings to the United States, and requirements concerning the timely and proper use of the proceeds of the Bonds and the facilities and activities financed therewith and certain other matters. The documents authorizing the issuance of the Bonds include provisions which, if complied with by the State, meet the requirements of the Code. Such documents also include a covenant of the Commissioner to take all legally permissible actions necessary to preserve the tax exemption of interest on the Bonds. However, no provision is made for redemption of the Bonds or for an increase in the interest rate on the Bonds in the event that interest on the Bonds becomes subject to federal or Minnesota income taxation.

Future Tax Legislation

The exclusion of interest on the Bonds from gross income for federal income tax purposes and the exclusion of interest on the Bonds from the net taxable income of individuals, estates, and trusts for State income tax purposes is not mandated or guaranteed by the United States Constitution or the Minnesota Constitution. Accordingly, federal laws providing that interest on the obligations of the states and the political subdivisions of the states is not includable in gross income for federal income tax purposes and Minnesota laws providing that interest on the obligations of the State is not includable in the net taxable income of individuals, estates, and trusts for State income tax purposes may be subject to change. In the event federal or Minnesota law is amended in a manner that results in interest on the Bonds becoming subject to federal or Minnesota income taxation, or if federal or Minnesota income tax rates are reduced, the market value of the Bonds may be adversely affected.

Collateral Tax Matters

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability and the Minnesota income tax liability of the Bondholders. The extent of these other tax consequences will depend upon each Bondholder’s particular tax status and other items of income or deduction. Bond counsel expresses no opinion regarding any such collateral tax matters.

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain Social Security and Railroad Retirement benefits to take into account interest on the Bonds in determining the taxability of such benefits.

Passive investment income, including interest on the Bonds, may be subject to taxation under Section 1375 of the Code and corresponding provisions of Minnesota law for an S corporation that has accumulated earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of its gross receipts is passive investment income.

Interest on the Bonds may be includable in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code and is includable in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code.

In the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to fifteen percent (15%) of the interest on the Bonds that is received, or accrued during the taxable year.

Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest expense in the case of individuals, estates, and trusts. Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchase of the Bonds. In the case of a financial institution, no deduction is allowed under the Code for that portion of the holder's interest expense which is allocable to interest on the Bonds within the meaning of Section 265(b) of the Code.

The foregoing is not intended to be an exhaustive discussion of collateral tax consequences arising from the ownership, disposition, or receipt of interest on the Bonds. Prospective purchasers or Bondholders should consult their tax advisors with respect to collateral tax consequences and applicable state and local tax rules in states other than Minnesota.

Bond Premium

The Bonds (the "Premium Bonds") have been sold to the public at an amount in excess of the stated redemption price at maturity. Such excess of the purchase price of such Premium Bonds over the stated redemption price at maturity constitutes original issue premium with respect to such Premium Bonds. A purchaser of a Premium Bond must amortize any original issue premium over the term of such Premium Bond using constant yield principles, based on the purchaser's yield to maturity. As original issue premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or a decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Premium Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Bonds.

ENFORCEABILITY OF OBLIGATIONS

The Bonds are to be payable from the 911 Fee Revenues. In the event the 911 Fee Revenues are not sufficient to pay the principal of and interest on the Bonds when due, the remedies of the Bondholders are likely to be limited or unavailable. Furthermore, any remedies that may be available to the Bondholders will be dependent upon judicial actions which are often subject to discretion and delay. A court may determine not to order the specific performance of covenants contained in the Order. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws affecting remedies and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors' rights.

LEGAL OPINION

Legal matters incident to the authorization, issuance, and sale of the Bonds will be passed upon by Kennedy & Graven, Chartered, Bond Counsel. Kennedy & Graven, Chartered will also deliver its opinion as to the exclusion of interest on the Bonds from gross income for federal income tax purposes and the exclusion of interest on the Bonds from the net taxable income of individuals, estates, and trusts for State income tax purposes. The form of legal opinion to be issued by Kennedy & Graven, Chartered with respect to the Bonds is set forth in “APPENDIX E—FORM OF BOND COUNSEL OPINION.”

LITIGATION

There is not now pending or, to the best knowledge of the officers of the State, overtly threatened any litigation against the State seeking to restrain or enjoin the sale, issuance, execution or delivery of the Bonds, or in any manner questioning or affecting the validity of the Bonds or the proceedings or authority pursuant to which they are to be issued and sold.

While at any given time, including the present, there are numerous civil actions pending against the State, that could, if determined adversely to the State, affect the State’s expenditures, and, in some cases, its revenues, the State Attorney General is of the opinion that, except for the actions described in Note 19 to the State Financial Statements for Fiscal Year Ended June 30, 2015, and additional actions, if any, discussed below, no pending actions are likely to have a material adverse effect in excess of \$15 million on the State’s expenditures or revenues during the current biennium.

The following is a discussion of developments regarding the actions described in referenced Note 19 that have occurred and are subsequent to the date of the financial statements, and a description of additional actions which have been initiated against the State since the date of the financial statements and are material for purposes of this Official Statement.

Electric Cooperative Assessment Cases. Because the Supreme Court affirmed the Tax Court’s determination of the primary issue in the Commissioner’s favor, the amount at issue is now less than \$15 million. The Supreme Court remanded on an issue relevant to only four of the electric cooperatives, which makes the remaining amount at issue less than \$15 million. The remanded cases have all been settled and dismissed with prejudice.

Guggenberger, et al. v. State, et al., and Gordon, et al. v. DHS, et al. In *Guggenberger*, Plaintiffs amended their complaint. Defendants moved to dismiss, and the district court granted the motion in part and denied in part (it dismissed the State and DHS as parties, but did not dismiss any claims). Plaintiffs request relief to require the State to fund and provide Waiver Services to all waiver-eligible individuals currently on a waiting list, and that cost likely exceeds \$15 million. In *Gordon*, the plaintiffs receive Waiver Services and seek, among other things, access to “individualized housing services.”

Hospital Surcharge Litigation. There are numerous appeals by providers, including various hospital systems, challenging the imposition of a tax on net patient revenue under Minnesota Statutes, section 256.9657. Many of the appeals challenge the imposition of the tax on revenues the appellants claim they receive from the Federal Employees Health Benefits Act (FEHBA) and the Tricare Program (collectively known as “FEHBA/TRICARE”), two health insurance programs that serve federal employees, federal retirees, and active and retired members of the United States military and their families, on the basis that the state tax is preempted. The Minnesota Supreme Court held that the State tax is not preempted. The time for the hospitals to seek review at the United States Supreme Court has not expired. Some appellants also appeal on the basis that a particular service provided is not subject to the tax. In the aggregate, the State’s exposure from all of these appeals likely exceeds \$15 million.

The Jamar Company d/b/a Asdco v. State of Minnesota, et al. (Itasca County District Court) and *Hammerlund Construction Inc., et al. v. State of Minnesota, et al.* (Itasca County District Court). These mechanics’ lien suits

involve similar claims but different tax-forfeited properties in Itasca County. The subject properties were leased by Itasca County to Magnetation LLC (Magnetation) for mining purposes, however, Magnetation filed for Chapter 11 bankruptcy. The State is a named defendant in these suits because it owns the subject properties in trust for Itasca County, the taxing district, which has the authority to manage the properties. Jamar, Hammerlund, and approximately 20 other contractors and subcontractors, which supplied materials and/or labor to the properties for Magnetation, have filed claims and cross-claims against the State and the other defendants that total approximately \$22.2 million exclusive of interest and attorneys' fees. The claims allege the State is liable for the amounts owing because the State has an ownership interest in the properties, had knowledge of the improvements, will be unjustly enriched by the improvements, and violated the Public Contractors' Performance and Payment Bond Act by not obtaining payment bonds for these matters. These suits are currently stayed and will remain stayed until further order in Magnetation's bankruptcy case.

Kimberly-Clark Corporation & Subsidiaries v. Commissioner of Revenue. On June 22, 2016, the Minnesota Supreme Court dismissed the taxpayer's claims, finding that the claims failed as a matter of law. Taxpayer filed a petition for writ of certiorari to the U.S. Supreme Court on October 20, 2016.

Kiminski v. Hunt, et al. Motions to dismiss were filed and granted by the district court in each case. The Eighth Circuit Court of Appeals has affirmed the dismissal of the state defendants in each case it has decided. Two decisions remain pending in the Eighth Circuit and several other cases remain pending in the district court while it addresses the claims of non-state defendants. The U.S. Supreme Court denied certiorari review of the only case in which the plaintiffs sought review.

McLane Minnesota, Inc. v. Commissioner of Revenue (Minnesota Tax Court). The taxpayer filed an appeal in the Minnesota Tax Court challenging the Commissioner's denial of the taxpayer's refund claims. The taxpayer alleges it is entitled to refunds of \$47.443 million of tobacco taxes it paid between April 2008 and June 2014. The taxpayer alleges that the statute imposing these taxes is unconstitutionally vague and that the taxpayer believes it will discover evidence of due process violations related to how the statute is being applied to different taxpayers. On September 21, 2016 the taxpayer offered to dismiss this matter with prejudice as part of a global settlement of several other pending and potential claims it has against the Commissioner of Revenue.

Walgreens Specialty Pharmacy v. Commissioner of Revenue (Minnesota Tax Court). This is a Legend Drug Use Tax case. Appellant sought a refund totaling \$14,434,159.70 for tax years 2008 through 2013, which was denied. Appellant argues that the Department misapplied the applicable statute. Appellant also argues that the use tax is unconstitutional under the Due Process and Commerce Clauses of the United States Constitution and is also preempted by federal law.

CONTINUING DISCLOSURE

The Commissioner, in the order authorizing and ordering the issuance of the Bonds, has covenanted and agreed on behalf of the State, for the benefit of the holders of the Bonds from time to time, to comply with the provisions of Securities and Exchange Commission Regulation, 17 C.F.R. Section 240.15c2-12, paragraph (b)(5) as currently in effect; and, for this purpose, to provide to the Municipal Securities Rulemaking Board annual financial information of the type included in this Official Statement, including audited financial statements, and notice of the occurrence of certain events which materially affect the terms, payment, security, rating or tax status of the Bonds. The State is the only "obligated person" in respect of the Bonds within the meaning of paragraph (b)(5). A description of the Commissioner's undertaking is set forth in "APPENDIX D – CONTINUING DISCLOSURE UNDERTAKING."

The State did not timely file its Comprehensive Annual Financial Report ("CAFR") with EMMA for the fiscal year ending June 30, 2012 (the "2012 CAFR"). Under the terms of the continuing disclosure undertaking for each series of bonds for which the State is an obligated person, such filing was supposed to be made by December 31, 2012. Although the State did not timely file its 2012 CAFR, the State did notify holders of all general obligation bonds and all bonds supported by State appropriations, by a voluntary filing to EMMA on December 7, 2012, that the 2012 CAFR would be delayed. On December 28, 2012, the State filed a notice of failure to file annual financial

information with respect to all general obligation bonds and all bonds supported by State appropriations. On February 13, 2013, the State updated its voluntary December 7, 2012 EMMA filing to notify investors that the estimated date of delivery the 2012 CAFR would be mid-March 2013. The 2012 CAFR was filed with EMMA on March 27, 2013. The filing of the 2012 CAFR was primarily delayed due to the implementation of a new State accounting and procurement software system. The State completed the posting of its 2013, 2014 and 2015 CAFR in a timely manner, and expects, in the future, to continue completing its annual CAFR and EMMA filings on or before December 31 of each year.

Prior to July, 2009, the State filed through Disclosure USA or by sending appropriate documents through mail or other courier services and thereafter on EMMA. The State did not timely file notices of ratings changes or the State's CAFR for the fiscal years ended June 30, 2007 through 2012 with respect to the following bonds, for which the State was an "obligated person" within the meaning of Rule 15c2-12: (i) the \$31,165,000 Port Authority of the City of Saint Paul, Lease Revenue Bonds, Series 2002-10; (ii) the \$79,665,000 Port Authority of the City of Saint Paul Lease Revenue Bonds, Series 2003-12; (iii) the \$23,695,000 Port Authority of the City of Saint Paul Lease Revenue Bonds, Series 2002-9; (iv) the \$58,580,000 Port Authority of the City of Saint Paul Lease Revenue Bonds, Series 2003-11 Bonds, (collectively, the "St. Paul Bonds"); (v) the \$6,395,000 City of Bemidji Lease Revenue Refunding Bonds, Series 2008 (the "2008 Bonds"); and (vi) the \$8,275,000 City of Bemidji Lease Revenue Bonds dated April 1, 2000 (the "2000 Bonds"). On January 9, 2013, the State filed its CAFRs for the fiscal years ended June 30, 2007 through 2011 for the St. Paul Bonds with EMMA, and on March 27, 2013 filed its 2012 CAFR. On February 6, 2013, the State also made a detailed filing of the rating history by each rating agency that publishes a rating for the St. Paul Bonds, with respect to all previous rating changes for each series of the St. Paul Bonds. On January 9, 2013 the State filed its CAFRs for the fiscal years ended June 30, 2007 through 2009 for the 2000 Bonds. The 2000 Bonds were fully refunded in October 2008. The State filed notice of a 2003 rating change on the 2000 Bonds in July 2014. On January 9, 2013, the State filed its CAFRs for the 2008 Bonds for the fiscal years ended June 30, 2007 through 2011 with EMMA, and on March 27, 2013 filed its 2012 CAFR.

The State did not timely file certain required notices of rating changes for the insurance entities and underlying ratings related to the following bonds: (i) the \$35,000,000 State of Minnesota 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2006, insured by MBIA; (ii) the \$42,205,000 State of Minnesota 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2008, insured by Assured Guaranty; (iii) the \$60,510,000 State of Minnesota 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2009, insured by Assured Guaranty; and (iv) the \$345,000,000 State of Minnesota General Obligation State Bonds dated August 1, 2006, in which the August 1, 2026 maturity, \$14,585,000, is insured by MBIA. The State has posted on EMMA the appropriate notices of Material Events.

The State did not timely file certain CAFR and Operating data ("Financials") for the (i) \$35,000,000 State of Minnesota 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2006 (2006 Financials show as filed on January 9, 2007, 2007 Financials show as filed on January 16, 2008, 2008 Financials show as filed on February 9, 2009, 2010 Financials posted on EMMA on March 11, 2011); (ii) \$42,205,000 State of Minnesota 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2008 (2008 Financials show as filed on February 9, 2009, 2010 Financials show as filed on EMMA on March 11, 2011); (iii) \$557,960,000 State of Minnesota General Obligation Bonds Series 2005 (2005 Financials show as filed on January 25, 2006, 2006 Financials show as filed on January 9, 2007, 2007 Financials show as filed on January 16, 2008, 2008 Financials show as filed on February 9, 2009); and (iv) \$345,000,000 State of Minnesota General Obligation Bonds Series 2006 (2006 Financials show as filed on January 9, 2007, 2007 Financials show as filed on January 16, 2008, 2008 Financials show as filed February 9, 2009).

In November of 2014, the State submitted a report to the Securities and Exchange Commission (the "SEC") in response to its Municipal Continuing Disclosure Cooperation Initiative (the "MCDC"). The MCDC provided an opportunity for underwriters and municipal issuers to self-report instances where official statements of municipal issuers failed to report instances in which the municipal issuer failed to comply with its continuing disclosure undertakings.

On August 24, 2016, the SEC issued a Cease-and-Desist Order (the "Order") pursuant to which the State has undertaken to:

- a. Within 180 days of the entry of the Order, establish appropriate written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance with the federal securities laws, including the designation of an individual or officer at the State responsible for ensuring compliance by the State with such policies and procedures and responsible for implementing and maintaining a record (including attendance) of such training.
- b. Within 180 days of the entry of the Order, comply with existing continuing disclosure undertakings, including updating past delinquent filings if the State is not currently in compliance with its continuing disclosure obligations.
- c. Disclose in a clear and conspicuous fashion the terms of the Order in any final official statement for an offering by the State within five years of the entry of the Order.
- d. Certify, in writing, compliance with the undertakings set forth above.
- e. Cooperate with any subsequent investigation by the SEC's Division of Enforcement regarding the false statement(s) and/or material omission(s), including the roles of individuals and/or other parties involved.

Prior to the entry of the Order, the State (i) established written policies and procedures to improve compliance with continuing disclosure obligations, including the designation of an individual responsible for ensuring compliance with such policies and procedures, and (ii) implemented a review of past filings in an effort to ensure compliance with existing continuing disclosure undertakings and updated past delinquent filings in the final official statement, dated August 5, 2015, for the State's \$1,076,980,000 State of Minnesota, General Obligation Bonds, Series 2015A-E.

Additional information with respect to such continuing disclosure obligations is set forth in "APPENDIX D — CONTINUING DISCLOSURE UNDERTAKING" in this Official Statement.

SALE AT COMPETITIVE BID

The Bonds were offered by the State at a competitive sale on October 18, 2016, in accordance with and subject to the Official Notice of Sale appearing in Preliminary Official Statement dated October 11, 2016. The interest rates shown on the inside cover page of this Official Statement are the interest rates that resulted from the award of the Bonds at the competitive sale. The initial prices or yields shown on the inside cover page of this Official Statement, which additionally reflects original issue premium in the amount of \$8,481,869.25, are based solely on information supplied to MMB by the successful bidder, Wells Fargo Bank, National Association (the "Underwriter"). Any other information concerning the terms of offering of the Bonds, if any, should be obtained from the Underwriter and not from MMB. The Underwriter purchased the Bonds at a purchase price of \$100,170,271.90, reflecting an underwriter's discount of \$26,597.35 from the reoffering yields and prices set forth in the inside front cover of this Official Statement.

MUNICIPAL ADVISOR

Public Financial Management, Inc. (the "Municipal Advisor") is serving as financial advisor to the State in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is not contingent upon the issuance and delivery of the Bonds. The Municipal Advisor does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies on the Bonds.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the State and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

FINANCIAL INFORMATION

Historical Financial Information - The historical financial information contained in the body of this Official Statement and in “APPENDIX B – FINANCIAL INFORMATION” hereto for the 911 Fee Revenues and expenses of the ARMER System have been derived by Minnesota Management and Budget from the audited Comprehensive Annual Financial Report of the State of Minnesota for the fiscal year June 30, 2015 and all prior years. The Audited Comprehensive Annual Financial Reports can be found on the Electronic Municipal Market Access website (<http://emma.msrb.org>) or the Minnesota Management and Budget website (<https://www.mn.gov/mmb/>).

Projected Financial Information - The projected financial information (the “Projections”) contained in the body of this Official Statement and in “APPENDIX B – FINANCIAL INFORMATION” for the 911 Fee Revenues and the expenses of the ARMER System have been prepared by Minnesota Management and Budget based upon historical information and trends and research by the staff of Minnesota Management and Budget. The Projections set forth in the body of this Official Statement and in “APPENDIX B – FINANCIAL INFORMATION” has not been audited, examined or reviewed by any independent certified public accountant.

The Projections are based on various assumptions that represent only the beliefs of Minnesota Management and Budget as to the most probable future events and are subject to uncertainties and future events. No assurances can be given that the 911 Fee Revenues collected by the State in the future will in fact be equal to those set forth in the Projections or that the expenses relating to the ARMER System will be equal to or less than those set forth in the Projections. Accordingly, the collection of 911 Fee Revenues and the expenses relating to the ARMER System will inevitably vary from those set forth in the Projections, and such variance may be material and adverse. The Office of Management and Budget has not assumed any responsibility to update the Projections or to provide any financial forecasts or projections relating to the 911 Fee Revenues and the expenses of the ARMER System in the future.

RATINGS

The Bonds described herein have been rated “AA” by Fitch Ratings and “AA+” by S&P Global Ratings (individually, a “Rating Agency” and, collectively, the “Rating Agencies”).

A credit rating is not a recommendation to buy, sell or hold securities, and such ratings may be subject to revision or withdrawal at any time. The rating by a Rating Agency of the Bonds reflects only the views of such Rating Agency, and any desired explanation of the significance of such rating and any outlooks or other statements given by such Rating Agency with respect thereto should be obtained from the Rating Agency.

Except as may be required by the Undertaking as defined above under the heading “CONTINUING DISCLOSURE,” the State undertakes no responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

There is no assurance that the initial ratings assigned to the Bonds will continue for any given period of time or that any of such ratings will not be revised downward, suspended or withdrawn entirely by the Rating Agency. Any such downward revision, suspension or withdrawal of such rating may have an adverse effect on the availability of a market for or the market price of the Bonds.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The summaries and descriptions contained in this Official Statement and the Appendices hereto of the provisions of the Bonds, the Order, and the Continuing Disclosure Undertaking and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or described all of the provisions thereof.

AUTHORIZATION OF OFFICIAL STATEMENT

The State has prepared and delivered this Official Statement to the Underwriters of the Bonds and has authorized the Underwriters to use it in connection with the offering and sale of the Bonds to investors.

/s/ Myron Frans

Commissioner of Management and Budget
State of Minnesota

APPENDIX A

DEFINED TERMS

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DEFINED TERMS

For purposes of this Official Statement and the Commissioner's Order the following terms have the following meanings:

"Act" means, collectively, the Special Laws and Chapter 403.

"Additional Bonds" means any bonds payable from the 911 Fee Revenues on a parity basis as to both principal and interest with the Series 2016 Bonds, as further described in Section 7 of the Order.

"ARMER System" means Allied Radio Matrix for Emergency Response System.

"Beneficial Owner" means, in respect of a Series 2016 Bond, any person or entity which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Series 2016 Bond (including persons or entities holding Series 2016 Bonds through nominees, depositories, or other intermediaries), or is treated as the owner of the Series 2016 Bond for federal income tax purposes.

"Bond Counsel" means Kennedy & Graven, Chartered.

"Bondholder" means the Registered Owner and the Beneficial Owner of any Series 2016 Bond.

"Bond Register" means the bond register kept at the principal office of the Registrar in which the Registrar provides for the registration of ownership of all Series 2016 Bonds and the registration of transfers and exchanges of Series 2016 Bonds entitled to be registered, transferred, or exchanged.

"Business Day" means any day on which commercial banks located in the State are open for commercial business.

"Chapter 403" means Minnesota Statutes, Chapter 403, as amended.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commissioner" means the Commissioner of the Department of Management and Budget of the State (also known as Minnesota Management and Budget), or, prior to the change in the name of the Department of Finance to the Department of Management and Budget, the Commissioner of the Department of Finance of the State.

"Continuing Disclosure Undertaking" means the Continuing Disclosure Undertaking, dated the date of delivery of the Series 2016 Bonds, executed and delivered by the Commissioner for the purpose of complying with the Rule.

"Debt Service Fund" means the 911 Revenue Refunding Bonds Debt Service Fund established under the Order.

"Defeasance Obligations" means direct obligations of, or obligations the timely payment of principal of and interest on which is guaranteed by, the United States of America, certain other specified obligations, and evidences of proportionate interest in such obligations held by a bank or trust company.

"Direct Participant," "Indirect Participant," and "Participant" have the meanings assigned to such terms under the caption "BOOK ENTRY SYSTEM" in this Official Statement.

"DTC" means The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2016 Bonds.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., its successors and assigns.

“Escrow Agreement” means the Escrow Agreement, dated the date of delivery of the Series 2016 Bonds, executed and delivered by the Commissioner and the Escrow Agent, as it may be amended from time to time.

“Escrow Fund” means the 911 Revenue Refunding Bonds Escrow Fund established under the Order.

“Fiscal Year” means the twelve-month period commencing on July 1 of a year and ending on June 30 of the following year.

“Fitch” means Fitch Ratings (or any successor).

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Municipal Advisor” means Public Financial Management, Inc.

“911 Fee” means a fee of currently ninety-five cents (95¢) per month assessed to each customer in the State who utilizes telephone service via a wireless telephone, a wire line telephone, or telephone service that utilizes voice over internet protocol.

“911 Fee Revenues” means the revenues derived from imposition of the 911 Fee.

“Order” means the *Order of the Commissioner of the Minnesota Department of Management and Budget Authorizing the Issuance and Sale of 911 Revenue Refunding Bonds (Public Safety Radio Communications System Project), Series 2016, in the Original Aggregate Principal Amount of \$91,715,000; and Providing for the Defeasance of Certain Bonds and the Redemption and Prepayment of Bonds Refunded Thereby*, dated the date of delivery of the Series 2016 Bonds, executed by the Commissioner in accordance with the Act, authorizing the sale and issuance of the Series 2016 Bonds and providing for the payment and security of the Series 2016 Bonds, and any order of the Commissioner amending the Order.

“Outstanding” means all Series 2016 Bonds, except: (i) Series 2016 Bonds theretofore canceled by the Registrar or delivered to the Registrar canceled or for cancellation; (ii) Series 2016 Bonds which have been discharged as provided in Section 5.08 of the Order; and (iii) Series 2016 Bonds in exchange for or in lieu of which other Series 2016 Bonds have been issued and delivered in accordance with the Order or other order of the Commissioner authorizing their issuance.

“Paying Agent” means The Bank of New York Mellon Trust Company, N.A., and any successor entity, acting as bond registrar and paying agent with respect to the Series 2016 Bonds under the Order.

“Permitted Investments” means investments authorized by Minnesota Statutes, Section 11A.24, as amended, or any successor statute.

“Premium Bonds” means Series 2016 Bonds sold at a premium over the principal amount payable at maturity.

“Proceeds Account” means the 911 Revenue Refunding Bonds Proceeds Account established in accordance with the Act and the terms of the Order.

“Rating Agency” means Fitch or S&P, and “Rating Agencies” means Fitch and S&P.

“Registered Owner” means the person or entity in whose name ownership of a Series 2016 Bond is recorded on the Bond Register maintained by the Registrar.

“Registrar” means The Bank of New York Mellon Trust Company, N.A., and any successor entity, acting as bond registrar and paying agent with respect to the Series 2016 Bonds under the Order.

“Rule” means SEC Regulation, 17 C.F.R. Section 240.15c2-12(b), promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“S&P” means S&P Global Ratings (or any successor).

“SEC” means the Securities and Exchange Commission.

“Series 2006 Bonds” means the 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2006, issued by the State on November 22, 2006, in the original aggregate principal amount of \$35,000,000.

“Series 2008 Bonds” means the 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2008, issued by the State on December 2, 2008, in the original aggregate principal amount of \$42,205,000.

“Series 2009 Bonds” means the 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2009, issued by the State on October 22, 2009, in the original aggregate principal amount of \$60,510,000.

“Series 2011 Bonds” means the 911 Revenue Bonds (Public Safety Radio Communications System Project), Series 2011, issued by the State on August 30, 2011, in the original aggregate principal amount of \$60,380,000.

“Series 2016 Bonds” means the 911 Revenue Refunding Bonds (Public Safety Radio Communications System Project), Series 2016, to be issued by the State under the Order in the original aggregate principal amount of \$91,715,000.

“Special Laws” means, collectively, the 2005 Special Law and the 2007 Special Law.

“State” means the State of Minnesota.

“2005 Special Law” means Laws of Minnesota 2005, Chapter 136, Article 1, Section 9, subdivision 8.

“2007 Special Law” means Laws of Minnesota 2007, Chapter 54, Article 1, Section 10, subdivision 8.

“Underwriter” means Wells Fargo Bank, National Association, as the original purchaser of the Series 2016 Bonds.

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APPENDIX B

FINANCIAL INFORMATION

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911 ARMER PROGRAM - SPECIAL REVENUE FUND
HISTORICAL FISCAL YEAR FUNDING
(\$ IN THOUSANDS)

	<u>Fiscal Year</u> <u>2008</u>	<u>Fiscal Year</u> <u>2009</u>	<u>Fiscal Year</u> <u>2010</u>	<u>Fiscal Year</u> <u>2011</u>	<u>Fiscal Year</u> <u>2012</u>	<u>Fiscal Year</u> <u>2013</u>
Resources:						
Prior Year Ending Balance	\$17,952.3	\$22,553.5	\$22,905.6	\$25,399.8	\$28,432.2	\$25,262.3
911 Fee Collections	\$50,751.0	\$51,269.5	\$58,821.9	\$61,966.9	\$61,885.6	\$63,263.8
Transfers from Other Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Prior Year Adjustments	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Subtotal Current Resources	<u>\$50,751.0</u>	<u>\$51,269.5</u>	<u>\$58,821.9</u>	<u>\$61,966.9</u>	<u>\$61,885.6</u>	<u>\$63,263.8</u>
Total Revenues Plus Prior Year Ending Balance	\$68,703.3	\$73,823.0	\$81,727.5	\$87,366.7	\$90,317.8	\$88,526.1
Authorized Expenditures & Transfers:						
Appropriation Transfers:						
Debt Service - Metropolitan Council	\$1,311.2	\$1,410.0	\$1,410.0	\$1,410.0	\$1,410.0	\$1,410.0
Debt Service - MMB	\$6,149.0	\$11,853.0	\$17,557.0	\$23,261.0	\$23,261.0	\$23,261.0
MnDOT - ARMER operating costs	\$3,110.0	\$3,110.0	\$5,060.0	\$5,060.0	\$8,300.0	\$8,650.0
Medical Resource Communication Center ⁽¹⁾	<u>\$683.0</u>	<u>\$683.0</u>	<u>\$683.0</u>	<u>\$683.0</u>	<u>\$683.0</u>	<u>\$683.0</u>
Subtotal Transfers	\$11,253.2	\$17,056.0	\$24,710.0	\$30,414.0	\$33,654.0	\$34,004.0
Expenditures: ⁽²⁾						
Compensation	\$506.7	\$614.1	\$651.8	\$656.6	\$609.8	\$719.1
Rent / State Operations / 911 Service Providers ⁽³⁾	\$15,324.4	\$17,097.4	\$14,208.9	\$13,616.5	\$14,198.0	\$12,846.5
Zone controller/ Project Dev./ Systems Design	\$5,401.5	\$2,485.9	\$2,854.0	\$0.0	\$0.0	\$0.0
Public Safety Answering Points (PSAP)	\$13,664.0	\$13,664.0	\$13,664.0	\$13,664.0	\$13,664.0	\$13,664.0
Next Generation 911	\$0.0	\$0.0	\$239.0	\$583.4	\$92.2	\$3,003.9
Grants to Local Units of Government	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$2,837.5</u>	<u>\$5,162.5</u>
Subtotal Expenditures	<u>\$34,896.6</u>	<u>\$33,861.4</u>	<u>\$31,617.7</u>	<u>\$28,520.5</u>	<u>\$31,401.5</u>	<u>\$35,396.0</u>
Total Transfers and Expenditures	\$46,149.8	\$50,917.4	\$56,327.7	\$58,934.5	\$65,055.5	\$69,400.0
Fund Balance	<u>\$22,553.5</u>	<u>\$22,905.6</u>	<u>\$25,399.8</u>	<u>\$28,432.2</u>	<u>\$25,262.3</u>	<u>\$19,126.1</u>

⁽¹⁾ Starting in Fiscal Year 2006, an annual appropriation has been made for a grant to the Metro East and Metro West Medical Resource Communications Centers.

⁽²⁾ Expenditure Definitions:

Compensation - salary and fringe costs of State employees assigned to 911 ARMER program.

Rent/ State Operations / 911 Service Providers - administration costs of the program and the reimbursements of local exchange carriers, 911 service providers, and wireless carriers for costs incurred connecting telephone central offices with 911 networks and for maintaining the 911 network.

Zone controller/ Project Development/ System Design - One-time appropriations were made in the 2007 Legislative Session for the ARMER project development, system design, and for the purchase of zone controllers.

Public Safety Answering Points (PSAP) - payments to 87 counties, three governmental entities, and the State Patrol for a portion of the costs of providing 911 service.

⁽³⁾ The Fiscal Year 2013 expenditures for Rent / State Operations / 911 Service Providers have changed from previously reported expenditures due to encumbrances being canceled after fiscal year close. The encumbrance cancelation reduced Expenditures in Fiscal Year 2013 and increased the year end Fund Balance.

911 ARMER PROGRAM - SPECIAL REVENUE FUND
FORECAST OF REVENUES AND EXPENDITURES -SEPTEMBER 2016 Forecast
(\$ In Thousands)

	<u>Actual</u>	<u>Actual</u>	<u>--Forecast--</u>		<u>--Long Term Planning--</u>	
	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Forecast Resources:			(Actual)			
Prior Year Ending Balance	\$19,126.1	\$18,954.4	\$18,503.5	\$22,650.4	\$21,603.4	\$20,936.4
911 Fee Collections ⁽¹⁾	\$63,571.2	\$62,110.9	\$69,470.9	\$76,038.0	\$76,418.0	\$76,882.0
Transfers from Other Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Prior Year Adjustments	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Subtotal Current Resources	<u>\$63,571.2</u>	<u>\$62,110.9</u>	<u>\$69,470.9</u>	<u>\$76,038.0</u>	<u>\$76,418.0</u>	<u>\$76,882.0</u>
Total Revenues Plus Prior Year Ending Balance	\$82,697.3	\$81,065.3	\$87,974.4	\$98,688.4	\$98,021.4	\$97,818.4
Authorized Expenditures & Transfers:						
Appropriation Transfers:						
Debt Service - Metropolitan Council	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Debt Service - State of MN	\$23,261.0	\$23,261.0	\$23,261.0	\$23,261.0	\$23,261.0	\$23,261.0
MnDOT- ARMER operating costs	\$9,250.0	\$9,650.0	\$9,650.0	\$9,650.0	\$9,650.0	\$9,650.0
Medical Resource Communication Center	<u>\$683.0</u>	<u>\$683.0</u>	<u>\$683.0</u>	<u>\$683.0</u>	<u>\$683.0</u>	<u>\$683.0</u>
Subtotal Transfers	\$33,194.0	\$33,594.0	\$33,594.0	\$33,594.0	\$33,594.0	\$33,594.0
Expenditures: ⁽²⁾						
Compensation	\$681.3	\$774.8	\$817.2	\$914.3	\$914.3	\$914.3
Rent / State Operations / 911 Service Providers	\$9,256.8	\$14,424.9	\$14,830.3	\$20,962.7	\$20,962.7	\$20,962.7
Public Safety Answering Points (PSAPS)	\$13,664.0	\$13,664.0	\$13,664.0	\$13,664.0	\$13,664.0	\$13,664.0
Next Generation 911	\$6,946.8	\$104.1	\$0.0	\$0.0	\$0.0	\$0.0
Text to 911	\$0.0	\$0.0	\$0.0	\$1,500.0	\$1,500.0	\$1,500.0
GIS	\$0.0	\$0.0	\$426.8	\$3,200.0	\$3,200.0	\$3,200.0
ARMER Upgrade (7.19)	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$1,991.7</u>	<u>\$3,250.0</u>	<u>\$3,250.0</u>	<u>\$3,250.0</u>
Subtotal Expenditures	<u>\$30,548.9</u>	<u>\$28,967.8</u>	<u>\$31,730.0</u>	<u>\$43,491.0</u>	<u>\$43,491.0</u>	<u>\$43,491.0</u>
Total Transfers and Expenditures	<u>\$63,742.9</u>	<u>\$62,561.8</u>	<u>\$65,324.0</u>	<u>\$77,085.0</u>	<u>\$77,085.0</u>	<u>\$77,085.0</u>
Fund Balance	<u>\$18,954.4</u>	<u>\$18,503.5</u>	<u>\$22,650.4</u>	<u>\$21,603.4</u>	<u>\$20,936.4</u>	<u>\$20,733.4</u>

⁽¹⁾ Assumes the implementation of 911 Fee increases as authorized by Minnesota Laws 2007, Chapter 54 to finance the issuance of revenue bonds in the amount of \$62 million annually in each of the Fiscal Year 2009 through 2011. The first 10 cent fee increase was 7/1/2009; and a 5 cent fee increase effective 8/1/2010. The 911 Fee was required to be reduced by the amount that was applied to the payment of the debt service on the Metropolitan Council Bonds. This required a reduction of the 911 Fee, starting in FY 2014 in the amount of approximately \$1,400,000 per annum (or approximately two cents) per customer access line per month of the current 911 Fee. The current 911 Fee was raised by seventeen cents effective January 2016 to 95 cents, in anticipation of major hardware upgrades to ARMER Backbone.

⁽²⁾ Expenditure Definitions:

Compensation - salary and fringe costs of State employees assigned to 911 ARMER program.

Rent/ State Operations / 911 Service Providers - administration costs of the program and the reimbursements of local exchange carriers, 911 service

Public Safety Answering Points (PSAP) - payments to 87 counties, three governmental entities, and the State Patrol for a portion of the costs of providing 911 service.

Next Generation 911 - One-time appropriations to replace the current system with the Next Generation Internet Protocol (IP) based network.

In 2016/2017 biennium the state started three projects that will be completed over the next three -five years.

The ARMER system will be upgraded to include 7.17 and 7.19 upgrades. The 7.19 upgrade requires a large hardware

infrastructure upgrade to both the state and some local government infrastructure that was put in at the beginning stages of ARMER.

The Text to 911 deployment is to meet FCC requirements and to make sure that the Deaf and Hard of Hearing have a reliable and efficient way to reach 911.

The GIS project is required to route wireless and VoIP 911 calls more accurately.

**Minnesota Department of Public Safety
Special Revenue Fund**

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Actual)	FY2015 (Actual)	FY2016 (Projected)	FY2017 (Projected)
Revenues						
Beginning Fund Balance-FY2012	\$ 28,432,103	\$ 25,262,300	\$ 19,126,080	\$ 18,954,380	\$ 18,331,280	\$ 6,741,280
911 Fee Collections	\$ 61,885,596	\$ 63,263,821	\$ 63,571,200	\$ 62,110,900	\$ 65,478,000	\$ 75,928,800
Transfers and Expenditures						
Debt Service - Metropolitan Council	\$ 1,410,000	\$ 1,410,000	\$ -	\$ -	\$ -	\$ -
Debt Service - State of Minnesota	23,261,000	23,261,000	23,261,000	23,261,000	23,261,000	23,261,000
All Other Expenses	40,384,400	44,729,041	40,481,900	39,473,000	53,807,000	53,824,000
Total Transfers and Expenditures	\$ 65,055,400	\$ 69,400,041	\$ 63,742,900	\$ 62,734,000	\$ 77,068,000	\$ 77,085,000
Fund Balance	\$ 25,262,300	\$ 19,126,080	\$ 18,954,380	\$ 18,331,280	\$ 6,741,280	\$ 5,585,080

**Minnesota Management and Budget
Debt Service Clearing/Collection Account**

Beginning Acct Balance	\$ 6,827,476	\$ 15,484,269	\$ 13,946,775	\$ 12,944,531	\$ 2,743,137	\$ 3,009,116
Public Safety Appropriation Transfer In	23,261,000	23,261,000	23,261,000	23,261,000	23,261,000	23,261,000
Principal & Interest Transfer Out to Debt Service Payment Account	(14,604,207)	(18,298,494)	(18,263,244)	(18,234,394)	(22,995,021)	(22,999,750)
Transfer Out to MnDOT Cash Payment - Capital Improvement Account	-	(6,500,000)	(6,000,000)	(15,228,000)	-	-
Debt Service Clearing/Collection Account Balance	\$ 15,484,269	\$ 13,946,775	\$ 12,944,531	\$ 2,743,137	\$ 3,009,116	\$ 3,270,366

**Minnesota Management and Budget
Debt Service Payment Account**

Beginning Acct Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer In from Debt Service Clearing/Collection Account	14,604,207	18,298,494	18,263,244	18,234,394	22,995,021	22,999,750
Principal & Interest Bond Payment	(14,604,207)	(18,298,494)	(18,263,244)	(18,234,394)	(22,995,021)	(22,999,750)
Debt Service Payment Account Balance	\$ -					

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APPENDIX C

SUMMARY OF COMMISSIONER'S ORDER

The following is a brief section-by-section summary of the Order, which is qualified in its entirety by reference to the Order.

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SUMMARY OF COMMISSIONER'S ORDER

The following is a brief section-by-section summary of the Order, which is qualified in its entirety by reference to the Order.

Section 1. **Definitions.** This section sets forth definitions for various terms used in the Order. These and other terms and their definitions are set forth in "APPENDIX A – DEFINED TERMS" and are also used in this Official Statement.

Section 2. **Recitals.** This section sets forth certain recitals of fact establishing the purpose for and the authority to issue the Series 2016 Bonds.

Section 3. **Authorization of Series 2016 Bonds; Use of Proceeds.** This section authorizes the issuance of the Series 2016 Bonds and directs application of the proceeds of the Series 2016 Bonds, exclusive of accrued interest, if any, to the defeasance and refunding of the Series 2008 Bonds, the Series 2009 Bonds, and the Series 2011 Bonds, and payment of the issuance expenses of the Series 2016 Bonds.

Section 4. **Form of Series 2016 Bonds.** This section sets forth the form in which the Series 2016 Bonds are to be issued. Initially and for the foreseeable future the Series 2016 Bonds will be issued only to a securities depository (DTC) in accordance with Section 5.07 of the Order and no Beneficial Owner will receive a printed bond. This section also authorizes the delivery of a manually-signed opinion of Bond Counsel to the Registered Owner(s) of the Series 2016 Bonds.

Section 5. **Terms of Series 2016 Bonds; Regulations for Issuance.** This section is comprised of Sections 5.01 through 5.08. Sections 5.01 through 5.03 set forth the principal amounts, maturities, interest rates, and redemption provisions of the Series 2016 Bonds which are set forth elsewhere in this Official Statement.

Sections 5.04 and 5.05 appoint The Bank of New York Mellon Trust Company, N.A. to serve as registrar and paying agent with respect to the Series 2016 Bonds and establish regulations for handling registration of ownership, transfer, exchange, and cancellation of Series 2016 Bonds as well as for determining ownership of a Series 2016 Bond.

Section 5.06 provides for the delivery of a new Series 2016 Bond in the event a Series 2016 Bond is mutilated, lost, stolen, or destroyed.

Section 5.07 provides for the establishment of a Book-Entry Only System with respect to the Series 2016 Bonds and appoints DTC to act as securities depository to administer the Book-Entry Only System which is described in this Official Statement under the caption "BOOK ENTRY SYSTEM."

Section 5.08 establishes the terms and conditions under which the Series 2016 Bonds and the covenants made in the Order for their payment and security may be discharged and terminated. Discharge may be accomplished by either: (a) payment of the principal, premium, if any, and interest on the Series 2016 Bonds to the due date thereof (whether such due date is by reason of maturity or upon redemption); or (b) by depositing irrevocably in escrow, with a qualified bank, (1) money sufficient to make such payment, and/or (2) Defeasance Obligations, maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient money to make such payment. Section 5.08 also establishes additional conditions for the defeasance of the Series 2016 Bonds including the payment of fees incurred in connection with such defeasance, delivery of a verification report to the Escrow Agent as to the adequacy of the Defeasance Obligations to fully pay the Series 2016 Bonds deemed to be paid, delivery of an opinion of nationally-recognized bond counsel to the effect that the establishment of the Escrow Fund will result in the defeasance of the Series 2016 Bonds and will not adversely affect the tax-exempt status of the Series 2016 Bonds, and delivery to Escrow Agent of an opinion as to the validity and enforceability of the Escrow Agreement.

Section 6. **Security for Series 2016 Bonds.** This section sets forth covenants for the payment and security of the Series 2016 Bonds and provides for the establishment and administration of a Debt Service Fund, the

establishment and administration of an Escrow Fund, and the deposit, transfer, investment, and disbursement of 911 Fee Revenues for the payment of and security for the Series 2016 Bonds.

Section 7. **Additional Bonds.** This section sets forth the conditions under which the Commissioner may issue Additional Bonds on a parity basis with the Series 2016 Bonds.

Section 8. **Refunding of Prior Bonds.** This section provides for the defeasance and refunding of the Series 2008 Bonds, the Series 2009 Bonds, and the Series 2011 Bonds with proceeds of the Series 2016 Bonds to be held in escrow and also provides for the defeasance and refunding of the Series 2006 Bonds with available cash funds of the Commissioner.

Section 9. **Official Statement.** This section designates the Official Statement, dated October 18, 2016, as a final official statement under the Rule and authorizes and ratifies its distribution by the initial Underwriters of the Series 2016 Bonds to purchasers and prospective purchasers of the Series 2016 Bonds.

Section 10. **Covenants Relating to Tax Exemption.** This section sets forth the covenants of the Commissioner, on behalf of the State and for the benefit of the Bondholders from time to time of the Series 2016 Bonds, with respect to maintaining the tax exemption of interest to be paid on the Series 2016 Bonds. Section 10.01 sets forth the Commissioner's covenants to comply with Section 148 of the Code relating to "arbitrage bonds" and "arbitrage rebate."

Section 10.02 sets forth the Commissioner's covenant to avoid use of the proceeds of the Series 2016 Bonds and the facilities refinanced with the proceeds of the Series 2016 Bonds in a manner that would cause the Series 2016 Bonds to be determined to be "private activity bonds."

Section 11. **Continuing Disclosure.** This section sets forth the covenants and undertakings of the Commissioner, on behalf of the State and for the benefit of the Bondholders from time to time of the Series 2016 Bonds, to comply with the continuing disclosure provisions of the Rule. The Continuing Disclosure Undertaking is set forth in its entirety in "APPENDIX D – CONTINUING DISCLOSURE UNDERTAKING" in this Official Statement.

Section 12. **General Covenants; Registered Owners Rights.** This section is comprised of Sections 12.01 through 12.05. Section 12.01 provides that the covenants and agreements of the Commissioner set forth in the Order shall constitute a contract with and for the benefit of the Bondholders from time to time of the Series 2016 Bonds, and that the contract is enforceable in the District Court for Ramsey County, Minnesota. Other venues for enforcement are not available.

Section 12.02 contains the Commissioner's pledge, on behalf of the State, that the State will not limit the Commissioner's right to fulfill any agreements made with the Registered Owner, or in any way impair the Registered Owner's rights and remedies under such agreements, throughout the life of the Series 2016 bonds.

Subject to the terms of Section 13 of the Order, Section 12.03 affirms that the Commissioner's covenants and agreements can be enforced by judicial proceedings instituted by any Registered Owner without the consent of any other Registered Owner, but that any enforcement action is for the equal and ratable benefit of all Registered Owners, and any money recovered is required to be deposited and credited to the Debt Service Fund and applied as provided in the Order, as amended and supplemented from time to time.

Section 12.04 acknowledges that a Registered Owner seeking to enforce the Commissioner's covenants and agreements may employ a financial institution having agency or trust powers which is authorized to transact business in the State to institute, conduct, prosecute, settle, and take all other action necessary for a judicial proceeding for this purpose, in its own name as agent or trustee for and on behalf of the Registered Owner.

Section 12.05 provides that for purposes of Section 12 of the Order, the term "Registered Owners" includes "Beneficial Owners."

Section 13. **Amendments.** This section establishes regulations for the amendment of the Order with and without the consent of the Registered Owners of the Series 2016 Bonds.

Section 13.01 provides for the amendment of the Order by the Commissioner without consent of the Registered Owners for the purpose of curing any ambiguity or of curing, correcting, or supplementing any defective provision contained in the Order, or of making such provisions with regard to matters or questions arising hereunder as the Commissioner may deem necessary or desirable and not inconsistent with the Order, and which will not adversely affect the interests of the Registered Owners of the Series 2016 Bonds, or for the purpose of adding to the covenants and agreements contained in the Order, other covenants and agreements thereafter to be observed and additional revenues or income thereafter appropriated to the Debt Service Fund, or for the purpose of surrendering any right or power herein reserved to or conferred upon the Commissioner.

Section 13.02 provides for other amendments to the Order with the consent of two-thirds of the Registered Owners of Outstanding Bonds affected thereby, except that the consent of the Registered Owners of all Outstanding Series 2016 Bonds affected thereby is required to approve any amendment which would extend the time of payment of interest thereon, would reduce the amount of the principal thereof or redemption premium thereon, would give to any Series 2016 Bond any privileges over any other Series 2016 Bond, would reduce the 911 Fee Revenues appropriated or required to be transferred to the Debt Service Fund, or would reduce the percentage in principal amount of Series 2016 Bonds required to authorize or consent to any such amendment.

Section 13.03 establishes the percentage of Registered Owners who must consent to amendments to the Order, other than as provided in Section 13.01 or 13.02, as the Registered Owners of not less than two-thirds in aggregate principal amount of the Outstanding Series 2016 Bonds. Section 13.03 also establishes regulations as to the manner of obtaining consents, the required form and execution of consents, revocations of consents, and the effect of consents provided and requests for consent for which responses are not provided.

Section 14. **Sale and Delivery.** This section recites certain facts relative to the offer and sale of the Series 2016 Bonds and authorizes the execution and delivery of the Series 2016 Bonds.

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APPENDIX D

CONTINUING DISCLOSURE UNDERTAKING

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CONTINUING DISCLOSURE UNDERTAKING

The Order of the Commissioner of Minnesota Management and Budget, dated November 1, 2016 (the “Order”), authorizing the issuance of the 911 Revenue Refunding Bonds (Public Safety Radio Communications System Project), Series 2016 (the “Series 2016 Bonds”), to be issued by the State of Minnesota (the “State”) in the original aggregate principal amount of \$91,715,000, contains provisions enabling participating underwriters in the primary offering of the Series 2016 Bonds to comply with the requirements of Rule 15c2-12, 17 C.F.R. Section 240.15c2-12, promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended, as follows:

1.01. *Official Statement.* The Official Statement, dated October 18, 2016, relating to the Series 2016 Bonds (the “Official Statement”), is a final official statement within the meaning of Securities and Exchange Commission Regulation, 17 C.F.R. Section 240.15c2-12, as in effect and interpreted from time to time (the “Rule”). The underwriters designated in Section 1 of the Order (the “Underwriters”) are authorized and directed to distribute the Official Statement to all persons to whom the Series 2016 Bonds are reoffered.

1.02. *Continuing Disclosure.*

(a) *General Undertaking.* On behalf of the State, the Commissioner of Minnesota Management and Budget (the “Commissioner”) covenants and agrees with the Registered Owners from time to time of the Series 2016 Bonds to comply with paragraph (b)(5) of the Rule; and, for this purpose, to provide to the Electronic Municipal Market Access system (“EMMA”) operated by the Municipal Securities Rulemaking Board (“MSRB”) as the primary portal for complying with the continuing disclosure requirements of the Rule, annual financial information of the type included in the Official Statement and notice of the occurrence of certain specified events which materially affect the terms, payment, security, rating, or tax status of the Series 2016 Bonds, as set forth in this Section 1.02. The State is the only “obligated person” in respect of the Series 2016 Bonds within the meaning of the Rule. As used in this Section 1.02, “Registered Owner” means, in respect of a Series 2016 Bond, the registered owner or owners thereof appearing in the bond register maintained by The Bank of New York Mellon Trust Company, N.A., and any successor entity acting as bond registrar for the Series 2016 Bonds (the “Registrar”) or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, “Beneficial Owner” means, in respect of a Series 2016 Bond, any person or entity which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Series 2016 Bond (including persons or entities holding Series 2016 Bonds through nominees, depositories, or other intermediaries), or is treated as the owner of the Series 2016 Bond for federal income tax purposes.

(b) *Information To Be Disclosed.* The Commissioner will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the Commissioner, the following information (the “Disclosure Information”) at the following times:

(1) On or before December 31 of each calendar year, commencing with calendar year 2016 (each a “Reporting Date”):

(A) The Comprehensive Annual Financial Report of the State for the fiscal year ending on the previous June 30, prepared by the Minnesota Department of Management and Budget in accordance with generally accepted accounting principles for governmental entities as prescribed by the Government Accounting Standards Board as in effect from time to time or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles, noting the variances therefrom and the effect thereof, together with an independent auditor’s report prepared with respect thereto by the Office of the Legislative Auditor of the State or other auditing authority designated by State law; provided, however, that if audited financial statements are not available by such date, the financial statements to be delivered shall be unaudited, but the State undertakes and agrees to provide, within ten (10) days after the receipt thereof by the State, the audited general purpose financial statements of the State and the related audit report described above; and

(B) To the extent not included in the financial statements referred to in subparagraph (A) hereof, the information for such fiscal year of the type contained in the Official Statement, which information may be unaudited.

Any or all of the information may be incorporated by reference from other documents, including official statements, which have been submitted to EMMA or the SEC. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Commissioner shall clearly identify in the information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the State have materially changed or been discontinued, such Disclosure Information need no longer be provided if the State includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other State operations in respect of which data is not included in the Disclosure Information and the State determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this Section 1.02 is amended as permitted by this paragraph (1) of this subsection (b) or by subsection (d), then the State shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(2) In a timely manner, and in any event within ten (10) business days of occurrence, notice of the occurrence of any of the following events:

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults, if material;
- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;

(F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2016 Bonds, or other material events affecting the tax-exempt status of the Series 2016 Bonds;

(G) Modifications to rights to Registered Owners or Beneficial Owners of the Series 2016 Bonds, if material;

(H) Redemptions of the Series 2016 Bonds (except pursuant to mandatory, scheduled redemptions) and tender offers;

(I) Defeasances;

(J) Release, substitution, or sale of property securing repayment of the Series 2016 Bonds, if material;

(K) Rating changes;

(L) Bankruptcy, insolvency, receivership, or similar event of the State;

- (M) The consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material

As used herein, an event is “material” if it would be deemed material for purposes of the purchase, holding, or sale of a Series 2016 Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

(3) In a timely manner, notice of the occurrence of any of the following events or conditions:

(A) the failure of the State to provide the information required under paragraph (1) of this subsection (b) at the time specified thereunder;

(B) the amendment or supplementing of this Section 1.02 pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the State under paragraph (2) of this subsection (d);

(C) the termination of the obligations of the State under this Section 1.02 pursuant to subsection (d);

(D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the information required under paragraph (1) of this subsection (b) are prepared; and

(E) any change in the fiscal year of the State.

(c) *Manner of Disclosure.*

(1) The Commissioner agrees to make available to the MSRB, in an electronic format as prescribed by the MSRB from time to time, the information described in subsection (b).

(2) The Commissioner further agrees to make available, by electronic transmission, overnight delivery, mail or other means, as appropriate, the information described in subsection (b), to any rating agency then maintaining a rating of the Series 2016 Bonds and, at the expense of any Registered Owner, to any Registered Owner who requests in writing such information at the time of transmission under paragraphs (1) or (2) of this subsection (c), or, if such information is transmitted with a subsequent time of release, at the time such information is to be released.

(3) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(4) The State shall determine in the manner it deems appropriate whether there has occurred a change in the email address of the MSRB or the filing procedures and requirement of MSRB with respect to EMMA each time the State is required to file information with the MSRB.

(d) *Term; Amendments; Interpretation.*

(1) The covenants of the State in this Section 1.02 shall remain in effect so long as any Series 2016 Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the State under this Section 1.02 shall terminate and be without further effect as of any date on which the State delivers to the Registrar an opinion of bond counsel to the effect that, because of legislative action or final

judicial or administrative actions or proceedings, the failure of the State to comply with the requirements of this Section 1.02 will not cause participating underwriters in the primary offering of the Series 2016 Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any successor statutes or laws or amended statutes or laws.

(2) This Section 1.02 (and the form and requirements of the Disclosure Information) may be amended or supplemented by the State from time to time, without notice to (except as provided in paragraph (2) of subsection (c)) or the consent of the Registered Owners of any Series 2016 Bonds, by an order of the Commissioner accompanied by an opinion of bond counsel, who may rely on certificates of the State and others and which may be subject to customary qualifications, to the effect that: (A) such amendment or supplement (i) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature, or status of the type of operations conducted by the State, or (ii) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (B) this Section 1.02, as so amended or supplemented, would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Series 2016 Bonds, giving effect to any change in circumstances applicable under clause (i) and assuming that the Rule is in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (C) such amendment or supplement does not materially impair the interests of the Registered Owners under the Rule.

(3) If the Disclosure Information is so amended, the Commissioner agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(4) This Section 1.02 is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of the Rule.

(e) *Failure to Comply; Remedies.* If the State fails to comply with any provision of this Section 1.02 any person aggrieved thereby, including the Registered Owner of any outstanding Series 2016 Bond, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this Section 1.02. Direct, indirect, consequential, and punitive damages shall not be recoverable for any default hereunder. Notwithstanding anything to the contrary contained herein, in no event shall a default under this Section 1.02 constitute a default with respect to the Series 2016 Bonds or under any other provision of the Order.

(f) *Further Limitation of Liability of State.* If and to the extent the limitations of liability contained in subsection (e) are not effective, anything contained in this Section 1.02 to the contrary notwithstanding, in making the agreements, provisions, and covenants set forth in this Section 1.02, the State has not obligated itself to pay damages resulting from any violation thereof. None of the agreements or obligations of the State contained herein shall be construed to constitute an indebtedness of the State within the meaning of any constitutional or statutory provisions whatsoever or constitute a pledge of the full faith and credit or taxing powers of the State.

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Execution page of the Commissioner of the Department of Management and Budget of the State of Minnesota to the Continuing Disclosure Undertaking.

**STATE OF MINNESOTA
DEPARTMENT OF MANAGEMENT AND BUDGET**

Myron Frans
Commissioner of Minnesota
Management and Budget

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APPENDIX E

FORM OF BOND COUNSEL OPINION

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The Honorable Myron Frans
Commissioner of Management & Budget
658 Cedar Street
400 Centennial Office Building
Saint Paul, Minnesota 55155

Re: \$91,715,000 State of Minnesota
911 Revenue Refunding Bonds
(Public Safety Radio Communications System Project)
Series 2016

Dear Commissioner:

We certify that we have examined proceedings taken and facts and estimates certified by the Commissioner of Minnesota Management and Budget (the "Commissioner") of the State of Minnesota (the "State"), on behalf of the State, preliminary to and in issuance by the State of its 911 Revenue Refunding Bonds (Public Safety Radio Communications System Project), Series 2016 (the "Bonds"), dated November 1, 2016, and issued in the original aggregate principal amount of \$91,715,000. The Bonds recite that they are issued under and pursuant to, and are in strict conformity with, the Constitution and laws of the State. We have also examined the Constitution and statutes of the State and the form of Bond prepared for this issue. From such examination, assuming the authenticity of the proceedings examined and the correctness of the facts and estimates so certified, and based upon laws, rules, regulations and judicial decisions now in effect, it is our opinion that:

1. The Bonds have been authorized and issued in accordance with the Constitution and laws of the State, including Laws of Minnesota 2005, Chapter 136, Article 1, Section 9, subdivision 8; Laws of Minnesota 2007, Chapter 54, Article 1, Section 10, subdivision 8; and Minnesota Statutes, Section 403.275, as amended (collectively, the "Act"), and under and pursuant to an Order of the Commissioner, dated November 1, 2016 (the "Order").

2. The Bonds constitute valid and binding special, limited obligations of the State payable solely from and secured by the 911 Fee Revenues, as defined and provided in the Order. The Bonds are not secured by the full faith and credit and taxing powers of the State and are not a general obligation of the State. The Bonds and the Order are enforceable in accordance with their terms in the District Court of Ramsey County, except as such enforcement may be limited or rendered ineffective by judicial decisions or the application of principles of equity relating to or affecting the enforcement of creditor's rights or contractual obligations generally.

3. Based on present federal and State laws, regulations, rulings, and decisions (which excludes any pending legislation which may have a retroactive effect), interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, estates, or trusts for State income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the State alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations and is subject to State franchise taxes on corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes and excludable from taxable net income for State income tax purposes. The Commissioner, on behalf of the State, has

covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and to be included in taxable net income for State income tax purposes, retroactive to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditor's rights generally and by equitable principles, whether considered at law or in equity.

We have not been asked and have not undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we press no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated _____, 2016, at Minneapolis, Minnesota.

