

M Management Committee

Meeting date: October 12, 2011

ADVISORY INFORMATION

Date:	October 10, 2011
Subject:	Authorization To Execute An Amendment to the 2011 Agreement With The Public Facilities Authority (PFA).
District(s), Member(s):	All
Policy/Legal Reference:	MN Stat. 473.541(3) and Council Policy 3-1-1
Staff Prepared/Presented:	Jason Willett, MCES Finance Director, 651-602-1196
Division/Department:	MCES c/o Bill Moore, Division Director, 651-602-1162

Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to execute an amendment to the 2011 loan agreement with the Minnesota Public Facilities Authority (PFA) in substantially the same form as the attached agreement.

Background

Business Item 2010-421 approved on January 12, 2011, authorized the Regional Administrator to execute a \$70.0 million loan agreement with the Public Facilities Authority (PFA) to fund eligible capital projects." The proposed amendment simply adds an additional amount, for which the principal will be forgiven to the loan, specifically for two "green" projects at the Metro plant:

- \$525,000 for the non-condensing steam turbine project
- \$450,420 for aeration tank improvements

Both of these projects were recently qualified by the PCA as eligible for the PFA's *Green Project Reserve* which means they are eligible for 25% principal forgiveness in the amounts listed above. PFA has allowed us to add the amounts to the existing loan agreement, so that the \$70 million loan portion of the agreement (that has very favorable interest) will be unchanged. Thus, the full agreement is being increased to almost \$71 million.

Note that Exhibit A to the Agreement lists all the currently eligible projects (and their phases) and it is being updated also with this amendment. This is routine business and the projects listed in Exhibit A may change over time.

The Attachment is the proposed amendment to the Agreement. This has been approved as to form by our Bond Counsel.

Funding

The amendment is to increase the financing amount and designate the principal forgiveness. Assuming we comply with the standard terms, the \$975,420 amount does not need to be paid back. The interest rate on the

unchanged loan portion is 1.77%; all MCES debt service is paid from revenues from municipal wastewater and SAC charges.

Rationale

For the amendment, the rationale is simply securing the less expense capital for ongoing capital projects.

For the business item, the rational is that since the agreement is backed by the Council's general obligation pledge and the total is increasing, Council approval is necessary.

Known Support / Opposition

None.

BOND PURCHASE AND PROJECT LOAN AGREEMENT
(Metropolitan Council)
No. 2011

MPFA-10-0024-R-FY11
MPFG-10-0024-R-FY11
Amendment No. 1

Original Contract Date: January 13, 2011
Original Contact Amount: \$70,000,000
Amendment #1 Date: September 13, 2011
Amendment #1 Amount: \$975,420

This amendment dated September 13, 2011 is by and between the Minnesota Public Facilities Authority (the "Authority") and the **Metropolitan Council** (the "Borrower"), 390 North Robert Street, St. Paul, Minnesota, 55101 (the "Council").

Recitals

1. The Authority has a Bond Purchase and Project Loan Agreement (the "Agreement") with the Borrower identified as MPFA-10-0024-R-FY11 which provides funds from the Clean Water Revolving Fund to fund wastewater treatment projects described on **Exhibit A** of the Agreement and any other additional wastewater treatment projects selected by the Council, certified by the Minnesota Pollution Control Agency (the "PCA") and approved by the Authority in its sole discretion.
2. The Date of the original Agreement with the Borrower was January 13, 2011.
3. **Exhibit A**, which describes the wastewater treatment projects, is updated as a part of this Amendment to reflect current PCA certification status of the wastewater treatment projects.
4. On June 30, 2011 the PCA certified the Metro Waste Water Treatment Plant Aeration Tanks 9-12 Improvements Project and the Metro Waste Water Treatment Plant Non-Condensing Steam Turbine Generator Project (the "Green Projects") as meeting criteria for Green Project Reserve.
5. The total eligible Green Project Reserve cost of the Metro Waste Water Treatment Plant Aeration Tanks 9-12 Improvements Project is \$1,801,682. The total eligible Green Project Reserve cost of the Metro Waste Water Treatment Plant Non-Condensing Steam Turbine Generator is \$2,100,000.
6. The Borrower is eligible to receive supplemental assistance in the form of Green Principal Forgiveness (the "Principal Forgiveness") for 25% of the eligible Green Project costs as determined by PCA for project components directly related to green infrastructure, water or energy efficiency improvements per M.S. 446A.07, subd.8 (a) (8).
7. Seventy-five percent of the eligible Green Projects costs are and will be financed with Clean Water Revolving Funds under the Agreement.
8. The Authority and the Borrower are willing to amend the Agreement to add \$975,420 in Principal Forgiveness for the Green Projects.

Amendment

In this Amendment, deleted terms from the Agreement will be struck out and added terms will be underlined. Paragraph 1 is amended as follows:

1. Total financial assistance under this Agreement is \$70,975,420 and consists of a \$70,000,000 loan from the Clean Water Revolving Fund and \$975,420 supplemental assistance award in the form of Green Principal Forgiveness (the "Principal Forgiveness"). Subject to the conditions hereinafter set

forth, the Authority hereby commits to loan \$70,000,000 (the "Loan") to the Council for the purpose of funding the wastewater treatment projects described on Exhibit A hereto. These projects, or any other additional wastewater treatment projects selected by the Council, certified by the Minnesota Pollution Control Agency (the "PCA") and approved by the Authority in its sole discretion, are, to the extent financed by Loan proceeds, herein collectively called the "Project". The Council hereby agrees to accept this Loan by delivery of its general obligation note to the Authority in the form adopted pursuant to Council Resolution, as set forth in Exhibit C hereto.

In addition to the Loan, a supplemental assistance award in the form of Green Principal Forgiveness in the amount of \$975,420 (the "Principal Forgiveness") is granted under the provisions of Minnesota Statute 446A.07, subd 8(a)(8), as amended, which is not required to be repaid as long as the requirements in Paragraphs 24, 25, 28 and 29 of the Agreement are met. If the Borrower fails to comply with the requirements of such paragraphs, and such failure continues for 90 days after written notification thereof from the Authority, then the Borrower must repay the Principal Forgiveness, such repayment to be made in the Borrower's next budget year following the demand.

The Principal Forgiveness is allocated to the Metro Wastewater Treatment Plant Aeration Tanks 9-12 Improvements Project and the Metro Wastewater Treatment Plant Non-Condensing Steam Turbine Generator Project (the "Green Projects"). The total Green Project Reserve eligible costs are as follows:

Metro Wastewater Treatment Plant Aeration Tanks 9-12 Improvements Project

<u>Principal Forgiveness:</u>	<u>\$450,420</u>
<u>Clean Water Revolving Fund Loan</u>	<u>\$1,351,262</u>
<u>Total Green Project Reserve Cost:</u>	<u>\$1,801,682</u>

Metro Waste Water Treatment Plant Non-Condensing Steam Turbine Generator Project

<u>Principal Forgiveness:</u>	<u>\$525,000</u>
<u>Clean Water Revolving Fund Loan</u>	<u>\$1,575,000</u>
<u>Total Green Project Reserve Cost:</u>	<u>\$2,100,000</u>

EXHIBIT A
List of Projects
(as of the date of this Agreement and updated for Amendment #1)

Exhibit A is amended as follows:

MCES Project Number	IUP Project #	Project Name/Subproject Name	Project Phase Certified for PFA Funding
8028	279356-09	Blue Lake Interceptor System Improvements	Planning/Design
<u>802811</u>	<u>279356-09</u>	<u>VSB Smithtown Road Improvements</u>	<u>Construction</u>
802812	279356-09a	VSB L22 and L23 Tunneling	Construction
<u>801220/25/60</u>	<u>279341-10</u>	<u>Bio-P, Site Prep, Integrated Controls</u>	<u>Construction</u>
<u>801835</u>	<u>279341-10</u>	<u>HVAC Improvements</u>	<u>Construction</u>
8068	279768-02	1-MN-310/320	Planning/Design
8018	279341-10	Blue Lake Plant Improvements	
801830	279341-10a	Liquids Phase I	Construction
801840	279341-10b	Solids, energy recovery	Construction
8034	279382-03	Brooklyn Park Interceptor Rehabilitation (Phase I, II and III)	Construction
9004	272146-14	Elm Creek	Construction
8057	279770-02	Golden Valley Area Improvements	Planning/Design
8030	279630-07	Hastings WWTP	Planning/Design
		Hopkins System Lift Station/Foremain Lift Station/Foremain Improvements	
8041	272493-06	Hopkins <u>System Imp. Lift Station/Foremain Imp. Lift Station/Foremain Imp. Mpls Phase I Contract A</u>	Planning/Design Planning/Design
804120	272493-06a		Planning/Design/Construction
8022	272629-07	Lift Station L-12 Improvements	Construction
8055	279769-02	Lift Stations L7, L13, L30, L35, L66	Planning/Design
8062	272355-12	MWWTP Solids Processing Improvements	Planning/Design
8059	279435-04	MWWTP Rehabilitation & Facilities Improvements	Planning/Design
805920	279435-04a	Final Settling Tanks Sludge Collection Equipment	Construction
805927	279435-04b	Cable Replacement - Phase 2	Construction
805941	279435-04c	Aeration Tanks 9-12 Mixers Replacement ±	Construction
805910	279435-04d	Primary Settling Tank Sludge Collection Equipment	Construction
805915	279435-04e	Sludge Storage Rehabilitation	Planning/Design Planning/Design Construction
805926	279435-04f	Non-condensing steam turbine generator ±	Planning/Design/Construction
805942	279435-04g	Biofilter BI01 Pipe Access	Construction
805951	279435-04h	LWR Tunnel Ramp	Construction Planning/Design
805955	279435-04i	Process Computer System	Planning/Design/Construction
<u>805923</u>	<u>279435-04j</u>	<u>Effluent Pumping Emergency Generators</u>	<u>Construction</u>
<u>805960</u>	<u>279435-04k</u>	<u>Double Barrel Interceptor Improvements</u>	<u>Construction</u>
<u>805961</u>	<u>279435-04l</u>	<u>City Water Improvements</u>	<u>Construction</u>
<u>805964</u>	<u>279435-04m</u>	<u>Floodwall & Dike Improvements</u>	<u>Construction</u>
<u>805965</u>	<u>279435-04n</u>	<u>Effluent Water Improvements Phase 1</u>	<u>Construction</u>
8023	279343-07	Northeast Interceptor Improvements	Planning/Design
8032	272628-05	Northwest Interceptor Improvements	Planning/Design
8019	279345-07	Seneca WWTP Disinfection & Phosphorus	Construction
8027	279386-03	South St. Paul Foremain Improvements - Phase Ib, Ic, II and III	Planning/Design
802710	279386-03a	Phase 1A interceptor improvements	Construction
802712	279386-03b	Phase 1B interceptor improvements	Construction
802714	279386-03c	Phase 1C interceptor improvements	Construction

**Loan Numbers: MPFA-10-0024-R-FY11
MPFG-10-0024-R-FY11
Borrower Name: Metropolitan Council
Amendment No.: 1**

IN WITNESS WHEREOF, the Authority and the Council acknowledge their assent to this Amendment and agree to be bound by its terms through their signatures entered below. This Amendment is effective upon execution by the parties hereto as set forth below. Except as amended herein, the terms and conditions of the original Agreement remain in full force and effect.

Metropolitan Council

By _____
Title _____
Date _____

Minnesota Public Facilities Authority

By Mark Phillips
Mark Phillips
Title Chair
Date 9.23.11

ENCUMBERED

Department of Employment and Economic
Development

By _____
Title _____

Date Encumbered: _____
[Individual signing certifies that funds have been
encumbered as required by Minnesota Statutes Section
16A]

These projects are further described and listed on the Intended Use Plan (IUP). Projects in fundable range on the approved 2011 IUP may be eligible to receive disbursement from this Loan following MPCA certification and PFA approval. MCEs planning/design projects in the fundable range that move to construction may be eligible for funding for the construction phase following MPCA's certification and PFA approval.

* Project includes Green Project Reserve components.