

State of Minnesota

Lead Service Line Replacement Program

Project Order ID Duluth_LSLR_09

MDH Project ID 1690011-21

This Project Order contract is issued under *Master Loan (Bond Purchase) and/or Grant Agreement* ID Duluth_LSLR_00 between the Authority and the City of Duluth (“Recipient”). Capitalized terms used but not defined in this Project Order have the meaning ascribed to them in the Master Contract. All of the duties, obligations, policies, procedures, and terms of the Master Contract associated with this Project Order are incorporated herein by this reference.

1 Term of Project Order

1.1 Effective date:

June 16, 2025, or the date the Authority obtains all required signatures under Minnesota Statutes § 16C.05, Subd. 2, whichever is later. Per Minnesota Statutes § 16B.98 Subd. 7, no payments will be made to the Recipient until this Project Order is fully executed. Notwithstanding the effective date of this Project Order, the Authority shall reimburse the Recipient for all eligible Project Order costs incurred by the Recipient on or after July 1, 2023.

1.2 Expiration date:

June 30, 2027, or until all obligations have been satisfactorily fulfilled, whichever occurs first.

2 Scope of Project Order

2.1 Activities:

Reimbursement is limited to the project activity identified in Exhibit A attached hereto.

2.2 Total Obligation:

The total obligation of the Authority for all reimbursements to the Recipient under this Project Order will not exceed \$13,664,232.00 as detailed in Exhibit A.

3 Loan Repayment Terms

Unless repaid earlier, the Recipient must repay the Loan (if any), in the amounts and on the dates set forth in Exhibit B attached hereto (notwithstanding the rate of disbursement of the Loan).

4 Project Order Managers

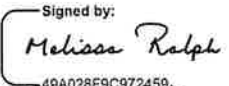
The Authority’s Project Order Manager is Peter Bradshaw, Loan Officer Sr, (651)259-7689, Peter.Bradshaw@state.mn.us.

The Recipient’s Project Order Manager is Aaron Soderlund, Senior Engineer, (218)730-5083, asoderlund@duluthmn.gov.

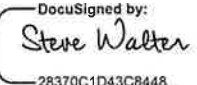
Recipient name: City of Duluth
Authority Contract ID: Duluth_LSLR_09

The Authority and the Recipient have caused this Project Order contract to be duly executed by their duly authorized undersigned representatives. Statutory Cities must execute this Project Order contract as provided in Minnesota Statutes § 412.201, as amended. Home Rule Charter Cities must execute this Project Order contract as provided in Minnesota Statutes, Chapter 410, as amended.

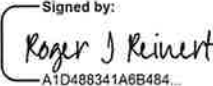
1. State Encumbrance verification: *Individual certifies that funds have been encumbered as required by MN Statute § 16A.15.*

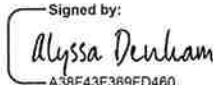
Signed by:
By 
Name Melissa Ralph
Date 6/18/2025
Title MPFA Encumbrance Group Signer

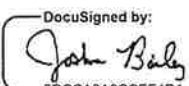
3. State Agency-MN Public Facilities Authority.

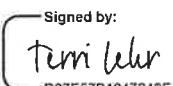
DocuSigned by:
By 
Name Steve Walter
Date 6/23/2025
Title Executive Director

2. Recipient:

Signed by:
By 
Name Roger J Reinert
Date 6/18/2025
Title Mayor

Signed by:
By 
Name Alyssa Denham
Date 6/18/2025
Title City Clerk

DocuSigned by:
By 
Name Josh Bailey
Date 6/23/2025
Title City Auditor

Signed by:
By 
Name Terri Lehn
Date 6/18/2025
Title City Attorney

City of Duluth Contract #
AccountsPayable@DuluthMN.gov

24965

Exhibit A: Scope of Project Order ID Duluth_LSLR_09

Project-related cost (may be combination of grant and loan):

Project Order Costs:

\$9,622,699.00

Construction: Replacing lead drinking water service lines for the property addresses listed in the MDH Project Certification, as amended, including any related design and engineering, inspection, project compliance costs, and other eligible items.

Non-Construction: Providing information to residents on the benefits of replacing lead service lines; post-construction testing, abatement, and site restoration efforts.

Debt Grant to repay the Project Order Costs-Debt Service:

\$4,041,533.00

Total obligation of the Authority:

\$13,664,232.00

Original Encumbrance worksheet for this Project Order (specific funding sources are subject to change):

Description	Allotment	BFY	Fund	Appr	BusFinID	Account	Amount
Loan for Project Order Costs	DW LOA Federal IJJA-2 LSLR	2025	8201	B241710	B243F223	140004	\$4,041,533.00
Grant for Project Order Costs	DW LOA Federal IJJA-2 LSLR MPFA-LSLF-G-105-FY25	2025	8201	B241710	B243F223	441352	\$5,581,166.00
Grant to repay the Loan	LSLR State	2024	1000	B241720	B2439000	441352	\$4,041,533.00
Total							\$13,664,232.00

Note: This Project Order encumbers \$13,664,232.00 for the Authority to pay out to the Recipient. This includes the approved budget for project costs of \$9,622,699.00, plus a grant of \$4,041,533.00 from the Authority to be used by the Recipient to repay the portion of the project costs paid out as a loan.

Exhibit B: Pro Forma Loan

MN Public Facilities Authority

Drinking Water State Revolving Fund-LSLR

Duluth_LSLR_09MPFA-LSLF-L-105-Fy25
LSLR 1690011-21, 533 lines

4,041,533.00

Rate: 0%

Approv Date:

Maturity: 06/30/27

Term:

final loan amount: 4,041,533.00

<u>Date</u>	<u>Effective</u>	<u>Source</u>	<u>Disbursement</u>	<u>Repayment</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
projected	07/23/25		505,000.00				505,000.00
projected	05/28/25		505,000.00		-		1,010,000.00
projected	06/25/25		505,000.00		-		1,515,000.00
projected	07/23/25		505,000.00		-		2,020,000.00
projected	08/27/25		505,000.00		-		2,525,000.00
projected	09/23/25		505,000.00		-		3,030,000.00
projected	10/28/25		505,000.00		-		3,535,000.00
projected	11/25/25		506,533.00		-		4,041,533.00
	06/30/27			4,041,533.00	-	4,041,533.00	-
totals			4,041,533.00	4,041,533.00	-	4,041,533.00	

Notes:

Per 446A.081 Subd. 8. Loan conditions: (h) The interest rate for loans to replace lead service lines shall be zero percent with principal payments commencing not later than 18 months after completion of the project.

This will be backed by a temporary-obligation Grant Anticipation Note. The award of the grant to repay the loan will occur simultaneously, and in the same contract, with the loan.

When disbursement of the loan portion of this Project Order is complete: that is when the Recipient would request disbursement of the grant to repay the loan.

Upon receipt of that grant, the Recipient will immediately repay the loan.