

SUBJECT

BOARD RESOLUTION NO. 26-245

Pertaining to an application for a loan from the Drinking Water Revolving Fund to fund the continued construction of the McCarron's Water Treatment Plant Improvements.

2026 STRATEGIC PLAN GOALS: Financial Stability

1. Staff is seeking authorization to apply for a Drinking Water Revolving Fund loan. The amount of the loan application shall be approximately \$7,500,000 (see paragraph #3 below for notes on loan value). The purpose of the proposed loan is to fund the continued construction of the McCarron's Treatment Plant Improvements.
2. Currently, the McCarron's Treatment Plant Improvements project is approximately 90 percent complete and is on schedule and trending slightly under budget.
3. With this debt issuance, the McCarron's WTP project will be 100% funded. Previously, \$230,527,877.99 of debt has been issued for the construction of the McCarron's WTP project (inclusive of interest earnings on 2023 water revenue bonds, which were invested while awaiting expenditure).
4. This will be the seventh debt issuance related to the McCarron's Water Treatment Plant Improvements project. Previously, we issued a \$15.4 million DWRF loan in 2021, a \$46 million DWRF loan in 2022, a \$ 97.25 million revenue bond in 2023 (which earned \$5,277,877.99 in interest), a \$25 million DWRF loan in 2023, a \$29 million DWRF loan in 2024, and a \$28 million DWRF loan in 2025. The total project cost (for design and construction) is expected to be approximately \$236.7 million. This loan would bring total financing to \$238,027,877.99; comfortably in excess of the expected project cost, even if we encounter unexpected challenges in the final stretch of the project.
5. The form of the resolution is as required by the Minnesota Public Facilities Authority and has been used on previous MN PFA funding applications.

RECOMMENDATION

Approval