



MEMORANDUM

Comfort Lake-Forest Lake Watershed District

Date: June 1, 2026
To: CLFLWD Board of Managers
From: Mike Kinney, District Administrator
Subject: Clean Water Partnership Loan E Agreement



Background/Discussion:

The purpose of this agenda item is to consider authorizing the execution of the agreement for Clean Water Partnership (CWP) Loan E. This topic was discussed as part of the 2026 budgeting process. It was also discussed on [January 22, 2026](#) when the board adopted a resolution authorizing the application for the loan. The MPCA review committee took longer than expected to review and ultimately approved the loan application. That being said, our cash flow estimates indicate we are still generally on track with our loan disbursement needs for the year.

Staff have been engaging with Kutak Rock LLP, who have served as the District's bond counsel for all of its CWP loans. As the District did with Loan D (executed at the [November 21, 2024](#) board meeting), Kutak Rock recommends the Board execute a new general obligation note associated with Loan E to ensure clarity in record keeping, auditing, and debt levy certification with the counties.

Summary of items to be signed after the board meeting:

Document	Signer(s)
1. Resolution 26-06-03	Board Secretary
2. CWP loan agreement	Board President (DocuSign will be emailed)
3. Closing certificate	Board President
4. General obligation note	Board President, Board Secretary

Recommended Action:

Manager _____ moves to adopt resolution 26-06-03 and directs staff to proceed with the remaining requirements for the loan execution. Seconded by Manager _____.

Attached:

- Resolution 26-06-03
 - Resolution Exhibit A: General Obligation Promissory Note
 - Resolution Exhibit B: Clean Water Partnership Loan Agreement
 - Loan Agreement Attachment I: Project Work Plan and Budget
- Bond Counsel's Draft Closing Certificate and Opinion Letter

**COMFORT LAKE-FOREST LAKE WATERSHED DISTRICT
BOARD OF MANAGERS**

RESOLUTION 26-06-03

**CLEAN WATER PARTNERSHIP LOAN E
AUTHORIZING THE DISTRICT TO BORROW MONEY FROM THE
MINNESOTA POLLUTION CONTROL AGENCY TO
FUND PROJECTS FOR THE CONTROL AND
ABATEMENT OF WATER POLLUTION**

Manager _____ offered the following resolution and moved its adoption, seconded by Manager _____:

BE IT RESOLVED by the Board of Managers (the "Board") of the Comfort Lake-Forest Lake Watershed District (the "District"), as follows:

Section 1. Authorization and Findings.

1.01. The District, a political subdivision of the State of Minnesota, is authorized and empowered by the provisions of Minnesota Statutes, Sections 103F.701 to 103F.755, as amended (the "Act"), to borrow money from the Minnesota Pollution Control Agency (the "MPCA") under the Minnesota Clean Water Partnership ("CWP") loan program, as provided in the Act. The District proposes to enter into a Minnesota CWP Loan Agreement (the "2026 CWP Loan Agreement") with the Minnesota Pollution Control Agency (the "MPCA") pursuant to which the District shall borrow money from the MPCA to provide funding for the Best Management Practices (as defined in the Act) described in the District's project work plan for the District's Adaptive Management Projects, Phase E Implementation (the "2026 Project").

1.02. The District is authorized to borrow money and issue its general obligation note (as more fully described herein, the "Note") to the MPCA under the Act, in evidence of, and to secure the MPCA Loan. Under the Act, no election is required to authorize the issuance of the Note, and the Note shall not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations. The Board previously authorized the execution of its Amended and Restated General Obligation Note (Comfort Lake-Forest Lake Watershed District Project) Series 2023,

November 25, 2024, which amended and restated the Board's General Obligation Note (Comfort Lake-Forest Lake Watershed District Project) Series 2023, dated August 25, 2023 (as amended and restated, the "Prior Note"). The Prior Note evidenced (i) a loan from MPCA in the amount of \$750,000 (the "2023 MPCA Loan") pursuant to the Minnesota CWP Loan Agreement dated August 25, 2023 (the "2023 CWP Loan Agreement") and (ii) a loan from MPCA in the amount of \$500,000 (the "2024 MPCA Loan") pursuant to the Minnesota CWP Loan Agreement dated November 25, 2024 (the "2024 CWP Loan Agreement," and together with the 2023 CWP Loan Agreement, the "Prior CWP Loan Agreements"). The Board hereby finds it necessary to amend and restate the Prior Note to evidence the addition of the 2026 CWP Loan Agreement and corresponding loan in the amount of \$750,000 (the "2026 MPCA Loan" and together with the 2023 MPCA Loan and the 2024 MPCA Loan, the "MPCA Loans"). The Board President ("President") is hereby authorized to approve the final terms of a Second Amended and Restated Note (as further defined hereinafter), and the execution and delivery of the Second Amended and Restated Note shall evidence such approval. The Second Amended and Restated Note shall be in substantially the form as attached hereto as Exhibit A (the "Note"), with such changes as may be approved by the President and the District's Attorney.

1.03. The District, as Loan Sponsor and Project Sponsor, will enter into the 2026 CWP Loan Agreement along with the MPCA to fund and complete the 2026 Project. The execution and delivery of the 2026 CWP Loan Agreement, the form of which is attached hereto as Exhibit B, is, in all respects, hereby authorized, approved and confirmed, and the President is hereby authorized and directed to execute and deliver the 2026 CWP Loan Agreement in the form and content attached hereto as Exhibit B, with such changes as the District's Attorney may deem appropriate and approves, for and on behalf of the District. The President is hereby also authorized and directed to execute and deliver all other related documents, instruments, certificates and opinions.

1.04. The District hereby designates Mike Kinney, District Administrator as "Project Representative" for the District's Adaptive Management Project Implementation. The Project Representative or the President are hereby further authorized and directed to implement and perform the covenants and obligations of the District as set forth in or required by the 2026 CWP Loan Agreement. The Project Representative shall have the authority to represent the District in all 2026 Project matters that do not specifically require action by

District's Board, including the execution of loan disbursement requests for the 2026 Project to the MPCA on behalf of the District in accordance with the 2026 CWP Loan Agreement. Capitalized terms used but not defined herein shall have the meanings given thereto in the 2026 CWP Loan Agreement.

Section 2. The Amended and Restated Note.

2.01. The District has previously issued its Prior Note, to provide moneys to fund the 2023 Project and 2024 Project. The District has determined that it is necessary and expedient that the District amend and restate the Prior Note to evidence and secure the 2026 MPCA Loan to provide moneys to fund the 2026 Project. The aggregate principal amount of the Note shall not exceed \$2,000,000. The Prior Note provided that only \$1,250,000 may be drawn under the Prior Note until the Board of the District authorize a new or amended loan agreement with the MPCA. The District is hereby authorizing a new loan agreement with the MPCA (i.e. the 2026 CWP Loan Agreement) which provides for an additional \$750,000 to be drawn under the Note. The Note shall provide that only \$2,000,000 may be drawn under the Note until the Board of the District authorize a new or amended loan agreement with the MPCA. The principal balance of the Note from time to time shall be an amount equal to the aggregate of all MPCA Loan advances theretofore made under the CWP Loan Agreements secured by the Note, less the amount of any principal repayments or redemptions theretofore made under the CWP Loan Agreements, respectively. If the full amount of the 2026 MPCA Loan has not been advanced under the 2026 CWP Loan Agreement by the date the 2026 Project has been fully completed or the date the Project Implementation Period has expired, or such later date as may be provided in a new or amended CWP Loan Agreement, the MPCA shall, under the provisions of the 2026 CWP Loan Agreement, review the repayment schedule and reduce the principal amount of the 2026 MPCA Loan to an amount equal to the total loan amount then and theretofore advanced (or to be advanced), and shall prepare and provide to the District revised Repayment Schedules for the 2026 MPCA Loan. Upon such action by the MPCA, the aggregate principal amount of the Note shall be limited to the principal amount of the corresponding MPCA Loans, and the revised Repayment Schedule shall be deemed to have replaced and superseded the payment schedule of the Note.

2.02. (a) The Note shall bear a dated date of original issue of August 25, 2023 (as amended and restated on the date of execution of the Note), the date of

execution and delivery of the 2023 Note to the MPCA.

(b) The Note shall bear interest at an interest rate of 1.5% per annum as further provided for in the CWP Loan Agreements; provided however, that if a repayment is late, interest shall accrue at four percent (4%) per annum on the principal balance owed commencing on the date repayment is due according to the Final Repayment Schedule and until the payment is received by the MPCA.

(c) The principal balance of the Note is payable on June 15 and December 15 in each year, commencing on the date shown on the Final Payment Schedule (the "Note Payment Dates"), as applicable for each respective MPCA Loan evidenced under the Note. If the District satisfies the condition specified in Section 2.01 hereof, and draws amounts in excess of \$2,000,000 on the MPCA Loan, the schedule and amounts of the semiannual installments shall be amended as provided in the new or amended CWP Loan Agreement.

2.03. The principal balance of the Note is subject to redemption and prior payment at the option of the District on any date, upon written notice to the MPCA, in whole or in part in such amounts as the District may determine at a redemption price equal to the principal amount being redeemed and accrued interest to the date of prepayment and redemption. If less than all of the principal balance is to be redeemed and prepaid, the District may elect, in the notice of redemption, to reduce the amount of or eliminate specified semiannual payments; if the District does not specify otherwise, any partial prepayment will be applied to reduce the amount of the semiannual payments in inverse order of their due dates. Partial redemptions and prepayments shall be made in increments of \$1,000 principal amounts and in minimum amounts of \$1,000, and the MPCA shall revise Schedule B to reflect such partial redemptions and prepayments.

Section 3. Application of Note Proceeds.

3.01. The proceeds of the Note shall be equal to, and deemed to be received by the District at the same time as, the advances of the corresponding MPCA Loans under the CWP Loan Agreements, respectively. Such proceeds shall be deposited, as received, in the CWP Loan Fund, which is hereby established as a separate bookkeeping account on the books of the District. The District, from

time to time, will determine the amount necessary to fund the 2026 Project, and shall submit a request, in accordance with the 2026 CWP Loan Agreement, for the 2026 MPCA Loan advance in the amount necessary to fund such portions of the 2026 Project.

Section 4. Certification of Proceedings.

4.01. The Secretary of the District is hereby authorized and directed to file a certified copy of this resolution in the records of the District, together with such additional information as required, and to file a certified copy of this resolution with the County Auditor of Washington County and County Auditor of Chisago County and obtain from each County Auditor a certificate that the Note has been duly entered upon the County Auditor's bond register.

4.02. There is hereby levied upon all the taxable property of the District a direct annual ad valorem tax in the years and amounts as follows:

<u>Levy Approval Year</u>	<u>Collection Year</u>	<u>Amount</u>
2029	2030	\$83,477.32
2030	2031	83,477.32
2031	2032	83,477.32
2032	2033	83,477.34
2033	2034	83,477.32
2034	2035	83,477.32
2035	2036	83,477.32
2036	2037	83,477.33
2037	2038	83,477.33
2038	2039	83,477.33

The levy shall be appropriated between Washington County and Chisago County in the same manner as other District levies. Said levy shall be irrevocable and the taxes so levied are irrevocably appropriated to the CWP Loan Fund, but the District reserves the right to reduce or amend said levy in the manner and to the extent permitted by Minnesota Statutes, Section 475.61.

It is hereby found and determined that the foregoing taxes, if collected in full, will produce at least five percent in excess of the amount needed to meet when due the payments of principal on the Note; but the Note is a general

obligation of the District to which the full faith and credit of the District have been and are hereby pledged; and the Board Managers shall levy general ad valorem taxes on all taxable property in the District, if necessary, to pay the principal of and interest on the Bonds when due.

4.03. The officers of the District are hereby authorized and directed to prepare and furnish to the MPCA and Kutak Rock LLP, as Bond Counsel, certified copies of all proceedings and records of the District relating to the Note and to the financial condition and affairs of the District, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Note as they appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the District to the facts recited herein.

EXHIBIT A

FORM OF NOTE

[Attached]

EXHIBIT B

FORM OF 2026 CWP LOAN AGREEMENT

[Attached]

WHEREUPON the above resolution was adopted at a regular meeting of the Comfort Lake-Forest Lake Watershed District Board of Managers this 11th day of June 2026.

The question was on the adoption of the above resolution and there were __ ayes and __ nays as follows:

Manager	Aye	Nay	Absent	Abstain
Stephen Schmaltz				
Jim Schottmuller				
Dave Bakke				
Jackie Anderson				
Doug Toavs				

The President declared the resolution adopted.

Dated: June 11, 2026

Dave Bakke, Secretary

* * * * *

I, Dave Bakke, Secretary of the Comfort Lake-Forest Lake Watershed District Board of Managers, do hereby certify that the above resolution is a true and correct transcription of an action of the Board taken on the date above indicated.

IN TESTIMONY WHEREOF, I have hereunto set my hand this _____ day of _____ 2026.

Dave Bakke, Secretary

**SECOND AMENDED AND RESTATED GENERAL OBLIGATION NOTE
(COMFORT LAKE-FOREST LAKE WATERSHED DISTRICT PROJECT)**

**Original Date of Issue: August 25, 2023
(as amended and restated hereby on June __, 2026)**

Interest Rate

1.50%

This Second Amended and Restated General Obligation Note (Comfort Lake-Forest Lake Watershed District Project) (the “Note”) amends and restates in its entirety that certain Amended and Restated General Obligation Note (Comfort Lake-Forest Lake Watershed District Project) Series 2023 originally dated August 25, 2023, as amended and restated on November 25, 2024, from Comfort Lake-Forest Lake Watershed District (the “District”) to the Minnesota Pollution Control Agency (the “MPCA”).

The District for value received, hereby promises to pay to the MPCA, or its successors and assigns, the principal sum equal to the sum of the amounts advanced and entered on Schedule A hereto under “Total Amount Advanced,” at the Interest Rate specified above, unless any Note Payment provided for in Schedule B hereto is not paid when due, in which case the principal balance of this Note owed shall bear interest at the rate of 4% per annum, calculated on the basis of a 360-day year made up of 12 months of 30 days each, commencing on the day following the date on which such Note Payment was due and continuing until the date on which the late payment is paid in full and actually received by the MPCA. The principal balance of the Note shall be payable in semiannual installments at the times and in the amounts shown on Schedule B (payable on June 15 and December 15 in each year) (the “Note Payment Dates”), subject to revision as required by (i) the Minnesota Clean Water Partnership Loan Agreement dated August 25, 2023 (the "2023 CWP Loan Agreement") between the District and the MPCA, (ii) the Minnesota Clean Water Partnership Loan Agreement dated November 25, 2024 (the "2024 CWP Loan Agreement") between the District and the MPCA, or (iii) the Minnesota Clean Water Partnership Loan Agreement dated June __, 2026 (the "2026 CWP Loan Agreement" and together with the 2023 CWP Loan Agreement and the 2024 CWP Loan Agreement, the “CWP Loan Agreements”) between the District and the MPCA, and any replacements thereof or amendments thereto, respectively.

Each installment paid on the Note Payment Dates shall be in the amount set forth opposite its due date in Schedule B hereto under “Total Note Payment.”

Upon each disbursement of the MPCA Loan amounts to the District pursuant to the CWP Loan Agreements, respectively, the MPCA shall enter (or cause to be entered) the amount advanced on Schedule A under “Advances” and the total aggregate amount advanced under the CWP Loan Agreements, respectively, including such disbursement, under “Total Amount Advanced.” The principal balance of this Note from time to time shall be equal to the Total Amount Advanced, less the total of all Note Payments then and theretofore paid by the District, and less the amount of any prepayments of principal made as provided below. The MPCA shall prepare Schedule B and

prepare a revised Schedule B, or cause Schedule B and any revised Schedules B to be prepared, as provided in the CWP Loan Agreements, respectively. The maximum principal amount of the Note shall not exceed \$2,000,000, and no more than \$2,000,000 may be advanced hereunder unless and until such additional advances are authorized by the CWP Loan Agreements or an amendment thereto or an additional loan agreement.

All payments under this Note shall be payable at MPCA, 520 Lafayette Road North, in St. Paul, Minnesota 55155, or such other place as the MPCA may designate in writing.

This Note was originally issued pursuant to a resolution adopted by the Board of Managers of the District on August 24, 2023, as amended pursuant to resolutions adopted by the Board of Managers of the District on November 21, 2024 and on June 11, 2026, respectively (collectively, the "Resolution"), by authority of and in strict conformity with the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Chapter 103D and Sections 103F.701 to 103F.755, as amended, Section 475, as amended, and pursuant to the CWP Loan Agreements, the terms and provisions of which are incorporated herein by reference.

The principal balance of this Note is subject to redemption and prior payment at the option of the District on any date, in whole or in part, and upon written notice to the MPCA if in whole, in such amounts as the District may determine at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption. If less than all of the principal balance is to be redeemed and prepaid, the District may elect, in the notice of redemption, to reduce the amount of or eliminate specified semiannual payments; if the District does not specify otherwise, any partial prepayment will be applied to reduce the amount of the semiannual payments in inverse order of their due dates. Partial redemptions and prepayments shall be made in increments of \$1,000 principal amounts and in minimum amounts of \$1,000, and the MPCA shall revise Schedule B to reflect such partial redemptions and prepayments.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Note in order to make it a valid and binding general obligation of the District in accordance with its terms, have been done, do exist, have happened and have been performed as so required; that, prior to the issuance hereof the District has, in and by the Resolution and the CWP Loan Agreements, covenanted and agreed that this Note is a general obligation of the District and the full faith and credit of the District is pledged to the payment of principal and interest (if any) when due, and ad valorem taxes, if necessary for such purpose, will be levied upon all taxable property in the District, without limitation as to rate or amount; that all proceedings relative to the projects financed by this Note have been or will be taken according to law; that the issuance of this Note, together with all other indebtedness of the District outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the District to exceed any constitutional or statutory limitation of indebtedness.

In the event of default in the payment of this Note and if the same is collected by an attorney at law, the District agrees to pay all costs of collection, including a reasonable attorney's fee.

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

IN WITNESS WHEREOF, the Comfort Lake-Forest Lake Watershed District, by its Board of Managers, has caused this Note to be executed in its behalf by the signature of the President, all as of the date first specified above.

President

Attest:

Secretary

SCHEDULE B
NOTE REPAYMENT SCHEDULE

<u>Date</u>	<u>Principal Loan C*</u>	<u>Interest Loan C</u>	<u>Principal Loan D</u>	<u>Interest Loan D</u>	<u>Principal Loan E*</u>	<u>Interest Loan E</u>	<u>Total Loan Payments</u>
12/15/2025	\$30,223.65	\$4,871.57	-				\$35,095.22
06/15/2026	30,450.33	4,644.90	\$23,497.42	\$3,787.41	-	-	62,380.06
12/15/2026	30,678.70	4,416.52	23,673.65	3,611.18	-	-	62,380.05
06/15/2027	30,908.79	4,186.43	23,851.20	3,433.63	-	-	62,380.05
12/15/2027	31,140.61	3,954.61	24,030.08	3,254.74	-	-	62,380.04
06/15/2028	31,374.16	3,721.06	24,210.31	3,074.52	-	-	62,380.05
12/15/2028	31,609.47	3,485.75	24,391.89	2,892.94	-	-	62,380.05
06/15/2029	31,846.54	3,248.68	24,574.83	2,710.00	-	-	62,380.05
12/15/2029	32,085.39	3,009.83	24,759.14	2,525.69	-	-	62,380.05
06/15/2030	32,326.03	2,769.19	24,944.83	2,340.00	\$35,944.91	\$5,793.75	104,118.71
12/15/2030	32,568.48	2,526.75	25,131.92	2,152.91	36,214.50	5,524.16	104,118.72
06/15/2031	32,812.74	2,282.48	25,320.41	1,964.42	36,486.11	5,252.55	104,118.71
12/15/2031	33,058.83	2,036.39	25,510.31	1,774.52	36,759.75	4,978.91	104,118.71
06/15/2032	33,306.78	1,788.44	25,701.64	1,583.19	37,035.45	4,703.21	104,118.71
12/15/2032	33,556.58	1,538.64	25,894.40	1,390.43	37,313.22	4,425.44	104,118.71
06/15/2033	33,808.25	1,286.97	26,088.61	1,196.22	37,593.07	4,145.60	104,118.72
12/15/2033	34,061.81	1,033.41	26,284.27	1,000.56	37,875.02	3,863.65	104,118.72
06/15/2034	34,317.28	777.94	26,481.40	803.42	38,159.08	3,579.58	104,118.70
12/15/2034	34,574.66	520.56	26,680.01	604.81	38,445.27	3,293.39	104,118.70
06/15/2035	<u>34,833.97</u>	<u>261.25</u>	26,880.11	404.71	38,733.61	3,005.05	104,118.70
12/15/2035	-	-	<u>27,081.71</u>	<u>203.11</u>	39,024.11	2,714.55	69,023.48
06/15/2036	-	-	-	-	39,316.79	2,421.87	41,738.66
12/15/2036	-	-	-	-	39,611.67	2,126.99	41,738.66
06/15/2037	-	-	-	-	39,908.76	1,829.91	41,738.67
12/15/2037	-	-	-	-	40,208.07	1,530.59	41,738.66
06/15/2038	-	-	-	-	40,509.63	1,229.03	41,738.66
12/15/2038	-	-	-	-	40,813.46	925.21	41,738.67
06/15/2039	-	-	-	-	41,119.56	619.11	41,738.67
12/15/2039	-	-	-	-	<u>41,427.95</u>	<u>310.71</u>	<u>41,738.66</u>
TOTALS	\$649,543.04	\$52,361.38	\$504,988.12	\$40,708.42	\$772,500.00	\$62,273.26	\$2,082,374.22

*Includes estimated accrued interest.



520 Lafayette Road North
St. Paul, MN 55155-4194

Minnesota CWP loan agreement

Clean Water Partnership (CWP) Loan Program

Watershed Division

Doc Type: Agreement

Administrative information

Project title: CLFLWD Adaptive Management Projects, Phase E

Loan sponsor: Comfort Lake Forest Lake Watershed District

Project sponsor: Comfort Lake Forest Lake Watershed District

Loan agreement number: SRF0377

Loan amount: \$750,000

**MPCA Authorized
Representative:**

Miranda Nichols
South Section
Watershed Division
651-757-2614
Miranda.nichols@state.mn.us

Project implementation loan agreement

This *Project loan agreement* (Agreement) is made under the Clean Water Partnership Law, Minn. Stat. §§ 103F.701-103F.755 and the rules adopted thereunder, Minn. R. ch. 7076. Except as otherwise specifically provided in the Agreement, the definitions in Minn. Stat. §§ 103F.701-103F.755 and Minn. R. ch. 7076 apply.

A. Parties

The parties to this Agreement are (1) the State of Minnesota (State) through its Minnesota Pollution Control Agency (MPCA), (2) **Comfort Lake Forest Lake Watershed District** (Project Sponsor & Loan Sponsor).

B. Purpose of agreement/description of project

1. The purpose of this Agreement is to provide funding for the best management practices (BMPs) described in the approved *Project workplan* for the CLFLWD Adaptive Management Projects, Phase E (Project).
2. Prior to execution of this Agreement, the Project Sponsor submitted to the MPCA a proposed *Project workplan* that describes the Project and its BMPs. The MPCA is in the process of reviewing the proposed *Project workplan*, but has not yet approved it. When approved in writing by the MPCA Commissioner, the approved *Project workplan*, including the budget for the Project, shall be incorporated by reference into this Agreement as Attachment 1. The proposed *Project workplan* is now available for reference at the offices of the MPCA, Watershed Division, 520 Lafayette Rd., St. Paul, Minnesota, 55155.
3. There are two types of BMPs that could be included in a *Project workplan*. A First-Tier BMP is an activity that is directly undertaken by Project Sponsor or Loan Sponsor. A Second-Tier BMP is an activity that is undertaken by a person other than the Project Sponsor or Loan Sponsor. Whether funds provided by the MPCA under this Agreement may be used for First-Tier or Second Tier BMPs, or both, depends on whether the activities are part of the approved *Project workplan*.

C. MPCA commitment

1. The MPCA commits, subject to the conditions set forth in this Agreement, to loan **seven hundred fifty thousand dollars (\$750,000)** to Loan Sponsor for the purpose of funding the BMPs described in the approved *Project workplan*. If there is a discrepancy in the total funding amount stated in the budget of the *Project workplan* and in this Part, the funding amount stated in this Part shall control.
2. The MPCA's commitment to disburse funds under this Agreement is specifically conditioned on the MPCA's first receiving from

Loan Sponsor evidence that Loan Sponsor has secured the debt in this Agreement by issuance of a general obligation promissory note. At a minimum, this evidence must include the following: (a) copy of the Note; (b) certified copies of all resolutions or other authority by the appropriate governing body or bodies as shall legally authorize the execution and performance of the Note; and (c) an opinion from recognized bond counsel concluding that the Note and this Agreement are duly authorized, executed and delivered and will constitute valid, legal and binding agreements in accordance with their terms. For purposes of permitting issuance of the Note, the MPCA represents that it is a "board, department or agency" of the State within the meaning of Minn. Stat. § 475.60, subd. 2, clause (4).

D. Interest rate and term of loan

1. The interest rate for this loan is **one and five tenths (1.5) percent per annum**. However, if a payment is late, interest shall accrue at four (4) percent per annum on the principal and interest owed commencing on the date payment is due and continuing until the late payment is received by the MPCA.
2. Appended to this Agreement as Attachment 2 is an *Estimated repayment schedule*, which establishes a loan term of **ten (10) years**. However, when the loan has been fully disbursed, the Project has been fully completed or the Project Implementation Period has expired (whichever comes first), the MPCA shall review the *Estimated repayment schedule* to determine if the payment amounts, due date and term of this Agreement should be revised. Based on this review, the MPCA will establish a *Final repayment schedule*. The *Final repayment schedule* will be based upon actual amounts disbursed under this Agreement for activities actually implemented before the expiration of the Project Implementation Period. At the sole discretion of the MPCA, the *Final repayment schedule* may provide a shorter or longer term than is stated in the *Estimated repayment schedule* first appended to this Agreement as Attachment 2. The MPCA will promptly forward to *Loan Sponsor* any revisions to the *Estimated repayment schedule*. The revisions will then become an integral and enforceable part of this Agreement.

E. Project sponsor duties and responsibilities

1. The Project Sponsor shall ensure that all BMPs for which loan funds are disbursed under this Agreement are completed in the time and manner set forth in the approved *Project workplan*.
2. The Project Sponsor is responsible for determining what, if any, federal, state (including MPCA) or local permits are required for the work described in the approved *Project workplan* and, if any are required, must obtain the permit(s) within their required time periods.
3. If the approved *Project workplan* describes Second-Tier BMPs, *Project Sponsor* is responsible for authorizing Loan Sponsor to make Second-Tier loans to implement the Second-Tier BMPs before any such loans are finalized.

F. Loan sponsor duties and responsibilities

1. Loan Sponsor shall provide the general obligation promissory note described in Part C.2. and shall repay all loan funds disbursed by the MPCA under this Agreement.
2. By resolution of its governing body, Loan Sponsor shall designate one or more persons to execute loan disbursement requests on behalf of Loan Sponsor. Loan Sponsor shall submit to the MPCA a certified copy of the resolution designating the authorized person or persons.
3. Loan Sponsor shall submit requests for loan disbursement as provided in Part G.
4. Loan Sponsor shall reserve for implementation jointly with Project Sponsor loan funds sufficient for Loan Sponsor and Project Sponsor to implement those parts of the approved *Project workplan* designated for implementation as First-Tier BMPs. First-Tier BMPs shall be subject to the provisions of Part J. of this Agreement.
5. If the approved *Project workplan* refers to Second-Tier BMPs and Project Sponsor has authorized Second-Tier loans for the implementation of those BMPs, Loan Sponsor may make Second-Tier loans for the implementation of the Second-Tier BMPs, as provided in Part K. of this Agreement.
6. Loan Sponsor is solely responsible for costs exceeding the loan amount authorized in this Agreement.
7. Loan Sponsor is encouraged to prepare and submit an affirmative action plan for the employment of minority persons, women, and the qualified disabled and submit the plan to the Commissioner of Human Rights pursuant to Minn. Stat. § 363A.36.

G. Disbursement of loan funds

1. The MPCA shall not disburse any funds under this Agreement until it has approved the *Project workplan*. The MPCA may provide approval of segments of the proposed *Project workplan* prior to approval of the entire *Project workplan* and may make disbursements on those parts of the proposed *Project workplan* that are approved in writing by the MPCA Commissioner.
2. To receive disbursements under this Agreement, *Loan Sponsor* shall submit, in a form acceptable to the MPCA, disbursement requests signed by a person authorized as provided in Part F.2. The requests shall certify that disbursements are being sought only for reimbursement of costs incurred to implement the approved *Project workplan*. The MPCA will process no more than one request for disbursement per month unless an alternate schedule is agreed to by the MPCA in writing.
3. The MPCA will disburse funds to *Loan Sponsor* on an incurred cost reimbursement basis, consistent with the approved *Project workplan*. Administrative costs will not be considered an incurred cost unless they were approved by the MPCA prior to their having been incurred and were included in the approved *Project workplan*.

4. The MPCA, at any time, may review and audit requests for disbursement under this agreement and may make adjustments for errors and discrepancies discovered in audits or other reviews of requests for disbursement.

H. Security for and repayment of the loan

1. This loan is secured by the general obligation promissory note described in Part C.2.
2. The date to begin repaying this loan is deferred until the loan has been fully disbursed, the Project has been fully completed or the Project Implementation Period has expired, whichever comes first. The Project Implementation Period is defined as exactly three (3) years from the effective date of this agreement.
3. After the loan has been fully disbursed, the Project has been fully completed, or the Project Implementation Period has expired, whichever comes first, the repayment of this loan is as stated in the *Estimated repayment schedule* (Attachment 2).
4. Notwithstanding any other provision of this agreement, the semiannual payments of principal due on this loan shall be due not later than one year after the loan has been fully disbursed, the project has been fully completed or the Project Implementation Period has expired, whichever is first. Payments by Loan Sponsor shall be due every six months. The first payment shall be submitted on the closest date of either June 15 or December 15 (based on the execution date of this Agreement) and shall be due semiannually on June 15 and December 15 after the first payment. Additional payments may be made at any time without penalty.
5. Loan Sponsor may prepay this loan in whole or in part from any funds legally available to Loan Sponsor for this purpose. When Loan Sponsor elects to pay off the loan in full, it shall give written notice to the MPCA and the MPCA shall then prepare and provide to Loan Sponsor a payoff statement. The payoff statement shall include all principal, interest and late fees, if any, due and payable to the MPCA.

I. Denial of disbursements, default, rescission, or early termination

1. The MPCA may deny disbursement of funds to Loan Sponsor if the MPCA determines that the project does not substantially conform to the requirements for a Project Implementation Loan as provided under the Clean Water Partnership Law, Minn. Stat. §§ 103F.701-103F. 755 and the rules implementing the law; that project activities do not satisfy the conditions of the approved *Project workplan*; or that there has been a significant violation of this Agreement, including the failure to submit a report as required by this Agreement. The MPCA shall notify Loan Sponsor of its decision to deny or withhold disbursement, and shall continue to deny or withhold disbursement until Loan Sponsor has corrected the condition causing the MPCA to deny or withhold the disbursement.
2. The MPCA may declare Loan Sponsor and Project Sponsor in default and may rescind this Agreement if it finds that there has been or will be substantial divergence from the approved *Project workplan* or that the approved Project workplan has not been or will not be implemented in a timely manner. Upon default, the MPCA shall give written notice and demand for the full payment of all amounts due.
3. In the event the MPCA declares a default under this Agreement and moves to recover repayments, Loan Sponsor and Project Sponsor shall pay the costs and damages, including reasonable attorney's fees and interest, incurred by the MPCA to recover repayments under this Agreement.
4. If Project Sponsor fails to request disbursement for reimbursement of incurred costs within one year of the effective date of this Agreement or as stated in the project timeline of the approved *Project workplan*, the MPCA may elect to terminate this Agreement early or reduce the loan amount. The MPCA's failure to terminate this Agreement early or reduce the loan amount shall not be deemed a waiver of its right to terminate this Agreement or reduce the loan amount at a later date or on different grounds. If the MPCA elects to terminate this Agreement early or reduce the loan amount, it shall notify Project Sponsor and Loan Sponsor in writing.
5. If the MPCA fails to enforce any provision of this Agreement, that failure does not waive that provision or its right to enforce it.

J. Contracting and oversight of first-tier BMPs (if applicable)

1. To the extent described in the approved *Project workplan*, Project Sponsor may enter into subcontracts to engage in architectural, engineering, and related services to implement BMPs approved in the Project workplan. All subcontracts shall comply with all State laws and rules applicable to the selection and employment of subcontractors providing architectural and engineering services.
2. Loan Sponsor and Project Sponsor shall exert all reasonable effort to investigate claims which Project Sponsor may have with respect to the work performed under this Agreement and, in appropriate circumstances, shall take whatever action, including withholding of payment and legal recourse, is available to resolve the claims.
3. Project Sponsor shall develop and submit to the MPCA and obtain MPCA approval of a uniform quality assurance program describing how Project Sponsor will assure that the subcontractor activities conducted under this Agreement comply with applicable state laws and with this Agreement. If these activities include the construction, alteration, repair, or maintenance of real or personal property, the uniform quality assurance program must describe the following:
 - (a) inspection and certification procedures for construction, alteration, repair, or maintenance of real or personal property which will not be contracted
 - (b) inspection and certification procedures for construction, alteration, repair, or maintenance of real or personal property which will be contracted

- (c) certification methods for materials

The level of inspection and certification provided for contracted and noncontracted construction activities shall be commensurate with the scope and complexity of the construction undertaken.

K. Contracting and oversight of second-tier BMPs (if applicable)

1. If BMPs are to be implemented through Second-Tier loans using funds provided by this Agreement, Loan Sponsor may make the Second-Tier loans after obtaining authorization from Project Sponsor and subject to the following conditions.
2. No Second-Tier loan may charge an interest rate greater than market rate for Second-Tier loans (for purposes of this Part, market rate means the highest prime lending rate as disclosed in the current *Wall Street Journal*).
3. Loan Sponsor may charge an application or origination fee for Second-Tier loans.
4. No Second-Tier loan may be given for any activity other than those in the approved *Project workplan* and authorized by Project Sponsor as Second-Tier BMPs.
5. Loan Sponsor shall use all principal repayments received on Second-Tier loans to repay the loan made to it under this Agreement.
6. Loan Sponsor shall use any interest earned on principal repayments received under this Agreement and any interest or application fee or origination fee received from persons who receive Second-Tier loans for the following:
 - (a) to pay its documented administrative costs for implementation of the project
 - (b) to defray the costs of delinquencies or defaults on Second-Tier loans or Second-Tier workplan Activities
 - (c) for implementation of any additional approved *Project workplan* activities approved by the MPCA under this Agreement
7. If Loan Sponsor elects to subcontract with one or more financial institutions or other administrators, including Project Sponsor, for the purpose of administering its Second-Tier program, Loan Sponsor shall:
 - (a) comply with all applicable State laws and rules in its selection of subcontractors
 - (b) include in its subcontract terms that: (1) assure the financial institution or other administrators comply with the requirements of this Agreement; (2) make the MPCA a third party beneficiary of its subcontract; and (3) give the MPCA the right to enforce or otherwise seek remedies under the subcontract
 - (c) provide for MPCA review a copy of the subcontract, including a breakdown of compensation to be received by the subcontractor, prior to the execution of the subcontract
 - (d) provide the MPCA with an executed copy of each subcontract within 30 days of the execution of such subcontract
 - (e) retain the right to assign to the MPCA, in regard to performance of this Agreement, the subcontract and any or all rights pursuant thereto
 - (f) be responsible for the satisfactory and timely completion of all work required under each subcontract
 - (g) be responsible for payment of subcontractors
8. *Loan Sponsor* is obligated to repay this loan in full regardless of the existence of default or delinquency of a Second-Tier loan.

L. General duties, responsibilities, and limitations on conduct of joint project sponsor and loan sponsor duties

1. Designation of Project Representatives. Loan Sponsor and Project Sponsor shall each, by resolution of its governing authority, appoint a Project Representative. The Project Representatives shall have the authority to represent them in all matters which, according to the conditions of this Agreement, do not specifically require action by the same parties who executed this Agreement or their successors in office. The MPCA shall consider correspondence from and action on the part of the Project Representatives as representations and actions taken by Loan Sponsor or Project Sponsor. Loan Sponsor and Project Sponsor shall each forward to the MPCA upon execution of this Agreement a certified resolution appointing its Project Representative.
2. Antitrust. Loan Sponsor and Project Sponsor hereby assign to the State any and all claims for overcharges as to goods and/or services provided in connection with this Agreement resulting from antitrust violations that arise under the antitrust laws of the United States and the antitrust laws of the State.
3. Government Data Practices Act. Loan Sponsor and Project Sponsor and State must comply with the Minnesota Government Data Practices Act, Minn Stat. ch. 13, as it applies to all data provided by the State under this Agreement, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Loan Sponsor and Project Sponsor under this Agreement. The civil remedies of Minn. Stat. § 13.08 apply to the release of the data referred to in this Part by either the Loan Sponsor, the Project Sponsor or the State.
4. If the Loan Sponsor and Project Sponsor receives a request to release the data referred to it in this part, the Loan Sponsor and Project Sponsor must immediately notify the State. The State will give the Loan Sponsor and Project Sponsor instructions concerning the release of the data to the requesting party before the data is released.
5. Workers' Compensation. Loan Sponsor, and Project Sponsor certifies that it is in compliance with Minn Stat. § 176.181, subd. 2, pertaining to workers' compensation insurance coverage. Loan Sponsor and Project Sponsor employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

6. Americans with Disabilities Act (ADA) Compliance. In fulfilling the duties and responsibilities of the Agreement, Project Sponsor and Loan Sponsor shall comply with the requirements of P.L. 101-336, Americans with Disabilities Act of 1990, 42 U.S.C. Section 12101, et seq., and regulations promulgated pursuant to it.
7. Exclusive use of project funds. The Loan Sponsor and Project Sponsor shall use all MPCA funds disbursed to it under this Agreement exclusively for the purposes described in this Agreement.
8. Loan Sponsor and Project Sponsor accept and agree to comply with all terms, provisions, conditions and commitments of this Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations and commitments made by Project Sponsor in its application, accompanying documents and communications filed in support of its request for a loan.
9. Loan Sponsor and Project Sponsor certify that, before any funds provided under this Agreement are disbursed to subcontractors, the terms of the subcontracts will be consistent with the terms of this Agreement.

M. Reports, record maintenance, and audit requirements

1. Reports. Project Sponsor shall make reports as provided in Minn. R. ch. 7076 as it may be amended.
2. Records maintenance. Loan Sponsor and Project Sponsor, subcontractors, and contributing administrators with whom Loan Sponsor enters into agreements to perform any or all of the work required under the terms of this Agreement, shall maintain complete and accurate books, records, and documents according to Generally Accepted Government Accounting Standards (GAGAS). Such books, records, documents, and accounting procedures shall fully disclose the amount and disposition of all loan funds disbursed under this Agreement. Such records shall also account for: disposition of project expenditures; property purchased; program income; documentation of compliance with applicable statutes, regulations, and the conditions of this Agreement. Such records shall be available to authorized representatives of the State, including, but not limited to, the State contracting department and the legislative auditor, for examination and audit and shall be maintained for a minimum of six (6) years after termination of this Agreement. If, during the period when this Agreement is effective or within six (6) years thereafter, Loan Sponsor or Project Sponsor has an independent audit conducted which includes or addresses the activities of this Agreement, a copy of the audit shall be provided to the MPCA.
3. Fiscal controls. Loan Sponsor and Project Sponsor shall establish fiscal controls and accounting procedures that are sufficient to assure proper accounting for payments received, disbursements made and balances at the beginning and end of the accounting period. Loan Sponsor and Project Sponsor shall use accounting, audit and fiscal procedures conforming to GAGAS as these are promulgated by the Governmental Accounting Standards Board. Generally accepted auditing standards are usually defined as, but not limited to, those contained in the U.S. General Accounting Office (GAO) publication "Government Auditing Standards." All accounts shall be established and maintained as separate accounts. Loan Sponsor and Project Sponsor shall expressly require all subcontractors to comply with the provisions of this Section.
4. Single audit. Loan Sponsor and any subrecipient shall be responsible for obtaining audits in accordance with the Single Audit Act of 1984 (31 U.S.C. Sec. 7501-7507); the Single Audit Act Amendments of 1996 (P.L. 104-156); and Federal Agency implementation regulations, including 40 CFR Sec. 31.26. The audits shall be made by an independent auditor in accordance with GAGAS covering financial and compliance audits. Loan Sponsor agrees that the State, the Legislative Auditor, the State Auditor and any independent auditor designated by the State shall have such access to their records and financial statements as may be necessary for them to comply with the Single Audit Act of 1984, as amended, and the most recent revisions of Office of Management and Budget (OMB) Circulars A-128, A-110 or A-133, as applicable. Required audit reports must be filed with the Office of State Auditor, Single Audit Division, and state agencies providing federal assistance within six months of Loan Sponsor or subrecipient's fiscal year end. If a federal cognizant audit agency has been assigned, copies of required audit reports shall be filed with that agency also. Loan Sponsor and Project Sponsor shall require all subrecipients to comply with the provisions of this Section.
5. Audit. Upon request of the MPCA, Loan Sponsor shall provide an independent audit of one or more fiscal years during which Loan Sponsor received and disbursed financial assistance provided to Loan Sponsor according to the conditions of this Agreement for a minimum of six (6) years from the end of this Agreement.

N. General conditions of agreement

1. Liability. The MPCA shall not be held liable for any payment for damages or other relief associated with the implementation of the *Project workplan* or arising under contracts entered into by Loan Sponsor or Project Sponsor with third parties. Loan Sponsor and Project Sponsor must indemnify, save and hold the State, its agents, and employees, harmless from any claims or causes of action, including attorneys' fees incurred by the State, arising from the performance of this Agreement by Loan Sponsor or Project Sponsor or their agents, employees or subcontractors. This clause will not be construed to bar any legal remedies the Loan Sponsor or Project Sponsor may have for the State's failure to fulfill its obligations under this Agreement.
2. Environmental Review requirements for Individual Sewage Treatment System (ISTS) replacement or upgrade activities. When the implementation of project activities, as designated in the approved *Project workplan* as amended, includes the upgrade or replacement of ISTS as identified in Minn. R. ch. 7080, an Environmental Review shall be undertaken according to the provisions of Minn. R. ch. 4410. Project Sponsor may seek a categorical exclusion from this requirement under 40 CFR part 35.3140 as provided in (a) or (b) below:
 - (a) Project Sponsor must complete the "Checklist for categorical exclusion from environmental review" and return it to the MPCA. After review of this checklist, the MPCA will determine the project's eligibility for exclusion from further

environmental review. If it is determined that the Project does not need further environmental review, a public notice of the determination of a categorical exclusion, in a format provided by the MPCA, must be executed by Project Sponsor. The public notice of categorical exclusion must allow for a minimum of two weeks public comment period, with comments being directed to the MPCA. Project Sponsor must provide the MPCA with proof of that notice.

- (b) If the Project does not meet the checklist requirements in (a), the MPCA will send a letter of determination and instructions for further environmental review. If the MPCA determines that further environmental review is necessary, the Project must comply with those requirements before construction can begin. A copy of all information regarding this process will be kept on file at the MPCA for review by the U.S. Environmental Protection Agency.
- 3. Amendments. Any amendments or modifications to this Agreement must be in writing and will not be effective until it has been executed by the same parties who executed and approved the original Agreement, or their successors in office. Loan Sponsor and Project Sponsor may undertake minor modifications of the approved *Project workplan* with prior written approval of the MPCA Project Manager. No changes to the tasks, schedules, eligible expenditures, or any other provision in the approved *Project workplan* may be made without the written consent of the MPCA.
- 4. State remedies. If there has been a failure to comply with the provisions of this Agreement, the MPCA may exercise any remedies available at law or in equity.
- 5. Non-discrimination. During the performance of this Agreement, neither Loan Sponsor nor Project Sponsor shall, because of age, sexual preference, political affiliation, race, color, creed, religion, national origin, sex, marital status, or status with regard to public assistance or disability: (a) discriminate against any person with respect to hire, tenure, compensation, terms of employment, upgrading of employment, facilities, privileges or conditions of employment; (b) refuse to hire persons seeking employment; (c) discharge an employee; or (d) otherwise exclude any person from access to or participation in this Clean Water Partnership loan. The Loan Sponsor and Project Sponsor shall not contract with subcontractors who are not in compliance with the provisions of this Section.
- 6. Governing law, jurisdiction, and venue. Minnesota law, without regard to its choice-of law provisions, governs this Agreement. Venue for all legal proceedings arising out of this Agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.
- 7. Severability. If a provision of this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.
- 8. Effective date. This Agreement shall be effective on the date that the final required signature is obtained by the State, pursuant to Minn. Stat. § 16C.05, subd. 2.
- 9. Termination. Except as provided in Part I.4. of this Agreement, this Agreement shall terminate when the MPCA has determined in writing that Loan Sponsor has fully repaid and retired the loan provided to Loan Sponsor according to the terms and conditions of this Agreement.

The State, Loan Sponsor, and Project Sponsor acknowledge their consent to this Agreement and agree to be bound by its terms through their signatures entered below:

Attachment 1: Project workplan (in accordance with Part B.2.)

Attachment 2: Estimated repayment schedule (in accordance with Part D.2., H.3., and H.4.)

Attachment 2 – Estimated repayment schedule

CLFLWD Adaptive Management Projects, Phase E Clean Water Partnership Project

Principal amount	\$ 750,000.00
Estimated interest accrued	\$ 22,500.00
<i>(during one year project implementation period)</i>	
Total loan balance	\$ 772,500.00
Term (years)	10
Annual percentage rate	1.5%
Number of payments	20
Payment amount	\$41,738.66

Year					
(Semiannual payments)	Payment due date	Payment amount due	Principal amount	Interest	Total loan balance
					\$ 772,500.00

1	6/15/2030	\$41,738.66	\$ 35,944.91	\$5,793.75	\$ 736,555.09
2	12/15/2030	\$ 41,738.66	\$ 36,214.50	\$5,524.16	\$ 700,340.59
3	6/15/2031	\$ 41,738.66	\$ 36,486.11	\$5,252.55	\$ 663,854.48
4	12/15/2031	\$ 41,738.66	\$ 36,759.75	\$4,978.91	\$ 627,094.72
5	6/15/2032	\$ 41,738.66	\$ 37,035.45	\$4,703.21	\$ 590,059.27
6	12/15/2032	\$ 41,738.66	\$ 37,313.22	\$4,425.44	\$ 552,746.05
7	6/15/2033	\$ 41,738.66	\$ 37,593.07	\$4,145.60	\$ 515,152.98
8	12/15/2033	\$ 41,738.66	\$ 37,875.02	\$3,863.65	\$ 477,277.97
9	6/15/2034	\$ 41,738.66	\$ 38,159.08	\$3,579.58	\$ 439,118.89
10	12/15/2034	\$ 41,738.66	\$ 38,445.27	\$3,293.39	\$ 400,673.62
11	6/15/2035	\$ 41,738.66	\$ 38,733.61	\$3,005.05	\$ 361,940.01
12	12/15/2035	\$ 41,738.66	\$ 39,024.11	\$2,714.55	\$ 322,915.89
13	6/15/2036	\$ 41,738.66	\$ 39,316.79	\$2,421.87	\$ 283,599.10
14	12/15/2036	\$ 41,738.66	\$ 39,611.67	\$2,126.99	\$ 243,987.43
15	6/15/2037	\$ 41,738.66	\$ 39,908.76	\$1,829.91	\$ 204,078.67
16	12/15/2037	\$ 41,738.66	\$ 40,208.07	\$1,530.59	\$ 163,870.60
17	6/15/2038	\$ 41,738.66	\$ 40,509.63	\$1,229.03	\$ 123,360.97
18	12/15/2038	\$ 41,738.66	\$ 40,813.46	\$925.21	\$ 82,547.51
19	6/15/2039	\$ 41,738.66	\$ 41,119.56	\$619.11	\$ 41,427.95
20	12/15/2039	\$ 41,738.66	\$ 41,427.95	\$310.71	\$ 0.00
Totals		\$834,773.26	\$772,500.00	\$62,273.26	\$ -

Signatures

Title	Name	Signature	Date
Encumbrance Verification	Kurt Soular	DocuSigned by:  AAC2AB7A9D2A400...	May 28, 2026

Admin ID



520 Lafayette Road North
St. Paul, MN 55155-4194

CWP loan proposal workplan

Clean Water Partnership (CWP)

Doc Type: Contract

MPCA Use Only	
Swift #:	
SRF#:	
AI #:	
Activity ID:	

Project title: CLFLWD Adaptive Management Projects, Phase E

1. Loan sponsor (the one taking out the loan) summary:

Organization: Comfort Lake-Forest Lake Watershed District

Contractor contact name: Emily Heinz (day-to-day contact)

Title: Planning Coordinator

Address: 44 Lake Street South, Suite A
Suite A

Phone: 651-395-5856

Fax: N/A

Email: Emily.Heinz@clflwd.org

Project sponsor partner(s) (if applicable): N/A

Organization: _____

Project manager: _____

Address: _____

Phone: _____

Fax: _____

Email: _____

MPCA contact(s):

MPCA project manager: Kate MacDonald

Title: Project Manager

Address: 520 Lafayette Rd
St Paul, MN 55155

Phone: 651.757.2453

Fax: _____

Email: Kate.macdonald@state.mn.us

Project information

Start date: 03/01/2026 **End date:** 12/31/2028
(mm/dd/yyyy) (mm/dd/yyyy)

Loan funds requested: \$750,000 **Matching funds (optional):** \$0

Total project cost: \$750,000

Sub watershed(s): Bone Lake, Forest Lake-Sunrise River, and **12-digit Hydrologic unit code(s):** 070300050402,
Comfort Lake-Sunrise River HUC 12's 070300050401,

Type of water body (check all that apply)

Stream Lake River Groundwater Drinking water source Other

* **Organization type:** County government City
 Watershed District Township
 Tribal government
 Other – specify: _____

Project plan information (10 points total)**Identify water plans available for this project (2 points):**

If applicable, include Web address, page numbers and effective dates from any local or regional water plans relating to this project.

Comprehensive Local Water Plan: CLFLWD 2022-2031 Watershed Management Plan, <https://clflwd.org/plans-reports-and-audits/>

Total Maximum Daily Load (TMDL): CLFLWD Six Lakes TMDL Study, <https://clflwd.org/wp-content/uploads/2022/12/CLFLWDTMDLFinalReport-1.pdf>

Minnesota Pollution Control Agency (MPCA)-approved TMDL Implementation Plan or Watershed Restoration and Protection Strategy (WRAPS):

CLFLWD Six Lakes TMDL Implementation Plan, https://clflwd.org/wp-content/uploads/2025/09/TMDL_Implementation-Plan_Final.pdf

Other plans that refer to this project work (including Well

Head Protection Plan, One Watershed, One Plan, etc.): Lower St. Croix 1W1P, <https://www.lsc1w1p.org/the-plan>

Type, location, and problem addressed in this proposal (2 points):

Problem to be addressed in this proposal (e.g., total suspended solids (TSS) loading, Individual Sewage Treatment System (ISTS), Subsurface Sewage Treatment Systems (SSTS), etc.):

Phosphorus loading, TSS loading

* **Project type:** SSTS replacement or upgrade **only (Please use SSTS-only form found on the MPCA's website at <https://www.pca.state.mn.us/water/cwp-loans.>)**
 Best Management Practice (BMP) and SSTS
 BMP implementation **only**

County: Chisago County and Washington County

How are groundwater or water body concerns addressed in water planning documents (e.g., protection, restoration, undefined, needs more information, etc.) (2 points): Priority water resources and proposed BMPs are identified in the plans. The 10-year plan also identifies priority subwatersheds for implementation based on overlapping features such as presence of natural resources and high levels of nutrient loading identified through water monitoring.

Specific water quality concern(s) addressed by this proposal (2 points): Lake water quality improvements to de-listed lakes that are impaired for eutrophication, and in some cases, the CLFLWD's goals go beyond state standards (e.g., summertime average phosphorus goal of 30 micrograms per liter, when the state standard is 40 micrograms per liter).

How will concern(s) addressed in this proposal be prioritized (e.g., if demand exceeds available funds, how will you choose what to fund, environmental justice concerns) (2 points): The CLFLWD 10-year plan establishes priority waterbodies and priority goals to achieve, which represent the first line of prioritization. Beyond this, the CLFLWD has done an analysis of environmental justice concerns and communities with the highest risk of experiencing natural resource-related problems; this resulted in a prioritized map of subwatersheds within the CLFLWD.

Statement of problems, opportunities, and existing conditions (8 points)

The District is very close to achieving state water quality standards and its long-term water quality goals for priority District lakes, but more work is needed. Bone Lake was delisted in 2024, and Comfort Lake is slated for delisting in 2026. However, Moody Lake, School Lake, Little Comfort Lake, and Shields Lake remain on the impaired waters list, and the District sets long-term goals for its priority lakes which may go beyond state standards. The District has identified a handful of remaining projects to bring priority lakes to long-term goals. In addition to achieving lake water quality goals, the District established several goals for other natural resources in its 2022-2031 Watershed Management Plan (e.g., streams, wetlands). Achieving

goals for other resources will build resiliency in the watershed to help maintain lakes at their water quality goals in the face of a changing climate and increasing urban development.

Lake Name	DNR ID #	State Standard Phosphorus µg/L	CLFLWD Goal Phosphorus µg/L	2015-2024 Average Phosphorus µg/L
Moody Lake	13002300	40	40	66.9
Bone Lake	82005400	40	30	27.8
School Lake	13005700	60	60	44
Little Comfort Lake	13005400	40	30	44.4
Shields Lake	82016200	60	60	125
Lake Keewahtin	82008000	40	20	14.5
Forest Lake	82015900	40	30	30.6
Comfort Lake	13005300	40	30	28.4

2. Goals, objectives, tasks, and subtasks (5 points)

Goal: Make measurable progress toward lake goals by implementing water quality improvement projects, promoting watershed stewardship, protecting undeveloped spaces and natural resources, and measuring water quality benefits. See Section 3.2.2. Project Goals in the CLFLWD 10-year Watershed Management Plan.

Objective 1. Lake Improvement: Potential projects range from agricultural BMPs (structural and nonstructural), urban BMPs (e.g., iron enhanced sand filters), shoreline restorations, non-structural practices such as street sweeping, and residential stewardship practices. This objective will also include project targeting, project development, water monitoring, and stewardship education and outreach. Projects will have multiple benefits and may serve the dual purpose of improving/protecting water quality and improving watershed resiliency.

One major project planned for 2026/2027 is the Heath Iron Enhanced Sand Filter which will improve water quality in Little Comfort Lake and Comfort Lake; the District plans to begin construction in 2026. The District is also working closely with the City of Forest Lake to evaluate the feasibility of several potential water quality projects on City-owned land, such as the Broadway Avenue Iron Enhanced Sand Filter, dead end street BMPs and other urban BMPs on city land. The District will leverage grant funds as much as possible to implement projects and offset the need for local/loan funds.

Note that projects will not be implemented as part of an MS4 permit.

Objective 1 Timeline: May 2026-December 2028

Objective 1 Cost: \$470,000

Objective 1 Deliverables: Annual Water Monitoring Report showing progress toward lake water quality goals, project fact sheets, stewardship outreach materials such as mailers/social media posts/videos

Task A: District Staff

Task A Responsible Party: CLFLWD

Task B: Technical Assistance/Professional Services

Task B Responsible Party: Emmons & Olivier Resources (EOR), Washington Conservation District, Chisago Soil and Water Conservation District, Smith Partners LLP

Task C: BMP Construction

Task C Responsible Party: Contractors (TBD)

Objective 2. Wetland Enhancement and Restoration:

In 2025 the District purchased a 238-acre property south of Bone Lake which contains several wetlands that the District plans to restore and enhance. The District plans to leverage a Lessard-Sams Outdoor Heritage Fund to perform most of the work, and will utilize CWP loan funds as necessary to cover non-grant funded expenses such as personnel and some professional services (e.g., site survey, project design).

Objective 2 Timeline: May 2026-December 2028

Objective 2 Cost: \$110,000

Objective 2 Deliverables: Progress report on outputs and outcomes achieved.

Task A: District Staff

Task A Responsible Party: CLFLWD

Task B: Technical Assistance/Professional Services

Task B Responsible Party: Emmons & Olivier Resources (EOR), Washington Conservation District, Smith Partners LLP

Objective 3. Greenbelt & Open Space:

The District's Greenbelt & Open Space initiative will improve and protect water quality for water resources within the greenbelt area. Establishment of a greenbelt will take years, if not decades, to reach the full vision, but with the benefit of building an ecological asset within the District for generations to come. The District proposes to begin this process in 2026 using grant funds from the Lessard-Sams Outdoor Heritage Fund. The District will utilize CWP loan funds as necessary to cover non-grant funded expenses such as personnel and some professional services (e.g., site survey, project design).

Objective 3 Timeline: May 2026-December 2028

Objective 3 Cost: \$110,000

Objective 3 Deliverables: Progress report on outputs and outcomes achieved

Task A: District Staff

Task A Responsible Party: CLFLWD

Task B: Technical Assistance/Professional Services

Task B Responsible Party: Emmons & Olivier Resources (EOR), Smith Partners LLP

Objective 4. Education & Outreach:

In 2023 the District adopted a Comprehensive Education & Outreach Plan. Each year since then, the District has also prepared an annual education implementation plan. Implement these plans in order to achieve priority behavior changes including reducing noncompliance with rules and regulations, increasing native shoreline buffers, and reducing chloride usage. The District's education program is multi-faceted and includes outreach through multiple avenues such as community education workshops, mailers, presentations at local meetings/events, coordination with lake association partners, and online outreach/social media. Additionally, the District will perform targeted outreach pertaining to projects referenced above.

Objective 4 Timeline: May 2026-December 2028

Objective 4 Cost: \$60,000

Objective 4 Deliverables: Annual Education & Outreach Action Plan, Yearend Education & Outreach Summary

Task A: District Staff

Task A Responsible Party: CLFLWD

Task B: Technical Assistance/Professional Services

Task B Responsible Party: Emmons & Olivier Resources (EOR), Moore Engineering, Pinnacle Website Consulting

Task C: Materials and Supplies

Task C Responsible Party: CLFLWD staff will coordinate purchase of outreach materials and supplies

3. Participation (3 points)

Please describe the method(s) for participation: While each water quality project will be associated with its own civic engagement elements such as neighborhood meetings, newspaper articles and public notices, and mailers/website postings, the District will go above and beyond these efforts with the District-Wide Education & Outreach Program. The purpose of this program is to reach out to the public in new ways in order to engage new audiences and encourage additional public participation in District programs.

The 2022-2031 WMP identifies target audiences and potential partners for each of its implementation programs (see WMP Section 4.5 Programs)

The District has received and successfully implemented four Clean Water Partnership loans since 2018, totaling \$4.5 million (SRF0313, SRF0346, SRF0355, SRF0365). Projects were completed as described in the work plan and revisions.

4. Environmental justice (5 points)

Are any of the BMPs or activities planned to occur in an identified area of environmental justice concern (found on the MPCA's Understanding environmental justice in Minnesota website at <http://mpca.maps.arcgis.com/apps/MapSeries/index.html?appid=f5bf57c8dac24404b7f8ef1717f57d00>)? (2 points)

The CLFLWD does not contain any EJ areas. However, there are some areas within the CLFLWD that have high air pollution scores according to the MPCA map. Aside from the MPCA EJ map, the CLFLWD has analyzed available census data within its boundaries to prioritize areas with higher risk to natural resource-related problems; this map overlays GIS layers for natural

resources (e.g., groundwater sensitivity, impaired waters), social demographics (e.g., low income, English as a second language), and infrastructure (e.g., critical buildings and roadways).

If yes, briefly describe the plan for communication and outreach to these areas (e.g., additional outreach, other incentives for participation, etc.)? (3 points)

N/A for EJ Areas.

5. Measurable outcomes (5 points)

Please describe the total expected reductions for this project:

Lake ID or stream AUID	Comfort Lake (13005400)			
Phosphorus	64	lbs/yr	850	\$/lb
Lake ID or stream AUID	Little Comfort Lake (13005400)			
Phosphorus	80	lbs/yr	850	\$/lb
Lake ID or stream AUID	School Lake (13005700)			
Phosphorus	61	lbs/yr	172	\$/lb
Sediment	89	tons/yr	118	\$/ton
Lake ID or stream AUID	Forest Lake (13005400)			
Phosphorus	10	lbs/yr	TBD	\$/lb

This loan will help the CLFLWD continue to make progress toward water quality goals District-wide through stewardship outreach, water monitoring, and BMPs that will have downstream impacts. The table above lists the most significant projects that the District expects to further in 2026. Projects take multiple years to complete, and projects will likely be completed/closed out in 2027/2028. The District will take critical steps toward project implementation in 2026 which will enable projects to be completed in future years.

5. Project budget (4 points) *(Excel Spreadsheet Attached)*

Budget
Project name: CLFLWD Adaptive Management Projects, Phase E
Organization name: Comfort Lake-Forest Lake Watershed District
Project budget and expenditures

Objective	Cost category	Loan	Optional			Budget total
			In kind match optional	Cash match optional	Total match optional	
Objective 1: Lake Improvement						
Task A: District Staff	Personnel	\$ 70,000.00	\$ -	\$ -	\$ -	\$ 70,000.00
Task B: Technical Assistance/Professional Services	Professional Services	\$ 100,000.00	\$ -	\$ -	\$ -	\$ 100,000.00
Task C: BMP Construction	BMP Construction	\$ 300,000.00	\$ -	\$ -	\$ -	\$ 300,000.00
Objective 1 - Total		\$ 470,000.00	\$ -	\$ -	\$ -	\$ 470,000.00
Objective 2: Wetland Enhancement and Restoration						
Task A: District Staff	Personnel	\$ 60,000.00	\$ -	\$ -	\$ -	\$ 60,000.00
Task B: Technical Assistance/Professional Services	Professional Services	\$ 50,000.00	\$ -	\$ -	\$ -	\$ 50,000.00
Objective 2 - Total		\$ 110,000.00	\$ -	\$ -	\$ -	\$ 110,000.00
Objective 3: Greenbelt & Open Space						
Task A: District Staff	Personnel	\$ 60,000.00	\$ -	\$ -	\$ -	\$ 60,000.00
Task B: Technical Assistance/Professional Services	Professional Services	\$ 50,000.00	\$ -	\$ -	\$ -	\$ 50,000.00
Objective 3 - Total		\$ 110,000.00	\$ -	\$ -	\$ -	\$ 110,000.00
Objective 4: Education & Outreach						
Task A: District Staff	Personnel	\$ 20,000.00	\$ -	\$ -	\$ -	\$ 20,000.00
Task B: Technical Assistance/Professional Services	Professional Services	\$ 20,000.00	\$ -	\$ -	\$ -	\$ 20,000.00
Task C: Materials and Supplies	Materials and Supplies	\$ 20,000.00	\$ -	\$ -	\$ -	\$ 20,000.00
Objective 4 - Total		\$ 60,000.00	\$ -	\$ -	\$ -	\$ 60,000.00
	Total	\$ 750,000.00	\$ -	\$ -	\$ -	\$ 750,000.00

CERTIFICATE OF COMFORT LAKE-FOREST LAKE WATERSHED DISTRICT

The undersigned President and Secretary of the Comfort Lake-Forest Lake Watershed District (hereinafter called the “District”), hereby certify that on the __th day of June 2026 the duly authorized officers of the District signed their own proper names to the following:

Name of Issue:	Second Amended and Restated General Obligation Note (Comfort Lake-Forest Lake Watershed District Project)
Date:	Original issue date of August 25, 2023, as amended and restated on June __, 2026.
Principal Amount:	Not to exceed \$2,000,000 and no more than \$2,000,000 may be advanced thereunder unless and until such additional advances are authorized by the CWP Loan Agreements or an amendment thereto or an additional loan agreement.

We further certify as follows:

1. We are now, and were on the date of signing of above described general obligation note (the “Note”), and on the formal date of the Note, the duly qualified and acting officers of the District as indicated herein and the officers whose signatures appear thereon were duly authorized to execute the same, and we hereby ratify, confirm and adopt the facsimile signatures thereon as the true and proper signatures for the execution of said obligations.

2. The Note and the CWP Loan Agreements (as defined in the Note) have been in all respects duly executed pursuant to authority conferred upon such officers and no obligations other than those above described have been issued pursuant to such authority. The Resolution adopted by the Board of Managers of the District on June 11, 2026 (the “Resolution”), the Note and the CWP Loan Agreements constitute valid and binding obligations of the District, enforceable in accordance with their respective terms. The Note has been duly executed, issued and delivered and constitutes valid and binding obligation of the District payable as to principal and interest and being secured as provided in the Resolution, enforceable in accordance with their terms and entitled to the benefits and security of the Resolution.

3. None of the proceedings or records which have been certified to the attorneys approving the same have been in any manner repealed, amended or changed, and there are no other proceedings or records of the District relating thereto.

4. There is no litigation now threatened or pending questioning the organization or boundaries of the District, or the right of any of us to our respective offices, or in any manner questioning our right and power to issue, execute and deliver the Note or the CWP Loan Agreements, or questioning the validity of said obligations.

5. To the best knowledge of the Authorized Officials, the District is not, and upon the issuance of the Note will not be, in default in the performance and observance of any of the terms or conditions of the CWP Loan Agreements, on its part to be performed or observed, and all conditions precedent provided in the CWP Loan Agreements, relating to the issuance of the Note, have been complied with.

6. All capitalized term used and not defined herein shall have the meaning given to such terms in Resolution 26-__ - __ of the District adopted on June 11, 2026.

IN WITNESS WHEREOF, we have executed this Certificate of Comfort Lake-Forest Lake Watershed District as of the ___th day of June, 2026.

Name

Signature

President

Secretary

June __, 2026

Minnesota Pollution Control Agency
520 Lafayette Road North
St. Paul, MN 55155-3898

Ladies and Gentlemen:

We have acted as Bond Counsel to Comfort Lake-Forest Lake Watershed District (the "District") in connection with the execution and delivery by the District of a Project Implementation Loan Agreement dated June __, 2026 (the "MPCA Agreement") between the District and the Minnesota Pollution Control Agency (the "MPCA") and the issuance of the Second Amended and Restated General Obligation Note (Comfort Lake-Forest Lake Project), with an original issue date of August 25, 2023, as amended and restated on June __, 2026 (the "Note") by the District to the MPCA, pursuant to Resolution 26-__-__ adopted by the Board of Managers of the District on June 11, 2026 (the "Resolution"). All terms used in this opinion and not defined shall have the meanings given to them in the MPCA Agreement or the Resolution.

In this connection, we have examined the following:

- (a) a certified copy of the Resolution;
- (b) an executed counterpart of the MPCA Agreement;
- (c) the Certificate of Comfort Lake-Forest Lake Watershed District;
- (d) the executed Note; and
- (e) such other documents as we deemed relevant and necessary in rendering this opinion.

We have examined the Constitution and certain statutes of the State of Minnesota (the "State"), a certified copy of the Resolution, the form of the Note, and such certified proceedings, documents and certifications of public officials as we deemed necessary to render this opinion. We have assume that the District and others will comply with the covenants, agreements, representations and certifications included in the items examined. As to questions of fact material to our opinion, we have relied upon the certified proceedings, documents and certifications furnished to us without undertaking to verify the same by independent investigation.

Based upon and subject to the foregoing and the representations of the District in the Certificate of the District, and subject to the qualifications set forth below, we are of the opinion that:

KUTAKROCK

June __, 2026
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1. The District is a watershed district duly organized and validly existing under the laws of the State of Minnesota and is a "local unit of government," as defined in Minnesota Statutes, Sections 103F.701 to 103F.755.

2. The Resolution authorizing the issuance of the Note, the execution and delivery of the MPCA Agreement and the pledge of note payments thereunder to secure payment of the Note has been duly approved by the governing body of the District.

3. The District has the power and authority to enter into the MPCA Agreement, to issue the Note, to borrow the entire Loan Amount pursuant to the MPCA Agreement and the Note and to perform its obligations under the MPCA Agreement and the Note. The MPCA Agreement and the Note have been duly authorized, executed and delivered by the District and are, valid and legally binding general obligations of the District, enforceable in accordance with their respective terms, except to the extent that the enforceability thereof may be limited by laws relating to bankruptcy or other similar laws affecting creditors' rights generally and general principles of equity.

The obligations of the District, and the enforceability thereof, with respect to the Note, the Resolution and the CWP Loan Agreement described above are subject, in part, to the provisions of the bankruptcy laws of the United States of America and to other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally, now or hereafter in effect. Certain of such obligations, and enforcement thereof, are also subject to general equity principles, which may limit the specific enforcement of certain remedies, but which do not affect the validity of such documents.

We express no opinion herein as to any matter not specifically set forth above. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Very truly yours,