



MEMORANDUM

Comfort Lake-Forest Lake Watershed District

Date: August 17, 2023
To: CLFLWD Board of Managers
From: Mike Kinney, District Administrator
Subject: Clean Water Partnership Loan C Agreement



District Wide

Background/Discussion

This topic was last discussed at the [August 10, 2023](#) regular board meeting. Managers raised questions about the interest rate payment schedule included in the loan agreement. Staff spoke with MN Pollution Control Agency (MPCA) to clarify this matter. Below is a summary of how interest payments are calculated under the Clean Water Partnership (CWP) loan program.

Interest for the loan is calculated using a simple amortization schedule, and the estimated interest payments indicated in Attachment 2 of the loan agreement are likely much higher than the actual interest payments will be.

Interest calculations in the estimated schedule are based on the total principal balance disbursed to date + the total interest accrued during the disbursement period. The total amount disbursed + cumulative interest owed amount, becomes the new final loan amount. Interest repaid during the repayment period is calculated using a simple amortization schedule. While the District will pay interest on the total disbursement amount to date during the *project implementation period (aka disbursement period)*, it will not pay interest on the interest repayment portion during the *repayment period*.

Attachment 2 of the loan agreement (indicating disbursement period interest of \$22,500) is merely an estimated scenario based on evenly spaced disbursements over the full 3-year disbursement period. Actual interest payments will be calculated based on the actual schedule of disbursements and closeout. The District's aggressive implementation schedule for its projects and water quality programs results in a projection that the full \$750,000 loan principal will be disbursed much faster than 3 years (within ~1.5 years). As such, the amount in Attachment 2 of the loan agreement is likely much higher than the interest the District will actually accrue during the disbursement period. Upon disbursement period closeout, the amortized repayment schedule gets updated to reflect that new amount.

If the Board is comfortable with the interest payments and other stipulations of the loan, staff recommend adopting Resolution 23-08-02 authorizing execution of the loan agreement.



MEMORANDUM
Comfort Lake-Forest Lake Watershed District

Summary of items to be signed after the August 24th board meeting.

Document	Signer(s)
1. Resolution 23-08-02	Board Secretary
2. General Obligation Note	Board President and Board Secretary
3. CWP loan agreement	Board President (DocuSign will be emailed)
4. Closing certificate	Board President

Recommended Action

Proposed Motion: Manager _____ moves to adopt resolution 23-08-02 and directs staff to proceed with the remaining requirements for the loan execution. Seconded by Manager _____ [Roll call vote]

****Staff also requests that the Board President and Secretary discuss availability to sign documents at the District office on Friday, August 25th.**

Attached:

- Resolution 22-08-02
 - Resolution Exhibit A: General Obligation Promissory Note
 - Resolution Exhibit B: Clean Water Partnership Loan Agreement
 - Loan Agreement Attachment 1: Project Work Plan and Budget
- Bond Counsel’s Draft Closing Certificate and Opinion Letter

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

RESOLUTION 23-08-02

**CLEAN WATER PARTNERSHIP LOAN C
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 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 "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 (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 President, ("President") is hereby authorized to approve the final terms of the Note, and - the execution and delivery of the Note shall evidence such approval. The 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 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 in accordance with the CWP Loan Agreement. 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 2023" (the "Note") in accordance with this Resolution and the CWP Loan Agreement and to provide moneys to fund the Project. The aggregate principal amount of the Note shall not exceed \$2,000,000; provided that only \$750,000 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. When the full amount of the MPCA Loan has been disbursed under the CWP Loan Agreement, the Project has been fully completed or the date the Project Implementation Period has expired (whichever comes first), 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 to determine if the payment amounts, due date and terms of the CWP Loan Agreement should be revised. Based on the MPCA's review, the MPCA will establish the final repayment schedule for the MPCA Loan and shall prepare and provide to the District revised Repayment Schedules for the MPCA Loan (the "Final Payment Schedule"). 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(s), 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 as of the date of execution and delivery to the MPCA.

(b) The Note shall bear interest from its date of original issue at an interest rate of 1.5% per annum; 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"). If the District satisfies the condition specified in Section 2.01, and draws amounts in excess of \$750,000 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 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:

<u>Levy Approval Year</u>	<u>Collection Year</u>	<u>Amount</u>
2025	2026	\$122,498.48
2026	2027	\$122,498.48
2027	2028	\$122,498.48
2028	2029	\$122,498.48
2029	2030	\$122,498.48
2030	2031	\$122,498.48

2031	2032	\$122,498.48
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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 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 24th day of August 2023.

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				
Christopher Loth				
Dave Bakke				
Jackie Anderson				
Doug Toavs				

The President declared the resolution adopted.

Dated: August 24, 2023

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 _____ 2023.

Dave Bakke, Secretary

**GENERAL OBLIGATION NOTE
(COMFORT LAKE-FOREST LAKE WATERSHED DISTRICT PROJECT)
SERIES 2023**

Interest Rate	Date of Original Issue
1.50%	August __, 2023

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 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 that certain Minnesota Clean Water Partnership Loan Agreement dated August __, 2023 (the "CWP Loan Agreement") between the District and the MPCA, and any replacement thereof or amendment thereto between the District and the MPCA.

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 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 Agreement. The maximum principal amount of the Note is \$2,000,000, but no more than \$750,000 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 August 10, 2023 (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 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 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.

[signature page to follow]

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

<u>Date</u>	<u>Advances</u>	<u>Total Amount Advanced</u>	<u>Notation Made By</u>

SCHEDULE B

<u>Payment Due Date</u>	<u>Total Note Payment</u>	<u>Principal Due (includes estimated interest accrued)</u>	<u>Interest Due</u>
12/15/2026	\$58,332.61	\$52,538.86	\$5,793.75
06/15/2027	\$58,332.61	\$52,932.90	\$5,399.71
12/15/2027	\$58,332.61	\$53,329.89	\$5,002.71
06/15/2028	\$58,332.61	\$53,729.87	\$4,602.74
12/15/2028	\$58,332.61	\$54,132.84	\$4,199.76
06/15/2029	\$58,332.61	\$54,538.84	\$3,793.77
12/15/2029	\$58,332.61	\$54,947.88	\$3,384.73
06/15/2030	\$58,332.61	\$55,359.99	\$2,972.62
12/15/2030	\$58,332.61	\$55,775.19	\$2,557.42
06/15/2031	\$58,332.61	\$56,193.50	\$2,139.10
12/15/2031	\$58,332.61	\$56,614.95	\$1,717.65
06/15/2032	\$58,332.61	\$57,039.57	\$1,293.04
12/15/2032	\$58,332.61	\$57,467.36	\$865.24
06/15/2033	\$58,332.61	\$57,898.37	\$434.24

Administrative information

Project title: CLFLWD Adaptive Management Projects, Phase C1

Loan sponsor: Comfort Lake-Forest Lake Watershed District

Project sponsor: Comfort Lake-Forest Lake Watershed District

Loan agreement number: SRF0355

Loan amount: \$750,000

MPCA Authorized Representative: Miranda Nichols
South Section-East Central Watershed Unit
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 C1 (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 **seven (7) 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 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 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 C1 Clean Water Partnership Project

Principal amount	\$ 750,000.00
Estimated interest accrued (during project implementation period)	\$ 22,500.00
Total loan balance	\$ 772,500.00
Term (years)	7
Annual percentage rate	1.5%
Number of payments	14
Payment amount	\$58,332.61

Year (Semiannual Payments)	Payment Due Date	Payment Amount Due	Principal (Includes estimated interest accrued)	Interest	Total Loan Balance
					\$ 772,500.00
1	12/15/2026	\$58,332.61	\$ 52,538.86	\$5,793.75	\$ 719,961.14
	6/15/2027	\$ 58,332.61	\$ 52,932.90	\$5,399.71	\$ 667,028.25
2	12/15/2027	\$ 58,332.61	\$ 53,329.89	\$5,002.71	\$ 613,698.35

	6/15/2028	\$ 58,332.61	\$ 53,729.87	\$4,602.74	\$ 559,968.49
3	12/15/2028	\$ 58,332.61	\$ 54,132.84	\$4,199.76	\$ 505,835.65
	6/15/2029	\$ 58,332.61	\$ 54,538.84	\$3,793.77	\$ 451,296.81
4	12/15/2029	\$ 58,332.61	\$ 54,947.88	\$3,384.73	\$ 396,348.93
	6/15/2030	\$ 58,332.61	\$ 55,359.99	\$2,972.62	\$ 340,988.94
5	12/15/2030	\$ 58,332.61	\$ 55,775.19	\$2,557.42	\$ 285,213.75
	6/15/2031	\$ 58,332.61	\$ 56,193.50	\$2,139.10	\$ 229,020.25
6	12/15/2031	\$ 58,332.61	\$ 56,614.95	\$1,717.65	\$ 172,405.30
	6/15/2032	\$ 58,332.61	\$ 57,039.57	\$1,293.04	\$ 115,365.73
7	12/15/2032	\$ 58,332.61	\$ 57,467.36	\$865.24	\$ 57,898.37
	6/15/2033	\$ 58,332.61	\$ 57,898.37	\$434.24	\$ 0.00
Totals		\$ 816,656.47	\$ 772,500.00	\$44,156.47	\$ -

DRAFT



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 C1

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

Organization: Comfort Lake-Forest Lake Watershed District

Day-to-day contact name: Emily Heinz

Title: Planning Coordinator

Address: 44 Lake Street South, Suite A
Forest Lake, MN 55025

Phone: (651) 395-5856

Fax: N/A

Email: Emily.Heinz@clflwd.org

Project sponsor partner(s) (if applicable):

Organization: _____

Project manager: _____

Address: _____

Phone: _____

Fax: _____

Email: _____

MPCA contact(s):

MPCA project manager: Eric Alms

Title: Watershed Project Manager

Address: 520 N. Lafayette Road
St. Paul, MN, 55155

Phone: 651-757-2589

Fax: _____

Email: Eric.alms@state.mn.us

Project information

Start date: 09/01/2023 **End date:** 09/01/2026
(mm/dd/yyyy) (mm/dd/yyyy)

Loan funds requested: 750,000 **Matching funds (optional):** \$50,000

Total project cost: 800,000

Sub watershed(s): Bone Lake, Forest Lake-Sunrise River,
Comfort Lake-Sunrise River 12-digit Hydrologic unit code(s): 070300050402,
070300050401,
070300050403

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: https://www.cflwd.org/documents/2022-2031CLFLWDWatershedManagementPlan_Full.pdf

2010 6-Lake TMDL Study: <http://www.cflwd.org/documents/CLFLWDTMDLFinalReport.pdf>

2010 6-Lake TMDL Implementation Plan:

Total Maximum Daily Load (TMDL): http://www.cflwd.org/documents/TMDL_Implementation_Planfinal.pdf

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

- Comfort Lake/Forest Lake NKE Plan (supplement to the WD Plan)
- Moody Lake Internal Load Improvement Options:
http://www.cflwd.org/documents/MoodyLakeInternalLoadTreatmentOptions_Final_000.pdf
- Moody Lake Sequential Diagnostic Study:
http://www.cflwd.org/documents/MoodyLakeSequentialDiagnostics_FinalMemo_12-11-2014.pdf
- Paleolimnological Deep Sediment Core Study (Moody, Shields, Comfort):
http://www.cflwd.org/documents/FinalDRAFTReport_Sept222017.pdf
- CLFLWD Drained Wetland Inventory:
<http://www.cflwd.org/documents/CLFLWDDrainedWetlandFinalReport.pdf>
- Bone Lake Diagnostic Study:
http://www.cflwd.org/documents/BoneLakeDiagnosticReport_8-19-15.pdf
- Bone Lake Rural Subwatershed Assessment:
<http://www.cflwd.org/documents/BoneLakeRuralSWAFinalReport.pdf>
- Bone Lake SWA Prioritization Study:
https://www.cflwd.org/documents/BoneLakeRuralSWAPrioritization_8-7-18.pdf
- Forest Lake Enhanced Street Sweeping Plan:
http://www.cflwd.org/documents/FINALCityofForestLakeStreetSweepingPlan_2-15-2018.pdf
- WJD-6 Feasibility Studies:
https://www.cflwd.org/documents/JD-6Assessment_FinalReport.pdf
https://www.cflwd.org/documents/2019_WJD-6FeasibilityReport.pdf
- Comfort Lake and Little Comfort Lake Diagnostic Study:
https://www.cflwd.org/documents/Comf_Diag_Update_5-19-2021_FINAL_000.pdf
- Sunrise River Water Quality and Flowage Study:
<http://www.cflwd.org/documents/SunriseWQandFlowageEngineersReport.pdf>

Other plans that refer to this project work (including Well Head Protection Plan, One Watershed, One Plan, etc.):

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

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(ISTS), Subsurface Sewage Treatment Systems (SSTS), etc.):

Phosphorus loading, total suspended solids (TSS) loading, floodplain storage, lake/stream/wetland buffers, chloride concentration, wetland restorations, groundwater protection, habitat preservation/restoration, public behavior changes

- 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: Washington County and Chisago County

How are groundwater or water body concerns addressed in water planning documents (e.g., protection, restoration, undefined, needs more information, etc.): Both protection and restoration are identified in water planning documents.

Specific water quality concern(s) addressed by this proposal (2 points): Phosphorus, Secchi depth, TSS, chlorides in nine priority lakes and four priority streams/rivers (more info below).

How will concern(s) addressed in this proposal be prioritized (e.g., if demand exceeds available funds, how will you choose what to fund) (2 points): Lake and stream water quality improvements and floodplain management are top priorities. Wetlands, upland habitat and groundwater are secondary priorities. The CLFLWD 2022-2031 Watershed Management Plan contains priority rankings (High/Medium/Low) for each of its resource-specific goals.

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

Overall, the District is very close to achieving state water quality standards and its long-term water quality goals for priority District lakes. 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 resources (streams, wetlands, upland resources, and groundwater) in its 2022-2031 Watershed Management Plan (see Section 3 Goals). 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. Projects are identified by each resource in Section 4.6 of the WMP.

Moody Lake and its tributary watershed compose the headwaters of the CLFLWD's northern network of connected lakes and streams. The waters of Moody Lake affect multiple downstream receiving waters including Bone Lake, Comfort Lake, the Sunrise River, and ultimately the St. Croix River. Moody Lake has a history of very poor water quality and is on the impaired waters list for nutrients. The District implemented wetland restoration projects and an in-lake alum treatment in recent years to significantly improve Moody Lake's water quality. As of 2020 the lake's latest 10-year average summer total phosphorus concentration was 95 micrograms/L, but the 2020 summer average alone was 37 micrograms/L. Moody Lake met state standards in 2020 alone, but 10-year average is still above state standards. The District will implement a few more projects to achieve the goal phosphorus load and continue to collect annual monitoring data until meets state standards criteria. While Moody Lake is used primarily for fishing, the recreational Bone Lake is immediately downstream.

Bone Lake has a public boat landing and is heavily used for boating, swimming, and fishing. Bone Lake is also on the impaired waters list for nutrients. The District implemented wetland restorations and agricultural best management practices in the Bone Lake subwatershed, resulting in significant phosphorus reductions to Bone Lake. As of 2022 Bone Lake meets state water quality standards by all metrics. The District has requested that Bone Lake be delisted. MPCA has reviewed the data and agrees with the recommendation. We expect Bone Lake to be removed from the impaired waters list in April 2024.

Birch Lake is the next lake downstream of Bone Lake along the Bone-Birch-School-Little Comfort Tributary. Its water quality affects downstream lakes including School and Little Comfort.

School Lake paleolimnological sediment core data suggests pre-settlement phosphorus concentration conditions were 50 µg/L. The latest 10-year average is 51.1 µg/L. The state standard for shallow lakes is 60 µg/L.

Little Comfort Lake is the final lake in the CLFLWD's northern flow network before flowing immediately into Comfort Lake through a direct connection under Highway 8. Like Bone and Moody, Little Comfort is on the impaired waters list for nutrients and was included in the 2010 6-Lake TMDL. The District is in the process of implementing a wetland enhancement project, a stream channel restoration, and an in-lake alum treatment to significantly improve Little Comfort Lake's water quality within the next few years.

Shields Lake is located upstream of Forest Lake, connected by a tributary stream. Through the Forest Lake Diagnostic Study, it was identified as the single largest contributor of flows and phosphorus loads to the central basin of Forest Lake. Shields Lake was included in the 2010 6-Lake TMDL. The District implemented a stormwater harvest and irrigation reuse system, as well as an in-lake alum treatment, resulting in significant water quality improvement in Shields Lake. As of 2020 the lake's latest 10-year average summer total phosphorus concentration was 194 micrograms/L; the 2020 summer average was 54 micrograms/L. Shields Lake met state standards in 2020 alone, but 10-year average is still above state standards. The District will continue to collect annual monitoring data until the lake

meets state standards. District projects to achieve goal load reductions for this lake are all complete.

Lake Keewahtin has the best water quality of any lake in the District and is largely fed by groundwater. The District will evaluate protective measures to maintain high water quality in Lake Keewahtin.

Forest Lake is one of the top recreational lakes in the metro area with a diverse and healthy fishery along with three public accesses. The water quality of Forest Lake also impacts downstream waters, particularly Comfort Lake, the Sunrise River, and ultimately the St. Croix River. While not currently on the impaired waters list, the water quality of Forest Lake is very near the water quality standard for North Central Hardwood Forest lakes. Protection of Forest Lake water quality is a high priority for the CLFLWD and the region. The District has implemented several projects in the Forest Lake subwatershed resulting in measurable phosphorus reductions. Projects range from iron enhanced sand filters, to wetland restorations, to enhanced street sweeping. The District has identified remaining projects to achieve the remaining nutrient load reductions for Forest Lake. Additionally, the District will implement an alum treatment on Forest Lake in order to reduce internal phosphorus loading by an estimated 527 lb/yr.

Comfort Lake has a public boat access and is used recreationally for swimming, fishing, and motorized and non-motorized boating. It is the second largest lake in the CLFLWD and is highly visible from State Highway 8. Comfort Lake was included in the 2010 6-Lake TMDL. Comfort Lake's water quality affects Sunrise River and vice versa, as the Sunrise River flows through Comfort Lake. The District has implemented several projects in the Comfort Lake subwatershed resulting in measurable phosphorus and total suspended solids reductions. Projects range from wetland restorations to urban retrofits to iron enhanced sand filters to enhanced street sweeping. The District has identified remaining projects to achieve remaining nutrient load reductions for Comfort Lake.

The Sunrise River is the outlet of the CLFLWD, thus transporting flows and pollutant loads from CLFLWD waterbodies downstream to the St. Croix River and beyond. A section of the river connects Forest Lake and Comfort Lake, before flowing out of the Comfort Lake outlet. The river is impaired in various stretches due to chloride, E. coli, macroinvertebrates, fish, and dissolved oxygen.

The Bone-Birch-School-Little Comfort Tributary connects the lakes in its name. It is impaired due to E. coli and dissolved oxygen.

Washington Judicial Ditch 6 flows into Forest Lake's east basin and is a significant source of flows and nutrient loads to Forest Lake.

The Meadowbrook Tributary flows into Bone Lake at the southeast corner and is a significant source of flows and nutrient loads to Bone Lake

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

Goal: CLFLWD proposes to make progress toward several resource-specific measurable goals in its 2022-2031 Watershed Management Plan (lakes, streams). See WMP Section 3.2.2. Project Goals. (The WMP Plan meets the Nine Key Elements, and this watershed is part of the federal Clean Water Act Section 319 Small Watersheds Program, Group C.)

Objective 1. Lakes: Lake improvement projects. Target lakes include Moody, Bone, Birch, School, Little Comfort, Shields, Keewahtin, Forest and Comfort Lakes. Projects range from agricultural BMPs (structural and nonstructural), urban BMPs, shoreline restorations, wetland restorations, non-structural practices such as street sweeping and alum treatment. Tasks also include updating existing diagnostic studies and performing water monitoring. Note that projects will **not** be implemented as part of an MS4 permit.

Task A: District Staff

Task A Responsible Party: CLFLWD

Task B: 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: Contractor (TBD)

Objective 1 Timeline: Start date: 2023 Q3; end date: 2026 Q3

Objective 1 Cost: \$950,000 (loan: \$700,000; match: \$50,000)

Objective 1 Deliverables: Constructed BMPs, lake monitoring reports, updated diagnostic studies

Objective 2. Streams: Identify and implement practices using stream monitoring data. Priority streams include Sunrise River, Bone-Birch-School-Little Comfort (BBSLC) Tributary, Washington Judicial Ditch 6 (WJD-6), and Meadowbrook Tributary.

Task A: District Staff

Task A Responsible Party: CLFLWD

Task B: Professional Services

Task B Responsible Party: EOR, Smith Partners LLP
Task C: BMP Construction
Task C Responsible Party: Contractor (TBD)

Objective 2 Timeline: Start date: 2023 Q3; end date: 2026 Q3
Objective 2 Cost: \$10,000 (loan: \$10,000; match: \$0)
Objective 2 Deliverables: Stream Monitoring Report, constructed BMPs

Objective 3. Land Acquisition: Acquisition of easements and property that will provide a new and direct benefit to improving water quality. Acquisitions will be in line with the District's strategic greenway corridor initiative.

Task A: District Staff
Task A Responsible Party: CLFLWD
Task B: Professional Services
Task B Responsible Party: EOR, Smith Partners LLP, Realtor
Task C: Title/Easement Acquisition
Task C Responsible Party: CLFLWD

Objective 3 Timeline: Start date: 2023 Q3; end date: 2026 Q3
Objective 3 Cost: \$10,000 (loan: \$10,000, match: \$0)
Objective 3 Deliverables: Fee Title/Easement Acquisitions

Objective 4. Education & Outreach: In 2023 the District adopted a Comprehensive Education & Outreach Plan. Implement the plan and program in order to achieve priority behavior changes including reducing yard waste disposal in wetlands, reducing noncompliance with rules and regulations, increasing native shoreline buffers, and reducing chloride usage. Additionally, perform outreach pertaining specifically to projects referenced above.

Task A: District Staff
Task A Responsible Party: CLFLWD
Task B: Professional Services
Task B Responsible Party: EOR, 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 4 Timeline: Start date: 2023 Q3; end date: 2026 Q3
Objective 4 Cost: \$30,000 (loan: \$30,000, match: \$0)
Objective 4 Deliverables: Implementation of standard signage and other education initiatives

3. Participation (3 points)

Please describe the method(s) for participation:

While each capital improvement 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)

In 2018 the District received its first Clean Water Partnership loan in the amount of \$1.5 million, and in 2022/2023 the District received its second Clean Water Partnership loan in the amount of \$1.75 million. Reporting was done on time, data was entered, and the project was completed as described in the workplan and revisions. The District spent the entire loan amount. In 2016 the District received a Section 319 grant for the Moody Lake Wetland Rehabilitation Project (i.e., the BMPs aimed at addressing the watershed pollutant loads to Moody Lake prior to the in-lake alum treatment). Over the course of this grant, the District submitted semi-annual reporting on time for each reporting period. The project was completed as identified in the work plan (including change orders). Finally, CLFLWD was chosen to participate in the Section 319 Small Watersheds Focus Grant Program (Group C) and has used all funds to date for completion of the first phase of the 319 workplan. CLFLWD regularly pursues and receives grants for project implementation through a variety of other grant programs.

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)

CLFLWD boundaries do not contain any identified areas of environmental justice concern. However, CLFLWD continually assesses equity and accessibility as part of program and project implementation. Environmental justice is especially considered in the District’s education and outreach program. For example, the standard project signage initiative proposed under the education and outreach program will include multiple languages such as Spanish, Hmong and Somali in order to improve accessibility.

If yes, briefly describe the plan for communication and outreach to these areas? (3 points)

5. Measurable outcomes (5 points)

Please describe the total expected reductions for this project:

Proposed reductions to reach long-term water quality goals. CLFLWD does not propose to achieve these results within this loan award but expects to require additional loan funds (as well as separate grant funds) to achieve these goals. CLFLWD aims to achieve sufficient phosphorus load reductions to reach long-term lake water quality goals by 2026. More years of monitoring data will be needed to achieve 10-year average state standards.

Waterbody Name	Reach Description & AUID or DNR Lake ID #	Proposed Pollutant Reductions (loan funds will help make progress toward each goal)
Moody Lake	13002300	100 lb/yr phosphorus
Bone Lake	82005400	0 lb/yr phosphorus
Birch Lake	13004200	323 lb/yr phosphorus
School Lake	13005700	70 lb/yr phosphorus
Little Comfort Lake	13005400	366 lb/yr phosphorus
Shields Lake	82016200	0 lb/yr phosphorus
Lake Keewahtin	82008000	0 lb/yr phosphorus
Forest Lake	82015900	656 lb/yr phosphorus
Comfort Lake	13005300	161 lb/yr phosphorus
Sunrise River	Upstream from Comfort Lk, 07030005-526	TSS <i>load</i> reduction goal TBD, pending proposed stream diagnostic study. Long-term TSS <i>concentration</i> goal: ≤ 30 mg/L
Bone-Birch-School-Little Comfort Tributary Stream	Reach description: Unnamed lk to Birch Lk AUID: 07030005-641 Reach description: Birch Lk to School Lk AUID: 07030005-521 Reach description: School Lk to Little Comfort Lk AUID: 07030005-522	TSS <i>load</i> reduction goal TBD, pending proposed stream diagnostic study. Long-term TSS <i>concentration</i> goal: ≤ 30 mg/L
Meadowbrook Tributary	Reach description: Unnamed cr to Bone Lk AUID: 07030005-724	TSS <i>load</i> reduction goal TBD, pending proposed stream diagnostic study. Long-term TSS <i>concentration</i> goal: ≤ 30 mg/L
Washington Judicial Ditch 6	Reach description: Headwaters to Unnamed creek AUID: 07030005-788 Reach description: Headwaters to Forest Lake AUID: 07030005-786	TSS <i>load</i> reduction goal TBD, pending proposed stream diagnostic study. Long-term TSS <i>concentration</i> goal: ≤ 30 mg/L

**Lakes: Remaining P load to reach long-term water quality goal.*

***Both lakes (bottom water) and streams also have long-term chloride concentration goals (230 mg/L) and natural shoreline/streambank buffer goals (varies by waterbody). Progress will be made toward these goals, but CLFLWD does not expect to achieve the final goal within the loan period.*

CLFLWD evaluates lifetime cost-benefit for each individual project it implements. Most projects implemented so far range from \$50/lb to \$1,000/lb (and are mostly below \$500/lb).

Through diagnostic monitoring, CLFLWD has been able to establish a clear game plan for achieving long-term lake water quality goals. As such, there is a high chance for successfully reducing loading through a variety of BMPs, which are tailored to each waterbody. For each of the waterbodies identified above, the District has completed or will complete a targeted study as well as water monitoring in order to track water quality and identify specific areas of concern. At this

point, several specific projects have been identified and are underway (visit www.clflwd.org/projects.php for more details on ongoing projects). However, these projects alone will not achieve the pollutant load reductions necessary to bring waterbodies to their water quality goals and keep them there; additional project implementation is needed within each subwatershed. The District is prepared to implement each of these projects within a 3-4 year timespan. The District has several open grants and will continue to apply for new grants to help fund project implementation. Grant-funded expenditures will be reported as loan match.

The CLFLWD is committed to using sound scientific principles and a systematic adaptive management approach to protecting and improving its waterbodies. The projects included in this proposal are each part of a comprehensive plan to bring target waterbodies back to pre-development conditions, which in some cases means going beyond state water quality standards and maintain them in that state. Projects may include implementation of multiple BMPs, as identified through additional monitoring and feasibility. Environmental outcomes are described below. As with all of the District's activities, especially water quality projects, an outreach component will be included for each project as well. By engaging the public through these activities, the District aims to enable and encourage social behaviors such as environmental appreciation and stewardship. Additionally, the District aims to inspire changes within the greater MN LGU administration in order to use Prioritized, Targeted, and Measurable (PTM) projects to quantitatively meet water quality goals across the state. CLFLWD projects will have a pre- and post-construction monitoring element that will specifically address the "Measurable" component in PTM; an element that oftentimes goes overlooked when dealing with quantifying actual project effectiveness. Specific outputs and/or environmental outcomes of proposed projects are as follows.

The District may request loan amendments in order to utilize additional loan funds beyond the initial \$1 million request.

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

Budget						
Project name: CLFLWD Adaptive Management Projects, Phase C1						
Organization name: Comfort Lake-Forest Lake Watershed District						
Attachment-1						
Project budget and expenditures			Optional			
Objective	Cost category	Loan Application (C1)	In kind match optional	Cash match optional	Total match optional	Original Budget total
Objective 1. Lakes						
Task A: District Staff	District Staff	\$100,000.00				\$100,000.00
Task B: Professional Services	Professional Services	\$100,000.00			\$0.00	\$100,000.00
Task C: BMP Construction	BMP Construction	\$500,000.00		\$50,000.00	\$50,000.00	\$550,000.00
Total for Objective 1 \$		\$700,000.00		\$50,000.00	\$50,000.00	\$750,000.00
Objective 2. Streams						
Task A: District Staff	District Staff	\$5,000.00				\$5,000.00
Task B: Professional Services	Professional Services	\$5,000.00				\$5,000.00
Task C: BMP Construction	BMP Construction	\$0.00				\$0.00
Total for Objective 2 \$		\$10,000.00		\$0.00	\$0.00	\$10,000.00
Objective 3. Land Acquisition						
Task A: District Staff	District Staff	\$5,000.00				\$5,000.00
Task B: Professional Services	Professional Services	\$5,000.00				\$5,000.00
Task C: Title/Easement Acquisition	Title/Easement Acquisition	\$0.00				\$0.00
Total for Objective 3 \$		\$10,000.00				\$10,000.00
Objective 4. Education & Outreach						
Task A: District Staff	District Staff	\$20,000.00				\$20,000.00
Task B: Professional Services	Professional Services	\$0.00				\$0.00
Task C: Education Project Implementation & Materials	Education Project Implementation & Materials	\$10,000.00				\$10,000.00
Total for Objective 4 \$		\$30,000.00		\$0.00	\$0.00	\$30,000.00
Total Budget:		\$750,000.00	\$0.00	\$50,000.00	\$50,000.00	\$800,000.00

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 August 2023 the duly authorized officers of the District signed their own proper names to the following:

Name of Issue: General Obligation Note (Comfort Lake-Forest Lake Watershed District Project) Series 2023

Date: August __, 2023

Amount: \$750,000

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 Agreement 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, the Note and the CWP Loan Agreement 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 Agreement, 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 Agreement, on its part to be performed or observed, and all conditions precedent provided in the CWP Loan Agreement, 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 23-08-02 of the District adopted on August 10, 2023.

IN WITNESS WHEREOF, we have executed this Certificate of Comfort Lake-Forest Lake Watershed District as of the ___th day of August, 2023.

Name

Signature

President

Secretary

August __, 2023

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 (the "MPCA Agreement") between the District and the Minnesota Pollution Control Agency (the "MPCA") and the issuance of a General Obligation Note (Comfort Lake-Forest Lake Project) Series 2023, dated August __, 2023 (the "Note") by the District to the MPCA, pursuant to Resolution 23-08-02 adopted by the Board of Managers of the District on August 10, 2023 (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

August ____, 2023

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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 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,