



City of Grand Island

Tuesday, August 29, 2017

Special Meeting

Item G-2

#2017-239 - Approving Authorizing Clean Water State Revolving Fund (CWSRF) Loan

Staff Contact: John Collins, P.E. - Public Works Director

Council Agenda Memo

From: Marvin Strong PE, Wastewater Treatment Plant Engineer

Meeting: August 29, 2017

Subject: Consideration of Authorizing Clean Water State Revolving Fund (CWSRF) Loan

Presenter(s): John Collins PE, Public Works Director

Background

On June 27, 2017, a public hearing was held and Resolution No. 2017-188 was approved by Council in support of receiving approximately \$6,500,000 from the approved Clean Water State Revolving Fund (CWSRF) Loan Program administered by the Nebraska Department of Environmental Quality (NDEQ) to continue Sanitary Sewer Collection System and Wastewater Treatment Plant Improvements.

As presented at the public hearing, CWSRF loan terms will provide repayment of principal and interest beginning 3 years following the award of the loan or at initiation of the project, whichever is sooner. Interest rates will range from 2 ¼% - 2 ½% which includes a 1% administration fee.

Public Works staff is working to complete the Wastewater Capital Rehabilitation Plan and develop projects to ensure the collection system and treatment plant continue to function and meet the needs of our growing community. Projects covered by this include:

- **Lift Station #11 Upgrade and Force Main Re-route:** The City's existing lift station is in disrepair and will be abandoned at 8th Street and Howard Avenue. A new lift station will be constructed within the boundaries of the City owned detention cell located at the southeast corner of 10th Street and Howard Avenue. A new submersible, duplex style lift station, with a grinder pump on the influent, and a stand-by generator will be installed. A new 6-inch force main will be directionally drilled from the new lift station north along Custer Avenue to connect into an existing 15-inch gravity line located approximately fourteen (14) blocks to the north at Custer Avenue and Forrest Street. The majority of the installation will be directional drill to avoid pavement removal and replacement.
- **West Stolley Park Road Sanitary Sewer Extension:** The intent of this project is to extend sanitary sewer from West Stolley Park Road to the south and west to reduce disruption and cost by constructing infrastructure prior to the NDOT Highway 30 Realignment Project. The proposed project will provide sewer to existing businesses and development in this area.

- **Grand Island Airport Sanitary Sewer Rehabilitation:** The City of Grand Island is working with the Grand Island Airport (GRI) to combine the Airport's private sanitary sewer infrastructure with the City's. The Hall County Airport collection system originated with the Army Air Corp Base built during World War II. The majority of infrastructure is in failure, and in need of rehabilitation and repair. This project aims to investigate, and plan for repairs and or replace of most of the sanitary infrastructure. Sanitary sewer rehab will begin at the north lift station and end at Skypark Road and Capital Avenue.

Discussion

Ordinance No. 9493, which was approved by City Council on July 29, 2014, gave approval to the NDEQ borrowing in a principal amount of up to \$40,000,000.

Public Works is requesting to borrow a portion of the remaining \$40,000,000 to include the Lift Station No. 11 Upgrade and Force Main Re-route, West Stolley Park Road Sanitary Sewer Extension, and Grand Island Airport Sanitary Sewer Rehabilitation projects in a SRF loan of \$6,473,500.00. With SRF funding approval, each project will follow the normal process which includes Council approval for any contracts or expenditures.

To date the City has received and spent \$33,526,457.00 of the original \$40,000,000 loan.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council pass the ordinance authoring financing from the CWSRF Loan Program administered by NDEQ to include Lift Station No. 11 Upgrade and Force Main Re-route, West Stolley Park Road Sanitary Sewer Extension, and Grand Island Airport Sanitary Sewer Rehabilitation in the amount of \$6,473,500.00.

Sample Motion

Move to approve the ordinance.

LOAN AGREEMENT
(Governmental Borrower)

Between the

NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY

And

CITY OF GRAND ISLAND NEBRASKA

NDEQ PROJECT NO: C317990

DATED AS OF  

LOAN AGREEMENT
BETWEEN THE
NEBRASKA DEPARTMENT OF ENVIRONMENTAL QUALITY
AND
THE CITY GRAND ISLAND, NEBRASKA
PROJECT NO. C31990

This LOAN AGREEMENT (hereinafter "Loan Agreement"), is entered into by and between the State of Nebraska, acting by and through the Nebraska Department of Environmental Quality (hereinafter "NDEQ") and the City of Grand Island, Nebraska, (hereinafter "Borrower").

WITNESSETH THAT

WHEREAS, the Federal Water Quality Act of 1987 (hereinafter "Federal Act") established a state revolving fund program; and

WHEREAS, to fund the state revolving fund program, the United States (US) Environmental Protection Agency (hereinafter "EPA") will make annual capitalization grants to the states under CFDA #66.458 (Capitalization Grants for State Revolving Fund), on the condition that each state provide an appropriate match for such state's revolving fund; and

WHEREAS, Neb. Rev. Stat. §81-15,153 empowers the NDEQ to loan available funds in the Wastewater Treatment Facilities Construction Loan Fund (hereinafter "Fund") to borrowers pursuant to the Wastewater Treatment Facilities Construction Assistance Act (hereinafter "Act") and rules and regulations adopted under such Act; and

WHEREAS, under the Act, the Director of the NDEQ is given the responsibility for administration and management of the Fund; and

WHEREAS, the Nebraska Investment Finance Authority (NIFA) is authorized under Neb. Rev. Stat. §58-201 et. seq. and the Act to issue revenue bonds for the purpose of financing wastewater treatment projects (as defined in the Act), including to provide funds for the NDEQ to loan to borrowers and to satisfy the state match requirements of the Federal Act; and

WHEREAS, pursuant to such authorization, NIFA may from time to time issue its Wastewater Treatment Facilities Construction Loan Fund revenue bonds for the purpose of financing wastewater treatment projects (as defined in the Act), including to provide funds for the NDEQ to loan to borrowers and to satisfy the state match requirements of the Federal Act; and

WHEREAS, the NDEQ may from time to time enter into a pledge agreement with NIFA (hereinafter "Pledge Agreement"), pursuant to which NDEQ will pledge the interest portion of loan repayments (as defined herein) and certain other revenues to NIFA for the payment of the principal of, redemption premium, if any, and interest on Clean Water State Revolving Fund Revenue Bonds which may be issued by NIFA from time to time; and

WHEREAS, the City of Grand Island, Nebraska, is a "Municipality" as defined in Neb. Rev. Stat. §81-15,149(10); and

WHEREAS, the project (hereinafter "Project") to be financed under this Loan Agreement, includes the construction of sanitary collection system improvement projects, and

WHEREAS, the Project Costs (as defined herein) are based upon estimates of the Borrower and at times during or at completion of construction the loan amount may be adjusted by the NDEQ pursuant to Section 2.01; and

WHEREAS, the Project is included in the NDEQ Intended Use Plan; and

WHEREAS, the NDEQ has approved the Borrower's application for a Loan from federal funds and the state match requirement if and when received by and made available to the NDEQ pursuant to the Federal Act and the Act to finance Project Costs;

NOW, THEREFORE, for and in consideration of the award of the Loan Agreement by the NDEQ, the Borrower agrees to complete its Project and to perform under this Loan Agreement in accordance with the conditions, covenants and procedures set forth below:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following terms as used in this Loan Agreement will, unless the context clearly requires otherwise, have the following meanings:

"Act" means the Wastewater Treatment Facilities Construction Assistance Act, Neb. Rev. Stat. §81-15,147 et seq., as amended.

"Authorized Representative" means the person or persons authorized pursuant to a resolution or ordinance of the governing body of the Borrower to perform any act or execute any document relating to this Loan Agreement.

"Borrower" means the City of Grand Island, Nebraska that is a party to and is described in the first paragraph of this Loan Agreement, and its successors and assigns.

"Borrower Fiscal Year" means the twelve-month period ending on September 30 of each year.

"Cut-off Date" means the date established by the NDEQ, prior to which, the Borrower will make the final disbursement request for eligible Project Costs.

"Due Date" means the dates specified for payment of principal and interest on the Loan as specified in Section 2.05.

"Event of Default" means any occurrence or event specified in Article V.

"Fund" means the Wastewater Treatment Facilities Construction Loan Fund.

"Initiation of Operation" means the date on which the Borrower places the Project in operation or the Project is capable of being placed in operation for the purposes for which it was planned, designed, and built.

"Intended Use Plan" means a document prepared annually by the NDEQ which identifies the intended use of all State Revolving Fund program funds.

"Late Payment" means any payment that is not received within fifteen days of the due date.

"Loan" means the loan made by the NDEQ to the Borrower to finance or refinance a portion of the Project Costs pursuant to this Loan Agreement.

"Loan Agreement" means this Loan Agreement, including the Attachments hereto, as it may be properly supplemented, modified or amended.

"Loan Amount" means the principal amount specified in Section 2.01 hereof which the NDEQ has agreed to disburse to the Borrower subject to the terms, provisions, and conditions of this Loan Agreement and the availability of State and Federal Funds.

"Loan Repayments" means the payments payable by the Borrower pursuant to Section 2.05 of this Loan Agreement.

"Loan Terms" means the terms of this Loan Agreement provided in Article II of this Loan Agreement.

"NDEQ" means the Nebraska Department of Environmental Quality established pursuant to Neb. Rev. Stat. §81-1501 et. seq, as amended.

"NIFA" means the Nebraska Investment Finance Authority, a public body politic and corporate and an instrumentality of the State, and its successors and assigns established pursuant to Neb. Rev. Stat. §58-201 et. seq., as amended.

"Note" means a promissory note of the Borrower with respect to the Loan in the form of Attachment F to this Loan Agreement.

"Ordinance" means Ordinance No. 9493 passed and approved by the governing body of the Borrower on July 29, 2014, as the same may be amended from time to time.

"Project" means the acquisition, construction, improvement, repair, or rehabilitation which constitutes a project for which the NDEQ is making a Loan to the Borrower pursuant to this Loan Agreement.

"Project Costs" means eligible costs associated with secondary or tertiary treatment and appurtenances; infiltration and inflow correction, major sewer system rehabilitation; new collector sewers and appurtenances; new interceptors and appurtenances; land integral to the treatment process; correction of combined sewer overflows; and other costs eligible under the Federal Act including capitalized interest. Project Costs do not include the costs of water rights and for land which is not integral to the treatment process, easements and rights-of-way, legal costs, fiscal agent's fees, operation and maintenance costs and municipal administrative costs. Project Costs are described in Attachment B.

"Regulations" means the Nebraska Department of Environmental Quality, Title 131 – Rules and Regulations for the Wastewater Treatment Facilities and Drinking Water Construction Assistance Programs, and any amendments thereto promulgated by the NDEQ pursuant to the Act.

"Retainage" means construction costs held back by the Borrower from the payments due to the contractor to assure satisfactory completion of the construction agreement.

"Sanitary Sewer Collection System" means the structures, equipment, and processes required to collect, transport sanitary sewer wastewater to the wastewater treatment facility.

"State" means the State of Nebraska acting, unless otherwise specifically indicated, by and through the NDEQ and its successors and assigns.

"Trustee" means the trustee under any trust indenture with respect to the revenue bonds the proceeds of which are deposited in the Fund.

"User Charge System" means the methodology used to assess user charge fee(s) for the users of a utility or utilities within the Borrower's jurisdiction.

"Wastewater Treatment Works" means the structures, equipment, and processes required to collect, convey wastewater, and treat domestic or industrial wastes and to discharge or dispose of the effluent and sludges.

"Wastewater User Charge System" means the revenues derived by the Borrower from the fees and charges for the use and services furnished by or through the Wastewater Treatment Facility and the Sanitary Sewer Collection System. Revenues shall include, without limitation, (a) receipts from all charges imposed

upon users for service provided and (b) receipts from hookup fees, tap fees, capital facilities charges connected with the use or right to use the Wastewater Treatment Works or any part thereof (specifically including the Project) whether any such receipts (as described in (a) or (b) of this sentence) are directly received by the Borrower from customers or indirectly through interlocal or other agreements with other political subdivisions.

ARTICLE II

LOAN CONDITIONS AND TERMS

Section 2.01. Amount of the Loan. Subject to all of the terms, provisions and conditions of this Loan Agreement, and subject to the availability of State and Federal funds, the NDEQ will loan six million four hundred seventy three thousand five hundred dollars (\$6,473,500) to the Borrower to pay a portion of the Project Costs described in Attachment B hereto. The final actual amount of the Loan may be reduced without revision of any other terms, provisions, or conditions of this Loan Agreement, other than adjustment by the NDEQ to the final repayment schedule in Attachment A hereto, to reflect reductions in the estimated or actual total Project Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Borrower must make provisions for the payment of all eligible costs exceeding the Loan Amount. The NDEQ may provide supplemental loan funds through a separate Loan Agreement. Receipt of any supplemental loan funds is dependent on availability of unobligated funds in the Fund and any obligation of additional funds to this Project is at the sole discretion of the NDEQ with such revised or additional terms, conditions, and covenants as the NDEQ may require.

Section 2.02. Term of the Loan. The Borrower agrees to fully repay the Loan with interest on the date of Initiation of Operation or to begin repayment of principal and interest on the Loan within one (1) year from the date of Initiation of Operation, but no later than three (3) years from the date of the Loan, whichever occurs first, and to repay such Loan in full no later than twenty (20) years from Initiation of Operation and to pay all principal, interest, administrative fees and penalty fees when due. The Borrower shall provide the NDEQ 60 days written notice of its intent to repay the Loan all or in part on the date of the Initiation of Operation.

Section 2.03. Interest Rate. The interest rate on this Loan is determined by the NDEQ pursuant to Regulations and the Intended Use Plan. The interest rate on this Loan during construction is 0.5 percent and after the date of Initiation of Operation is 1.36 percent per annum (calculated on the basis of a year equaling 360 days made up of 12 months of 30 days each) to be paid as set out in Attachment A. For the purposes of this paragraph "construction" shall mean the period between the date of this Loan and the date of Initiation of Operation.

Section 2.04. Disbursement Of Loan. Upon receipt of a disbursement request for work completed and certification by the Borrower, the NDEQ agrees to disburse the principal amount of the Loan set out in Section 2.01 of this Article during the progress of the Project for Project Costs. The Borrower may obtain a copy of the disbursement record upon request to the NDEQ. Each disbursement shall be upon Automated Clearing House (ACH) by the State of Nebraska and shall be equal to that portion of the unobligated principal amount incurred to the date of the request for disbursement from the Borrower. Submitted requests for disbursement must be supported by proper invoices for Project Costs, a certificate of the Authorized Representative to the effect that all representations made in this Loan remain true as of the date of the request and that no adverse developments affecting the financial condition of the Borrower or its ability to complete the Project or to repay the Loan have occurred since the date of this Loan, or of the previous disbursement, and other documentation acceptable to and approved by the NDEQ.

The Borrower may request disbursement for eligible Project Costs, when such Project Costs have been incurred and are due and payable to project contractors. Retainage withheld by the Borrower on agreements will be withheld by the NDEQ until such Retainage is either reduced or released to the contractor by the Borrower. However, actual payment of such Project Costs by the Borrower is not required as a condition of a payment request.

(a) Operation and Maintenance Manual. The Borrower shall submit a draft of the operation and maintenance manual for the Project to the NDEQ before disbursements exceed 75% of the Project Costs. The Borrower shall submit a final operation and maintenance manual to the NDEQ and receive approval before disbursements exceed 95% of the Project Costs or final disbursement, whichever comes first.

Section 2.05. Loan Payments.

(a) Principal and Interest Payments. The Borrower shall pay to the NDEQ, or at the direction of the NDEQ, to NIFA or the Trustee on or before the due dates specified below, but only from the sources specified in Section 3.02 hereof, appropriate installments of principal and interest until all principal and interest due on the Loan to the NDEQ has been paid in full. Installments of principal and interest (total Loan service) shall be paid semiannually on December 15 and June 15 of each year in accordance with the Loan Repayment Schedule in Attachment A; provided that, following the final disbursement of Loan proceeds to the Borrower and receipt of the Initiation of Operation date, a revised final Attachment A shall be prepared by NDEQ to establish the final debt service schedule based upon the parameters described in the projected Attachment A. Such revised final Attachment A thereafter shall be deemed to be incorporated herein by reference and made a part hereof and shall supersede and replace the projected Attachment A.

The NDEQ will send the Borrower an invoice 30 days prior to the due date. When a loan disbursement occurs after invoices are mailed, the NDEQ will include adjustments for interest and fee charges on the next semiannual invoice.

(b) Prepayment of the Loan. The Borrower may prepay the Loan, together with any accrued interest in whole or in part at any time without penalty upon giving 60 days written notice to the NDEQ of its intent to prepay. The Borrower may make a partial prepayment of the Loan Amount only if the prepayment amount is greater than the lesser of 10% of the outstanding amount of the Loan, or fifty thousand dollars (\$50,000). NDEQ shall prepare a new Loan Repayment Schedule to revise Attachment A following receipt of any partial prepayment of the Loan and such revised Attachment A thereafter shall be deemed to be incorporated herein by reference and made a part hereof and shall supersede and replace Attachment A.

Section 2.06. Administrative Fee. The Borrower shall pay to the NDEQ, or at the direction of NDEQ, to NIFA or the Trustee, an annual administrative fee of 1% per annum of the Loan Amount outstanding from time to time to be paid in semiannual installments of 0.5% of the Loan Amount outstanding on the date invoices are mailed in accordance with the Loan Repayment Schedule in Attachment A. Following the final disbursement of Loan proceeds to the Borrower and receipt of the Initiation of Operation date, Attachment A shall be prepared by NDEQ pursuant to Section 2.05(a). The fee is waived for the first year from the date of the initial Loan Agreement.

Section 2.07. Schedule Of Compliance. The Borrower agrees to perform steps of the Project in accordance with the following projected schedule of milestone dates.

- (a) August, 2017 Loan date
- (b) October, 2017, Construction start
- (c) September, 2019, Initiation of Operation
- (d) September, 2019 Substantial completion of construction

Section 2.08. Disadvantaged Business Enterprises (Small Business Enterprise/Minority Business Enterprise/Women's Business Enterprise/Small Business Rural Area), including Historically Black Colleges and Universities (hereinafter "DBE/HBCU"). The Borrower agrees that ten percent of the Loan Amount shall be the objective for proposed DBE/HBCU subagreement work under this Loan Agreement. The Borrower shall take

affirmative steps to assure that small, minority, and women's businesses pursuant to 40 CFR 31.36(e) and small businesses rural areas pursuant to 13 CFR 121.2 are used when possible as sources of supplies, construction and services. Affirmative steps shall include the following:

- (a) Placing disadvantaged business enterprises, including minority, women's, small businesses and small businesses in a rural area and historically black colleges and universities on solicitation lists;
- (b) Assuring that disadvantaged business enterprises, historically black colleges and universities are solicited whenever they are potential sources;
- (c) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by disadvantaged business enterprises;
- (d) Establishing delivery schedules, where the requirement permits, which encourages participation by disadvantaged business enterprises;
- (e) Using the services and assistance of the Small Business Administration and Minority Business Development Agency of the U. S. Department of Commerce; and
- (f) Requiring the prime contractor to take the affirmative steps listed above.

In addition, the Borrower agrees to submit to the NDEQ a completed SF 334 form within 15 days after the end of each federal fiscal quarter during which the Borrower or its contractors award any subagreements to a disadvantaged business enterprise for building and building-related services and supplies.

Section 2.09. Sewer use ordinances/Wastewater User Charge System. The Borrower agrees to obtain approval from the NDEQ of its sewer use ordinance/Wastewater User Charge System, and to adopt and implement any necessary changes before the Project is placed in operation. The Borrower agrees that it shall not modify or amend, or make additions to or deletions from its sewer use ordinance/Wastewater User Charge System without the consent of the NDEQ during the term of the Loan Agreement; provided, however, that the following changes may be made without the consent of NDEQ: (a) any increase in rates and charges necessary or deemed necessary by the governing body of the Borrower in order to comply with the provisions of (i) this Loan Agreement, (ii) the Ordinance or (iii) any ordinance or any other agreement pursuant to which any revenue bonds or other revenue obligations have been issued and for which the revenues of the Wastewater Treatment Works have been pledged or (b) any increase deemed necessary by the governing body of the Borrower in order to permit the issuance of or provide for the payment of additional revenue bonds or other additional revenue obligations.

Section 2.10. Other Conditions and Terms.

- (a) Engineering Services. The Borrower shall provide and maintain competent and adequate engineering supervision and resident inspection during construction.
- (b) Construction Agreement Award. The Borrower shall obtain the NDEQ concurrence and authorization prior to award of the construction agreement.
- (c) Initiation of Operation. The Borrower shall provide written notification to the NDEQ of the date of Initiation of Operation of the Project.
- (d) Construction Completion. The Borrower shall provide written notification to the NDEQ of the construction completion date of the Project.
- (e) Long Term Planning. The Borrower agrees to develop and implement a long-term Wastewater Treatment Works management plan for the term of the Loan, including yearly renewals. This plan shall recognize the cost relationship between the Project and future projects.

(f) Contractor's Security. The Borrower agrees to require any contractor of the Project to post separate performance and payment bonds or other security approved by the NDEQ in the amount of the bid.

(g) Certified Operator. The Borrower agrees to provide a certified operator for its Wastewater Treatment Works pursuant to Title 197 - Rules and Regulations for the Certification of Wastewater Treatment Facility Operators in Nebraska.

(h) Site Title and Easements. The Borrower must certify that site title for all easements and rights-of-way necessary to allow construction of the Project have been obtained prior to award of the construction agreement (i.e., all real property has been acquired, bonafide options have been taken or formal condemnation proceedings have been initiated for necessary real property).

(i) Contractors Payments. The Borrower agrees to make prompt payment to its contractor(s) of sums due for construction and to retain only such amounts as may be justified by specific circumstances and provisions of the construction agreement.

(j) Bid Solicitation. The Borrower agrees that all bid solicitations will include the following statement:

"The prospective participants must certify by submittal of EPA Form 5700-49 "Certification Regarding Debarment, Suspension and Other Responsibility Matters" that, to the best of its knowledge and belief, it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any federal department or agency."

(k) Debarment Suspension. The Borrower acknowledges that doing business with any party appearing in the "List of Parties Excluded from Federal Procurement or Non Procurement Programs" may result in disallowance of federal funds under this Loan Agreement and may also result in suspension or debarment under 40 CFR Part 32.

(l) Other Federal Requirements. The Borrower agrees to comply with other applicable Federal Requirements in Attachment D hereto.

(m) Project Sign. The Borrower agrees to display the project sign if provided by the NDEQ. The sign will remain the property of the NDEQ and will be retrieved about one year after Project completion. The Borrower will remove the sign for the NDEQ when requested.

(n) Employment under Public Contracts, LB 403. The Borrower agrees to comply with the provisions of LB 403, approved by the Governor on April 8, 2009. The following language is required and will be included in all agreements made with contractors and is a pass through requirement for his or her subcontractors.

"The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee. If the Contractor is an individual or sole proprietorship, the following applies: 1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at www.das.state.ne.us; 2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program; and 3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be

disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108"

(o) Prevailing Wage. All laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to the Public Law 111-88 shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. With respect to the labor standards specified in this section, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267; 5 U.S.C.App.) and section 3145 of Title 40, United States Code.

The Borrower is responsible to ensure compliance with the prevailing wage requirements and will include the following information in the agreement documents:

Contractors and subcontractors on USEPA federally assisted construction projects are required to pay their laborers and mechanics not less than those established by the U.S. Department of Labor. A current wage decision containing the appropriate building and/or heavy type rates shall be included in the specifications. In addition, labor standard provisions, Davis Bacon and Related Acts, for federally assisted agreements shall be placed in the federal assurances of project specifications.

If an area wide decision or classification does not exist for the type of work to be performed, building or heavy, a decision or request for authorization of additional classification and rate must be requested from the Labor Department using the Standard Form 1444, Request for Authorization of Additional Classification and Rate available on the web and can be completed on line at: www.gsa.gov/portal/forms/download/115906. These types of decisions or classifications are project specific, e.g. they are applicable only to the project for which they are requested and may not be used on any other project. Project decisions generally have an expiration date of 180 days after the date of issuance. Modifications or reissued decisions are applicable to a project if received by the NDEQ not less than ten days prior to bid opening. Modifications to classification and wage rates after bid opening shall be paid to all workers performing work in the new or modified classification from the first day on which work is performed in the additional classification as approved by the Administrator of the Wage and Hour Division, Employment Standards Administration, US Department of Labor.

Weekly Payrolls will be submitted by the contractor to the Borrower or the Authorized Representative utilizing the Department of Labor Form WH-347. A web-form which can be completed on-line is found at www.dol.gov/whd/forms/wh347.pdf. Instructions are also found online. The Borrower may also be required to submit copies of the Weekly Payrolls to the NDEQ. As to each payroll copy received, the Borrower shall provide written confirmation on a form supplied by the NDEQ indicating whether or not the Project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The Borrower or the Authorized Representative should periodically interview a sufficient number of the contractor's or subcontractor's employees entitled to Davis Bacon prevailing wages to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The Borrower must use Standard Form 1445 or equivalent documentation to memorialize the interviews. Copies of the SF 1445 form are available at <http://www.gsa.gov>. It is recommended that the Borrower or the Authorized Representative should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract. EPA has issued a waiver from the two week interview interval requirements by a November 16, 2012, EPA Memorandum, Class Deviation – Prevailing Wage Interview Interval Requirement in Clean Water and Drinking Water State Revolving Funds (CWSRF and DWSRF) Capitalization Grants. The provision for two week interview intervals is not a regulatory or statutory requirement and has been superseded by the class deviation. The Borrower or Authorized representative should conduct such interviews if and when the Borrower or the Authorized representative finds it necessary to ensure that contractors are complying with the prevailing wage requirements.

(p) Human Trafficking. Under the requirements of Section 106 of the Trafficking Victims Protection Act of 2000, as amended, the following provisions apply to this award:

"The Borrower, its employees, sub-recipients under this award, and sub-recipients' employees may not engage in severe forms of trafficking in persons during the period of time that the award is in effect; procure a commercial sex act during the period of time that the award is in effect; or use forced labor in the performance of the award or sub-awards under the award."

(q) American Iron and Steel (AIS) Products. The Federal Water Pollution Control Act (FWPCA) Section 608, as amended by the Water Resources Reform and Development Act (WRRDA), codifies a provision that had been included in EPA's CWSRF appropriations that requires assistance recipients, absent a waiver, to use iron and steel products that are produced in the United States for projects for the construction, alteration, maintenance, and repair of Wastewater Treatment Works.

The effective date for the codified provision is the date of enactment of the WRRDA, or June 10, 2014. Section 608 does not apply with respect to a project if the NDEQ approves the engineering plans and specifications for the project prior to a project requesting bids, prior to the date of enactment, June 10, 2014, of the WRRDA.

These American Iron and Steel requirements apply for the entirety of the construction activities financed by the Loan Agreement unless (a) a waiver is provided to the Assistance Recipient by EPA or (b) compliance would be inconsistent with United States obligations under international agreements. In order to receive a waiver, the Assistance Recipient must send a written request to NDEQ which after review will forward the waiver request to the EPA Administrator. A decision will be made based on the following criteria:

- (1) The requirement is inconsistent with the public interest for purposes of the project for which a waiver has been requested;
- (2) Iron and steel products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or
- (3) Inclusion of iron and steel products produced in the United States will increase the overall cost of the project by more than 25 percent.

If the EPA Administrator receives a request for a waiver, the EPA Administrator shall make available to the public on an informal basis a copy of the request and information available to the EPA Administrator concerning the request and shall allow for informal public input on the request for at least 15 days prior to making a finding based on the request. The EPA Administrator shall make the request and accompanying information available by electronic means, including on the official public Internet Web site of the Environmental Protection Agency. EPA will provide additional guidance on this provision as it becomes available.

The term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials."

Iron and steel products that are not 100% compliant with the above requirements should be identified early in the planning and design process and the appropriate justification prepared and waiver process followed to meet the requirement before the Project goes to construction.

American Iron and Steel requirements are waived if a project has submitted plans and specifications for approval to a State agency, prior to enactment of the Appropriations Act or January 17, 2014 in accordance with the EPA nationwide plans and specifications waiver signed April 15, 2014.

In addition, EPA has granted a nationwide waiver for de minimis incidental components for eligible CWSRF projects, signed April 15, 2014. This action permits the use of products when they occur in de minimis incidental components for such projects funded by the Federal Act that may otherwise be prohibited under section 436(a). Example of incidental components could include small washers, screws, fasteners, (i.e., nuts and bolts), miscellaneous wire, corner bead, ancillary tube, etc. Examples of items that are clearly not incidental include significant process fittings (i.e., tees, elbows, flanges, and brackets), distribution system fittings and valves, force main valves, pipes for sewer collection and/or water distribution, treatment and storage tanks, large structural support structures, etc. Funds used for such de minimis incidental non-AIS compliant components cumulatively may comprise no more than a total of 5 percent of the total cost of the materials used in and incorporated into a project. The cost of an individual non-AIS compliant item may not exceed 1 percent of the total cost of the materials used in and incorporated into a project.

EPA has provided additional guidance on these AIS provisions which can be found on EPA's website at www.epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel.

ARTICLE III

REPRESENTATIONS AND COVENANTS OF BORROWER

Section 3.01. Representations of the Borrower. The Borrower represents as follows:

(a) Organization and Authority.

- (1) The Borrower is a village, town, city, district, association, or other public body created by or pursuant to the constitution and statutes of the State of Nebraska.
- (2) The Borrower has full legal right and authority and has all necessary licenses and permits required as of the date hereof (or is in the process of obtaining or reasonably expects to obtain, all necessary licenses and permits that will be required, but are not required to be in place as of the date hereof) to own, operate and maintain its Wastewater Treatment Works, to carry on its activities relating thereto, to execute and deliver this Loan Agreement, to undertake and complete the Project, and to carry out and consummate all transactions contemplated by this Loan.
- (3) The proceedings of the Borrower's governing body approving this Loan Agreement and authorizing its execution, issuance and delivery on behalf of the Borrower, and authorizing the Borrower to undertake and complete the Project have been duly and lawfully adopted.
- (4) This Loan Agreement has been duly authorized, executed and delivered on behalf of the Borrower, and constitutes the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms.

(b) Full Disclosure. To the best knowledge of the Borrower, there is no fact that the Borrower has not disclosed to the NDEQ in writing on the Borrower's application for the Loan or otherwise anything that materially adversely affects or that will materially adversely affect the properties, activities of its Wastewater Treatment Works, or the ability of the Borrower to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreement under this Loan Agreement.

(c) Non-Litigation. There is no controversy, suit or other proceeding of any kind pending or to the best knowledge of the Borrower, threatened questioning, disputing or affecting in any way the legal organization of the Borrower or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act taken in connection with obtaining the Loan, or the constitutionality or validity of the indebtedness represented by the Loan Agreement, or any of the proceedings had in relation to the authorization or execution or the pledging of the revenues of the

Borrower's Wastewater Treatment Works, or the ability of the Borrower to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(d) Compliance with Existing Laws and Agreements. The authorization, execution and delivery of this Loan Agreement by the Borrower, and the performance by the Borrower of its duties, covenants, obligations, and agreements there under will not result in any breach of any existing law or agreement to which the Borrower is a party.

(e) No Defaults. No event has occurred and no condition exists that would constitute an Event of Default. The Borrower is not in violation of any agreement, which would materially adversely affect the ability of the Borrower to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations, and agreements under this Loan Agreement.

(f) Governmental Consent. The Borrower has obtained all permits and approvals required to date under this Loan Agreement (or is in the process of obtaining or reasonably expects to obtain, all permits and approvals that will be required, but are not required to be in place as of the date hereof) for the undertaking or completion of the Project and the financing or refinancing thereof. The Borrower has complied with, or expects to comply with, all applicable provisions of law requiring any notification, with any governmental body or officer in connection with this Loan Agreement or with the undertaking or completion of the Project and the financing or refinancing thereof.

(g) Compliance with Law. The Borrower:

(1) is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject, including, without limitation, any public hearing or public notice requirements or environmental review requirements contained in the Regulations, with which the failure to comply would materially adversely affect the ability of the Borrower to conduct its activities, enter into this Loan Agreement or undertake or complete the Project; and

(2) has obtained, or expects to obtain, all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its property which, if not obtained, would materially adversely affect the ability of the Borrower to complete the Project.

(h) Use of Loan Proceeds. The Borrower will apply the proceeds of the Loan as described in Article II: (1) to finance or refinance a portion of the Project Costs; and (2) where applicable, to reimburse the Borrower for a portion of the Project Costs, which portion was paid or incurred in anticipation of reimbursement by the NDEQ and is eligible for such reimbursement pursuant to the Regulations. All of such costs constitute Project Costs for which the NDEQ is authorized to make loans to the Borrower pursuant to the Act and the Regulations.

(i) Project Costs. The Borrower certifies that the Project Costs, as listed in Attachment B, are reasonable and accurate estimations and, upon direction of the NDEQ, will supply the same with a certificate from its engineer stating that such costs are reasonable and accurate estimations, taking into account investment income, if any, to be realized during the course of construction of the Project and other money that would, absent the Loan, have been used to pay the Project Costs.

Section 3.02. Particular Covenants of the Borrower.

a) Dedicated Source of Revenue for Repayment of the Loan. The Borrower hereby pledges the Wastewater User Charge as the dedicated source of revenue for the repayment of the Loan. The pledge herein provided for is made in accordance with and under the terms of Ordinance No. 9493 and is secured on a parity with the pledge made under the ordinances described below in this Subsection 3.02(a). The Borrower shall fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or through the Borrower's Wastewater Treatment Facility, and Sanitary Sewer Collection System, including all improvements and additions hereafter constructed or acquired by the

Borrower, as will provide revenues sufficient to (i) pay the cost of the operation and maintenance, and replacement of the Wastewater Treatment Works, (ii) pay at least 110% of the principal of and interest on the Loan as and when the same become due, and (iii) pay all other amounts due at any time under this Loan Agreement, provided, however, the lien of NDEQ on the revenues of the Borrower's Wastewater Treatment Facility and Sanitary Sewer Collection System, shall be on a parity with the lien on such revenues of the Borrower's outstanding Wastewater Treatment System revenue bonds and Sanitary Sewer Revenue Bonds issued pursuant to and referred in Ordinance No. 9434 of the City Grand Island, Nebraska now outstanding, and any additional revenue bonds hereafter issued on parity with such outstanding revenue bonds. These revenues shall be collected and maintained in separate accounts or ledgers for the operation and maintenance costs and for principal and interest payments on the Loan. The funds in such accounts or ledgers shall be restricted for their intended use, and the loan obligation reported on financial statements. The Borrower agrees to develop the Wastewater User Charge System based on actual or estimated use of Wastewater Treatment Facility and Sanitary Sewer Collection System. Furthermore, each user and or user class pays proportionate to their wastewater loading contributions within the Borrower's service area. The Borrower agrees to review the adequacy of the Wastewater User Charge System biennially. The Borrower agrees the initial financial analysis performed by NDEQ in Attachment C is a reasonable estimate of the Project Costs, of the financial situation of the Borrower in relation to this Project, and of the user charges necessary at the time of initiation of operation of the Project. The NDEQ may review this information annually to insure the Borrower's compliance with the Loan conditions and update Attachment C changes.

(b) Performance Under Loan Agreement. The Borrower covenants and agrees:

- (1) to comply with all applicable State and Federal laws, rules, and regulations (including, but not limited to the Federal crosscutting issues listed in Appendix F of the EPA's Initial Guidance for State Revolving Funds and set forth on Attachment D hereto and the NDEQ Regulations), in the performance of this Loan Agreement; and
- (2) to cooperate with the NDEQ in the observance and performance of the respective duties, covenants, obligations, and agreements of the Borrower and the NDEQ under this Loan Agreement.

(c) Completion of Project and Provision of Moneys Therefore. The Borrower covenants and agrees:

- (1) to exercise its best efforts in accordance with prudent wastewater treatment utility practice to complete the Project and to so accomplish such completion on or before the estimated Project completion date set forth in Article II hereto; and
- (2) to provide from its own financial resources all moneys, in excess of the total amount of proceeds it receives under the Loan, required to complete the Project.

(d) Delivery of Documents. Concurrently with the delivery of this Loan Agreement (as previously authorized and executed) at the Loan Closing, the Borrower will cause to be delivered to the NDEQ each of the following items:

- (1) Counterparts of this Loan Agreement (as previously executed by parties hereto);
- (2) copies of the ordinances and/or resolutions of the governing body of the borrower authorizing the execution and delivery of this Loan Agreement certified by an Authorized Representative;
- (3) an Opinion of the Borrower's Counsel substantially in the form of Attachment E hereto;
- (4) an executed Note (or other evidence of indebtedness) evidencing the Borrower's obligations under this Loan Agreement in the form of Attachment F; and
- (5) such other certificates, documents, opinions, and information as the NDEQ may require.

(e) Operation and Maintenance of Wastewater Treatment System. The Borrower covenants and agrees that it shall, in accordance with prudent wastewater treatment utility practice:

- (1) at all times operate the properties of its Wastewater Treatment Works in an efficient manner; and
- (2) maintain its Wastewater Treatment Works, making all necessary and proper repairs, renewals, replacements, additions, betterments, and improvements necessary to maintain its system in good repair, working order and operating condition.

(f) Disposition of Wastewater Treatment Works. The Borrower covenants that it intends to own and operate the Project at all times during the term of the Loan. The Borrower does not know of any reason why the Project will not be so used in the absence of (i) supervening circumstances not anticipated by the Borrower at the time of the Loan, (ii) adverse circumstances beyond the control of the Borrower or (iii) obsolescence of such insubstantial parts or portions of the Project as may occur as a result of normal use thereof.

The Borrower shall not sell, lease, abandon, or otherwise dispose of all or substantially all of its Wastewater Treatment Works except on ninety (90) days' prior written notice to the NDEQ and, in any event, shall not so sell, lease, abandon, or otherwise dispose of the same unless the Borrower shall in accordance with Section 4.02 hereof assign this Loan Agreement and its rights and interests hereunder to the purchaser or lessee of the Wastewater Treatment Works and such purchaser or lessee shall assume all duties, covenants, obligations and agreements of the Borrower under this Loan Agreement. In no event shall the Borrower sell, lease, abandon, or otherwise dispose of the Wastewater Treatment Works to any person or entity other than a municipal corporation or other political subdivision of the State of Nebraska or any combination thereof, which has legal responsibility to treat wastewater.

Before any proposed disposition of the Wastewater Treatment Works can be made, the Borrower shall provide the NDEQ with an opinion of a nationally recognized bond counsel that such proposed disposition is permitted by the provisions of this subparagraph, and further, that such disposition shall not endanger the exclusion from gross income for federal income tax purposes of the interest on any bonds issued to fund deposits into the Fund, nor shall it relieve the Borrower of its duties, covenants, obligations, and agreements under this Loan Agreement.

(g) Records and Accounts. The Borrower shall maintain accurate records and accounts in accordance with generally accepted accounting principles, including principles relating to the reporting of infrastructure assets for its Wastewater Treatment System (the "System Records"), which shall be separate and distinct from its other records and accounts (the "General Account"). The System Records and General Accounts shall be made available for inspection upon request by the NDEQ at any reasonable time. The Borrower shall, upon written request by the NDEQ during the term of the Loan, engage an independent auditor to conduct an audit of the project's financial records in accordance with generally accepted government auditing standards. The Borrower shall provide the NDEQ a copy of the audit report, provided such audit shall not be due to the NDEQ sooner than 210 days following the close of the fiscal year, or years, identified in the request for audit. In the event that during the period in which the Project financed by this Loan Agreement is under construction, and the Borrower expends, for any purpose, total federal funds in excess of seven hundred and fifty thousand dollars (\$750,000) during the Borrower's fiscal year, then the Borrower shall, irrespective of any request from the NDEQ, provide the NDEQ a copy of the Single Audit made on the Borrower's General Accounts performed by an independent auditor required in such cases by 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. In the sole discretion of the NDEQ, any requirement herein to perform and/or provide an audit at the request of the NDEQ may be waived by the NDEQ on the basis of the Borrower's receipt of an audit waiver received from some other government agency and accurately acknowledging the Borrower's obligation to the NDEQ under this Loan or for any other reason acceptable to the NDEQ.

(h) Inspections; Information. The Borrower shall permit the EPA, the NDEQ, and any party designated by the NDEQ to examine, visit and inspect, at any and all reasonable times, the property, if any, constituting the Project, and to inspect and make copies of any accounts, books, and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, and shall supply such reports and information as the EPA and the NDEQ may reasonably require in connection therewith.

(i) Insurance. The Borrower will carry and maintain such reasonable amount of all risk insurance on all properties and all operations of the Wastewater Treatment Works as would be carried by similar sized Wastewater Treatment Works, insofar as the properties are of an insurable nature. The Borrower also will carry general liability insurance in amounts not less than the maximum liability of a governmental entity for claims arising out of a single occurrence, as provided by the Nebraska Political Subdivisions Tort Claims Act, Neb.Rev.Stat. §§13-901 to 13-926, or other similar future law.

(j) Continuing Representations. The representations of the Borrower contained herein shall be true at the time of the execution of this Loan Agreement and at all times during the term of this Loan Agreement.

(k) Notice of Material Adverse Change. The Borrower shall promptly notify the NDEQ of any material adverse change in the activities, prospects, or condition (financial or otherwise) of the Borrower's Wastewater Treatment Works, or in the ability of the Borrower to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations, and agreements under this Loan Agreement.

(l) Additional Covenants and Requirements. If necessary in connection with the making of the Loan, additional covenants and requirements have been included. The Borrower agrees to observe and comply with each such additional covenant and requirement, if any.

ARTICLE IV

ASSIGNMENT

Section 4.01. Assignment and Transfer by the NDEQ. The Borrower hereby approves and consents to any assignment or transfer of this Loan Agreement that the NDEQ deems necessary in connection with the operation and administration of the Fund. The Borrower hereby specifically approves the assignment and pledging of the interest portion of the Loan Repayments to NIFA.

Section 4.02. Assignment by the Borrower. This Loan Agreement may not be assigned by the Borrower for any reason, unless the following conditions shall be satisfied:

- (a) The NDEQ shall have approved said assignment in writing;
- (b) the assignee is a village, town, city, district, association, county, or other public body created by or pursuant to State law of the State of Nebraska or any combination thereof, that has legal responsibility to treat wastewater;
- (c) the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Borrower's duties, covenants, and obligations under this Loan Agreement; provided, however, such assignment shall not relieve the Borrower of its duties, covenants, and obligations under this Loan Agreement;
- (d) the assignment will not adversely impact the NDEQ's ability to meet its duties, covenants and obligations under the Pledge Agreement nor may the assignment endanger the exclusion from gross income for federal tax purposes of the interest on any bonds issued by NIFA to fund deposits into the Fund; and

(e) the Borrower shall provide the NDEQ with an opinion of a nationally recognized bond counsel that each of the conditions set forth in subparagraphs (b), (c), and (d) hereof have been met.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.01. Events of Default and Remedies.

(a) Violation or noncompliance of any of the provisions of this Loan Agreement or Ordinance 9493 by the Borrower, or failure of the Borrower to complete and maintain the Project in the manner proposed by the Borrower, and approved by the NDEQ may result in a cancellation of this Loan Agreement, and a demand that any outstanding balance of principal and interest be paid immediately.

(b) In the event that the Borrower makes a late payment pursuant to the Loan Repayment Schedule in Attachment A, the NDEQ may assess a penalty. Late payments will subject the Borrower to a five percent administrative penalty on the delinquent amount. Penalty interest shall accrue at the rate of one percent per month of the amount of the late payment from and after the due date until it is paid.

(c) If the Borrower fails to make any payment of principal and interest, late fee, and penalty interest imposed pursuant to this Loan Agreement within 60 days of the due dates specified in Section 2.05, the payment shall be deducted from the amount of aid to municipalities to which the Borrower is entitled under Neb. Rev. Stat. §72-1503. Such amount shall be paid directly to the Fund.

Section 5.02. Notice of Default. Before any action is taken under this Article, the NDEQ shall give 30 days written notice of the NDEQ's intent to the Borrower. The Borrower shall have the 30 day time period to comply with the violated Agreement term. If compliance is achieved the Loan shall revert to good standing.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Hold Harmless Agreement. The State of Nebraska and the NDEQ, and the officers, agents, and employees of each, shall have no responsibility or liability for the construction, operation and maintenance of the Project.

Section 6.02. Waivers. Any waiver at any time of rights or duties under this Loan Agreement shall not be deemed to be a waiver of any subsequent right or duty under this Loan Agreement.

Section 6.03. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Borrower, NDEQ, at the following addresses:

(a) BORROWER

City of Grand Island
100 East First Street
P.O. Box 1968
Grand Island, NE 68802-1968

(b) NDEQ

Department of Environmental Quality
Suite 400
1200 "N" Street, The Atrium
P.O. Box 98922
Lincoln, NE 68509-8922

All notices given by registered, or certified mail as aforesaid, shall be deemed duly given as of the date they are so mailed. Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, by notice in writing given to the others.

Section 6.04. Amendments, Supplements and Modifications. This Loan Agreement may not be amended, supplemented, or modified except in writing signed by the NDEQ and the Borrower.

Section 6.05. Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid, or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 6.06. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the NDEQ and the Borrower and their respective successors and assigns.

Section 6.07. Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

Section 6.08. Governing Law and Regulations. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, including the Act and the Regulations which Regulations are, by this reference thereto, are incorporated herein as a part of this Loan Agreement.

Section 6.09. Consents and Approvals. Whenever the written consent or approval of the State shall be required under the provisions of this Loan Agreement, such consent or approval may only be given by the NDEQ.

Section 6.10. Further Assurances. The Borrower shall, at the request of the NDEQ, authorize, execute, acknowledge, and deliver such further resolutions, conveyances, transfers, assurances, financing statements, and other instruments as may be necessary, or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests, and agreements granted, or intended to be granted by this Loan Agreement.

Section 6.11. Notice to Trustee. Upon assignment of the Note to NIFA which may occur from time to time and thereafter, the NDEQ shall deliver a notice of this Loan in the form prescribed by NIFA, and other pertinent information relating thereto, to the Trustee for any bonds of NIFA issued to fund deposits into the Fund.

IN WITNESS THEREOF, the parties hereto have caused this Loan Agreement to be executed and delivered as of the date set forth below.

CITY OF GRAND ISLAND, NEBRASKA

By _____
Title _____ Mayor
Date 8/29/2017

NEBRASKA DEPARTMENT OF
ENVIRONMENTAL QUALITY

By _____
Title _____ Director
Date _____

INDEX OF ATTACHMENTS

Attachment A - Projected Loan Repayment Schedule

Attachment B - Project Costs and Projected Outlay Schedule

Attachment C - Financial Analysis

Attachment D - List of Federal Laws and Authorities

Attachment E - Borrower's Counsel's Opinion

Attachment F - Promissory Note

Attachment G - Certificate

Attachment H – Other Documents

16-Aug-2017

ATTACHMENT A
TO THE LOAN CONTRACT BETWEEN NDEQ AND
THE COMMUNITY OF
Grand Island
PROJECT NUMBER
7990
LOAN AMORTIZATION SCHEDULE (PROJECTED)

PRINCIPAL = 6,473,500.00
INTEREST RATE = 1.36
TERM YEARS = 20
FEE RATE = 1.00

DUE DATE OF PAYMENT	TOTAL PAYMENT	= FEE PAYMENT	+	LOAN PAYMENT	LOAN PAYMENT	+	INTEREST PAYMENT	=	PRINCIPAL PAYMENT	BEGINNING BALANCE	-	PRINCIPAL PAYMENT	=	ENDING BALANCE	
15-Jun-2020	217,757.72	=	32,367.50	+	185,390.22	=	185,390.22	=	44,019.80	+	141,370.42	=	6,473,500.00	=	6,332,129.58
15-Dec-2020	217,050.87	=	31,660.65	+	185,390.22	=	185,390.22	=	43,058.48	+	142,331.74	=	6,332,129.58	=	6,189,797.84
15-Jun-2021	216,339.21	=	30,948.99	+	185,390.22	=	185,390.22	=	42,090.63	+	143,299.59	=	6,189,797.84	=	6,046,498.25
15-Dec-2021	215,622.71	=	30,232.49	+	185,390.22	=	185,390.22	=	41,116.19	+	144,274.03	=	6,046,498.25	=	5,902,224.22
15-Jun-2022	214,901.34	=	29,511.12	+	185,390.22	=	185,390.22	=	40,135.13	+	145,255.09	=	5,902,224.22	=	5,756,969.13
15-Dec-2022	214,175.07	=	28,784.85	+	185,390.22	=	185,390.22	=	39,147.39	+	146,242.83	=	5,756,969.13	=	5,610,726.30
15-Jun-2023	213,443.85	=	28,053.63	+	185,390.22	=	185,390.22	=	38,152.94	+	147,237.28	=	5,610,726.30	=	5,463,489.02
15-Dec-2023	212,707.67	=	27,317.45	+	185,390.22	=	185,390.22	=	37,151.73	+	148,238.49	=	5,463,489.02	=	5,315,250.53
15-Jun-2024	211,966.47	=	26,576.25	+	185,390.22	=	185,390.22	=	36,143.70	+	149,246.52	=	5,315,250.53	=	5,166,004.01
15-Dec-2024	211,220.24	=	25,830.02	+	185,390.22	=	185,390.22	=	35,128.83	+	150,261.39	=	5,166,004.01	=	5,015,742.62
15-Jun-2025	210,468.93	=	25,078.71	+	185,390.22	=	185,390.22	=	34,107.05	+	151,283.17	=	5,015,742.62	=	4,864,459.45
15-Dec-2025	209,712.52	=	24,322.30	+	185,390.22	=	185,390.22	=	33,078.32	+	152,311.90	=	4,864,459.45	=	4,712,147.55
15-Jun-2026	208,950.96	=	23,560.74	+	185,390.22	=	185,390.22	=	32,042.60	+	153,347.62	=	4,712,147.55	=	4,558,799.93
15-Dec-2026	208,184.22	=	22,794.00	+	185,390.22	=	185,390.22	=	30,999.84	+	154,390.38	=	4,558,799.93	=	4,404,409.55
15-Jun-2027	207,412.27	=	22,022.05	+	185,390.22	=	185,390.22	=	29,949.99	+	155,440.23	=	4,404,409.55	=	4,248,969.32
15-Dec-2027	206,635.07	=	21,244.85	+	185,390.22	=	185,390.22	=	28,892.99	+	156,497.23	=	4,248,969.32	=	4,092,472.09
15-Jun-2028	205,852.58	=	20,462.36	+	185,390.22	=	185,390.22	=	27,828.81	+	157,561.41	=	4,092,472.09	=	3,934,910.68
15-Dec-2028	205,064.77	=	19,674.55	+	185,390.22	=	185,390.22	=	26,757.39	+	158,632.83	=	3,934,910.68	=	3,776,277.85
15-Jun-2029	204,271.61	=	18,881.39	+	185,390.22	=	185,390.22	=	25,678.69	+	159,711.53	=	3,776,277.85	=	3,616,566.32
15-Dec-2029	203,473.05	=	18,082.83	+	185,390.22	=	185,390.22	=	24,592.85	+	160,797.57	=	3,616,566.32	=	3,455,768.75
15-Jun-2030	202,669.06	=	17,278.84	+	185,390.22	=	185,390.22	=	23,499.23	+	161,890.99	=	3,455,768.75	=	3,293,877.76
15-Dec-2030	201,859.61	=	16,469.39	+	185,390.22	=	185,390.22	=	22,398.37	+	162,991.85	=	3,293,877.76	=	3,130,885.91
15-Jun-2031	201,044.65	=	15,654.43	+	185,390.22	=	185,390.22	=	21,290.02	+	164,100.20	=	3,130,885.91	=	2,966,785.71
15-Dec-2031	200,224.15	=	14,833.93	+	185,390.22	=	185,390.22	=	20,174.14	+	165,216.08	=	2,966,785.71	=	2,801,569.63
15-Jun-2032	199,398.07	=	14,007.85	+	185,390.22	=	185,390.22	=	19,050.67	+	166,339.55	=	2,801,569.63	=	2,635,230.08
15-Dec-2032	198,566.37	=	13,176.15	+	185,390.22	=	185,390.22	=	17,919.56	+	167,470.66	=	2,635,230.08	=	2,467,759.42
15-Jun-2033	197,729.02	=	12,338.80	+	185,390.22	=	185,390.22	=	16,780.76	+	168,609.46	=	2,467,759.42	=	2,299,149.96
15-Dec-2033	196,885.97	=	11,495.75	+	185,390.22	=	185,390.22	=	15,634.22	+	169,756.00	=	2,299,149.96	=	2,129,393.96
15-Jun-2034	196,037.19	=	10,646.97	+	185,390.22	=	185,390.22	=	14,479.88	+	170,910.34	=	2,129,393.96	=	1,958,483.62
15-Dec-2034	195,182.64	=	9,792.42	+	185,390.22	=	185,390.22	=	13,317.69	+	172,072.53	=	1,958,483.62	=	1,786,411.09
15-Jun-2035	194,322.28	=	8,932.06	+	185,390.22	=	185,390.22	=	12,147.60	+	173,242.62	=	1,786,411.09	=	1,613,168.47
15-Dec-2035	193,456.06	=	8,065.84	+	185,390.22	=	185,390.22	=	10,969.55	+	174,420.67	=	1,613,168.47	=	1,438,747.80
15-Jun-2036	192,583.96	=	7,193.74	+	185,390.22	=	185,390.22	=	9,783.49	+	175,606.73	=	1,438,747.80	=	1,263,141.07
15-Dec-2036	191,705.93	=	6,315.71	+	185,390.22	=	185,390.22	=	8,589.36	+	176,800.86	=	1,263,141.07	=	1,086,340.21
15-Jun-2037	190,821.92	=	5,431.70	+	185,390.22	=	185,390.22	=	7,387.11	+	178,003.11	=	1,086,340.21	=	908,337.10
15-Dec-2037	189,931.91	=	4,541.69	+	185,390.22	=	185,390.22	=	6,176.69	+	179,213.53	=	908,337.10	=	729,123.57
15-Jun-2038	189,035.84	=	3,645.62	+	185,390.22	=	185,390.22	=	4,958.04	+	180,432.18	=	729,123.57	=	548,691.39
15-Dec-2038	188,133.68	=	2,743.46	+	185,390.22	=	185,390.22	=	3,731.10	+	181,659.12	=	548,691.39	=	367,032.27
15-Jun-2039	187,225.38	=	1,835.16	+	185,390.22	=	185,390.22	=	2,495.82	+	182,894.40	=	367,032.27	=	184,137.87
15-Dec-2039	186,310.70	=	920.69	+	185,390.01	=	185,390.01	=	1,252.14	+	184,137.87	=	184,137.87	=	0.00
TOTALS	8,108,335.52	=	692,726.93	=	7,415,608.59	=	7,415,608.59	=	942,108.59	=	6,473,500.00	=	6,473,500.00	=	

ATTACHMENT B

PROJECT COSTS

A/E and inspection fees	\$1,000,000.00
Construction	\$5,199,825.00
Contingencies	<u>\$273,675.00</u>
TOTAL ESTIMATED PROJECT COST	\$6,473,500.00

SOURCE OF FUNDS

NDEQ CWSRF Loan	<u>\$6,473,500.00</u>
TOTAL ASSISTANCE	\$6,473,500.00

OUTLAY SCHEDULE

Projected SRF Loan Outlay Schedule	
Oct-17	\$215,000
Nov-17	\$215,000
Dec-17	\$215,000
Jan-18	\$215,000
Feb-18	\$215,000
Mar-18	\$365,000
Apr-18	\$365,000
May-18	\$365,000
Jun-18	\$365,000
Jul-18	\$611,015
Aug-18	\$611,015
Sep-18	\$611,015
Oct-18	\$300,000
Nov-18	\$300,000
Dec-18	\$300,000
Jan-19	\$100,000
Feb-19	\$100,000
Mar-19	\$100,000
Apr-19	\$150,909
May-19	\$150,909
Jun-19	\$150,909
Jul-19	\$150,909
Aug-19	\$150,909
Sep-19	\$150,910
Total	\$6,473,500

**ATTACHMENT C
FINANCIAL ANALYSIS**

GRAND ISLAND, NEBRASKA

CWSRF PROJECT NO. C317990

Grand Island has requested CWSRF loan assistance of \$40,000,000 for Fiscal Years 2014 – 2017 to finance sanitary sewer improvement projects. This Financial Capability Analysis is prepared to assess the City's ability to repay existing sewer revenue bond debt as well as the estimated CWSRF debt thru fiscal year 2038.

The documents reviewed and used to complete this analysis are:

1. Audit reports for the City of Grand Island for the fiscal years 2014, 2015, and 2016 with the fiscals year ending on September 30.
2. Application for State and/or Federal Assistance dated January 23, 2014.
3. Sewer Revenue Bonds dated September 17, 2013.
4. Report on Revenue Requirements and Cost of Service and Rates for Wastewater Service dated October 1, 2013 that was prepared by Black & Veatch.

Table 1

Grand Island Sewer Fund Financial Summary FY 2014 – FY 2016

Fiscal Year	Operating Income	Operating Expense (1)	Net Revenue	Debt Service	Debt Coverage Ratio
2014	\$10,131,134	\$5,264,808	\$4,866,326	\$4,448,061	1.09
2015	\$11,815,772	\$5,510,686	\$6,305,086	\$2,131,387	2.96
2016	\$11,971,101	\$5,703,372	\$6,267,729	\$2,589,686	2.42

(1) Depreciation & Interest Expense is not included.

In FY 2013 Grand Island paid off Sewer System Revenue and Refunding Bonds dated June 25, 2003. The payoff included a principal balance of \$3,050,000 plus accrued interest of \$75,069. The City of Grand Island issued a \$35,430,000 Sewer System Revenue Bonds dated September 17, 2013. Interest rate ranges from 0.50 to 5.375% with final maturity on September 15, 2038. The City funded the headworks project and North Interceptor phase I with this revenue bond debt. Construction for the work funded by the September 17, 2013 revenue bond issue was expected to be completed in September, 2015.

The City has three outstanding CWSRF loans:

- Loan No. C317867 in the amount of \$6,200,000 with an annual payment of \$367,895
- Loan No. C317981 in the amount of \$22,526,458 with an annual payment of \$1,276,471
- Loan No. C317984 in the amount of \$4,800,000, with an annual payment of \$278,690

User Fee Impacts

The City of Grand Island approved current sewer rates by passing Resolution 2013-331 effective October 1, 2013. Residential customers currently pay \$34.50 per month for service based on an estimated water use of 5,580 gallons per month during the winter quarter. On October 1, 2013, Black and Veatch released a rate study titled "Revenue Requirements, Cost of Service and Rates for Wastewater Service" for the

City of Grand Island. Table B of the study copied below presented sewer rates that the City adopted effective October 1, 2014, 2015, and 2016. The revenues from the sewer rates are expected to support the operation and maintenance of the sewer utility, service the sewer revenue bond debt in the amount of \$35,430,000, and the proposed CWSRF loan.

Table B City of Grand Island, NE Wastewater Utility Proposed Rates				
	Charges to be Effective October 1,			
	2013	2014	2015	2016
Sewer Service Charge - \$/month				
All Customers	8.24	8.24	8.24	8.24
Volume Charge - \$/Ccf				
Low Strength Industrial Dischargers	1.47	1.96	2.23	2.47
Non-Sanitary Sewer Flow (a)	1.18	1.18	1.18	1.18
Sanitary Sewer Flow	2.52	3.01	3.28	3.52
Excess Strength Surcharge - \$/lb				
BOD over 250 mg/l	0.3844	0.3844	0.3844	0.3844
Suspended Solids over 250 mg/l	0.2533	0.2533	0.2533	0.2533
Oil & Grease over 100 mg/l	0.0832	0.0845	0.0858	0.0872
Low Strength Industrial Dischargers				
BOD over 0 mg/l	0.3844	0.3844	0.3844	0.3844
Suspended Solids over 0 mg/l	0.2533	0.2533	0.2533	0.2533
Oil & Grease over 0 mg/l	0.0832	0.0845	0.0858	0.0872
TKN over 30 mg/l	0.5701	0.6314	0.6927	0.7539
Nitrates over 25 mg/l	1.8739	1.8810	1.8881	1.8953
(a) Applicable to flow discharged from JBS' pretreatment lagoons through their sewer main connecting directly to the City's wastewater treatment plant.				
Ccf = Hundred Cubic Feet				
BOD = Biochemical Oxygen Demand				
TKN = Total Kjeldahl Nitrogen				
mg/l = milligram per liter				

Recommendation: Grand Island's estimated sewer rate is 0.89% of the median household income of \$46,527. Since Grand Island's sewer rate is less than the 2.00% guideline from EPA, it is recommended that the Department close a CWSRF Loan with the City of Grand Island.

ATTACHMENT D

LIST OF FEDERAL LAWS AND AUTHORITIES

ENVIRONMENTAL:

- Archeological and Historic Preservation Act of 1974, Pub. L. 93-291, 16 U.S.C. §469a-1
- Clean Air Act, PL 95-95, as amended, 42 U.S.C. 7506(c)
- Coastal Barrier Resources Act, PL 97-348, 96 Stat. 1653, 16 U.S.C. 3501 et seq.
- Coastal Zone Management Act of 1972, PL 92-583, as amended, 16 U.S.C. §1451 et seq.
- Endangered Species Act, PL 93-205, as amended, 16 U.S.C. 1531 et seq.
- Essential Fish Habitat Consultation Process Under the Magnuson-Stevens Fishery Conservation and Management Act, PL 94-265, as amended, 16 U.S.C. §1801 et seq.
- Executive Order 11988, Floodplain Management, as amended; Executive Order 12148, as amended
- Executive Order 11990, Protection of Wetlands, as amended; Executive Order 12608, as amended
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, as amended
- Farmland Protection Policy Act, PL 97-98, 7 U.S.C. §4201 et seq.
- National Environmental Policy Act, PL 91-190, 42 U.S.C. §4321 et seq.
- National Historic Preservation Act of 1966, PL 89-665, as amended, 16 U.S.C. §740 et seq.
- Safe Drinking Water Act, as amended, PL 92-523, as amended, 42 U.S.C. 300f et seq.
- U.S. Fish and Wildlife Service National Wetlands Inventory
- Wild and Scenic Rivers Act, PL 90-542, as amended, 82 Stat. 913, 16 U.S.C. §1271 et seq.

ECONOMIC :

- Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754, as amended, 42 U.S.C. §3331 et seq.
- Executive Order 12549, Debarment and Suspension, as amended
- Executive Order 13202, as amended; Executive Order 13208, as amended
- Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act, with Respect to Federal Contracts, Grants, or Loans, as amended
- Uniform Relocation and Real Property Acquisition Policies Act of 1970, PL 91-646, as amended, 42 U.S.C. §§4601-4655

SOCIAL LEGISLATION:

- Age Discrimination Act of 1975, PL 94-135, 42 U.S.C. §6102
- Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, PL 102-389
- Executive Order 11246, Equal Employment Opportunity, as amended
- Executive Orders 11625, 12138, and 12432 Women's and Minority Business Enterprise, as amended
- Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, PL 100-590
- Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. §794
- Section 13 of the Federal Water Pollution Control Act Amendments of 1972, 33 U.S.C. §1251
- Title VI of the Civil Rights Act of 1964, PL 88-352, 42 U.S.C. §200d

MISCELLANEOUS AUTHORITY

- Nebraska Clean Water State Revolving Loan Fund #CS – 310001

The list of Federal Laws and Authorities is based upon the EPA's listing of "Additional Information on Cross-Cutting Federal Authorities" (http://water.epa.gov/grants_funding/dwsrf/xcuts.cfm) and the EPA's "Cross-Cutting Federal Authorities: A Handbook on Their Application in the Clean Water and Drinking Water State Revolving Fund Programs" (October 2013: <http://www2.epa.gov/sites/production/files/2015-08/documents/crosscutterhandbook.pdf>) as of October 12, 2015. This list is subject to change based upon the federal authorities of the EPA.

ATTACHMENT E

Form of Opinion of Borrower's Counsel

[USE BORROWER'S OR COUNSEL'S LETTERHEAD]

[Date]

[NOTE: Any of the opinions given below may be given in reliance upon the opinion of another Bond Counsel, and one Bond Counsel may give some of the opinions and another Bond Counsel may give others.]

Nebraska Department of Environmental Quality
Suite 400
1200 N Street, The Atrium
Post Office Box 98922
Lincoln, NE 68509-8922
Attention: Water Quality Division

Ladies and Gentlemen:

[I/We] have acted as **[Bond]** Counsel in connection with the execution and delivery by City of Hastings, a City (the "Borrower"), of an Agreement for Loan No. C317990 (the "Loan Agreement") between the Borrower and the Nebraska Department of Environmental Quality ("NDEQ") and the issuance of a promissory note (the "Note") by the Borrower to NDEQ. All terms used in this opinion letter and not defined shall have the meanings given to them in the Loan Agreement.

In this connection, **[I/we]** have examined the following:

(a) Certified copies of the **[DESCRIBE RESOLUTION AND/OR ORDINANCE PURSUANT TO WHICH LOAN AGREEMENT AND NOTE ARE TO BE ENTERED INTO];**

(b) An executed counterpart of the Loan Agreement;

(c) The executed Note; and

(d) Such other documents as **[I/we]** deemed relevant and necessary in rendering this opinion.

As to questions of fact material to **[my/our]** opinion, **[I/we]** have relied upon the certified proceedings and other certifications of public officials furnished to **[me/us]** without undertaking to verify the same by independent investigation.

Based upon the foregoing **[I am/we are]** of the opinion that:

1. The Borrower is a CITY duly organized and validly existing under the laws of the State of Nebraska.

2. The Borrower is a governmental unit, as such term is used in Section 141(b)(6) of the Internal Revenue Code of 1986, as amended.

3. The Borrower has the power and authority to enter into the Loan Agreement, to issue the Note, to borrow the entire principal amount provided for in Section 2.01 of the Loan Agreement (the "Principal Amount") and to perform its obligations under the Loan Agreement and the Note.

4. The Loan Agreement and the Note have been duly authorized, executed and delivered by the Borrower and are, and would be if the entire Principal Amount were advanced to the Borrower pursuant to the Loan Agreement on the date of this opinion, valid and legally binding special obligations of the Borrower, payable solely from the sources provided therefor in the Loan Agreement, enforceable in accordance with their respective terms, except to the extent that the enforceability thereof may be limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally and general principles of equity.

5. Pursuant to §18-1803 through 18-1805 the Loan Agreement creates a valid lien on the funds pledged by the Borrower pursuant to Section 3.02 of the Loan Agreement for the security of the Loan Agreement and the Note and no other debt of the Borrower is secured by a superior lien on such funds.

6. The Borrower has obtained or made all approvals, authorizations, consents or other actions of, and filings, registrations or qualifications with, the Borrower or any other government authority which are legally required to allow the Borrower to enter into and perform its obligations under the Loan Agreement and the Note and borrow the full Principal Amount pursuant to the Loan Agreement and the Note.

Very truly yours,

ATTACHMENT F
PROMISSORY NOTE OF THE
CITY OF GRAND ISLAND , NEBRASKA

FOR VALUE RECEIVED, the undersigned (the "Borrower") promises to pay, but solely from the sources described herein, to the order of the Nebraska Department of Environmental Quality ("NDEQ"), or its successors and assigns, the principal sum of not to exceed \$6,473,500, to the extent disbursed pursuant to Section 2.01 and Section 2.04 of the Loan Agreement No. C317990 ("the Loan Agreement"), with interest on each such amount until paid, as provided in Section 2.03 of the Loan Agreement between NDEQ and the Borrower. In addition, the Borrower shall pay an Administrative Fee on the outstanding principal amount of this Note at the rate of 1.0 percent per annum as provided in the Loan Agreement. The said principal and interest and Administrative Fee shall be payable in semiannual installments each payable on June 15 and December 15 of each year in accordance with Section 2.05 of the Loan Agreement. Each installment shall be in the amount set forth in Attachment A to the Loan Agreement.

All payments under this Note shall be payable at the offices of NDEQ in Lincoln, Nebraska, and upon the assignment of this Note to NIFA, at the principal corporate trust office of a Trustee designated by NIFA, or such other place as the NDEQ may designate in writing.

This Note is issued pursuant to and is secured by the Loan Agreement and Ordinance No. 9493 of the City of Grand Island, Nebraska, the terms and provisions of which are incorporated herein by reference.

All payments of principal of and interest on this Note and other payment obligations of the Municipality hereunder shall be limited obligations of the Municipality payable solely out of the Wastewater User Charge (as defined in the Loan Contract), on a parity with revenue bonds, presently outstanding or hereafter issued pursuant to Ordinances No. 9434 of the Municipality and pursuant to the Ordinance and shall not be payable out of any other revenues of the Municipality. The obligations of the Municipality under this Note shall never constitute or give rise to a charge against its general credit or taxing power. This note shall not be a debt of the municipality within the meaning of any constitutional statutory or charter limitation upon the creation of general obligation indebtedness of the Municipality.

If default be made in the payment of any installment due under this Note, or by the occurrence of any one or more of the Events of Default specified in Article V of the Loan Agreement, and if such Event of Default is not remedied as therein provided, or at any time thereafter, may give notice to the Borrower that all unpaid amounts of this Note then outstanding, together with all other unpaid amounts outstanding under the Loan Agreement, are due and payable immediately, and thereupon, without further notice or demand, all such amounts shall become and be immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise the same at any time in the event of any continuing or subsequent default.

The Borrower hereby waives presentment for payment, demand, protest, notice of protest and notice of dishonor.

This Note and all instruments securing the same are to be construed according to the laws of the State of Nebraska. Signed and sealed this 29th day of August, 2017.

[SEAL]

CITY OF GRAND ISLAND NEBRASKA

Attest:

By _____

Title Mayor

Clerk

NEBRASKA DEPARTMENT OF
ENVIRONMENTAL QUALITY

By _____

Title Director

Date _____

Complete this section upon assignment of this Note to NIFA.

Pursuant to the Pledge Agreement dated as of _____ as amended (the "Pledge Agreement"), by and between the NDEQ and the Nebraska Investment Finance Authority ("NIFA"), and the _____ dated as of _____, as supplemented and amended, by and between NIFA _____, as trustee, the NDEQ hereby assigns, grants and conveys any and all of the NDEQ's rights, title and interest in this Note to NIFA, except as provided in the Pledge Agreement, and NIFA hereby assigns such rights, title and interest to the Trustee and any successor Trustee.

NEBRASKA INVESTMENT FINANCE AUTHORITY

Attest:

By _____

Title _____

Date _____

ATTACHMENT G

CERTIFICATE OF THE
CITY OF GRAND ISLAND, NEBRASKA

The following certifications are made in connection with the Agreement for Loan No. C317990 (the "Loan Agreement") between the Nebraska Department of Environmental Quality ("NDEQ") and the City of Grand Island, Nebraska (the "Borrower") for the purpose of establishing compliance by the Borrower with requirements for the maintenance of the tax exemption of interest on any bonds (the "Bonds") which may be from time to time issued by the Nebraska Investment Finance Authority ("NIFA") to provide funds for deposit in the Fund (as defined in the Loan Agreement).

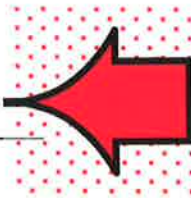
WHEREFORE, the undersigned hereby certifies on behalf of the Borrower to NDEQ, NIFA and any trustee for the Bonds, as follows:

1. The undersigned is authorized to make the following certifications on behalf of the Borrower.
2. The Borrower represents that it reasonably expects that the design and construction of the Project, as defined in the Loan Agreement, will commence within six months from the execution of the Loan Agreement and that the design and construction of the Project will proceed with due diligence thereafter to completion.
3. The proceeds of the loan pursuant to the Loan Agreement will be used to construct a facility that will be owned and operated by the Borrower. There will be no Agreements for the use of the facility other than Agreement on a rate scale basis. Specifically, the Borrower represents that there will be no Agreements for use of the Project that will require a non-governmental unit to make payments to the Borrower without regard to actual use of the Project.

Dated this 29th day of August, 2017.

CITY OF GRAND ISLAND, NEBRASKA

Title: Mayor



ATTACHMENT H
OTHER DOCUMENTS

RESOLUTION 2017-239

WHEREAS, the City of Grand Island, Nebraska recognized that a properly sized and functioning sewer system is necessary to the health and welfare of the citizens of the City of Grand Island; and

WHEREAS, the Mayor and City Council have determined that portions of the Grand Island sewer system are in need of significant repair and improvement, and that sewer service is needed in areas in and around Grand Island; and

WHEREAS, funding for the cost of the repair and improvement of portions of the Grand Island sewer system may be obtained by loans from Clean Water State Revolving Funds (CWSRF) from the Nebraska Department of Environmental Quality (NDEQ), subject to certain requirements and obligations; and

WHEREAS, City Council approved Resolution No. 2014-162 on June 10, 2014, which authorized a maximum principal amount of debt expected to be issued for Sanitary Sewer Collection System and Wastewater Treatment Plant Improvements at \$74,275,000, with debt expected to include up to \$40,000,000.00 in principal amount of loan funds from the Clean Water State Revolving Loan Fund program; and

WHEREAS, City Council approved Ordinance No. 9493 on July 29, 2014 giving formal approval to the NDEQ borrowing in a principal amount of up to \$40,000,000.00, with each loan document being presented and approved by Council resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that execution of the contract for a loan, in the total amount of \$6,473,500.00, between the Nebraska Department of Environmental Quality and the City of Grand Island, Nebraska designated as Project No. C317990 incorporated by reference into this Resolution as if fully set forth; and

BE IT FURTHER RESOLVED, the Mayor, City Clerk, and City Treasurer are hereby directed to execute the contract and all other documents necessary to facilitate the loan between the Nebraska Department of Environmental Quality and the City of Grand Island, Nebraska for the purpose of repairing and improving the City of Grand Island sewer system; and

BE IT FURTHER RESOLVED THAT the Mayor, City Clerk, and City Treasurer, be authorized and directed to sign all necessary documents, to furnish such assurances to the State of Nebraska as may be required by law or regulations, and to receive payment on behalf of the applicant.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, August 29, 2017.

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
August 25, 2017	☐ City Attorney