

Management Committee

Meeting date: February 10, 2021

For the Metropolitan Council meeting: February 24, 2021

Subject: Loan Agreement with the Minnesota Public Facilities Authority (PFA) and issuance of the supporting General Obligation Sewer Note.

District(s), Member(s): All

Policy/Legal Reference: MN Stat. 473.541(3) and Council Policy 3-1-1

Staff Prepared/Presented: Mark Thompson, Senior Manager, 651-602-1629

Division/Department: Regional Administration/Finance

Proposed Action

That the Metropolitan Council approve the attached parameters Resolution 2021-04 which authorizes the Regional Administrator to execute a loan agreement with the Minnesota Public Facilities Authority (PFA) in substantially the same form as the attached agreement. And further, approve issuance of the related General Obligation Sewer Note securing the loan agreement in substantially the same form as the Note referenced in the resolution.

Background

This approval will authorize a negotiated low-cost loan which will finance capital project expenses in the approved MCES capital budget. MCES capital projects that will be funded by this loan are ongoing. The previous 2019 PFA loan will be completely drawn in January or February of 2021.

The proposed 2021 PFA loan of \$50 million will finance the cash flows of MCES capital projects that are or will be PFA-eligible for a period of about 12 months beginning March 2021. PFA has finalized the 2021 Intended Use Plan (IUP). Capital borrowing for MCES includes PFA loans, Council bonds or “pay as you go” (wastewater operating revenue).

This proposed 2021 PFA loan will be amortized over a period of 20 years and will be structured with generally level debt service payments. Loan principal payments may have minor adjustments to fit with existing MCES debt service in order to provide a consistent total debt service component of the MCES wastewater budget.

Parameters Resolution

This action item authorizes staff to administer the issuance of the Notes as summarized in the below Rationale section and specified in the attached parameters resolutions. The parameters provide specific up-front information to the Council, flexibility in locking the interest rate lock and allow for minor adjustments to the loan.

Attachments to this item are:

Attachment A: Summary of the key terms of the transaction

Attachment B: Proposed Resolution with draft Note (drafted by bond counsel - Kennedy & Graven)

Attachment C: Proposed Commitment and Loan Agreement (drafted by PFA and reviewed by bond counsel)

Rationale

PFA loans are typically less expensive than Council bonding because of the PFA subsidy mechanism. At current interest rates, the savings compared to Council tax-exempt bond issuance is about \$350,000 in future interest costs and costs of issuance.

Terms of the loan provide these savings and are deemed by staff, our financial advisors (Baker Tilly Municipal Advisors) and our bond counsel (Kennedy & Graven) to be acceptable.

The parameters established for the proposed action are included in the attached resolution and their exhibits and appendices. Council staff will keep the loan within the following parameters:

90	Loan authorization period (days)
\$50	Maximum par Note to issue (\$ million)
2.5%	Maximum interest rate

Thrive Lens Analysis

Stewardship – The loan program through PFA provides the Council a financing tool which is historically 1% to 1.5% lower than the interest rate that could be obtained by issuing Council debt. This saves the Council interest cost over the term of the loan.

Funding

This loan/note, and all MCES debt service, is paid from revenues derived from the Municipal Wastewater Charge, Sewer Availability Charge, or Industrial Waste permit fees. The note also carries the general obligation of the Council.

Because the interest rate on this loan is expected to be locked-in between the preparation of this Business Item and the to-be-determined March closing date, the attached amortization table is a draft and is subject to change. The final interest rate is expected to be very near 1.00, which is the lowest PFA will allow. The rate is determined by the market and a PFA formula.

Known Support / Opposition

No opposition is known

KEY TERMS OF THE PROPOSED LOAN AGREEMENT

- 1) The Council is financing \$50 million for approved wastewater projects and will pay debt service on the loan over the 20 years.
- 2) The Council must agree to complete all projects funded in any part by these loans, regardless of the availability of future PFA loans.
- 3) PFA funds are not drawn down by the Council until after eligible expenses are incurred (that is, on a “reimbursement basis”). Interest will accrue on the debt only as money is disbursed to the Council.
- 4) The net interest rate paid to the PFA is currently expected to be 1.00-1.25%.
- 5) The Council must execute a General Obligation Note pledging its full faith and credit to secure repayment of the loan. This means that should wastewater revenues become inadequate, the Council must levy taxes to provide the necessary funds. However, no property taxes have ever been levied or are anticipated for these PFA Notes or any other wastewater debt.
- 6) The Council agrees that under this loan agreement, the Project 8059, Metro Plant Rehabilitation and Facilities Improvement family of projects will be designated as coming from state bond funds and are thereby subject to extra restrictions for the life of the project and possibly repayment of the funds if the facility were sold. In addition, a declaration of these covenants must be recorded against the benefitted real estate parcel titles.
- 7) If either the PFA or the Council subsequently issue refinancing debt associated with this loan, neither party will be sharing with the other any part of the net present value of savings from the refinancing (refunding) process. The Council is required to get PFA approval to prepay the loan.
- 8) The Council agrees to standard terms and conditions of PFA’s financing and state law. Among these terms are:
 - A. Sale of any benefitted project facilities are restricted;
 - B. Funds cannot be used for “private uses”;
 - C. Insurance requirements must be met;
 - D. Information disclosure requirements for the investment community must be met;
 - E. Projects funded must meet EPA diversity requirements;
 - F. Loan funded contractors must pay prevailing wages in accordance with state and federal requirements.

Attachment B
CERTIFICATION OF EXTRACT FROM MINUTES
RELATING TO A GENERAL OBLIGATION
WASTEWATER REVENUE NOTE, SERIES 2021A

Issuer: Metropolitan Council, Minnesota

Governing Body: Council Members

Kind, date, time and place of meeting: A regular meeting held Wednesday, February 24, 2021, at 4:00 o'clock P.M., at 390 North Robert Street, St. Paul, Minnesota.

Members Present:

Members Absent:

Documents Attached:

Extract of minutes of said meeting including:

RESOLUTION NO. 2021-04
ACCEPTING THE OFFER OF THE MINNESOTA
PUBLIC FACILITIES AUTHORITY TO
PURCHASE A GENERAL OBLIGATION
WASTEWATER REVENUE NOTE, SERIES 2021A, PROVIDING
FOR ITS ISSUANCE, AND AUTHORIZING
EXECUTION OF A PROJECT LOAN AGREEMENT

I, the undersigned, being the duly qualified and acting Recording Secretary of the Metropolitan Council, the public corporation issuing the notes referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been extracted; that said documents are correct and accurate copies of the resolution and related documents approved by the Council at its regular meeting held on February 24, 2021, so far as they relate to said Note; and that said meeting was duly held by the governing body at the time and place and was attended by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such Recording Secretary on _____, 2021.

Elizabeth Sund, Recording Secretary

After some discussion, Council Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. 2021-04
ACCEPTING THE OFFER OF THE MINNESOTA
PUBLIC FACILITIES AUTHORITY TO
PURCHASE A GENERAL OBLIGATION
WASTEWATER REVENUE NOTE, SERIES 2021A, PROVIDING
FOR ITS ISSUANCE, AND AUTHORIZING
EXECUTION OF A PROJECT LOAN AGREEMENT

The motion for the adoption of the foregoing resolution was seconded by Council Member _____ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

and the following were absent for the vote:

whereupon the resolution was declared duly passed and adopted and was signed by the Chair whose signature was attested by the Recording Secretary.

RESOLUTION NO. 2021-04
ACCEPTING THE OFFER OF THE MINNESOTA
PUBLIC FACILITIES AUTHORITY TO
PURCHASE A GENERAL OBLIGATION
WASTEWATER REVENUE NOTE, SERIES 2021A, PROVIDING
FOR ITS ISSUANCE, AND AUTHORIZING
EXECUTION OF A PROJECT LOAN AGREEMENT

BE IT RESOLVED by the Metropolitan Council (the “Council” or the “Issuer”) as follows:

Section 1. Recitals.

- a) The Minnesota Public Facilities Authority (the “PFA”) is authorized pursuant to Minnesota Statutes, Chapters 446A as amended, to issue its bonds (the “PFA Bonds”) and to use the proceeds thereof, together with certain other funds of the agency available for such purpose in the Clean Water Revolving Fund, to provide loans to political subdivisions of the state to fund eligible costs of construction of sanitary sewer collection and wastewater treatment systems (the “Program”).
- (b) The Issuer is authorized to issue its obligations pursuant to Minnesota Statutes, Sections 473.541, subd. 3 and Chapter 475 (the “Act”), for the purpose of financing the acquisition or betterment of interceptors and treatment works determined to be necessary or desirable for the metropolitan disposal system, including without limitation the improvements set forth in the Project Loan Agreement defined below (the “Project”).
- (c) The Issuer has applied for a loan from the PFA pursuant to the Program, and the PFA has offered to make a loan to the Issuer in a principal amount not to exceed \$50,000,000, to be disbursed and repaid in accordance with the terms of a Bond Purchase and Project Loan Agreement (the “Project Loan Agreement”) to be executed by the Issuer and the PFA within 90 days of the date hereof, in substantially the form now on file with the Council Secretary.
- (d) In accordance with Section 475.60, subdivision 2(4) of the Act, the Issuer is authorized to issue obligations to a board, department or agency of the State of Minnesota by negotiation and without advertisement for bids and the PFA is, and has represented that it is a board, department or agency of the State of Minnesota.
- (e) Contracts for the Project have been or will be made by the Issuer with the approval of the PFA and all other state and federal agencies of whose approval is required.

Section 2. Acceptance of Offer: Payment.

- (a) The Issuer hereby accepts the offer of the PFA to purchase the General Obligation Wastewater Revenue Note, Series 2021A (the “Note”) to be issued by the Issuer in an original aggregate principal amount not to exceed \$50,000,000 at the rate of interest set forth in the Project Loan Agreement, and to pay therefor the par amount of the Note as provided below, and the sale of the Note is awarded to the PFA. Payment for the Note is to be disbursed in installments as eligible costs of the Project reimbursed or paid, all as provided in the Project Loan Agreement. The terms set forth in this resolution relating to the Note are intended to be consistent with the provisions of the Project Loan Agreement, and to the extent that any provision in the Project Loan Agreement is in conflict with this resolution, the Project Loan Agreement will control. The Council hereby delegates to the Chief Financial Officer/Treasurer, or the Chief Financial Officer/Treasurer’s designee, authority to lock the interest rate on the Note, provided such rate of interest shall not exceed 2.50% and to determine, in consultation with the PFA, the original aggregate principal amount of the Note in an amount not to exceed \$50,000,000.
- (b) The Note is to be issued in an aggregate principal amount not to exceed \$50,000,000, originally and nominally dated as of the date of delivery as a fully registered Note without coupons. The Note will be in the denomination of the entire principal amount thereof, numbered R-1 and bear interest and mature in installment amounts as set forth therein.
- (c) The Note is subject to redemption and prior payment as provided in the Project Loan Agreement.
- (d) Interest and principal in the installment amounts set out in the Note, as executed, a draft of which is attached as **Exhibit A**, are payable by wire transfer, or if by check or draft of the Issuer or its designated Registrar, mailed no later than 5 business days prior to the payment date to the registered holder thereof at the holder’s address as it appears on the bond register at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date.

Section 3. Date: Denomination: Interest Rates. The Note will be a fully registered negotiable obligation, dated as of date of delivery and issued forthwith. The Note shall be in substantially the form set forth on **Exhibit A** attached hereto. The approval hereby given to the Note includes approval of a series designation and such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the Council and by the Chief Financial Officer/Treasurer prior to its execution; and Chief Financial Officer/Treasurer is hereby authorized to approve said changes on behalf of the Council as evidenced by a certificate of the Chief Financial Officer/Treasurer to be executed upon issuance of the Note. The execution and delivery of the Note as provided in Section 4 is conclusive evidence of the approval of the Note in accordance with the terms hereof.

Section 4. Execution. The Note is to be executed on behalf of the Council by the signatures of the Chair and Chief Financial Officer/Treasurer, the Council having no seal; provided; however, that one of such signatures may be a printed or photocopied facsimile on the Note as permitted by law. In the event of disability or resignation or other absence of any of such officers, the Note may be signed by any officer who is authorized to act on behalf of such absent or disabled officer. If an officer whose signature will appear on the Note ceases to be such officer before the delivery of the Note, such officer's signature will nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 5. Delivery: Application of Proceeds. The Note when so prepared and executed will be delivered by the Chief Financial Officer/Treasurer to the PFA prior to disbursements pursuant to the Project Loan Agreement. The purchaser is not obliged to see to the proper application thereof.

Section 6. PFA Sewer Revenue Note Fund, Pledges, Appropriations.

(i) Sewer Revenue Note Fund. There is hereby established a 2021A PFA Sewer Revenue Note Fund (the "Note Fund") in the Council's Debt Service Fund. The Note Fund shall be held in the custody of the Chief Financial Officer/Treasurer, deposited in one or more banks duly qualified as depositories of Council funds, and invested and reinvested in accordance with resolutions of the Council and Minnesota Statutes, Chapter 118A, and the Project Loan Agreement, and shall be used only to pay principal and interest and related expenses (including paying agency, registration, swap agreement or investment service expenses and rebate of arbitrage earnings) payable with respect to the Note or PFA Bonds and any other general obligation wastewater revenue obligations of the Council, as may be directed by the Council to be paid from the Note Fund, until all such principal and interest and expenses have been fully paid; provided that if any payment falls due when the balance in the Note Fund is insufficient to pay it, the deficiency shall be paid out of any other funds of the Council available for that purpose, and advances so made may be repaid from the Note Fund when a sufficient balance is available therein.

(ii) Other Appropriations. The following sums are hereby pledged and appropriated and shall be credited as received to the Note Fund:

(a) All income and gain from investment of the Note Fund (to which all loss from such investment shall also be charged).

(b) All payments by local government units of debt service costs for obligations payable out of the Note Fund hereafter allocated to such units in each annual budget of the Council under the provisions of Minnesota Statutes, Sections 473.517 and 473.521, provided that such debt service allocation payments shall be transferred by the Council to the Note Fund in such amounts and at such times during the budget year as is required under subparagraph (iv) hereof.

(c) All sums collected from taxes levied, extended and assessed under the provisions of subparagraph (iv) below.

(iii) Pledge of Revenues and Note Proceeds. Pursuant to the provisions of Minnesota Statutes, Section 473.541, subdivision 3, the Council irrevocably pledges and appropriates to the Note Fund, from the revenues receivable under the provisions of Minnesota Statutes, Sections 473.517 and 473.521, all sums received from businesses and local government units for the payment of the principal of and interest on the Note and any other obligations hereafter made payable out of the Note Fund and all related expenses payable out of the Note Fund. The Note shall be secured equally and ratably with all other obligations heretofore or hereafter issued and made payable from the Note Fund by the pledge of all assets appropriated to the Note Fund.

(iv) Taxes; Pledges. It is estimated that the revenues pledged for the payment of the Note, together with other available monies designated by the Council for such purposes, will produce sums in an amount not less than 5% in excess of the amounts needed to meet when due payments of principal of and interest on the Note, and accordingly no tax is levied by this Resolution for that purpose. The Council shall deposit in the Note Fund revenues pledged to the payment of the Note in such amounts and at such times as are directed by the Chief Financial Officer/Treasurer of the Council so that as of the interest payment dates for the Note (i.e. February 20 and August 20 of each year as set forth in the Note) (each an "Interest Payment Date") during the term of the Note, the amount held in the Note Fund is sufficient to pay principal (if any) of and interest on the Note (and any other obligations payable from the Note Fund) payable on that Interest Payment Date and so that all related expenses payable out of the Note Fund are paid when due.

(v) Note Record. The Chief Financial Officer/Treasurer of the Council is directed to keep on file in the Council office a tabulation of the dates and amounts of the principal and interest payments to become due on all obligations payable from the Note Fund, and of the balance required in the Note Fund on each Interest Payment Date in lieu of taxes then otherwise required to be levied for the security of such Note.

(vi) Separate Council Funds. In its annual budget, the Council shall allocate all wastewater debt service costs, together with operations and maintenance costs of the metropolitan disposal system and any other applicable costs, to local government units pursuant to Minnesota Statutes, Section 473.517, as amended.

Section 7. Disposition of Note Proceeds. All disbursements of Note proceeds made under the Project Loan Agreement shall be made and applied as provided in the Project Loan Agreement.

Section 8. General Obligation Pledge. The full faith and credit and taxing powers of the Issuer will be, and are irrevocably pledged for the prompt and full payment of the principal of and interest on the Note as the same respectively become due. If the net revenues of the wastewater system appropriated and pledged to the payment of principal and interest on the Note, together with other funds irrevocably appropriated to the Debt Service Fund referred to in Section 6 are at any time insufficient to pay such principal and interest when due, the Issuer covenants and agrees to levy, without limitation as to rate or amount, for collection the following year a general ad valorem tax upon all taxable property in the "metropolitan area" within the meaning of Minnesota Statutes, Section 473.121, subdivision 2, in an amount sufficient to pay such principal and interest as the same become due. If the balance in the Debt Service Fund is ever insufficient to pay all principal and

interest then due on the Note and any other obligations payable therefrom, the deficiency will be promptly paid out of any other funds of the Issuer which are available for such purpose, and those other funds may be reimbursed, with or without interest, from the Debt Service Fund when a sufficient balance is available in that Fund.

Section 9. Certificate of Registration. The Chief Financial Officer/Treasurer is authorized and directed to file a certified copy of this resolution with the County Auditors of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties, Minnesota, together with such other information as the County Auditors may require, and to obtain from the County Auditors their certificates that the Note has been entered in the County Auditors' Bond Registers.

Section 10. Project Loan Agreement. The Project Loan Agreement is approved in substantially the form available to the Council, and in the form executed is incorporated by reference and made a part of this resolution. The provisions of this resolution relating to the Note are intended to be consistent with the provisions of the Project Loan Agreement, and to the extent that any provision in the Project Loan Agreement is in conflict with this resolution as it relates to the Note, that provision controls. The approval hereby given to the Project Loan Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the Council and by the Regional Administrator prior to its execution; and Regional Administrator is hereby authorized to approve said changes on behalf of the Council. The execution and delivery of the Project Loan Agreement by the Regional Administrator is hereby authorized. The execution of the Project Loan Agreement by the Regional Administrator is conclusive evidence of the approval of the Project Loan Agreement in accordance with the terms hereof. The Project Loan Agreement may be attached to the Note, and must be attached to the Note if the holder of the Note is any person other than the PFA.

Section 11. Records and Certificates. The officers of the Council are hereby authorized and directed to prepare and furnish to the PFA, and to the attorneys approving the legality of the issuance of the Note, certified copies of all proceedings and records of the Council relating to the Note and to the financial condition and affairs of the Council, and such other affidavits, certificates, agreements and information as are required to show the facts relating to the legality and marketability of PFA Bonds, if any were used as a source of financing for this loan, as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the Council as to the facts recited therein.

Section 12. Negative Covenants as to Use of Proceeds and Project. The Issuer covenants not to use the proceeds of the Note or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangement for the cost of the Project, in such a manner as to cause the Note to be private activity bond within the meaning of Section 103 and 141 through 150 of the Code. The Issuer reasonably expects that no action will be taken over the term of the Note that would cause it to be a private activity bond, and the average term of the Note is not longer than reasonably necessary for the government purpose of the issue. The Issuer covenants not to use the proceeds of the Note in such a manner as to cause the Note to be a "hedge bond" within the meaning of Section 149(g) of the Code.

Section 13. Tax-Exempt Status of the Note: Rebate. The Issuer will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Note, including without limitation (i) requirements relating to temporary periods for investments; (ii) limitations on amounts invested at a yield greater than the yield on the PFA Bonds; and (iii) the rebate of excess investment earnings to the United States.

Section 14. Tax-Exempt Status of the PFA Bonds; Rebate. With respect to the Note, the Issuer will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the PFA Bonds, if any were used to fund the Loan, including without limitation (i) requirements relating to temporary periods for investments; (ii) limitations on amounts invested at a yield in excess of the applicable yield restrictions imposed by the Code; and (iii) the rebate of excess investment earnings to the United States. The Issuer covenants and agrees with the PFA and holders of the Note that the investments of proceeds of the Note, including the investment of any revenues pledged to the Note, which may be considered gross proceeds of PFA Bonds under the applicable regulations, and accumulated sinking funds, if any, will be limited as to amount and yield in such manner that such PFA Bonds will not be arbitrage bonds within the meaning of Section 148 of the Code and any regulations thereunder. On the basis of the existing facts, estimates and circumstances, including, the foregoing findings and covenants, the Issuer certifies that it is not expected that the proceeds of the Note, will be used in such manner to cause such PFA Bonds to be arbitrage bonds under Section 148 of the Code, and any regulations thereunder. The Note Registrar will furnish a certificate to the PFA addressing the foregoing certification at the time of delivery of the Note to the PFA.

The Issuer covenants and agrees that the PFA and holders of the Note that the investments of proceeds of the Note, including the investment of any revenues pledged to the Note, which are considered gross proceeds of any such PFA Bonds under the applicable regulations and accumulated sinking funds, if any, will be limited as to amount(s) and yield(s) in such manner that such PFA Bonds will not be arbitrage bonds within the meaning of Section 148 of the Code, and any regulations thereunder. On the basis of the existing facts, estimates and circumstances, including the foregoing findings and covenants, the Issuer hereby certifies that it is not expected that the proceeds of the Note will be used in such manner as to cause such PFA Bonds to be arbitrage bonds under Section 148 of the Code and any regulations thereunder. The Regional Administrator and Chief Financial Officer/Treasurer will furnish an arbitrage certificate to the PFA addressing the foregoing certification at the time of delivery of the Note to the PFA.

Section 15. Electronic Signatures. The electronic signature of the Chair, Regional Administrator and the Chief Financial Officer/Treasurer, Recording Secretary or any of them, to this resolution and to any certificate or other document authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the Council thereto. For purposes hereof, (i) “electronic signature” means (a) a manually signed original signature that is then transmitted by electronic means or (b) a signature obtained through DocuSign or Adobe or a similarly digitally auditable signature gathering process; and (ii) “transmitted by electronic

means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message.

Section 16. Severability. If any section, paragraph or provision of this resolution is held to be invalid or unenforceable for any reason, the validity or unenforceability of such section, paragraph or provision will not affect any of the remaining provisions of this resolution.

Section 17. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and do not limit or define the meaning of any provision hereof.

Adopted: February 24, 2021

Elizabeth Sund, Recording Secretary

Charles Zelle, Chair

EXHIBIT A
TO SALE RESOLUTION

FORM OF NOTE

No. R-1

\$50,000,000

UNITED STATES OF AMERICA
STATE OF MINNESOTA
ANOKA, CARVER, DAKOTA, HENNEPIN, RAMSEY, SCOTT AND
WASHINGTON COUNTIES
METROPOLITAN COUNCIL
(Minneapolis-St. Paul metropolitan area)

GENERAL OBLIGATION WASTEWATER REVENUE NOTE, SERIES 2021A

Date of Original Issue: _____, 2021

The METROPOLITAN COUNCIL, a body corporate and politic having jurisdiction over the Minneapolis-St. Paul metropolitan area comprising the Counties of Anoka, Carver, Dakota (excluding the City of Northfield), Hennepin (excluding the Cities of Hanover and Rockford), Ramsey, Scott (excluding the City of New Prague), and Washington, Minnesota (the “Issuer”), certifies that it is indebted for value received and promises to pay to the Minnesota Public Facilities Authority or registered assigns, the principal sum of \$50,000,000, or so much thereof as may have been disbursed, on August 20, in the years and in the installments as follows:

<u>Year</u>	<u>Installment</u>	<u>Year</u>	<u>Installment</u>
2021	\$ 750,000	2031	\$2,800,000
2022	2,500,000	2032	2,800,000
2023	3,000,000	2033	2,800,000
2024	3,000,000	2034	2,800,000
2025	2,950,000	2035	2,500,000
2026	2,900,000	2036	2,500,000
2027	2,800,000	2037	2,500,000
2028	2,800,000	2038	2,500,000
2029	2,800,000	2039	2,500,000
2030	2,800,000		

and to pay interest on so much of the principal amount of the debt as may be disbursed from time to time as provided in the Project Loan Agreement (as defined below) and remains unpaid, from the date of this Note for disbursements made on or prior to that date or from the date of each later disbursement until the principal amount hereof is paid or has been provided for, at the rate of 1.00% per annum (calculated on the basis of a 360-day year of twelve 30-day months) on August 20, 2021 and semiannually thereafter on each February 20 and August 20.



Principal and Interest Payments. Interest accrues only on the aggregate amount of this Note that has been disbursed under the Public Facilities Authority Bond Purchase and Project Loan Agreement dated as of January 28, 2021, by and between the Issuer and the Minnesota Public Facilities Authority (the “Project Loan Agreement”). The principal installments that will be paid in the amounts scheduled above even if at the time of payment the full principal amount of this Note has not been disbursed; provided that to the extent any principal amount of this Note is never disbursed, the amount of the principal not disbursed is to be applied to reduce each unpaid principal installment in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule is to be reamortized to provide similar reductions in the annual installments of total debt service payments).

Interest on this Note includes amounts treated by the Minnesota Public Facilities Authority as service fees. Principal, interest and any premium due under this Note will be paid on each payment date by wire transfer of immediately available funds, or by check or draft mailed at least 5 business days prior to the payment date to the person in whose name this Note is registered in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

Redemption. This Note is subject to redemption and prepayment in whole or in part as provided in the Project Loan Agreement.

Purpose: General Obligation. This Note has been issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, thereunto enabling, including Minnesota Statutes, Sections 473.541 and Chapter 475 for the purpose of providing money to finance eligible project costs related to the acquisition or betterment of interceptors and treatment works determined to be necessary or desirable for the metropolitan disposal system, including without limitation the improvements determined to be necessary or desirable for the metropolitan disposal system (the “Wastewater System”), and is payable out of the PFA Debt Service Fund of the Issuer, to which fund have been pledged certain net revenues of the Issuer’s Wastewater System. This Note constitutes a general obligation of the Issuer and the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged to provide money for the prompt and full payment of the principal installments of and interest on this Note when the same become due.

Registration: Transfer. This Note must be registered in the name of the payee on the books of the Issuer by presenting this Note for registration to the Council’s Chief Financial Officer/Treasurer (the “Note Registrar”), who will endorse the date of registration opposite the name of the payee in the certificate of registration attached hereto. Thereafter this Note may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or owner’s legal representative, and the Issuer may treat the registered owner as the person exclusively entitled to exercise all the rights and powers of an owner until this Note is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the Note Registrar.

Fees Upon Transfer or Loss. The Note Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer of this Note and any legal or unusual costs regarding transfers and lost notes.

Project Loan Agreement. The terms and conditions of the Project Loan Agreement are incorporated herein by reference and made a part hereof. The Project Loan Agreement may be attached to this Note and must be attached to this Note if the holder of this Note is any person other than the Minnesota Public Facilities Authority.

Tax-Exempt Obligation. The Issuer intends that the interest on this Note will be excluded from gross income for United States income tax purposes or from both gross income and taxable net income for State of Minnesota income tax purposes.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to and in the issuance of this Note, have been done, have happened and have been performed in regular and due form, time and manner required by law; and that this Note, together with all other debts of the Issuer outstanding on the date hereof, being the date of its actual issuance and delivery, does not exceed any constitutional, or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the Metropolitan Council (Minneapolis-St Paul metropolitan area), Anoka, Carver, Dakota, Hennepin, Ramsey Scott and Washington Counties, Minnesota, has caused this Note to be executed with the manual signatures of its Chair and its Chief Financial Officer/Treasurer, both as of the nominal date of original issue specified above.

METROPOLITAN COUNCIL
Anoka, Carver, Dakota, Hennepin, Ramsey, Scott
and Washington Counties, Minnesota

By _____
Chair

By _____
Chief Financial Officer/Treasurer

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This is the Note described above and has been registered as to the principal and interest in the name of the Registered Owner identified below on the registration books of the Note Registrar. The transfer of ownership of the principal amount of this Note may be made only by the Registered Owner or by the Registered Owner's legal representative last noted below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Note Registrar</u>
_____, 2021	Minnesota Public Facilities Authority Federal Employer I.D. No. 41-6007162	_____

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

This BOND PURCHASE AND PROJECT LOAN AGREEMENT (“the Agreement”), is between the Minnesota Public Facilities Authority (the "Authority") and the Metropolitan Council (“Recipient”) and is dated January 28, 2021.

The project consists of cash flow financing for a portion of the Metropolitan Council capital wastewater projects (“the Project”). The Project is further described and detailed in Exhibit B and the related MN Pollution Control Agency’s certifications, and in the Recipient’s Project application which is incorporated herein.

Program Funding for the Project	Name	Legal citations	Funding IDs	Amounts
Clean Water State Revolving Fund Loan	("the Loan")	MS 446A.07; MN Rules 7380 .0400-.0480	MPFA-CWRF-L-035-FY21	\$50,000,000
Total Authority Project Financing:				\$50,000,000

ARTICLE 1 – TERMS AND CONDITIONS

Section 1.1 Terms. (a) General: The Authority hereby commits, subject to the availability of funds and the conditions and legal citations herein set forth, to provide FIFTY MILLION DOLLARS (\$50,000,000) to the Recipient for the purpose of financing eligible costs of the Project.

(b) Loan: The Loan shall be evidenced by the Note described in Section 1.4 of this Agreement (the “Note”). The final maturity date of the Loan will be August 20, 2039. The aggregate principal amount of the Loan disbursed and outstanding will bear interest and servicing fees collectively at the rate of 1.000% per annum accruing from and after the date of the Note through the date on which no principal of the Loan remains unpaid and all accrued interest and servicing fees thereon have been paid.

(c) Grant(s): This subsection is intentionally left blank.

Section 1.2 Authority Sources of Funds. (a) The Recipient acknowledges that the Authority may use the proceeds of one or more series of the Authority’s revenue bonds (the "Bonds"), federal capitalization grants, proceeds of state general obligation bonds, state appropriations from the Clean Water Legacy Fund, or other funds of the Authority, or a combination thereof, to fund the Agreement.

(b) At the written request of the Recipient, the Authority will provide information with respect to the funding of the Agreement, from time to time.

(c) Allocation and pledging of Loan: The Authority may, at any time, pledge the Loan as security for its Bonds. The Authority in its sole discretion may allocate the Loan to one or more 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 that 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.

(d). The Authority agrees that the only project listed in Exhibit B that will be funded from state general obligation bonds are the MWWTP Rehabilitation and Facilities Improvement Projects (the “Metro Wastewater Treatment Plant Project”).

Section 1.3 Disbursements. (a) Delivery of Note: No funds will be disbursed by the

Authority to the Recipient until the Recipient has delivered its Note to the Authority as set forth in section 1.4.

(b) All Recipient disbursement requests will be subject to Authority approval and will be disbursed on a cost reimbursement basis, consistent with the budget presented in the Recipient'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 on or before the 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 Recipient.

(d) The Authority will reimburse the Recipient 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 Recipient's application.

(e) The Authority will make disbursements to the Recipient within 30 days of receipt of the Recipient'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 Recipient not later than the 15th day of the month by the last day of the same month.

(f) If the entire amount specified in Section 1.1 is not fully disbursed by June 30, 2024 the Authority will not make any further disbursements. In that event or if final eligible Project costs are less than the total financing amount specified in Section 1.1, the undisbursed balance of the Loan 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 Recipient.

Section 1.4 Security. (a) The Recipient must issue to the Authority its General Obligation Revenue Note to evidence its obligation to repay the Loan. The Authority will not disburse funds to the Recipient under this Agreement until the Recipient delivers to the Authority the executed Note, a certified copy of resolutions or other authority by the appropriate governing body or bodies as have authorized the execution and performance of this Agreement and the Note in accordance with applicable law, and all opinions, certificates and documents requested by, and in a form acceptable to, the Authority.

(b) The Recipient represents and agrees that the Note is a general obligation debt of the Recipient and will be shown as such on its financial statements and be treated in all respects as a general obligation debt of the Recipient. 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 Recipient 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 Recipient under the Loan and any such payment will fulfill the Recipient's obligation to pay that amount hereunder.

(d) The Recipient agrees to impose and collect rates and charges (including costs allocated by the Recipient to local governments) in compliance with Minnesota Statutes and in accordance with the Recipient's service charge system, so that sufficient gross revenues are available, together with other sources as may be applicable, for the payment of system costs, including operation and maintenance expenses and principal, interest and servicing fees due on any outstanding debt payable from those revenues. The Recipient agrees to annually review and ensure that the gross revenues are sufficient for the payment of all system costs.

Section 1.5 Mandatory Payments. (a) The Recipient must repay the principal amount of the Loan, together with accrued interest and servicing fees, 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 1.3 or 1.6. The interest payment shown on Exhibit A is for informational purposes only; the actual interest payment will be the amount of interest which has accrued to the date of payment. 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 any such interest earnings against any required repayment of principal or payment of interest and servicing fees. 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 Recipient 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 Recipient 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 Recipient has pledged to the repayment of the Loan revenues subject to prepayment or lump-sum payments by a third party, such as special assessments or connection charges from another municipality, the Recipient will notify the Authority immediately upon receipt of any such payment. The Authority, in its sole discretion, may direct the Recipient 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 Recipient may not prepay the Loan 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 Recipient may prepay the Loan and the Note, in whole or in part, on any February 20 or August 20 at a redemption price equal to 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 the Bonds as determined by the Authority.

(b) The Authority may require that the Recipient, 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 finance 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) The Authority will apply any amount paid by the Recipient to prepay all or a portion of the Note 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 2 – RECIPIENT RESPONSIBILITIES AND PROJECT COMPLIANCE

Section 2.1 Recipient Responsibilities with Respect to the Project. (a) The Recipient must meet all requirements in the project application submitted to the Authority as to compliance with federal and state laws, rules and regulations and include in any contract or subcontract related to the Project provisions requiring contractor and subcontractor compliance with applicable state and federal laws. The requirements in that application are hereby incorporated by reference.

(b) The Recipient 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 Recipient 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 that sale, lease, transfer, agreement or change in use would (i) violate the covenants set forth in Article 3 or Article 4, 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 Recipient must maintain adequate property insurance coverage for the Project in those amounts and with those limits as it determines in good faith to be reasonable or in those amounts and with those limits as the Authority may require from time to time. The Recipient 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 Recipient 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 operate the Project's system in compliance with all applicable federal and state laws and regulations and permit requirements.

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

(g) Clean Water Legacy logo: This subsection is intentionally left blank.

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

(b) Federal prevailing wages: In addition to the prevailing wage requirements under Subsection (a), the Recipient must comply with, 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) Federal American Iron and Steel: The Recipient will comply with the American Iron and Steel requirements of Section 608 of the Federal Water Pollution Control Act, unless the Project is granted a waiver from the EPA.

ARTICLE 3 – TAX COMPLIANCE COVENANTS

The Recipient acknowledges that the Note is intended to bear interest that 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 that are intended to bear interest that is excluded from gross income of the owner thereof for federal and State of Minnesota income tax purposes (“Tax-exempt Bonds”). The Recipient 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 Recipient covenants and agrees with the Authority, whether or not strict compliance with those 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 Recipient will not take, or, to the extent under its control, permit to be taken, any action that 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 Recipient 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 Recipient will 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 Recipient 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) The Recipient will not use any of the proceeds of the Loan 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) The Recipient will not repay the Loan from, or secure repayment of the Loan 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 Recipient 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 Recipient 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, the Recipient will not invest any gross proceeds 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 that 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 Recipient 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 will apply all Loan proceeds within five days of the receipt thereof by the Recipient consistent with the terms of the Recipient’s disbursement request.

(i) Except as permitted under Treasury Regulations, Section 1.150-2, and Section 1.4(d) hereof, the Recipient will not use Loan proceeds to reimburse itself for any payments of project costs that the Recipient 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 Recipient.

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

(k) With respect to any gross proceeds of the Tax-exempt Bonds created by the Recipient, the Recipient will be liable to the Authority for any amount the Authority is required to rebate to the United States as excess investment earnings pursuant to Section 148 of the Code.

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 3.

ARTICLE 4 – COMPLIANCE WITH STATE BOND REQUIREMENTS

Section 4.1 State Bond Financed Property. The Recipient and the Authority acknowledge and agree that the Recipient’s ownership interest in the Project, consisting of real property, and, if applicable, all facilities located, or that will be constructed and located, on that real property, and all equipment that is a part

thereof, that was purchased with the proceeds of state general obligation bond proceeds

constitutes “State Bond Financed Property”, as that 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 that statute and order apply to the Recipient’s ownership interest in the Project and any Use contracts relating thereto. The Recipient agrees that the proceeds of the Agreement must be used, and the Project must be operated, in a manner that complies with Minnesota Statutes, Section 16A.695 and the Order. The Recipient 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 Recipient agrees that any lease or management or similar contract (each a “Use Agreement”) it enters into 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 a governmental program established or authorized by law and established by official action of the Recipient.
- (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 that lease or management contract, but may allow renewal beyond that term upon determination by the Recipient that the use continues to carry out the governmental program.
- (d) It must be terminable by the Recipient 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 Recipient of the operation of the property that is the subject of the Use Agreement.
- (f) It must specifically identify the statute that provides the Recipient 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 Recipient 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 Recipient determines by official action that the property is no longer usable or needed by the Recipient 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, Section 16A.695 as then in effect.

(d) The Recipient obtains 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 Recipient, or if the Recipient'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 Recipient, the Authority will enter into and execute an amendment to this Agreement to implement that amendment to, or exempt the interest in the Project from, Minnesota Statutes, Section 16A.695 and the Order.

Section 4.5 Waiver. The Authority may waive the requirements of Article 4 at any time upon determination by the Authority, and after notifying the Commissioner of Minnesota Management and Budget, that the Project has not been and will not be funded from the proceeds of state general obligation bonds.

ARTICLE 5 – DISCLOSURE

Section 5.1 Information for Disclosure Documents. (a) The Recipient agrees to provide to the Authority such information with respect to the Recipient, 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 Recipient.

(b) At the request of the Authority, the Recipient will certify and represent that the information with respect to the Recipient 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 will the

Authority require the Recipient 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 Recipient determines that it is not able to make that certification and representation, it will provide to the Authority the information for inclusion in the Disclosure Documents necessary for the Recipient to make the certification and representation.

(c) If at any time during the period ending 90 days after the date the Recipient provides information to Authority for inclusion in a Disclosure Document any event occurs that the Recipient believes would cause the information with respect to the Recipient in the Disclosure Document to omit a material fact or make the statements therein misleading, the Recipient agrees to promptly notify the Authority in writing of that 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 Recipient will also provide the certification and representation required in (b) above with respect to that information.

(d) The Recipient agrees to 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 Recipient 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 Recipient or the Loan that must be disclosed under Rule 15c2-12, or (iii) that any other action of the Recipient has occurred which the Authority determines in its sole discretion is material to an investor in the Bonds, the Recipient covenants that it will authorize and provide to the Authority, for inclusion in a Disclosure Document, all statements and information relating to the Recipient 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 Recipient evidencing satisfaction of the requirements of Rule 15c2-12 and Rule 10b-5. The Authority, in its sole discretion and as set forth in a resolution or official statement of the Authority, will determine materiality under each of clause (i) and clause (iii) pursuant to criteria established from time to time. The Recipient further covenants that, if determined to be such a material obligated person, it will execute and deliver a continuing disclosure agreement, in that form as the Authority determines to be necessary, desirable or convenient, in its sole discretion, for the purpose of meeting the requirements of Rule 15c2-12. Pursuant to the terms and provisions of that continuing disclosure agreement, the Recipient will thereafter provide ongoing disclosure with respect to all annual and event

information and financial statements relating to the Recipient required by a continuing disclosure undertaking under Rule 15c-12. The Recipient further agrees that the Authority will have the right to disclose any information about the Recipient or the Loan, whether or not received from the Recipient, determined by the Authority in its sole discretion, to be material with respect to any of its Bonds.

ARTICLE 6 – SYSTEM REPLACEMENT FUND

This article is intentionally left blank.

ARTICLE 7 - FINANCIAL RECORDS, AUDITS, REPORTS AND INSPECTIONS

Section 7.1 Financial Recordkeeping. For all expenditures made pursuant to this Agreement, the Recipient 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 must 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 Office of the Legislative Auditor, the Office of the State Auditor and the EPA Office of Inspector General.

Section 7.2 Annual Financial Reports. (a) The Recipient must annually provide to the Authority for the term of the Loan a copy of an independent audit of its financial statements. 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 Subpart F (Audit Requirements) of Title 2 U.S. Code of Federal Regulations Part 200.

(b) The Recipient must describe the Note as general obligation debt of the Recipient in its annual audited financial statements for the term of the Loan.

Section 7.3 Annual Minority and Women Business Enterprise Report. If requested, the Recipient will submit to the Authority, within 20 days of the end of the 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.

Section 7.4 General. The Recipient must submit the project reports required by the Authority on forms prescribed by the Authority.

Section 7.5 Inspections. The Recipient, upon reasonable request by the Authority, must allow the Authority and its agents to inspect the Project.

ARTICLE 8 – GOVERNMENT DATA PRACTICES

The Recipient 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, Minnesota Statutes, Chapter 13, that exist as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time.

ARTICLE 9 - DEFAULT AND REMEDIES

Section 9.1. Events of Default. Any of the following is an event of default under this Agreement:

(a) The Recipient does not make a Loan payment when due;

(b) The Recipient does not comply with any other provision of this Agreement or the Note after written notice from the Authority, and for a three-month period the Recipient does not cure that default or provide a written plan acceptable to the Authority providing for that cure or, if the Authority accepts a plan for cure, the Recipient does not cure that default within the time period specified therein.

Section 9.2 Remedies. (a) If an event of default described in Section 9.1(a) of this Agreement occurs, the Authority will 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 Recipient 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) If an event of default described in Section 9.1(b) of this Agreement occurs, the Authority will 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 Minn. Rules Part 7380.0442. The Authority may also exercise one or more of the following remedies: (1) withhold approval of any disbursement request, (2)

demand repayment of any grant disbursements under this Agreement, (3) reject any pending application by the Recipient for financial assistance, (4) 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 (5) 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 Recipient has cured all events of default, the interest rate on any unpaid Loan principal will then revert back to the original interest rate.

ARTICLE 10 – ADMINISTRATION

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

Section 10.2 Termination of Loan. The obligations of the Recipient under this Agreement (except the obligations set forth in Section 2.1 (c), (d) and (e) and Article 4 hereof) will terminate when the Loan is fully paid.

Section 10.3 Fees. (a) Pursuant to Minnesota Statutes, section 446A.04, subdivision 5(a), the Authority may charge application fees and loan repayment servicing fees.

(b) Application fee: The application fee is waived by the Authority.

(c) Loan repayment servicing fees: The Recipient acknowledges that the Authority may apply up to 2 percent of any loan repayment as a servicing fee and that such fee will not increase the amount of any repayments or extend the period of repayment.

Section 10.4 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 will 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. That address must be the address specified below or a 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
Administrator
1st National Bank Building
332 Minnesota Street, Suite W820
Saint Paul, MN 55101-1378

In the case of the Recipient:

Metropolitan Council
Attention: Regional
390 North Robert
Saint Paul, MN 55101-1805
Copy to: MCES Financial Director

Recipient name:

Metropolitan Council
Project Funding ID(s):
MPFA-CWRF-L-035-FY21

The Authority and the Recipient 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.

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

By _____

Title Mary Bogie
Regional Administrator

Date _____

**MINNESOTA PUBLIC FACILITIES
AUTHORITY:**

By _____

Title Steve Grove, or
delegate Chair

Date _____

ENCUMBERED: Individual signing certifies that funds have been encumbered as required by Minnesota Statute 16A.

By _____

PO date 01/28/21

PO ID(s) B2401:3000003151

Exhibit A
Loan Amortization Schedule

Metropolitan Council - cw31

MPFA-CWRF-L-035-FY21

50,000,000.00

Rate: 1.000%

MCES cash flow financing FY 2021

Date:

Maturity: 08/20/39

Type of Note: Tax Exempt

final loan amount: 50,000,000.00

<u>Date</u>	<u>Effective</u>	<u>Source</u>	<u>Disbursement</u>	<u>Repayment</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>	<u>Annl Debt Srv</u>
projected	02/24/21	Op Res	50,000,000.00				50,000,000.00	
	08/20/21			994,444.45	244,444.45	750,000.00	49,250,000.00	994,444.45
	02/20/22			246,250.00	246,250.00		49,250,000.00	
	08/20/22			2,746,250.00	246,250.00	2,500,000.00	46,750,000.00	2,992,500.00
	02/20/23			233,750.00	233,750.00		46,750,000.00	
	08/20/23			3,233,750.00	233,750.00	3,000,000.00	43,750,000.00	3,467,500.00
	02/20/24			218,750.00	218,750.00		43,750,000.00	
	08/20/24			3,218,750.00	218,750.00	3,000,000.00	40,750,000.00	3,437,500.00
	02/20/25			203,750.00	203,750.00		40,750,000.00	
	08/20/25			3,153,750.00	203,750.00	2,950,000.00	37,800,000.00	3,357,500.00
	02/20/26			189,000.00	189,000.00		37,800,000.00	
	08/20/26			3,089,000.00	189,000.00	2,900,000.00	34,900,000.00	3,278,000.00
	02/20/27			174,500.00	174,500.00		34,900,000.00	
	08/20/27			2,974,500.00	174,500.00	2,800,000.00	32,100,000.00	3,149,000.00
	02/20/28			160,500.00	160,500.00		32,100,000.00	
	08/20/28			2,960,500.00	160,500.00	2,800,000.00	29,300,000.00	3,121,000.00
	02/20/29			146,500.00	146,500.00		29,300,000.00	
	08/20/29			2,946,500.00	146,500.00	2,800,000.00	26,500,000.00	3,093,000.00
	02/20/30			132,500.00	132,500.00		26,500,000.00	
	08/20/30			2,932,500.00	132,500.00	2,800,000.00	23,700,000.00	3,065,000.00
	02/20/31			118,500.00	118,500.00		23,700,000.00	
	08/20/31			2,918,500.00	118,500.00	2,800,000.00	20,900,000.00	3,037,000.00
	02/20/32			104,500.00	104,500.00		20,900,000.00	
	08/20/32			2,904,500.00	104,500.00	2,800,000.00	18,100,000.00	3,009,000.00
	02/20/33			90,500.00	90,500.00		18,100,000.00	
	08/20/33			2,890,500.00	90,500.00	2,800,000.00	15,300,000.00	2,981,000.00
	02/20/34			76,500.00	76,500.00		15,300,000.00	
	08/20/34			2,876,500.00	76,500.00	2,800,000.00	12,500,000.00	2,953,000.00
	02/20/35			62,500.00	62,500.00		12,500,000.00	
	08/20/35			2,562,500.00	62,500.00	2,500,000.00	10,000,000.00	2,625,000.00
	02/20/36			50,000.00	50,000.00		10,000,000.00	
	08/20/36			2,550,000.00	50,000.00	2,500,000.00	7,500,000.00	2,600,000.00
	02/20/37			37,500.00	37,500.00		7,500,000.00	
	08/20/37			2,537,500.00	37,500.00	2,500,000.00	5,000,000.00	2,575,000.00
	02/20/38			25,000.00	25,000.00		5,000,000.00	
	08/20/38			2,525,000.00	25,000.00	2,500,000.00	2,500,000.00	2,550,000.00
	02/20/39			12,500.00	12,500.00		2,500,000.00	
	08/20/39			2,512,500.00	12,500.00	2,500,000.00	-	2,525,000.00
totals			50,000,000.00	54,810,444.45	4,810,444.45	50,000,000.00		54,810,444.45

**Exhibit B
Project Description
#MPFA-CWRF-L-035-FY21**

MCES Project Number	IUP Project #	Project Name/Subproject Name	Project Phase Certified for PFA Funding	Certification Date as of 1/28/2021
802800	279356-PD00	Blue Lake Int. System Imp	Interceptor Improvements	Planning/Design 06/04/04
802856	279356-PS18		Excelsior Area Lift Station L20	Planning/Design 06/04/04
808320	279356-PS19		Waconia FM 7508 Phase 2 Replacement	Construction 06/13/19
8083--	279356-PS22		Waconia FM 7508 Ph 3 West	Planning/Design 06/04/04
809300	280545-PD00	Brooklyn Park-Champlin Int (BPCI) Re	Interceptor Improvements	Planning/Design 06/07/18
809311	280545-PS01b		BPCI Renewal Phase 1b	Construction 10/30/19
809320	280545-PS02		BPCI Renewal Phase 2	Planning/Design 06/07/18
809330	280545-PS03		BPCI Renewal Phase 3	Planning/Design 06/07/18
809340	280545-PS04		BPCI Renewal Phase 4	Planning/Design 06/07/18
809350	280545-PS05		BPCI Renewal Phase 5	Planning/Design 06/07/18
807400	280268-PS02	MCES Empire WWTP Solids Imp	Biosolids improvements, Phase 1	Construction 11/25/19
807401	280268-PS03		Biosolids improvements, Phase 2	Planning/Design 06/30/15
804100	272493-PD00	Hopkins System Imp (HSI)	Interceptor Improvements	Planning/Design 08/07/01
804125	272493-PS04		HSI Contract C - East Isles FM Rehab	Planning/Design 08/07/01
807600	280213-PS00	Mpls Interceptor 2	Interceptor Improvements	Planning/Design 01/05/15
807629	280213-PS04		Interceptor 1-MN-344 Tunnel & R04	Construction 06/13/19
808900	280346-PD00	MWWTP Asset Renewal	Plant Improvements	Planning/Design 06/30/18
808930	280346-PS04		East Secondary Renewal	Planning/Design 06/30/18
808916	280346-PS05		Elec Dist Renew, Ph 3	Planning/Design 06/30/18
808922	280346-PS07		Effluent Pumping Station Renewal	Planning/Design 06/30/18
805900	279435-PD00	MWWTP Rehab & Facilities Imp	Rehab treatment facilities	Planning/Design 07/02/07
805963	279435-PS31		Water Syst Imp, Ph 1 (SMB Baghouse/Scrubber/Misc)	Planning/Design 07/02/07
805947	279435-PS35		Solids Renewal and Imp	Construction 04/06/20
807500	280266-PD00	Seneca Solids Processing Imp	Biosolids improvements	Planning/Design 06/30/15
807520	280266-PS02	Seneca Solids Processing Imp	Biosolids improvements, Phase 2	Construction 04/23/18
808200	280269-PD00	St. Bonifacius LS/FM Rehab	Rehab lift station and forcemain	Planning/Design 06/30/15
808200	280269-PS01		Rehab LS/forcemain, Ph 1	Planning/Design 06/30/15
808800	280347-PD00	St. Paul Int System (SPIS) Rehab	Rehab Interceptor	Planning/Design 06/07/18
808823	280347-PS03		SPIS Battle Creek Rehab	Construction 01/07/21

These projects are further described and listed on the 2021 Amended Intended Use Plan (IUP). Any project phase listed above that is certified by June 30, 2021 is eligible for funding under this agreement.