



**BISMARCK CITY COMMISSION
PUBLIC MEETING NOTICE**

TO: Board of City Commissioners
Media

FROM: Keith Hunke, City Administrator

DATE: May 29, 2020

SUBJECT: Special Meeting Notice

Board of City Commissioners
Friday, May 29, 2020
2 p.m.
City/County Building
Tom Baker Room
221 N. 5thth St.
Bismarck, N.D. 58501

AGENDA

1. Consider the request from CenCom to receive and accept the lone bid of AVI Systems to provide and install AV equipment in the new CenCom/ EOC facility on Coleman Dr., subject to contract review and also to permit the use of equipment reserve funds, 2020 budget authority and future budget authority to complete different project priorities in phase.
2. Consider the request from the Finance Department to adopt a resolution regarding the issuance of \$5,000,000 in Wastewater Treatment Revenue Bonds, Series 2020. Resolution Authorizing the Issuance and Sale of Water Treatment Revenue Bond, Series 2020, and Wastewater Treatment Revenue Bond, Series2020.

For more information, please contact the Administration Department at 355-1300.



Commission Memorandum

DATE: May 27, 2020
FROM: Mike Dannenfelzer, Communications Director
ITEM: CenCom/EOC Audio/Visual Systems Project

REQUEST

We are recommending to accept the sole bid (base portion) received to provide and install audio visual systems equipment in the new CenCom / EOC facility at Dakota Carrier Network. We are also requesting authority to negotiate alternates to implement with the sole bidder within funding available; and for the Commission to authorize an amendment to the 2020 budget authorizing use of the CenCom equipment reserve in the amount of \$325,000 for this project.

Please place this item on the Agenda for the May 29, 2020 Commission meeting.

BACKGROUND INFORMATION

A bid request was advertised to provide audio visual systems equipment and installation at the new CenCom / EOC facility at Dakota Carrier Network. One bid was received from AVI and opened on May 22, 2020. The bid proposed a base project and several alternates.

The base bid will provide the necessary cabling throughout the facility to support the proposed AV systems. The alternates include AV systems to be installed within the CenCom portion and EOC portion of the facility.

AVI is willing to discuss the alternatives with us in more detail to identify areas where we may be able to apply a different, but similar technology to reduce the overall project cost, understanding the equipment must be capable of working within a design specification. We would like the authority to negotiate with AVI these alternatives to accomplish the project within the funding available, which consists of CenCom reserves and Emergency Management one-time funds.

RECOMMENDED COUNTY COMMISSION ACTION

Accept the base bid of AVI, authorize the use of CenCom equipment reserves, and authorize negotiation with AVI to complete project alternatives within the funding available.

STAFF CONTACT INFORMATION

Mike Dannenfelzer, mdannenfelzer@bismarcknd.gov, 701-222-6727



FINANCE DEPARTMENT

DATE: May 29, 2020

FROM: Dmitriy Chernyak, Finance Director

ITEM: Resolution Authorizing the Issuance and Sale of Water Treatment Revenue Bond, Series 2020, and Wastewater Treatment Revenue Bond, Series 2020

REQUEST

To approve resolution authorizing the issuance and sale of \$5,000,000 Water Treatment Revenue Bond, Series 2020, and \$5,000,000 Wastewater Treatment Revenue Bond, Series 2020.

Please place this item on the May 29, 2020 City Commission special meeting regular agenda.

BACKGROUND INFORMATION

The City Commission has approved the SRF Water Fund and Sanitary Sewer Fund to issue a total of \$10,000,000 State Revolving Fund Loans for related purposes. The attached resolutions allow the North Dakota Public Finance Authority (the Authority) to provide financial assistance by performing a sale of bonds and lending the indicated proceeds to the City in the form of a loan for the purposes stated above. The Authority is requesting permission of the City to perform the sale of the bond and obtain financing for the loan proceeds.

RECOMMENDED CITY COMMISSION ACTION

To approve the resolution authorizing the issuance and sale of \$5,000,000 Water Treatment Revenue Bond, Series 2020, and \$5,000,000 Wastewater Treatment Revenue Bond, Series 2020.

CITY OF BISMARCK, STATE OF NORTH DAKOTA
RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
\$5,000,000
WATER TREATMENT REVENUE BOND, SERIES 2020

RECITATIONS

The City of Bismarck, North Dakota (the "Municipality"), hereby recites that by resolution of its governing body the Municipality has:

1. Found and determined that it is necessary for the Municipality to construct a water treatment works, or make improvements thereto (the "Project").
2. Directed its engineer to prepare a report as to the general nature, purpose and feasibility of the Project and an estimate of the probable cost of the Project.
3. After receiving and approving the engineer's report, directed the engineer to prepare detailed plans and specifications for construction of the Project.
4. Approved the engineer's detailed plans and specifications for construction of the Project and caused a copy of such plans and specifications to be filed in the office of the Municipality's Auditor (the "Auditor").
5. By publication, advertised for bids for construction of the Project.
6. Opened and made public the bids, entered them in the minutes of the meeting of the governing body at which they were considered and caused them to be kept by the Auditor.
7. After requiring the engineer to make a careful and detailed statement of the estimated cost of the Project, awarded the contract to the lowest responsible bidder and approved the contractor's performance bond.
8. Applied to the North Dakota Department of Environmental Quality (DEQ), Division of Municipal Facilities (the "Department") and the North Dakota Public Finance Authority (the "Authority") for financial assistance to finance all or a portion of the cost of the Project, which application has been approved.
9. Performed all other acts required by the Constitution and laws of North Dakota prerequisite to the issuance and sale of revenue bonds for the purpose of providing money to pay for the cost of the Project in the manner required of the Municipality by law with full power and authority conferred on it as a political subdivision and municipality of North Dakota.

RESOLUTION

Be it resolved by the governing body of the Municipality:

Section 1. All acts performed, resolutions, motions or ordinances adopted or passed, and all publications incidental to the construction and financing of the Project, whether or not reflected in the official minutes and records of the Municipality, are hereby ratified and confirmed, and all

CITY OF BISMARCK, STATE OF NORTH DAKOTA
RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
\$5,000,000
WASTEWATER TREATMENT REVENUE BOND, SERIES 2020

RECITATIONS

The City of Bismarck, North Dakota (the "Municipality"), hereby recites that by resolution of its governing body the Municipality has:

1. Found and determined that it is necessary for the Municipality to construct a wastewater treatment works, or make improvements thereto (the "Project").
2. Directed its engineer to prepare a report as to the general nature, purpose and feasibility of the Project and an estimate of the probable cost of the Project.
3. After receiving and approving the engineer's report, directed the engineer to prepare detailed plans and specifications for construction of the Project.
4. Approved the engineer's detailed plans and specifications for construction of the Project and caused a copy of such plans and specifications to be filed in the office of the Municipality's Auditor (the "Auditor").
5. By publication, advertised for bids for construction of the Project.
6. Opened and made public the bids, entered them in the minutes of the meeting of the governing body at which they were considered and caused them to be kept by the Auditor.
7. After requiring the engineer to make a careful and detailed statement of the estimated cost of the Project, awarded the contract to the lowest responsible bidder and approved the contractor's performance bond.
8. Applied to the North Dakota Department of Environmental Quality (DEQ), Division of Municipal Facilities (the "Department") and the North Dakota Public Finance Authority (the "Authority") for financial assistance to finance all or a portion of the cost of the Project, which application has been approved.
9. Performed all other acts required by the Constitution and laws of North Dakota prerequisite to the issuance and sale of revenue bonds for the purpose of providing money to pay for the cost of the Project in the manner required of the Municipality by law with full power and authority conferred on it as a political subdivision and municipality of North Dakota.

RESOLUTION

Be it resolved by the governing body of the Municipality:

Section 1. All acts performed, resolutions, motions or ordinances adopted or passed, and all publications incidental to the construction and financing of the Project, whether or not reflected in the official minutes and records of the Municipality, are hereby ratified and confirmed, and all

resolutions and other acts or proceedings of the Municipality which are in any way inconsistent with this Resolution are hereby amended to the extent necessary to give full force and effect to this Resolution.

Section 2. It is hereby found and determined to be necessary for the Municipality to issue \$5,000,000 in principal amount of its City of Bismarck Wastewater Treatment Revenue Bond, Series 2020 (the "Municipal Securities"), pursuant to North Dakota Century Code ("N.D.C.C.") ch. 40-35.

Section 3. Offer and Acceptance. The governing body of the Municipality, in response to its application for financial assistance from the Department and the Authority, has received an offer from the Authority, subject to the approval of the Industrial Commission of North Dakota, to purchase the Municipal Securities 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 a loan agreement to be entered into between the Municipality and the Authority (the "Loan Agreement"). It is hereby found and determined that the offer of the Authority to purchase the Municipal Securities is reasonable and advantageous to the Municipality and is hereby accepted, and the Loan Agreement, in substantially the form presented to the Municipality at this meeting, is hereby accepted and authorized to be executed on behalf of the Municipality by its President of the Board of City Commissioners and Finance Director (the "Authorized Officers"), with such modifications as may be approved by the Authorized Officers. The Authorized Officers are authorized and directed to execute the Loan Agreement and to deliver it to the Authority, which execution and delivery shall be conclusive evidence of the approval of any modifications with respect to the Loan Agreement.

Section 4. Form. The Municipal Securities issued under this Resolution shall be designated City of Bismarck Wastewater Treatment Revenue Bond, Series 2020, and shall be issued to the Authority in the form of a single registered Municipal Security in substantially the form as attached hereto as Exhibit A.

Section 5. Terms. The Municipality authorized the issuance of the Municipal Securities in the aggregate principal amount not to exceed \$5,000,000, dated the date of delivery. The Municipal Securities shall be issued in the form of a single registered Municipal Security as set forth in Section 4. The Municipal Securities issued shall be payable on September 1 in installments of principal, with interest at the rate of one and one-half percent (1.50%) per year (plus an administrative fee as set out in the Loan Agreement), on the dates and in the amounts set forth below. Provided, that interest will be based on funds actually advanced, and the schedule below and attached to the Municipal Security form will be revised to reflect the actual principal amount loaned to the Municipality at the completion of the Project.

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2021	\$ 5,000	1.50%	2029	\$330,000	1.50%
2022	290,000	1.50	2030	340,000	1.50
2023	295,000	1.50	2031	345,000	1.50
2024	300,000	1.50	2032	355,000	1.50
2025	305,000	1.50	2033	360,000	1.50
2026	315,000	1.50	2034	365,000	1.50
2027	320,000	1.50	2035	375,000	1.50
2028	325,000	1.50	2036	375,000	1.50

Section 6. Interest. Interest shall be payable semiannually on each March 1 and September 1, commencing September 1, 2020. The principal of and interest on the Municipal Securities shall be payable to the registered holder thereof at the address appearing on the registration books of the registrar in any coin or currency of the United States of America, which on the respective dates of payment is legal tender for the payment of public or private debts or by check or draft delivered to the registered holder thereof at the address appearing on the registration books of the registrar or by wire transfer.

Section 7. Registration. The Municipal Securities shall be registered as to both principal and interest and shall be initially registered in the name of and payable to the Authority. While so registered, principal of and interest on the Municipal Securities shall be payable at the office of the Bank of North Dakota, in Bismarck, North Dakota (the "Registrar"), or such other place as may be designated by the Authority in writing, delivered to the Registrar. The Registrar shall establish and maintain a register for the purpose of recording the names and addresses of the registered holders or assigns, and the date of such registration.

Section 8. Assignment. The Municipal Securities are transferable upon the books of and at the principal office of the Registrar, by the registered holder thereof, in person or by their attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or their attorney. Upon request of the registered holder or transferee, and upon surrender of the Municipal Securities, the Municipality shall execute and deliver one or more other Municipal Securities of an aggregate principal amount equal to the principal amount of the Municipal Securities then remaining unpaid and maturing at the same time or times as the then unpaid principal installments thereof, with each Municipal Security dated so that neither gain nor loss in interest shall result from such transfer. Each Municipal Security shall be dated as of the last interest payment date preceding the date of transfer to which interest on the Municipal Security has been paid or made available for payment, unless the date of transfer is an interest payment date to which interest has been paid or made available for payment, in which case the Municipal Security shall be dated as of the date of transfer. The surrendered Municipal Security shall be promptly canceled by the Registrar. The Registrar shall not be required to perform any of the duties set out in this section as of the record date as established by N.D.C.C. § 21-03.1-02(4). No service charge shall be made for such transfer or exchange, but the Registrar may require payment of a sum sufficient to cover any tax, fee or governmental charge or other expense incurred by the Municipality or Registrar with respect to such transfer or exchange.

Section 9. Execution and Delivery. The Municipal Securities shall forthwith be prepared under the direction of an Authorized Officer of the Municipality and when so prepared shall be executed on behalf of the municipality by the manual or facsimile signatures of the Authorized Officers of the Municipality and shall be authenticated by the manual signature of the Registrar. When the Municipal Securities have been so executed and authenticated, they shall be delivered by an Authorized Officer of the Municipality to the Authority.

Section 10. Redemption. The Municipal Securities are subject to redemption on any interest payment date with the written consent of the Authority.

Section 11. Draws of Municipal Security Proceeds. The proceeds of the Municipal Securities are irrevocably appropriated to pay expenses necessarily incurred in the construction and completion of the Project and to pay costs associated with the issuance of the Municipal Securities. Draws on the Municipal Securities, in the form of Requisitions for Payment, shall be submitted by the Municipality to the Department from time to time in accordance with procedures established by

the Department. Requisitions for Payment approved by the Department shall be forwarded to the Authority for approval and funding.

Section 12. Wastewater Treatment Works Fund. There is hereby created a special fund of the Municipality designated as the Wastewater Treatment Works Fund (the "Fund"), which shall be held and administered by the Municipality separate and apart from all other funds of the Municipality and continued and maintained by the Municipality until:

- (a) all Municipal Securities issued thereon shall have been fully paid with interest. Into the Fund there shall be credited and paid, as received, the entire gross revenues derived from the operation of the Municipality's wastewater treatment and distribution system (the "Wastewater Treatment Works"), 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 Municipality and its inhabitants and all other customers, and for the availability thereof, and from the sale of any of the properties of the Wastewater Treatment Works not necessary to be retained, and from the investment of any of the money so collected. On the books and records of the Fund there shall be established and maintained such accounts as specified in Sections 13, 14, 15 and 17 below. Revenues on hand in the 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.
- (b) Moneys in the accounts established below (the "Accounts") may be invested in any investments that are authorized by law for the Municipality. Earnings from investment of the moneys on deposit in the Accounts shall remain in the respective account and shall be treated and disbursed as proceeds of the Municipal Securities. Any proceeds of the Municipal Securities 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 Revenue Account.

Section 13. Construction Account. A Construction Account is established in the Fund. There shall be deposited to the credit of such account the proceeds of the Municipal Securities.

As proceeds are needed for Project costs, the Municipality shall submit requests for disbursement in accordance with Section 2.02 of the Loan Agreement. Moneys in the Construction Account shall be used for payment of the cost of the Project and costs of issuance of the Municipal Securities, including reimbursement to the Municipality for advances made to pay such costs or to refund amounts borrowed for the Project, and for no other purposes.

Moneys in the Construction Account shall be deposited with a qualified depository as required by N.D.C.C. 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 N.D.C.C. ch. 21-04-09.

Section 14. Revenue Account. A separate Revenue Account is established within the Fund to be used solely as provided herein.

The Revenue Account shall be used solely to discharge the Municipal Securities, to pay when due the interest on and the principal of the Municipal Securities, and to redeem the Municipal Securities prior to maturity. "Net Revenues" shall mean all revenues remaining after the payment of expenses which under accepted accounting practices constitute current, reasonable and necessary costs of the operation, administration and maintenance ("Operation and Maintenance Expenses") of the Wastewater Treatment Works and to maintain, in accordance with accepted accounting practices, a reasonable working capital reserve for recurring expenses, including the Reserve Account hereinafter created. The Municipality shall make the following deposits into the Revenue Account:

- (a) On the first day of each month, Net Revenues in an amount equal to one-sixth (1/6) of the amount necessary to pay interest and the Administrative Fee (as defined in the Loan Agreement) which will become due on the next interest payment date after crediting the amount of accrued interest and any earnings on the Revenue Account. Prepayment of monthly deposits will fulfill this requirement. Notwithstanding the foregoing, the Municipality shall deposit into the Revenue Account from the Net Revenues an amount sufficient to permit all interest due on the Municipal Securities to be paid on the date due.
- (b) Commencing on the first day of each month, Net Revenues in an amount equal to one-twelfth (1/12) of the amount necessary to pay any principal which will become due on the next principal payment date of the Municipal Securities. Prepayment of monthly deposits will fulfill this requirement. Notwithstanding the foregoing, the Municipality shall deposit into the Revenue Account from the Net Revenues an amount sufficient to permit all principal due on the Municipal Securities to be paid on the date due.
- (c) On each principal and interest payment date, from funds on deposit in the Reserve Fund, such additional amounts, if any, as may be necessary to meet principal and interest payments then due.

Deposits required to be made pursuant to Sections 14(a) and 14(b) above are cumulative, and if the Net Revenues are not sufficient to credit the amount required in any month, the deficiency shall be met from funds on deposit in the Revenue Account. The moneys and investments in the Revenue Account are irrevocably pledged to and shall be used to the extent required for the payment of principal of and interest on the Municipal Securities when and as the same shall become due and payable for that purpose only.

Section 15. Surplus Account. A separate Surplus Account is established within the Fund to be used solely as provided herein. All Net Revenues each month in excess of the current requirements of the Revenue Account shall be applied to make up a deficit in the Reserve Account, if any, and then applied to the Surplus Account, provided that the Municipality reserves the right to create additional accounts within the Fund for the purpose of segregating amounts which may be hereafter pledged and appropriated to the payment of any municipal securities which may be issued by the Municipality to finance the cost of any improvements, replacements or repairs to or of the Wastewater Treatment Works, other than the Municipal Securities subject to the covenants made in the Loan Agreement. Amounts in the Surplus Account shall be available and shall be used to the full extent necessary to restore any deficiency in the Reserve Account, and when not so needed may be pledged and appropriated as provided above or transferred to the Revenue Account in order to redeem all or part of the Municipal Securities. Notwithstanding the foregoing, the Municipality shall

maintain in the Surplus Account such amount, as it shall determine from time to time, necessary to constitute an adequate reserve for the purpose for which moneys in the Surplus Account are available as provided in this section; however, moneys in excess of such adequate reserve may be transferred to other funds of the Municipality in the manner provided pursuant to N.D.C.C. § 40-33-12(2).

Section 16. Rates, Fees and Charges. The Municipality covenants to impose, maintain and collect rates, fees and charges for all services furnished by the Wastewater Treatment Works, including the Project, including services furnished to the Municipality, according to a schedule or schedules which will provide gross revenues after payment of Operation and Maintenance Account Expenses at least equal to 120% of the average annual interest and principal requirements on the Municipal Securities and any additional municipal securities issued pursuant to the provisions of this resolution.

Section 17. Reserve Account. A separate Reserve Account is established within the Fund to be used solely as provided herein. There shall be deposited into a Reserve Account the total amount of \$386,250. The Reserve Account requirement is based upon total draws of \$5,000,000. In the event that the Municipality draws less than \$5,000,000, the Reserve Account requirement shall be adjusted downward to an amount approved by the Authority. If at any time the balance in the Reserve Account is less than the Reserve Account requirement, the Municipality will transfer Net Revenues to the Reserve Account sufficient to meet such requirement.

Section 18. Prior Bonds. The Municipality has previously issued its Wastewater Treatment Revenue Bond, Series 2006, which bonds are parity bonds and have an equal lien on the net revenues of the Wastewater Treatment Works for their payment.

Section 19. Additional Parity Bonds. The Municipality reserves the further right of issuing additional municipal securities payable from the Net Revenues appropriated to the Revenue Account on a parity as to both principal and interest with the Municipal Securities, provided that the Net Revenues received during the last fiscal year prior to such issuance shall have been in an amount not less than one hundred twenty percent (120%) of the average annual amount of principal and interest to become due during the remaining term of the then outstanding Municipal Securities payable from the Revenue Account, on those Municipal Securities and the additional municipal securities to be issued. However, if rates and charges for the Wastewater Treatment Works have been increased since the beginning of the last fiscal year next preceding the issuance of such additional municipal securities, the Net Revenues received during such preceding fiscal year shall be deemed to be the amount which would have been received in the preceding fiscal year had the increased rates and charges been in effect throughout such preceding fiscal year. Also, for purposes of this test, the Net Revenues of the Wastewater Treatment Works may be adjusted by including the additional Net Revenues, as determined by a competent feasibility or rate study, to be realized from the area to be served by the improvements to be constructed with such additional municipal securities, provided that the interest on the additional municipal securities is funded until the date of completion of the improvements to be constructed with the proceeds of the additional municipal securities or other available funds.

Section 20. Limited Obligations. The Municipal Securities issued hereunder shall not constitute a charge, lien or encumbrance upon any property of the Municipality, and no holder or holders thereof shall ever have the right to compel any exercise of the taxing power of the Municipality to pay the principal and interest on the Municipal Securities. The principal and interest

of the Municipal Securities shall not be a general obligation of the Municipality, but are payable solely from the net revenues of the Wastewater Treatment Works as set forth in this resolution.

Section 21. **NOT** Qualified Tax-Exempt Obligations. The Issuer hereby acknowledges that the Bonds are **not** designated as a qualified tax-exempt obligation within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986.

Section 22. Loan Forgiveness. During the pendency of the Loan, the Municipality may be offered a certain amount of loan forgiveness by the Department and the Authority to reduce the principal amount loaned to the Municipality. The Municipality acknowledges that any such loan forgiveness would be made available by the Department and the Authority in connection with receiving and administering federal capitalization grants under the State Revolving Fund Program. The Municipality agrees to accept any such loan forgiveness offered to it in connection with the Loan Agreement without any further action.

Section 23. Use of American Iron and Steel. The Municipality 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 Municipality 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 Municipality has requested and obtained a waiver from the Department pertaining to the Project or (ii) the Department or Authority has otherwise advised the Municipality in writing that the American Iron and Steel Requirement is not applicable to the Project.

Section 24. Davis Bacon and Related Acts. The Municipality shall, to the extent applicable to the Loan or any related grant, comply with the Davis Bacon and Related Acts requirements (40 U.S.C. 3141, et seq).

Section 25. Record and Reporting Requirements. The Municipality 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 Authority such as performance indicators of program deliverables, information on costs and project progress. The Municipality 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 Municipal Securities and/or other remedial actions.

Adopted May 26, 2020.

CITY OF BISMARCK

BY:

President of the Board of City
Commissioners

ATTEST:

Finance Director

FORM OF MUNICIPAL SECURITY

UNITED STATES OF AMERICA
STATE OF NORTH DAKOTA
CITY OF BISMARCK

WASTEWATER TREATMENT REVENUE BOND

No. R-1

\$5,000,000

SERIES 2020

Interest RateDate of Original Issue

1.50%

REGISTERED OWNER: NORTH DAKOTA PUBLIC FINANCE AUTHORITY

PRINCIPAL AMOUNT: FIVE MILLION DOLLARS

The City of Bismarck, North Dakota (the "Issuer"), a political subdivision of and existing under and pursuant to the laws of the State of North Dakota, for value received, hereby promises to pay from its Revenue Account of its Wastewater Treatment Works Fund (each defined in the Resolution) to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, and to pay to the Registered Owner hereof interest on such Principal Amount from the Date of Original Issue at the annual rate of one and one-half percent (1.50%) semiannually on March 1 and September 1 on the dates and in the amounts set forth in Attachment A to this Municipal Security, which Attachment A shall be revised in accordance with Section 2.02 of the Loan Agreement in the event funds are advanced to the Issuer other than as originally set forth in Attachment A hereto. The principal and interest is payable solely from the revenues pledged for the Municipal Security. Principal is payable in lawful money of the United States of America at the main office of the Bank of North Dakota, in Bismarck, North Dakota, as paying agent and registrar (the "Registrar") under the Resolution hereinafter described or of its successor as such. Interest shall be paid by check or draft mailed to the Registered Owner at the Registered Owner's address set forth on the registration books or by wire transfer.

This Municipal Security is issued pursuant to and in full conformity with the Constitution and laws of the State of North Dakota, including N.D.C.C. ch. 40-35 (the "Act") and pursuant to a Resolution (the "Resolution") and a Loan Agreement (the "Loan Agreement") adopted and entered into by the Issuer for the purpose of financing improvements to the Issuer's wastewater treatment facilities. Reference is hereby made to the Resolution and the Loan Agreement for a description of the funds and accounts pledged to the payment of the Municipal Security and the rights of the Registered Owner of the Municipal Security. This Bond is payable solely from the revenues pledged to the payment thereof and does not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation.

This Municipal Security is transferable, as provided in the Resolution and the Loan Agreement, only upon books of the Issuer kept at the main office of the Registrar, by the Registered Owner hereof in person or by the Registered Owner's duly authorized attorney, or it may be surrendered in exchange for new Municipal Securities of the same aggregate principal amount, maturity and interest rate, as provided in the Resolution.

The Municipal Securities are subject to redemption on any interest payment date with the written consent of the Public Finance Authority.

It is further certified, recited and declared that all acts, conditions and things required by the Constitution and the statutes of the State of North Dakota to exist, to have happened and to have been performed precedent to and in connection with the issuance of the Municipal Securities have been performed in due time, form and manner as required by law; and that the issuance of the Municipal Securities is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Issuer has caused this Municipal Security to be executed in its name by the manual or facsimile signatures of its President of the Board of City Commissioners and of its Finance Director, and sealed with its official seal, all as of the Date of Original Issue set forth above.

CITY OF BISMARCK, NORTH DAKOTA

BY: _____

Steve Bakken
President of the Board of City
Commissioners

AND BY: _____

Dmitriy Chernyak
Finance Director

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Municipal Security is one of the Municipal Securities described in and issued under the provisions of the within-mentioned Resolution.

Bank of North Dakota, Bismarck, North Dakota

BY: _____
Authorized Representative

ASSIGNMENT

For Value received the undersigned hereby sells, assigns and transfers unto _____ the within-mentioned Municipal Security and hereby irrevocably constitutes and appoints _____ attorney-in-fact, to transfer the same on the books of registration thereof, with full power of substitution in the premises.

Dated: _____

Social Security or other
identifying number of Assignee

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

Signature Guaranteed:

NOTICE: Signatures(s) must be guaranteed
by a member of the New York Stock
Exchange or a commercial bank or trust
company.

Clean Water Loan Info PRELIMINARY	
Loan #	107
Loan	Bismarck
Interest Rate	1.50%
Administration Fee	0.50%
Loan Request	5,000,000.00
Loan Amount	5,000,000.00
Fully Funded Amount	0.00
Issuance Denomination	5,000.00
Credit Rating	Aa2
Security Type	Revenue
Closing Date	7/1/2020
First Maturity	9/1/2021
Term	16
Final Maturity	9/1/2036
First Interest	9/1/2020
First Interest Payment	1,000.00
First Admin. Payment	300.00
Debt Service Reserve Fund	386,250.00
First DSRF Payment	9/1/2022

Project Description
Sanitary Sewer Improvements

Date	Principal	Interest	Total Principal & Interest	Annual P&I Payment	Outstanding Balance	Admin. Fee	Total Payment	Annual Total Payment	Debt Service Reserve Funding
					5,000,000.00				
9/1/2020	-	1,000.00	1,000.00	1,000.00	5,000,000.00	300.00	1,300.00	1,300.00	-
3/1/2021	-	37,500.00	37,500.00	-	5,000,000.00	12,500.00	50,000.00	-	-
9/1/2021	5,000.00	37,500.00	42,500.00	80,000.00	4,995,000.00	12,500.00	55,000.00	105,000.00	-
3/1/2022	-	37,462.50	37,462.50	-	4,995,000.00	12,487.50	49,950.00	-	-
9/1/2022	290,000.00	37,462.50	327,462.50	364,925.00	4,705,000.00	12,487.50	339,950.00	389,900.00	77,250.00
3/1/2023	-	35,287.50	35,287.50	-	4,705,000.00	11,762.50	47,050.00	-	-
9/1/2023	295,000.00	35,287.50	330,287.50	365,575.00	4,410,000.00	11,762.50	342,050.00	389,100.00	77,250.00
3/1/2024	-	33,075.00	33,075.00	-	4,410,000.00	11,025.00	44,100.00	-	-
9/1/2024	300,000.00	33,075.00	333,075.00	366,150.00	4,110,000.00	11,025.00	344,100.00	388,200.00	77,250.00
3/1/2025	-	30,825.00	30,825.00	-	4,110,000.00	10,275.00	41,100.00	-	-
9/1/2025	305,000.00	30,825.00	335,825.00	366,650.00	3,805,000.00	10,275.00	346,100.00	387,200.00	77,250.00
3/1/2026	-	28,537.50	28,537.50	-	3,805,000.00	9,512.50	38,050.00	-	-
9/1/2026	315,000.00	28,537.50	343,537.50	372,075.00	3,490,000.00	9,512.50	353,050.00	391,100.00	77,250.00
3/1/2027	-	26,175.00	26,175.00	-	3,490,000.00	8,725.00	34,900.00	-	-
9/1/2027	320,000.00	26,175.00	346,175.00	372,350.00	3,170,000.00	8,725.00	354,900.00	389,800.00	-
3/1/2028	-	23,775.00	23,775.00	-	3,170,000.00	7,925.00	31,700.00	-	-
9/1/2028	325,000.00	23,775.00	348,775.00	372,550.00	2,845,000.00	7,925.00	356,700.00	388,400.00	-
3/1/2029	-	21,337.50	21,337.50	-	2,845,000.00	7,112.50	28,450.00	-	-
9/1/2029	330,000.00	21,337.50	351,337.50	372,675.00	2,515,000.00	7,112.50	358,450.00	386,900.00	-
3/1/2030	-	18,862.50	18,862.50	-	2,515,000.00	6,287.50	25,150.00	-	-
9/1/2030	340,000.00	18,862.50	358,862.50	377,725.00	2,175,000.00	6,287.50	365,150.00	390,300.00	-
3/1/2031	-	16,312.50	16,312.50	-	2,175,000.00	5,437.50	21,750.00	-	-
9/1/2031	345,000.00	16,312.50	361,312.50	377,625.00	1,830,000.00	5,437.50	366,750.00	388,500.00	-
3/1/2032	-	13,725.00	13,725.00	-	1,830,000.00	4,575.00	18,300.00	-	-
9/1/2032	355,000.00	13,725.00	368,725.00	382,450.00	1,475,000.00	4,575.00	373,300.00	391,600.00	-
3/1/2033	-	11,062.50	11,062.50	-	1,475,000.00	3,687.50	14,750.00	-	-
9/1/2033	360,000.00	11,062.50	371,062.50	382,125.00	1,115,000.00	3,687.50	374,750.00	389,500.00	-
3/1/2034	-	8,362.50	8,362.50	-	1,115,000.00	2,787.50	11,150.00	-	-
9/1/2034	365,000.00	8,362.50	373,362.50	381,725.00	750,000.00	2,787.50	376,150.00	387,300.00	-
3/1/2035	-	5,625.00	5,625.00	-	750,000.00	1,875.00	7,500.00	-	-
9/1/2035	375,000.00	5,625.00	380,625.00	386,250.00	375,000.00	1,875.00	382,500.00	390,000.00	-
3/1/2036	-	2,812.50	2,812.50	-	375,000.00	937.50	3,750.00	-	-
9/1/2036	375,000.00	2,812.50	377,812.50	380,625.00	-	937.50	378,750.00	382,500.00	-
Total	\$ 5,000,000.00	\$ 702,475.00	\$ 5,702,475.00	\$ 5,702,475.00		\$ 234,125.00	\$ 5,936,600.00	\$ 5,936,600.00	\$ 386,250.00

resolutions and other acts or proceedings of the Municipality which are in any way inconsistent with this Resolution are hereby amended to the extent necessary to give full force and effect to this Resolution.

Section 2. It is hereby found and determined to be necessary for the Municipality to issue \$5,000,000 in principal amount of its City of Bismarck Water Treatment Revenue Bond, Series 2020 (the "Municipal Securities"), pursuant to North Dakota Century Code ("N.D.C.C.") ch. 40-35.

Section 3. Offer and Acceptance. The governing body of the Municipality, in response to its application for financial assistance from the Department and the Authority, has received an offer from the Authority, subject to the approval of the Industrial Commission of North Dakota, to purchase the Municipal Securities 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 a loan agreement to be entered into between the Municipality and the Authority (the "Loan Agreement"). It is hereby found and determined that the offer of the Authority to purchase the Municipal Securities is reasonable and advantageous to the Municipality and is hereby accepted, and the Loan Agreement, in substantially the form presented to the Municipality at this meeting, is hereby accepted and authorized to be executed on behalf of the Municipality by its President of the Board of City Commissioners and Finance Director (the "Authorized Officers"), with such modifications as may be approved by the Authorized Officers. The Authorized Officers are authorized and directed to execute the Loan Agreement and to deliver it to the Authority, which execution and delivery shall be conclusive evidence of the approval of any modifications with respect to the Loan Agreement.

Section 4. Form. The Municipal Securities issued under this Resolution shall be designated City of Bismarck Water Treatment Revenue Bond, Series 2020, and shall be issued to the Authority in the form of a single registered Municipal Security in substantially the form as attached hereto as Exhibit A.

Section 5. Terms. The Municipality authorized the issuance of the Municipal Securities in the aggregate principal amount not to exceed \$5,000,000, dated the date of delivery. The Municipal Securities shall be issued in the form of a single registered Municipal Security as set forth in Section 4. The Municipal Securities issued shall be payable on September 1 in installments of principal, with interest at the rate of one and one-half percent (1.50%) per year (plus an administrative fee as set out in the Loan Agreement), on the dates and in the amounts set forth below. Provided, that interest will be based on funds actually advanced, and the schedule below and attached to the Municipal Security form are already reduced by the \$571,000 anticipated loan forgiveness and will be revised to reflect the actual principal amount loaned to the Municipality at the completion of the Project.

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2021	\$ 5,000	1.50%	2029	\$295,000	1.50%
2022	254,000	1.50	2030	300,000	1.50
2023	260,000	1.50	2031	305,000	1.50
2024	265,000	1.50	2032	315,000	1.50
2025	270,000	1.50	2033	320,000	1.50
2026	280,000	1.50	2034	325,000	1.50
2027	285,000	1.50	2035	330,000	1.50
2028	290,000	1.50	2036	330,000	1.50

Section 6. Interest. Interest shall be payable semiannually on each March 1 and September 1, commencing September 1, 2020. The principal of and interest on the Municipal Securities shall be payable to the registered holder thereof at the address appearing on the registration books of the registrar in any coin or currency of the United States of America, which on the respective dates of payment is legal tender for the payment of public or private debts or by check or draft delivered to the registered holder thereof at the address appearing on the registration books of the registrar or by wire transfer.

Section 7. Registration. The Municipal Securities shall be registered as to both principal and interest and shall be initially registered in the name of and payable to the Authority. While so registered, principal of and interest on the Municipal Securities shall be payable at the office of the Bank of North Dakota, in Bismarck, North Dakota (the "Registrar"), or such other place as may be designated by the Authority in writing, delivered to the Registrar. The Registrar shall establish and maintain a register for the purpose of recording the names and addresses of the registered holders or assigns, and the date of such registration.

Section 8. Assignment. The Municipal Securities are transferable upon the books of and at the principal office of the Registrar, by the registered holder thereof, in person or by their attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or their attorney. Upon request of the registered holder or transferee, and upon surrender of the Municipal Securities, the Municipality shall execute and deliver one or more other Municipal Securities of an aggregate principal amount equal to the principal amount of the Municipal Securities then remaining unpaid and maturing at the same time or times as the then unpaid principal installments thereof, with each Municipal Security dated so that neither gain nor loss in interest shall result from such transfer. Each Municipal Security shall be dated as of the last interest payment date preceding the date of transfer to which interest on the Municipal Security has been paid or made available for payment, unless the date of transfer is an interest payment date to which interest has been paid or made available for payment, in which case the Municipal Security shall be dated as of the date of transfer. The surrendered Municipal Security shall be promptly canceled by the Registrar. The Registrar shall not be required to perform any of the duties set out in this section as of the record date as established by N.D.C.C. § 21-03.1-02(4). No service charge shall be made for such transfer or exchange, but the Registrar may require payment of a sum sufficient to cover any tax, fee or governmental charge or other expense incurred by the Municipality or Registrar with respect to such transfer or exchange.

Section 9. Execution and Delivery. The Municipal Securities shall forthwith be prepared under the direction of an Authorized Officer of the Municipality and when so prepared shall be executed on behalf of the municipality by the manual or facsimile signatures of the Authorized Officers of the Municipality and shall be authenticated by the manual signature of the Registrar. When the Municipal Securities have been so executed and authenticated, they shall be delivered by an Authorized Officer of the Municipality to the Authority.

Section 10. Redemption. The Municipal Securities are subject to redemption on any interest payment date with the written consent of the Authority.

Section 11. Draws of Municipal Security Proceeds. The proceeds of the Municipal Securities are irrevocably appropriated to pay expenses necessarily incurred in the construction and completion of the Project and to pay costs associated with the issuance of the Municipal Securities. Draws on the Municipal Securities, in the form of Requisitions for Payment, shall be submitted by the Municipality to the Department from time to time in accordance with procedures established by

the Department. Requisitions for Payment approved by the Department shall be forwarded to the Authority for approval and funding.

Section 12. Water Treatment Works Fund. There is hereby created a special fund of the Municipality designated as the Water Treatment Works Fund (the "Fund"), which shall be held and administered by the Municipality separate and apart from all other funds of the Municipality and continued and maintained by the Municipality until:

- (a) all Municipal Securities issued thereon shall have been fully paid with interest. Into the Fund there shall be credited and paid, as received, the entire gross revenues derived from the operation of the Municipality's drinking water treatment and distribution system (the "Water Treatment Works"), 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 Municipality and its inhabitants and all other customers, and for the availability thereof, and from the sale of any of the properties of the Water Treatment Works not necessary to be retained, and from the investment of any of the money so collected. On the books and records of the Fund there shall be established and maintained such accounts as specified in Sections 13, 14, 15 and 17 below. Revenues on hand in the 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.
- (b) Moneys in the accounts established below (the "Accounts") may be invested in any investments that are authorized by law for the Municipality. Earnings from investment of the moneys on deposit in the Accounts shall remain in the respective account and shall be treated and disbursed as proceeds of the Municipal Securities. Any proceeds of the Municipal Securities 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 Revenue Account.

Section 13. Construction Account. A Construction Account is established in the Fund. There shall be deposited to the credit of such account the proceeds of the Municipal Securities.

As proceeds are needed for Project costs, the Municipality shall submit requests for disbursement in accordance with Section 2.02 of the Loan Agreement. Moneys in the Construction Account shall be used for payment of the cost of the Project and costs of issuance of the Municipal Securities, including reimbursement to the Municipality for advances made to pay such costs or to refund amounts borrowed for the Project, and for no other purposes.

Moneys in the Construction Account shall be deposited with a qualified depository as required by N.D.C.C. 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 N.D.C.C. ch. 21-04-09.

Section 14. Revenue Account. A separate Revenue Account is established within the Fund to be used solely as provided herein.

The Revenue Account shall be used solely to discharge the Municipal Securities, to pay when due the interest on and the principal of the Municipal Securities, and to redeem the Municipal Securities prior to maturity. "Net Revenues" shall mean all revenues remaining after the payment of expenses which under accepted accounting practices constitute current, reasonable and necessary costs of the operation, administration and maintenance ("Operation and Maintenance Expenses") of the Water Treatment Works and to maintain, in accordance with accepted accounting practices, a reasonable working capital reserve for recurring expenses, including the Reserve Account hereinafter created. The Municipality shall make the following deposits into the Revenue Account:

- (a) On the first day of each month, Net Revenues in an amount equal to one-sixth ($1/6$) of the amount necessary to pay interest and the Administrative Fee (as defined in the Loan Agreement) which will become due on the next interest payment date after crediting the amount of accrued interest and any earnings on the Revenue Account. Prepayment of monthly deposits will fulfill this requirement. Notwithstanding the foregoing, the Municipality shall deposit into the Revenue Account from the Net Revenues an amount sufficient to permit all interest due on the Municipal Securities to be paid on the date due.
- (b) Commencing on the first day of each month, Net Revenues in an amount equal to one-twelfth ($1/12$) of the amount necessary to pay any principal which will become due on the next principal payment date of the Municipal Securities. Prepayment of monthly deposits will fulfill this requirement. Notwithstanding the foregoing, the Municipality shall deposit into the Revenue Account from the Net Revenues an amount sufficient to permit all principal due on the Municipal Securities to be paid on the date due.
- (c) On each principal and interest payment date, from funds on deposit in the Reserve Fund, such additional amounts, if any, as may be necessary to meet principal and interest payments then due.

Deposits required to be made pursuant to Sections 14(a) and 14(b) above are cumulative, and if the Net Revenues are not sufficient to credit the amount required in any month, the deficiency shall be met from funds on deposit in the Revenue Account. The moneys and investments in the Revenue Account are irrevocably pledged to and shall be used to the extent required for the payment of principal of and interest on the Municipal Securities when and as the same shall become due and payable for that purpose only.

Section 15. Surplus Account. A separate Surplus Account is established within the Fund to be used solely as provided herein. All Net Revenues each month in excess of the current requirements of the Revenue Account shall be applied to make up a deficit in the Reserve Account, if any, and then applied to the Surplus Account, provided that the Municipality reserves the right to create additional accounts within the Fund for the purpose of segregating amounts which may be hereafter pledged and appropriated to the payment of any municipal securities which may be issued by the Municipality to finance the cost of any improvements, replacements or repairs to or of the Water Treatment Works, other than the Municipal Securities subject to the covenants made in the Loan Agreement. Amounts in the Surplus Account shall be available and shall be used to the full extent necessary to restore any deficiency in the Reserve Account, and when not so needed may be pledged and appropriated as provided above or transferred to the Revenue Account in order to redeem all or part of the Municipal Securities. Notwithstanding the foregoing, the Municipality shall maintain in the Surplus Account such amount, as it shall determine from time to time, necessary to

constitute an adequate reserve for the purpose for which moneys in the Surplus Account are available as provided in this section; however, moneys in excess of such adequate reserve may be transferred to other funds of the Municipality in the manner provided pursuant to N.D.C.C. § 40-33-12(2).

Section 16. Rates, Fees and Charges. The Municipality covenants to impose, maintain and collect rates, fees and charges for all services furnished by the Water Treatment Works, including the Project, including services furnished to the Municipality, according to a schedule or schedules which will provide gross revenues after payment of all Operation and Maintenance Account Expenses at least equal to 120% of the average annual interest and principal requirements on the Municipal Securities and any additional municipal securities issued pursuant to the provisions of this resolution.

Section 17. Reserve Account. A separate Reserve Account is established within the Fund to be used solely as provided herein. There shall be deposited into a Reserve Account the total amount of \$339,900. The Reserve Account requirement is based upon total draws of \$5,000,000. In the event that the Municipality draws less than \$5,000,000, the Reserve Account requirement shall be adjusted downward to an amount approved by the Authority. If at any time the balance in the Reserve Account is less than the Reserve Account requirement, the Municipality will transfer Net Revenues to the Reserve Account sufficient to meet such requirement.

Section 18. Prior Bonds. The Municipality has previously issued its Water Treatment Revenue Bond, Series 2009, which bonds are parity bonds and have an equal lien on the net revenues of the Water Treatment Works for their payment.

Section 19. Additional Parity Bonds. The Municipality reserves the further right of issuing additional municipal securities payable from the Net Revenues appropriated to the Revenue Account on a parity as to both principal and interest with the Municipal Securities, provided that the Net Revenues received during the last fiscal year prior to such issuance shall have been in an amount not less than one hundred twenty percent (120%) of the average annual amount of principal and interest to become due during the remaining term of the then outstanding Municipal Securities payable from the Revenue Account, on those Municipal Securities and the additional municipal securities to be issued. However, if rates and charges for the Water Treatment Works have been increased since the beginning of the last fiscal year next preceding the issuance of such additional municipal securities, the Net Revenues received during such preceding fiscal year shall be deemed to be the amount which would have been received in the preceding fiscal year had the increased rates and charges been in effect throughout such preceding fiscal year. Also, for purposes of this test, the Net Revenues of the Water Treatment Works may be adjusted by including the additional Net Revenues, as determined by a competent feasibility or rate study, to be realized from the area to be served by the improvements to be constructed with such additional municipal securities, provided that the interest on the additional municipal securities is funded until the date of completion of the improvements to be constructed with the proceeds of the additional municipal securities or other available funds.

Section 20. Limited Obligations. The Municipal Securities issued hereunder shall not constitute a charge, lien or encumbrance upon any property of the Municipality, and no holder or holders thereof shall ever have the right to compel any exercise of the taxing power of the Municipality to pay the principal and interest on the Municipal Securities. The principal and interest of the Municipal Securities shall not be a general obligation of the Municipality, but are payable solely from the net revenues of the Water Treatment Works as set forth in this resolution.

Section 21. **NOT** Qualified Tax-Exempt Obligations. The Issuer hereby acknowledges that the Bonds are **not** designated as a qualified tax-exempt obligation within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986.

Section 22. Loan Forgiveness. During the pendency of the Loan, the Municipality may be offered a certain amount of loan forgiveness by the Department and the Authority to reduce the principal amount loaned to the Municipality. The Municipality acknowledges that any such loan forgiveness would be made available by the Department and the Authority in connection with receiving and administering federal capitalization grants under the State Revolving Fund Program. The Municipality agrees to accept any such loan forgiveness offered to it in connection with the Loan Agreement without any further action.

Section 23. Use of American Iron and Steel. The Municipality 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 Municipality 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 Municipality has requested and obtained a waiver from the Department pertaining to the Project or (ii) the Department or Authority has otherwise advised the Municipality in writing that the American Iron and Steel Requirement is not applicable to the Project.

Section 24. Davis Bacon and Related Acts. The Municipality shall, to the extent applicable to the Loan or any related grant, comply with the Davis Bacon and Related Acts requirements (40 U.S.C. 3141, et seq).

Section 25. Record and Reporting Requirements. The Municipality 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 Authority such as performance indicators of program deliverables, information on costs and project progress. The Municipality 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 Municipal Securities and/or other remedial actions.

Adopted May 26, 2020.

CITY OF BISMARCK

BY:

President of the Board of City
Commissioners

ATTEST:

Finance Director

FORM OF MUNICIPAL SECURITY

UNITED STATES OF AMERICA
STATE OF NORTH DAKOTA
CITY OF BISMARCK

WATER TREATMENT REVENUE BOND

No. R-1

\$5,000,000

SERIES 2020

Interest RateDate of Original Issue

1.50%

REGISTERED OWNER: NORTH DAKOTA PUBLIC FINANCE AUTHORITY

PRINCIPAL AMOUNT: FIVE MILLION DOLLARS

The City of Bismarck, North Dakota (the "Issuer"), a political subdivision of and existing under and pursuant to the laws of the State of North Dakota, for value received, hereby promises to pay from its Revenue Account of its Water Treatment Works Fund (each defined in the Resolution) to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, and to pay to the Registered Owner hereof interest on such Principal Amount from the Date of Original Issue at the annual rate of one and one-half percent (1.50%) semiannually on March 1 and September 1 on the dates and in the amounts set forth in Attachment A to this Municipal Security, which Attachment A shall be revised in accordance with Section 2.02 of the Loan Agreement in the event funds are advanced to the Issuer other than as originally set forth in Attachment A hereto. The principal and interest is payable solely from the revenues pledged for the Municipal Security. Principal is payable in lawful money of the United States of America at the main office of the Bank of North Dakota, in Bismarck, North Dakota, as paying agent and registrar (the "Registrar") under the Resolution hereinafter described or of its successor as such. Interest shall be paid by check or draft mailed to the Registered Owner at the Registered Owner's address set forth on the registration books or by wire transfer.

This Municipal Security is issued pursuant to and in full conformity with the Constitution and laws of the State of North Dakota, including N.D.C.C. ch. 40-35 (the "Act") and pursuant to a Resolution (the "Resolution") and a Loan Agreement (the "Loan Agreement") adopted and entered into by the Issuer for the purpose of financing improvements to the Issuer's water treatment facilities. Reference is hereby made to the Resolution and the Loan Agreement for a description of the funds and accounts pledged to the payment of the Municipal Security and the rights of the Registered Owner of the Municipal Security. This Bond is payable solely from the revenues pledged to the payment thereof and does not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation.

This Municipal Security is transferable, as provided in the Resolution and the Loan Agreement, only upon books of the Issuer kept at the main office of the Registrar, by the Registered Owner hereof in person or by the Registered Owner's duly authorized attorney, or it may be surrendered in exchange for new Municipal Securities of the same aggregate principal amount, maturity and interest rate, as provided in the Resolution.

The Municipal Securities are subject to redemption on any interest payment date with the written consent of the Public Finance Authority.

It is further certified, recited and declared that all acts, conditions and things required by the Constitution and the statutes of the State of North Dakota to exist, to have happened and to have been performed precedent to and in connection with the issuance of the Municipal Securities have been performed in due time, form and manner as required by law; and that the issuance of the Municipal Securities is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Issuer has caused this Municipal Security to be executed in its name by the manual or facsimile signatures of its President of the Board of City Commissioners and of its Finance Director, and sealed with its official seal, all as of the Date of Original Issue set forth above.

CITY OF BISMARCK, NORTH DAKOTA

BY:

Steve Bakken
President of the Board of City
Commissioners

AND BY:

Dmitriy Chernyak
Finance Director

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Municipal Security is one of the Municipal Securities described in and issued under the provisions of the within-mentioned Resolution.

Bank of North Dakota, Bismarck, North Dakota

BY: _____
Authorized Representative

ASSIGNMENT

For Value received the undersigned hereby sells, assigns and transfers unto _____ the within-mentioned Municipal Security and hereby irrevocably constitutes and appoints _____ attorney-in-fact, to transfer the same on the books of registration thereof, with full power of substitution in the premises.

Dated: _____

Social Security or other
identifying number of Assignee

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

Signature Guaranteed:

NOTICE: Signatures(s) must be guaranteed
by a member of the New York Stock
Exchange or a commercial bank or trust
company.

Drinking Water Loan Info -- Preliminary	
Loan #	142
Loan	Bismarck
Interest Rate	1.50%
Administration Fee	0.50%
Approved Amount	5,000,000.00
Loan Forgiveness	571,000.00
Loan Amount	4,429,000.00
Fully Funded Amount	0.00
Issuance Denomination	5,000.00
Credit Rating	Aa2
Security Type	Revenue
Closing Date	7/1/2020
First Maturity	9/1/2021
Term	16
Final Maturity	9/1/2036
First Interest	9/1/2020
First Interest Payment	1,000.00
First Admin. Payment	300.00
Debt Service Reserve Fund	339,900.00
First DSRF Payment	9/1/2022

Project Description
Replace Cast-Iron Mains/LSL

Date	Principal	Interest	Total Principal & Interest	Annual P&I Payment	Outstanding Balance	Admin. Fee	Total Payment	Annual Total Payment	Debt Service Reserve Funding
9/1/2020	-	1,000.00	1,000.00	1,000.00	4,429,000.00	300.00	1,300.00	1,300.00	-
3/1/2021	-	33,217.50	33,217.50	-	4,429,000.00	11,072.50	44,290.00	-	-
9/1/2021	5,000.00	33,217.50	38,217.50	71,435.00	4,424,000.00	11,072.50	49,290.00	93,580.00	-
3/1/2022	-	33,180.00	33,180.00	-	4,424,000.00	11,060.00	44,240.00	-	-
9/1/2022	254,000.00	33,180.00	287,180.00	320,360.00	4,170,000.00	11,060.00	298,240.00	342,480.00	67,980.00
3/1/2023	-	31,275.00	31,275.00	-	4,170,000.00	10,425.00	41,700.00	-	-
9/1/2023	260,000.00	31,275.00	291,275.00	322,550.00	3,910,000.00	10,425.00	301,700.00	343,400.00	67,980.00
3/1/2024	-	29,325.00	29,325.00	-	3,910,000.00	9,775.00	39,100.00	-	-
9/1/2024	265,000.00	29,325.00	294,325.00	323,650.00	3,645,000.00	9,775.00	304,100.00	343,200.00	67,980.00
3/1/2025	-	27,337.50	27,337.50	-	3,645,000.00	9,112.50	36,450.00	-	-
9/1/2025	270,000.00	27,337.50	297,337.50	324,675.00	3,375,000.00	9,112.50	306,450.00	342,900.00	67,980.00
3/1/2026	-	25,312.50	25,312.50	-	3,375,000.00	8,437.50	33,750.00	-	-
9/1/2026	280,000.00	25,312.50	305,312.50	330,625.00	3,095,000.00	8,437.50	313,750.00	347,500.00	67,980.00
3/1/2027	-	23,212.50	23,212.50	-	3,095,000.00	7,737.50	30,950.00	-	-
9/1/2027	285,000.00	23,212.50	308,212.50	331,425.00	2,810,000.00	7,737.50	315,950.00	346,900.00	-
3/1/2028	-	21,075.00	21,075.00	-	2,810,000.00	7,025.00	28,100.00	-	-
9/1/2028	290,000.00	21,075.00	311,075.00	332,150.00	2,520,000.00	7,025.00	318,100.00	346,200.00	-
3/1/2029	-	18,900.00	18,900.00	-	2,520,000.00	6,300.00	25,200.00	-	-
9/1/2029	295,000.00	18,900.00	313,900.00	332,800.00	2,225,000.00	6,300.00	320,200.00	345,400.00	-
3/1/2030	-	16,687.50	16,687.50	-	2,225,000.00	5,562.50	22,250.00	-	-
9/1/2030	300,000.00	16,687.50	316,687.50	333,375.00	1,925,000.00	5,562.50	322,250.00	344,500.00	-
3/1/2031	-	14,437.50	14,437.50	-	1,925,000.00	4,812.50	19,250.00	-	-
9/1/2031	305,000.00	14,437.50	319,437.50	333,875.00	1,620,000.00	4,812.50	324,250.00	343,500.00	-
3/1/2032	-	12,150.00	12,150.00	-	1,620,000.00	4,050.00	16,200.00	-	-
9/1/2032	315,000.00	12,150.00	327,150.00	339,300.00	1,305,000.00	4,050.00	331,200.00	347,400.00	-
3/1/2033	-	9,787.50	9,787.50	-	1,305,000.00	3,262.50	13,050.00	-	-
9/1/2033	320,000.00	9,787.50	329,787.50	339,575.00	985,000.00	3,262.50	333,050.00	346,100.00	-
3/1/2034	-	7,387.50	7,387.50	-	985,000.00	2,462.50	9,850.00	-	-
9/1/2034	325,000.00	7,387.50	332,387.50	339,775.00	660,000.00	2,462.50	334,850.00	344,700.00	-
3/1/2035	-	4,950.00	4,950.00	-	660,000.00	1,650.00	6,600.00	-	-
9/1/2035	330,000.00	4,950.00	334,950.00	339,900.00	330,000.00	1,650.00	336,600.00	343,200.00	-
3/1/2036	-	2,475.00	2,475.00	-	330,000.00	825.00	3,300.00	-	-
9/1/2036	330,000.00	2,475.00	332,475.00	334,950.00	-	825.00	333,300.00	336,600.00	-
Total	\$ 4,429,000.00	\$ 622,420.00	\$ 5,051,420.00	\$ 5,051,420.00		\$ 207,440.00	\$ 5,258,860.00	\$ 5,258,860.00	\$ 339,900.00