



Council Agenda Item: 26-0706R, 26-0707R

MEETING DATE: August 10, 2026

SUBJECT/TITLE: RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A \$1,534,500 TAXABLE GRANT ANTICIPATION REVENUE NOTE, SERIES 2026A, AND PROVIDING FOR ITS PAYMENT.

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A \$5,666,728 TAXABLE GRANT ANTICIPATION REVENUE NOTE, SERIES 2026B, AND PROVIDING FOR ITS PAYMENT.

SUBMITTED BY: Nina Salinas, Finance Director

RECOMMENDATION: Approve.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: Not applicable.

PREVIOUS COUNCIL ACTION: City Council approved ordinance 26-021-O adopted July 13, 2026, authorizing the issuance, sale and delivery of Taxable Grant Anticipation Revenue Notes in an amount not to exceed \$7,701,228 for the payment of improvements to the Water Utility, for replacement of lead service lines as identified in the city's applications to the Authority.

BACKGROUND: These resolutions authorize the issuance of taxable grant anticipation revenue notes in the amounts of \$1,534,500, and \$5,666,728 to provide funds for the payment of costs of improvements to the municipal water utility. The City has applied for and received a commitment from the Minnesota Public Facilities Authority for a grant and loan for the following projects:

High Priority LSLR Phase 2	(1690011-30)	Duluth LSL High Priority 2026
LSLR Endion/East Hillside 1	(1690011-31)	Duluth LSL Neighborhoods 2026

BUDGET/FISCAL IMPACT: This program saves the city tens of millions of dollars. EPA's Lead and Copper Rule Revisions require public water systems to inventory and replace lead service lines. By participating in the State of Minnesota's forgivable loan program, the City's investment in replacing lead service lines is fully paid by a combination of forgivable loans and grants from the State of Minnesota.

OPTIONS: Approve or the City will be responsible for funding these expensive capital improvements.

NECESSARY ACTION: Approve

ATTACHMENTS: Exhibit A draft note, Exhibit B Master Loan (Bond Purchase) and/or Grant Agreement, Exhibit C Project Order