

State of Minnesota
Lead Service Line Replacement Program
Project Order ID Duluth_LSLR_02
MDH Project ID 1690011-14

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:

October 21, 2024, 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 \$5,069,643.00 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 Drew Brooksbank, Senior Loan Officer, 651-259-7131, drew.brooksbank@state.mn.us, or his/her successor.

The Recipient’s Project Order Manager is Brad Scott, Senior Engineer, 218-213-2604, bscott@duluthmn.gov, or his/her successor.

Recipient name: City of Duluth
Authority Contract ID: Duluth_LSLR_02

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*

By _____
Name/ Steve Walter
Title MPFA CFO
Date _____

3. State Agency-MN Public Facilities Authority.

By _____
Name/ _____
Title _____
Date _____

2. Recipient.

By _____
Name/ Roger Reinert
Title Mayor
Date _____

By _____
Name/ Josh Bailey
Title City Auditor
Date _____

By _____
Name/ Jessica Fralich
Title City Attorney
Date _____

By _____
Name/ _____
Title _____
Date _____

City of Duluth Contract ID
AccountsPayable@DuluthMN.gov

Exhibit A: Scope of Project Order ID Duluth_LSLR_02

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

1. Project Order Costs-Construction	\$3,147,328.00
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.	
2. Project Order Costs-Non-Construction	\$325,030.00
Providing information to residents on the benefits of replacing lead service lines; post-construction testing, abatement, and site restoration efforts.	
Total reimbursable Project-related costs under this Project Order	\$3,472,358.00

Debt Grant to repay the Project Order Costs-Debt Service: \$1,597,285.00

Total obligation of the Authority: \$5,069,643.00

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

Description & MPFA Funding IDs	Initial Allotments/Purchase Orders	BFY	Fund	Appr	BusFinID	Account	Amount
Loan for Project Order Costs MPFA-LSLF-L-043-FY25	DWBF LOA Federal IJJA-1 LSLR B2401-3000004536	2025	8201	B240331	B243F222	140004	1,597,285.00
Grant for Project Order Costs MPFA-LSLF-G-043-FY25	DW PFG Federal IJJA-1 LSLR B2401-3000004537	2025	8201	B241710	B243F222	441352	1,875,073.00
Grant to repay the Loan MPFA-LSLS-G-043-FY25	LSLR State B2401-3000004538	2024	1000	B241720	B2439000	441352	1,597,285.00
Total							5,069,643.00

Note: This Project Order encumbers \$5,069,643.00 for the Authority to pay out to the Recipient. This includes the approved budget for project costs of \$3,472,358.00, plus a grant of \$1,597,285.00 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 Schedule for Project Order ID Duluth_LSLR_02

Duluth_LSLR_02 MPFA-LSLF-L-043-FY25 1,597,285.00
 Rate: 0% *LSLR 1690011-14 New Duluth Neighborhood*
 Approv Date: 10/21/24
 Maturity: 06/30/27 Term: 2.7 final loan amount: 1,597,285.00

Date	Effective	Source	Disburseme	Repayment	Interest	Principal	Loan Balanc
projected	10/30/24		500,000.00				500,000.00
projected	11/27/24		150,000.00		-		650,000.00
projected	12/25/24		150,000.00		-		800,000.00
projected	01/29/25		150,000.00		-		950,000.00
projected	02/26/25		150,000.00		-		1,100,000.00
projected	03/25/25		150,000.00		-		1,250,000.00
projected	04/22/25		150,000.00		-		1,400,000.00
projected	05/27/25		197,285.00		-		1,597,285.00
	06/30/27			1,597,285.00	-	1,597,285.00	-
totals			1,597,285.00	1,597,285.00	-	1,597,285.00	

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.