



# City of Saint Paul

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## Certified Copy

**Resolution: RES 21-460**

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**File Number: RES 21-460**

Accepting the Offer of the Minnesota Public Facilities Authority to Purchase a Water Revenue Note in an Aggregate Principal Amount of \$15,400,000; providing for the Issuance of the Water Revenue Note, Series 2021; and Authorizing Execution of a Project Loan Agreement with the Minnesota Public Facilities Authority.

WHEREAS, Saint Paul Regional Water Services on behalf of the City Council (the "Council") of the City of Saint Paul, Minnesota (the "City"), has heretofore applied for a loan from the Minnesota Public Facilities Authority (the "PFA") to provide financing pursuant to the City's home rule charter and Minnesota Statutes, Chapter 475 (the "Municipal Debt Act"), for funding the McCarron's Treatment Plant Improvements Phase I including the (i) design and (ii) pilot testing which includes lime softening, recarbonation, ozone, (peroxide), biological filtration, disinfection, and a pipe loop study (the "2021 Projects"), as improvements to the City's municipal water utility (the "Water Utility") operated by Saint Paul Regional Water Services; and

WHEREAS, Saint Paul Regional Water Services has, since its acquisition in 1885, been under the jurisdiction of the Board of Water Commissioners of the City of Saint Paul (the "Board") and the Board and this Council deem it necessary and expedient to undertake the 2021 Projects; and

WHEREAS, the PFA is authorized pursuant to Minnesota Statutes, Chapter 446A, as amended (the "PFA Act"), to issue its bonds and to use the proceeds thereof, together with certain other state and federal funds, to provide loans to municipalities such as the City to fund eligible costs of construction of publicly owned drinking water systems in accordance with the Federal Safe Drinking Water Act; and

WHEREAS, the PFA has committed to make a loan to the City in the principal amount of \$15,400,000, to be disbursed and repaid in accordance with the terms of a Minnesota Public Facilities Authority Revenue Bond Purchase and Project Loan Agreement (the "Project Loan Agreement") to be executed by the PFA and the City and agreed to by the Board, if necessary, a copy of which is before this meeting and on file with the City Clerk; and the Project Loan Agreement, as executed, is incorporated by reference hereto; and

WHEREAS, in order to fund a portion of the cost of 2021 Projects and provide the funds therefore as required by the Project Loan Agreement, the City will issue its tax-exempt Water Revenue Note, Series 2021 (the "2021 Note") in the amount of \$15,400,000 in order to finance the 2021 Projects; and

WHEREAS, in accordance with Section 475.60, Subdivision 2(4) of the Municipal Debt Act, the City 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; and

WHEREAS, the Board of Water Commissioners of the City of Saint Paul adopted Resolution 20-1254 on September 8, 2020 requesting that the City issue and sell the 2021 Note to the PFA to finance the 2021 Projects; and

WHEREAS, there are currently outstanding bonds of the City payable from Net Revenues of the City's Water Utility, specifically the City's (a) Water Revenue Note, Series 2010A (the "2010A Note"), issued pursuant to a resolution adopted by this Council on June 16, 2010, of which \$3,439,000 is currently outstanding, (b) Water Revenue Note, Series 2010B (the "2010B Note" and together with the 2010A Note, the "2010 Notes"), issued pursuant to a resolution adopted by this Council on June 16, 2010, of which \$13,341,000 is currently outstanding, (c) Water Revenue Refunding Bonds, Series 2013A (the "2013 Bonds"), issued pursuant to a resolution adopted by this Council on February 13, 2013, of which \$4,330,000 is currently outstanding, (d) Water Revenue Note, Series 2014 (the "2014 Note"), issued pursuant to a resolution adopted by this Council on June 4, 2014 of which \$1,615,000 is currently outstanding, and (e) Water Revenue Note, Series 2016 (the "2016 Note"), issued pursuant to a resolution adopted by this Council on November 9, 2016 of which \$6,335,000 is currently outstanding.; and

WHEREAS, all capitalized terms used in this resolution and not defined herein shall have the meanings granted to them in the resolutions authorizing the issuance of the 2010 Notes, the 2013 Bonds, the 2014 Note, or the 2016 Note, as applicable; and

WHEREAS, it is necessary and desirable to provide for the issuance of the 2021 Note on a parity of lien with the 2010 Notes, 2013 Bonds, 2014 Note, and 2016 Note; and paragraph 18 of the resolution authorizing the issuance and sale of the 2013 Bonds provides for the issuance of parity lien bonds (on parity with the outstanding Series 2010 Notes and 2013 Bonds and in compliance with the resolutions authorizing issuance of such obligations) as follows:

"18. Parity Bonds. ...The 2010 Notes and 2013 Bonds shall be a first charge and lien upon the Net Revenues of the Water Utility. No part of such Net Revenues shall be pledged to the payment of any general obligation bonds issued by the City while any 2010 Notes and 2013 Bonds or bonds issued on a parity therewith remain outstanding and undischarged, unless the pledge of Net Revenues to such general obligation bonds is expressly made a second and subsequent lien and the City and Board covenant to make the rates and charges of the Water Utility sufficient to timely pay such general obligation bonds. No additional revenue obligations payable from the Revenue Bond Debt Service Account shall be hereafter issued unless the same are expressly made a second and subsequent lien upon the Net Revenues of the Water Utility; provided, however, that additional obligations may be issued on a parity of lien with the 2010 Notes and 2013 Bonds, provided that the annual Net Revenues of said Water Utility for each of the two (2) completed fiscal years immediately preceding the issuance of such additional obligations shall have been one and one-half (1.5) times the maximum annual principal and interest coming due thereafter on all outstanding revenue obligations payable from and having a parity of lien upon the Net Revenues of the Water Utility Fund, including the additional obligations so to be issued; provided further, however, that if the annual Net Revenues in either or both of the aforesaid two (2) completed fiscal years shall be insufficient to meet this test then any reasonably projected increase in Net Revenues for the fiscal year immediately following such second completed fiscal year may be added to the Net Revenues for such completed fiscal years or either of them (but the total of such projected increase in Net Revenues may be added only once) in applying the foregoing test.

For purposes of the foregoing limitations, when only bonds issued after the 1994 Bonds are outstanding, the "maximum annual principal and interest coming due thereafter" on variable rate bonds shall be calculated assuming the variable rate bonds bear fixed interest at the rates prevailing at the time of the calculation for utility revenue bonds of comparable quality, maturity (or remaining maturity) and taxable or tax-exempt status,

provided that other or different assumptions may be used if necessary to obtain an investment grade credit rating for the variable rate bonds or to maintain the credit rating(s) then in effect for the bonds then outstanding. Such facts shall be shown by the Certificate of the General Manager of the Board of Water Commissioners and shall be a finding of and recited in the resolution of the City authorizing any such additional series.

In addition, the following conditions shall be met:

(a) The payments required to be made (at the time of the issuance of such parity lien bonds) into the various funds and accounts provided for in this resolution have been made.

(b) All such parity lien bonds shall have a December 1 maturity or maturities and shall have semiannual interest payments on June 1 and December 1 in each year; provided that interest payments may be more frequent than semiannually or on dates other than June 1 and December 1 if such interest is paid in full only if at the time of payment the interest deposits into the Revenue Bond Debt Service Account for interest payments on June 1 or December 1, as appropriate, on other bonds are current, and any insufficiency of interest on all parity bonds is allocated proportionately in each six-month period ending June 1 or December 1, as appropriate.

(c) The proceeds of such parity lien bonds shall be used only for the purpose of (1) making improvements, additions, extensions, renewals or replacements to the Water Utility, and capitalizing interest or establishing Reserves and paying the costs of such financing, or (2) refunding parity lien bonds (provided that bonds which refund parity lien bonds may instead derive their parity lien status from paragraphs 19 or 25 as applied in paragraph 20); and

WHEREAS, for purposes of this Resolution, paragraphs 18, 16, 18, and 18 of the resolutions authorizing the issuance and sale of the 2010 Notes and 2013 Bonds and paragraph 16 in the resolution authorizing the issuance of the 2014 Note and 2016 Note, are substantively identical to said paragraph 16 relating to the 2021 Note; and

WHEREAS, herein the City makes various findings demonstrating the propriety of the issuance of the 2021 Note on a parity with the 2010 Notes, 2013 Bonds, 2014 Note, and 2016 Note; and

WHEREAS, in accordance with advice received from the Board, this Council finds, determines and declares that it is necessary and expedient to provide moneys to finance the 2021 Projects, continue and add to a Reserve Account previously established as security for the obligations outstanding on a parity with the 2021 Note, and provide for the costs of the issuance of the 2021 Note from the proceeds of obligations payable solely from the Net Revenues of the Water Utility; and

WHEREAS, a contract or contracts for the portion of the 2021 Projects to be financed with proceeds of the 2021 Note have been made by the Water Utility or the City, as appropriate, with the approval of the PFA and all other state and federal agencies of which approval is required.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Saint Paul, Minnesota, as follows:

1. Acceptance of Offer; Payment. The offer of PFA to purchase the 2021 Note, at the rate of

interest hereinafter set forth, and to pay for the 2021 Note in the amount of [\$15,400,000] as provided below, is hereby accepted, and the sale of the 2021 Note is hereby awarded to the PFA. Payment for the 2021 Note shall be disbursed in installments as eligible costs of the 2021 Projects are reimbursed or paid, all as provided for in the Project Loan Agreement.

2. Title; Original Issue Date; Denominations; Maturities. The 2021 Note shall be titled the "Water Revenue Note, Series 2021" and shall be issued in the amount of [\$15,400,000] or so much thereof as shall be disbursed pursuant to the Project Loan Agreement. The 2021 Note shall be dated the date of issuance. The 2021 Note shall bear interest on so much of the principal amount of the 2021 Note as (i) may be disbursed from time to time as provided in the Project Loan Agreement at the rate which will not exceed [1.000%] per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on each of the 2021 Note is payable semiannually on each June 1 and December 1, commencing [December 1, 2021]. Principal on the 2021 Note shall mature on December 1 of the years and in the installments as set forth in the form of the 2021 Note set forth in Exhibit B attached hereto.

Interest shall accrue only on the aggregate amount of the 2021 Note which has been disbursed and is unpaid under the Project Loan Agreement. The principal installments shall be paid in the amounts scheduled even if at the time of payment the full principal amount of the 2021 Note has not been disbursed; provided that if the full principal amount of the 2021 Note is never disbursed, the amount of the principal not disbursed shall 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 shall be reamortized to provide proportionately reduced principal payments). Principal, interest and any premium due under the 2021 Note will be paid on each payment date by wire payment, or by check or draft mailed five (5) business days prior to the payment date to the person in whose name the 2021 Note is registered, in any coin or currency of the United States which at the time of payment is legal tender for public and private debts.

Interest on the 2021 Note includes amounts treated by the PFA as service fees.

3. Purpose. The proceeds of the 2021 Note shall be utilized to finance a portion of the cost of the 2021 Projects. The proceeds of the 2021 Note shall be deposited and used as provided in paragraph 16 below. The total cost of the acquisition, construction, installation and equipping of the 2021 Projects, including legal and other professional charges, publication and printing costs, interest accruing on money borrowed for the 2021 Projects before the collection of Net Revenue pledged and appropriated therefore, and all other costs necessarily incurred and to be incurred from the inception to the completion of the 2021 Projects, is estimated to be at least equal to the amount of the 2021 Note. The City covenants that it shall do all things and perform all acts required of it to assure that work on the 2021 Projects proceeds with due diligence to completion and that any permits and studies required under law for the 2021 Projects are obtained.

4. Redemption. The 2021 Note shall be subject to redemption and prepayment in whole or in part at the option of the City or mandatorily as provided in the Project Loan Agreement, but only with the written consent of the PFA. If redemption is in part, each installment of principal shall be prepaid in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be reamortized to provide proportionately reduced principal payments), unless the City and the holder of the 2021 Note agree to a different result.

5. Note Registrar. As provided in the Resolution, the Treasurer of the City is appointed to act as note registrar and transfer agent with respect to the 2021 Note (the "Note Registrar"), and shall do so unless and until a successor Note Registrar is duly appointed. A successor Note Registrar shall be an officer of the City or a bank or trust company eligible for designation as Note Registrar pursuant to

the Municipal Debt Act and may be appointed pursuant to any contract the City and such successor Note Registrar shall execute which is consistent herewith. The Note Registrar shall also serve as Paying Agent for the 2021 Note unless and until a successor Paying Agent is duly appointed. Principal of and interest on the 2021 Note shall be paid to the registered holder or holders of the 2021 Note (the "Holder" or "Holders") in the manner set forth in the form of the 2021 Note. The effect of registration and the rights and duties of the City and the Note Registrar with respect thereto are as follows:

(a) *Register.* The Note Registrar shall keep a register in which the Note Registrar provides for the registration of ownership of the 2021 Note and the registration of transfers and exchanges of the 2021 Note entitled to be registered, transferred, or exchanged.

(b) *Transfer of 2021 Note.* Upon surrender for transfer of a 2021 Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Note Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Note Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new 2021 Notes of a like aggregate principal amount and maturity, as requested by the transferor. The Note Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.

(c) *Exchange of 2021 Note.* When a 2021 Note is surrendered by the registered owner for exchange, the Note Registrar shall authenticate and deliver one or more new 2021 Notes of a like aggregate principal amount and maturity as requested by the registered owner or the owner's attorney in writing.

(d) *Cancellation.* A 2021 Note surrendered upon transfer or exchange shall be promptly cancelled by the Note Registrar and thereafter disposed of as directed by the City.

(e) *Improper or Unauthorized Transfer.* When a 2021 Note is presented to the Note Registrar for transfer, the Note Registrar may refuse to transfer the 2021 Note until the Note Registrar is satisfied that the endorsement on the 2021 Note or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Note Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) *Persons Deemed Owners.* The City and the Note Registrar may treat the person in whose name a 2021 Note is registered in the bond register as the absolute owner of the 2021 Note, whether the 2021 Note is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the 2021 Note and for all other purposes, and payments so made to a registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon the 2021 Note to the extent of the sum or sums so paid.

(g) *Taxes, Fees, and Charges.* The Note Registrar may impose a charge upon the owner thereof for a transfer or exchange of a 2021 Note sufficient to reimburse the Note Registrar for any tax, fee, or other governmental charge required to be paid with respect to the transfer or exchange.

(h) *Mutilated, Lost, Stolen or Destroyed 2021 Note.* If a 2021 Note becomes mutilated or is destroyed, stolen, or lost, the Note Registrar shall deliver a new 2021 Note of like amount, number, maturity date, and tenor in exchange and substitution for and upon cancellation of the mutilated 2021 Note or in lieu of and in substitution for any 2021 Note destroyed, stolen, or lost, upon the payment of the reasonable expenses and charges of the Note Registrar in connection therewith; and, in the case of a 2021 Note destroyed, stolen, or lost, upon filing with the Note Registrar of evidence satisfactory

to it that the 2021 Note was destroyed, stolen, or lost, and of the ownership thereof, and upon furnishing to the Note Registrar an appropriate bond or indemnity in form, substance, and amount satisfactory to it and as provided by law, in which both the City and the Note Registrar must be named as obligees. A 2021 Note so surrendered to the Note Registrar shall be cancelled by the Note Registrar and evidence of such cancellation shall be given to the City. If the mutilated, destroyed, stolen, or lost 2021 Note has already matured or been called for redemption in accordance with its terms, it is not necessary to issue a new 2021 Note prior to payment.

6. Registration and Payment. The 2021 Note will be issued only in fully registered form. The interest thereon and, upon surrender of the 2021 Note, the principal amount thereof, is payable by check or draft issued by the Note Registrar described herein. The 2021 Note shall be dated as of the last interest payment date preceding the date of authentication to which interest on the 2021 Note has been paid or made available for payment, unless: (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the 2021 Note will be dated as of the date of authentication; or (ii) the date of authentication is prior to the first interest payment date, in which case the 2021 Note will be dated as of the date of original issue.

7. Form of 2021 Note. All of the provisions of the 2021 Note, when executed as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The 2021 Note shall be issued in the form of a registered note and shall be substantially in the form attached to this Resolution as EXHIBIT A, which form is hereby approved, with such necessary and appropriate variations, omissions, and insertions as the City Treasurer and Director, Office of Financial Services, or their respective deputies, in their discretion, shall determine, and delivery of the 2021 Note by the City shall be conclusive evidence of such determinations. Changes to the form of the 2021 Note may be approved by bond counsel and the City Attorney.

The City Treasurer is authorized and directed to obtain a copy of the proposed approving legal opinion of Ballard Spahr LLP, Minneapolis, Minnesota, as bond counsel to the City, which shall be complete except as to dating thereof and cause the opinion to accompany the 2021 Note.

8. Execution. The 2021 Note shall be executed on behalf of the City by the signatures of its Mayor (or his proper designee), City Clerk (or her proper designee), and Director, Office of Financial Services (or his proper designee), provided that any of such signatures may be printed or photocopied facsimiles and the corporate seal of the City may be omitted on the 2021 Note as permitted by law. In the event of disability or resignation or other absence of any such officer, the 2021 Note may be signed by the manual or facsimile signature of that officer who may act on behalf of such absent or disabled officer. In case any such officer whose signature or facsimile of whose signature shall appear on the 2021 Note shall cease to be such officer before the delivery of the 2021 Note, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

9. Authentication; Date of Registration. The 2021 Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless a Certificate of Authentication on such 2021 Note, substantially in the form set forth in Exhibit A hereto, shall have been duly executed by an authorized representative of the Note Registrar. Certificates of Authentication on different 2021 Notes need not be signed by the same person. The Note Registrar shall authenticate the signatures of officers of the City on the 2021 Note by execution of the Certificate of Authentication on the 2021 Note and by inserting as the date of registration in the space provided the date on which the 2021 Note is authenticated. For purposes of delivering the 2021 Note to the Purchaser, the Note Registrar shall insert as the date of registration the date of original issue. The Certificate of Authentication so executed on the 2021 Note shall be conclusive evidence that it

has been authenticated and delivered under this Resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Note Registrar a Note Register in which, subject to such reasonable regulations as the Note Registrar may prescribe, the Note Registrar shall provide for the registration of 2021 Note and the registration of transfers of the 2021 Note entitled to be registered or transferred as herein provided.

11. Rights upon Transfer or Exchange. Each 2021 Note delivered upon transfer of or in exchange for or in lieu of any other 2021 Note shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other 2021 Note.

12. Interest Payment; Record Date. Interest shall be paid on each Interest Payment Date by check or draft mailed to the Holders, and in each case at the address appearing thereon at the close of business on the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Note Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Note Registrar to the Holders not less than ten (10) days prior to the Special Record Date.

13. Holders; Treatment of Registered Owner; Consent of Holder.

(a) *Holders.* The "Holder" of a 2021 Note is the person in whose name it is registered on the registration books of the City. For the purposes of all actions, consents and other matters affecting the Holders of the 2021 Note, other than payments, redemptions, and purchases, the City may (but shall not be obligated to) treat as the Holder of a 2021 Note the beneficial owner of the 2021 Note instead of the person in whose name a 2021 Note is registered. For that purpose, the City may ascertain the identity of the beneficial owner of a 2021 Note by such means as the Treasurer in his or her sole discretion deems appropriate, including but not limited to a certificate from the person in whose name a 2021 Note is registered identifying such beneficial owner.

(b) *Treatment of Registered Owner.* The City and its Treasurer may treat the persons in whose name the 2021 Note is registered as the owner of the 2021 Note for the purpose of receiving payment of principal of and premium, if any, and interest on, the 2021 Note and for all other purposes whatsoever whether or not the 2021 Note shall be overdue, and neither the City nor its Treasurer shall be affected by notice to the contrary.

(c) *Consent of Holder.* Any consent, request, direction, approval, objection or other instrument to be signed and executed by the Holder may be in any number of concurrent writings of similar tenor and must be signed or executed by the Holder in person or by an agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of the 2021 Note, if made in the following manner, shall be sufficient for any of the purposes of this Resolution, and shall be conclusive in favor of the City with regard to any action taken by it under such request or other instrument, namely:

(1) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(2) Subject to the provisions of subparagraph (a) above, the fact of the ownership by any person of the 2021 Note, and the date of the holding of the same, may be proved by reference to the note register.

14. Delivery; Application of Proceeds. The 2021 Note when so prepared and executed shall be delivered by the Director, Office of Financial Services, to PFA thereof prior to disbursements pursuant to the Project Loan Agreement, and PFA shall not be obliged to see to the proper application thereof.

15. Fund and Accounts. For the convenience and proper administration of the proceeds from the sale of the 2021 Note and for the payment of principal of and interest on the 2021 Note, the Board of Water Commissioners Water Utility Enterprise Fund (the "Water Utility Fund", heretofore in resolutions relating to the 2010 Notes and 2013 Bonds, 2014 Note and 2016 Note also referred to as the "Water Utility Fund") heretofore created shall continue in force and effect as a separate fund of the City and of the Board until all of the 2021 Note and interest thereon, have been fully paid, and as specified herein until the 2021 Note and principal thereon have been fully paid. The Treasurer and all municipal officials and employees concerned therewith shall establish and maintain financial records of the receipts and disbursements of the Water Utility in accordance with this Resolution. In such records there shall be maintained accounts of the Water Utility Fund for the purposes and in the amounts as follows:

(a) PFA Construction Account. A "PFA Construction Account", to which shall be credited all proceeds received from the sale of the 2021 Note. The 2021 Note shall be the only source of money credited to the PFA Construction Account. It is recognized that the sale proceeds of the 2021 Note are received in reimbursement for costs expended on the 2021 Projects or in direct payment of such costs, and that accordingly the moneys need not be placed in the appropriate subaccount of the PFA Construction Account upon receipt but may be applied immediately to reimburse the source from which the expenditure was made. The money in the PFA Construction Account shall be used solely for the purpose of paying for (i) the cost of [acquiring], constructing, installing and equipping the 2021 Projects, including all costs enumerated in Section 475.65 of the Municipal Debt Act, and (ii) the costs of issuance for the 2021 Note provided that such money shall only be expended for costs and expenses which are permitted under the Project Loan Agreement. The PFA prohibits the use of proceeds of the 2021 Note to reimburse costs initially paid from proceeds of other obligations of the City unless otherwise specifically approved. Upon completion of the 2021 Projects, and the payment of the costs thereof, any surplus shall be transferred to the Revenue Bond Debt Service Account.

(b) Operation and Maintenance Account. An "Operation and Maintenance Account", into which shall be paid all gross revenues and earnings derived from the operation of the Water Utility system including any assessments which may from time to time be levied with respect to the Water Utility. From this account there shall be paid all, but only, current expenses of the Water Utility system. Current expenses shall include the reasonable and necessary costs of administering, operating, maintaining and insuring the Water Utility system, salaries, wages, costs of materials and supplies, costs of water production and distribution, necessary legal, engineering and auditing services, and all other items which, by sound accounting practices, constitute normal, reasonable and current costs of operation and maintenance, but excluding any allowance for depreciation, extraordinary repairs and payments into the Revenue Bond Debt Service Account and Reserve Account. There shall at all times be maintained in said account a reserve in an amount sufficient to cover the operation and maintenance costs of the Water Utility system for the ensuing fifteen (15) day period; neither said reserve nor any annual addition thereto shall constitute "Net Revenues" as defined below. The balance from time to time remaining in the Operation and Maintenance Account, including interest or other earnings received from the investment of any money in the Water Utility Fund, after paying or providing for the foregoing items, shall constitute, and are referred to in this



**EXHIBIT A**

**UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
RAMSEY COUNTY  
CITY OF SAINT PAUL**

**\$15,400,000 WATER REVENUE NOTE  
SERIES 2021**

KNOW ALL PERSONS BY THESE PRESENTS that the City of Saint Paul, Ramsey County, Minnesota (the "City"), certifies that it is indebted and for value received promises to pay to the Minnesota Public Facilities Authority or the registered assign, the principal sum of FIFTEEN MILLION FOUR HUNDRED THOUSAND DOLLARS (\$15,400,000), or so much thereof as shall be disbursed, solely from the source and in the manner hereinafter set forth, on December 1 of the years and in the installments as follows:

<u>Payment Date</u>	<u>Principal Amount</u>	<u>Payment Date</u>	<u>Principal Amount</u>
2021	\$	2031	\$
2022		2032	
2023		2033	
2024		2034	
2025		2035	
2026		2036	
2027		2037	
2028		2038	
2029		2039	
2030		2040	

and to pay interest on so much of the principal amount of the debt as (i) may be disbursed from time to time as provided in the Project Loan Agreement (as defined below) and (ii) remains unpaid, from December 1, 20\_\_, 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 1.000% per annum from the date hereof until December 1, 2040 (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Note is payable semiannually on each June 1 and December 1, commencing December 1, 2021.

Principal and Interest Payments. Amounts payable on this 2021 Note are payable solely from Net Revenues as provided below. Interest shall accrue only on the aggregate amount of this 2021 Note which has been disbursed under the Minnesota Public Facilities Authority Revenue Bond Purchase and Loan Agreement by and between the City and the Minnesota Public Facilities Authority (the "Project Loan Agreement"). The principal installments shall be paid in the amounts scheduled above even if at the time of payment the full principal amount of the Note has not been disbursed; provided that if the full principal amount of this 2021 Note is never disbursed, the amount of the principal not disbursed shall 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 shall, be reamortized to provide proportionately reduced principal payments). Interest on this 2021 Note includes

amounts treated by the Minnesota Public Facilities Authority as service fees. Principal, interest and any premium due under this 2021 Note will be paid on each payment date by wire payment, or by check or draft mailed five (5) business days prior to the payment date to the person in whose name this 2021 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 2021 Note is subject to redemption and prepayment in whole or in part at the option of the City or mandatorily as provided in the Project Loan Agreement. If redemption is in part, each installment of principal shall be prepaid in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be reamortized to provide proportionately reduced principal payments), unless the City and the holder of this 2021 Note agree to a different result.

**Issuance; Purpose; Special Obligation.** This 2021 Note has been issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and the Charter of the Issuer, and pursuant to a resolution adopted by the City Council of the Issuer on April 7, 2021 (the "Resolution"), for the purpose of providing money to finance the construction of improvements to the City's Water Utility as more fully described in the Resolution. This 2021 Note and the interest thereon are payable solely and exclusively from the Net Revenues of the Water Utility of the Issuer pledged to the payment thereof, and do not constitute a debt of the Issuer or of the Saint Paul Board of Water Commissioners within the meaning of any constitutional, Charter or statutory limitation of indebtedness. In the event of any default hereunder, the holder of this 2021 Note may exercise any of the rights and privileges granted by the laws of the State of Minnesota, subject to the provisions of the Resolution. This issue, together with \$5,960,000 Water Revenue Note, Series 2010A (the "2010A Note"), \$23,107,000 Water Revenue Note, Series 2010B (the "2010B Note"), \$14,480,000 Water Revenue Refunding Funds, Series 2013A (the "2013 Bonds"), \$2,200,000 Water Revenue Note, Series 2014 (the "2014 Note"), and \$7,564,417 Water Revenue Note, Series 2016 (the "2016 Note") issued by the Issuer, except that the Issuer is authorized under certain conditions to issue additional revenue obligations on a parity of lien with the 2021 Note and these bonds, all as provided in the Resolution.

**Registration; Transfer.** This 2021 Note shall be registered in the name of the payee on the books of the City by presenting this 2021 Note for registration to the City's Treasurer, who will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration attached hereto. Thereafter this 2021 Note may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or his, her or its legal representative, and the City may treat the registered owner as the person exclusively entitled to exercise all the rights and powers of an owner until this 2021 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 City's Treasurer.

**Fees upon Transfer or Loss.** The Treasurer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer of this 2021 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 2021 Note, and shall be attached to this 2021 Note if the holder of this 2021 Note is any person other than the Minnesota Public Facilities Authority.

Tax-Exempt Obligation. The City intends that the interest on this 2021 Note will be excluded from gross income for United States income tax purposes and from both gross income and Taxable net income for State of Minnesota income tax purposes.

Not Qualified Tax-Exempt Obligation. This 2021 Note has not been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended. This 2021 Note does not qualify for such designation.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota and the Charter of the Issuer to be done, to happen and to be performed, precedent to and in the issuance of this 2021 Note, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that this 2021 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 or Charter limitation of indebtedness; and that the Issuer will establish rates and charges for the water service furnished by its Water Utility sufficient in amount to promptly meet the principal and interest requirements of this 2021 Note.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the City of Saint Paul, Ramsey County, Minnesota, by its City Council has caused this 2021 Note to be executed on its behalf by the signature of its Mayor, attested by the signature of its Clerk, and countersigned by the signature of its Director, Office of Financial Services, all as of April \_\_, 2021.

**CITY OF SAINT PAUL,  
RAMSEY COUNTY, MINNESOTA**

\_\_\_\_\_  
Mayor or designee

Attest:

\_\_\_\_\_  
City Clerk or designee

Countersigned:

\_\_\_\_\_  
Director, Office of Financial Services or designee

**CERTIFICATE OF REGISTRATION**

The transfer of ownership of the principal amount of the attached 2021 Note may be made only by the registered owner or his, her or its legal representative last noted below.

<u>Date of Registration</u>	<u>Name and Address of Registered Owner</u>	<u>Signature of City Treasurer</u>
April, 2021	Minnesota Public Facilities Authority Saint Paul, Minnesota Federal Employer Identification No.41-6007162	

*Exhibit B*

**[INSERT LOAN AMORTIZATION SCHEDULE]**