



Staff Report
Committee of the Whole – N/A
City Council – November 3, 2025

APPROVED & ACCEPTED

by City Council

11/03/2025

Maureen Storstad
Maureen Storstad
City Auditor

Agenda Item: Resolution Authorizing the issuance of Sewer Reserve Revenue and Refunding Bonds, Series 2025H (SRF), to finance and refinance the expansion of the Wastewater Treatment Facility. This includes the refunding of \$54,620,000 of Sewer Reserve Revenue Bonds, Series 2023C (SRF) and the issuance of \$50,000,000 of additional Sewer Reserve Revenue Bonds, Series 2025H (SRF) for a total of \$104,620,000. (Proj#8403 & 8569)

Submitted by: Candice Stjern, Assistant Finance Director

Staff Recommended Action:

Authorize the Resolution Authorizing the issuance of Sewer Reserve Revenue and Refunding Bonds, Series 2025H (SRF), to finance and refinance the undertaking of improvements to the Wastewater Treatment Facility. This includes the refunding of \$54,620,000 of Sewer Reserve Revenue Bonds, Series 2023C (SRF) and issuance of \$50,000,000 of additional Sewer Reserve Revenue Bonds, Series 2025H (SRF).

Committee Recommended Action:

N/A

Council Action: Motion by Sande, second by Berg to approve consent agenda. Motion carried unanimously.

BACKGROUND:

The City received approval from the Industrial Commission of North Dakota – ND Public Finance Authority to utilize their low interest bond program to finance the additional construction costs of the Wastewater Treatment Facility Expansion Project in the amount of \$50,000,000 bringing the total to \$104,620,000. This resolution authorizes the issuance of these Sewer Reserve Revenue and Refunding Bonds, Series 2025H (SRF).

In November 2022, the City received approval from the Industrial Commission of North Dakota – ND Public Finance Authority to utilize their low interest bond program to finance the construction costs of the project in the amount of \$54,620,000 and these original bonds and they were approved at City Council on January 3, 2023.

The City has drawn \$54,620,000 of Series 2023C Bonds and the PFA, has approved an additional loan to the City in the amount of \$50,000,000 (the "Additional Loan Amount") for addition costs

of the project, which shall be added to the principal amount outstanding of the Series 2023C Bonds (\$54,620,000), for a total loan amount of \$104,620,000.

Under terms of the program, a Notice of Project was published establishing a 20-day protest period for the issuance of the bonds. That protest period expired on October 31, 2025. No protests were received. Terms of the financing also require the adoption of a Resolution authorizing issuance of the bonds.

The bonds are being issued pursuant to North Dakota Century Code, Chapter 40-27. Terms of the financing also require the adoption of a Resolution authorizing issuance of the bonds.

ANALYSIS AND FINDINGS OF FACT:

- Financing is needed to fund these projects.
- State programs provide a low-risk opportunity to access below-market interest rates.
- The Sewer Reserve Revenue and Refunding Bonds, Series 2025H (SRF) will be paid back through wastewater rates.
- This project is included in the budget as it is planned for in the CIP

SUPPORT MATERIALS:

- Resolution

CERTIFICATE OF MINUTES RELATING TO
SEWER RESERVE REVENUE AND REFUNDING BONDS, SERIES 2025H

Issuer: City of Grand Forks, North Dakota

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting, held on November 3, 2025,
at 5:30 p.m. at the City Hall.

Members Present:

Members Absent:

Documents Attached:

Minutes of said meeting (pages): Pages 1 through __

RESOLUTION AUTHORIZING THE ISSUANCE OF SEWER RESERVE
REVENUE AND REFUNDING BONDS, SERIES 2025H TO FINANCE AND
REFINANCE THE UNDERTAKING OF IMPROVEMENTS TO THE
MUNICIPAL WASTEWATER UTILITY

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the bond referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer on _____, 2025.

(SEAL)

Maureen Storstad, Director of Finance
and Administrative Services

Council Member _____ introduced the following resolution and moved its adoption:

RESOLUTION AUTHORIZING THE ISSUANCE OF SEWER RESERVE REVENUE AND REFUNDING BONDS, SERIES 2025H TO FINANCE AND REFINANCE THE UNDERTAKING OF IMPROVEMENTS TO THE MUNICIPAL WASTEWATER UTILITY

BE IT RESOLVED by the City Council of the City of Grand Forks, North Dakota (the “City”) as follows:

Section 1. Authorization.

1.01. The provisions of Article 9 of Chapter 2 of the Grand Forks City Code, as amended (the “Reserve Revenue Bond Ordinance”) empower the City to issue revenue bonds for the expansion and improvement of its Wastewater Utility, including wastewater collection, and treatment system and any improvements, betterments, additions, renewals and replacements thereto (the “Utility”). Any such bonds are to be issued in general accordance with the provisions of Chapter 40-35, North Dakota Century Code, but may be additionally secured by a reserve created and maintained in accordance with Section 2-0901 of the Reserve Revenue Bond Ordinance. In addition, the issuance of obligations secured by Net Revenues of the Utility (as defined below) is subject to satisfaction of additional debt tests contained in resolutions authorizing the issuance of the City’s SRF Loans (Sewer) dated September 1, 2005; October 22, 2018, December 23, 2019, January 3, 2023 and July 17, 2023; its Sewer Reserve Revenue Bonds, Series 2015C and Series 2021C and its Wastewater Revenue Bond, Series 2016 and its Wastewater and Sales Tax Revenue Bond, Series 2016 (collectively, the “Outstanding Bonds”), which require that prior to issuing obligations secured on a parity with the Outstanding Bonds, the City certify that (i) the Net Revenues of the Utility in the immediately preceding fiscal year have been not less than 100% of the maximum future additional debt service with respect to the Outstanding Bonds and any additional bonds; (ii) either Net Revenues of the Utility in the immediately preceding fiscal year have been not less than 120% of the maximum future additional debt service with respect to the Outstanding Bonds and any additional bonds or Net Revenues of the Utility for the three fiscal years following issuance are expected to be 120% of average debt service with respect to the Outstanding Bonds and any additional bonds and (iii) the Net Revenues of the Utility in the immediately preceding fiscal year have been not less than 110% of the average future additional debt service with respect to the Outstanding Bonds and any additional bonds, provided that if rates and charges have changed since the beginning of the preceding fiscal year, then the rates and charges in effect at the time of issuance of the additional parity bonds shall be applied to the quantities of service actually rendered and made available during such preceding fiscal year to ascertain the gross revenues, from which operation and maintenance expenses shall be deducted.

The City has undertaken an expansion of the Utility, including an expansion of the wastewater treatment facility (together, with the New Project Portion described below, the “Project”) and previously issued its Sewer Reserve Revenue Bond, Series 2023C, in the principal amount of \$54,620,000 (the “Refunded Bonds”) to provide a portion of permanent financing for the Project.

The North Dakota Public Finance Authority (the “PFA”), as the purchaser of the Refunded Bonds, has approved an additional loan to the City in the amount of \$50,000,000 (the “Additional Loan Amount”) for increased costs of the Project (the “New Project Portion”), which shall be added to the principal amount of the Refunded Bonds, for a total loan amount of \$104,620,000.

Pursuant to the requirements of the Reserve Revenue Bond Ordinance, the City has published notice of the proposed New Project Portion, has allowed for the filing of written protests and hereby finds the protests insufficient to bar the New Project Portion.

The City represents that the Net Revenues of the Utility for fiscal year 2024 were \$7,013,365; the maximum annual debt service on the Outstanding Bonds and additional bonds is equal to \$5,720,994 and the average annual debt service on the Outstanding Bonds and additional bonds is \$5,211,275.

The City hereby finds it to be necessary and desirable to issue its Sewer Reserve Revenue and Refunding Bond, Series 2025H, in the principal amount of \$104,620,000 (the “Bonds”) to (i) provide permanent financing for the New Project Portion and (ii) refund the Refunded Bonds.

1.02. The City, in response to its application for financial assistance from the North Dakota Department of Environmental Quality, Division of Municipal Facilities (the “Department”), has received an offer from the Industrial Commission of North Dakota-North Dakota Public Finance Authority to purchase the Bonds at a price equal to the principal amount plus accrued interest, if any, to the date of purchase, which offer is more fully set out in an amended and restated loan agreement (the “Loan Agreement”) to be entered into between the City and the PFA, a copy of which has been made available to members of the City Council for review. It is hereby found and determined that the offer of the PFA to purchase the Bonds is reasonable and advantageous to the City and is hereby accepted, and the Loan Agreement, in substantially the form presented to the City at this meeting, is hereby accepted and authorized to be executed on behalf of the City by the Mayor and the Director of Finance and Administrative Services, with such modifications as may be approved by said officers. The Mayor and the Director of Finance and Administrative Services are authorized and directed to execute the Loan Agreement and to deliver it to the PFA, which execution and delivery shall be conclusive evidence of the approval of any modifications with respect to the Loan Agreement. The City agrees to pay to the PFA the Administrative Fee as defined in the Loan Agreement.

Section 2. Form.

2.01. The Bonds shall initially be issued to the PFA in the form of a single registered bond with annual installments of principal in substantially the form attached as Exhibit A hereto. At the request of the PFA, the City will deliver, in exchange for the Bonds initially issued, registered Bonds in the same aggregate outstanding principal amount, bearing interest at the same rate, in denomination of \$5,000 or any integral multiple thereof, not exceeding the amount of principal payable on any single principal payment date.

Section 3. Bond Terms; Registration; Redemption; Refunding.

3.01. For the purposes specified in Section 1, the City authorizes the issuance of the Bonds in the aggregate principal amount of \$104,620,000, dated, as originally issued, as of the date of issuance thereof. The Bonds shall be issued as a single registered bond in the denomination of \$104,620,000 or any integral multiple of \$5,000, and shall be payable in annual installments of principal on September 1 in the years and principal amounts set forth below, as follows, subject to adjustment or re-amortization in accordance with the provisions of the Loan Agreement:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2027	\$2,580,000	2042	\$3,470,000
2028	2,630,000	2043	3,540,000
2029	2,685,000	2044	3,610,000
2030	2,735,000	2045	3,685,000
2031	2,790,000	2046	3,755,000
2032	2,845,000	2047	3,830,000
2033	2,905,000	2048	3,910,000
2034	2,960,000	2049	3,985,000
2035	3,020,000	2050	4,065,000
2036	3,080,000	2051	4,150,000
2037	3,145,000	2052	4,230,000
2038	3,205,000	2053	4,315,000
2039	3,270,000	2054	4,400,000
2040	3,335,000	2055	4,490,000
2041	3,405,000	2056	4,595,000

The principal balance of the Bond shall bear interest, from its date of issue until paid or duly called for redemption, at the rate of 1.50% per annum.

3.02. The Bond is hereby sold through negotiated sale to the PFA on the terms and conditions set forth herein at a purchase price of not to exceed \$104,620,000, or such lesser amount as may be required for the completion of the Project. The Bond shall consist of a single term bond in the principal amount of not to exceed \$104,620,000. The Bond shall be issued only in fully registered form without coupons.

3.03. Interest on the Bond shall be payable on each March 1 and September 1 to the owner of record thereof at the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day. The City agrees to pay to the PFA the Administrative Fee as defined in the Loan Agreement.

3.04. The Bonds shall be subject to redemption, in whole or in part, and if in part in principal amounts which are integral multiples of \$5,000, prior to their stated maturity, with the written consent of the PFA, at a price equal to the principal amount thereof plus accrued interest to the date of redemption.

3.05. The City shall appoint, and shall maintain, a bond registrar, transfer agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep a bond register in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Bond similar in form to the Bond initially issued, of a like aggregate principal amount, as requested by the transferor.

(c) Exchange of Bonds. Whenever any Bonds are surrendered for exchange the Registrar shall authenticate and deliver the Bonds which the owner making the exchange is entitled to receive.

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The 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 Registrar may treat the person in whose name any Bond is at any time registered in the bond register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner’s order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(g) Taxes Fees and Charges. For every transfer or exchange of Bonds, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon

filing with the Registrar of evidence satisfactory to it that such Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

3.06. The City hereby appoints the Bank of North Dakota, in Bismarck, North Dakota, as the initial Registrar. The City reserves the right to remove the Registrar upon thirty (30) days notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar. So long as the Bonds are registered in the name of the PFA, the City shall obtain the prior written approval of the PFA to the removal of the Registrar and appointment of a successor. The City shall pay the reasonable and customary charges of the Registrar from the Operation and Maintenance Account of its Wastewater Fund.

3.07. The Bonds shall be prepared under the direction of the Director of Finance and Administrative Services and shall be executed on behalf of the City by the signatures of the Mayor and the Director of Finance and Administrative Services, provided that all signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security hereunder until the certificate of authentication on such Bond has been duly executed by the manual signature of an authorized representative of the Registrar. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution.

3.08. A portion of the proceeds of the Bonds in an amount sufficient to refund the Refunded Bonds shall be deposited in the Reserve Revenue Bond Account established for the Refunded Bonds to be applied to the redemption of the Refunded Bonds on the closing date of the Bonds.

Section 4. Wastewater Fund.

4.01. Wastewater Fund. The Director of Finance and Administrative Services has established and will maintain the Wastewater Fund (the "Wastewater Fund") as a separate and special fund in the financial records of the City until the Bonds issued and made payable therefrom, and interest and redemption premiums due thereon, have been duly paid or discharged. Within the Wastewater Fund are various separate accounts to be maintained by the City. All monies received by the City in respect of the services furnished by the Utility and from any future additions thereto and betterments thereof, including all income and receipts derived from rates, fees, charges for services, facilities, products and by-products to the City and its inhabitants and all other customers, and for the availability thereof, and from the sale of any of the properties of the Utility not necessary to be retained, and from the investment of any of the money so collected are

deposited into the Wastewater Fund. In the records of the Wastewater Fund, all receipts and disbursements of money on account of or properly allocable to the Utility as established in the City rate structure plan are and shall be entered and reflected in the Utility; and the monies from time to time on hand therein shall always constitute public funds ("Public Funds"). All Public Funds shall be deposited with a qualified depository as required by NDCC ch. 21-04-03 and any deposits in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation or the National Credit Union Administration shall be collateralized in accordance with NDCC ch. 21-04-09. On the books and records of the Wastewater Fund there shall be established and maintained, such accounts as specified in Sections 4.02 through 4.06 below. Revenues on hand in the Wastewater Fund from time to time shall be apportioned amongst said accounts at least once each calendar month and shall thereafter be held and established into which administered and disbursed from the accounts established below.

Monies in the Wastewater Fund and the accounts established below (the "Accounts") may be invested in any investments that are authorized by law for the City. Earnings from investment of the monies on deposit in the Accounts shall remain in the respective account, and shall be treated and disbursed as proceeds of the Bonds. Any proceeds of the Bonds and any interest earnings thereon remaining after payment of all outstanding interim indebtedness, costs of the Project, reimbursement of prior expenditures and issuance costs shall be transferred to the Reserve Revenue Bond Account.

4.02. Operation and Maintenance Account. An Operation and Maintenance Account (the "Operation and Maintenance Account") has been established in the Wastewater Fund. To the Operation and Maintenance Account there shall be credited upon each monthly apportionment, as a first lien and charge on the gross revenues, such sum as shall be needed, over and above any credit balance then held in the Operation and Maintenance Account, to pay all claims then due and allowed which by accepted accounting practices constitute normal, reasonable and current expenses of the operation and maintenance of the Utility, and to pay all such expenses estimated to accrue for a period of one month thereafter, and to maintain a reasonable reserve for contingencies (the "Operation and Maintenance Expenses"). Money in the Operation and Maintenance Account shall be used only to pay expenses of this type, and not for major repairs, replacements or capital improvements which are properly chargeable to replacement and depreciation reserves or surplus funds. The Net Revenues of the Utility, which are herein pledged and appropriated to the extent required for the payment of the Bonds herein authorized and interest thereon, are hereby defined as the aggregate of all sums on hand in the Wastewater Fund from time to time in excess of the Operation and Maintenance Expenses (the "Net Revenues").

4.03. Construction Account. A Construction Account (the "Construction Account") has been established within the Wastewater Fund, which shall be used only to pay, as incurred and allowed, costs which under accepted accounting practices are capital costs of the Project, including, but not limited to, payments due for work and materials performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of necessary lands and easements, interest accruing on the Bonds during the period of construction of the Project and for six months thereafter, if and to the extent that the Reserve Revenue Bond Account is not sufficient for payment of such interest, reimbursement of any advances made from other City funds, and all other expenses incurred in connection with the construction and financing of the Project. To the Construction Account there shall be credited all proceeds of the Bond, except accrued interest, if any, which shall be credited to the Reserve

Revenue Bond Account and the sums appropriated to the Reserve Revenue Bond Reserve Account referred to in Section 4.05, and all other funds appropriated by the City for the purposes referred to in this paragraph, when needed for such purposes, and all income received from the investment of the Construction Account.

4.04. Reserve Revenue Bond Account. A Reserve Revenue Bond Account has been established within the Wastewater Fund, to which there shall be set aside and credited an amount equal to not less than the sum of one-sixth of the interest due within the next six months plus one-twelfth of the principal to become due within the next twelve months with respect to all reserve revenue bonds heretofore or herein issued or issued in the future and made payable from the Reserve Revenue Bond Account, which amounts, with respect to the Bond, are to be derived from the Net Revenues of the Utility at each monthly apportionment. This requirement is cumulative, and if the Net Revenues are not sufficient to credit the sum required in any month, an amount equal to the deficiency shall be transferred from the Surplus Account of the Wastewater Fund, or shall be credited from the next Net Revenues thereafter received in excess of current requirements. In addition to the foregoing, to the extent sales tax revenues are legally available for payment of debt service on reserve revenue bonds payable hereunder, such funds may be applied to reduce the amount of debt service payable from the Net Revenues of the Utility.

Any temporary obligations issued pursuant to Section 2-0907 of the Reserve Revenue Bond Ordinance shall also be payable from the Reserve Revenue Bond Account, but with respect to such temporary obligations, no amounts shall be required to be credited from such Net Revenues on account of the principal thereof. Money from time to time held in the Reserve Revenue Bond Account shall be disbursed only to meet payments of principal, premium, if any, and interest due on the obligations issued and made payable from the Reserve Revenue Bond Account. To the Reserve Revenue Bond Account shall be credited all proceeds of reserve revenue bonds issued for the purpose of paying any temporary obligations issued and made payable therefrom, except such amounts as may be required to be placed in the Reserve Revenue Bond Reserve Account.

4.05. Reserve Revenue Bond Reserve Account. A Reserve Revenue Bond Reserve Account has been established within the Wastewater Fund. Upon the issuance of any series of definitive reserve revenue bonds, the balance in the Reserve Revenue Bond Reserve Account shall be increased, if necessary, either from the proceeds of such bonds or from funds on hand and available for the purpose, to an amount equal to the lesser of (i) maximum annual debt service on, (ii) 125% of the average annual debt service on, or (iii) ten percent of the proceeds of, all bonds payable from the Reserve Revenue Bond Account. Funds will be transferred from the Reserve Revenue Bond Reserve Account to the Reserve Revenue Bond Account at any time the balance on hand in the Reserve Revenue Bond Account is insufficient to meet current requirements for payment of principal and interest on the obligations payable therefrom. In the event of such transfer, and if the then-existing deficiency in the Reserve Revenue Bond Reserve Account cannot be restored from available funds in the Surplus Account of the Wastewater Fund, the City shall levy a tax upon all taxable property within the corporate limits of the City sufficient to restore the balance in the Reserve Revenue Bond Reserve Account to the amount required pursuant to the Reserve Revenue Bond Ordinance, which tax shall be reimbursed to the general fund of the City out of the first available revenues in the Surplus Account of the Wastewater Fund.

4.06. Surplus Account. A separate Surplus Account (the “Surplus Account”) has been established within the Wastewater Fund to be used solely as provided herein. To the Surplus Account shall be credited all Net Revenues from time to time received in excess of the current requirements of the Reserve Revenue Bond Account and the Reserve Revenue Bond Reserve Account; except that in the event of the future pledge and appropriation of surplus Net Revenues for the payment and security of additional obligations subordinate to the pledge and appropriation of Net Revenues to the Reserve Revenue Bond Account and the Reserve Revenue Bond Reserve Account, the City reserves the right to create one or more additional accounts within the Wastewater Fund for the segregation of surplus Net Revenues available for the payment of any such obligations. The balance on hand from time to time in the Surplus Account shall be available and shall be used to the full extent necessary to restore any deficiency in the Operation and Maintenance Account, the Reserve Revenue Bond Account and the Reserve Revenue Bond Reserve Account, but when not so needed, may be used to pay for replacements, repairs or capital improvements of the Utility, or to pay principal and interest on subordinate obligations hereafter issued for such purposes, or to redeem and pay before maturity bonds payable from the Reserve Revenue Bond Account, when and as such bonds become redeemable according to their terms, or for any other proper purpose of the City authorized in accordance with resolutions of the City Council.

4.07. Additional Reserve Revenue Bonds. The City reserves the right to issue additional Reserve Revenue Bonds for the purpose of (i) paying any additional cost of completing the Project in excess of the cost now estimated, (ii) refunding bonds payable from the Wastewater Fund, or (iii) paying the cost of additional improvements to the Utility, which additional reserve revenue bonds shall be payable on a parity with the Bonds and the Outstanding Bonds payable from the Reserve Revenue Bond Account, provided that: (a) the Net Revenues of the Utility in the immediately preceding fiscal year, subject to adjustment as hereinafter authorized, have been not less than 110% of the average future annual debt service with respect to the revenue bonds then issued or to be issued and all revenue bonds then outstanding (excluding bonds for which Net Revenues are no longer pledged upon fulfillment of the conditions set forth in Section 5 hereof); and (b) in accordance with the provisions of Reserve Revenue Bond Ordinance, the balance in the Reserve Account shall be increased from the proceeds of the revenue bonds then issued or from funds then on hand and available for that purpose to the amount required by Section 4.05 hereof (on a calendar year basis) with respect to the revenue bonds then issued and all revenue bonds then outstanding. Computations under subsection (a) shall be made on a basis corresponding to the fiscal year of the Utility. For the purpose of the computation under subsection (a), the Net Revenues shall be those shown by the official financial records of the City, except that if the rates and charges for sewer service have been changed since the beginning of the preceding fiscal year, then the rates and charges in effect at the time of issuance of the additional bonds shall be applied to the quantities of service actually rendered and made available during such preceding fiscal year to ascertain the gross revenues, from which there shall be deducted, to determine the Net Revenues, the actual operation and maintenance cost plus any additional annual costs of operation and maintenance which the engineer for the City estimates will be incurred because of the improvement or extension of the Utility to be constructed from the proceeds of the additional bonds proposed to be issued. Nothing in this resolution shall preclude the City from issuing additional bonds which are expressly made a charge on only the surplus Net Revenues of the Utility subordinate to the pledge of Net Revenues to the Bond.

Section 5. Defeasance. When the Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution shall cease. The City may discharge its obligations with respect to the Bonds on any date by depositing with the paying agent on or before that date a sum sufficient for the payment thereof in full; or, if the Bond should not be paid when due, the same may nevertheless be discharged by depositing with the paying agent a sum sufficient for the payment thereof in full with interest accrued from the due date of such deposit. The City may also discharge its obligations with respect to the Bonds according to its terms by depositing with the paying agent on or before that date an amount equal to the principal and interest which are then due, provided that notice of such redemption has been duly given as provided herein. The City may also discharge its obligations with respect to the Bond by irrevocably depositing in escrow with a bank or trust company qualified by law to act as an escrow agent, for the purpose of paying all principal and interest due on the Bonds prior to a date upon which all of the same will be prepayable according to their terms and paying all remaining bonds of the series on that date, a sum of cash and securities of the types authorized by North Dakota law, in such aggregate amount, bearing interest at such rates and maturing or callable at the holder's option on such dates as shall be required to provide funds sufficient for this purpose.

Section 6. Covenants. The City hereby covenants and agrees with the PFA and registered owners from time to time of the Bonds that from and after the completion of the Project, it will operate the same as a part of the Utility, and will at all times continue to impose, maintain and collect rates, charges and rentals for the services, facilities and benefits provided by the Utility (including all additions and betterments thereof) to its inhabitants and industries and all others, such as will make the revenues of the Utility sufficient to meet all of the requirements of the Wastewater Fund as outlined in the Reserve Revenue Bond Ordinance, including the payment of all Operation and Maintenance Expenses and the production of Net Revenues, in excess of the foregoing requirements, at least equal to 110% of the amounts required for payment of principal and interest currently due, and the maintenance of any reserves required, with respect to all bonds payable therefrom, including the Bonds. The City will at all times keep the Utility and the various parts thereof issued against loss or damage by causes customarily insured against for like properties, and in amounts customarily maintained by prudent owners of like properties, and will use the proceeds of any and all such insurance to repair or restore the damage compensated thereby, or to pay and retire outstanding bonds payable from the Net Revenues of the Utility. The City will cause proper and adequate books of record and account to be kept showing complete and correct entries of all receipts, disbursements and other transactions relating to the Utility, the monthly revenues derived from its operation, and the segregation and application of the revenues in accordance with this resolution and the Reserve Revenue Bond Ordinance, in such reasonable detail as may be determined by the City in accordance with generally accepted accounting practices and principles. The City will not mortgage, lease, sell, or otherwise dispose of any real or personal properties of the Utility, unless:

- (a) Prior to or simultaneous with such mortgage, lease, sale or other disposition, the Bonds shall be discharged as provided in Section 5; or
- (b) The properties to be mortgaged, leased, sold or otherwise disposed of are unserviceable, inadequate, obsolete or no longer required for use in connection with the Utility; or

(c) The mortgage, lease, sale or other disposition will not prevent the City from complying with the provisions of this resolution and the PFA has given its consent thereto; or

(d) In any event referred to in clause (b) or (c), all proceeds of the mortgage, lease, sale or other disposition of such properties are deposited into the Wastewater Fund.

In the event of a default in the payment of any Bond, the registered owner thereof shall have all rights, remedies, powers and privileges granted by law for the enforcement of the registered owner's rights and the collection of the Bond, including all rights and remedies of registered owners of revenue bonds under the provisions of Chapter 40-35, North Dakota Century Code, as amended. The City represents and covenants that the City is or will be the owner of all facilities financed by the Bonds.

The City covenants to charge fees projected to generate Net Revenues for the Utility at least equal to 1.10 times the average annual debt service on the Bonds and the Outstanding Bonds.

Section 7. Tax Covenants and Arbitrage Matters. In the event that the bond is issued as a tax-exempt obligation, the following shall apply.

7.01. Arbitrage Certification. The Mayor and the Director of Finance and Administrative Services being the officers of the City charged with the responsibility for issuing the Bond pursuant to this resolution, are authorized and directed to execute and deliver to the PFA a certificate in accordance with the provisions of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and applicable Regulations, stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds which make it reasonable to expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be arbitrage bonds within the meaning of the Code and regulations.

7.02. Rebate. The City acknowledges that the Bonds are subject to the rebate requirements of Section 148(f) of the Code. The City covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable regulations to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes, unless the Bonds qualify for the exception from the rebate requirement under Section 148(f)(4)(C) of the Code and no "gross proceeds" of the Bonds (other than amounts constituting a "bona fide debt service fund") arise during or after the expenditure of the original proceeds thereof. In furtherance of the foregoing, the Director of Finance and Administrative Services is hereby authorized and directed to execute a Rebate Certificate, in the form prescribed by Bond Counsel, and the City hereby covenants and agrees to observe and perform the covenants and agreements contained therein, unless amended or terminated in accordance with the provisions thereof.

7.03. Reimbursement. The City certifies that the proceeds of the Bonds to finance the New Project Portion will not be used by the City to reimburse itself for any expenditure with respect to the New Project Portion which the City paid or will have paid prior to the issuance of the Bonds unless, with respect to such prior expenditures, the City shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations;

provided that this certification shall not apply (i) with respect to certain de minimis expenditures, if any, with respect to the New Project Portion meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to “preliminary expenditures” for the New Project Portion as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the “issue price” of the Bonds.

7.04. Not Qualified Tax-Exempt Obligations. The Bonds are not designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions.

Section 8. Use of American Iron and Steel. The City will comply with all federal requirements applicable to the Loan Agreement (including those imposed by the 2014 Appropriations Act, Public Law No: 113-76 and related SRF regulations and policy guidelines) which the City understands includes, among other, requirements that all of the iron and steel products used in the Project are to be produced in the United States (“American Iron and Steel Requirement”) unless (i) the City has requested and obtained a waiver from the Department pertaining to the Project or (ii) the Department or PFA has otherwise advised the City in writing that the American Iron and Steel Requirement is not applicable to the Project.

Section 9. Davis Bacon and Related Acts. The City shall, to the extent applicable to the Loan (as defined in the Loan Agreement) or any related grant, comply with the Davis Bacon and Related Acts requirements (40 U.S.C. 3141, et seq.).

Section 10. Record and Reporting Requirements. The City will comply with all record keeping and reporting requirements under the Clean Water Act/Safe Drinking Water Act, including any reports required by a federal agency, the Department or the PFA such as performance indicators of program deliverables, information on costs and project progress. The City understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Clean Water Act/Safe Drinking Water Act and this Agreement may be a default hereunder that results in a repayment of the Loan in advance of the maturity of the Bonds and/or other remedial actions.

Section 11. Authentication of Transcript. The officers of the City are hereby authorized and directed to prepare and furnish to the PFA and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records relating to the Bonds and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds, as the same appear from the books and records in their custody and control or as otherwise known to them, and all such certified copies, affidavits and certificates, including any heretofore furnished, shall be deemed representations of the City as to the correctness of all statements contained therein.

Mayor

(SEAL)

Attest:

Director of Finance and
Administrative Services

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember _____ and upon vote being taken thereon the following voted in favor:

and the following voted against the same:

whereupon the resolution was declared passed and adopted.

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF NORTH DAKOTA
COUNTY OF GRAND FORKS

CITY OF GRAND FORKS

SEWER RESERVE REVENUE AND REFUNDING BOND, SERIES 2025H

No. R-1 \$104,620,000

<u>Rate</u>	<u>Final Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
1.5%	September 1, 2056	[_____], 2025	NONE

REGISTERED OWNER: NORTH DAKOTA PUBLIC FINANCE AUTHORITY

PRINCIPAL AMOUNT: ONE HUNDRED FOUR MILLION SIX HUNDRED TWENTY THOUSAND DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the City of Grand Forks, North Dakota, acknowledges itself specially indebted and for value received hereby promises to pay to the registered owner designated above, or registered assigns, solely out of its Wastewater Utility Bond Fund, the principal sum specified above, in installments in the amounts and on the dates set forth on Schedule B hereto, with interest on the outstanding principal balance from the date hereof at the annual rate of one and one half percent (1.5%) per annum, payable on March 1 and September 1 in each year, commencing March 1, 2026 (plus the Administrative Fee as provided in the Loan Agreement), to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. Payments shall be made by check or draft, or other agreed means of payment, by the Bank of North Dakota, in Bismarck, North Dakota, as Bond Registrar and Paying Agent, or its successor designated under the Resolution described herein. Upon each disbursement of loan amounts to the Borrower pursuant to the Loan Agreement described below, the North Dakota Public Finance Authority (the "PFA") shall enter (or cause to be entered) the amount advanced on Schedule A under "Advances" and the total amount advanced under the Loan Agreement, including such disbursement under "Total Amount Advanced." In the event that the Total Amount Advanced is less than the principal amount of this Bond, the PFA shall prepare a revised Schedule B, or cause a revised Schedule B to be prepared, as provided in the Loan Agreement described below.

This Bond is issued pursuant to a resolution adopted by the City Council on November 3, 2025 (the "Resolution"), for the purpose of financing and refinancing improvements to the City's Wastewater Utility (the "Utility"), pursuant to and in full conformity with the Constitution and laws of the State of North Dakota and the charter and ordinances of the City of Grand Forks thereunto enabling, including Chapter 40-35 of the North Dakota Century Code, as amended, and Article 9 of Chapter 2 of the Grand Forks City Code, as amended (the "Reserve Revenue Bond

Ordinance”). Reference is made to the Resolution for a description of the nature and extent of the security for the Bond, the rights thereunder of the City and the bondholders and the terms upon which the Bond and any additional bond maybe issued and secured. This Bond, including interest, is payable from the Net Revenues (as defined in the Resolution) of the Utility pledged to the payment hereof, and does not constitute a debt of the City within the meaning of any constitutional or statutory limitation.

Bonds of this series are issued in evidence of a loan made to the City pursuant to the terms of an Amended and Restated Loan Agreement, dated on or about [_____] 1, 2025 (the “Loan Agreement”), between the City and the PFA, and reference is made to the terms of said Loan Agreement for further provisions relating to the terms upon which the Bonds are issued and secured.

This Bond is subject to prepayment and redemption prior to its stated maturity date on any date, with the written consent of the PFA, and reamortization of installments in the event of partial prepayment.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the office of the Bond Registrar, by the registered owner hereof in person or by the owner’s attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or the owner’s attorney, and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and payable as to principal and interest on the same date or dates, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and any Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor any Bond Registrar shall be affected by any notice to the contrary.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Reserve Revenue Bond Ordinance or the Resolution until the Certificate of Authentication hereon shall have been executed by the Bond Registrar by manual signature of one of its authorized representatives.

IT IS CERTIFIED, RECITED, COVENANTED AND AGREED that under the law, ordinances and Resolution referred to above, the City has duly created said Reserve Revenue Bond Account (the “Bond Account”) in its Wastewater Fund and has appropriated thereto an amount of Net Revenues from its Wastewater Fund sufficient to pay all principal of, premium, if any, and interest on this Bond as such becomes due; that rates will be charged for the use and service of the Utility sufficient at all times to produce Net Revenues which, together with other revenues pledged thereto, will produce the amounts necessary to pay all bonds payable from the Wastewater Fund, including the Bond; that a Reserve Revenue Bond Reserve Account (the “Reserve Account”), has been created in the Wastewater Fund in an amount equal to the lesser of maximum annual debt

service on, 125% of the average annual debt service on, or 10% of the proceeds of all bonds payable from the Bond Account, and, in the event that there shall be at any time a deficiency in the Reserve Account, the City is required by the Reserve Revenue Bond Ordinance to levy a tax upon all taxable property in the City for restoration of such deficiency, which deficiency levy is not subject to any limitation as to rate or amount; and that all acts, conditions and things required by the Constitution and laws of the State of North Dakota and the City Charter to be done precedent to and in the issuance of this Bond, in order to make it a valid and binding special obligation of the City in accordance with its terms, have been done, have happened and have been performed in regular and due time, form and manner as so required.

IN WITNESS WHEREOF, the City of Grand Forks, North Dakota, by its City Council, has caused this Bond to be executed on its behalf by the signatures of the Mayor and the Director of Finance and Administrative Services.

CITY OF GRAND FORKS, NORTH DAKOTA

(Facsimile Signature - Director of
Finance and Administrative Services)

(Facsimile Signature - Mayor)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

Date of Authentication: _____

THE BANK OF NORTH DAKOTA,
Bismarck, North Dakota, as Bond Registrar

By _____
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE:

Signature Guaranteed:

Signature(s) must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other “signature guaranty program” as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SCHEDULE A
TOTAL AMOUNT ADVANCED

<u>Year</u>	<u>Amount Advanced</u>	<u>Cumulative Amount Advanced</u>	<u>Year</u>	<u>Amount Advanced</u>	<u>Cumulative Amount Advanced</u>
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SCHEDULE B
TOTAL LOAN PAYMENT

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Loan Payment</u>
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4936-4127-37134