

Draft of Bond Purchase and Project Loan Agreement and Draft Loan Amortization Schedule

**DRAFT MINNESOTA PUBLIC FACILITIES AUTHORITY
BOND PURCHASE AND PROJECT LOAN AGREEMENT**

**CLEAN WATER REVOLVING FUND LOAN
With PRINCIPAL FORGIVENESS**

(TAX-EXEMPT Note from Borrower)

MPFA-13-0025-R-FY14

MPFG-13-0025-R-FY14

THIS BOND PURCHASE AND PROJECT LOAN AGREEMENT (the "Agreement"), is made **DATE TBD** between the Minnesota Public Facilities Authority (the "Authority") and the **Metropolitan Council** (the "Borrower").

ARTICLE I - TERMS AND CONDITIONS

Section 1.1. Terms. The Authority hereby commits, subject to the availability of funds and the conditions hereinafter set forth, and pursuant to Minnesota Statutes, Section 446A.07 as amended, and Minnesota Rules Chapter 7380, as amended to provide **SIXTY MILLION NINE HUNDRED EIGHTY FOUR THOUSAND SEVEN HUNDRED FORTY EIGHT DOLLARS (\$60,984,748)** to the Borrower for the purpose of financing eligible project costs of the Clean Water Revolving Fund projects described in **Exhibit B** attached hereto and as detailed in the Minnesota Pollution Control Agency's Certifications, the dates of which are identified in **Exhibit B**, (collectively, the "Project"). The Project is further described in the Borrower's application which is incorporated herein.

The project financing includes funds to address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities, based on components as determined by the Minnesota Pollution Control Agency (the "MPCA") for the MWWTP RAS/WAS AFD Replacement project with a total green eligible cost of (\$3,938,995).

The Project financing consists of:

- i. **Loan:** A loan from the Clean Water Revolving Fund and GPR with Principal Forgiveness in the amount of **SIXTY MILLION DOLLARS (\$60,000,000)** (the "Loan") which shall be evidenced by the Note described in Section 1.3 of this Agreement (the "Note"). The final maturity date of the Loan will be August 20, 2033. The aggregate principal amount of the Loan disbursed and outstanding will bear interest and servicing fees collectively at the rate of **TO BE DETERMINED %** per annum accruing from and after the date of the Note described in Section 1.3 through the date on which no principal of the Loan remains unpaid and all accrued interest and servicing fees thereon have been paid.
- ii. **Green Principal Forgiveness:** Green Principal Forgiveness in the amount of **NINE HUNDRED EIGHTY FOUR THOUSAND SEVEN HUNDRED FORTY EIGHT DOLLARS (\$984,748)** (the "Green Principal Forgiveness") granted under the provisions of Minnesota Statutes, Section , as amended, which is not required to be repaid except as otherwise provided in Section 2.4, Article VI of this Agreement.

Section 1.2. Authority Sources of Funds. The Borrower acknowledges that the Loan provided by the Authority may be funded with the proceeds of one or more series of the Authority's revenue bonds (the "Bonds"), federal capitalization grants, proceeds of state general obligation bonds or other funds of the Authority, or a combination thereof, and that the Authority may, at any time, pledge the Loan as security for its Bonds. **The Authority agrees that the only project listed in Exhibit B that will be funded from state**

general obligation bonds is the Metro Wastewater Treatment Plant projects (the "Metro Wastewater Treatment Plant Projects") The Authority in its sole discretion may allocate the Loan to one or more such sources of funds and may from time to time reallocate the Loan to one or more different sources of funds, including one or more different series of Bonds (whether or not such series of Bonds refunded the series of Bonds to which the Loan was originally allocated), or may sell the Loan if permitted by the documents relating to its Bonds.

At the written request of the Borrower, the Authority will provide information with respect to the funding of the Loan, from time to time, in such detail as may be reasonably required for the purpose of assisting the Borrower in complying with any provision of Article III of this Agreement.

Section 1.3. Security. (a) The Borrower shall issue to the Authority its General Obligation Revenue Note (the "Note"), evidencing its obligation to repay the Loan. It is a condition of any disbursements hereunder that the Borrower deliver to the Authority the executed Note, a certified copy of resolutions or other authority by the appropriate governing body or bodies as shall legally authorize the execution and performance of this Agreement and the Note, and such opinions, certificates and documents as requested by and in a form acceptable to the Authority.

(b) The Borrower hereby represents and specifically agrees that the Note constitutes a general obligation debt of the Borrower and will be shown as such on its financial statements and be treated in all respects as a general obligation debt of the Borrower. For purposes of permitting sale of the Note to the Authority, the Authority represents that it is a "board, department or agency" of the State of Minnesota within the meaning of Minnesota Statutes, Section 475.60, subdivision 2, clause (4), as amended.

(c) The obligations of the Borrower under the Note evidence amounts payable under the Loan. Each payment made pursuant to the Note will be deemed to be a credit against the corresponding obligation of the Borrower under the Loan and any such payment will fulfill the Borrower's obligation to pay such amount hereunder.

Section 1.4. Disbursements. (a) No funds will be disbursed by the Authority to the Borrower until the Borrower has delivered its Note to the Authority as set forth in Section 1.3.

(b) All Borrower disbursement requests will be subject to Authority approval and will be disbursed on a cost reimbursement basis, consistent with the budget presented in the Borrower's application. The Authority may withhold or disallow all or part of the amount requested if the Authority determines the request is not in compliance with this Agreement, applicable federal and state laws, regulations or rules as then in effect.

(c) The Authority will disburse funds pursuant to approved disbursement requests complying with the provisions of this Agreement. Each disbursement request must be for eligible costs for completed work on the Project and must be submitted at such deadlines established by the Authority and on a form prescribed by the Authority. Each disbursement request must include supporting invoices and billing statements and be signed by an employee or elected official of the Borrower.

(d) The Authority will reimburse the Borrower for eligible Project costs incurred prior to the execution of this Agreement only to the extent approved in connection with the Authority's approval of the Borrower's application. The Authority reserves the right to reimburse the Borrower for approved costs incurred prior to the execution of this Agreement by making disbursements therefor over a two-year period in eight equal quarterly payments.

(e) Disbursements will be made by the Authority to the Grantee within 30 days of receipt of the Grantee's request, unless the Authority determines to withhold disbursement in accordance with the provisions of this

Agreement. The Authority will endeavor to pay disbursement requests submitted by the Grantee not later than the 15th day of the month by the 25th day of the same month.

(f) If the entire amount specified in Section 1.1 is not fully disbursed by June 30, 2017, no further disbursements will be made. In such event or if final eligible Project costs are less than the total financing amount specified in Section 1.1, the undisbursed balance of the Principal Forgiveness will be cancelled and the Loan amount not disbursed will be applied to the outstanding principal installments of the Loan on a pro rata basis or as otherwise determined by the Authority. The Authority will revise Exhibit A to this Agreement to reflect the reduction in principal amount and promptly deliver a copy to the Borrower.

Section 1.5. Mandatory Payments. (a) The principal amount of the Loan, together with interest and servicing fees collectively, will be repaid in the amounts and on the dates set forth in Exhibit A attached hereto (notwithstanding the rate of disbursement of the proceeds of the Loan), subject to adjustment as set forth in Section 1.4 or 1.6. The Authority will be entitled to retain for its own purposes any interest earnings on Loan proceeds that are not disbursed and will not be obligated to credit against any required repayment of principal or payment of interest and servicing fees any such interest earnings. Any payment of principal or interest received by the Authority in excess of the amounts set forth in Exhibit A, as then in effect, which is not a mandatory payment as designated in paragraph (b), or not expressly designated by the Borrower to be treated as an optional prepayment may, in the sole discretion of the Authority, be (i) held without interest payable by the Authority and applied to a future payment due on the Loan in a manner determined by the Authority, (ii) treated as a prepayment of principal on the Loan, or (iii) returned to the Borrower as an overpayment. Other than prepayments, the Authority will apply any payments received under the Note as follows: first, to the payment of any costs or expenses incurred by the Authority in enforcing any provision of the Note or this Agreement; second, to the payment of accrued and unpaid interest and servicing fees on the Note; and third, to the payment of principal of the Note then due.

(b) If the Borrower has pledged to the repayment of the Loan revenues subject to prepayment or lump-sum payment by a third party, such as special assessments or connection charges from another municipality, the Borrower agrees, to notify the Authority immediately upon receipt of any such payment. The Authority, in its sole discretion, may direct the Borrower to use the funds for the payment of eligible construction costs of the Project, or to transmit the funds to the Authority for payment on the Loan, immediately or at a later date. Any such payment received by the Authority may be applied to reduce each unpaid annual principal installment of the Loan in the proportion that such installment bears to the total of all unpaid principal installments, or, in the sole discretion of the Authority, may be applied to one or more future principal payments on the Loan in a manner determined by the Authority.

Section 1.6. Optional Prepayments. (a) The Loan may not be prepaid except upon written consent of the Authority. If the Authority has consented, then upon 45 days' prior written notice to the Authority (or such lesser period as the Authority may accept), the Borrower may prepay the Loan and the Note, in whole or in part, on any February 20 or August 20 at a price equal to 100% of the principal amount to be prepaid, together with accrued interest and servicing fees thereon to the redemption date and a premium equal to all fees and expenses of the Authority, if any, in connection with the prepayment, including any fees, expenses or other costs relating to the payment and redemption of its Bonds as determined by the Authority.

(b) The Authority may require that the Borrower, at its sole cost and expense, deliver to the Authority an opinion from a law firm, selected by the Authority, having a national reputation in the field of municipal law whose legal opinions are generally accepted by purchasers of municipal bonds ("Bond Counsel") to the effect that such prepayment will not cause the interest on the Note to be included in the gross income of the recipient thereof for federal income tax purposes.

(c) Any prepayment of the Note shall be applied as follows: first, to the payment of fees, expenses and other costs of the Authority as provided in subsection (a); second, to the payment of interest and servicing fees on

the principal amount of the Note to be prepaid; and, third, to the principal of the Note. The principal amount of a partial prepayment will, in the sole discretion of the Authority, (i) be applied to one or more future principal payments of the Loan in a manner determined by the Authority, or (ii) be applied to reduce each unpaid annual principal installment of the Loan in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be re-amortized to provide proportionately reduced principal payments in each year).

ARTICLE II – BORROWER RESPONSIBILITIES AND PROJECT COMPLIANCE

Section 2.1. Borrower Responsibilities with Respect to the Project. (a) The Borrower shall meet all requirements in the loan application submitted to the Authority as to compliance with federal and state laws, rules and regulations and shall include in any contract or subcontract related to the Project, provisions requiring contractor and subcontractor compliance with applicable state and federal laws. The requirements, including compliance with the reporting requirements of Minnesota Statutes, Section 16A.633 subdivision 4, “Report on Jobs Created or Retained”, in such loan application are hereby incorporated by reference.

(b) The Borrower agrees to commence construction and complete the Project with reasonable diligence, regardless of the sufficiency of loans or grants therefor from the Authority to pay eligible project costs.

(c) The Borrower will not enter into a sale, lease, transfer or other use agreement of any part of the Project, or change the use of the Project, without the prior written approval of the Authority if such sale, lease, transfer, agreement or change in use would (i) violate the covenants set forth in Article III or Article IV, or (ii) violate the conditions under which any capitalization grants were furnished by the United States Environmental Protection Agency (the “EPA”), or (iii) otherwise violate any terms or conditions of this Agreement.

(d) The Borrower must maintain adequate property insurance coverage for the Project in such amounts with such limits as it determines in good faith to be reasonable or in such amounts and with such limits as may be required by the Authority from time to time. The Borrower may substitute adequate, actuarially sound self-insurance or risk retention program(s) for property insurance coverage, so long as such program(s) are consistent with applicable laws and state and federal regulations.

(e) The Borrower must complete the Project in accordance with all applicable federal, state and local statutes, rules, regulations, ordinances, reporting requirements, approvals, and state agency certifications governing the design and construction of the Project, and will operate its clean water system in compliance with all applicable federal and state laws and regulations and permit requirements.

(f) The Borrower agrees to exert all reasonable efforts to investigate claims which the Borrower may have against third parties with respect to the construction of the Project and, in appropriate circumstances, take whatever action, including legal action, the Borrower reasonably determines to be appropriate.

Section 2.2. Construction Compliance. (a) The Borrower will comply with the provisions of prevailing wage requirements set forth in Minnesota Statutes, Sections 177.41 to 177.44, as then in effect.

(b) In addition to the prevailing wage requirements under subsection (a), the Borrower will comply and require that all laborers and mechanics employed by contractors and subcontractors on the Project be paid wages at rates not less than those prevailing on projects of a similar character in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C., sec. 276a through 276a-5), as amended.

(c) If requested, the Borrower will submit to the Authority, within 20 days of the end of the semi-annual reporting period, EPA Form 5700-52A to report on the award of prime contracts or subcontracts to any certified Minority and Women Business Enterprise (MBE/WBE) firms until the Project is complete.

(d) The Borrower will comply with Minnesota Statutes, Section 290.9705, as then in effect, by withholding to the extent so required eight percent (8%) of payments made to all out-of-state contractors once cumulative payments made to the contractor for work done in Minnesota exceed \$50,000 in a calendar year, unless an exemption is granted by the Department of Revenue. Withheld amounts are required to be deposited with the Minnesota Department of Revenue.

Section 2.3 Borrower Rate Covenant. The Borrower shall impose and collect such rates and charges (including costs allocated by the Borrower to local governments) according to an approved sewer service charge system, as provided by law, so that there are sufficient gross revenues available for the payment of system costs, including operation and maintenance and, together with other sources as may be applicable, debt service.

Section 2.4. Repayment of Principal Forgiveness. If the Borrower fails to comply with Sections 2.1 (a), (b), (e) and Sections 2.2 (a), (b) and (c) of this Agreement, and such failure continues for 90 days after written notification thereof from the Authority, then the Borrower must repay the Principal Forgiveness upon demand by the Authority.

ARTICLE III - TAX EXEMPTION

Section 3.1. Covenants. The Borrower acknowledges that the Note is intended to bear interest which is excluded from gross income of the owner thereof for federal and State of Minnesota income tax purposes (a "Tax-exempt Note") and may be funded by the Authority from the proceeds of the Authority's Bonds which are intended to bear interest which is excluded from gross income of the owner thereof for federal and State of Minnesota income tax purposes ("Tax-exempt Bonds"). The Borrower also acknowledges that, regardless of the source of funding, the Authority may pledge the Loan and the related Note as security for, and as a source of, the payment of debt service on any or all of its Tax-exempt Bonds. In consideration of these facts, the Borrower covenants and agrees with the Authority, whether or not strict compliance with such agreements is required to maintain the Note as a Tax-exempt Note or the Authority's Bonds as Tax-exempt Bonds, as follows:

(a) The Borrower will not take, or to the extent under its control, permit, any action which would cause the Note not to be a Tax-exempt Note or any Authority Bonds not to be Tax-exempt Bonds and will not omit from taking, or cause to be taken, any action required to maintain the Note as a Tax-exempt Note or the Authority's Bonds as Tax-exempt Bonds.

(b) The Borrower will take all actions with respect to the Note necessary to comply with all instructions and requests of the Authority relating to maintaining the Authority's Bonds as Tax-exempt Bonds and the Note as a Tax-exempt Note or compliance with the agreements set forth in this section or in any Tax Compliance Certificate (hereinafter defined).

(c) The Borrower agrees to comply with all requirements of any certificate or agreement ("Tax Compliance Certificate") executed and delivered by it in connection with the issuance of the Note.

(d) The Borrower will promptly notify the Executive Director of the Authority in writing of any action or event which adversely affects the status of the Note as a Tax-exempt Note or any of the Authority's Bonds as Tax-exempt Bonds.

(e) None of the proceeds of the Loan may be used to pay the costs of any facility used or to be used during the term of the loan for any private business use or to make a private loan within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code").

(f) No Loan repayments may be made from, or secured by, property used or to be used for a private business use or payments in respect of such property within the meaning of Section 141 of the Code, except as specifically permitted in writing by the Authority.

(g) The Borrower will not establish any fund or account, other than a bona fide debt service fund, securing the payment of the Tax-exempt Note or Tax-exempt Bonds or from which the Borrower reasonably expects to pay debt service on the Loan, or in any other respect create “gross proceeds,” within the meaning of the Code, of the Tax-exempt Note or Tax-exempt Bonds, except as specifically permitted in writing by the Authority. In addition, any gross proceeds shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent such investment would cause the Tax-Exempt Note or Tax-exempt Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(h) The Borrower will not invest any moneys constituting “gross proceeds” of the Tax-exempt Note or Tax-exempt Bonds other than in a fair market, arms’ length transaction and at a yield, within the meaning of the Code, in excess of the lesser of the yield on the Tax-exempt Note or the Tax-exempt Bonds applicable to the Loan and shall apply all Loan proceeds within five days of the receipt thereof by the Borrower consistent with the terms of the Borrower’s disbursement request.

(i) Except as permitted under Treasury Regulations, Section 1.150-2, and Section 1.4(d) hereof, the Borrower will not use Loan proceeds to reimburse itself for any payments of project costs which the Borrower made from other funds, if the original payment was made prior to the earlier of the issuance of the Authority Bonds used to fund the Loan or the execution and delivery of this Agreement or if the original payment was made from the proceeds of other debt of the Borrower.

(j) Other than as provided in Section 4.1 hereof, the Borrower agrees that the allocation by the Authority of funds it uses to purchase the Loan, including different series of Tax-exempt Bonds, shall be at the sole discretion of the Authority and such allocation shall be binding on the Borrower.

(k) With respect to any gross proceeds of the Tax-exempt Bonds created by the Borrower, the Borrower shall be liable to the Authority for the amount required to be rebated as excess investment earnings to the United States.

(l) The Authority may, in its sole discretion and only upon receipt of an opinion of counsel to the Authority, waive any of the agreements set forth in this Article III.

ARTICLE IV – COMPLIANCE WITH STATE BOND REQUIREMENTS

Section 4.1. State Bond Financed Property. The Borrower and the Authority acknowledge and agree that the Borrower’s ownership interest in the Project consisting of real property, and, if applicable, all facilities located, or that will be constructed and located on such real property and all equipment that is a part thereof that was purchased with the proceeds of general obligation bond proceeds constitute “State Bond Financed Property”, as such term is used in Minnesota Statutes, Section 16A.695 and the “Fourth Order Amending Order of the Commissioner of Finance Relating to Use and Sale of State Bond Financed Property” dated July 30, 2012 (the “Order”) as such may be amended, modified, supplemented, or replaced from time to time and therefore, the provisions contained in such statute and order apply to the Borrower’s ownership interest in the Project and any Use contracts relating thereto. The Borrower agrees that the proceeds of the Loan must be used and the Project must be operated in a manner that complies with Minnesota Statutes, Section 16A.695 and the Order. The Borrower must file the required state bond financed property declaration as provided in the Order and provide a copy of the filed declaration to the Authority, unless the filing requirement is waived in writing by the Commissioner of Minnesota Management and Budget.

Section 4.2. Lease or Management Contract. The Borrower agrees that: any lease or management or similar contract (each a “Use Agreement”) entered into by the Borrower with respect to property constituting all or a part of the State Bond Financed Property must comply with the following requirements:

(a) It must be for the express purpose of carrying out of a governmental program established or authorized by law and established by official action of the Borrower.

(b) It must be approved, in writing, by the Commissioner of Minnesota Management and Budget.

(c) It must be for a term, including any renewals that are solely at the option of the lessee or manager, that is substantially less than the useful life of the property subject to such lease or management contract, but may allow renewal beyond that term upon determination by the Borrower that the use continues to carry out the governmental program.

(d) It must be terminable by the Borrower if the other contracting party defaults under the contract, or if the governmental program is terminated or changed.

(e) It must provide for oversight by the Borrower of the operation of the property that is the subject of the Use Agreement.

(f) It must specifically identify the statute that provides the Borrower authority to enter into the Use Agreement.

(g) It must contain a provision stating that the Use Agreement is being entered into in order to carry out a governmental program and must specifically identify the governmental program.

Section 4.3. Sale. The Borrower must not sell any property constituting all or a part of the State Bond Financed Property unless the sale complies with the following requirements:

(a) The Borrower determines by official action that such property is no longer usable or needed by the Borrower to carry out the governmental program for which it was acquired or constructed.

(b) The sale must be made as authorized by law.

(c) The sale must be for fair market value as defined in Minnesota Statutes, Sections 16A.695 as then in effect.

(d) The Borrower must obtain the prior written consent of the Commissioner of Minnesota Management and Budget.

Section 4.4. Changes to Minnesota Statute 16A.695 or the Order. In the event that Minnesota Statutes Section 16A.695 or the Order is amended in a manner that reduces any requirement imposed upon the Borrower, or if the Borrower’s interest in the State Bond Financed Property is exempt from Minnesota Statutes, Section 16A.695 or the Order, then upon written request by the Borrower, the Authority will enter into and execute an amendment to this Agreement to implement herein such amendment to or exempt the interest in the Project from Minnesota Statutes, Section 16A.695 and the Order or both.

Section 4.5. Waiver. The Authority may waive the requirements of Article IV at any time upon determination by the Authority, and after receiving approval by the Commissioner of Minnesota Management and Budget that the Loan has not been and will not be funded from the proceeds of state general obligation bonds.

ARTICLE V - DISCLOSURE

Section 5.1. Information for Disclosure Documents. (a) The Borrower agrees to provide to the Authority such information with respect to the Borrower, its duties, operations and functions as may be reasonably requested by the Authority, and hereby consents to its inclusion in the Authority's official statement(s) used in connection with issuance and sale or the re-marketing of its Bonds or continuing disclosure with respect to its Bonds (collectively, the "Disclosure Documents"), whether or not all or a portion of the proceeds of Bonds were or will be loaned to the Borrower.

(b) At the request of the Authority, the Borrower will certify and represent that such information with respect to the Borrower in any Disclosure Document does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading; provided, however, that in no event shall the Borrower be required to make any representation about any other information in the Disclosure Documents or as to any Disclosure Document in its entirety. If for any reason the Borrower determines that it shall not be able to make such certification and representation, it will provide such information to the Authority as is necessary for inclusion in the Disclosure Documents so as to enable it to make such certification and representation.

(c) If at any time during the period ending 90 days after the date the Borrower provides information to Authority for inclusion in a Disclosure Document any event occurs which the Borrower believes would cause the information with respect to the Borrower in the Disclosure Document to omit a material fact or make the statements therein misleading, the Borrower shall promptly notify the Authority in writing of such event and provide information for inclusion in the Disclosure Document or an amendment thereof or a supplement thereto. At the request of the Authority, the Borrower will also provide the certification and representation required in (b) above with respect to such information.

(d) The Borrower will provide such information as may be reasonably requested by any rating agency in connection with rating the Bonds of the Authority.

Section 5.2. Continuing Disclosure. If the Authority, in its sole discretion, determines, at any time prior to payment of the Loan in full, (i) that the Borrower is a material "obligated person," as the term "obligated person" is defined in Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto ("Rule 15c2-12") or (ii) that an event has occurred with respect to the Borrower or the Loan that must be disclosed under Rule 15c2-12, or that any other action of the Borrower has occurred which the Authority determines in its sole discretion is material to an investor in Bonds of the Authority, with materiality under clause (i) being determined by the Authority pursuant to criteria established, from time to time, by the Authority in its sole discretion and set forth in a resolution or official statement of the Authority, the Borrower hereby covenants that it will authorize and provide to the Authority, for inclusion in a Disclosure Document, all statements and information relating to the Borrower deemed material by the Authority for the purpose of satisfying Rule 15c2-12 as well as Rule 10b-5 promulgated pursuant to the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto ("Rule 10b-5"), including certificates and written representations of the Borrower evidencing satisfaction of the requirements of Rule 15c2-12 and Rule 10b-5; and the Borrower hereby further covenants that the Borrower (if determined to be such a material obligated person) shall execute and deliver a continuing disclosure agreement, in such form as the Authority shall determine to be necessary, desirable or convenient, in its sole discretion, for the purpose of meeting the requirements of Rule 15c2-12, and pursuant to the terms and provisions of such continuing disclosure agreement, the Borrower shall thereafter provide ongoing disclosure with respect to all annual and event information and financial statements relating to the Borrower required by a continuing disclosure undertaking under Rule 15c2-12 and pursuant to the terms and provisions of such continuing disclosure agreement, and the Borrower further agrees that the Authority shall have the right to

disclose any information about the Borrower or the Loan, whether or not received from the Borrower, determined by the Authority in its sole discretion, to be material with respect to any of its Bonds.

ARTICLE VI - DEFAULT AND REMEDIES

Section 6.1. Events of Default. Any of the following are events of default under this Agreement:

- (a) Failure of the Borrower to make a payment when due;
- (b) Failure of the Borrower to comply with any other provision of this Agreement or the Note after written notice from the Authority and the Borrower fails for a three-month period to cure such default or provide a written plan acceptable to the Authority providing for such cure or, if the Authority accepts a plan for cure, the Borrower fails to cure any defaults within the time period specified therein.
- (c) The Authority will promptly notify the Borrower within a commercially reasonable time of the occurrence of an event of default under paragraph (a) above, by email to the following addresses mary.bogie@metc.state.mn.us and allen.hoppe@metc.state.mn.us or such other email address as the Borrower may designate to the Authority in writing, but failure to give such notice or any failure of the Borrower to receive such notice shall not affect the authority of the Authority to exercise any remedy under this Agreement following such event of default.

Section 6.2 Remedies. (a) For an event of default under Section 6.1(a) of this Agreement, the Authority shall impose an interest penalty as provided in Minn. Rules Part 7380.0475, Subpart 1. The Authority may also exercise one or more of the following remedies: (1) withhold approval of any disbursement request, (2) reject any pending application by the Borrower for financial assistance, (3) to the extent permitted by law, demand immediate payment of the Loan and the Note in full and, upon such demand, the outstanding principal amount of the Loan and Note will be immediately due and payable, with interest accrued thereon to the date of payment, or (4) exercise any other remedy available to the Authority at law or in equity, including under Minnesota Rules, Chapter 7380, as amended.

(b) For an event of default under Section 6.1(b) of this Agreement, the Authority shall impose an immediate increase in the interest rate on the Loan by eliminating all interest rate discounts that were applied in determining the interest rate under Minnesota Rules, Part 7380.0442. The Authority may also exercise one or more of the following remedies: (1) withhold approval of any disbursement request, (2) reject any pending application by the Borrower for financial assistance, (3) to the extent permitted by law, demand immediate payment of the Loan and the Note in full and, upon such demand, the outstanding principal amount of the Loan and Note will be immediately due and payable, with interest accrued thereon to the date of payment, or (4) exercise any other remedy available to the Authority at law or in equity, including under Minnesota Rules, Chapter 7380, as amended. If the Authority subsequently determines that the Borrower has cured all events of default, the interest rate on any unpaid Loan principal will revert back to the original interest rate.

ARTICLE VII - FINANCIAL RECORDS AND AUDITS

Section 7.1. Financial Recordkeeping. For all expenditures of funds made pursuant to this Agreement, the Borrower must keep financial accounts and records in accordance with generally accepted accounting principles including invoices, contracts, receipts, vouchers and other documents sufficient to evidence in proper detail the nature and propriety of the expenditures and any investments made with proceeds of the Loan or other “gross proceeds” of the Note or the Tax-exempt Bonds of the Authority. Such accounts and records shall be accessible and available for a minimum of six years from the date of initiation of operation of the Project and for so long as the Note is outstanding for examination by authorized representatives of: the Authority, the Legislative Auditor, Office of the State Auditor and the EPA Office of Inspector General.

Section 7.2. Annual Audit Requirements. (a) The Borrower must annually provide to the Authority for the term of the Loan a copy of its independent annual audit. All audit reports must be submitted within 30 days after the completion of the audit but no later than one year after the end of the fiscal year to be audited. The audits must be conducted in accordance with generally accepted government auditing standards and in compliance with the single audit act requirements of the federal Office of Management and Budget, circular A-133.

(b) The Borrower must list the Note as general obligation debt of the Borrower in its annual audits for the term of the Loan.

ARTICLE VIII - THIS ARTICLE INTENTIONALLY LEFT BLANK

ARTICLE IX – GOVERNMENT DATA PRACTICES

Section 9.1. General. The Borrower agrees with respect to any data that it possesses regarding the Project, to comply with all of the provisions and restrictions contained in the Minnesota Government Data Practices Act contained in Chapter 13 of the Minnesota Statutes that exists as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time.

ARTICLE X - ADMINISTRATION

Section 10.1. Amendments. Any amendments to this Agreement must be in writing and be executed by the Borrower by the same officials who signed the Agreement, or their successors.

Section 10.2. Fee. The Borrower acknowledges that the Authority may apply up to 2% of any loan repayment to payment of administrative costs and that such application shall not increase the amount of any repayments or extend the period of repayment.

Section 10.3. Notices. In addition to any notice required under applicable law to be given in another manner, any notices required hereunder must be in writing, and shall be sufficient if delivered by courier or overnight delivery service or sent by certified mail (return receipt requested), postage prepaid, to the address of the party to whom it is directed. Such address shall be that address specified below or such different address as may hereafter be specified, by either party by written notice to the other:

In the case of the Authority:

Minnesota Public Facilities Authority
Attention: Executive Director
332 Minnesota Street, Suite W820
St. Paul, MN 55101-1378

In the case of the Borrower:

Metropolitan Council
390 North Robert Street
Saint Paul, MN 55101
Attention: Chief Financial Officer
Copy to: MCES Finance Director

Section 10.4. Termination of Loan. The obligations of the Borrower under this Agreement (except the obligations set forth in Section 2.1 (c), (d) and (e) and Article IV hereof) shall terminate when the Loan is fully paid and retired.

Section 9.5. Exhibits. The following exhibits are attached hereto and constitute a part of this Agreement:

Exhibit A: Loan Amortization Schedule;
Exhibit B: Project Description

Project Number: MPFA-13-0025-R-FY14
MPFG-13-0025-R-FY14
Borrower Name: Metropolitan Council

The Authority and the Borrower have caused this Agreement to be duly executed by their duly authorized undersigned representatives. Statutory Cities must execute this Agreement as provided in Minnesota Statutes, Section 412.201, as amended. Home Rule Charter Cities must execute this Agreement as provided in Minnesota Statutes, Chapter 410, as amended.

BORROWER: We have read and we agree to all of the above provisions of this Agreement.

By _____
Patrick P. Born
Title Regional Administrator
Date _____

**MINNESOTA PUBLIC FACILITIES
AUTHORITY:**

By _____
Katie Clark Sieben, or delegate
Title Chair
Date _____

ENCUMBERED:
Minnesota Public Facilities Authority

By _____

Date Encumbered B2401 3-XXX 10/XX/13
(Individual signing certified that funds have been encumbered as required by Minnesota Statute 16A)

Metropolitan Council - cw25

Loan Amortization Schedule
MPFA-13-0025-R-FY14

loan amount: **60,000,000.00**

Rate: 1.6330%
Date:
Maturity: 08/20/33

Date	Effective	Source	Disbursement	Repayment	Interest	Principal	Loan Balance	Annl Debt Srv
projected	01/29/14	Op Res	60,000,000.00				60,000,000.00	
	08/20/14			1,547,055.00	547,055.00	1,000,000.00	59,000,000.00	1,547,055.00
	02/20/15			481,735.00	481,735.00		59,000,000.00	
	08/20/15			2,481,735.00	481,735.00	2,000,000.00	57,000,000.00	2,963,470.00
	02/20/16			465,405.00	465,405.00		57,000,000.00	
	08/20/16			4,465,405.00	465,405.00	4,000,000.00	53,000,000.00	4,930,810.00
	02/20/17			432,745.00	432,745.00		53,000,000.00	
	08/20/17			2,432,745.00	432,745.00	2,000,000.00	51,000,000.00	2,865,490.00
	02/20/18			416,415.00	416,415.00		51,000,000.00	
	08/20/18			2,416,415.00	416,415.00	2,000,000.00	49,000,000.00	2,832,830.00
	02/20/19			400,085.00	400,085.00		49,000,000.00	
	08/20/19			1,400,085.00	400,085.00	1,000,000.00	48,000,000.00	1,800,170.00
	02/20/20			391,920.00	391,920.00		48,000,000.00	
	08/20/20			3,391,920.00	391,920.00	3,000,000.00	45,000,000.00	3,783,840.00
	02/20/21			367,425.00	367,425.00		45,000,000.00	
	08/20/21			4,367,425.00	367,425.00	4,000,000.00	41,000,000.00	4,734,850.00
	02/20/22			334,765.00	334,765.00		41,000,000.00	
	08/20/22			4,334,765.00	334,765.00	4,000,000.00	37,000,000.00	4,669,530.00
	02/20/23			302,105.00	302,105.00		37,000,000.00	
	08/20/23			4,302,105.00	302,105.00	4,000,000.00	33,000,000.00	4,604,210.00
	02/20/24			269,445.00	269,445.00		33,000,000.00	
	08/20/24			4,269,445.00	269,445.00	4,000,000.00	29,000,000.00	4,538,890.00
	02/20/25			236,785.00	236,785.00		29,000,000.00	
	08/20/25			4,236,785.00	236,785.00	4,000,000.00	25,000,000.00	4,473,570.00
	02/20/26			204,125.00	204,125.00		25,000,000.00	
	08/20/26			4,204,125.00	204,125.00	4,000,000.00	21,000,000.00	4,408,250.00
	02/20/27			171,465.00	171,465.00		21,000,000.00	
	08/20/27			3,171,465.00	171,465.00	3,000,000.00	18,000,000.00	3,342,930.00
	02/20/28			146,970.00	146,970.00		18,000,000.00	
	08/20/28			3,146,970.00	146,970.00	3,000,000.00	15,000,000.00	3,293,940.00
	02/20/29			122,475.00	122,475.00		15,000,000.00	
	08/20/29			3,122,475.00	122,475.00	3,000,000.00	12,000,000.00	3,244,950.00
	02/20/30			97,980.00	97,980.00		12,000,000.00	
	08/20/30			3,097,980.00	97,980.00	3,000,000.00	9,000,000.00	3,195,960.00
	02/20/31			73,485.00	73,485.00		9,000,000.00	
	08/20/31			3,073,485.00	73,485.00	3,000,000.00	6,000,000.00	3,146,970.00
	02/20/32			48,990.00	48,990.00		6,000,000.00	
	08/20/32			3,048,990.00	48,990.00	3,000,000.00	3,000,000.00	3,097,980.00
	02/20/33			24,495.00	24,495.00		3,000,000.00	
	08/20/33			3,024,495.00	24,495.00	3,000,000.00	-	3,048,990.00
totals			60,000,000.00	70,524,685.00	10,524,685.00	60,000,000.00		70,524,685.00

DRAFT

Date	Principal	10/29/13 Rate Scales		Cash flow using principal schedule and these rate scales:		Present Value of Cash Flows and these rate scales *:	
		PFA Bonds	MMD AAA	PFA Bonds	MMD AAA	PFA Bonds	MMD AAA
01/29/14	(60,000,000.00)				(60,000,000.00)		(60,000,000.00)
02/20/14	-				85,178.33		85,036.21
08/20/14	1,000,000.00		0.18%		1,730,100.00		1,702,666.14
02/20/15	-				729,200.00		707,438.19
08/20/15	2,000,000.00		0.34%		2,729,200.00		2,610,121.64
02/20/16	-				725,800.00		684,267.47
08/20/16	4,000,000.00		0.53%		4,725,800.00		4,392,055.44
02/20/17	-				715,200.00		655,244.72
08/20/17	2,000,000.00		0.81%		2,715,200.00		2,452,231.08
02/20/18	-				707,100.00		629,540.90
08/20/18	2,000,000.00		1.09%		2,707,100.00		2,375,915.32
02/20/19	-				696,200.00		602,343.49
08/20/19	1,000,000.00		1.46%		1,696,200.00		1,446,674.44
02/20/20	-				688,900.00		579,206.57
08/20/20	3,000,000.00		1.79%		3,688,900.00		3,057,438.46
02/20/21	-				662,050.00		540,922.66
08/20/21	4,000,000.00		2.09%		4,662,050.00		3,754,956.07
02/20/22	-				620,250.00		492,468.27
08/20/22	4,000,000.00		2.27%		4,620,250.00		3,616,267.11
02/20/23	-				574,850.00		443,540.32
08/20/23	4,000,000.00		2.44%		4,574,850.00		3,479,677.35
02/20/24	-				526,050.00		394,432.50
08/20/24	4,000,000.00		2.60%		4,526,050.00		3,345,403.88
02/20/25	-				474,050.00		345,411.59
08/20/25	4,000,000.00		2.76%		4,474,050.00		3,213,639.33
02/20/26	-				418,850.00		296,577.61
08/20/26	4,000,000.00		2.92%		4,418,850.00		3,084,413.90
02/20/27	-				360,450.00		248,023.01
08/20/27	3,000,000.00		3.07%		3,360,450.00		2,279,438.72
02/20/28	-				314,400.00		210,230.91
08/20/28	3,000,000.00		3.22%		3,314,400.00		2,184,753.76
02/20/29	-				266,100.00		172,912.34
08/20/29	3,000,000.00		3.35%		3,266,100.00		2,092,156.38
02/20/30	-				215,850.00		136,301.38
08/20/30	3,000,000.00		3.47%		3,215,850.00		2,001,831.60
02/20/31	-				163,800.00		100,514.61
08/20/31	3,000,000.00		3.56%		3,163,800.00		1,913,849.89
02/20/32	-				110,400.00		65,834.19
08/20/32	3,000,000.00		3.65%		3,110,400.00		1,828,446.19
02/20/33	-				55,650.00		32,248.88
08/20/33	3,000,000.00		3.71%		3,055,650.00		1,745,567.47
totals	-				18,865,578.33		-

* yields that equates PV of cash flows to \$-0-: 2.8834%

less discounts applied to the higher of the two yields: base discount: 1.2500%

estimated savings: \$8,340,893 **WAM: 10.7 years**

MHI below average:
Avg residential cost:
resulting loan rate (min=1%): 1.6330%

calculation of base discount (150 basis points less 1.25 bp for each \$1 MM loan amount over \$40 MM):	
original loan amount	60,000,000
less \$40 million cap for full discount equals amount over cap	20,000,000
increments of \$ 1 million over cap	20
x reduction factor	1.25
equals basis point adjustment to base discount	25.00
resulting base discount (150 less adjustment)	125.00