

SUBJECT

BOARD RESOLUTION NO. 24-974

Providing for the issuance of a water revenue note in an original aggregate principal amount not to exceed \$29,000,000.

STRATEGIC PLAN GOALS: Quality Water

At its June 4th meeting, the BWC approved resolution 24-838, which authorized SPRWS staff, city staff, and the St. Paul City Council proceed with plans to issue \$29,000,000 of debt to continue to finance the McCarron's Water Treatment Plant Improvements project. To that end, SPRWS, the City, and the MN Public Facilities Authority have prepared loan terms that are agreeable to all parties. Specifically, the loan terms include \$29,000,000 of principal, a term of 20 years, and an interest rate of 2.378%. The loan is expected to be fully executed by early August 2024.

With loan terms agreed upon by SPRWS staff, City staff, and the Public Facilities Authority, all that remains necessary to issue the debt and execute the agreement is a final pair of resolutions:

1. A resolution by the St. Paul City Council confirming the desire to issue the debt
2. A concurring resolution by the BWC confirming the desire to issue the debt

The first of these resolutions is planned to be on the City Council's agenda at their meeting on July 11, 2024. The second of these resolutions is on the BWC agenda for July 9, 2024, and your approval of the resolution is sought at this point.

Attached to this staff report are two documents that are referenced in the resolution set before you: a draft of the City Council's resolution (item #1 in the list above, still undergoing some routine language revisions) and a copy of the agreement between the City and the Public Facilities Authority (likewise non-executable as it awaits final language revisions). As noted by the watermark, both documents may be modified somewhat to ensure that they are compatible with all city policies, obligations, standard language, etc. No substantive changes (i.e. changes to the value of the loan, the term of the loan, or the interest rate of the loan) are expected. In the extremely unlikely event that any substantive changes are sought, SPRWS staff would seek the BWC's approval of the modified terms.

Upon passage of the two resolutions listed above, the City will promptly execute the financing agreement with the PFA and will issue the debt.

Attached:

- Draft of the City Council's resolution (see notes above)
- Copy of the agreement between the City and the Public Facilities Authority (see notes above)

RECOMMENDATION

Approval

Draft City Council Resolution

Supplemental Resolution #24-_____ (“Supplemental Resolution No. 2”) Supplementing the General Resolution (23-289) Relating to Water Revenue Bonds of the City; Accepting the Offer of the Minnesota Public Facilities Authority to Purchase a Water Revenue Note in an Aggregate Principal Amount Not to Exceed \$29,000,000; Providing for the issuance of a Water Revenue Note, Series 2024-1; and Authorizing Execution of a Project Loan Agreement with the Minnesota Public Facilities Authority

WHEREAS, Saint Paul Regional Water Services (“SPRWS”) 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”), through the issuance of one or more water revenue notes by the City in an original aggregate amount not to exceed \$29,000,000, to provide financing for (i) certain identified water improvement and rehabilitation projects as set forth in the Water Capital Improvement Plan for the years 2020 through 2026 generally described as McCarron’s Treatment Plant Improvements, including but not limited to financing the construction and equipping of new softening and settling facilities, new chemical handling facilities, new recarbonation facilities, new ozone facilities, and a new laboratory and operations space (the “WTP Modernization Project”) as improvements to the City’s municipal water utility (the “Water Utility”) operated by SPRWS, and (ii) costs of issuance of the 2024 PFA Note; and

WHEREAS, SPRWS 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 previously deemed it necessary and expedient to undertake the WTP Modernization Project; 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 City will issue its tax-exempt Water Revenue Note, Series 2024-1 (the “2024 PFA Note” or the “2024-1 Note”) in an amount not to exceed \$29,000,000 in order to fund a portion of the cost of the WTP Modernization Project and pay costs of issuance; and

WHEREAS, the PFA has committed to make a loan to the City in a principal amount not to exceed \$29,000,000, to be evidenced by the 2024 PFA Note and disbursed and repaid in accordance with the terms of a Minnesota Public Facilities Authority Revenue Bond Purchase and Project Loan Agreement (the “2024 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 2024 Project Loan Agreement, as executed, is incorporated by reference hereto; 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 adopted Resolution 24-838 on June 4, 2024 requesting that the City issue and sell the 2024 PFA Note and the execution and delivered of the 2024 Project Loan Agreement to the PFA to finance a portion of the cost of the WTP Modernization Project; and

WHEREAS, on July 9, 2024 the Board adopted Resolution 24-_____ reaffirming its concurrence of the issuance of the 2024 PFA Note by the City and the execution and delivery of the 2024 Project Loan Agreement to finance a portion of the cost of the WTP Modernization Project; and

WHEREAS, on March 8, 2023, the City Council of the City adopted Resolution No. 23-289, entitled "General Resolution relating to water revenue bonds of the City of Saint Paul, Minnesota and authorizing the issuance and sale of Water Revenue Bonds, Series 2023A; awarding the sale thereof to the purchaser named herein; and fixing the form and specifications of the Water Revenue Bonds, Series 2023A and providing the requirement for future parity water revenue bonds" (the "General Resolution"); and

WHEREAS, the General Resolution contemplates the adoption of future resolutions which supplement or amend the General Resolution, including a Supplemental Resolution (as defined in the General Resolution) for a series of Additional Parity Bonds (as defined in the General Resolution) and authorizing the issuance of Additional Parity Bonds in the form of the 2024 PFA Note; and

WHEREAS, it is necessary and desirable to adopt this resolution as a Supplemental Resolution to the General Resolution to provide for the issuance of the 2024 PFA Note on a parity of lien with the City's outstanding (a) Water Revenue Note, Series 2010A (the "2010A Note"), issued pursuant to a resolution adopted by the City Council of the City (the "City Council") on June 16, 2010, of which \$9,086,000 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 the City Council on June 16, 2010, of which \$2,349,000 is currently Outstanding, (c) Water Revenue Note, Series 2014 (the "2014 Note"), issued pursuant to a resolution adopted by the City Council on June 4, 2014, of which \$1,288,000 is currently Outstanding, (d) Water Revenue Note, Series 2016 (the "2016 Note"), issued pursuant to a resolution adopted by the City Council on November 9, 2016, of which \$5,101,000 is currently Outstanding, (e) Water Revenue Note, Series 2021 (the "2021 Note"), issued pursuant to a resolution adopted by the City Council on April 7, 2021, of which \$13,278,000 is currently Outstanding, (f) Water Revenue Note, Series 2022 (the "2022 Note") issued pursuant to a resolution adopted by the City Council on May 4, 2022, of which \$44,081,000 is currently Outstanding; and (g) Water Revenue Note, Series 2023 (the "2023 Note") issued pursuant to a supplemental resolution adopted by the City Council on July 12, 2023, of which \$24,458,000 is currently Outstanding (collectively, the 2023 Note, the 2010 Notes, the 2014 Note, the 2016 Note, the 2021 Note and the 2022 Note are referred to herein as the "Outstanding Parity Notes"), and (h) Water Revenue Bonds, Series 2023A (the "Series 2023A Bonds"), issued pursuant to the General Resolution, of which \$92,915,000 is outstanding, which are the only notes and bonds outstanding under the General Resolution; and

WHEREAS, the Outstanding Parity Notes and the Series 2023A Bonds were all issued to finance capital improvements to the Water Utility operated and owned by SPRWS; and

WHEREAS, the Outstanding Parity Notes have all been purchased by the PFA under the terms of various loan agreements, as amended, with the PFA (the "Prior PFA Loan Agreements"), and

WHEREAS, all capitalized terms used in this Supplemental Resolution No. 2 and not defined herein shall have the meanings granted to them in the General Resolution; and

WHEREAS, it is necessary and desirable to provide for the issuance of the 2024 PFA Note on a parity of lien with the Outstanding Parity Notes and the Series 2023A Bonds; and Section 6.3 of the General Resolution provides for the issuance of parity lien bonds (on parity with the Outstanding Parity Notes, the Series 2023A Bonds, and future Additional Parity Bonds); and

WHEREAS, herein the City makes various findings demonstrating the propriety of the issuance of the 2024 PFA Note as an Additional Parity Bond on a parity with the Outstanding Parity Notes and the Series 2023A Bonds; and

WHEREAS, in accordance with advice received from the Board, this City Council finds, determines and declares that it is necessary and expedient to provide moneys to finance the WTP Modernization Project and provide for the costs of the issuance of the 2024 PFA 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 WTP Modernization Project to be financed with proceeds of the 2024 PFA 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. Supplemental Resolution No. 2; Parity Bonds Findings; Capitalized Terms. This Resolution No. 2 to the General Resolution constitutes a "Supplemental Resolution" as defined therein. The 2024 PFA Note is an "Additional Parity Bond" which is a "Fixed Rate Bond" and "Tax-Exempt Bond," all as defined in the General Resolution. It is hereby found, determined and declared that (1) the 2024 PFA Note is issued on a parity of lien with the other Outstanding Parity Notes and the Series 2023A Bonds pursuant to Section 6.3 of the General Resolution to finance the WTP Modernization Project, and (2) the 2024 PFA Note meets the requirements to be issued as an Additional Parity Bond. Capitalized terms used in this Supplemental Resolution No. 2 which are not defined herein but which are defined in the General Resolution shall have the meanings given such terms in the General Resolution.

2. Acceptance of Offer; Payment. The offer of PFA to purchase the 2024 PFA Note is accepted, and the sale of the 2024 PFA Note is hereby awarded to the PFA. Payment for the 2024 PFA Note shall be disbursed in installments as provided in the 2024 Project Loan Agreement as eligible costs of the WTP Modernization Project are reimbursed or paid.

3. Title; Original Issue Date; Denominations; Maturity. The 2024 PFA Note shall be titled "Water Revenue Note, Series 2024-1," and shall be issued in an amount not to exceed \$29,000,000 or so much thereof as shall be disbursed pursuant to the 2024 Project Loan Agreement. The 2024 PFA Note shall be dated its date of issuance. The 2024 PFA Note shall bear interest on so much of the principal amount of the 2024 PFA Note as (i) may be disbursed from time to time as provided in the 2024 Project Loan Agreement at the rate which will not exceed 2.378% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the 2024 PFA Note is payable semiannually on each June 1 and December 1, commencing

December 1, 2025. Principal on the 2024 PFA Note shall mature on December 1, 2044 with principal installments as set forth in the 2024 PFA Note.

Interest shall accrue only on the aggregate amount of the 2024 PFA Note which has been disbursed and is unpaid under the 2024 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 2024 PFA Note has not been disbursed; provided that if the full principal amount of the 2024 PFA 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 2024 PFA 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 2024 PFA 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 2024 PFA Note includes amounts treated by the PFA as service fees.

4. Purpose. The proceeds of the 2024 PFA Note will pay a portion of the cost of the acquisition, construction, installation and equipping of the WTP Modernization Project, including legal and other professional charges, publication and printing costs, and interest accruing on money borrowed for the WTP Modernization Project. The City covenants that it shall do all things and perform all acts required of it to assure that work on the WTP Modernization Project proceeds with due diligence to completion and that any permits and studies required under law for the WTP Modernization Project have been obtained.

5. Redemption. The 2024 PFA 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 2024 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 proportionally reduced principal payments), unless the City and the holder of the 2024 PFA Note agree to a different result.

6. Note Registrar. As provided in the General Resolution, the Treasurer of the City is appointed to act as note registrar and transfer agent with respect to the 2024 PFA 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 2024 PFA Note unless and until a successor Paying Agent is duly appointed. Principal of and interest on the 2024 PFA Note shall be paid to the registered holder or holders of the 2024 PFA Note (the "Holder" or "Holders") in the manner set forth in the form of the 2024 PFA 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 2024 PFA Note and the registration of transfers and exchanges of the 2024 PFA Note entitled to be registered, transferred, or exchanged.

(b) *Transfer of 2024 PFA Note.* Upon surrender for transfer of a 2024 PFA 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 2024 PFA 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 2024 PFA Note.* When a 2024 PFA Note is surrendered by the registered owner for exchange, the Note Registrar shall authenticate and deliver one or more new 2024 PFA 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 2024 PFA 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 2024 PFA Note is presented to the Note Registrar for transfer, the Note Registrar may refuse to transfer the 2024 PFA Note until the Note Registrar is satisfied that the endorsement on the 2024 PFA 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 2024 PFA Note is registered in the bond register as the absolute owner of the 2024 PFA Note, whether the 2024 PFA Note is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the 2024 PFA 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 2024 PFA 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 2024 PFA 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 2024 PFA Note.* If a 2024 PFA Note becomes mutilated or is destroyed, stolen, or lost, the Note Registrar shall deliver a new 2024 PFA Note of like amount, number, maturity date, and tenor in exchange and substitution for and upon cancellation of the mutilated 2024 PFA Note or in lieu of and in substitution for any 2024 PFA 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 2024 PFA Note destroyed, stolen, or lost, upon filing with the Note Registrar of evidence satisfactory to it that the 2024 PFA 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 2024 PFA 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 2024 PFA Note has already matured or been called for redemption in accordance with its terms, it is not necessary to issue a new 2024 PFA Note prior to payment.

7. Registration and Payment. The 2024 PFA Note will be issued only in fully registered form. The interest thereon and, upon surrender of the 2024 PFA Note, the principal amount thereof, is payable by check, draft, wire transfer, ACH payment or other electronic means issued by the Note Registrar (or the City if authorized by the City). The 2024 PFA Note shall be dated as of the last interest payment date preceding the date of authentication to which interest on the 2024 PFA 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 2024 PFA 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 2024 PFA Note will be dated as of the date of original issue.

8. Form of 2024 PFA Note. All of the provisions of the 2024 PFA Note, when executed as authorized herein, shall be deemed to be a part of this Supplemental Resolution No. 2 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 2024 PFA Note shall be issued in the form of a registered note and shall be substantially in the form attached to this Supplemental Resolution No. 2 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 2024 PFA Note by the City shall be conclusive evidence of such determinations. Changes to the form of the 2024 PFA 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 for the 2024 PFA Note, which shall be complete except as to dating thereof and cause the opinion to accompany the 2024 PFA Note.

9. Execution. The 2024 PFA 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, photocopied facsimiles, or a digital signature of an authorized representative of any party provided by AdobeSign or DocuSign (or such other digital signature provider as specified by such party), and the corporate seal of the City may be omitted on the 2024 PFA Note as permitted by law. In the event of disability or resignation or other absence of any such officer, the 2024 PFA Note may be signed by the manual, facsimile, or digital signature of such officer provided by AdobeSign or DocuSign (or such other digital signature provider as specified by such party) of such 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 2024 PFA Note shall cease to be such officer before the delivery of the 2024 PFA 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.

10. Authentication; Date of Registration. The 2024 PFA Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Supplemental Resolution No. 2 unless a Certificate of Authentication on such 2024 PFA 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 2024 PFA Notes need not be signed by the same person. The Note Registrar shall authenticate the signatures of officers of the City on the 2024 PFA Note by execution of the Certificate of Authentication on the 2024 PFA Note and by inserting as the date of registration in the space provided the date on which the 2024 PFA Note is authenticated. For purposes of delivering the 2024 PFA Note to the PFA, the Note Registrar shall insert as the date of registration the date of original issue. The Certificate of Authentication so executed on the 2024 PFA Note shall be conclusive evidence that it has been authenticated and delivered under this Supplemental Resolution No. 2.

11. 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 2024 PFA Note and the registration of transfers of the 2024 PFA Note entitled to be registered or transferred as herein provided.

12. Rights upon Transfer or Exchange. Each 2024 PFA Note delivered upon transfer of or in exchange for or in lieu of any other 2024 PFA Note shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other 2024 PFA Note.

13. Interest Payment; Record Date. Interest shall be paid on each Interest Payment Date by check, draft, wire transfer, ACH Payment, or other electronic means to the PFA or any future Holder as of 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.

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

(a) *Holders.* The "Holder" of a 2024 PFA 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 2024 PFA Note, other than payments, redemptions, and purchases, the City may (but shall not be obligated to) treat as the Holder of a 2024 PFA Note the beneficial owner of the 2024 PFA Note instead of the person in whose name a 2024 PFA Note is registered. For that purpose, the City may ascertain the identity of the beneficial owner of a 2024 PFA 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 2024 PFA Note is registered identifying such beneficial owner. The initial beneficial owner of the 2024 PFA Note is the PFA.

(b) *Treatment of Registered Owner.* The City and its Treasurer may treat the persons in whose name the 2024 PFA Note is registered as the owner of the 2024 PFA Note for the purpose of receiving payment of principal of and premium, if any, and interest on, the 2024 PFA Note and for all other purposes whatsoever whether or not the 2024 PFA 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 2024 PFA Note, if made in the following manner, shall be sufficient for any of the purposes of this Supplemental Resolution No. 2, 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 2024 PFA Note, and the date of the holding of the same, may be proved by reference to the note register.

15. Delivery; Application of Proceeds. The 2024 PFA Note when so prepared and executed shall be delivered by the Director, Office of Financial Services, to the PFA thereof prior to disbursements pursuant to the 2024 Project Loan Agreement, and PFA shall not be obliged to see to the proper application thereof.

16. Fund and Accounts. For the convenience and proper administration of the funds of the Water Utility there has previously been created the Board of Water Commissioners Water Utility Enterprise Fund (the "Water Utility Fund," heretofore in the General Resolution also referred to as the "Water Utility Enterprise Fund"). The General Resolution also created various accounts for the administration of Parity Bonds and other obligations issued pursuant to the General Resolution as amended by Supplemental Resolutions. This Supplemental Resolution No. 2 amends the General Resolution to provide amendments to provide for additional subaccounts to administer the 2024 PFA Note, including for the payment of principal of and interest on the 2024 PFA Note until the principal of the 2024 PFA Note and interest 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 Supplemental Resolution No. 2. In such records there shall be maintained subaccounts in the various accounts of the Water Utility Fund for the purposes and in the amounts as follows:

(a) *2024 PFA Subaccount in the Construction Account.* A separate "2024 PFA Note Construction Subaccount" shall be established in the "PFA Construction Account" created under the General Resolution, to which shall be credited all proceeds received from the sale of the 2024 PFA Note. The 2024 PFA Note shall be the only source of money credited to the PFA Construction Account. It is recognized that the sale proceeds of the 2024 PFA Note are received in reimbursement for costs expended on the WTP Modernization Project 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 WTP Modernization Project, including all costs enumerated in Section 475.65 of the Municipal Debt Act, and (ii) the costs of issuance for the 2024 PFA Note provided that such money shall only be expended for costs and expenses which are permitted under the 2024 Project Loan Agreement. The PFA prohibits the use of proceeds of the 2024 PFA Note to reimburse costs initially paid from proceeds of other obligations of the City

unless otherwise specifically approved. Upon completion of the WTP Modernization Project, and the payment of the costs thereof, any surplus shall be transferred to the Revenue Bond Debt Service Account.

(b) *2024 PFA Note Subaccount in the Revenue Bond Debt Service Account.* A separate "2024 PFA Note Subaccount" shall be established in the "Revenue Bond Debt Service Account" created under the General Resolution, into which there shall be credited and to which there is hereby irrevocably pledged from the Net Revenues of the operation of the Water Utility system monthly a sum equal to the proportionate pro-rata amount of the principal amount of and interest due on the 2024 PFA Note on December 1, 2025 and each December 1 thereafter the proportionate pro-rata amount of the interest due on the next Payment Date and the proportionate pro-rata amount of the principal due on the next December 1 Payment Date. No money shall be paid out of the 2024 PFA Subaccount except to pay principal, premium, if any, and interest on the 2024 PFA Note.

(d) *Excess Net Revenues.* Net Revenues in excess of those required for the foregoing purposes may be used for any proper purpose as set forth in the General Resolution.

(e) *Deficiency.* The money in the Water Utility Fund shall be allotted and paid to the various accounts as provided in the General Resolution as amended by any Supplemental Resolution No. 2.

(f) *Rebate.* Notwithstanding anything to the contrary herein, money in the Water Utility Fund and any account thereof may be used to pay any rebate of excess arbitrage earnings on gross proceeds of the Outstanding Parity Notes, the Series 2023A Bonds, the 2024 PFA Note, and future Additional Parity Bonds that are Tax-Exempt Bonds to be paid to the United States in order to maintain the exclusion from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") of the interest on the Outstanding Parity Notes, the Series 2023A Bonds, the 2024 PFA Note, and future Additional Parity Bonds that are Tax-Exempt Bonds.

(g) *Investments.* No portion of the proceeds of the 2024 PFA Note shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the 2024 PFA Note was issued, (2) as part of a reasonably required reserve or replacement fund not in excess of ten percent (10%) of the proceeds of the 2024 PFA Note (or in a higher amount which the City establishes is necessary to the satisfaction of the Secretary of the Treasury of the United States), and (3) in addition to the above in an amount not greater than the lesser of (i) five percent (5%) of the proceeds of the 2024 PFA Note or (ii) \$100,000. Investment of the proceeds of the 2024 PFA Note shall be interested in accordance with the terms of the General Resolution.

17. Parity Bonds. The Outstanding Parity Notes, the Series 2023A Bonds, and the 2024 PFA Note 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 Outstanding Parity Notes, the Series 2023A Bonds, and 2024 PFA Note or future Additional Parity Bonds 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 except as provided in the General Resolution.

18. No Funded Reserve Account. The Reserve Requirement for the 2024 PFA Note will be \$0 and the 2024 PFA Note, along with the Outstanding Parity Notes and the Series 2023A Bonds, are not secured by the Reserve Account. The 2024 PFA Note will never have any right to amounts on deposit in the Reserve Account.

19. Suit by Bondholders. The Holders of the 2024 PFA Note may only bring suit in accordance with the terms of the General Resolution.

20. Covenants. For the protection of the Holder of the 2024 PFA Note, the City herein covenants and agrees to comply with the covenants and requirements of the General Resolution.

21. Amendments. No change, amendment, modification or alteration shall be made in the covenants made with Holders of the 2024 PFA Note except as provided in the General Resolution and this Supplemental Resolution No. 2. The City may make amendments to the 2024 PFA Note that are not prejudicial to the holders of Parity Bonds (including the Series 2023A Bonds and the Outstanding Parity Notes) with the consent of the Holder of the 2024 PFA Note. Otherwise, amendments to the 2024 PFA Note are governed by the provisions of the General Resolution; provided, however, that nothing herein contained shall permit or be construed as permitting (1) an extension of the maturity of the principal of or the interest on any such 2024 PFA Note, or (2) a reduction in the principal amount of any such 2024 PFA Note or the rate of interest thereon, or (3) a privilege or priority of any Outstanding Parity Notes, Series 2023A Bonds, or 2024 PFA Note over any other bond or bonds except as otherwise provided herein, or (4) a reduction in the aggregate principal amount of such 2024 PFA Note required for consent to any change, amendment, modification or alteration, or (5) the creation of any lien ranking prior to or on a parity with the lien of such 2024 PFA Note, except as hereinbefore expressly permitted, or (6) a modification of any of the provisions of this paragraph without the consent of the Holder of one hundred percent (100%) of the principal amount of the Outstanding 2024 PFA Note.

22. Discharge. When the 2024 PFA Note has been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this Supplemental Resolution No. 2 to the Holder of the 2024 PFA Note. The City may discharge all or a portion of the 2024 PFA Note which is due on any date by depositing with the paying agent (but not if a City officer is the paying agent) or an escrow agent for such 2024 PFA Note on or before that date a sum sufficient for the payment thereof in full; or if the 2024 PFA Note should not be paid when due, it may nevertheless be discharged by depositing with the paying agent (but not if a City officer is the paying agent) or an escrow agent a sum sufficient for the payment thereof in full. The City may also discharge all or a portion of the 2024 PFA Note which is called for redemption on any date when they are prepayable according to their terms, by depositing with the paying agent (but not if a City officer is the paying agent) or an escrow agent on or before that date an amount equal to the principal, interest and redemption premium, if any, which are then due, provided that notice of such redemption has been duly given as provided in this Supplemental Resolution No. 2. The City may also at any time discharge all or a portion of the 2024 PFA Note in whole or in part by complying with the applicable provisions of Section 475.67 of the Municipal Debt Act, and any amendments thereto, except that the funds deposited in escrow in accordance with said provisions may but need not be in whole or part proceeds of advance refunding bonds. The City may discharge the 2024 PFA Note as herein provided without the consent of any Bondholders.

23. Fiscal Year. As used in this Supplemental Resolution No. 2 the words “fiscal year” shall mean the twelve (12) month period beginning on January 1 of each year and ending on December 31 of the same year. Should it be deemed advisable at some later date to change the fiscal yearly basis, the same may be done by proper actions to that effect, which change shall not constitute an amendment or modification of this Supplemental Resolution No. 2.

24. 2024 Project Loan Agreement. The 2024 Project Loan Agreement is hereby approved in substantially the form heretofore presented to the City Council, and in the form executed is hereby incorporated by reference and made a part of this Supplemental Resolution No. 2. Each and all of the provisions of this Supplemental Resolution No. 2 relating to the 2024 PFA Note are intended to be consistent with the provisions of the 2024 Project Loan Agreement, and to the extent that any provision in the 2024 Project Loan Agreement is in conflict with this Supplemental Resolution No. 2 as it relates to the 2024 PFA Note, then that provision shall control and this Supplemental Resolution No. 2 shall be deemed accordingly modified. The Mayor (or her/his designee), the City Clerk (or proper designee), and the Director, Office of Financial Services (or her/his designee), are hereby authorized and directed to execute the 2024 Project Loan Agreement. The execution of the 2024 Project Loan Agreement by the appropriate officials shall be conclusive evidence of the approval of the 2024 Project Loan Agreement in accordance with the terms hereof.

25. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the PFA, and to Ballard Spahr LLP, bond counsel to the City, certified copies of all proceedings and records of the City relating to the 2024 PFA Note and to the financial condition and affairs of the City, and such other affidavits, instruments, certificates, and information as are required to show the facts relating to the legality and marketability of the 2024 PFA Note 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 City as to the facts recited therein.

All documents, certificates, and instruments relating to the issuance of the 2024 PFA Note, including the forms of the 2024 PFA Note may be executed and delivered by the Mayor, the City Clerk, and Director, Office of Financial Services, or their proper designees or executive assistants, or, in the case of the Mayor, the Deputy Mayor, as determined by Ballard Spahr LLP, as bond counsel to the City, and the Office of the City Attorney.

26. Negative Covenants as to Use of Proceeds and WTP Modernization Project. The City hereby covenants not to use the proceeds of the 2024 PFA Note, or to cause or permit them or any of them to be used, or to enter into any deferred payment arrangements for the cost of WTP Modernization Project, in such a manner as to cause the 2024 PFA Note to be a “private activity bond” within the meaning of Sections 103 and 141 through 150 of the Code. The City reasonably expects that no actions will be taken over the term of the 2024 PFA Note that would cause them to be private activity bonds, and the average term of the 2024 PFA Note is no longer than reasonably necessary for the governmental purpose of the issue. The City hereby covenants not to use the proceeds of the 2024 PFA Note in such a manner as to cause the 2024 PFA Note to be “hedge bonds” within the meaning of Section 149(g) of the Code.

27. Tax-Exempt Status of the 2024 PFA Note; Rebate. The City with respect to the 2024 PFA Note shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the code of the interests on the 2024 PFA Note, including without limitation (1) requirements relating to temporary periods for

investments, (2) limitations on amounts invested at a yield greater than the yield on the 2024 PFA Note, and (3) the rebate of excess investment earning to the United States. The City covenants and agrees with the PFA and holders of the 2024 PFA Note that the investments of proceeds of the 2024 PFA Note, including the investment of any revenues pledged to the 2024 PFA Note which are considered gross proceeds of the 2024 PFA Note under the applicable regulations, and accumulated sinking funds, if any, shall be limited as to amount and yield in such manner that the 2024 PFA Note shall 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 City hereby certified that it is not expected that the proceeds of the 2024 PFA Note will be issued in such manner as to cause the 2024 PFA Note to be arbitrage bonds under Section 148 of the Code and any regulations thereunder. The Mayor (or his designee), City Clerk (or designee), and Director, Office of Financial Services (or her designee), shall furnish a certificate to the PFA embracing or based on the foregoing certification at the time of delivery of the 2024 PFA Note.

If any elections are available now or hereafter with respect to arbitrage or rebate matters relating to the 2024 PFA Note, the Director, Office of Financial Services (or her/his proper designee), is hereby authorized and directed to make such elections as they deem necessary, appropriate or desirable in connection with the 2024 PFA Note, and all such elections shall be, and shall be deemed and treated as, elections of the City.

28. No Designation of Qualified Tax-Exempt Obligations. The 2024 PFA Note, together with other obligations issued by the City in calendar year 2024, exceed in amount those which may be qualified as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, and hence are not designated for such purpose.

29. Negotiated Sale. The City has retained Ehlers & Associates, Inc., as an independent financial advisor, and this Council has heretofore determined, and does hereby determine, to sell the 2024 PFA Note by private negotiation to PFA.

30. Parity Findings. It is hereby found, determined and declared that:

(a) The City does not have any outstanding bonds, warrants, certificates, or other obligations or evidences of indebtedness, or money borrowed for or on account of the Water Utility or indebtedness for which any of the Net Revenues of all or a part of the Water Utility have been pledged which are a prior lien on such Net Revenues, except the Outstanding Parity Notes and the Series 2023A Bonds.

(b) All payments required to be made prior to the date hereof into the various funds and accounts of the “Water Utility Fund” established pursuant to the resolutions of this City Council which authorized the issuance of the Outstanding Parity Notes and the Series 2023A Bonds have been made.

(c) This City Council has been furnished with the Certificate of the General Manager of Saint Paul Regional Water Services, attesting to the fact that the issuance of the 2024 PFA Note complies with the financial requirements relating to the issuance of Additional Parity Bonds as set forth in Section 6.3 of the General Resolution.

(d) This City Council, pursuant to advice from the General Manager of Saint Paul Regional Water Services, hereby finds, determines and declares that the estimated Revenues to be derived from the operation of the Water Utility during the term of the 2024

PFA Note will be more than sufficient to provide Net Revenues adequate to pay principal and interest when due on the 2024 PFA Note, the Outstanding Parity Notes and the Series 2023A Bonds and if in the future any Additional Parity Bonds that may be secured by a deposit to the Reserve Account.

(e) The 2024 PFA Note has interest payments on June 1 and December 1, commencing June 1, 2025, and a December 1, 2044 final maturity date.

31. Covenant with Holders. Each and all of the terms and provisions of this Supplemental Resolution No. 2 shall be and constitute a covenant on the part of the City to and with each and every Holder from time to time of the 2024 PFA Note.

32. Severability. If any section, paragraph or provision of this Supplemental Resolution No. 2 shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Supplemental Resolution No. 2.

33. Headings. Headings in this Supplemental Resolution No. 2 are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

34. Electronic Signature. The City may execute documents, certificates, and instruments relating to the issuance of the 2024 PFA Note or any Additional Parity Bonds by electronic signature. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; 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; or (iii) a digital signature of an authorized representative of any party provided by AdobeSign or DocuSign (or such other digital signature provider as specified by such party).

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EXHIBIT A

FORM OF 2024 PFA NOTE

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

**\$29,000,000 WATER REVENUE NOTE
SERIES 2024-1**

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 TWENTY-NINE THOUSAND AND 00/100 DOLLARS (\$29,000,000), 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 (December 1)</u>	<u>Principal Amount</u>	<u>Payment Date (December 1)</u>	<u>Principal Amount</u>
2025	\$	2035	\$
2026		2036	
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031		2041	
2032		2042	
2033		2043	
2034		2044	

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, 2024, 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 2.378% per annum from the date hereof until December 1, 2044 (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the 2024 PFA Note is payable semiannually on each June 1 and December 1, commencing June 1, 2025.

Principal and Interest Payments. Amounts payable on this 2024 PFA Note are payable solely from Net Revenues as provided below. Interest shall accrue only on the aggregate amount of this 2024 PFA 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 "2024 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 2024 PFA Note has not been disbursed; provided that if the full principal amount of this 2024 PFA 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 2024 PFA Note includes amounts treated by the Minnesota Public Facilities Authority as service fees. Principal, interest and any premium due under this 2024 PFA Note will be paid as provided in Supplemental Resolution No. 2 on each payment date by check, draft, wire transfer, ACH payment or other electronic means to the person in whose name this 2024 PFA 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 2024 PFA Note is subject to redemption and prepayment in whole or in part at the option of the City or mandatorily as provided in the 2024 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 2024 PFA Note agree to a different result.

Issuance; Purpose; Security. This Series 2024-1 PFA 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 City, and pursuant to a resolution adopted by the City Council of the City on March 8, 2023 (the "General Resolution"), as amended by the City on July 10, 2024 ("Resolution No. 24 - ____" or "Supplemental Resolution No. 2" and, together with the General Resolution and all prior and future supplemental resolutions, 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 Supplemental Resolution No. 2. The Series 2024-1 PFA Note and the interest thereon are payable solely and exclusively from the Net Revenues of SPRWS pledged to the payment thereof, and do not constitute a debt of the City 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 Series 2024 PFA Note together with the (i) Water Revenue Note, Series 2010A, dated July 15, 2010; (ii) Water Revenue Note, Series 2010B, dated July 15, 2010 (together, with (i) above the "2010 Notes"); (iii) Water Revenue Note, Series 2014, dated July 23, 2014 (the "2014 Note"); (iv) Water Revenue Note, Series 2016, dated November 29, 2016 (the "2016 Note"); (v) Water Revenue Note, Series 2021, dated June 15, 2021 (the "2021 Note"); (vi) Water Revenue Note, Series 2022, dated June 21, 2022 (the "2022 Note"); (vii) Water Revenue Note, Series 2023, dated August 23, 2023 (the "2023 Note") and (viii) Water Revenue Bonds, Series 2023A, dated April 6, 2023 (the "2023A Bonds" and collectively with the 2010 Notes, the 2014 Note, the 2016 Note, the 2021 Note, the 2022 Note and the 2023 Note, the "Outstanding Parity Obligations"), are a first and prior lien upon the Net Revenues of SPRWS, except that the City is authorized under certain conditions to issue additional revenue obligations as Additional Parity Bonds (as defined in the General Resolution), all as provided in the General Resolution.

Registration; Transfer. This 2024 PFA Note shall be registered in the name of the payee on the books of the City by presenting this 2024 PFA 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 2024 PFA 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 2024 PFA 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 2024 PFA Note and any legal or unusual costs regarding transfers and-lost notes.

Project Loan Agreement. The terms and conditions of the 2024 Project Loan Agreement are incorporated herein by reference and made a part hereof. The Project Loan Agreement may be attached to this 2024 PFA Note, and shall be attached to this 2024 PFA Note if the holder of this 2024 PFA Note is any person other than the Minnesota Public Facilities Authority.

Tax-Exempt Obligation. The City intends that the interest on this 2024 PFA 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 2024 PFA Note has not been designated by the City as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended. This 2024 PFA 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 City to be done, to happen and to be performed, precedent to and in the issuance of this 2024 PFA Note, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that this 2024 PFA Note, together with all other debts of the City 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 City 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 2024 PFA Note.

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IN WITNESS WHEREOF, the City of Saint Paul, Ramsey County, Minnesota, by its City Council has caused this 2024 PFA 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 _____, 2024.

**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 2024 PFA Note may be made only by the registered owner or his, her or its legal representative last noted below.

Date of Registration	Name and Address of Registered Owner	Signature of City Treasurer
_____, 2024	Minnesota Public Facilities Authority Saint Paul, Minnesota Federal Employer Identification No.41-6007162	
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Copy of the agreement between
the City and the MN Public Facilities
Authority

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

This REVENUE BOND PURCHASE AND PROJECT LOAN AGREEMENT ("the Agreement"), is between the Minnesota Public Facilities Authority (the "Authority") and the City of Saint Paul ("Recipient") and is dated June 3, 2024.

The Project consists of the initial phase of cash flow financing for the McCarrons drinking water treatment plant ("the Project"). The Project is further described and detailed in the MN Department of Health's certification(s) dated May 12, 2022 and in the Recipient's Project application which is incorporated herein.

Program Funding for the Project	Name	Legal citations	Funding IDs	Amounts
Drinking Water State Revolving Fund Loan	("the Loan")	MS 446A.081; MN Rules 7380 .0250-.0297	MPFA-DWRF-L-073-FY24	\$29,000,000
Total Authority Project Financing:				\$29,000,000

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 TWENTY NINE MILLION DOLLARS (\$29,000,000) 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 December 1, 2044. The aggregate principal amount of the Loan disbursed and outstanding will bear interest and servicing fees collectively at the rate of 2.378% 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.

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, 2027, 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 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) 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 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.

(e) While the Note is outstanding, the Recipient shall comply with the covenants shown on Exhibit B to this Agreement, which is attached and incorporated into this Agreement.

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 June 1 or December 1 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 the Safe Drinking Water Act, as amended by America's Water Infrastructure Act of 2018, unless the Project is granted a waiver from the EPA.

(d) Federal Build America, Buy America (BABA). This Project qualifies for the Environmental Protection Agency (EPA) Adjustment Period Waiver from the Build America, Buy America (BABA) requirements of the Infrastructure Investment and Jobs Act (IIJA) (P.L. 117-58 §§70911-70917).

(e) Project Sign. The Recipient will post a physical sign at the Project site during the construction phase to inform the public that the project funding was made available by the State of Minnesota and the Federal Infrastructure Investment and Jobs Act, and associated logos, unless notified by the Authority that a sign is not required.

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 15c2-12. 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 revenue 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 7830.0296, 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 7380.0272. 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
1st National Bank Building
332 Minnesota Street, Suite W820
Saint Paul, MN 55101-1378

In the case of the Recipient:

City of Saint Paul
Attention: Finance Director, Office of Financial Services
700 City Hall 15 West Kellogg Blvd
Saint Paul, MN 55102-1691

St. Paul Regional Water Services
Attn: General Manager
1900 Rice Street
St. Paul, MN 55113

Recipient name: City of Saint Paul
Project Funding ID(s): MPFA-DWRF-L-073-FY24

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.

MINNESOTA PUBLIC FACILITIES AUTHORITY:

By _____
Jaime Tincher
Title City of Saint Paul Deputy Mayor
Date _____

By _____
Matt Varilek, or delegate
Title Chair
Date _____

By _____
Shari Moore
Title City of Saint Paul City Clerk
Date _____

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

By _____
PO date 06/03/2024
PO ID(s) B2401:300004237

By _____
John McCarthy
Title City of Saint Paul Director, Office of Financial Services
Date _____

By _____
Alexander Dumke
Title City of Saint Paul Assistant City Attorney
Date _____

By _____
Megan Hafner
Title City of Saint Paul Assistant City Attorney
Date _____

By _____
Mara Humphrey
Title Saint Paul Board of Water Commissioners President
Date _____

By _____
Racquel Vaske
Title Saint Paul Board of Water Commissioners General Manager
Date _____

Saint Paul_DWRF_09

Rate: 2.378%

Date:

Maturity: 12/01/44

Loan Amortization Schedule
MPFA-DWRF-L-073-FY24

McCarrons plant construction - loan 4

29,000,000.00

Type of Note:

**Tax Exempt
Revenue Note**

final loan amount: 29,000,000.00

Date	Effective	Source	Disbursement	Repayment	Interest	Principal	Loan Balance	Annl Debt Srv
projected	07/24/24	Op Res	29,000,000.00				29,000,000.00	
projected	08/28/24	Op Res					29,000,000.00	
projected	09/25/24	Op Res					29,000,000.00	
projected	10/23/24	Op Res					29,000,000.00	
projected	11/27/24	Op Res					29,000,000.00	
projected	12/24/24	Op Res					29,000,000.00	
projected	01/28/25	Op Res					29,000,000.00	
	06/01/25						29,000,000.00	
	12/01/25			1,543,902.62	932,902.62	611,000.00	28,389,000.00	1,543,902.62
	06/01/26			337,545.21	337,545.21		28,389,000.00	
	12/01/26			1,536,545.21	337,545.21	1,199,000.00	27,190,000.00	1,874,090.42
	06/01/27			323,289.10	323,289.10		27,190,000.00	
	12/01/27			1,551,289.10	323,289.10	1,228,000.00	25,962,000.00	1,874,578.20
	06/01/28			308,688.18	308,688.18		25,962,000.00	
	12/01/28			1,565,688.18	308,688.18	1,257,000.00	24,705,000.00	1,874,376.36
	06/01/29			293,742.45	293,742.45		24,705,000.00	
	12/01/29			1,580,742.45	293,742.45	1,287,000.00	23,418,000.00	1,874,484.90
	06/01/30			278,440.02	278,440.02		23,418,000.00	
	12/01/30			1,596,440.02	278,440.02	1,318,000.00	22,100,000.00	1,874,880.04
	06/01/31			262,769.00	262,769.00		22,100,000.00	
	12/01/31			1,611,769.00	262,769.00	1,349,000.00	20,751,000.00	1,874,538.00
	06/01/32			246,729.39	246,729.39		20,751,000.00	
	12/01/32			1,627,729.39	246,729.39	1,381,000.00	19,370,000.00	1,874,458.78
	06/01/33			230,309.30	230,309.30		19,370,000.00	
	12/01/33			1,644,309.30	230,309.30	1,414,000.00	17,956,000.00	1,874,618.60
	06/01/34			213,496.84	213,496.84		17,956,000.00	
	12/01/34			1,660,496.84	213,496.84	1,447,000.00	16,509,000.00	1,873,993.68
	06/01/35			196,292.01	196,292.01		16,509,000.00	
	12/01/35			1,678,292.01	196,292.01	1,482,000.00	15,027,000.00	1,874,584.02
	06/01/36			178,671.03	178,671.03		15,027,000.00	
	12/01/36			1,695,671.03	178,671.03	1,517,000.00	13,510,000.00	1,874,342.06
	06/01/37			160,633.90	160,633.90		13,510,000.00	
	12/01/37			1,713,633.90	160,633.90	1,553,000.00	11,957,000.00	1,874,267.80
	06/01/38			142,168.73	142,168.73		11,957,000.00	
	12/01/38			1,732,168.73	142,168.73	1,590,000.00	10,367,000.00	1,874,337.46
	06/01/39			123,263.63	123,263.63		10,367,000.00	
	12/01/39			1,751,263.63	123,263.63	1,628,000.00	8,739,000.00	1,874,527.26
	06/01/40			103,906.71	103,906.71		8,739,000.00	
	12/01/40			1,770,906.71	103,906.71	1,667,000.00	7,072,000.00	1,874,813.42
	06/01/41			84,086.08	84,086.08		7,072,000.00	
	12/01/41			1,790,086.08	84,086.08	1,706,000.00	5,366,000.00	1,874,172.16
	06/01/42			63,801.74	63,801.74		5,366,000.00	
	12/01/42			1,810,801.74	63,801.74	1,747,000.00	3,619,000.00	1,874,603.48
	06/01/43			43,029.91	43,029.91		3,619,000.00	
	12/01/43			1,831,029.91	43,029.91	1,788,000.00	1,831,000.00	1,874,059.82
	06/01/44			21,770.59	21,770.59		1,831,000.00	
	12/01/44			1,852,770.59	21,770.59	1,831,000.00	-	1,874,541.18
totals			29,000,000.00	37,158,170.26	8,158,170.26	29,000,000.00		37,158,170.26

**THIS SCHEDULE IS NOT TO BE USED
TO DETERMINE EXACT REPAYMENTS DUE
UNTIL THE LOAN IS FULLY DISBURSED**

Exhibit B

Certain Special Representations and Covenants of the Recipient

- (1) The Note is being issued by the Recipient with a lien on the net revenues (the "Net Revenues") of Saint Paul Regional Water Services ("SPRWS") that is a first priority lien on a parity with the Recipient's outstanding: (a) Water Revenue Note, Series 2010A (the "2010A Note"), issued pursuant to a resolution adopted by this Council on June 16, 2010, of which \$2,349,000 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 \$9,086,000 is currently outstanding; (c) Water Revenue Note, Series 2014 (the "2014 Note"), issued pursuant to a resolution adopted by this Council on June 4, 2014 of which \$1,288,000 is currently outstanding; (d) Water Revenue Note, Series 2016 (the "2016 Note"), issued pursuant to a resolution adopted by this Council on November 9, 2016 of which \$5,101,000 is currently outstanding; (e) Water Revenue Note, Series 2021 (the "2021 Note"), issued pursuant to a resolution adopted by this Council on April 7, 2021, of which \$12,324,863.89 is currently outstanding; (f) Water Revenue Note, Series 2022 (the "2022 Note") issued pursuant to a resolution adopted by this Council on May 4, 2022 of which \$44,081,000 is currently outstanding; (g) Water Revenue Bonds, Series 2023 (the "2023 Series 2023A Bonds"), issued pursuant to a resolution adopted by this Council on March 8, 2023 of which \$92,905,000 is outstanding; and (h) Water Revenue Note, Series 2023 (the "2023 Note") issued pursuant to a resolution adopted by the Council on July 11, 2023 of which \$24,458,000 is currently outstanding.

The term "Net Revenues" means all gross revenues and earnings and typical add backs under accounting principles less current operating expenses of SPRWS

- (2) There is not any current competition for operations of SPRWS.
- (3) While the Note is outstanding, the Recipient will not, without the prior written consent of the Authority, issue or incur any indebtedness with a lien on the Net Revenues of SPRWS that is superior or prior to the lien granted to the Authority under this Agreement.
- (4) The Recipient will require SPRWS to set rates and charges such that the Net Revenues are sufficient to pay all debt service due in each fiscal year on the Note, the obligations referenced in (1)(a) through (g) above, and additional parity bonds issued in the future by the Recipient with a parity lien on the Net Revenues.
- (5) The Recipient covenants to (i) charge reasonable and just rates and maintain the operations of SPRWS in efficient operating condition, (ii) keep proper books and records, (iii) have an annual financial audit prepared, (iv) not dispose of any material part of SPRWS operations or facilities in a way that would adversely affect SPRWS operations; and (v) not grant any franchise to any competing water utility.
- (6) The Recipient shall not, without the prior written consent of the Authority, issue or incur additional obligations on a parity of lien with the Note, unless (i) the annual Net Revenues of SPRWS for each of the two (2) completed fiscal years immediately preceding the issuance of such additional parity obligations were equal to or greater than one and one-half (1.5) times the maximum amount of principal and interest coming due thereafter (such amount shall not include

the amount of principal scheduled to be repaid from a scheduled application of an amount on deposit in any debt service reserve fund) on all outstanding revenue obligations (including the proposed additional parity obligations) payable from and having a parity of lien upon the Net Revenues that is equal to the outstanding revenue obligations, including the additional obligations so to be issued; or (ii) if the annual Net Revenues in either or both of the aforesaid two (2) completed fiscal years shall be insufficient to meet the test set forth in (i) above, then any reasonably projected increase in Net Revenues for the next two (2) fiscal years following the fiscal year in which the project/facilities financed by the proposed additional parity obligations are placed in service are projected to be equal to or greater than one and one-half (1.5) times the maximum amount of principal and interest coming due thereafter (such amount shall not include the amount of principal scheduled to be repaid from a scheduled application of an amount on deposit in any debt service reserve fund) on all outstanding revenue obligations (including the proposed additional parity obligations) payable from and having a parity of lien upon the Net Revenues that is equal to the outstanding revenue obligations in applying the foregoing test. For the purposes of these additional debt test provisions set forth in this (6) obligations with a lien on the Net Revenues subordinate to the lien of the Note shall not be taken into account. The statement or projection for the issuance of additional parity obligations shall be shown by a certificate issued by the Director, Saint Paul Regional Water Services or the Director, Office of Financial Services or by an independent consulting engineering firm knowledgeable in such matters and shall be a finding of and recited in the resolution of the City authorizing such additional obligations.