MEMORANDUM
Comfort Lake-Forest Lake Watershed District

To: Board of Managers  Date: March 22, 2018
From: Emily Heinz
Subject: Clean Water Partnership Loan Program Update – Bond Counsel Update

Background/Discussion
In the board packet memo dated March 15th, it was noted that staff has initiated contact with Kutak Rock LLP in order to retain the required bond counsel associated with obtaining a loan. Since then, I have had a few additional phone calls with Kutak Rock attorneys, Justin Reppe and Stephen Rosholt. Below are some key points that I have gathered from these phone calls.

Clean Water Partnership Loan Application
Mr. Reppe and Mr. Rosholt reviewed the CWP loan application that is included in this month’s board packet and indicated that they have no comments or legal concerns about the draft as it is currently written. They noted that the CWP loan process should be significantly simpler and more straightforward compared to a bank loan.

Engagement Letter and Cost Estimate
Kutak Rock is currently working on a detailed engagement letter for the District to sign and officially retain it as bond counsel. In the meantime, I requested a ballpark cost estimate for the total process. Mr. Reppe indicated that Kutak Rock typically charges a flat rate for these types of services and the rate will likely be in the $5,000-$6,000 range. He did note that if costs end up coming in lower than the quoted fee at the end of the process, the District would be billed the lower amount. It is recommended that funds be transferred from the District’s 2018 reserve into fund 1-004-4410 (Professional Services – Legal) for this expense.

The timeline that Kutak Rock would be involved will be from pre-application to agreement execution; it will no longer be involved once we execute the loan agreement with PCA and begin the disbursement period. If the District were to pursue another loan application some years down the road, we would be able to re-start this process over again with Kutak Rock if desired.

Recommended Action
Staff recommends that the Board transfer at least the estimated funds (or possibly a small amount higher than the estimate just to be safe) and authorize the Administrator to retain Kutak Rock LLP as bond counsel, and to incur fees not to exceed $7,000.

Motion #1: Manager _____________ moves to transfer $7,000 from the current unreserved fund balance 000-2900-01 into fund 1-004-4410. Seconded by Manager _____________.

Motion #2: Manager _____________ moves to authorize the Administrator, on advice of counsel, to retain Kutak Rock LLP as bond counsel, and to incur fees not to exceed $7,000 for the purpose of securing an MPCA Clean Water Partnership Loan. Seconded by Manager _____________.