NEW ISUE: FULL BOOK ENTRY **RATINGS: S&P GLOBAL RATINGS: "AAA"**
FITCH RATINGS: "AAA"

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the 2019A Bonds (i) is excluded from gross income for federal income tax purposes, (ii) is not an item of tax preference for federal alternative minimum tax purposes, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the 2019A Bonds is included, however, in taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions. See "TAX CONSIDERATIONS" herein.

OFFICIAL STATEMENT

$80,000,000 LIMITED TAX BONDS, SERIES 2019A
HENNEPIN COUNTY REGIONAL RAILROAD AUTHORITY, MINNESOTA

Dated: Date of Delivery **Principal Due**: December 1, as shown below

The $80,000,000 Limited Tax Bonds, Series 2019A (the "2019A Bonds"), are being issued by Hennepin County Regional Railroad Authority, Minnesota (the "Authority"), pursuant to Minnesota Statutes, Section 398A.07, for the purpose of (i) providing financing of a portion of the Authority's share of the estimated capital costs of the METRO Green Line Extension Project (the "Southwest LRT Project"), and (ii) paying the costs associated with the issuance of the 2019A Bonds. The 2019A Bonds are limited tax obligations of the Authority. The principal of and interest on the 2019A Bonds are payable from ad valorem taxes to be levied on taxable property in Hennepin County (the "County"), which tax levy shall not exceed an annual rate of 0.04835 percent of the estimated market value of all taxable property located within the County.

The 2019A Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the 2019A Bonds. Individual purchases may be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the 2019A Bonds purchased. Principal of the 2019A Bonds, payable annually on December 1 of each year as set forth below, and interest, payable semiannually on each June 1 and December 1 commencing December 1, 2019, at the rates set forth below, will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the 2019A Bonds as described herein.

The 2019A Bonds will mature December 1 in the years and amounts as follows:

Year	Amount	Interest Rate	Yield	CUSIPS 425533	Year	Amount	Interest Rate	Yield	CUSIPS 425533
2019	$ 3,960,000	5.000%	1.590%	BW5	2029	$ 3,845,000	5.000%	2.160%(1)	CG9
2020	2,550,000	5.000%	1.600%	BX3	2030	4,040,000	5.000%	2.270%(1)	CH7
2021	2,680,000	5.000%	1.610%	BY1	2031	4,240,000	5.000%	2.350%(1)	CJ3
2022	2,815,000	5.000%	1.630%	BZ8	2032	4,455,000	5.000%	2.420%(1)	CK0
2023	2,955,000	2.000%	1.670%	CA2	2033	4,675,000	5.000%	2.470%(1)	CL8
2024	3,015,000	5.000%	1.740%	CB0	2034	4,910,000	5.000%	2.510%(1)	CM6
2025	3,165,000	5.000%	1.800%	CC8	2035	5,155,000	5.000%	2.570%(1)	CN4
2026	3,325,000	5.000%	1.870%	CD6	2036	5,410,000	5.000%	2.630%(1)	CP9
2027	3,490,000	5.000%	1.960%	CE4	2037	5,685,000	5.000%	2.690%(1)	CQ7
2028	3,665,000	5.000%	2.050%	CF1	2038	5,965,000	5.000%	2.750%(1)	CR5

The 2019A Bonds maturing on or after December 1, 2029 will be subject to redemption and payment prior to maturity, in whole or in part, at the option of the Authority at a price of par plus accrued interest, on December 1, 2028 and any date thereafter in such order as the Authority may determine.

LEGAL OPINION: Dorsey & Whitney LLP, Minneapolis, Minnesota

Wells Fargo Bank, National Association has agreed to purchase the 2019A Bonds from the Authority for a purchase price of **$94,873,631.65.** The 2019A Bonds will be available for delivery on **March 12, 2019.**

The date of this Official Statement is March 1, 2019.

---

(1) Priced to the call date of December 1, 2028.

(*THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.*)

WELLS FARGO BANK, NATIONAL ASSOCIATION

No dealer, broker, salesman or other person has been authorized by the Authority, the Municipal Advisor or the purchaser or purchasers of the 2019A Bonds (the "Underwriters"), to give any information or to make any representations other than those contained in this Official Statement or the Final Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the Authority, the Municipal Advisor or the Underwriters. This Official Statement or the Final Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the 2019A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Authority and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement or the Final Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or in any other information contained herein, since the date hereof.

TABLE OF CONTENTS

Page

(This page has been left blank intentionally.)

INTRODUCTION TO THE OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding issuance of the $80,000,000 Limited Tax Bonds, Series 2019A (the "2019A Bonds") issued by Hennepin County Regional Railroad Authority, Minnesota (the "Authority"), 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:	Hennepin County Regional Railroad Authority, Minnesota.
Authority for Issuance:	The 2019A Bonds are issued pursuant to Minnesota Statutes, Section 398A.07, and a resolution adopted by the Authority's Board of Commissioners (the "Bond Resolution") on January 22, 2019.
Security:	Principal of and interest on the 2019A Bonds and any parity obligations issued pursuant to the Bond Resolution is payable from the Authority's levy of ad valorem taxes, which tax levy shall not exceed an annual rate of 0.04835 percent of the estimated market value of all taxable property located within Hennepin County. So long as any of the 2019A Bonds are outstanding, the Authority covenants with and for the benefit of each bondholder that, subject to the tax limit, the Authority will levy and collect the taxes authorized by Minnesota Statutes, Section 398A.04, at the times and in the amounts necessary so that tax revenues will be sufficient to meet the debt service requirements on the 2019A Bonds and that the annual levy will be at least 105% of the principal and interest to become due on the 2019A Bonds in the following year (See "DESCRIPTION OF THE 2019A BONDS – *Security*").
Purpose:	The proceeds of the 2019A Bonds will be used for the purpose of (i) providing financing of a portion of the Authority's share of the estimated capital costs of the METRO Green Line Extension Project (the "Southwest LRT Project"), and (ii) paying the costs associated with the issuance of the 2019A Bonds.
Principal Payments:	Principal of the 2019A Bonds is payable annually on December 1 of the years 2019 through 2038.
Interest Payments:	Interest on the 2019A Bonds is payable semiannually on each June 1 and December 1, commencing December 1, 2019.
Redemption Provisions:	The 2019A Bonds maturing on or after December 1, 2029 will be subject to optional redemption and payment prior to maturity, in whole or in part, at a price of par plus accrued interest, on December 1, 2028 and any date thereafter in such order as the Authority may determine.
Denominations:	$5,000 or multiples thereof.
Book-Entry Only:	The 2019A Bonds will be issued as book-entry only securities through the Depository Trust Company.
Record Date:	The Record Date is as of the close of business on the fifteenth (15) of the month preceding each such interest payment date (whether or not a business day).
Tax Status:	Exempt from federal and Minnesota income taxes, as further provided and described in this Official Statement. See "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein. The 2019A Bonds will not be designated as Qualified Tax-Exempt Obligations.

Legal Matters:	Validity, tax exemption, and legal matters incident to the authorization and issuance of the 2019A Bonds are subject to the opinion of Dorsey & Whitney LLP, Bond Counsel. The opinion of Bond Counsel will be provided substantially in the form set forth in Appendix C attached hereto.
Dated Date/Delivery Date:	The 2019A Bonds will be delivered on or about March 12, 2019.
Registrar & Paying Agent:	Hennepin County Director of Budget and Finance.
Professional Consultants:	*Municipal Advisor:* PFM Financial Advisors LLC Minneapolis, Minnesota *Bond Counsel*: Dorsey & Whitney LLP Minneapolis, Minnesota
Conditions Affecting Issuance of the 2019A Bonds:	The 2019A Bonds are offered when, as and if issued, subject to the approving legal opinion of Dorsey & Whitney LLP.
Limitations on Offering or Reoffering Securities:	No dealer, broker, salesperson or other person has been authorized by the Authority, the Municipal Advisor or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the Authority, the Municipal Advisor or the Underwriters. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the 2019A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.
Continuing Disclosure:	By a Continuing Disclosure Certificate, the Authority will covenant and agree to provide to the Municipal Securities Rulemaking Board, certain annual financial information of the type included in this Official Statement, including audited financial statements, and notice of the occurrence of certain material events. The Authority is the only "obligated person" in respect of the 2019A Bonds within the meaning of Securities and Exchange Commission Regulations, 17 C.F.R. Section 240.15c2-12. A copy of the proposed certificate is included as Appendix D.

The information set forth herein has been obtained from the Authority and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or in any other information contained herein, since the date hereof.

Questions regarding the 2019A Bonds or the Official Statement can be directed to, and additional copies of the Official Statement, the Authority's audited financial reports and the documents described herein may be obtained from, PFM Financial Advisors LLC, 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402 (612/338-3535, 612/338-7264 fax), the Authority's Municipal Advisor.

DESCRIPTION OF THE 2019A BONDS

Authorization and Purpose

The 2019A Bonds are being issued by the Authority pursuant to Minnesota Statutes, Section 398A.07, and a resolution adopted on January 22, 2019 (the "Bond Resolution") by the Authority's Board of Commissioners. The proceeds of the 2019A Bonds will be used for the purpose of (i) providing financing of a portion of the Authority's share of the estimated capital costs of the METRO Green Line Extension Project (the "Southwest LRT Project"), and (ii) paying the costs associated with the issuance of the 2019A Bonds. Minnesota Statutes, Section 398A.10 limits the capital contribution of a regional railroad authority to 10% of the cost of a light rail project. On May 31, 2018, the Authority approved a resolution committing to provide capital funding to the Southwest LRT Project in an amount not to exceed $199,558,000, or just under 10% of the current project budget of $2.003 billion.

Security

Principal and interest on the 2019A Bonds and any parity obligations issued pursuant to the Bond Resolution is payable from the Authority's levy of ad valorem taxes, which tax levy shall not exceed an annual rate of 0.04835 percent of the estimated market value of all taxable property located within Hennepin County. So long as any of the 2019A Bonds are outstanding, the Authority covenants with and for the benefit of each bondholder that, subject to the tax limit, the Authority will levy and collect the taxes authorized by Minnesota Statutes, Section 398A.04, at the times and in the amounts necessary so that tax revenues will be sufficient to meet the debt service requirements on the 2019A Bonds and that the annual levy will be at least 105% of the principal and interest to become due on the 2019A Bonds in the following year.

(The remainder of this page has been left blank intentionally).

Debt Service and Maximum Authorized Property Tax Levy

The Authority is authorized to levy a property tax that shall not exceed an annual rate of 0.04835 percent of the market value of all taxable property located within Hennepin County. Table 1 displays the projected debt service based on the estimated market value of all taxable property of $177,621,254,000 for taxes payable in 2019. The only debt of the Authority currently outstanding is the $42,595,000 Limited Tax Refunding Bonds, Series 2010A (the "2010A Bonds") (collectively with 2019A Bonds, the "Bonds").

Table 1
Projected Debt Service Coverage

Year	Principal[1]	Interest[1]	Total Debt Service[1]	Maximum Authorized Property Tax Levy[2]	Projected Debt Service Coverage[3]
2019	$ 5,690,000	$ 4,008,599	$ 9,698,599	$ 85,879,876	8.85
2020	4,360,000	4,838,750	9,198,750	85,879,876	9.34
2021	4,575,000	4,638,850	9,213,850	85,879,876	9.32
2022	4,800,000	4,429,050	9,229,050	85,879,876	9.31
2023	5,030,000	4,208,900	9,238,900	85,879,876	9.30
2024	5,180,000	4,066,800	9,246,800	85,879,876	9.29
2025	5,430,000	3,829,450	9,259,450	85,879,876	9.27
2026	5,695,000	3,580,600	9,275,600	85,879,876	9.26
2027	5,965,000	3,319,550	9,284,550	85,879,876	9.25
2028	6,255,000	3,046,050	9,301,050	85,879,876	9.23
2029	6,550,000	2,759,200	9,309,200	85,879,876	9.23
2030	6,875,000	2,458,750	9,333,750	85,879,876	9.20
2031	7,205,000	2,143,350	9,348,350	85,879,876	9.19
2032	4,455,000	1,812,750	6,267,750	85,879,876	13.70
2033	4,675,000	1,590,000	6,265,000	85,879,876	13.71
2034	4,910,000	1,356,250	6,266,250	85,879,876	13.71
2035	5,155,000	1,110,750	6,265,750	85,879,876	13.71
2036	5,410,000	853,000	6,263,000	85,879,876	13.71
2037	5,685,000	582,500	6,267,500	85,879,876	13.70
2038	5,965,000	298,250	6,263,250	85,879,876	13.71
Total	$ 109,865,000	$ 54,931,399	$ 164,796,399		

(1) Includes the Authority's 2010A Bonds and this issue.
(2) Based on estimated market value of taxable property as of 2019.
(3) Maximum authorized property tax levy divided by total debt service.

Additional Bonds

The Bonds and any Additional Bonds shall have a first lien upon Authority tax revenues. Additional Bonds may be issued on a parity of lien with the Bonds if Tax Revenues are not less than 175% of the maximum annual principal and interest to become due with respect to (a) all Bonds then outstanding and (b) the proposed Additional Bonds, for the years to and including the last maturity of any of the then outstanding bonds. However, Additional Bonds may be issued on a parity to refund outstanding Bonds without complying with the aforementioned test provided that the debt service on the Additional Bonds is less than the debt service on the outstanding Bonds in each subsequent maturity year or maturities that occur after existing maturity dates.

Redemption Provisions

Optional Redemption

The 2019A Bonds maturing on December 1, 2029, and thereafter are subject to optional redemption and prepayment upon request by the Authority, on December 1, 2028, and on any date thereafter, in whole or in part, in any order of maturity as the Authority may select, in $5,000 principal amounts, at a price of par plus accrued interest to the date of redemption.

Notice of Redemption

Notice of redemption for the 2019A Bonds shall be published and mailed, first-class postage prepaid, not less than thirty (30) days prior to the redemption date, to registered holder(s) of 2019A Bonds to be redeemed; but no defect in or failure to give such mailed notice shall affect the validity of the proceedings for redemption as to any Bond not affected by such defect or failure. The Authority also intends to file the notice of redemption with the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access ("EMMA") dataport.

Sources and Uses of Funds

Table 2 below presents the sources and uses of funds for the 2019A Bonds.

Table 2
Sources and Uses of Funds

Sources of Funds	
Par Amount	$ 80,000,000.00
Premium	14,932,031.65
Total Sources of Funds	$ 94,932,031.65
Uses of Funds	
Deposit to Project Fund/Reimbursement	$ 94,705,631.65
Costs of Issuance/ Underwriter's Discount	226,400.00
Total Uses of Funds	$ 94,932,031.65

Book-Entry Only System

The information contained in the following paragraphs of this subsection "Book-Entry Only System" has been extracted from a schedule prepared by Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE." The Authority makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC will act as securities depository for the 2019A Bonds. The 2019A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each annual maturity of the 2019A Bonds, each in the aggregate principal amount of such annual maturity, and such certificates 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. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019A Bonds on DTC's records. The ownership interest of each actual purchaser of each certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2019A 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 2019A Bonds, except in the event that use of the book-entry system for the 2019A Bonds is discontinued.

To facilitate subsequent transfers, all 2019A Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of 2019A Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019A Bonds; DTC's records reflect only identity of the Direct Participants to whose accounts such 2019A 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.

Redemption notices shall be sent to Cede & Co. If less than all of the 2019A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect 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.

Neither DTC nor Cede & Co. will consent or vote with respect to 2019A Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 the 2019A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2019A Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. 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 the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Authority, disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2019A Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor securities depository is not obtained, 2019A Bonds are required to be printed and delivered.

NEITHER THE AUTHORITY NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE 2019A BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO CERTIFICATEHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS CERTIFICATEHOLDER; OR (5) THE SELECTION BY DTC, ANY DTC

PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF 2019A BONDS.

Continuing Disclosure

By a Continuing Disclosure Certificate, the Authority will covenant and agree to provide to the MSRB certain annual financial information of the type included in this Official Statement, including audited financial statements, and notice of the occurrence of certain material events. The Authority is the only "obligated person" in respect of the 2019A Bonds within the meaning of Securities and Exchange Commission Regulations, 17 C.F.R. Section 240.15c2-12, paragraph (b)(5) (the "Rule"). During the previous five years, the Authority has not failed to comply in all material respects with its undertakings under the Rule to provide annual reports under 15c2-12(b)(5)(i)(A) and (B) or to provide notice of material events under 15c2-12(b)(5)(i)(C). A copy of the proposed certificate is included in Appendix D. The Authority has procedures in place to assist in complying with its disclosure undertakings. The procedures include monitoring the two new event notices that were added effective February 27, 2019 to the list of events for which notice is required by SEC Rule 15c2-12.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the 2019A Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the 2019A Bonds. The Issuer has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of 2019A Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the 2019A Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of 2019A Bonds. It does not address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences, except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the 2019A Bonds for cash at original issue and hold the 2019A Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of 2019A Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the 2019A Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of 2019A Bonds is the first price at which a substantial amount of 2019A Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax-Exempt Interest

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the 2019A Bonds (i) is excluded from gross income for federal income tax purposes, (ii) is not an item of tax preference for federal alternative minimum tax purposes, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the 2019A Bonds is included, however, in taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the 2019A Bonds in order that interest on the 2019A Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The Issuer has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the 2019A Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the 2019A Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the 2019A Bonds in the event that interest on the 2019A Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

2019A Bonds may be issued at a discount from their principal amount (any such 2019A Bonds being "Discount 2019A Bonds"). The excess of the principal amount payable on 2019A Bonds of a given maturity over their issue price constitutes "original issue discount" ("OID"). OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount 2019A Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount 2019A Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount 2019A Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the 2019A Bonds, even if the 2019A Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount, if any), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory de minimis rule applies).

Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its principal amount generally must, from time to time, reduce the holder's federal and Minnesota tax bases for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire 2019A Bonds at a premium might recognize taxable gain upon sale of the 2019A Bonds, even if such 2019A Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, and trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the 2019A Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the 2019A Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally no deduction is allowed under section 265(b) the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the 2019A Bonds, unless the obligations are "qualified tax-exempt obligations." Indebtedness may be allocated to the 2019A Bonds for this purpose even though not directly traceable to the purchase of the 2019A Bonds. The 2019A Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2019A Bonds may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued original issue discount with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the 2019A Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the 2019A Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's

U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

RATINGS

S&P Global Ratings and Fitch Ratings have assigned ratings of "AAA" and "AAA," respectively to the 2019A Bonds.

The ratings on the 2019A Bonds reflect only the views of these rating agencies. For an explanation of the ratings as described by those rating agencies, please contact the rating agencies. These bond ratings are subject to change or withdrawal by the rating agencies at any time. Therefore, after the date hereof investors should not assume that such ratings are still in effect. A revision or withdrawal of the ratings may have an adverse effect on the market price and marketability of the 2019A Bonds.

LITIGATION

There is no litigation of any nature now pending or, to the knowledge of the Authority, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2019A Bonds, or in any way contesting or affecting the validity of the 2019A Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof.

CERTIFICATION

The Authority will furnish a certificate of the Executive Director of the Authority or the Director of Budget and Finance of the County to the effect that this Official Statement, to the best of such officer's knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

MUNICIPAL ADVISOR

The Authority has retained PFM Financial Advisors LLC, of Minneapolis, Minnesota, as Municipal Advisor (the "Municipal Advisor") in connection with the issuance of the 2019A Bonds. In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Authority to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the 2019A Bonds.

Requests for information concerning the Authority should be addressed to PFM Financial Advisors LLC, 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402 (612/338-3535, 612/338-7264 FAX).

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the 2019A Bonds are subject to the opinion of Dorsey & Whitney LLP, Bond Counsel, as to validity and tax exemption. The opinion will be substantially in the form set forth in Appendix C attached hereto. Except as to the information contained under the captions "DESCRIPTION OF THE 2019A BONDS – *Security*" and "TAX CONSIDERATIONS" Bond Counsel has not been requested to, and has not undertaken to, verify the accuracy of the information contained in this Official Statement and expresses no opinion with respect thereto.

FUTURE FINANCINGS

The Authority anticipates refunding the 2010A Bonds (which are callable on December 1, 2019 at par) later this year, depending on market conditions. At that time, the Authority will also evaluate the need to issue additional new money bonds.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and are not representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract or agreement with the owners of any 2019A Bonds.

This Official Statement has been approved by the Authority for distribution by the Executive Director to prospective purchasers of the 2019A Bonds.

HENNEPIN COUNTY REGIONAL RAILROAD AUTHORITY, MINNESOTA

By David Hough
Executive Director

(This page has been left blank intentionally.)

APPENDIX A

Information Regarding the Authority

(This page has been left blank intentionally.)

GENERAL INFORMATION REGARDING
HENNEPIN COUNTY REGIONAL RAILROAD AUTHORITY

Profile of the Authority

The Hennepin County Regional Railroad Authority (the "Authority") is organized as a political subdivision of the State in accordance with Minnesota Statutes, Chapter 398A. The Authority is a seven-member board currently consisting of the seven members of the Hennepin County Board of Commissioners. The primary function of the Authority is to provide for the preservation and improvement of local rail service and the preservation of abandoned rail right-of-way for future transportation uses.

Legislation enacted in 2008 limits county regional railroad authority contributions for light rail or commuter rail projects to no more than ten percent of capital costs, subject to certain exceptions, and prohibits expenditures by county regional railroad authorities for operating and maintenance costs. Legislation enacted in 2013 permits county regional railroad authorities in the 7-county metro area to acquire, develop, construct and operate bus rapid transit systems on transitways included in the Metropolitan Council's Transportation Policy Plan.

The Authority funds transit projects in conjunction with the County. The County has worked on transit projects with the Metropolitan Council, Metro Transit, the Minnesota Department of Transportation, and the Counties Transit Improvement Board ("CTIB"). CTIB was created as a joint powers entity in April 2008 when the five metropolitan counties of Anoka, Dakota, Hennepin, Ramsey and Washington each approved a transit-dedicated 0.25% sales and use tax and a $20 per vehicle excise tax. CTIB provided annual grants for a portion of the capital and operating needs of regional transportation projects. CTIB was dissolved effective September 30, 2017 by resolution of the CTIB Board and its member counties. Concurrently with the action to dissolve CTIB, the County imposed a 0.5% sales and use tax and a $20 per vehicle excise tax, effective October 1, 2017. The County may use the new tax revenues for the capital/operating costs of designated transportation and transit projects, and other expenditures allowed under State Law. The tax revenues will be used to help advance the Authority's projects, as authorized by the County Board. The sales and use tax revenues are not pledged to the 2019A Bonds.

The Authority can issue bonds to fulfill its purpose and exercise its powers. The Authority's bonds are not general obligations of the Authority or the County, nor does the County have any responsibility for the Authority's bonds. The Authority's bonds are limited tax obligations of the Authority payable from the levy of ad valorem taxes. The Authority may levy a property tax at a rate not exceeding 0.04835% of estimated market value of all taxable property in the County from which these bonds are payable. The Authority's property tax levy for 2018 was $36 million and the 2019 property tax levy is also $36 million.

Although a legally separate entity, the Authority is a blended component unit of the County as defined by the Governmental Accounting Standards Board.

(The remainder of this page has been left blank intentionally.)

Organization and Powers of the Authority

The members of the Authority Board of Commissioners are appointed by and are currently the same as the members of the Board of Commissioners for the County. The Authority Commissioners are listed below.

Authority Board of Commissioners

District	Commissioner	Expiration
1	Mike Opat**	January 1, 2021
2	Irene Fernando	January 1, 2023
3	Marion Greene	January 1, 2023
4	Angela Conley	January 1, 2023
5	Debbie Goettel	January 1, 2021
6	Jan Callison*	January 1, 2021
7	Jeff Johnson	January 1, 2021

* Chairperson
** Vice-Chairperson

The Authority is a local government unit and political subdivision of the State of Minnesota. Its powers include the ability to levy a property tax up to 0.04835 percent of the estimated market value of all taxable property in the County; let contracts; acquire real and personal property; enter into joint powers agreements; issue bonds and make grants.

Management

The County professional staff performs all management functions of the Authority pursuant to a joint powers agreement between the County and the Authority. The County Administrator serves as Executive Director of the Authority and is responsible for implementing Authority policy and making recommendations to the Authority Board on actions proposed to be taken by the Board. While the Authority has no employees of its own, it does enter into professional service agreements directly with consultants and uses County employees to perform services.

David Hough, Executive Director: Mr. Hough was appointed County Administrator effective November, 2012, and in that capacity serves as Executive Director of HCRRA. Previously, Mr. Hough spent over five years as Deputy County Administrator and over twenty-five years in the Hennepin County Attorney's Office. While in the County Attorney's Office, Mr. Hough worked in several areas. For eleven years, he provided legal representation to the Hennepin County Board of Commissioners and Hennepin County Administration. His management positions in the Hennepin County Attorney's Office included: Senior Attorney, Division Manager and Deputy County Attorney. Mr. Hough has a BA degree from St. Olaf College in Northfield, Minnesota and a JD degree from William Mitchell College of Law in St. Paul, Minnesota.

David Lawless, Director of Budget and Finance: Mr. Lawless is the chief financial officer for the County and its component units, and in that capacity oversees the issuance of debt by HCRRA. Mr. Lawless reports to the County Administrator and is responsible for coordinating and directing budgetary and financial planning and analysis as well as management of the County's cash and investments. Mr. Lawless joined the County in 1989. Prior to being named Director of Budget and Finance, Mr. Lawless had been the County's Investment/Debt Management officer since 1997, before which he was a Senior Financial Management Analyst in the Office of Budget and Finance. Prior to working at Hennepin County, he held various positions with Control Data Corporation. Mr. Lawless has an MBA from the University of St. Thomas and a BS degree in business from the University of Minnesota.

The Authority Involvement in Transportation Projects

Under Minnesota law, the Governor of the State of Minnesota must designate either the Metropolitan Council or the state of Minnesota acting through the commissioner of transportation as the entity responsible for planning, designing, acquiring, constructing, and equipping each proposed light rail transit facility. The commissioner of transportation is also responsible for all aspects of planning, developing, and constructing commuter rail. The Metropolitan Council is leading the development of new bus rapid transit lines. The Metropolitan Council and the Department of Transportation may enter into agreements with other entities to carry out these activities. Once a rail or bus rapid transit line is developed in the Twin Cities metropolitan area, the Metropolitan Council operates and maintains the line.

The Authority participated in funding the design and construction of the Hiawatha light rail transit line (Blue Line) between downtown Minneapolis and the Mall of America, as well as the Central Corridor light rail transit line (Green Line) between downtown Minneapolis and downtown St. Paul. Both the Blue and Green lines are operated and maintained by the Metropolitan Council, a regional governing body which manages public transit services in the Twin Cities area. The Authority was also a funding partner with Anoka County Regional Railroad Authority and Sherburne County Regional Railroad Authority for development and construction of the Northstar Commuter Rail line. The Northstar Commuter Rail line provides service between Big Lake and downtown Minneapolis.

The Authority has agreed to fund a portion of the capital costs of the following transit projects, which will all be owned, operated, and maintained by the Council. The assets that comprise the light rail transit projects described below are generally owned by the Council. Proceeds of the 2019A Bonds will be used only for the Green Line Extension project and will not be used for any other transportation projects of the Authority.

Green Line Extension (Southwest LRT)

The Southwest LRT project is a 14.5 mile extension of the METRO Green Line which will operate from downtown Minneapolis through St. Louis Park, Hopkins, Minnetonka and Eden Prairie. The line will include 16 new stations and connect major activity centers in the region including downtown Minneapolis, Methodist Hospital in St. Louis Park, downtown Hopkins and the OPUS/Golden Triangle employment area in Minnetonka and Eden Prairie, including the United Healthcare Corporation corporate headquarters. This federal New Starts project has a total budget of $2.003 billion, with an assumed federal contribution capped at $928.8 million. Committed local funding includes Hennepin County transportation sales tax funds of $592.9 million; CTIB funding of $217.4 million; Authority funding of $199.5 million; and $64.3 million from others. The Council received permission from the federal government in November 2018 to award a civil construction contract and begin a limited amount of construction activity. In late December 2018 the Council approved the start of construction with the issuance of a limited notice to proceed to the civil contractor. The Council is awaiting an invitation from the Federal Transit Administration to submit an application for a Full Funding Grant Agreement.

Blue Line Extension (Bottineau LRT)

The Bottineau LRT project is a 13 mile extension of the METRO Blue Line which will operate from downtown Minneapolis through Golden Valley, Robbinsdale, Crystal, and Brooklyn Park. The line will include 11 new stations and connect activity centers in the region including downtown Minneapolis, Theodore Wirth Park, downtown Robbinsdale, North Central Community College and the Target Corporation campus in Brooklyn Park. This federal New Starts project has a current estimated budget of $1.536 billion, with an assumed federal share capped at $752.7 million. Committed local funding includes Hennepin County transportation sales tax funds of $526.8 million; Authority funding of $149.6 million; CTIB funding of $85.6 million; and $21.5 million from others. The Bottineau LRT project is currently in the engineering phase of the New Starts program and will need to secure certain third party agreements and finalize design in order to advance. The estimated revenue service date is uncertain.

METRO Orange Line (Bus Rapid Transit)

The METRO Orange Line is a 17 mile highway bus rapid transit line that will operate from downtown Minneapolis along Interstate 35-W through Richfield, Bloomington and Burnsville (which is located in Dakota County). The line will include 12 new stations and connect activity centers including the Best Buy corporate headquarters, the Southtown retail area, and Burnsville's Heart of the City area. This federal Small Starts project has a total budget of $150.7 million, with a federal Small Starts share of $74.1 million. Committed local funding includes Hennepin County transportation sales tax funds of $25.4 million; State of Minnesota/Council funding of $15.5 million; Authority funding of $12.8 million; CTIB funding of $7.9 million; other federal funding of $8.8 million; and Dakota County funding of $6.2 million. The project was notified by the Federal Transit Administration that it would receive its Small Starts grant late in November 2018 and is currently awaiting execution of the Small Starts Grant Agreement. Construction has begun on the northern segment of the line from downtown Minneapolis to 46th Street, under a contract led by the Minnesota Department of Transportation. The estimated revenue service date is in 2021.

(The remainder of this page has been left blank intentionally.)

ECONOMIC AND DEMOGRAPHIC INFORMATION

The boundaries of the Authority are coterminous with those of Hennepin County, although the Authority can and does own rail property outside the boundaries of the County. The County, with the county seat of the City of Minneapolis, is part of a seven-county metropolitan area which also includes Anoka, Carver, Dakota, Ramsey, Scott, and Washington Counties. Hennepin County is included in the Minneapolis-St. Paul metropolitan statistical area ("MSA"), which includes 16 counties, of which 14 are in Minnesota and two are in Wisconsin. Based on 2010 census figures, the Minneapolis-St. Paul MSA had a population of 3,348,859. The 2017 population estimate for the Minneapolis-St. Paul MSA is 3,600,618 based on the U.S. Census Bureau data released in March, 2018.

Demographic Statistics

Table 1 below presents estimated demographic statistics relating to Hennepin County for the years 2003 through 2017.

Table 1
Hennepin County Demographic Statistics

Year	Population[1]	Per Capita Personal Income[2]	Median Age[3]	K-12 School Enrollment[4]
2017	1,252,024	$ 74,592	36.5	170,683
2016	1,232,483	67,427	36.2	168,629
2015	1,223,149	65,231	36.1	166,106
2014	1,212,064	63,901	36.2	164,151
2013	1,198,778	61,539	36.1	162,827
2012	1,184,576	62,571	36.0	161,409
2011	1,168,431	57,319	36.1	158,431
2010	1,152,425	55,122	36.0	157,544
2009	1,146,721	54,008	36.0	156,320
2008	1,135,173	56,564	38.1	155,754
2007	1,126,585	55,819	37.7	154,624
2006	1,119,507	53,587	37.2	153,449
2005	1,117,015	50,251	36.9	153,558
2004	1,118,756	48,605	36.2	152,809
2003	1,119,458	45,833	36.2	155,018

Sources:
(1) U.S. Census Bureau, www.census.gov.
(2) Bureau of Economic Analysis, www.bea.gov.
(3) U.S. Census Bureau, American Community Survey.
(4) Fall registration for public schools within the County - Minnesota Department of Education, www.education.state.mn.us.

(The remainder of this page has been left blank intentionally.)

Labor Force and Unemployment Statistics

The Minnesota Department of Employment and Economic Development computes annualized average figures for labor force and employment rates. The following tables present the labor force and unemployment rates for the County, the Metropolitan Statistical Area, the State of Minnesota and the United States for the last ten years and the most recent estimate available. Seasonally adjusted rates are only available for state and national figures; therefore all rates presented in Table 2 and Table 3 below are not seasonally adjusted figures.

Table 2
Hennepin County Employment Statistics

Year	Average Labor Force	Average Annual Unemployment Rate
2018(1)	704,844	1.9%
2017	694,060	3.1%
2016	679,285	3.4%
2015	671,702	3.3%
2014	669,794	3.8%
2013	666,093	4.6%
2012	659,815	5.2%
2011	656,064	6.1%
2010	650,891	7.0%
2009	656,192	7.3%
2008	656,957	4.9%

(1) Reflects November 2018 data.

Source: Minnesota Department of Employment and Economic Development, https://mn.gov/deed/.

Table 3
Metropolitan Area, State and National Employment Statistics

	Metropolitan Statistical Area(1)		State of Minnesota		United States	
Year	Average Metro Labor Force	Average Metro Unemployment	Average State Labor Force	Average State Unemployment	Average National Labor Force	Average National Unemployment
2018(2)	2,007,601	2.0%	3,077,123	2.2%	162,665,000	3.5%
2017	1,979,780	3.3%	3,063,604	3.5%	160,319,750	4.4%
2016	1,938,642	3.6%	3,001,131	3.9%	159,187,166	4.9%
2015	1,916,011	3.5%	2,975,533	3.7%	157,129,916	5.3%
2014	1,909,660	4.0%	2,961,331	4.2%	155,921,833	6.2%
2013	1,899,746	4.8%	2,955,266	5.0%	155,389,166	7.4%
2012	1,885,767	5.5%	2,946,355	5.6%	154,974,583	8.1%
2011	1,880,888	6.3%	2,946,278	6.5%	153,616,666	8.9%
2010	1,870,777	7.3%	2,938,795	7.4%	153,888,583	9.6%
2009	1,875,124	7.7%	2,941,976	7.8%	154,142,000	9.3%
2008	1,876,629	5.2%	2,925,088	5.4%	154,286,667	5.8%

(1) Labor statistics for the Metropolitan Area include Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Le Sueur, Mille Lacs, Ramsey, Scott, Sherburne, Sibley, Washington, and Wright Counties in Minnesota and Pierce and St. Croix Counties in Wisconsin.
(2) Reflects November 2018 data.

Source: Minnesota Department of Employment and Economic Development, https://mn.gov/deed/.

Public and Private Corporations Headquartered in the County

The tables below present major publicly traded and privately owned corporations headquartered in the County as reported by Fortune 500 and Forbes.

Table 4
Publicly Traded Corporations Headquartered in the County

Company	Location	Industry	Revenues ($ millions)
United Health Group	Minnetonka	Insurance and managed care	$ 201,159
Target	Minneapolis	General merchandiser	71,879
Best Buy	Richfield	Specialty retailer	42,151
U.S. Bancorp	Minneapolis	Commercial bank	23,996
Supervalu	Eden Prairie	Food/drug stores	16,009
General Mills	Minneapolis	Food consumer products	15,620
C.H. Robinson Worldwide	Eden Prairie	Transportation and logistics	14,869
Ameriprise Financial	Minneapolis	Diversified financial services	12,075
Xcel Energy	Minneapolis	Electricity and natural gas provider	11,404
Thrivent Financial	Minneapolis	Insurance	8,528
Mosaic(1)	Plymouth	Chemicals	7,409
Polaris Industries	Medina	Transportation Equipment	5,505

(1)Announced a plan to move its corporate headquarters to Florida.
Source: Fortune.com; 2018 Rankings.

Table 5
Privately Owned Corporations Headquartered in the County

Company	Location	Industry	Revenues ($ millions)
Cargill Inc.	Minneapolis	Food & Drink	$ 114,700
Mortenson Construction	Minneapolis	Construction	4,000

Sources: Forbes.com; 2018 Rankings

(The remainder of this page has been left blank intentionally).

FINANCIAL SUMMARY OF THE AUTHORITY

This summary is subject in all respects to more complete information contained in this Official Statement.

Economic Market Value 2018/Payable 2019	$ 188,609,955,626
Estimated Market Value 2018/Payable 2019	$ 177,621,254,000
Taxable Market Value 2018/Payable 2019	$ 171,429,665,521
Net Tax Capacity 2018/Payable 2019	$ 2,176,269,938
Levy Supported Debt (Includes the 2019A Bonds)	$ 109,865,000
Overlapping and Underlying G.O. Debt	
Metropolitan Council	$ 6,013,339
Hennepin County	1,058,135,000
School Districts	1,622,542,881
Municipalities	536,519,558
Three Rivers Park District	45,784,829
Miscellaneous	23,219,746
Total	$ 3,292,215,353
Population (2017 Estimate)[1]	1,252,024
Area	611 square miles

Debt Ratios:	Amount	Per Capita	% of Economic Market Value
Levy Supported Debt	$ 109,865,000	$ 88	0.06%
Overlapping/Underlying Debt	3,292,215,353	2,630	1.75%
Total	$ 3,402,080,353	$ 2,717	1.81%

(1) Estimate published by the U.S. Census Bureau.

(The remainder of this page has been left blank intentionally.)

INDEBTEDNESS OF THE AUTHORITY

Long-Term Debt

The 2019A Bonds are payable from the proceeds of a tax levy imposed on taxable property within the County at an annual rate not exceeding 0.04835% of the taxable market value. Table 6 and Table 7 detail the Authority's debt as of the issuance of the 2019A Bonds.

Table 6
Long-Term Debt by Issue

Issue Date	Lien	Original Amount	Maturities Outstanding	Rates Outstanding	Principal Outstanding
03/17/10	Limited Tax Refunding	$ 39,885,000	12/01/2031	4.00%	$ 29,865,000
03/21/19	Limited Tax	80,000,000	12/01/2038	2.00% - 5.00%	80,000,000
Total					$ 109,865,000

Table 7
Long-Term Debt
Annual Maturity Schedule

	Outstanding		This Issue		
Fiscal Year December 31	Principal	Interest	Principal	Interest	Total
2019	$ 1,730,000	$ 1,194,600	$ 3,960,000	$ 2,813,999	$ 9,698,599
2020	1,810,000	1,125,400	2,550,000	3,713,350	9,198,750
2021	1,895,000	1,053,000	2,680,000	3,585,850	9,213,850
2022	1,985,000	977,200	2,815,000	3,451,850	9,229,050
2023	2,075,000	897,800	2,955,000	3,311,100	9,238,900
2024	2,165,000	814,800	3,015,000	3,252,000	9,246,800
2025	2,265,000	728,200	3,165,000	3,101,250	9,259,450
2026	2,370,000	637,600	3,325,000	2,943,000	9,275,600
2027	2,475,000	542,800	3,490,000	2,776,750	9,284,550
2028	2,590,000	443,800	3,665,000	2,602,250	9,301,050
2029	2,705,000	340,200	3,845,000	2,419,000	9,309,200
2030	2,835,000	232,000	4,040,000	2,226,750	9,333,750
2031	2,965,000	118,600	4,240,000	2,024,750	9,348,350
2032	--	--	4,455,000	1,812,750	6,267,750
2033	--	--	4,675,000	1,590,000	6,265,000
2034	--	--	4,910,000	1,356,250	6,266,250
2035	--	--	5,155,000	1,110,750	6,265,750
2036	--	--	5,410,000	853,000	6,263,000
2037	--	--	5,685,000	582,500	6,267,500
2038	--	--	5,965,000	298,250	6,263,250
Total	$ 29,865,000	$ 9,106,000	$ 80,000,000	$ 45,825,399	$ 164,796,399

DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT

Table 8 summarizes the outstanding principal amount of long-term general obligation debt attributable to the Authority and overlapping governmental units as of December 31, 2017.

Table 8
Overlapping and Underlying General Obligation
Debt Allocable to Hennepin County Taxpayers

Governmental Units	Total Long-Term Net Debt[1]	Percentage Applicable to HCRRA[2]	Total Debt Allocable To HCRRA
Direct			
Hennepin County Regional Railroad	$ 26,942,546	100.00%	$ 26,942,546
Overlapping			
Hennepin County	$ 1,021,810,859	100.00%	$ 1,021,810,859
Metropolitan Council[3]	12,606,580	47.70%	6,013,339
Metropolitan Airport Commission	--	--	--
Total Overlapping	$ 1,034,417,439		$ 1,027,824,198
Total	$ 1,061,359,985		$ 1,054,766,744

(1) Debt that is secured in whole or part by the authority to levy taxes on real estate. Per M.S. 475.51, net general obligation debt is determined by deducting from the total general obligation debt the cash available for servicing the debt and debt that is intended to be financed primarily by means other than a real estate tax levy. Debt premiums and deferred amounts on refundings are not included in the amounts shown.

(2) The percentages reflect the portion of the general obligation debt secured by taxable real estate located within the County.

(3) Includes Metropolitan Council Transit Operations debt.

Sources: The Authority's Comprehensive Annual Financial Report for Fiscal Year Ended December 31, 2017.

(The remainder of this page has been left blank intentionally).

FINANCIAL INFORMATION

Financial Reports

Copies of the independently audited Comprehensive Annual Financial Report ("CAFR") for the Authority through 2017 are available from the Authority's Municipal Advisor. The Authority's CAFR for the fiscal year ended December 31, 2017 is included in Appendix B.

Financial data summarized in this Official Statement have been compiled from the Authority's Financial Reports and organized in a format that facilitates comparison from year to year.

Authority Budgets for 2018 and 2019

Table 9 presents the budgeted funding sources and expenditures for the general fund for 2018 and as adopted for 2019.

Table 9
2018 and 2019 Budgets

	2018 Approved	2018 Adjusted[1]	2019 Adopted
Revenues			
Property Taxes	$ 35,309,470	$ 35,309,470	$ 35,726,000
State and Local	1,100,000	1,100,000	3,500,000
Property Sale	--	--	1,850,000
Investment Earnings	100,000	100,000	100,000
Working Capital	--	--	2,903,000
Bonds	80,344,884[2]	80,344,884[2]	--
Other	664,000	664,000	514,000
Transfers	(8,482,198)	(8,482,198)	--
Total Revenues	$ 109,036,156	$ 109,036,156	$ 44,593,000
Expenditures			
Corridor Maintenance and Administration	$ 7,187,740	$ 7,187,740	$ 8,801,963
Corridor Participation	859,000	859,000	1,299,000
Capital Projects	92,736,416	92,736,416	31,589,037
Bond Principal and Interest	8,253,000	8,253,000	2,903,000
Total Expenditures	$ 109,036,156	$ 109,036,156	$ 44,593,000

(1) As of June 26, 2018.
(2) Though bonds were included in the 2018 budget, bonds were not issued in the 2018 fiscal year.

(The remainder of this page has been left blank intentionally).

Authority General Fund Results: 2014 – 2017

Table 10 below presents general fund statements of revenues and expenditures and changes in fund balances for the last four fiscal years.

Table 10
General Fund Statement of Revenues and
Expenditures and Changes in Fund Balances
(For the Years Ended December 31)

Program Revenues	2017	2016	2015	2014
Intergovernmental	$ 4,928	$ 521,706	$ 3,831,818	$ 3,172,720
Charges for Services	709,945	755,575	662,770	695,240
Other	3,928	13,375	22,715	93,521
Operating Grants and Contributions	--	--	--	--
Total Program Revenues	$ 718,801	$ 1,290,656	$ 4,517,312	$ 3,961,481
General Revenues				
Property Taxes	$ 25,506,469	$ 27,034,964	$ 24,259,240	$ 20,908,049
Investment Earnings	427,339	169,464	281,045	341,421
Total General Revenues	$ 25,933,808	$ 27,204,428	$ 24,540,285	$ 21,249,470
Total Program and General Revenues	$ 26,652,609	$ 28,495,084	$ 29,057,597	$ 25,210,951
Expenditures				
Regional Railroad				
Current				
Commodities	$ 24,225	$ 57,243	$ 170,276	$ 161,445
Contractual Services	54,833,336	24,375,341	23,530,845	11,901,522
Depreciation	--	--	--	--
Other	44,694	105,527	67,232	52,612
Intergovernmental	--	--	153,982	--
Debt Service				
Principal Retirement	--	--	--	--
Interest and Fiscal Charges	--	--	--	--
Total Expenditures	$ 54,902,255	$ 24,538,111	$ 23,922,335	$ 12,115,579
Excess (Deficiency) of Revenues Over Expenditures	$(28,249,646)	$ 3,956,973	$ 5,135,262	$ 13,095,372
Other Financing Sources (Uses)				
Operating Transfers In	$ --	$ --	$ 2,436,320	$ --
Operating Transfers Out	--	--	--	(9,900,000)
Sale of Capital Assets	1,094,855	--	--	--
Total Other Financing Sources (Uses)	$ 1,094,855	$ --	$ 2,436,320	$ 3,195,372
Net Changes in Fund Balance	(27,154,791)	3,956,973	7,571,582	(27,154,791)
Fund Balance – Beginning of Year	39,047,444	35,090,471	27,518,889	24,323,517
Fund Balance – End of Year	$ 11,892,653	$ 39,047,444	$ 35,090,471	$ 27,518,889

Source: The Authority's Comprehensive Annual Financial Reports.

PROPERTY VALUATIONS AND TAXES

Property Values

The County Assessor, pursuant to State law, is responsible for the assessment of all taxable property located within a county. State law provides, with certain exceptions, that all taxable property is to be valued at its market value. All real property subject to taxation must be listed and shall be valued each year with reference to its value as of January 2. The assessor views and reappraises all parcels at maximum intervals of five years. Personal property subject to taxation must also be listed and assessed annually as of January 2.

All property is valued at its Estimated Market Value ("EMV"), which is the value the assessor determines to be the price the property to be fairly worth. Taxable Market Value ("TMV") is EMV less certain exclusions, deferrals of value and adjustments to tax capacity, including a homestead market value exclusion for homesteads valued under $413,800. Certain property is exempt from taxation.

Net Tax Capacity ("NTC") is the value upon which taxes are levied and collected. The NTC is computed by applying the classification rate percentages specific to each type of property classification against the TMV. Classification rate percentages vary depending on the type of property. The following table shows the classification rates for selected property types for taxes payable in 2018.

Table 11
Property Classification Rates

Type of Property	Pay 2019 Classification Rates
Residential Homestead	
First $500,000 Taxable Market Value	1.00%
Over $500,000 Taxable Market Value	1.25%
Commercial/Industrial	
First $150,000 Taxable Market Value	1.50%
Over $150,000 Taxable Market Value	2.00%
Non-Homestead Market Rate Apartments	1.25%

The TMV may not accurately represent what a property's actual market value would be in the marketplace. By dividing the EMV used for tax purposes by the State Equalization Aid Review Committee's ("EARC") Sales Ratio, an Economic Market Value can be calculated which approximates actual market value. The Economic Market Value replaces the Indicated Market Value which was previously calculated by dividing the TMV by the Sales Ratio. Sales ratios represent the relationship between the market value used for tax purposes and actual selling prices which were obtained in real estate transactions within a governmental unit in any particular year. According to the Minnesota Department of Revenue, the 2017 Sales Ratio for the County is 94.24%.

(The remainder of this page has been left blank intentionally).

Trend of Property Values

The table below presents the property valuation trend for the last ten years and the most recent figures for the assessment year 2018/collection (payable) year 2019.

Table 12
Trend of Tax Capacity, Taxable Market Value, Estimated Market Value
and Economic Market Value of Taxable Property
(000's Omitted)

Assessment Year(1)	Tax Capacity(2)	Taxable Market Value	Estimated Market Value	Sales Ratio	Economic Market Value(3)
2018	$ 1,988,861	$ 171,429,665	$ 177,621,254	0.942(4)	$ 188,609,955
2017	1,835,362	160,505,286	164,830,612	0.942	174,793,181
2016	1,717,152	149,502,000	154,120,885	0.933	165,045,274
2015	1,602,166	139,594,719	144,423,363	0.936	154,122,639
2014	1,489,355	129,650,720	134,691,712	0.926	145,352,102
2013	1,367,823	119,146,458	124,577,825	0.933	135,239,282
2012	1,368,558	118,106,515	123,606,888	0.978	126,354,812
2011(5)	1,397,205	122,798,665	128,108,466	1.002	127,855,422
2010	1,476,969	132,165,414	132,425,360	1.002	132,163,624
2009	1,600,480	141,584,626	141,853,594	0.950	149,254,383

(1) The year represents the assessment year for taxes payable the following year.
(2) The tax capacity is adjusted for fiscal disparities and tax increment financing.
(3) Beginning in 2011, the Minnesota Department of Revenue now calculates a value it calls Economic Market Value which is calculated by dividing the Estimated Market Value by a sales ratio weighted by property type.
(4) 2018 Sales Ratios have not been published.
(5) Pursuant to law changes as described on the previous page, the Taxable Market Value for Assessment Year 2011 was revised down from $128,073,292,037 and the Tax Capacity was revised down from $1,401,568,730.

Source: Hennepin County and Minnesota Department of Revenue.

(The remainder of this page has been left blank intentionally).

Property Values for Assessment Year 2018/Collection (Payable) Year 2019

The Economic Market Value, Estimated Market Value, Taxable Market Value and Net Tax Capacity for Hennepin County for assessment year 2018/collection (payable) year 2019 are represented in Table 13 below.

Table 13
2018/19 Hennepin County Property Values

	Economic Market Value	Estimated Market Value	Taxable Market Value	Tax Capacity
Real Estate	$ 186,632,567,699	$ 175,628,083,800	$ 169,436,495,321	$ 2,136,461,040
Personal Property	1,993,170,200	1,993,170,200	1,993,170,200	39,808,898
Total	$ 188,609,955,626	$ 177,621,254,000	$ 171,429,665,521	$ 2,176,269,938
Fiscal Disparities Contribution[(1)]				(234,656,873)
Captured Value of Tax Increment District[(2)]				(113,773,491)
10% of 200KV Transmission Lines				(12,970)
Fiscal Disparity Distribution Value				161,034,776
Adjusted Net Tax Capacity				$ 1,988,861,380

(1) Under the fiscal disparities law applicable to all municipalities in the seven-county Minneapolis/St. Paul metropolitan area, 40% of the growth of the current tax capacity of commercial/industrial property is to be regarded as part of the area-wide tax base. A part of the area-wide tax base contributed by all municipalities in the Minneapolis/St. Paul metropolitan area is distributed back to Hennepin County, directly proportionate to population and inversely proportionate to the tax capacity per capita of all taxable property within its corporate limits, in relation to the tax capacity per capita of taxable property within all of the other municipalities. The seven-county metropolitan area is comprised of the following: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties.

(2) The increase in tax capacity of tax increment districts, in the years after their formation, is segregated from the tax capacity upon which tax rates are computed and levied for general taxation purposes. The same rates, however, are levied upon the increased or captured value to pay the development costs. After payment of this cost in full, the captured value is released to the tax base for general taxation purposes.

Property Values by Category

Table 14 presents the Tax Capacity of taxable property in Hennepin County by category for the assessment years 2017 and 2018.

Table 14
Tax Capacity by Category

Assessment Year	2018		2017	
Real Estate	Tax Capacity	Percent	Tax Capacity	Percent
Residential	$ 1,205,016,370	55.37%	$ 1,120,361,462	55.68%
Multiple Dwelling	229,259,158	10.53%	203,502,632	10.11%
Commercial/Industrial	647,840,888	29.77%	646,711,410	32.14%
Agricultural	4,515,903	0.21%	5,124,438	0.25%
Other	49,828,721	2.29%	776,811	0.04%
Subtotal - Real Estate	$ 2,136,461,040	98.17%	$ 1,976,476,753	98.23%
Personal Property	39,808,898	1.83%	35,629,451	1.77%
Total Tax Capacity	$ 2,176,269,938	100.00%	$ 2,012,106,204	100.00%
Net Tax Capacity[(1)]	$ 1,988,861,380		$ 1,835,361,906	

(1) Adjusted net tax capacity. (See footnotes (1) and (2) of Table 25)

Property Tax Collection Procedure

The property tax year in Minnesota is January 1 to December 31, and property taxes are collected by the County Treasurer. The County Board establishes the property tax levy each December for collection in the subsequent fiscal year in an amount of revenue that will be raised by the property tax during the respective budget year. The total amount of revenue raised by the property tax is not impacted by increases or decreases in the Taxable Market Value or Net Tax Capacity of the County. Once the property tax levy is established by the County Board, subsequent steps in the collection process determine how the levy will be spread across all taxable properties in the County.

The sequence of events in the property tax collection process begins with the certification of the property tax levy to the County Auditor on or before five working days after December 20 in each year, following action by the County Board to establish the property tax levy. The County Auditor then calculates the tax rates and spreads the levy across all taxable property based upon the Net Tax Capacity of each property in proportion to the total Taxable Market Value in the County, which determines the property tax liability for each property. The resulting taxes on property are payable the following year. Taxes on real property are payable one-half on or before May 15 and one-half on or before October 15, except agricultural property where the second half is payable November 15. Taxes on personal property are generally payable in full on May 15.

Penalties on unpaid real estate taxes occur as follows: If either one-half tax amount is unpaid as of its due date, a penalty is imposed at a rate of two percent on homestead property and four percent on non-homestead property. If complete payment has not been made by the first day of the month following either due date, an additional penalty of two percent on homestead property and four percent on non-homestead property is imposed. Thereafter, for both homestead and non-homestead property, on the first day of each subsequent month through December, an additional penalty of one percent for each month accrues and is charged on all such unpaid taxes provided that the penalty must not exceed eight percent in the case of homestead property, or 12 percent in the case of non-homestead property.

Interest, at a rate to be established by Minnesota Statutes, Section 279.03, begins to accrue on January 1 following the year in which the taxes were payable.

Personal property tax not paid timely is generally penalized at a rate of 8% per annum and interest begins to accrue, at the same rate as for real property, on January 1 following the year in which the taxes were payable.

Tax Rates

Table 15 presents the Authority and County tax rates by County fund over a five-year period.

Table 15
Authority and County Tax Rates

	Levy/Collection Year				
	2018/19	2017/18	2016/17	2015/16	2014/15
Regional Railroad Authority	1.807%	1.962%	1.925%	1.879%	1.817%
County Fund					
General (County Revenue)	19.533%	19.890%	20.166%	20.713%	21.529%
Human Services	13.695%	13.970%	14.602%	14.774%	15.047%
Library	3.655%	3.824%	3.957%	4.084%	4.140%
Capital Improvement Countywide	0.197%	0.268%	0.348%	0.365%	0.163%
Debt Service Countywide	4.552%	4.886%	5.022%	5.399%	5.406%
Debt Service - Library	0.040%	0.039%	0.039%	0.025%	0.152%
Total Hennepin County Tax Rate:					
For Suburban Property	41.632%	42.877%	44.134%	45.361%	46.437%
For City of Minneapolis Property(1)(2)	41.578%	42.839%	44.095%	45.336%	46.285%

(1) Tax capacity rates for the County levies can vary by taxing district due to disparity aids.
(2) For taxes collected in 2009 and thereafter, Hennepin County levies taxes on a county-wide basis for the library system.

Source: Hennepin County.

Historical Tax Levies and Maximum Authorized Levy

Table 16 sets forth the Authority's levy history and maximum levy authorized by statute for the last ten years and for the current year. Pursuant to Minn. Stat. 398A.04, Subd. 8, the Authority may levy property tax at an annual amount not exceeding 0.04835 percent of the estimated market value of all taxable property situated within the County. See Table 1 in the forepart of this Official Statement for Projected Debt Service Coverage.

Table 16
Total Property Tax Levies

Year	Property Tax Levy	Levy Limit
2019	$ 36,000,000	$ 85,879,876
2018	36,000,000	79,695,601
2017	33,000,000	74,517,448
2016	30,000,000	69,828,696
2015	27,000,000	65,123,443
2014	24,000,000	60,233,378
2013	21,000,000	59,763,930
2012	18,000,000	61,940,443
2011	18,000,000	64,027,662
2010	15,000,000	68,586,213
2009	7,000,000(1)	71,415,939

(1) The 2009 levy was reduced by more than $8 million representing operating costs, which were the responsibility of CTIB at that time.

Source: Hennepin County.

(The remainder of this page has been left blank intentionally).

Property Tax Levies and Collections

Set forth in Table 17 below are the County's tax levies and collections for the last ten years available. These amounts represent all levies and taxes collected by the County for County purposes, and on behalf of all other political subdivisions located within the County.

Table 17
Tax Collections in Hennepin County

Levy Year	Total Tax Levy[1]	Current Tax Collections	% of Levy Collected 1st Year	Prior Year Collections Net of Refunds[2]	Total Tax Collections[3]	Total Collections as % of Current Levy[4]
2017	$ 2,958,325,463	$ 2,948,159,290	99.66%	$ (4,870,907)	$ 2,943,288,383	99.49%
2016	2,869,712,621	2,863,352,382	99.78%	(1,470,007)	2,861,882,375	99.72%
2015	2,743,541,472	2,732,383,895	99.59%	2,373,939	2,734,757,834	99.67%
2014	2,692,058,025	2,664,108,747	98.96%	(4,695,777)[5]	2,659,412,970	98.79%
2013	2,620,562,626	2,603,084,407	99.33%	9,086,657	2,612,171,064	99.68%
2012	2,578,977,362	2,551,959,374	98.95%	7,145,515	2,559,104,889	99.23%
2011	2,586,972,956	2,543,273,613	98.31%	7,102,887	2,550,376,500	98.59%
2010	2,559,559,666	2,503,659,872	97.82%	27,483,337	2,531,143,209	98.89%
2009	2,542,570,232	2,487,064,241	97.81%	28,971,428	2,516,035,669	98.96%
2008[6]	2,368,624,500	2,326,158,966	98.21%	25,923,452	2,352,082,418	99.30%

(1) Total tax levy after abatements and cancellations, including state-paid aids and credits such as County Program Aid, Agricultural Preserve Credit, Disparity Aid and Equalization Aid. Does not include Local Government Aid or Education Aid.
(2) Represents delinquent tax collections on prior year levies collected in year indicated net of refunds issued.
(3) Includes state property tax relief, first year collections on current levy and collections of delinquent taxes for years in year indicated.
(4) Includes current year tax collections, state property tax relief, and prior year delinquent tax collections as percentage of current levy.
(5) The net negative figure is the result of a higher than usual outflow of property tax refunds from property tax challenges made pursuant to Minn. Stat. Ch. 278. The County implemented an improved process for the issuance of tax refunds, which caused a number of pending refunds to be processed in 2014.
(6) In 2008, first year tax collections reflect an "unallotment" of county program aid from the state of $10.6 million.
Source: The County's Comprehensive Annual Financial Reports.

(The remainder of this page has been left blank intentionally).

Largest Taxpayers

Table 18 presents the ten taxpayers with the largest tax capacity on individual parcels for property assessed in 2017, for taxes payable in 2018.

Table 18
Principal Taxpayers in Hennepin County
(Real Property Only Except as Noted)

Taxpayer Name	Tax Capacity	% of Total Net Tax Capacity[1]
MOA Mall Holdings LLC	$ 16,799,250	0.91%
Xcel Energy[2]	7,219,482	0.39%
Target Corporation	5,063,292	0.28%
BRI 1855 IDS Center LLC	5,032,650	0.27%
NWC Limited Partnership	4,811,850	0.26%
Minneapolis 225 Holdings LLC	4,756,650	0.26%
33 City Center Holding LLC	3,925,250	0.21%
US Bank N.A.	3,633,250	0.20%
Wells REIT	3,262,050	0.18%
Hilton Hotels Corporation	2,923,250	0.16%
Total	$ 57,426,974	3.12%

(1) Based on the tax capacity for assessment 2017/payable 2018 of $1,838,226,093. Total tax capacity includes real and personal property and is not adjusted for fiscal disparities or tax increment financing.
(2) Xcel Energy includes both real and personal property tax capacity.

Source: The County's Comprehensive Annual Financial Report for Fiscal Year Ended December 31, 2017.

(The remainder of this page has been left blank intentionally).

(This page has been left blank intentionally.)

APPENDIX B

Excerpts from the Authority's Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2017

RSM US LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. RSM US LLP, also has not performed any procedures relating to this Official Statement.

(This page has been left blank intentionally.)

Disclaimer

This Comprehensive Annual Financial Report (CAFR) of the Hennepin County Regional Railroad Authority (HCRRA) contained on the County's web pages is historical information as of December 31, 2017. The information in the CAFR has not been updated for developments subsequent to the date of the independent auditor's report.

The County has taken reasonable security measures to protect the integrity of its website and information posted thereon. However, no web site can fully ensure against infiltration. Absent any unauthorized act that deletes, edits, or somehow manipulates the words or data, this publication represents the presentation of the HCRRA's CAFR dated December 31, 2017.

This online document has been formatted for two-sided printing.

HENNEPIN COUNTY REGIONAL RAILROAD AUTHORITY
A Component Unit of Hennepin County, Minnesota

Comprehensive Annual Financial Report

Year Ended December 31, 2017

Introductory Section

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
2017 Comprehensive Annual Financial Report
Table of Contents

HENNEPIN COUNTY

REGIONAL RAILROAD AUTHORITY

July 20, 2018

The Honorable Members of the Hennepin County Regional Railroad Authority Board:

Minnesota Statutes require all governmental agencies to issue an annual report on its financial position and activity prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the state auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Hennepin County Regional Railroad Authority (HCRRA) for the fiscal year ended December 31, 2017.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

RSM US LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on HCRRA financial statements for the year ended December 31, 2017. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with the letter.

Profile of the Government

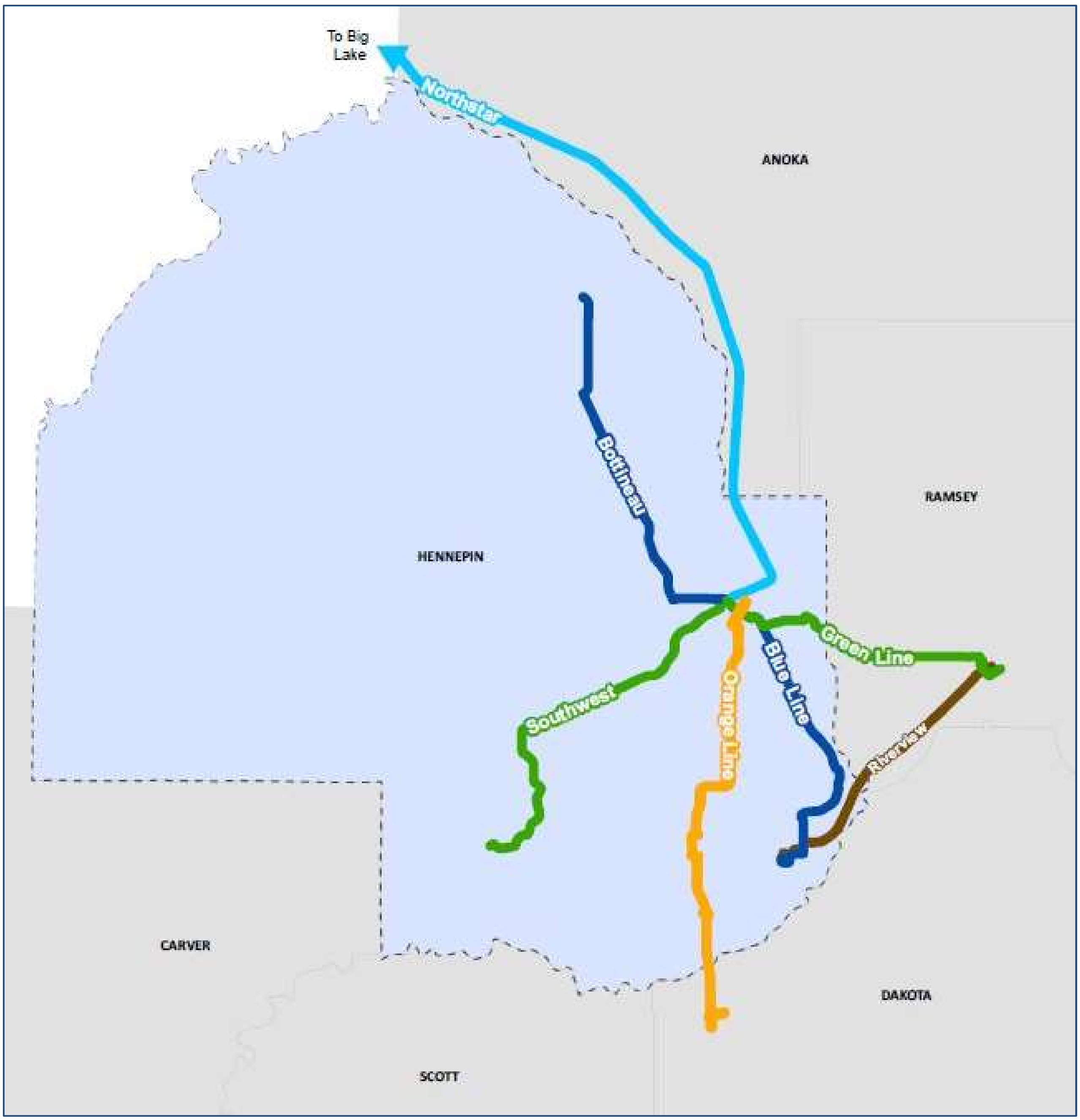
The HCRRA was established in 1980 as a political subdivision and local government unit of Minnesota. It was established for the purpose of preservation, improvement, and implementation of local rail service in accordance with the powers and authorities granted in Laws of Minnesota Chapter 616. During 2017, the HCRRA advised and participated with the Metropolitan Council, Metro Transit, the Minnesota Department of Transportation, and the Counties Transit Improvement Board (CTIB). CTIB was created as a joint powers entity in April 2008 when the five metropolitan counties of Anoka, Dakota, Hennepin, Ramsey and Washington each approved a transit-dedicated .25% sales and use tax and a $20 per vehicle excise tax. CTIB provided annual grants for a portion of the capital and operating needs of regional transportation projects. CTIB was dissolved effective September 30, 2017 by resolution of the CTIB Board and its member counties. Concurrently with the action to dissolve CTIB, the County imposed a .5% sales and use tax and a $20 per vehicle excise tax, effective October 1, 2017. The County may use the new tax revenues for the capital/operating costs of designated transportation and transit projects, and other expenditures allowed under state law. The tax revenues will be used to help advance HCRRA projects, as authorized by the County Board.

Although it is a legally separate entity, the HCRRA is in substance part of the operations of Hennepin County. Therefore, the HCRRA's activity is combined with financial information of Hennepin County and reported as a special revenue fund within the County's Comprehensive Annual Financial Report.

Hennepin County Regional Railroad Authority
701 Fourth Avenue South, Suite 400, Minneapolis, MN 55415
hennepin.us/hcrra

The HCRRA Board, which includes the seven members of the Hennepin County Board of Commissioners, is responsible, among other things, for adopting the annual budget. Budgets are adopted on a basis consistent with GAAP. Beginning in approximately May of each year a budget is prepared and includes information on the past year, current year estimates, and requested appropriations. The Board legally enacts the budget by passage of a resolution no later than December 31. A budget to actual comparison for the general fund is presented in the Required Supplementary Information section of this report.

The HCRRA's focus is on the transitways shown in the map below, and more detail is provided on the following pages.



METRO Blue Line – Light Rail Transit

The METRO Blue Line opened in 2004. The current 19-station line provides 12 miles of light rail transit between the Mall of America in Bloomington and Target Field Station in downtown Minneapolis. The line is served by two park and ride lots that provide more than 2,600 parking spaces to commuters. Ridership in 2017 totaled 10.7 million, and the route had an average weekday ridership of 31,510. The Target Field Station provides a direct connection to the Northstar Commuter Rail Line. Three-car trains are used on weekdays, as well as for Minnesota Twins baseball and Vikings football games.

Metro Transit operates the light rail, commuter rail, and most of the buses in the Twin Cities. The METRO Blue Line accounted for about 13.0% of Metro Transit's total ridership in 2017. The METRO Blue Line operates with a fleet of 44 vehicles.

METRO Green Line – Light Rail Transit

The METRO Green Line is 9.8 miles of light rail transit between downtown St. Paul and downtown Minneapolis. This line opened in 2014 with 18 stations, as well as five stations shared with the METRO Blue Line. It links five major centers of activity in the Twin Cities region – downtown Minneapolis, the University of Minnesota, the Midway area, the State Capitol complex and downtown St. Paul. It connects to the METRO Blue Line at the US Bank Stadium Station. In 2017, total ridership was 13.1 million with average weekday ridership of 40,554. METRO Green Line ridership in 2017 was 16.0% of Metro Transit's annual total ridership. The Metropolitan Council was responsible for the design, construction and operations of the METRO Green Line. A total of 47 Light Rail Vehicles are assigned to the Green Line.

Target Field Station Regional Multimodal Facility

Target Field Station involved development of a site adjacent to the downtown Minneapolis Target Field Stadium to provide connections between bus routes, the Cedar Lake Bike Trail, and the existing and future light rail and commuter rail lines. The station opened in 2014, with an initial focus on light rail transit enhancements relating to the METRO Blue and Green Lines.

The facility is designed to accommodate future light rail transit services to Eden Prairie (METRO Green Line Extension) and Brooklyn Park (METRO Blue Line Extension.) The Station provides improved pedestrian and bicycle access to Target Field from the North Loop neighborhood, and has safe, spacious queueing areas for light rail passengers after events at Target Field. Public events at Target Field Station are scheduled through the Minnesota Twins. In 2017, over 70 events were programmed, in addition to activities for the Twins' 81 home games.

Target Field Station is a catalyst for development in the North Loop Area. A mixed-use 143-unit building with 14,000 square feet of retail on 6th Avenue North opened in 2017, and construction started on a 200,000 square feet, 10-story office and residential building at 729 Washington Avenue North. Plans were also finalized for a new hotel and music venue on 5th Street North, immediately adjacent to Target Field Station.

Northstar Commuter Rail Line

Northstar Commuter Rail service between Big Lake and downtown Minneapolis is on a 40-mile segment of BNSF Railway along Highways 10 and 47. This service began in 2009. The Northstar stations are located in Big Lake, Elk River, Ramsey, Anoka, Coon Rapids, Fridley, and in downtown Minneapolis where Target Field Station provides a direct connection to the METRO Blue Line and METRO Green Line.

Northstar rail service has five peak-direction trips on weekdays, with one reverse-commute trip. Three round trips are scheduled for Saturday and Sunday. Northstar serves all Minnesota Twins and Vikings home games, as well as select special events in downtown. In 2017 the Northstar Line carried 793,796 passengers, with an average weekday ridership of 2,819.

Additional Projects

The HCRRA also participates in the planning and design of other projects, including:

- **METRO Green Line Extension (Southwest Corridor) – Light Rail Transit**
  The METRO Green Line Extension is a planned 14.5-mile light rail transit line between the existing Southwest Station in Eden Prairie and downtown Minneapolis. When built, the line will be combined with the METRO Green Line, to create a continuous service from Eden Prairie to downtown St. Paul. In 2017 design plans were completed. Plans were advertised for the civil bid package, and four bids were received. All four were rejected due to non-responsiveness, and revisions were made to the procurement documents.

- **METRO Blue Line Extension– Light Rail Transit**
  The METRO Blue Line Extension (Bottineau Corridor) is a 13-mile, 11 station transitway corridor extending from the existing Target Field Station in downtown Minneapolis through North Minneapolis, Golden Valley, Robbinsdale, Crystal, and Brooklyn Park. In January 2017 the project entered the Federal Transit Administration (FTA) Engineering phase. Plans were progressed to the 90% design level.

- **METRO Orange Line – Bus Rapid Transit**
  The METRO Orange Line is a 17-mile planned highway Bus Rapid Transit (BRT) line that will connect Minneapolis, Richfield, Bloomington, and Burnsville along Interstate 35W. The Orange Line will provide frequent, all-day service in both directions, seven days a week. The $150 million project is scheduled to open in 2020, with complete service in 2021 when the new Lake Street Transit Station opens in Minneapolis. All local funding for the project has been secured. In 2017 the Minnesota Department of Transportation began construction on the I-35W reconstruction/Orange Line northern improvements.

- **Red Rock Corridor – Bus Rapid Transit**
  The Red Rock Corridor transit proposals have focused on a transit corridor from Hastings through St. Paul, and providing transit connections to Minneapolis. Hennepin County is no longer the final destination for the Red Rock service, therefore, HCRRA is no longer a member of the Red Rock Joint Powers Agreement as of 2017.

- **Northern Lights Express – Minneapolis to Duluth/Superior Passenger Rail**
  The HCRRA, in partnership with the regional railroad authorities for St. Louis and Lake County, Isanti County, Pine County; and the Mille Lacs Band of Ojibwe, the cities of Duluth and Minneapolis, and the Minnesota Department of Transportation (MnDOT) have been studying the potential for the intercity passenger rail between Minneapolis and Duluth/Superior since 2008. Due to lack of Federal and state funding to advance the project, HCRRA withdrew its membership in the Minneapolis-Duluth/Superior Passenger Rail Alliance in 2017.

Interim Use of Properties Acquired for Future Projects

The HCRRA currently owns 55 miles of rail corridor; 10 sites suitable for future park and ride lots or stations; and 2 railroad depots; for a total of 83 acres. Although acquired for future transportation needs, recreational trails have been constructed on these corridors as an interim use.

Economic and Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the HCRRA operates.

Local economy. Hennepin County, the geographic area in which the HCRRA is established, has longstanding characteristics of strength and diversity in comparison to outstate, regional and even the national economy as shown in measurements of income and employment. Healthcare, medical device manufacturing, retail sales, financial services and insurance, high tech, and food processing are significant economic sectors providing a strong employment and wage base in the County. Many large international companies maintain their headquarters in Hennepin County. At year-end 2017, the County unemployment rate of 3.2% was improved from the previous year's rate of 3.4%. Again in 2017, the County unemployment rate remained lower than the State rate of 3.6% and the national rate of 4.4%.

Long-term Financial Planning. The overall state economic environment relating to the 2018 budget process was modestly stronger compared to the conditions of 2017. The February 2018 State of Minnesota's budget and economic forecast predicts a $329 million surplus for the biennium ending on June 30, 2019, a favorable increase compared to November's forecast of a $188 million deficit. Consumer spending is expected to increase by 2.9% in 2018.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire financial staff of Hennepin County. We would like to express our appreciation to all staff who assisted and contributed to the preparation of this report. Credit also must be given to the HCRRA Board for their support for maintaining the highest standards of professionalism in the management of HCRRA finances.

Respectfully submitted,

David J. Hough
Executive Director

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Principal Officials 2017

Board of Commissioners:

Peter McLaughlin, Chair

Mike Opat, Vice Chair

Linda Higgins, Secretary

Marion Greene, Treasurer

Debbie Goettel

Jan Callison

Jeff Johnson

Executive Director:

David J. Hough

Financial Section

Independent Auditor's Report

Hennepin County Regional Railroad Authority
Hennepin County, Minnesota

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities and the major funds of Hennepin County Regional Railroad Authority (HCRRA), a component unit of Hennepin County, Minnesota, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise HCRRA's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of HCRRA as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise HCRRA's basic financial statements. The accompanying supplementary information, as listed in the table of contents, and the other information, such as the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 2017 supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 supplementary information is fairly stated, in all material respects, in relation to the 2017 basic financial statements taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, HCRRA's 2016 basic financial statements (not presented herein) and have issued our report dated July 17, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities and the major funds. The accompanying supplementary information, as listed in the table of contents, as of and for the year ended December 31, 2016, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements, or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 supplementary information is fairly stated, in all material respects, in relation to the 2016 basic financial statements taken as a whole.

The introductory section and statistical section, as listed in the table of contents, have not been subjected to the auditing procedures applied to the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

RSM US LLP

Minneapolis, Minnesota
July 20, 2018

Management's Discussion and Analysis

This discussion and analysis is intended to provide financial statement readers with a financial overview and narrative analysis of the financial position and activities of the Hennepin County Regional Railroad Authority (HCRRA), a component unit of Hennepin County (the County) for the year ended December 31, 2017. This information should be considered in conjunction with the information contained in the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-Wide

- At December 31, 2017, the assets and deferred outflows of resources of the HCRRA exceeded its liabilities by $22,562,309. The HCRRA's net investment in capital assets is $37,284,173, and $4,488,729 was restricted for debt service. The remainder consisted of negative unrestricted net position of $19,210,593.

- HCRRA total net position, as reported in the Statement of Activities, decreased by $21,682,344 during 2017. The decrease in net position is primarily due to activities related to Southwest Corridor and Bottineau Corridor.

Fund Level

- At the end of the fiscal year, the HCRRA's governmental funds reported total ending fund balances of $16,485,107, a decrease of $22,859,411 from the prior year balance of $39,344,518. The decrease in fund balance is due to activities related to Southwest Corridor and Bottineau Corridor.

- Total fund balance for the General Fund was $11,892,653, or approximately 22% of total general fund expenditures for the year ended December 31, 2017, compared to $39,047,444 and 159% for 2016.

Long-Term Debt

- The HCRRA's total long term debt decreased $1,673,334 in 2017, primarily due to the scheduled principal payment.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the HCRRA basic financial statements, which are comprised of two components: 1) combined government-wide and fund financial statements, and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements
The *government-wide financial statements* are designed to provide readers with a broad overview of HCRRA finances, in a manner similar to a private-sector business. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the

Government-wide Financial Statements – continued
HCRRA as a whole using the *economic resources measurement focus* and the *accrual basis of accounting.* The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting HCRRA net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. There are two government-wide statements.

- *The Statement of Net Position* presents the HCRRA's assets and deferred outflows of resources, which are equal to the reported liabilities and *net position.* Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the HCRRA is improving or deteriorating.

- *The Statement of Activities* presents information showing how the HCRRA net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes).

In both statements, HCRRA activities are reported as *governmental activities*, which are defined as functions that are principally supported by taxes and intergovernmental revenues.

Fund Financial Statements
The fund financial statements provide detailed information about the HCRRA major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. HCRRA activity is reported in two major governmental funds, the General Fund, and the Debt Service Fund. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. The fund statements provide a detailed short-term view of HCRRA finances that assists in determining whether there will be adequate financial resources available to meet current needs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the HCRRA's near-term financing decisions. Both the governmental funds balance sheets and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities.* The reconciliations are presented in the adjustments column in each of the basic financial statements.

Notes to the Basic Financial Statements
The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve as an indicator of a government's financial position. In the case of the HCRRA, assets and deferred outflows of resources exceeded liabilities by $22,562,309 at December 31, 2017. The largest portion of HCRRA net position, $37,284,173, reflects its net investment in capital assets (land - including rail corridor and buildings). The HCRRA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the HCRRA's net position, $4,488,729, represents resources that are subject to external restrictions on how they may be used. The remainder consists of negative unrestricted net position of $19,210,593.

Summary of Net Position

	2017	2016
Current assets	$ 20,801,073	$ 40,375,125
Noncurrent assets:		
Capital assets	37,284,173	37,783,981
Total assets	58,085,246	78,159,106
Deferred Outflows of Resources	1,244,521	1,332,112
Current liabilities	6,002,584	2,748,357
Noncurrent liabilities	30,764,874	32,498,208
Total liabilities	36,767,458	35,246,565
Net investment in capital assets	37,284,173	37,783,981
Restricted	4,488,729	189,324
Unrestricted	(19,210,593)	6,271,348
Total net position	$ 22,562,309	$ 44,244,653

Changes in Net Position

As shown in the table below, HCRRA net position decreased by $21,682,344 during 2017. The decrease in net position is primarily related to spending on the Bottineau Corridor and Southwest Corridor projects.

Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	$ 713,873	$ 768,950
Operating grants and contributions	4,928	521,706
General revenues:		
Property taxes	32,791,956	29,916,050
Investment earnings	427,339	169,464
Total revenues	33,938,096	31,376,170
Expenses:		
HCRRA	54,935,893	24,579,915
Interest on long-term debt	1,313,232	1,359,882
Total expenses	56,249,125	25,939,797
Other Financing Sources:		
Gain on capital asset disposal	628,685	-
Change in net position	(21,682,344)	5,436,373
Net position - beginning	44,244,653	38,808,280
Net position - ending	$ 22,562,309	$ 44,244,653

FUND FINANCIAL ANALYSIS

Changes in Fund Balance

The focus of the *governmental funds* is to provide information on near-term inflows, near-term outflows, and balances of net resources. At the end of the fiscal year, the HCRRA's governmental funds reported total ending fund balances of $16,485,107, a decrease of $22,859,411 from the prior year. The decrease in fund balance is primarily related to spending on the Bottineau Corridor and Southwest Corridor projects. Of the ending fund balance, $11,892,653 constitutes General Fund total fund balance, which may be used to meet the HCRRA's ongoing obligations in accordance with contractual agreements and fiscal policies. The remainder of fund balance is restricted for the payment of debt service.

Budgetary Highlights

At year-end, actual General Fund expenditures of $54,902,255 were lower than the final $94,015,553 budget. Contractual services expenditures were $39,026,151 less than budgeted due to the Bottineau Corridor and Southwest Corridor projects progressing slower than expected.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

HCRRA capital assets as of December 31, 2017 total $37,284,173, net of accumulated depreciation. The investment in capital assets consists of land (including rail corridor) and buildings. The HCRRA's net investment in capital assets decreased $499,808 from the prior year's balance, which was due to additional depreciation and sale of capital assets during 2017. Additional information on HCRRA capital assets can be found in Note 4 on page 26 of this report.

Debt administration

At the end of the current fiscal year, the HCRRA had total long-term levy supported bonds outstanding of $32,434,874 (including unamortized premium). Additional information on HCRRA long-term debt can be found in Note 5 on page 26 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2018 General Fund budget is $7,039,188 more than the final 2017 budget. In 2018, work will continue on several high priority projects. The General Fund is budgeting $29,460,554 for the Bottineau Corridor, $58,047,862 for the Southwest Corridor, $1,100,000 for the Midtown Greenway Corridor Bridges, and $4,128,000 for the Orange Line Bus Rapid Transit.

The Debt Service Fund budget for 2018 was approved at $8,253,000, an increase of $1,350,000 over the final 2017 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview for those interested in the HCRRA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Hennepin County Regional Railroad Authority, 701 Fourth Avenue South, Suite 400, Minneapolis, MN 55415.

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Governmental Fund Balance Sheets and Statement of Net Position
December 31, 2017

	Governmental Funds				
	General Fund	Debt Service Fund	Total	Adjustments (Note 1)	Statement of Net Position
ASSETS					
Current assets:					
Interest in Hennepin County investment pool	$ 15,465,439	$ 4,592,454	$ 20,057,893	$ -	$ 20,057,893
Delinquent taxes receivable	168,910	-	168,910	-	168,910
Other receivables	118,430	-	118,430	-	118,430
Restricted cash and investments	455,840	-	455,840	-	455,840
Total current assets	16,208,619	4,592,454	20,801,073	-	20,801,073
Noncurrent assets:					
Capital assets:					
Land and rail corridor	-	-	-	37,106,521	37,106,521
Buildings	-	-	-	1,034,780	1,034,780
	-	-	-	38,141,301	38,141,301
Less accumulated depreciation	-	-	-	(857,128)	(857,128)
Net capital assets	-	-	-	37,284,173	37,284,173
Total noncurrent assets	-	-	-	37,284,173	37,284,173
Total assets	$ 16,208,619	$ 4,592,454	$ 20,801,073	37,284,173	58,085,246
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on debt refunding	-	-	-	1,244,521	1,244,521
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	2,181,607	-	2,181,607	-	2,181,607
Unearned revenue	2,047,252	-	2,047,252	-	2,047,252
Accrued liabilities	-	-	-	103,725	103,725
Current portion of long-term debt	-	-	-	1,670,000	1,670,000
Total current liabilities	4,228,859	-	4,228,859	1,773,725	6,002,584
Noncurrent liabilities:					
Noncurrent portion of long-term debt	-	-	-	30,764,874	30,764,874
Total liabilities	4,228,859	-	4,228,859	32,538,599	36,767,458
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	87,107	-	87,107	(87,107)	-
FUND BALANCES/NET POSITION					
Fund balances:					
Restricted	-	4,592,454	4,592,454	(4,592,454)	-
Assigned	11,892,653	-	11,892,653	(11,892,653)	-
Total fund balances	11,892,653	4,592,454	16,485,107	(16,485,107)	-
Total liabilities, deferred inflows of resources, and fund balances	$ 16,208,619	$ 4,592,454	$ 20,801,073		
Net position:					
Net investment in capital assets				37,284,173	37,284,173
Restricted for debt service				4,488,729	4,488,729
Unrestricted				(19,210,593)	(19,210,593)
Total net position				$ 22,562,309	$ 22,562,309

The notes to the financial statements are an integral part of these statements.

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities
For the Year ended December 31, 2017

	Governmental Funds				
	General Fund	Debt Service Fund	Total	Adjustments (Note 1)	Statement of Activities
PROGRAM REVENUES					
Intergovernmental	$ 4,928	$ -	$ 4,928	$ (4,928)	$ -
Charges for services	709,945	-	709,945	3,928	713,873
Other	3,928	-	3,928	(3,928)	-
Operating grants and contributions	-	-	-	4,928	4,928
Total program revenues	718,801	-	718,801	-	718,801
GENERAL REVENUES					
Property taxes	25,506,469	7,198,380	32,704,849	87,107	32,791,956
Investment earnings	427,339	-	427,339	-	427,339
Total general revenues	25,933,808	7,198,380	33,132,188	87,107	33,219,295
EXPENDITURES/EXPENSES					
Regional Railroad:					
Current:					
Commodities	24,225	-	24,225	-	24,225
Contractual services	54,833,336	-	54,833,336	-	54,833,336
Depreciation	-	-	-	33,638	33,638
Other	44,694	-	44,694	-	44,694
Debt service:					
Principal retirement	-	1,610,000	1,610,000	(1,610,000)	-
Interest and fiscal charges	-	1,293,000	1,293,000	20,232	1,313,232
Total expenditures/expenses	54,902,255	2,903,000	57,805,255	(1,556,130)	56,249,125
Excess (deficiency) of revenues over expenditures/expenses	(28,249,646)	4,295,380	(23,954,266)	1,643,237	-
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	1,094,855	-	1,094,855	(1,094,855)	-
Gain on capital asset disposal	-	-	-	628,685	628,685
Total other financing sources (uses)	1,094,855	-	1,094,855	(466,170)	628,685
Net change in fund balances	(27,154,791)	4,295,380	(22,859,411)	22,859,411	-
Change in net position	-	-	-	(21,682,344)	(21,682,344)
FUND BALANCES/NET POSITION					
Beginning	39,047,444	297,074	39,344,518	4,900,135	44,244,653
Ending	$ 11,892,653	$ 4,592,454	$ 16,485,107	$ 6,077,202	$ 22,562,309

The notes to the financial statements are an integral part of these statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The Hennepin County Regional Railroad Authority (HCRRA) was established in 1980 for the purpose of the preservation, improvement, and implementation of local rail service in accordance with the powers and authorities granted in Laws of Minnesota Chapter 616. In the course of light rail transit development, the HCRRA purchases rail corridors (land), park/ride sites, and maintenance facilities.

The HCRRA is a blended component unit of Hennepin County, Minnesota (the County). A blended component unit, although a legally separate entity, is in substance part of the County's operations and so data from this unit is combined with financial information of the primary government and reported as a special revenue fund in Hennepin County's Comprehensive Annual Financial Report, which can be obtained from the County. Hennepin County was established in 1852 as an organized county having powers, duties, and privileges granted counties by Minnesota Statutes. The County is governed by a seven-member board of commissioners elected from districts within the County. The County Commissioners comprise the entire HCRRA board and exercise financial accountability. Employees of Hennepin County staff the projects of the HCRRA. The HCRRA has no employees.

The financial statements of the HCRRA are prepared in accordance with accounting principles generally accepted in the United States of America as established for governmental entities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The annual financial report includes two separate sets of statements, the government-wide financial statements and the fund financial statements. The measurement focus, basis of accounting and basis of presentation differs between the government-wide financial statements and the fund financial statements. These differences, along with an explanation of the differing purposes and information provided by these separate financial statements, are described in the sections below.

As a special-purpose government engaged in a single governmental program, the government-wide statements and the fund financial statements have been combined in one statement. An adjustments column reflects the following differences between the two types of statements:

- Governmental funds report capital outlays as expenditures. In the government-wide financial statements, capital assets are reported in the Statement of Net Position at historical cost and in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

- Certain assets are not available to pay for current-period expenditures and, therefore, are not reported as revenues in the current period fund financial statements, but instead are reported either as unearned revenue or deferred inflow of resources. Revenues in the Statement of Activities that do not provide financial resources are not reported as revenues in the fund financial statements.

- Long-term liabilities are reported in the government-wide Statement of Net Position, and related transactions are reported in the Statement of Activities. Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the government entity using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the HCRRA's net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The structure of the two government-wide financial statements is described in the following two paragraphs.

Statement of Net Position – This statement is designed to display the financial position of the HCRRA. The HCRRA reports all capital assets and long-term liabilities, such as long-term debt. The net position of the HCRRA is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. Restrictions reported are those imposed by parties outside the HCRRA, such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Statement of Activities – This statement demonstrates the degree to which expenses of a given function are offset by program revenues. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and investment earnings (losses) not properly included among program revenues are reported as general revenues. Just as the Statement of Net Position includes all capital assets, the Statement of Activities includes depreciation expense.

Fund Financial Statements

The accounts of the HCRRA are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. All individual funds are considered major and are reported as separate columns in the fund financial statements. Governmental Funds are used to account for the HCRRA's activities. Governmental fund types use the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The current financial resources measurement focus results in the reporting of only near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined. Property taxes are considered measurable when levied for and intergovernmental revenues are considered measurable when applicable eligibility requirements have been met. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The HCRRA considers revenues to be available if they are collected within 60 days after year-end. Changes in the fair value of investments are recognized in investment earnings (losses) at the end of each year. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, which is recognized when due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Fund Financial Statements – continued

The HCRRA reports the following major governmental funds:

- The General Fund is the HCRRA's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

- The Debt Service Fund accounts for the servicing of general long-term debt.

Interest in Hennepin County Investment Pool and Restricted Cash and Investments

The HCRRA's cash is deposited in pooled accounts of the Hennepin County Investment Pool (the Pool), an internal investment pool. Cash surpluses in these accounts are invested by the County, and investment earnings (losses), including gains and losses on sales of securities, are allocated to the HCRRA on the basis of average monthly cash and investment balances. The HCRRA's portion of the pool is presented as Interest in Hennepin County Investment Pool.

Investments authorized by State law include the following instruments: U.S. government and agency issues; repurchase agreements; reverse repurchase agreements; certificates of deposit; money market funds; general obligations of state, local, and housing finance agencies that are rated "A" or better by a national bond rating service; revenue obligations of any state or local government that are rated "AA" or better by a national bond rating service; bankers acceptances; commercial paper; futures contracts; guaranteed investment contracts; options; and shares of certain investment companies.

Investments in the Pool are stated at fair value or at cost. The fair value of investments is based on quoted market prices or inputs other than quoted prices that are observable for the investment, either directly or indirectly. Certain money market funds that have a maturity of one year or less at the time of purchase are reported at amortized cost. Certain nonparticipating interest-earning contracts (repurchase agreements) that have a maturity of one year or less at the time of purchase are reported at cost.

Restricted HCRRA cash and investments are held on behalf of others, and an offsetting liability is reported.

Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Capital assets used in governmental activities are not financial resources and therefore net capital assets are not reported in the fund financial statements. Capital assets are depreciated or amortized in the Statement of Activities for governmental activities using the straight-line method. Buildings are depreciated over their 20-50 year estimated useful lives. In governmental funds, capital outlay and capital projects expenditures include expenditures for capital assets, as well as for items that are capital in nature but do not qualify for financial reporting as capital assets under the HCRRA's capitalization policy. The costs of maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized and are reported as expenses in the governmental activities and as expenditures in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability. Bonds payable are reported net of the applicable bond premiums and discounts, which are deferred and amortized over the life of the bonds using the interest method. Bond issuance costs are expensed in the period issued. In the fund financial statements, the proceeds from the issuance of debt and debt premiums are reported as other financing sources, discounts on debt issuances are reported as other financing uses, and issuance costs and debt principal payments are reported as expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The HCRRA reports a deferred charge on refunding in this manner in the government-wide Statement of Net Position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Only the HCRRA's governmental fund unavailable revenue items are in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balance and Net Position

Fund balance. In the governmental fund financial statements, fund balance is displayed in the following classifications that are based on the spending constraints placed on the resources:

- Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid items).
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, or higher levels of government) or imposed by law through enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the HCRRA Board as approved or rescinded in a Board Resolution.
- Assigned fund balance – amounts constrained by the HCRRA's intent to be used for specific purposes, but are neither restricted nor committed. The HCRRA Board has the authority to assign fund balance.
- Unassigned fund balance – amounts included in the residual classification for the General Fund that have not been restricted, committed, or assigned to specific purposes, and deficit fund balances of other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is used first. When an expenditure is incurred for which unrestricted fund balance is to be used, committed amounts are used first, followed by assigned, and then unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance and Net Position – continued

Net position. In the government-wide financial statements, the net investment in capital assets (net capital assets less applicable debt) is reported separately. Restricted net position is reported for amounts that are legally restricted by outside parties to be used for a specific purpose or imposed by law through enabling legislation. The unrestricted component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the other two components of net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows/inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

2. INTEREST IN HENNEPIN COUNTY INVESTMENT POOL

The County's Office of Budget and Finance is responsible for the treasury function of all of the County's deposits and investments held by its funds. Cash from all funds is pooled for deposit and investment purposes. At December 31, 2017, the HCRRA comprised $20,513,733 or 1.7% of the County's total pooled cash and investments, excluding fiduciary investments. As of December 31, 2017, the County investment pool had 85.8% of investments invested in U.S. government and agency issues, 8.4% in repurchase agreements, 5.5% in commercial paper, and 0.3% invested in money market funds. Detailed information about the County's deposits with financial institutions, repurchase agreements, interest rate risk, credit risk, concentration of credit risk, and custodial credit risk can be obtained directly from the County's 2017 financial statements. Investment earnings (losses) are allocated based on average monthly cash balances. The realized and unrealized components of the 2017 HCRRA investment earnings (losses) are presented below.

	2017
Investment income and realized gains and losses	$ 349,385
Net increase in the fair value of investments	77,954
Total Investment Earnings	$ 427,339

3. RECEIVABLES

The HCRRA is a special taxing district with the authority to levy property taxes. Property tax liens attach on the first Monday of the year following property assessment. Tax levies are certified to the county auditor five business days after December 20 of the year the property is assessed. The taxes levied are payable in the following year in two equal installments. The amounts and due dates for taxes on real property are half on or before May 15 and the balance on or before October 15. Personal property taxes are due in one installment on May 15. The amount of the allowance for uncollectible delinquent taxes is an estimate based on historical collection experience. Estimated uncollectible delinquent taxes total $55,501 at December 31, 2017. Other miscellaneous receivables relate to building and land rental.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital assets not being depreciated:				
Land (including rail corridor)	$ 37,397,947	$ -	$ (291,426)	$ 37,106,521
Capital assets being depreciated:				
Buildings	1,790,681	-	(755,901)	1,034,780
Less accumulated depreciation	1,404,647	33,638	(581,157)	857,128
Total capital assets being depreciated, net	386,034	(33,638)	(174,744)	177,652
Capital Assets, Net	$ 37,783,981	$ (33,638)	$ (466,170)	$ 37,284,173

5. LONG-TERM OBLIGATIONS

Limited Tax Levy Debt

The HCRRA's outstanding limited tax obligation debt has remaining interest rates range from 3.0% to 4.0% with payments due through 2031. There are no significant limitations or restrictions contained in the debt indentures. Changes in long-term debt for the year ended December 31, 2017 are as follows:

Beginning Balance	$ 33,145,000
Reductions	(1,610,000)
Ending Balance	31,535,000
Unamortized premium	899,874
Less amount due within one year	(1,670,000)
Noncurrent portion of long-term debt	$ 30,764,874

5. LONG-TERM OBLIGATIONS – CONTINUED

Debt Service Requirements

	Principal	Interest	Total
2018	$ 1,670,000	$ 1,244,700	$ 2,914,700
2019	1,730,000	1,194,600	2,924,600
2020	1,810,000	1,125,400	2,935,400
2021	1,895,000	1,053,000	2,948,000
2022	1,985,000	977,200	2,962,200
2023-2027	11,350,000	3,621,200	14,971,200
2028-2031	11,095,000	1,134,600	12,229,600
	$ 31,535,000	$ 10,350,700	$ 41,885,700

6. RISK MANAGEMENT

The HCRRA is exposed to various risks of loss related to general and professional liability torts; and theft of, damage to, and destruction of assets. The HCRRA has chosen to retain the risk of torts. Commercial property insurance is purchased by the County on behalf of the HCRRA to cover the HCRRA's buildings, money, and securities, subject to deductible amounts. Settled claims from insured losses for the County and HCRRA have not exceeded commercial insurance coverage for the past three years. Because commercial liability insurance is not purchased to provide for funding any future claims, $100,000 has been assigned for tort liability risk retention (see Note 9).

7. RESTRICTED NET POSITION

The use of restricted net position is subject to constraints that are externally imposed by creditors, grantors, contributors, laws, or regulations. Restrictions indicate that the net position may only be used for a specific purpose that is narrower than the purpose of the reporting unit. Restricted net position is reduced by liabilities related to those assets. Restricted net position that is reported in the Statement of Net Position differs from restricted fund balance shown in the Governmental Funds Balance Sheet. Government-wide restricted net position at December 31, 2017 totals $4,488,729, relating to a restriction for debt service.

8. COMMITMENTS

For the capital costs of light rail and bus rapid transit projects, commitments will be paid from future property tax revenues received by the RRA, and as of December 31, 2017 the RRA has committed to expend:

- $59,900,000 for the capital costs of the project development continuance and engineering phases of the Southwest Corridor (METRO Green Line) light rail transit project. The RRA's total commitment is for up to 10% of the total capital cost not to exceed $185,800,000; and
- $50,890,000 for the engineering phase of the Bottineau (METRO Blue Line) light rail transit project. The RRA's total commitment is for up to 10% of the total capital cost not to exceed $149,600,000; and
- $12,790,000 for the Orange Line bus rapid transit project capital costs.

9. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

Governmental fund balance classifications and the constraints imposed on the uses of those resources at December 31, 2017 consisted of $4,592,454 restricted for debt service, $100,000 assigned for tort liability risk retention, and $11,792,653 assigned for specific regional rail projects. The classifications are described in greater detail in the Fund Balance and Net Position section of Note 1.

10. SUBSEQUENT EVENTS

On May 31, 2018, the Hennepin County Regional Railroad Authority voted to increase its funding commitment for the Southwest Corridor (METRO Green Line Extension) light rail project by $13,748,000, to a new total commitment of $199,548,000.

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund

For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017				
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	2016 Actual
REVENUES					
Property taxes	$ 25,236,813	$ 25,236,813	$ 25,506,469	$ 269,656	$ 27,034,964
Intergovernmental	-	-	4,928	4,928	521,706
Investment earnings (losses)	100,000	100,000	427,339	327,339	169,464
Charges for services	660,000	660,000	709,945	49,945	755,575
Other	3,004,000	3,004,000	3,928	(3,000,072)	13,375
Total revenues	29,000,813	29,000,813	26,652,609	(2,348,204)	28,495,084
EXPENDITURES					
Current:					
Commodities	15,750	15,750	24,225	(8,475)	57,243
Contractual services	93,899,148	93,859,487	54,833,336	39,026,151	24,375,341
Other	140,316	140,316	44,694	95,622	105,527
Total expenditures	94,055,214	94,015,553	54,902,255	39,113,298	24,538,111
Excess (deficiency) of revenues over expenditures	(65,054,401)	(65,014,740)	(28,249,646)	36,765,094	3,956,973
OTHER FINANCING SOURCES (USES)					
Issuance of debt	56,260,957	56,260,957	-	(56,260,957)	-
Sale of capital assets	-	-	1,094,855	1,094,855	-
Total other financing sources	56,260,957	56,260,957	1,094,855	(55,166,102)	-
Net change in fund balances	(8,793,444)	(8,753,783)	(27,154,791)	$ (18,401,008)	3,956,973
Fund Balances - Beginning	39,047,444	39,047,444	39,047,444		35,090,471
Fund Balances - Ending	$ 30,254,000	$ 30,293,661	$ 11,892,653		$ 39,047,444

See notes to required supplementary information

Legal Compliance – Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and debt service funds based on the modified accrual basis of accounting. These annual appropriations lapse at year-end to the extent that they have not been expended or encumbered.

Project-length financial plans are adopted for certain projects. An annual project budget is adopted that reflects the annual appropriation for the project-length plan, which does not lapse until the project is completed. Total actual project expenditures may not exceed the total appropriated budget. The remaining total budget for these projects at year-end is shown below.

Year	Appropriated Budget	Actual Expenditures	Remaining Budget
2015	$ 31,800,000	$ 18,405,391	$ 13,394,609
2016	50,100,000	14,009,691	36,090,309
2017	85,189,000	49,595,447	35,593,553
	$ 167,089,000	$ 82,010,529	$ 85,078,471

The HCRRA Board must adopt a proposed maximum property tax levy by September 30. The Board holds public hearings, makes modifications to the budget, and legally enacts the budget by passage of a resolution no later than December 31.

Any changes in the budget must be within the revenues and reserves estimated or the revenue estimates must be changed by a vote of the Board. Expenditures may not legally exceed budgeted appropriations.

Hennepin County Regional Railroad Authority

A Component Unit of Hennepin County, Minnesota

Balance Sheet

General Fund

December 31, 2017 and 2016

	2017	2016
ASSETS		
Interest in Hennepin County investment pool	$ 15,465,439	$ 39,306,842
Delinquent taxes receivable	168,910	209,144
Other receivables	118,430	127,630
Restricted cash and investments	455,840	434,435
Total assets	$ 16,208,619	$ 40,078,051
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	$ 2,181,607	$ 1,030,607
Unearned revenue	2,047,252	-
Total liabilities	4,228,859	1,030,607
Deferred inflows of resources:		
Unavailable revenue - property taxes	87,107	-
Fund balances:		
Assigned	11,892,653	39,047,444
Total liabilities, deferred inflows of resources, and fund balances	$ 16,208,619	$ 40,078,051

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Balance Sheet
Debt Service Fund
December 31, 2017 and 2016

	2017	2016
ASSETS		
Interest in Hennepin County investment pool	$ 4,592,454	$ 297,074
LIABILITIES AND FUND BALANCES		
Fund balances:		
Restricted	$ 4,592,454	$ 297,074
Total liabilities and fund balances	$ 4,592,454	$ 297,074

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
REVENUES					
Property taxes	$ 6,903,000	$ 6,903,000	$ 7,198,380	$ 295,380	$ 2,881,086
EXPENDITURES					
Debt service:					
Principal retirement	5,610,000	5,610,000	1,610,000	4,000,000	1,550,000
Interest and fiscal charges	1,293,000	1,293,000	1,293,000	-	1,339,500
Total expenditures	6,903,000	6,903,000	2,903,000	4,000,000	2,889,500
Excess (deficiency) of revenues over expenditures	-	-	4,295,380	4,295,380	(8,414)
Net change in fund balance	-	-	4,295,380	$ 4,295,380	(8,414)
Fund balance - beginning	297,074	297,074	297,074		305,488
Fund balance - ending	$ 297,074	$ 297,074	$ 4,592,454		$ 297,074

Statistical Section

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota

Statistical Section Contents

Table 1

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota

Government-wide Net Position

Last Ten Years

	Governmental Activities Net Position			
	Net Investment in Capital Assets	Restricted	Unrestricted	Total
2008	$ 37,437,812	$ 224,465	$ (13,985,901)	$ 23,676,376
2009	37,265,994	172,533	(16,162,760)	21,275,767
2010	37,094,176	345,647	(13,795,823)	23,644,000
2011	36,922,358	255,532	(8,238,993)	28,938,897
2012	39,465,430	233,019	(9,327,788)	30,370,661
2013	39,761,958	225,024	(12,384,900)	27,602,082
2014	39,720,154	2,640,871	(6,304,209)	36,056,816
2015	37,825,785	193,863	788,632	38,808,280
2016	37,783,981	189,324	6,271,348	44,244,653
2017	37,284,173	4,488,729	(19,210,593)	22,562,309

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota

Government-wide Change in Net Position
Last Ten Years

	2008	2009	2010	2011	2012
Governmental Activities:					
Expenses					
General Government	$ 12,491,547	$ 8,436,570	$ 12,506,371	$ 12,328,586	$ 17,873,512
Intergovernmental	-	-	-	-	-
Debt Service	2,121,963	2,084,043	1,426,853	1,417,299	1,390,041
Total expenses	14,613,510	10,520,613	13,933,224	13,745,885	19,263,553
Program Revenues					
Intergovernmental	384,178	196,576	814,086	487,693	-
Charges for services	-	341,862	824,724	575,690	794,155
Other	863,209	76,201	61,749	111,020	-
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	1,757,299
Total program revenues	1,247,387	614,639	1,700,559	1,174,403	2,551,454
Net expense	(13,366,123)	(9,905,974)	(12,232,665)	(12,571,482)	(16,712,099)
General Revenues					
Property taxes	15,093,624	6,886,542	14,410,241	17,306,595	17,988,328
Investment earnings (losses)	1,628,111	618,822	190,657	559,784	417,896
Total general revenues	16,721,735	7,505,364	14,600,898	17,866,379	18,406,224
Other Financing Sources					
Gain on capital asset disposal	-	-	-	-	-
Change in net position	$ 3,355,612	$ (2,400,610)	$ 2,368,233	$ 5,294,897	$ 1,694,125

Unaudited

Table 2

2013	2014	2015	2016	2017
$ 23,854,434	$ 29,098,244	$ 23,810,157	$ 24,579,915	$ 54,935,893
28,474,955	1,964,484	2,006,547	-	-
1,449,665	1,420,907	1,391,441	1,359,882	1,313,232
53,779,054	32,483,635	27,208,145	25,939,797	56,249,125
-	-	-	-	-
737,357	788,761	685,494	768,950	713,873
-	-	-	-	-
29,089,665	16,027,438	1,867,334	521,706	4,928
338,332	-	-	-	-
30,165,354	16,816,199	2,552,828	1,290,656	718,801
(23,613,700)	(15,667,436)	(24,655,317)	(24,649,141)	(55,530,324)
20,959,619	23,754,226	27,125,736	29,916,050	32,791,956
(114,498)	367,944	281,045	169,464	427,339
20,845,121	24,122,170	27,406,781	30,085,514	33,219,295
-	-	-	-	628,685
$ (2,768,579)	$ 8,454,734	$ 2,751,464	$ 5,436,373	$ (21,682,344)

Table 3

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Fund Balances - Governmental Funds [1]
Last Ten Years

	General Fund					All Other Governmental Funds			
Year	Reserved	Unreserved	Assigned	Unassigned	Total	Unreserved, Reported in Debt Service Fund	Restricted	Unassigned	Total
2008	$ 154,548	$ 29,529,109	$ -	$ -	$ 29,683,657	$ 397,894	$ -	$ -	$ 397,894
2009	63,502	26,414,403	-	-	26,477,905	342,587	-	-	342,587
2010	-	-	13,203,465	14,075,922	27,279,387	-	469,222	-	469,222
2011	-	-	17,808,605	13,538,029	31,346,634	-	376,840	-	376,840
2012	-	-	4,870,742	13,943,663	18,814,405	-	10,853,877	-	10,853,877
2013	-	-	3,177,259	21,146,258	24,323,517	-	341,615	(27,950,047)	(27,608,432)
2014	-	-	15,406,729	12,112,160	27,518,889	-	2,755,012	-	2,755,012
2015	-	-	35,090,471	-	35,090,471	-	305,488	-	305,488
2016	-	-	39,047,444	-	39,047,444	-	297,074	-	297,074
2017	-	-	11,892,653	-	11,892,653	-	4,592,454	-	4,592,454

[1] Governmental Accounting Standards Board Statement 54 was effective for 2011, resulting in new fund balance categories. The new categories are shown for 2010 for comparison purposes, but data was not available for prior years.

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota

Change in Fund Balances - Governmental Funds

Last Ten Years

	2008	2009	2010	2011	2012
Revenues					
Property taxes	$ 15,093,624	$ 6,886,542	$ 14,410,241	$ 17,306,595	$ 17,988,328
Intergovernmental	384,178	196,576	814,086	487,693	603,211
Investment earnings (losses)	1,628,111	618,822	190,657	559,784	417,896
Charges for services	-	341,862	824,724	408,867	945,561
Other	863,209	76,201	61,749	111,020	15,417
Total revenues	17,969,122	8,120,003	16,301,457	18,873,959	19,970,413
Expenditures					
General government	12,323,007	8,254,918	12,192,225	12,056,194	17,614,103
Capital outlay	-	-	276,475	-	1,560,802
Intergovernmental	-	-	-	-	-
Debt service:					
Principal	1,005,000	1,045,000	1,825,000	1,360,000	1,395,000
Interest	2,118,831	2,081,144	1,385,991	1,482,900	1,455,700
Total expenditures	15,446,838	11,381,062	15,679,691	14,899,094	22,025,605
Excess (deficiency) of revenues over expenditures	2,522,284	(3,261,059)	621,766	3,974,865	(2,055,192)
Other Financing Sources (Uses)					
Issuance of debt	-	-	42,595,000	-	-
Payment to refunded bond escrow agent	-	-	(43,682,001)	-	-
Transfers in	-	-	-	-	10,800,000
Transfers out	-	-	-	-	(10,800,000)
Sale of capital assets	-	-	-	-	-
Debt premiums	-	-	1,393,352	-	-
Total other financing sources (uses)	-	-	306,351	-	-
Net change in fund balances	$ 2,522,284	$ (3,261,059)	$ 928,117	$ 3,974,865	$ (2,055,192)
Debt service as a percentage of noncapital expenditures	20.2%	27.5%	20.8%	19.1%	13.9%

Unaudited

Table 4

	2013	2014	2015	2016	2017
	$ 20,959,619	$ 23,754,226	$ 27,125,736	$ 29,916,050	$ 32,704,849
	953,042	42,537,909	3,831,818	521,706	4,928
	(114,498)	367,944	281,045	169,464	427,339
	699,759	695,240	662,779	755,575	709,945
	37,598	93,521	22,715	13,375	3,928
	22,535,520	67,448,840	31,924,093	31,376,170	33,850,989
	13,114,157	29,056,440	23,768,353	24,538,111	54,902,255
	11,036,805	-	-	-	-
	28,474,955	1,964,484	153,982	-	-
	1,435,000	1,470,000	1,510,000	1,550,000	1,610,000
	1,427,800	1,399,100	1,369,700	1,339,500	1,293,000
	55,488,717	33,890,024	26,802,035	27,427,611	57,805,255
	(32,953,197)	33,558,816	5,122,058	3,948,559	(23,954,266)
	-	-	-	-	-
	-	-	-	-	-
	-	9,900,000	2,436,320	-	-
	-	(9,900,000)	(2,436,320)	-	-
	-	-	-	-	1,094,855
	-	-	-	-	-
	-	-	-	-	1,094,855
	$ (32,953,197)	$ 33,558,816	$ 5,122,058	$ 3,948,559	$ (22,859,411)
	6.4%	8.5%	10.7%	10.5%	5.0%

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Property Estimated Market Value (000s omitted)[1]
Last Ten Years

		Real Estate				
		Residential Property	Multiple Dwelling	Commercial & Industrial	Agricultural	Public Utilities & Miscellaneous
2008	$	107,145,474	8,628,267	29,764,516	864,041	68,962
		64.3 %	5.2	17.9	0.5	0.0
2009	$	102,430,703	8,628,975	28,723,247	773,764	58,310
		63.7 %	5.4	17.9	0.5	0.0
2010	$	95,810,842	8,126,550	26,455,131	686,687	50,655
		62.4 %	5.3	17.2	0.5	0.0
2011	$	92,367,575	8,141,313	25,566,334	667,293	32,528
		61.9 %	5.5	17.1	0.4	0.0
2012	$	87,386,034	8,465,660	25,628,865	645,946	31,188
		60.4 %	5.8	17.7	0.4	0.0
2013	$	87,277,599	9,013,557	26,048,651	656,586	28,944
		59.8 %	6.2	17.9	0.5	0.0
2014	$	95,014,228	10,607,391	26,807,208	689,117	33,456
		61.0 %	6.8	17.2	0.4	0.0
2015	$	100,213,026	12,777,974	29,127,324	653,729	33,007
		60.5 %	7.7	17.6	0.4	0.0
2016	$	105,538,203	15,110,310	31,057,471	626,311	37,624
		60.2 %	8.6	17.7	0.4	0.0
2017	$	112,595,483	16,998,612	32,745,319	625,310	40,490
		60.5 %	9.1	17.6	0.3	0.0

[1] Property estimated market value is for the assessment year indicated. Applicable taxes are collectible in the subsequent year.

[2] The tax rate is applied to tax capacity, which is determined by multiplying the taxable market value of each property by the statutory class rates for the specific use(s) on the property.

Source: Hennepin County Property Information System.

Unaudited

Exempt	Total Real Estate	Personal Property	Total Estimated Market Value Including Exempt Property	Total Estimated Market Value	Total Direct Tax Rate[2]
18,965,624	165,436,884	1,234,923	$ 166,671,807	$ 147,706,183	0.979 %
11.4	99.3	0.7	100 %		
18,965,624	159,580,623	1,238,596	$ 160,819,219	$ 141,853,595	0.380 %
11.8	99.2	0.8	100 %		
21,249,594	152,379,459	1,295,495	$ 153,674,954	$ 132,425,360	1.000 %
13.8	99.2	0.8	100 %		
21,249,594	148,024,637	1,333,422	$ 149,358,059	$ 128,108,465	1.246 %
14.2	99.1	0.9	100 %		
21,249,594	143,407,287	1,449,118	144,856,405	$ 123,606,811	1.294 %
14.7	99.0	1.0	100 %		
21,249,594	144,274,931	1,482,731	145,757,662	$ 124,508,068	1.561 %
14.6	99.0	1.0	100 %		
21,249,594	154,400,994	1,540,312	155,941,306	$ 134,691,712	1.777 %
13.6	99.0	1.0	100 %		
21,249,594	164,054,654	1,604,661	165,659,315	$ 144,409,721	1.817 %
12.8	99.0	1.0	100 %		
21,249,594	173,619,513	1,750,967	175,370,480	$ 154,120,886	1.879 %
12.1	99.0	1.0	100 %		
21,249,594	184,254,808	1,825,398	186,080,206	$ 164,830,612	1.925 %
11.4	99.0	1.0	100 %		

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Property Tax Rates and Levies - Direct and Overlapping Governments[1]
Last Ten Years

	HCRRA Direct Taxes		Hennepin County Tax	
Payable Year	Tax Rates	Tax Levies	Tax Rates	Tax Levies
2008	0.979 %	$ 15,529,575	38.572 %	$ 2,353,094,925
2009	0.380	7,000,000	40.413	2,535,570,232
2010	1.000	15,000,000	42.640	2,544,559,665
2011	1.246	18,000,000	45.840	2,568,972,956
2012	1.294	18,000,000	47.670	2,560,977,362
2013	1.561	21,000,000	49.540	2,599,562,626
2014	1.777	24,000,000	46.245	2,668,058,025
2015	1.817	27,000,000	45.330	2,716,541,472
2016	1.879	30,000,000	45.730	2,839,712,621
2017	1.925	33,000,000	42.768	2,925,325,463

[1] The Metropolitan Airport Commission, an overlapping government, receives all of its revenue from sources other than property taxes.

Unaudited

Table 6

Metropolitan Transit Commission Tax		Metropolitan Council Tax		Metropolitan Mosquito Control District Tax	
Tax Rates	Tax Levies	Tax Rates	Tax Levies	Tax Rates	Tax Levies
1.264 %	$ 19,283,519	0.812 %	$ 13,092,025	0.486 %	$ 7,801,856
1.273	19,455,492	0.817	13,156,461	0.489	7,874,542
1.366	20,612,822	0.793	12,720,347	0.461	7,417,379
1.539	21,333,915	0.885	12,917,499	0.525	7,648,210
1.607	21,217,262	0.940	13,046,142	0.537	7,481,049
1.689	21,903,368	0.997	13,568,768	0.556	7,584,690
1.703	22,134,343	1.069	14,520,773	0.563	7,688,848
1.523	21,820,724	0.976	14,656,486	0.507	7,623,950
1.491	22,787,462	0.925	14,881,601	0.483	7,767,028
1.463	23,980,023	0.883	15,228,763	0.475	8,170,878

Table 7

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Principal Taxpayers[1]
Current Year and Nine Years Ago

	2017			2008		
Taxpayer	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
MOA Mall Holdings LLC	$ 16,799,250	1	0.91 %	$ 11,999,250	1	0.74 %
Xcel Energy (NSP)	7,219,482	2	0.39			
Target Corporation	5,063,292	3	0.28			
BRI 1855 IDS Center LLC	5,032,650	4	0.27			
NWC Limited Partnership	4,811,850	5	0.26	4,147,250	4	0.26
Minneapolis 225 Holdings LLC	4,756,650	6	0.26	4,309,250	3	0.27
33 City Center Holding LLC	3,925,250	7	0.21			
US Bank N.A.	3,633,250	8	0.20			
Wells REIT	3,262,050	9	0.18	3,453,250	6	0.21
Hilton Hotels Corporation	2,923,250	10	0.16			
IDS MB Minneapolis 8th St LLC				4,679,250	2	0.29
Hines Interests Ltd Partnership				3,611,250	5	0.22
Best Buy Co Inc				3,064,310	7	0.19
Flanagan-AMEX				2,869,250	8	0.18
Ameriprise Financial Corp				2,785,250	9	0.17
KAN AM Grund Kapitalanlage				2,723,250	10	0.17
Total	$ 57,426,974		3.12 %	$ 43,641,560		2.70 %

[1] Xcel Energy includes both real and personal property tax capacity. All others are based on the tax capacity of individual parcels.

Source: Hennepin County Property Information System.

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Property Tax Levies and Collections
Last Ten Years

		Collected in the Year Levied			Total Collections to Date	
Year	Taxes Levied[1]	Tax Collections Net of Refunds	Percentage of Levy	Subsequent Year Collections Net of Refunds[2]	Tax Collections Net of Refunds[2]	Percentage of Levy[2]
2008	$ 15,529,575	$ 15,241,406	98.14 %	$ 146,465	$ 15,387,871	99.09 %
2009	7,000,000	6,889,690	98.42	190,829	7,080,519	101.15
2010	15,000,000	14,716,813	98.11	101,228	14,818,041	98.79
2011	18,000,000	17,728,170	98.49	87,701	17,815,871	98.98
2012	18,000,000	17,780,743	98.78	52,537	17,833,280	99.07
2013	21,000,000	20,763,750	98.88	126,326	20,890,076	99.48
2014	24,000,000	23,788,566	99.12	(18,858)	23,769,708	99.04
2015	27,000,000	26,814,866	99.31	33,139	26,848,005	99.44
2016	30,000,000	29,766,940	99.22	4,936	29,771,876	99.24
2017	33,000,000	32,718,321	99.15	(21,116)	32,697,205	99.08

[1] Including current year adjustments (i.e., abatements, cancellations, and increases to the current year levy).

[2] Subsequent year collections are shown in the year they are collected, rather than for the levy year relating to the collection. As a result, collections during a year may exceed the total levy for that year.

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Net Tax Capacity and Taxable Market Value of Property
Last Ten Years

	Property Outside the City of Minneapolis		Minneapolis	
Assessment Year	Net Tax Capacity	Taxable Market Value	Net Tax Capacity	Taxable Market Value
2008	$ 1,198,620,162	$ 108,958,626,067	$ 413,935,332	$ 37,930,415,840
2009	1,161,337,991	104,631,351,200	439,141,541	36,953,274,630
2010	1,082,056,515	97,304,713,300	394,912,341	34,860,700,280
2011	1,025,993,612	90,736,199,171	371,615,754	32,064,749,581
2012	996,253,340	87,086,742,774	373,715,553	31,019,695,820
2013	993,329,908	87,321,591,088	374,174,247	31,706,298,572
2014	1,079,365,752	94,514,474,174	410,514,191	35,136,247,648
2015	1,147,830,415	104,113,040,700	454,641,259	40,296,679,900
2016	1,225,469,292	110,053,361,401	493,479,516	44,067,523,400
2017	1,304,690,419	116,882,680,100	533,535,674	47,947,932,200

Unaudited

Table 9

Total Net Tax Capacity	Total Taxable Market Value	Net Tax Capacity to Taxable Market Value	Percentage of Total HCRRA Net Tax Capacity: Outside Minneapolis	Percentage of Total HCRRA Net Tax Capacity: Minneapolis
$ 1,612,555,494	$ 146,889,041,907	1.1 %	74.3 %	25.7 %
1,600,479,532	141,584,625,830	1.1	72.6	27.4
1,476,968,856	132,165,413,580	1.1	73.3	26.7
1,397,609,366	122,800,948,752	1.1	73.4	26.6
1,369,968,893	118,106,438,594	1.2	72.7	27.3
1,367,504,155	119,027,889,660	1.1	72.6	27.4
1,489,879,943	129,650,721,822	1.1	72.4	27.6
1,602,471,674	144,409,720,600	1.1	71.6	28.4
1,718,948,808	154,120,884,801	1.1	71.3	28.7
1,838,226,093	164,830,612,300	1.1	71.0	29.0

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Ratios of Outstanding Debt by Type
Last Ten Years

	Limited Tax General Obligation Debt[1,5]			Net Limited Tax General Obligation Debt as a Percentage of Property Estimated Market Value[2]	Net Limited Tax General Obligation Debt as a Percentage of Personal Income[3]	Net Limited Tax General Obligation Debt Per Capita[3]
Year	Total	Less Amount Available for Debt Service	Net			
2008	$ 43,895,000	$ 408,488	$ 43,486,512	0.03%	0.07%	$ 38.11
2009	42,850,000	342,587	42,507,413	0.03%	0.07%	36.76
2010	41,865,000	469,222	41,395,778	0.03%	0.07%	35.92
2011	40,505,000	376,840	40,128,160	0.03%	0.06%	34.34
2012	39,110,000	352,002	38,757,998	0.03%	0.06%	32.72
2013	37,675,000	341,615	37,333,385	0.03%	0.05%	31.14
2014	36,205,000	318,692	35,886,308	0.03%	0.05%	29.61
2015	34,695,000	305,488	34,389,512	0.02%	0.04%	28.12
2016	33,145,000	297,074	32,847,926	0.02%	0.04%	26.65
2017	31,535,000	4,592,454	26,942,546	0.02%	N/A[4]	21.52

[1] HCRRA debt has historically consisted solely of limited tax general obligation bonds, which are by definition secured in whole or part by the authority to levy taxes on real estate. Per M.S. 475.51, the net limited tax general obligation debt is determined by deducting from the total limited tax general obligation debt the cash available for servicing the debt and debt intended to be financed primarily by means other than a real estate tax levy.

[2] See Table 5 for taxable estimated market value data.

[3] See Table 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

[4] Data not available at the time of publication.

[5] Due to the implementation of GASB 65, deferred charges on refundings are not reported with outstanding debt in 2012 or later. Due to limited availability of data, deferred charges on refundings remain included with the applicable debt prior to 2012.

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Direct and Overlapping General Obligation Debt
December 31, 2017

Governmental Unit	Debt[1] Total	Debt[1] Net	Percent Applicable To HCRRA [2]	Amount Applicable to HCRRA
Direct -				
Hennepin County Regional Railroad	$ 31,535,000	$ 26,942,546	100.00 %	$ 26,942,546
Total Direct Debt	31,535,000	26,942,546		26,942,546
Overlapping:				
Hennepin County	925,550,000	1,021,810,859	100.00	1,021,810,859
Metropolitan Council [3]	1,484,038,432	12,606,580	47.70	6,013,339
Metropolitan Airport Commission	1,540,288,500	-	-	-
Total Overlapping Debt	3,949,876,932	1,034,417,439		1,027,824,198
Total	$ 3,981,411,932	$ 1,061,359,985		$ 1,054,766,744

[1] Debt that is secured in whole or part by the authority to levy taxes on real estate. Per M.S. 475.51, net general obligation debt is determined by deducting from the total general obligation debt the cash available for servicing the debt and debt that is intended to be financed primarily by means other than a real estate tax levy. Debt premiums and deferred amounts on refundings are not included in the amounts shown.

[2] The percentages reflect the portion of the general obligation debt secured by taxable real estate located within the County.

[3] Includes Metropolitan Council Transit Operations debt.

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Legal Debt Margin Information
Last Ten Years

The HCRRA is subject to the legal debt limit of Hennepin County as a whole, which is described below:

	Debt Limit [1]	Total Net Debt Applicable to Limit	Legal Debt Margin	Net Debt Applicable to Limit as a Percentage of Debt Limit
2008	$ 2,937,780,838	$ 560,343,193	$ 2,377,437,645	19.07 %
2009	2,831,692,517	657,521,805	2,174,170,712	23.22
2010	3,964,962,407	751,148,403	3,213,814,004	18.94
2011	3,684,028,463	763,313,156	2,920,715,307	20.72
2012	3,543,193,158	710,177,297	2,833,015,861	20.04
2013	3,570,836,690	786,395,706	2,784,440,984	22.02
2014	3,889,521,655	827,572,993	3,061,948,662	21.28
2015	4,332,291,618	759,580,774	3,572,710,844	17.53
2016	4,623,626,544	941,107,894	3,682,518,650	20.35
2017	4,944,918,369	1,048,753,405	3,896,164,964	21.21

Computation of 2017 Legal Debt Margin

2017 market value of taxable property		$ 164,830,612,300
Debt limit, 3% of taxable market value		$ 4,944,918,369
Amount of levy supported debt	$ 1,066,972,730	
Less amount available for debt service	18,219,325	1,048,753,405
Legal Debt Margin		$ 3,896,164,964

[1] The debt limit was 2% of market value until 2010, when it became 3% of market value. See MN Statute 475.53.

Unaudited

Table 13

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota

Ratio of Debt Service Expenditures for General Obligation Debt to Total Governmental Fund Expenditures

Last Ten Years

	Debt Service Expenditures				Debt Service Expenditures
Year	Principal	Interest and Fiscal Charges	Total	Total Expenditures	to Total Expenditures
2008	$ 1,005,000	$ 2,118,831	$ 3,123,831	$ 15,446,838	20.22 %
2009	1,045,000	2,081,144	3,126,144	11,381,062	27.47
2010	1,825,000	1,385,991	3,210,991	15,679,691	20.48
2011	1,360,000	1,482,900	2,842,900	14,899,094	19.08
2012	1,395,000	1,455,700	2,850,700	22,025,605	12.94
2013	1,435,000	1,427,800	2,862,800	55,488,717	5.16
2014	1,470,000	1,399,100	2,869,100	33,890,024	8.47
2015	1,510,000	1,369,700	2,879,700	26,802,035	10.74
2016	1,550,000	1,339,500	2,889,500	27,427,611	10.54
2017	1,610,000	1,293,000	2,903,000	57,805,255	5.02

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Demographic and Economic Statistics
Last Ten Years

Year	Population [1]	Per Capita Income [2]	Total Income	Median Age [3]	Persons 25 years and older who are high school graduates [3]	K - 12 School Enrollment [4]	Unemploy-ment Rate [2]
2008	1,140,988	$ 56,564	$ 64,538,845,232	37.6	92.2 %	155,754	4.9 %
2009	1,156,212	54,008	62,444,697,696	35.9	92.1	156,320	7.5
2010	1,152,425	54,949	63,324,601,325	35.9	92.1	157,170	6.6
2011	1,168,431	57,476	67,156,740,156	35.9	92.1	158,431	6.1
2012	1,184,576	58,898	69,769,157,248	35.9	92.1	161,409	5.3
2013	1,198,778	60,601	72,647,145,578	36.0	92.2	162,827	4.7
2014	1,212,064	65,033	78,824,158,112	36.1	92.3	164,151	3.7
2015	1,223,149	65,231	79,787,232,419	36.1	92.7	166,106	3.3
2016	1,232,483	67,427.0	83,102,631,241	36.2	92.6	168,629	3.4
2017	1,252,024	N/A [5]	N/A [5]	N/A [5]	92.8	170,683	3.2

Sources:

[1] Office of the State Demographer and U.S. Census Bureau

[2] U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts Annual Average Personal Income

[3] U.S. Census Bureau, U.S. Community Survey 3-Year Estimates

[4] Fall registration for public schools - Minnesota State Department of Education

[5] Information not available at time of publication.

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Labor Force Size and Unemployment Rate
Last Ten Years

	Hennepin County		Metropolitan Area[1]		State		National	
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate
2008	660,319	4.9 %	1,837,000	5.2 %	2,933,000	5.4 %	154,287,000	5.8 %
2009	661,816	7.5	1,855,914	7.8	2,967,967	8.0	154,015,250	9.3
2010	663,880	6.6	1,860,461	6.9	2,963,402	7.3	153,889,000	9.7
2011	660,986	6.1	1,850,365	6.4	2,977,919	6.4	153,624,000	8.9
2012	660,668	5.3	1,857,894	5.1	2,969,366	5.7	154,974,583	8.0
2013	667,999	4.7	1,876,212	4.9	2,974,397	5.1	155,389,167	7.4
2014	672,114	3.7	1,917,301	3.9	2,974,102	4.1	155,921,833	6.2
2015	679,549	3.3	1,938,858	3.4	3,010,367	3.7	157,129,917	5.3
2016	679,285	3.4	1,938,642	3.6	3,001,131	3.9	159,106,500	4.9
2017	694,060	3.2	1,979,780	3.3	3,046,697	3.6	160,319,750	4.4

Source: Minnesota Department of Employment and Economic Development (12-month average of seasonably unadjusted figures)

[1] Labor statistics for the metropolitan area include Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, St. Croix, Washington and Wright counties.

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Employment Information by Industry
Last Ten Years

Industry	Hennepin County Industry Ranking									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Health care and social assistance	1	1	1	1	1	1	1	1	1	1
Professional and technical services	2	2	2	2	2	2	2	2	2	2
Government and government enterprises	3	3	3	3	3	3	3	3	3	3
Finance and insurance	6	5	4	4	4	4	4	4	4	4
Retail trade	4	4	5	5	5	5	5	5	5	5
Manufacturing	5	6	6	6	6	6	6	6	6	6
Administrative and waste services	7	7	8	7	7	7	7	7	7	7
Accomodation and food services	8	8	7	8	8	8	8	8	8	8
Wholesale trade	10	9	9	9	9	9	9	9	9	9
Other services, except public administration	9	11	10	10	11	10	10	10	10	10
Real estate	11	10	11	11	10	11	12	12	12	11
Management of companies and enterprises	13	12	12	12	12	12	11	11	11	12
Transportation and warehousing	14	14	13	13	13	13	14	13	13	13
Construction	12	13	14	14	14	14	13	14	14	14
Arts, entertainment, and recreation	15	15	15	15	16	15	15	15	15	15
Educational services	17	17	16	16	15	16	16	16	16	16
Information	16	16	17	17	17	17	17	17	17	17
Utilities	18	18	18	18	18	18	18	18	18	18
Forestry, fishing, mining, other	19	19	19	19	19	19	19	19	19	19
Farm	20	20	20	20	20	20	20	20	20	20

Note: 2017 information was not available at the time of publication.
Source: United States Department of Commerce, Bureau of Economic Analysis

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Principal Employers
Current Year and Nine Years Ago

	2017 [2]			2008 [1]		
State of Minnesota Principal Employers	Employees (rounded to nearest 1,000)	Rank	Percentage of Total State Employment	Employees (rounded to nearest 1,000)	Rank	Percentage of Total County Employment
Mayo Foundation	42,000	1	1.40%			
State of Minnesota	41,000	2	1.37%			
United States Federal Government	32,000	3	1.07%			
Allina Health	28,000	4	0.93%			
University of Minnesota	26,000	5	0.87%	25,000	1	3.73%
Target Corporation	26,000	6	0.87%			
Fairview Health Services	24,000	7	0.80%	8,000	5	1.20%
HealthPartners	23,000	8	0.77%			
Wells Fargo Bank Minnesota	20,000	9	0.67%			
UnitedHealth Group, Inc.	17,000	10	0.57%			
Thayer/Hidden Creek				11,000	2	1.64%
Abbott Northwestern Hospital				10,000	3	1.49%
Hennepin County				8,000	4	1.20%
Ameriprise Financial				7,000	6	1.05%
Methodist Hospital				7,000	7	1.05%
Park Nicollet Health Systems				6,000	8	0.90%
United Parcel Service of America, Inc.						
Fairview Southdale Hospital				5,000	9	0.75%
North Memorial Medical				5,000	10	0.75%
Regions Hospital						
	279,000		9.30%	92,000		13.76%

[1] Source for 2008: ACINT.ORG and Hennepin County Office of Budget and Finance.
[2] 2017 Statewide information from Minnesota Department of Employment and Economic Development Top Employers Statewide. Data specific to Hennepin County is no longer available.

Unaudited

<u>APPENDIX C</u>

Form of Legal Opinion

(This page has been left blank intentionally.)

Form of Legal Opinion

Hennepin County Regional Railroad Authority
Minneapolis, Minnesota

[Purchaser]

Re: $80,000,000 Limited Tax Bonds, Series 2019A
Hennepin County Regional Railroad Authority, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by the Hennepin County Regional Railroad Authority, Minnesota (the "Authority"), of its Limited Tax Bonds, Series 2019A, dated, as originally issued, as of March 12, 2019, in the principal amount of $80,000,000 (the "Bonds"), pursuant to Minnesota Statutes, Section 398A.07, we have examined certified copies of certain proceedings taken and certain affidavits and certificates furnished by the Authority in the authorization, sale and issuance of the Bonds, including the form of the Bonds and a resolution of the Board of Commissioners of the Authority, adopted January 22, 2019 (the "Resolution"). As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding limited obligations of the Authority, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from ad valorem taxes heretofore duly levied on all taxable property in the County pursuant to Minnesota Statutes, Section 398A.04, Subdivision 8, in an amount sufficient to pay principal of and interest on the Bonds when due, subject to limitation as to amount imposed by Section 398A.04, Subdivision 8, and subject to the Authority's rights under the Resolution to issue additional bonds on a parity of lien with the Bonds.

3. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code.

4. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for Minnesota alternative minimum tax purposes.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraph 3 and 4 above are subject to the compliance by the Authority with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in federal gross income and taxable net income of individuals, estates and trusts for Minnesota income tax purposes, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that notwithstanding the opinion expressed in paragraph 4 above, interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

We have not been asked, and have not undertaken, to review the accuracy, completeness or sufficiency of any offering materials relating to the Bonds, and, accordingly, we express 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 this _____ day of March, 2019.

Very truly yours,

APPENDIX D

Form of Continuing Disclosure Certificate

(This page has been left blank intentionally.)

$80,000,000
Hennepin County Regional Railroad Authority, Minnesota
Limited Tax Bonds
Series 2019A

CONTINUING DISCLOSURE CERTIFICATE

March 12, 2019

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Hennepin County Regional Railroad Authority, Minnesota (the "Authority"), in connection with the issuance of $80,000,000 Limited Tax Bonds, Series 2019A (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Commissioners of the Authority approved on January 22, 2019 (the "Resolution"). The Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the registered owner or owners in respect of a Bond and appearing in the bond register maintained by 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 (collectively, the "Bondholders"), and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

"Dissemination Agent" shall mean the Authority, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Financial Obligation" shall mean a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or, (iii) guarantee of either (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities and Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Exchange Act.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds, including Wells Fargo Bank, National Association.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Exchange Act, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent (if any) to, not later than 365 days after the end of each fiscal year, commencing with the fiscal year ended December 31, 2018, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate in an electronic format and accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and shall be submitted if and when available. In the event the audited financial statements of the Authority are not available when the Annual Report is due, the Authority may submit its audited financial statements at a later date, provided that unaudited financial statements are submitted by the above-specified deadline and that the audited financial statements are submitted as soon as practicable after they become available.

(b) If the Authority is unable or otherwise fails to provide the Annual Report to the MSRB by the date required in subsection (a), the Authority shall provide a notice of such to the MSRB in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 4. Content of Annual Reports. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) An annual audited financial statement prepared in accordance with generally accepted accounting principles or as otherwise required by Minnesota law for the preceding fiscal year, including a balance sheet and statement of revenues, expenditures and changes in fund balances.

(b) Updates of the operating and financial data included in Appendix A to the Official Statement under the headings "FINANCIAL INFORMATION", "PROPERTY VALUATIONS AND TAXES" and "INDEBTEDNESS OF THE AUTHORITY".

Any or all of the items listed above may be incorporated by reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been filed with the Securities and Exchange Commission or made available to the public on the MSRB's Internet website. If the document incorporated by reference is a final official statement, in must be available on the MSRB's Internet website.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) 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 security, or other material events affecting the tax status of the security;

(7) Modifications to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the securities, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Authority;

(13) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

As used herein, a material fact is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a material fact is also an event that would be deemed "material" for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the Listed Event identified in subparagraph 12 hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(b) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, the Authority shall disseminate, or cause to be disseminated, in a timely manner not in excess of ten business days of the occurrence of the Listed Event, notice of the occurrence of the Listed Event to the MSRB in an electronic format and accompanied by such identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subparagraphs 8 and 9 hereinabove need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. <u>Termination of Reporting Obligation</u>. The Authority's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Authority's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Authority to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Exchange Act.

SECTION 7. <u>Dissemination Agent</u>. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. <u>Amendment; Waiver</u>. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if:

(a) the amendment or waiver is made in connection with a change in circumstances arising from a change in legal requirements, change in law or change in the identity, nature or status of an obligated person with respect to the Bonds;

(b) this Disclosure Certificate, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment does not materially impair the interests of Bondholders, as determined by bond counsel for the Authority.

Any amendments to the operating data or financial information required by the Annual Report shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriters and Bondholders from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of the date first written above.

HENNEPIN COUNTY REGIONAL
RAILROAD AUTHORITY, MINNESOTA

By______________________________
Executive Director