MEMORANDUM
Comfort Lake-Forest Lake Watershed District

To: Board of Managers  
From: Mike Kinney  
Subject: Clean Water Partnership Loan Agreement

Date: May 15, 2018

Background/Discussion

The CLFLWD has been awarded a $1,500,000, zero interest, Clean Water Partnership loan from the MN Pollution Control Agency (MPCA) for the project titled: CLFLWD Adaptive Management Project Implementation. This overall project will include several different studies and BMPs in each of the CLFLWD’s four Lake Management Districts (Bone, Little Comfort, Forest, Comfort lakes). Emily Heinz has continued to coordinate the loan requirements on behalf of the District and has summarized the steps and remaining elements below:

Execution of Loan Documents

Before any loan expenditures can be made, the following steps are required (some of which have already been completed):

<table>
<thead>
<tr>
<th>Required Submittal/Step</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Proof of compliance with workers’ compensation insurance coverage requirement</td>
<td>Complete; sent to MPCA on 5/1/18</td>
</tr>
<tr>
<td>2. MPCA approved project work plan and budget</td>
<td>Complete; approved by MPCA on 5/10/18 and included as Attachment 1 to loan agreement</td>
</tr>
<tr>
<td>3. Board-adopted resolution</td>
<td>Included in 5/22/18 board packet (18-05-01)</td>
</tr>
<tr>
<td>4. General obligation promissory note</td>
<td>Included as Exhibit A to resolution 18-05-01</td>
</tr>
<tr>
<td>5. Signature of loan agreement</td>
<td>Included as Exhibit B to resolution 18-05-01</td>
</tr>
<tr>
<td>6. Closing certificate</td>
<td>Draft in progress by Kutak Rock LLP; to be brought to 5/22/18 board meeting</td>
</tr>
<tr>
<td>7. Opinion of recognized bond counsel supporting the Note</td>
<td>Draft in progress by Kutak Rock LLP; to be issued on 5/23/18 after review of signed resolution, note, agreement, and certificate</td>
</tr>
<tr>
<td>8. Mail final package to MPCA</td>
<td>Staff will mail to MPCA the final signed documents on 5/24/18 after the Opinion is received from Kutak Rock.</td>
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<tr>
<td>9. MPCA final signatures and full execution of loan agreement</td>
<td>To be completed after all other items are received.</td>
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</tbody>
</table>

After MPCA execution of agreement, CLFLWD will be able to start incurring loan-reimbursable expenditures. Moving forward, disbursement requests will be submitted by Mike Kinney as Project Representative, as necessary.

Summary of items to be signed at the May 22nd board meeting (staff will bring a tabbed version for easy navigating):

<table>
<thead>
<tr>
<th>Document</th>
<th>Signer(s)</th>
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</thead>
<tbody>
<tr>
<td>1. Resolution 18-05-01</td>
<td>President Anderson, Secretary Moe</td>
</tr>
<tr>
<td>2. General obligation promissory note</td>
<td>President Anderson, Secretary Moe</td>
</tr>
<tr>
<td>3. CWP loan agreement</td>
<td>President Anderson</td>
</tr>
<tr>
<td>4. Closing certificate</td>
<td>President Anderson</td>
</tr>
</tbody>
</table>
MEMORANDUM
Comfort Lake-Forest Lake Watershed District

The resolution, which incorporates the general obligation promissory note and loan agreement (including work plan and budget) as exhibits, is attached. We are currently on track to have the loan executed and be able to incur loan expenditures by the end of May or early June. It is anticipated that our first major loan expenditures won’t be incurred until fall, when the Shields Lake Stormwater Harvest and Irrigation Reuse project begins construction.

Regarding the Obligation Note Maximum Principal Amount
Although the current loan award is $1.5M, the general obligation promissory note (Note) indicates a maximum principal amount of $5M. This basically will allow the District to amend its current loan to request additional funds (e.g. for a “Phase II” of the project), or apply for a completely new loan without obtaining another Note. Setting a higher Note amount was recommended by MPCA staff, as it will make future loan endeavors easier and less costly for the District.

Recommended Action
Proposed motion: Manager ____________ moves to adopt resolution 18-05-01 and directs staff to proceed with the remaining requirements for the loan execution. Seconded by Manager _____________. [Roll call vote]

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<th>AYE</th>
<th>NAY</th>
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<tbody>
<tr>
<td>Jackie Anderson</td>
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<td>Jon Spence</td>
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<td>Wayne Moe</td>
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<td>Stephen Schmaltz</td>
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<td>Jackie McNamara</td>
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</table>

Attached:
- Resolution 18-05-01
  - Resolution Exhibit A: General Obligation Promissory Note
  - Resolution Exhibit B: Clean Water Partnership Loan Agreement
    - Loan Agreement Attachment 1: Project Work Plan and Budget
RESOLUTION 18-05-01

COMFORT LAKE-FOREST LAKE WATERSHED DISTRICT
BOARD OF MANAGERS

RESOLUTION RELATING TO THE MINNESOTA POLLUTION CONTROL
AGENCY CLEAN WATER PARTNERSHIP; AUTHORIZING THE DISTRICT TO
BORROW MONEY FROM THE MINNESOTA POLLUTION CONTROL
AGENCY TO FUND PROJECTS FOR THE CONTROL AND ABATEMENT OF
WATER POLLUTION

BE IT RESOLVED by the Board of Managers 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 revolving loan program, as provided in the Act. The District proposes to enter into a Minnesota Clean Water Partnership Loan Agreement (the "CWP Loan Agreement") with the Minnesota Pollution Control Agency (the "MPCA") pursuant to which the District shall borrow money from the MPCA (the "MPCA Loan") 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 Project Implementation (the "Project").

1.02. The District is authorized to borrow money and issue its general obligation note (the "Note") to the MPCA under the Act, in evidence of 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 President, Jackie Anderson ("President") is hereby authorized to approve the final terms of the Note, and the execution and delivery of the Note shall evidence such approval. A form of the Note is attached hereto as Exhibit A.

1.03. The District, as Loan Sponsor and Project Sponsor, will enter into the CWP Loan Agreement along with the MPCA to fund and complete the Project. The execution and delivery of the 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 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 CWP Loan Agreement. The Project Representative shall have the authority to represent the District in all Project matters that do not specifically require action by District’s Board of Managers, including the execution of loan disbursement requests for the Project to the MPCA on behalf of the District.
1.05. Capitalized terms used but not defined herein shall have the meanings given thereto in the CWP Loan Agreement.

Section 2. The Note.

2.01. The District has determined that it is necessary and expedient that the District issue at this time the Note to be designated "General Obligation Note (MPCA) (Comfort Lake-Forest Lake Watershed District Project) Series 2018" (the "Note") to provide moneys to fund the Project. The aggregate principal amount of the Note shall not exceed $5,000,000; provided that only $1,500,000 may be drawn under the Note until the Board of Managers 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 Agreement, less the amount of any principal repayments or redemptions theretofore made under Sections 2.02 or 2.03 hereof. If the full amount of the MPCA Loan has not been advanced under the CWP Loan Agreement by the date the 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 CWP Loan Agreement, review the repayment schedule and reduce the principal amount of the 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 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 Loan, 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 date of original issue as of the date of its execution and delivery to the MPCA.

(b) The Note shall bear interest from its date of original issue at an interest rate of 0% per annum.

(c) The principal balance of the Note is payable on June 15 and December 15 in each year, commencing December 15, 2021 (the "Note Payment Dates"). No interest will accrue on the Note; provided however, that if a repayment is late, interest shall accrue at two percent (2%) annum on the principal balance owed commencing on the date repayment is due according to the Repayment Schedule and until the payment is received by the MPCA. If the District satisfies the condition specified in Section 2.01, and draws amounts in excess of $1,500,000 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. 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 Loan under the CWP Loan Agreement. 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 Project, and shall submit a request, in accordance with the CWP Loan Agreement, for an MPCA Loan advance in the amount necessary to fund such portions of the 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:

<table>
<thead>
<tr>
<th>Levy Approval Year</th>
<th>Collection Year</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>2020</td>
<td>2021</td>
<td>$78,750</td>
</tr>
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<td>2021</td>
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<tr>
<td>2030</td>
<td>2031</td>
<td>78,750</td>
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</tbody>
</table>

The levy shall be appropriated between Washington County and Chisago County in the same manner as other District levies. Said levy shall be irrepealable and the taxes so levied are irrevocably appropriated to the CWP Loan Fund, but the District reserves the right to reduce 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.
WHEREUPON the above resolution was adopted at a regular meeting of the Comfort Lake-forest Lake Watershed District Board of Managers this 22nd day of May 2018.

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

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<td>Jackie A. Anderson</td>
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The President declared the resolution adopted.

Print name: Jackie Anderson
Title: President
Authorized signature: ___________________________ Date: ___________________________
EXHIBIT A

FORM OF NOTE

GENERAL OBLIGATION NOTE
(COMFORT LAKE-FOREST LAKE WATERSHED DISTRICT PROJECT)
SERIES 2018

May 22, 2018

The, Comfort Lake-Forest Lake Watershed District (the “District”), for value received, hereby promises to pay to the Minnesota Pollution Control Agency (the “MPCA”), or its successors and assigns, the principal sum equal to the sum of the amounts entered on Schedule A hereto under “Total Amount Advanced,” without interest, 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 2% 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 payment in full thereof is actually received by the MPCA. The principal balance of the Note shall be payable in semiannual installments of $75,000.00 each, payable on June 15 and December 15 in each year, commencing December 15, 2021 (the “Note Payment Dates”), all subject to revision as required by that certain Minnesota Clean Water Partnership Loan Agreement (the "CWP Loan Agreement") between the District and the MPCA, and any replacement thereof or amendment thereto between the District and the MPCA.

No interest shall be paid on this Note, except for in the case of a payment delinquency as described above.

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 Agreement, the MPCA shall enter (or cause to be entered) the amount advanced on Schedule A under “Advances” and the total amount advanced under the CWP Loan Agreement, 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 made by the District, and less the amount of any redemptions of principal then or theretofore 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 Agreement. The maximum principal amount of the Note is $5,000,000, but no more than $1,500,000 may be advanced hereunder unless and until such additional advances are authorized by the CWP Loan Agreement 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 is issued pursuant to a resolution adopted by the Board of Managers of the District on May 22, 2018 (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 Agreement, 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, 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. 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 Agreement, 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 A**

**SCHEDULE OF AMOUNT ADVANCED**

<table>
<thead>
<tr>
<th>Date</th>
<th>Advances</th>
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<th>Notation Made By</th>
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## SCHEDULE B

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EXHIBIT B

CWP LOAN AGREEMENT
Project title: CLFLWD Adaptive Management Project Implementation
Loan sponsor: Comfort Lake-Forest Lake Watershed District (CLFLWD)
Project sponsor: Comfort Lake-Forest Lake Watershed District (CLFLWD)
Loan agreement number: SRF0313
Loan amount: $1,500,000

MPCA Authorized Representative: Juline Holleran
Metro Watershed Section
Watershed Division
651-757-2442
juline.holleran@state.mn.us

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 Project Implementation (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 one million five hundred thousand dollars ($1,500,000) 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. This is a zero percent (0%) interest loan, having no finance charge. However, if a repayment is late, interest shall accrue at two percent (2%) annum on the principal balance owed commencing on the date repayment is due according to the Final repayment schedule and continuing until the 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 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 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 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 one and a half percent (1.5%) for Second-Tier loans.

3. Loan Sponsor may charge an application or origination fee for Second-Tier loans.

4. No Second-Tier loan may be made 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 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.


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 Commissioner. 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 1.4. 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:

1. **Project Sponsor and Loan Sponsor:**
   *Comfort Lake-Forest Lake Watershed District (CLFLWD)*
   
   Print name: ________________________________
   
   Signature: ________________________________
   
   Title: __________________ Date: ____________

2. **Minnesota Pollution Control Agency**
   *with delegated authority*
   
   Print name: ________________________________
   
   Signature: ________________________________
   
   Title: __________________ Date: ____________

3. **Minnesota Pollution Control Agency**
   *Individual certifies that funds have been encumbered as required by Minn. Stat. §§ 16A.15 and 16C.05*
   
   Print name: ________________________________
   
   Signature: ________________________________
   
   Title: __________________ Date: ____________

   Purchase order number: 3000021090
   
   SWIFT ID number: 140542 Tempo Alf#: 191127

4. **Commissioner of Administration**
   *As delegated to The Office of State Procurement*
   
   Print name: ________________________________
   
   Signature: ________________________________
   
   Title: __________________ Date: ____________

**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 Project Implementation**  
**Clean Water Partnership Project**

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</tr>
<tr>
<td>19</td>
<td>12/15/2030</td>
<td>$75,000.00</td>
<td>$75,000.00</td>
<td>$ -</td>
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</tr>
<tr>
<td>20</td>
<td>6/15/2031</td>
<td>$75,000.00</td>
<td>$75,000.00</td>
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</tr>
</tbody>
</table>
Attachment 1 – Project work plan

CLFLWD Adaptive Management Project Implementation

Clean Water Partnership Project
Project Title: CLFLWD Adaptive Management Project Implementation

1. Project Summary:
   
   **Organization:** Comfort Lake-Forest Lake Watershed District (CLFLWD)
   
   **Project Representative:** Mike Kinney
   **Title:** District Administrator
   **Address:** 44 Lake Street South, Suite A
   Forest Lake, MN 55025
   **Phone:** (651) 395-5855
   **Fax:** (651) 395-5851
   **E-mail:** Michael.Kinney@clflwd.org

   **MPCA contact(s):**
   **MPCA project manager:** Eric Alms
   **Title:** Environmental Specialist II
   **Address:** 520 Lafayette Road
   St. Paul, MN 55155
   **Phone:** 651-757-2589
   **Fax:**
   **E-mail:** Eric.Alms@state.mn.us

   **Project information**
   **Latitude/Longitude:** Various
   **Counties:** Chisago & Washington
   **Start date:** TBD
   **End date:** TBD
   **Total cost:** $2,500,000 ($1,500,000 loan, $1,000,000 match)

2. Statement of Problems, Opportunities, and Existing Conditions

   The CLFLWD is committed to using sound scientific principles and a systematic adaptive management approach to protecting and improving its waterbodies. Six projects aimed at improving the waterbodies listed in the table below are included in this work plan and are separated out as objectives. Each is part of a comprehensive plan to bring target waterbodies back to pre-development conditions, which in some cases means exceeding state water quality standards. Projects may include implementation of multiple BMPs, as identified through additional monitoring and feasibility.

   **Target Waterbodies Table**

<table>
<thead>
<tr>
<th>Waterbody Name</th>
<th>Reach Description &amp; AUID or DNR Lake ID #</th>
<th>Listed Pollutants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody Lake</td>
<td>13002300</td>
<td>Nutrient/eutrophication biological indicators</td>
</tr>
<tr>
<td>Bone Lake</td>
<td>82005400</td>
<td>Nutrient/eutrophication biological indicators, Mercury in fish tissue</td>
</tr>
<tr>
<td>Little Comfort Lake</td>
<td>13005400</td>
<td>Nutrient/eutrophication biological indicators</td>
</tr>
<tr>
<td>Shields Lake</td>
<td>82016200</td>
<td>Nutrient/eutrophication biological indicators</td>
</tr>
<tr>
<td>Forest Lake</td>
<td>82015900</td>
<td>Mercury in fish tissue, PCB in fish tissue</td>
</tr>
<tr>
<td>Comfort Lake</td>
<td>13005300</td>
<td>Nutrient/eutrophication biological indicators</td>
</tr>
</tbody>
</table>
3. Goals, Objectives, Tasks, and Subtasks

Objective 1. Moody Lake Alum Treatment: This project will involve a whole-lake alum application to Moody Lake. The CLFLWD is currently working to address watershed loading by having completed a wetland restoration and livestock access management project in early 2017, and planning to complete the next phase of wetland restoration projects in 2018. Once these watershed projects are completed, the District will take aim at Moody Lake’s internal phosphorus load. The proposed timeline for the alum treatment is fall 2018.

**Task A:** Engineering/Project Management  
**Task A Responsible Party:** CLFLWD, Emmons & Olivier Resources (EOR)

**Task B:** Legal Counsel  
**Task B Responsible Party:** Smith Partners LLP

**Task C:** Alum Treatment  
**Task C Responsible Party:** Contractor (TBD)

**Objective 1 Timeline:** Start date: September 2018; end date: September/October 2018  
**Objective 1 Cost:** $235,000 (loan: $100,000; match: $135,000)  
**Objective 1 Deliverables:** Implementation of whole-lake alum treatment on Moody Lake

Objective 2. Bone Lake Nonpoint BMPs: This project will include feasibility and implementation of projects to address nonpoint runoff in the Bone Lake subwatershed. This will include a suite of BMPs such as wetland restorations, grassed waterways, sediment basins, critical area seeding, nutrient management, and/or other agricultural BMPs. Land use in the Bone Lake subwatershed is largely rural/agricultural which includes many drained wetlands, therefore agricultural BMPs and wetland restorations will be the main focus of this project.

**Task A:** Engineering/Project Management  
**Task A Responsible Party:** CLFLWD, Emmons & Olivier Resources (EOR), Washington Conservation District

**Task B:** Legal Counsel  
**Task B Responsible Party:** Smith Partners LLP

**Task C:** BMP Construction  
**Task C Responsible Party:** Contractor (TBD)

**Objective 2 Timeline:** Start date: fall 2018; end date: TBD  
**Objective 2 Cost:** $135,000 (loan: $70,000; match: $65,000)  
**Objective 2 Deliverables:** Implementation of agricultural BMPs and wetland restorations

Objective 3. Little Comfort Lake Phosphorus Source Assessment Plan & Project Implementation: This project will include targeted subwatershed-scale monitoring to identify pollutant loading hotspots and prioritize BMPs, then completion of feasibility and implementation of top-ranked BMPs which may include: wetland treatment systems, agricultural BMPs, streambank stabilization, and/or other nonpoint BMPs. Land use in the Little Comfort Lake subwatershed is largely rural/agricultural which includes many drained wetlands. It’s landscape is also marked by a tributary stream connecting sequential lakes throughout the watershed. With this in mind, agricultural BMPs, wetland restorations, and stream restoration BMPs will be the main focus of this project.

**Task A:** Engineering/Project Management  
**Task A Responsible Party:** CLFLWD, EOR

**Task B:** Legal Counsel  
**Task B Responsible Party:** Smith Partners LLP

**Task C:** BMP Construction  
**Task C Responsible Party:** Contractor (TBD)

**Objective 3 Timeline:** Start date: fall 2018; end date: TBD  
**Objective 3 Cost:** $360,000 (loan: $360,000; match: $0)  
**Objective 3 Deliverables:** Phosphorus Source Assessment & Implementation Plan, implementation of prioritized BMPs resulting from the plan

Objective 4. Forest Lake Subwatershed Assessments and Stormwater BMP Implementation: This project will include targeted subwatershed-scale monitoring to identify pollutant loading hotspots and prioritize stormwater runoff BMPs, then completion of feasibility and implementation of top-ranked BMPs which may include: street sweeping, stormwater harvest & irrigation reuse systems, wetland treatment systems, agricultural BMPs, streambank stabilization, in-lake alum treatment, and/or other stormwater BMPs. Land use in the Forest Lake subwatershed varies from urban to suburban to rural/agricultural, therefore a variety of BMPs will be needed to address the different sources of loading.

**Task A:** Engineering/Project Management
Task A Responsible Party: CLFLWD, EOR
Task B: Legal Counsel
Task B Responsible Party: Smith Partners LLP
Task C: BMP Construction
Task C Responsible Party: Contractor (TBD)

Objective 4 Timeline: Start date: Fall 2018; end date: TBD
Objective 4 Cost: $1,550,000 (loan: $760,000; match: $800,000)
Objective 4 Deliverables: Technical Memos for Subwatershed Assessments (Judicial Ditch 6, Castlewood, Hayward), implementation of BMPs as identified in the subwatershed assessments

Objective 5. Sunrise River Restoration and Stormwater BMPs: This project will include feasibility and implementation of projects to address nonpoint stormwater runoff in the Sunrise River floodplain within the Comfort Lake subwatershed. This will include a suite of BMPs such as wetland restorations, streambank stabilization, and/or other nonpoint BMPs. One of the main factors along this stretch of the Sunrise River is the impact from years of urban and agricultural development including extensive ditching; BMPs will be selected with this information in mind.

Task A: Engineering/Project Management
Task A Responsible Party: CLFLWD, EOR
Task B: Legal Counsel
Task B Responsible Party: Smith Partners LLP
Task C: BMP Construction
Task C Responsible Party: Contractor (TBD)

Objective 5 Timeline: TBD
Objective 5 Cost: $180,000 (loan: $180,000, match: $0)
Objective 5 Deliverables: Feasibility Study Technical Memo, implementation of wetland restorations, streambank stabilization, and/or other nonpoint BMPs

Objective 6. District-Wide Public Education Projects: This project will create and disseminate public education materials and activities which may include: standard District signage, engagement along the Hardwood Creek trail near District boundaries and the District office, coordination of educational events at the District office/local parks, and/or other outreach activities. This project is not specific to a single subwatershed, but will be aimed at audiences across the entire District. This variety in demographics will be taken into consideration throughout each step of the project.

Task A: Engineering/Project Management
Task A Responsible Party: CLFLWD, EOR
Task B: Legal Counsel
Task B Responsible Party: Smith Partners LLP
Task C: Education Project Implementation & Materials
Task C Responsible Party: CLFLWD will coordinate with outside contractors/business as appropriate to create and implement education project materials

Objective 6 Timeline: Start date: July 2018; end date: TBD
Objective 6 Cost: $40,000
Objective 6 Deliverables: Education Projects Summary Memo, implementation of standard signage and other education initiatives

4. Measurable Outcomes

Objective 1. Moody Lake Alum Treatment: This project will reduce internal P loading to Moody Lake by an estimated 324 lbs/yr, or approximately 1/3 of the total reduction needed to bring Moody Lake to the state P concentration standard of 40 micrograms/L. This will subsequently reduce phosphorus loading to Bone Lake which is located directly downstream of Moody Lake.

Objective 2. Bone Lake Nonpoint BMPs: This project will reduce watershed P and TSS loading to Bone Lake by addressing the largest and/or most concentrated nonpoint pollution sources. Outcomes will be measurable progress toward Bone Lake’s long-term water quality goals for phosphorus concentration (mean summer concentration of 30 μg/L), secchi disk depth (mean summer depth of 7 ft), and overall water quality rating (rating at or above B). c

Objective 3. Little Comfort Lake Phosphorus Source Assessment Plan & Project Implementation: This project will reduce watershed P and TSS loading to Little Comfort Lake by addressing the largest and/or most concentrated nonpoint pollution sources. Outcomes will be measurable progress toward Little Comfort Lake’s long-term water quality goals for phosphorus concentration (mean summer concentration of 30 μg/L), secchi disk depth (mean summer depth of 7 ft), and overall water quality rating (rating at or above B). c
Objective 4. Forest Lake Subwatershed Assessments and Stormwater BMP Implementation: This project will reduce watershed P and TSS loading to Forest Lake by addressing the largest and/or most concentrated nonpoint pollution sources. Outcomes will be measurable progress toward Forest Lake’s long-term water quality goals for phosphorus concentration (mean summer concentration of 30 $\mu$g/L), secchi disk depth (mean summer depth of 7 ft), and overall water quality rating (rating at or above B).

Objective 5. Sunrise River Restoration and Stormwater BMPs: This project will reduce watershed and internal P and TSS loading to the Sunrise River by addressing the largest and/or most concentrated nonpoint pollution sources. Improvements to the Sunrise River will directly affect Comfort Lake. Outcomes will be measurable progress toward Comfort Lake’s long-term water quality goals for phosphorus concentration (mean summer concentration of 30 $\mu$g/L), secchi disk depth (mean summer depth of 7 ft), and overall water quality rating (rating at or above B).

Objective 6. District-Wide Public Education Projects: This project will mainly be aimed at inspiring social behavior outcomes such as environmental appreciation and stewardship. One avenue for such behaviors will be increased participation in District volunteer programs and events. By engaging local stakeholders through a variety of strategies, the District will communicate progress that it is making and encourage the public to take action themselves.

5. Gantt Chart
Not Required for this project

6. Project Budget (*attached*)

7. Quality Assurance Project Plan (QAPP)
Not applicable to this project
### Project Budget

#### Objective 1. Moody Lake Alum Treatment
- **Task A:** Engineering/Project Management $23,000.00
- **Task B:** Legal counsel $2,000.00
- **Task C:** Alum Treatment $75,000.00
- **Total for Objective 1 $** $100,000.00

#### Objective 2. Bone Lake Nonpoint BMPs
- **Task A:** Engineering/Project Management $30,000.00
- **Task B:** Legal counsel $2,000.00
- **Task C:** BMP Construction $38,000.00
- **Total for Objective 2 $** $70,000.00

#### Objective 3. Little Comfort Lk P Source Assessment Plan & Implementation
- **Task A:** Engineering/Project Management $32,000.00
- **Task B:** Legal counsel $5,000.00
- **Task C:** BMP Construction $323,000.00
- **Total for Objective 3 $** $360,000.00

#### Objective 4. Forest Lake Subwatershed Assessments & Stormwater BMP Implementation
- **Task A:** Engineering/Project Management $86,000.00
- **Task B:** Legal counsel $20,000.00
- **Task C:** BMP Construction $644,000.00
- **Total for Objective 4 $** $750,000.00

#### Objective 5. Sunrise River Restoration & Stormwater BMPs
- **Task A:** Engineering/Project Management $43,500.00
- **Task B:** Legal counsel $20,000.00
- **Task C:** BMP Construction $116,500.00
- **Total for Objective 5 $** $180,000.00

#### Objective 6. District-Wide Public Education Projects
- **Task A:** Engineering/Project Management $4,500.00
- **Task B:** Legal counsel $500.00
- **Task C:** Education Project Implementation & Materials $35,000.00
- **Total for Objective 6 $** $40,000.00

**Total Budget:** $1,500,000.00

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**Project title:** CLFLWD Adaptive Management Projects

**Doc Type:** Contract

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**MPCA Use Only**

**Swift #:**

**CR #:**

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**Project title:** CLFLWD Adaptive Management Projects

**Doc Type:** Contract
**State of Minnesota**
Chisago and Washington Counties

I, Wayne S. Moe, Secretary of the Comfort Lake-Forest Lake Watershed District Board of Managers, do hereby certify that I am the custodian of the minutes of all proceedings had and held by the Board of Managers of said Comfort Lake-Forest Lake Watershed District, that I have compared the above resolution with the original passed and adopted by the Board of Managers at a regular meeting thereof held on the 22nd day of May, 2018 at 6:30 pm. that the above constitutes a true and correct copy thereof, that the same has not been amended or rescinded and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto placed my hand and signature this 22nd day of May 2018.

Print name: Wayne Moe
Title: Secretary
Authorized signature: __________________________ Date: __________________________