

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.