

ARTICLE IV

FUNDS AND ACCOUNTS

Section 4.01 Funds and Accounts.

(A) Recycling and Solid Waste Fund; Revenues Pledged and Appropriated. For the payment of principal of and interest on the Bonds, there has previously been created and is recognized a "Recycling and Solid Waste Fund" that is and shall be maintained as a separate and special bookkeeping account on the official books of the City until all Bonds issued and interest and redemption premiums due thereon have been fully paid, or the City's obligations with respect to such Bonds have been discharged as provided in this and any Supplemental Resolution. All proceeds of Bonds issued hereunder and all other funds presently on hand derived from the operation of the Recycling and Solid Waste System are irrevocably pledged and appropriated to the Recycling and Solid Waste Fund. In addition, there is hereby irrevocably pledged and appropriated as a first charge and lien to the Recycling and Solid Waste Fund all Revenues derived from the Recycling and Solid Waste System, including the Improvements and additions thereto, and from penalties and interest thereon. The Recycling and Solid Waste Fund is divided and shall continue to be subdivided into separate accounts as designated and described in this Article IV, to segregate income and expenses received, paid and accrued for the respective purposes described in those sections. This Recycling and Solid Waste Fund shall be operated in accordance with the City's past practices, except as to the use of Revenues for the payment or security of the Bonds and except as provided in this Resolution and any Supplemental Resolution. The City may reorganize its budget and accounting system, rename and renumber its funds and accounts, or transfer specific activities from or among or to other funds and accounts, but the specific activities associated with the Recycling and Solid Waste Fund by the City's past practices shall continue to be subject to this Resolution and the pledge of such Revenues to the repayment of Bonds.

(B) Other Funds and Accounts. A Supplemental Resolution may identify funds and accounts which are Funds and Accounts as defined in this Resolution and activities which are part of the Recycling and Solid Waste Fund as defined in this Resolution.

Section 4.02 Project Account.

(A) There is hereby created and established a "Recycling and Solid Waste Project Account" within the Recycling and Solid Waste Fund.

(B) Into the Project Account there shall be paid the proceeds from the sale of each series of Bonds, less the sum of (1) unused discount and accrued interest paid by the Purchaser upon delivery, (2) the amount deposited in the Reserve Account, and (3) capitalized interest, if any, deposited in the Bond Account. A separate subaccount shall be created and established within the Project Account in which shall be deposited the proceeds of any specific series of Bonds, if the Supplemental Resolution authorizing the issuance of such series requires such a separate subaccount. A separate subaccount shall be created in the Project Account that is designated as the 2024E Subaccount and proceeds of the Series 2024E Bond shall be deposited in the 2024E Subaccount as set forth in the closing memorandum prepared by Ehlers in connection with the issuance of the Series 2024E Bond and shall be used for the 2024E Project. From the Project Account (or, if applicable, from a separate subaccount therein) shall be paid all costs of a Project to be financed by the Bonds, including legal, engineering, financing and other such expenses incidental thereto. There shall also be paid from the Project Account the costs of issuance of each series of Bonds, including payment of the costs of issuance of the Series 2024E

Bond as set forth in the closing memorandum prepared by Ehlers. If necessary, the City may transfer from the Project Account to the Bond Account, amounts required to provide for the payment of interest on a series of Bonds during the period of construction of the Improvements financed by such series of Bonds, and in such case the amount so transferred shall be credited against amounts otherwise required to be transferred pursuant to Section 4.03(A) "First"; provided, however, that any amount of the proceeds of such series of Bonds deposited in the Bond Account upon issuance of such Bonds (other than a Minimum Variable Rate Bond Amount) shall be used for that purpose before any transfers are made from the Project Account. The Series 2024E Bond is not funding any capitalized interest.

(C) Any excess money remaining in the Project Account upon completion of the applicable Improvements (and, as to the Series 2024E Bond, the 2024E Project) shall be, at the option of the City, applied to the payment of or reimbursement for the costs of any other Improvements, or transferred to the Bond Account.

(D) Amounts described in Section 4.03(A) "Fifth" (2) shall be deposited in the Project Account and applied to pay or reimburse for the costs of Improvements.

(E) Except as provided in subsection (F) below, earnings on amounts held from time to time in the Project Account shall be transferred to the Bond Account.

(F) Notwithstanding any provision of this Resolution or any Supplemental Resolution to the contrary, all Excess Earnings shall be transferred from the Project Account to the Rebate Account at such times and in such amounts as may be required to maintain compliance, as to all Tax-Exempt Bonds, with the covenants expressed in Sections 5.02 and 5.04.

Section 4.03 Operation and Maintenance of Recycling and Solid Waste Fund.

(A) Into the Recycling and Solid Waste Fund shall be paid all Revenues associated with the activities of the Recycling and Solid Waste Fund accounted for in such Fund, upon receipt, except as provided in subsection (B) below, and from the Recycling and Solid Waste Fund there shall be paid or transferred the following amounts in the following order of priority:

First, to the Bond Account, the amounts required to pay the Bonds, as further specified in Section 4.04 or the applicable Supplemental Resolution;

Second, in order, first to make payments under an Interest Rate Swap Agreement, second to each Credit Provider, monthly, the amounts required to be paid to such Credit Provider pursuant to the applicable Credit Agreement, and third to each Fiduciary, the amount of its fees and expenses then due;

Third, to each subaccount of the Reserve Account, the amounts required to maintain the balance on hand therein at the applicable Reserve Requirement for each series of Bonds;

Fourth, to pay all Current Expenses then due; and

Fifth, to pay any other amount then due with respect to the Recycling and Solid Waste Fund, including, in any order, (1) amounts required to pay debt service on general obligation debt of the City incurred to finance Improvements, (2) amounts required to pay the costs of any Improvement or major repair not financed by Bonds or other debt, or (3)

to make any other payment or transfer authorized by law, including payments of the 2024 Internal Loan.

(B) Notwithstanding any provision of this Resolution or any Supplemental Resolution to the contrary, Excess Earnings shall be transferred from the Funds to the Rebate Account at such times and in such amounts as may be required to maintain compliance, as to all Tax-Exempt Bonds, with the covenants expressed in Sections 5.02 and 5.04.

Section 4.04 Bond Account.

(A) There is hereby created and established a “Recycling and Solid Waste Debt Service Account” (referred to herein as the “Bond Account”) within the Recycling and Solid Waste Fund, into which there shall be credited and deposited, and to which there is hereby irrevocably pledged, from the Revenues of the operation of the Recycling and Solid Waste Fund, a sum equal to:

(1) for all Fixed Rate Bonds, for an applicable period, an amount equal to the sum of (a) the applicable total principal to become due, by operation of mandatory sinking fund or otherwise, on all Principal Payment Dates for all series of Fixed Rate Bonds during the same period; and (b) an amount equal to the total interest to become due on the next Interest Payment Date, on all series of Fixed Rate Bonds; and

(2) for all Variable Rate Bonds, for an applicable period, an amount equal to the sum of (a) the applicable total principal to become due on all Principal Payment Dates for all series of Variable Rate Bonds during the same period; and (b) the amount of interest paid or accrued during the preceding applicable same period for all series of Variable Rate Bonds;

provided, however, (i) that no further payments need be made to the Bond Account on account of a series of Bonds when the money held therein are sufficient for the payment of all principal and interest due on such series of Bonds on and prior to the next maturity or redemption date, and (ii) for the period immediately subsequent to the issuance of any series of Bonds, there shall be credited against the amounts due on account of such series the sum deposited in the Bond Account from the proceeds of such series of Bonds as accrued interest, unused discount, premium and capitalized interest, excluding any deposit made as the Minimum Variable Rate Interest Amount, and (iii) for the period immediately subsequent to the issuance of any series of Bonds and prior to the first Interest Payment Date, the amount set forth in clause (1)(b) above shall be equal to the amount of interest due on the Bonds on the first Interest Payment Date divided by the number of months between the issuance of such series of Bonds and the first Interest Payment Date.

Separate subaccounts shall be created in the Bond Account to track the debt service payment of every series of Bonds, including the Series 2024E Bond and future Additional Bonds. Amounts on deposit in the Bond Account shall be applied on or before each Principal Payment Date and Interest Payment Date to pay principal and interest, and redemption premium (including any make-whole amount) then due or payable.

(B) There shall also be credited to and deposited in the Bond Account each of the following:

(1) to the extent provided in a Supplemental Resolution, the accrued interest and unused discount, if any, paid by the Purchaser of a series of Bonds upon delivery thereof;

(2) from the proceeds of a series of Bonds, the amount determined by the City to be necessary or desirable to capitalize interest on such series of Bonds for an initial period not exceeding the period permitted by law; and

(3) from the proceeds of a series of Variable Rate Bonds, the Minimum Variable Rate Interest Amount attributable thereto.

(C) The City shall immediately deposit in the Bond Account, from Revenues, any additional amount required to pay the principal of and premium, if any, and interest on all Bonds when due on any Principal Payment Date or Interest Payment Date to the extent such amounts have not theretofore been deposited in the Bond Account from Revenues or transferred to the Bond Account from the Reserve Account as described in Section 4.05 below. In addition, the City shall deposit in the Bond Account, from Revenues, any amount required to maintain the Minimum Variable Rate Interest Amount for a series of Variable Rate Bonds, after giving effect to the deposit provided for in Section 4.03(A) "First" and Section 4.04(A).

(D) Notwithstanding any provision of this Resolution or any Supplemental Resolution to the contrary, Excess Earnings shall be transferred from the Bond Account to the Rebate Account at such times and in such amounts as may be required to maintain compliance, as to all Tax-Exempt Bonds, with the covenants expressed in Sections 5.02 and 5.04.

Section 4.05 Reserve Account.

(A) There is hereby created and established a "Recycling and Solid Waste Debt Service Reserve Account" (referred to herein as the "Reserve Account") within the Recycling and Solid Waste Fund and separate subaccounts therein for each series of Bonds, including a 2024E Subaccount to secure the repayment of the Series 2024E Bond. Money or a Credit Facility equal to the applicable Reserve Requirement for a series of Bonds shall be deposited into the Reserve Account in connection with the issuance of Bonds, and other amounts shall be deposited in the applicable subaccount of the Reserve Account as provided in Section 4.03(A) "Third." The Reserve Account shall be drawn upon only when and if money in the Bond Account is insufficient on a Principal Payment Date or on an Interest Payment Date to pay the principal of, and premium, if any, and interest on the Bonds payable from the Bond Account, or when otherwise permitted by this Section 4.05. If there is a deficiency in a subaccount of the Bond Account for a series of Bonds, then the City shall transfer from the applicable subaccount of the Reserve Account to the applicable subaccount of the Bond Account and the applicable subaccount in the Reserve Account shall be replenished to the Reserve Requirement for the Bonds secured by such subaccount as provided herein. While the Series 2024E Bond is outstanding, the City shall maintain the deposit of the funds in the 2024E Subaccount of the Reserve Account in a commercial banking depository account at The Huntington National Bank or any successor thereto. The initial deposit to the Reserve Fund will be funded from cash of the Recycling and Solid Waste Fund as set forth in the closing memorandum for the Series 2024E Bond.

(B) Money in the Reserve Account may be withdrawn therefrom and applied to the payment of the latest installments of principal on a series of Bonds if the amount remaining in the applicable subaccount of the Reserve Account after each such withdrawal is not less than the Reserve Requirement then in effect for all other series of Bonds then outstanding.

(C) Money in a subaccount of the Reserve Account may be used to prepay a series of Bonds secured by such subaccount, when such prepayment will retire all Bonds of a series then outstanding.

(D) Investments held for the credit of the Reserve Account shall be valued (as provided in Section 4.09) as of the last day of each Fiscal Year, and as of the first day of the month preceding the month in which each series of Additional Bonds are issued. For the purpose of determining whether the Reserve Requirement is being maintained, the securities held for the Reserve Account shall be assumed to have the value established on the most recent valuation date, and any Credit Facility held for the credit of the Reserve Account shall be valued at the lesser of its stated amount or the remaining amount which may be drawn thereunder.

(E) Notwithstanding any provision of this Resolution or any Supplemental Resolution to the contrary, Excess Earnings shall be transferred from the Reserve Account to the Rebate Account at such times and in such amounts as may be required to maintain compliance, as to all Tax-Exempt Bonds, with the covenants expressed in Sections 5.02 and 5.04.

(F) Except as provided in subsection (E) above, earnings on investments held for the credit of a subaccount in the Reserve Account shall be transferred to the applicable subaccount of the Bond Account no less often than annually. The balance of funds on hand in each subaccount of the Reserve Account shall at all times be maintained in an amount equal to the applicable Reserve Requirement, and accordingly, the City shall transfer money from the Recycling and Solid Waste Fund to the Reserve Account in an amount sufficient to cure any deficiency in the Reserve Fund as further provided in Section 4.03(A).

(G) Whenever the money in a subaccount of the Reserve Account exceeds the applicable Reserve Requirement after giving effect to any withdrawal made pursuant to other subsections of this Section 4.05, such excess may be transferred to the applicable subaccount of the Bond Account, and either (1) credited against the transfers next due to be made from the Funds, or (2) applied to the purchase or prepayment of Bonds.

(H) The City may deposit a Credit Facility in a subaccount of the Reserve Account in lieu of cash either at the time a series of Bonds is originally issued, or at any time thereafter, subject to the following conditions:

(1) the proceeds of each such Credit Facility must be available for the purposes and at the times required for the purposes of the Reserve Account;

(2) in calculating whether the amount then held in a subaccount of the Reserve Account is equal to the applicable Reserve Requirement, each Credit Facility held therein shall be valued at its stated amount, or, if less, the amount which remains available thereunder;

(3) if a Credit Facility will replace cash in a subaccount of the Reserve Account to satisfy the applicable Reserve Requirement for one or more series of Bonds then outstanding, the substitution of the Credit Facility must not result in a lowering of the rating(s) then in effect for such series of Bonds, if there is a rating in effect; and

(4) the Credit Facility must provide that it may be drawn upon prior to its stated expiration or termination date if the City either fails to provide a replacement or new Credit Facility or fails to deposit cash to replace the Credit Facility, as further provided in this subsection (H).

Upon deposit of a Credit Facility in a subaccount of the Reserve Account to replace cash then held therein, the amount so replaced shall be transferred to the Project Account and applied to pay the costs of Improvements or upon a favorable opinion of Bond Counsel to the Bond Account. On or before the date of expiration or termination of a Credit Facility, the City shall promptly replace the Credit Facility with either a new Credit Facility which satisfies the conditions expressed in clauses (1) through (4) above, or with cash; provided that such replacement may be, at the City's option, partially by the deposit of cash and partially by a new Credit Facility.

Section 4.06 Rebate Account.

(A) There is hereby created a "Rebate Account" within the Recycling and Solid Waste Fund. The City shall deposit in the Rebate Account, within thirty (30) days after the last day of the Bond Year for each series of Tax-Exempt Bonds, all Excess Earnings attributable to such series of Tax-Exempt Bonds; and for purposes of making such deposits the City shall transfer from the Project Account, Reserve Account, Bond Account and Funds to the Rebate Account a sum equal to the Excess Earnings attributable to sums held in each such other Fund or Account as "gross proceeds" of Tax-Exempt Bonds, as defined in and under Section 148 of the Code.

(B) The City shall maintain such records for each series of Tax-Exempt Bonds such that if necessary it could prepare a report with respect to the Project Account, Reserve Account, Bond Account and Funds setting forth the total amount invested during the preceding Bond Year, the investments made with the money in the Project Account, Reserve Account, Bond Account and Funds and investment earnings (and losses) resulting from such investments. Such records shall be retained for the period required by Section 148 of the Code.

(C) The City shall remit sums, if any, in the Rebate Account that are necessary to the United States Treasury as payment of rebatable arbitrage as required by Section 148 of the Code together with any additional amount then held in any Fund or Account required to bring the total amount of such remittance to the correct Rebate Amount.

(D) The City may at any time transfer to any Fund or Account any amount held in the Rebate Account which the City determines is in excess of amounts required to be paid to the United States as rebatable arbitrage.

Section 4.07 Insufficient Amounts. In the event that the money in the Bond Account shall be insufficient at any particular time to pay the principal then due and interest then accrued on all Bonds payable therefrom, and such deficiency cannot be cured by withdrawals from the Reserve Account or from some other source, said money shall first be applied to the payment pro rata of the accrued interest on all such Bonds, payable over a period ending on June 1 or December 1, as appropriate, and any balance shall be applied in payment pro rata of the principal then due on all such Bonds; provided that if it shall ever be determined by a court of competent jurisdiction while any such Bonds remain outstanding that the sums available and to become available for the payment of the principal thereof and interest thereon are insufficient whether or not then due, then the money in the Bond Account shall be applied in payment of all principal then outstanding whether or not then due and the interest accrued thereon to the date of payment ratably according to the aggregate amount thereof without any preference or priority.

Section 4.08 Other Account Provisions.

(A) Revenues in excess of those required for the foregoing purposes may be used for any purpose authorized by law.

(B) If in any month the money on hand in any Account are insufficient for the purposes hereof, the deficiency shall be made up in the following month or months after payments for other purposes having a prior claim on Revenues have been made in full.

(C) All money held in the Rebate Account, Bond Account and Reserve Account created by this Resolution shall be kept separate and apart from all other City funds and accounts.

Section 4.09 Investments.

(A) Money held from time to time in any Fund or Account may be invested by the City in any investment then permitted by Minnesota law (currently Minnesota Statutes, Section 118A, as amended), and, to the extent applicable, by federal law.

(B) Amounts held for the credit of each Fund and Account shall be invested to mature at such time or times as may be necessary to assure that the funds so invested will be available for the purposes of such Fund and Account, when needed; provided that amounts held for the credit of the Reserve Account and attributable to the Reserve Requirement for a series of Bonds may be invested at the discretion of the Treasurer of the City for a term not exceeding the term of such series of Bonds.

(C) The City covenants that for the benefit of the Bondholders of any Tax-Exempt Bonds, that the City will not knowingly take any action, whether or not such money was derived from the proceeds of the sale of the Tax-Exempt Bonds or from any other sources, will be used in a manner which, to its knowledge, will cause any of the Tax-Exempt Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. Pursuant to such covenant, the City obligates itself to comply, to its knowledge, throughout the term of any Tax-Exempt Bonds, with the requirements of Section 148 of the Code and any regulations promulgated thereunder.

(D) The City shall value all investments as the ending of each Fiscal Year.

(E) Notwithstanding the foregoing, investments shall not include any Swap Contract.

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