

MEETING DATE: January 25, 2018

TITLE: Authorization to issue a request for proposals (RFP) for banking services to provide short term financing to support the Carver County Master Financing Agreement (MFA)

RESOLUTION NUMBER: 18-008

PREPARED BY: James Wisker

E-MAIL: Jwisker@minnehahacreek.org

TELEPHONE: 952-641-4509

REVIEWED BY: Administrator Counsel Program Director
 Board Committee Engineer Other

WORKSHOP ACTION:

<input type="checkbox"/> Advance to Board mtg. Consent Agenda.	<input type="checkbox"/> Advance to Board meeting for discussion prior to action.
<input type="checkbox"/> Refer to a future workshop (date):_____	<input type="checkbox"/> Refer to taskforce or committee (date):_____
<input type="checkbox"/> Return to staff for additional work	<input type="checkbox"/> No further action requested
<input type="checkbox"/> Other (specify): Final Action at January 25th Board Meeting	

PURPOSE or ACTION REQUESTED:

Authorization to issue a request for proposals for banking services to provide short term financing to support the Carver County Master Finance Agreement (MFA).

PROJECT/PROGRAM LOCATION:

Six Mile – Halsted Bay, Carver County (Attachment 1 - Map)

PROJECT HISTORY:

- May 22, 2014 – RES 14-047 Identifying Six Mile Creek – Halsted Bay (SMCHB) as a MCWD priority
- June 2015 – MCWD PPC receives memo and discusses capital project finance strategy
- 2015-2016 – Ongoing MCWD Board discussions of SMHB financing. Staff begin Carver due diligence
- May 2016 – President White, Treasurer Miller, and Manager Olson meet with MCWD staff/finance team
- May 2016 – SMCHB Partnership Kick Off Meeting
- July 2016 – MCWD Board accepts Task Force framework for increasing outside funds
- December 2016 – Carver County Board supports MCWD-Carver staff developing financing agreement
- January 2017 – MCWD Board briefed on Carver County finance agreement
- April 18, 2017 – Carver County Board RES 18-17 supports establishment of SMCHB Partnership
- June 2017 – MCWD PPC Committee discusses SMCHB funding strategy
- June 2017 – Completion of SMCHB Subwatershed Plan
- September 2017 – SMCHB Partners issue letters/resolutions of support for the Plan
- October 2017 – Master Finance Agreement approved by both Carver County and MCWD Boards
- December 2017 – Board of Water and Soil Resources Approval of MCWD Plan

NEXT STEPS:

- January 29 – Release request for proposals (RFP)
- February 12 – Deadline for proposals
- February 22 – Final selection approval by MCWD Board of Managers

SUMMARY:

Background:

The Minnehaha Creek Watershed District (MCWD or District) has established the Six Mile Creek-Halsted Bay (SMCHB) Subwatershed as a focal geography for natural resource planning and implementation. This area was selected as a priority by the District's Board of Managers due to its abundant natural resources, its connection to Halsted Bay, the area's projected growth and development, and our existing strong regional partnership with the agencies in this geography (Attachment 1 - Map).

The District's approach to accomplishing its mission – the *Balanced Urban Ecology* policy – emphasizes public and private partnerships that align plans, policies and investments in the landscape, identifying innovative solutions that achieve the greatest public benefit possible (environmental, economic, social).

Accordingly, over the last year, in 2017 the District worked with the SMCHB Partnership to develop a comprehensive capital improvement program that addresses natural resource objectives in ways that successfully manage the challenges and opportunities resulting from growth and development, supporting the creation of thriving communities.

SMCHB Partners include: Carver and Hennepin Counties, the cities of Minnetrista, St. Bonifacius, Waconia, and Victoria, Laketown Township, Carver County Soil and Water Conservation District, and Three Rivers Park District.

In developing the plan, the District and the SMCHB Partners:

- Established a shared understanding of key natural resource issues within the subwatershed, and what is driving those issues
- Developed long-range management strategies to address the issues and their drivers
- Identified local priorities and goals, including those related to parks and open space, transportation and infrastructure, and growth and development
- Mapped implementation priorities, while retaining flexibility to respond to new opportunities that emerge through coordination with partners

This approach and the resulting SMCHB Plan are a part of the District's overall Water Resource Management Plan, formally endorsed by Carver County in March of 2017 through the adoption of the SMCHB Resolution of Support, and more recently via recognition from the Carver County Water Management Organization (CCWMO), Hennepin County, Three Rivers Park District, and the City of Victoria. In December 2017, the Board of Water and Soil Resources approved the District's Plan, containing the SMCHB subwatershed plan.

Financing Strategy:

Given the scale of the SMCHB geography, and the corresponding level of investment required to make measurable change within the landscape, the District and its Partners have identified the need to develop a funding strategy that leverages regional, state and federal resources to support implementation.

Under the umbrella of the funding strategies developed to implement the SMCHB Plan, MCWD and its Partners have accomplished the following:

- Secured a \$250,000 Clean Water Legacy Grant to enhance public stormwater infrastructure and improve water quality draining from downtown Victoria into East Auburn Lake.

- Partnered with a national homebuilder, Lennar Corporation, to privately fund the restoration of 12 acres of wetland and upland buffer, draining to Wasserman Lake.
- Partnered with the City of Victoria to acquire 30.5 acres of land to address a legacy pollutant source on Lake Wassermann while creating upland park amenities for public recreation and lake access.
- Submitted a proposal, and ranked second among pending habitat applications, for \$795,000 Lessard Sams Outdoor Heritage Council funding – for a large-scale habitat and water quality improvement at the headwaters of Lake Minnetonka.

MCWD – Carver County Financing Partnership:

To support the outside funding strategy, and to leverage the District’s levy revenue to maximum effect, the District has worked to develop a Master Finance Agreement (MFA) with Carver County which provides for long-term public financing for programmed capital improvements through Carver County’s issuance of general obligation bonds backed by MCWD’s tax levy. This MFA, providing up to \$25 million in permanently placed obligations, was approved in October of 2017 by both the Carver County Board of Commissioners and the MCWD Board of Managers.

Request for Proposals for Banking Services for Short Term Financing:

In lieu of the issuance of County bonds as the immediate source of funding of capital improvements, pursuant to Minnesota Statutes, Section 475.61, Subd. 6, and Section 103D.335, Subd1, the District may issue temporary obligations in anticipation of permanent financing. These negotiable notes may be issued for a maximum term of thirty-six months.

In consultation with MCWD financial advisors, bond counsel and general counsel, to provide the short term financing necessary to support the permanent placement outlined in the MFA, and in accordance with Minnesota statutes cited above, District staff have prepared the attached request for proposals seeking a bank arrangement for a draw-down loan, line of credit, or similar instrument (Attachment 2 - RFP).

This draft RFP will be presented for preliminary consideration at the January 11, 2018 meeting of the MCWD Board of Managers, before final consideration on January 25, 2018.

Next Steps:

Pending final Board approval, the RFP will be issued on January 29, with final proposals being delivered by a deadline of February 12 for review and consideration by District staff in consultation with MCWD financial advisors, bond counsel and general counsel.

A recommendation for final selection will be made to the Board of Managers for consideration on February 22, 2018.

ATTACHMENTS:

- Attachment 1 – Six Mile-Halsted Bay Map
- Attachment 2 – DRAFT RFP
- Attachment 3 – Master Finance Agreement and Promissory Note
- Attachment 4 – Carver County Resolution of Support

RESOLUTION

RESOLUTION NUMBER: 18-008

TITLE: Authorization to issue a request for proposals for banking services to provide short term financing to support the Carver County Master Financing Agreement (MFA)

WHEREAS, pursuant to Resolution 17-007, the Minnehaha Creek Board of Managers (MCWD) established a strategic direction for the organization which prioritizes the implementation of high impact capital improvements; and

WHEREAS, pursuant to Resolution 14-047, the MCWD Board of Managers established the Six Mile Creek – Halsted Bay (SMCHB) geography as a capital project planning and implementation priority; and

WHEREAS, pursuant to Carver County Resolution 18-17, Carver County:

- Established a shared vision for the SMCHB subwatershed that integrates land use and water resources in support of vibrant communities,
- Supported the formation of the SMCHB Partnership,
- Committed to working within the SMCHB Partnership to develop an implementation plan and supporting investment strategy; and

WHEREAS, the MCWD Board of Managers has discussed the need to develop a diverse financing strategy to support SMCHB implementation, that integrates the District's levy with contributions from local partners, regional/state/federal grants and appropriations, and long-term public financing of projects through partnership with Carver County; and

WHEREAS, The District has worked closely with the Six Mile – Halsted Bay Partnership (Hennepin and Carver Counties, Cities of Minnetrista, St. Bonifacius, Victoria and Waconia, Laketown Townships, Carver Soil and Water Conservation District, and Three Rivers Park District) to develop the SMCHB Capital Improvement Plan, and investment strategy; and

WHEREAS, the SMCHB Plan has been distributed for review and comment as part of its ten-year watershed management plan; and

WHEREAS, the Plan has received broad support from state and regional agencies, local municipalities, park districts and counties; and

WHEREAS, in December of 2016, the Carver County Board expressed support for County and District staff collaborating to develop a Master Finance Agreement for consideration by both agencies, which would provide long-term capital project financing for the SMCHB implementation plan through the County's issuance of general obligation bonds serviced by the District's tax levy; and

WHEREAS, the Master Finance Agreement was approved by the Carver County Board of Commissioners on October 17, 2017, and by the MCWD Board of Managers on October 26, 2017; and

WHEREAS, the Board of Water and Soil Resources (BWSR) approved the District's Watershed Management Plan in December 2017, which contains the SMCHB capital improvement plan;

WHEREAS, the Master Finance Agreement contemplates that the District may issue temporary obligations in anticipation of permanent financing;

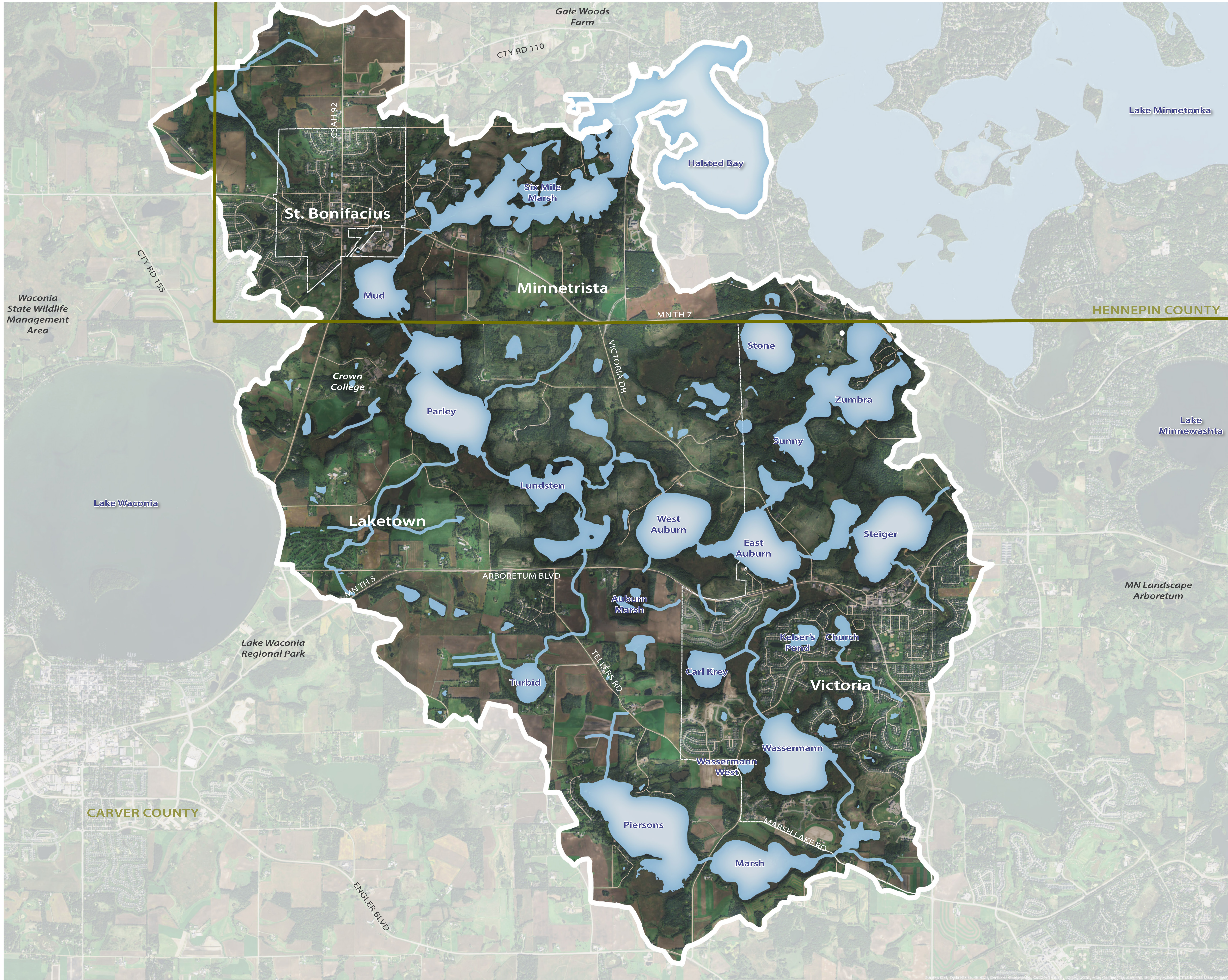
WHEREAS, a request for banking services has been drafted in consultation with MCWD financial advisors, bond counsel and general counsel, and found by the Board of Managers to support the goals of the SMCHB implementation plan and financing needs of the Carver County MFA;

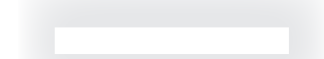



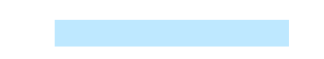
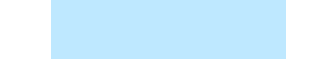
NOW, THEREFORE, BE IT RESOLVED that the Minnehaha Creek Watershed District Board of Managers, pending the final execution of the Carver County Master Finance Agreement (MFA), hereby authorizes the District Administrator to issue the attached request proposals for banking services to provide the short term financing needed to support the Carver County MFA;

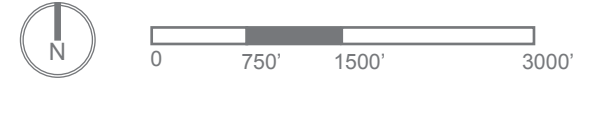
NOW, THEREFORE, BE IT FURTHER RESOLVED that upon advice of MCWD advisors and legal counsel, the District Administrator may make non substantive revisions to the request for proposal prior to issuance.

Resolution Number 18-008 was moved by Manager _____, seconded by Manager _____.
Motion to adopt the resolution ___ ayes, ___ nays, ___ abstentions. Date: _____.

Secretary Date: _____



- LEGEND**
-  Six Mile Creek Watershed Boundary
 -  City and Township Boundaries
 -  County Boundary
 -  Streets
 -  Rivers and Streams
 -  Lakes



3 miles (typical biking trip)  1/4 mile (typical walking trip) 

BASE MAP
 Six Mile Subwatershed Planning Project Minnehaha Creek Watershed District



REQUEST FOR PROPOSAL

Minnehaha Creek Watershed District, Minnesota

TO: Selected Financial Service Providers ("Institutions")

FROM: James Wisker, Director of Planning, Projects & Land Conservation
Minnehaha Creek Watershed District

DATE: _____, 2018

SUBJECT: Draw-down loan, line of credit, or similar instrument

Minnehaha Creek Watershed District Background

The Minnehaha Creek Watershed District ("MCWD") is a local unit of government responsible for managing and protecting the water resources of the Minnehaha Creek Watershed in parts of Minneapolis, Minnesota, and its western suburbs.

The MCWD is responsible for 181 square miles that drain into the Minnehaha Creek and ultimately the Mississippi River. The watershed includes Minnehaha Creek, Lake Minnetonka, the Minneapolis Chain of Lakes, and Minnehaha Falls. There are eight major creeks, 129 lakes, and thousands of wetlands within the MCWD. The MCWD also includes all or part of 27 cities and two townships in Hennepin and Carver counties.

The MCWD budget outlines the annual financial plan for our programs, grants, regulatory/inspection duties, communications/education, and other work. The MCWD structures its budget with a responsible, long-term management perspective to reach shared MCWD and community goals for water quality and management while ensuring long-term capacity to provide quality service to residents. The MCWD operates on a calendar financial year. Funded through local property taxes, the MCWD strives to be accountable to the public, state and local governments, and residents. Transparency is a critical part of being accountable.

Additional information about the MCWD may be found at the following web site link:

<http://minnehahacreek.org/>

The Financing

From time to time, the MCWD engages in projects that require capital investment for which the MCWD must borrow funds. The MCWD has an arrangement with Hennepin County in which Hennepin County loans money to the MCWD on a short-term basis for capital projects within that county, after which Hennepin County will issue long term tax exempt bonds to consolidate accumulated short term loans and retire them. The MCWD has negotiated a similar arrangement with Carver County whereby Carver County will take out short term MCWD obligations with long-term general obligation bonds of Carver County. Carver County will not, however, provide periodic short term loans for later consolidation.

The MCWD therefore seeks a bank arrangement to fund smaller projects over a limited period of time until Carver County issues its long-term bonds to pay off any such accumulated short term loans.

The MCWD is contemplating financing various acquisition and construction projects within Carver County, including the following (the following list contains the MCWD's best estimate of projects that it will finance and is subject to change in terms of both timing and amounts involved):

Project	Anticipated Amount	Anticipated Date Financing Will be Required
Wassermann West Waterfront Park	\$ 2,500,000	2018
Pierson Lake Headwaters Restoration	\$ 360,000	2019
Mud Lake Restoration	\$ 560,000	2020
Turbid-Lundsten Wetland Restoration	\$ 440,000	2020
Wassermann Internal Load Project	\$ 115,000	2021
Mud Lake Restoration Phase II	\$ 1,065,000	2021
East Auburn Wetland Restoration	\$ 125,000	2021

The items above are collectively referred to as the "Project" herein.

The MCWD anticipates that it will retire debt accumulated by drawing on bank resources by applying proceeds from Carver County bonds within three years of issuance.

Outstanding Debt

The MCWD has outstanding the following debt as of January 1, 2018:

	Original Principal	Outstanding Balance
Hennepin County Series 2010B Bonds	\$ 3,190,000	\$ 2,290,000
Wells Fargo Note 2011 (revised 2013)	15,000,000	10,000,000
Hennepin County Series 2011A Bonds	4,715,000	3,665,000
Wells Fargo Note 2012 (variable rate)	2,000,000	1,500,000
Hennepin County Series 2013B Bonds	7,075,000	5,675,000
Richfield 2013B Bonds	2,770,000	2,280,000
	<u>\$34,750,000</u>	<u>\$25,410,000</u>

All of the MCWD's outstanding debt is fixed rate debt except for the Wells Fargo 2012 Note. Additional information about these obligations may be found in Note 6, "Long-Term Debt," of the MCWD's FY 2016 Annual Financial Report included with this RFP.

Exhibit A to this RFP is a table that displays the MCWD's annual Fiscal Year debt service by issue.

Credit Rating

The MCWD has not obtained a credit rating from a nationally recognized rating agency.

Financial Information

The MCWD's Fiscal Year 2016 Annual Financial Report accompanies this RFP.

Responses and Financing Schedule

The MCWD is inviting proposals and requests responses from financial institutions ("Bank" or "Banks") by the close of business on February 12, 2018.

Questions for the MCWD

Questions on the Request for Proposal should be directed to:

James Whisker
Minnehaha Creek Watershed District
15320 Minnetonka Boulevard
Minnetonka, MN 55345
Office: 952-641-4509
JWisker@MinnehahaCreek.org

Receipt of Proposals

The Bank proposal should be **delivered by e-mail** as follows:

Day and Date Proposal is due:	Monday, February 12, 2018
Time Proposal is due:	5:00 PM, Central Time

Please send the Bank response electronically to all of the following:

James Wisker	JWisker@MinnehahaCreek.org
Anna Brown	ABrown@MinnehahaCreek.org

The MCWD requests no hard copies of responses to this RFP.

Proposal Design and Content

The MCWD requests **no extraneous promotional materials** be supplied as part of the Bank's response to this RFP. **Do not include general corporate brochures and related promotional material in your proposal.**

Your Proposal should be limited to not more than 15 pages, exclusive of resumes and debt service schedules. Use a font size no smaller than Times New Roman, 11 points.

Security for the Financing

Debt incurred under this arrangement will be payable primarily from permanent obligations which MCWD will cause Carver to issue prior to maturity of the borrowing, but if not paid from such source, MCWD will pay from its General Fund and any other funds that may be legally available for payment.

Proposal Information

Some of the following lend themselves less to discussion than others (e.g., structure, term of the loan, and loan payments). Nevertheless, if you consider alternatives to be beneficial to the MCWD, please include those in your response.

1. Organizational Capacity: Provide brief descriptions of the principal Bank personnel who would work with the MCWD and describe their responsibilities for this financing.
2. Potential Conflicts of Interest: Indicate if there is any litigation or regulatory action or any current or historical engagement or relationship with any public or private party that could potentially create a conflict of interest with the MCWD or that would adversely affect the Bank's ability to engage in this financing.
3. Ratings: Indicate the Bank's current long-term and short-term credit ratings from each of the credit rating agencies.
4. Amortization Term: Indicate the term over which the loan(s) that the Bank will provide will be amortized.
5. Drawdown Financing: Discuss the Bank's willingness to establish a drawdown facility to finance several projects with a single instrument rather than creating separate loans for various projects. Include your charge for undrawn balances. Answers below with regard to term, loan payments, pricing, etc. should include references to a drawdown facility if they would be different from standalone loans.
6. Tender/Reset Term: Indicate the date after the loan(s) are made at which the MCWD must tender payment in full or arrange for a new rate and amortization to extend the loan(s). The MCWD expects that this term will correspond to any anticipated refinancing through Carver County bonds, but indicate if your maximum term is shorter than the expected bond takeout date, which the MCWD anticipates will be three years.
7. Loan Payments: Indicate how often principal and interest payments are to be made. The MCWD's preference is for semiannual interest payments and annual principal payments.
8. Pricing – for each borrowing tranche, indicate how the Bank will set the interest rate(s) (assume a taxable rate, but indicate if your proposal also includes a tax exempt rate for bank qualified tax exempt transactions):
 - Fixed Rate: Indicate the interest rate the Bank will charge on the Loan and how it will be determined at the time of future borrowing draws.
 - Variable Rate: Indicate the basis for calculating the rate and the frequency of rate resets (e.g., a percentage of LIBOR plus a spread).
 - Daycount: Indicate the daycount method of calculating interest (e.g., 30/360, Actual/360, etc.).
9. Covenants: Indicate whether the Bank will require financial covenants and the nature of those covenants.
10. Extensions: Indicate if and when extensions of the initial term may occur and how they are to be implemented.

11. Prepayment: Indicate the prepayment terms for the Loan, including the allowed frequency and denominations of prepayments, any prepayment penalties, and make-whole provisions. The MCWD prefers prepayment flexibility in case it wishes to reduce outstanding Bank debt outside of and earlier than anticipated Carver County bond issuance.
12. Security: Indicate any security provisions that the Bank would require in addition to a general obligation pledge of the MCWD.
13. Credit Approval: Indicate whether Bank credit approval has been obtained and, if not, please indicate the timing and process for credit approval.
14. Fees and Expenses: Indicate any expenses for which the MCWD would be responsible. If there will be ongoing fees, clearly identify them and the basis for their calculation.
15. Counsel: Indicate whether the Bank anticipates using outside legal counsel, and, if so, the name of the legal counsel you propose to use, including an estimate of counsel fees and expenses.
16. Loan Participation and/or Transfer: The MCWD prefers to work only with the Bank originating the loan. Indicate if you intend to or may participate or transfer the loan to others and, if so, if you will continue to function as the sole lender to the MCWD.

The MCWD reserves the right to negotiate fees with any Bank prior to selecting the Bank.

Schedule

The MCWD anticipates drawing on the Bank on approximately ____, 2018. The following is a projected and tentative schedule of events:

MCWD Board of Managers authorizes financing	January 25, 2018
RFP delivered to Banks	January 29, 2018
Response to RFP due	February 12, 2018
MCWD follow-up with responders (if necessary)	February 16, 2018
MCWD selects Bank	February 23, 2018
Document drafting and Financing Team collaboration	_____, 2018
Preclosing	_____, 2018
Closing	_____, 2018
First draw on loan	_____, 2018

The MCWD welcomes comments from you about the proposed schedule.

If you have any questions about the enclosed materials or would like any additional information, please feel free to contact the MCWD at any time. The MCWD looks forward to your response to this RFP.

EXHIBIT A

Minnehaha Creek Watershed District – All Outstanding Debt

RESET RATES MONTHLY

Date	Henn Cty 2010B	Wells Fargo Note 2011-Rev 2013	Henn Cty 2011A	Wells Fargo Note 2012 VR	Henn Cty 2013B	Richfield 2013B	MCWD Total DS
2018	215,813	10,357,000	338,969	139,203	461,838	174,905	11,687,726
2019	216,463	0	340,769	136,674	462,388	172,405	1,328,698
2020	218,463	0	337,169	134,193	462,638	169,905	1,322,367
2021	217,263	0	338,369	131,259	462,588	172,355	1,321,833
2022	217,463	0	339,169	128,675	462,238	169,755	1,317,299
2023	217,513	0	339,569	126,004	460,138	172,105	1,315,328
2024	217,413	0	337,069	123,402	462,938	169,405	1,310,226
2025	217,163	0	339,419	120,778	460,538	171,655	1,309,552
2026	216,763	0	341,138	117,946	463,038	168,750	1,307,634
2027	216,213	0	337,200	115,297	459,375	170,686	1,298,771
2028	220,513	0	337,750	112,702	460,600	172,365	1,303,930
2029	219,013	0	337,600	109,998	461,600	168,840	1,297,051
2030	217,350	0	340,600	107,331	464,300	170,101	1,299,682
2031	0	0	338,000	104,685	461,550	171,085	1,075,320
2032	0	0	0	101,995	463,500	171,818	737,313
2033	0	0	0	0	0	172,295	172,295
2034	0	0	0	0	0	0	0
Principal as of: 1/1/2018	2,290,000	10,000,000	3,665,000	1,500,000	5,675,000	2,280,000	26,055,000

DRAFT

MINNEHAHA CREEK WATERSHED DISTRICT CAPITAL IMPROVEMENT AND
LAND CONSERVATION PROGRAM
MASTER FINANCE AGREEMENT

This Agreement is made and entered into this _____ day of _____, 2017 by and between MINNEHAHA CREEK WATERSHED DISTRICT (the “District”) and CARVER COUNTY (the “County”).

WHEREAS, the District has instituted a Capital Improvement and Land Conservation Program (the “Program”) under which the District plans to construct water resource improvements and to acquire real property interests for environmental and conservation purposes;

WHEREAS, the District has adopted a watershed management plan under Minnesota Statutes, Section 103B.231 (the “Watershed Plan”) and, as provided in Section 103B.231, Subd. 6, has included a capital improvement program as part of the Watershed Plan;

WHEREAS, Minnesota Statutes, Section 103B.231, Subd. 7(c) provides that the Carver County Board of Commissioners may either approve or disapprove those projects in the capital improvement program which may require County funding under Section 103B.251;

WHEREAS, under Minnesota Statutes, Section 103B.241, Subd. 1, the District has authority to levy property taxes to pay for capital improvements, the proceeds of which are to be deposited in a separate fund for such purposes;

WHEREAS, Minnesota Statutes, Section 103B.251 sets forth a procedure by which the cost of a capital improvement which has been approved by the County may be certified to the County for payment;

WHEREAS, Section 103B.251, Subd. 7 permits the County to issue general obligation bonds to pay the costs of approved capital improvements certified to it, which bonds, as provided by Section 103B.251, Subd. 8, are payable primarily from taxes on taxable property within the watershed district or a subwatershed unit for which the bonds are to be issued;

WHEREAS, Minnesota Statutes, Section 103B.253, provides that any taxes levied to fund a project under Section 103B.241 or to pay County bonds issued under Section 103B.251 are not included in the County's levy certified under Section 275.07, Subd. 1, paragraph (a), but instead are extended as a special taxing district levy;

WHEREAS, in lieu of the issuance of County bonds as the immediate source of funding of capital improvements or the levy of taxes on District property to pay the entire cost of the Program in Carver County, the District will issue shorter term notes and the County

will provide permanent financing as provided herein;

WHEREAS, the District and the County are entering into this Agreement to establish procedures for the coordinated financing of the projects of the District's Program in Carver County;

NOW, THEREFORE, the County and District agree as follows:

1. Capital Improvement Program. The District shall include the Capital Improvement and Land Conservation Program (the "Program") within its capital improvement program as part of the Watershed Plan. The District shall determine at the time of ordering a capital improvement or land acquisition whether it may wish to finance the project or acquisition through the permanent financing provisions of this Agreement. If the District determines to seek such permanent financing for such a project or acquisition, it shall provide written notice to the County. Such notice will include the amount to be financed hereunder, the project to be constructed or parcels or property interests to be acquired, the cost thereof and the estimated amount of sale proceeds which may be derived from any anticipated sale of all or a portion of the acquired property interests. The County Board of Commissioners may request that a District representative appear to provide a description and answer questions about the proposed project or acquisition. The County shall approve, deny, request more information, and/or request an extension of more time to make a decision on providing permanent financing for the proposed project or acquisition and communicate this decision to the District in writing within sixty (60) days of receiving notice from the District.

2. Financing Requests. The notice provided under paragraph 1 shall be accompanied by (a) a certified resolution of the Board of Managers of the District which requests permanent financing in a specific amount for capital improvement costs or acquisition of specified parcels or other property interest in accordance with the terms of this Agreement and pledges the full faith and credit and taxing powers of the District to the payment of the permanent financing bonds to be issued hereunder, (b) an opinion of counsel to the District to the effect that the acquisition is included in the plan and no further plan amendments are required, and (c) a statement of the facts relevant to a determination of whether the interest on any County obligations to be issued hereunder, if issued separately for each acquisition transaction, would be exempt from federal and Minnesota income taxation.

3. District Notes. In lieu of the issuance of County bonds as the immediate source of funding of capital improvements or the levy of taxes on District property to pay the entire cost of the Program in Carver County, and pursuant to Minnesota Statutes, Section 475.61, Subd. 6, which provides that the District may issue temporary obligations in anticipation of permanent financing, the District will issue negotiable notes for conservation purposes for a maximum term of thirty-six (36) months pursuant to Minnesota Statutes, Section 103D.335, Subd. 1 ("District Notes");

4. Permanent Obligations. The County shall, at such time prior to the maturity of the District Notes as the County deems practical, issue its bonds under Section 103B.251 in

minimum amounts of \$1 million to provide permanent financing for the unpaid balance of such District Notes, but (a) if interest on the bonds is intended to be tax exempt, only upon receipt of written undertakings of the District and acceptable to the County relating to the maintenance of the tax exempt status of any such bonds, and (b) if interest on the bonds is intended to be tax exempt, only to the extent interest on such obligations, if publicly issued as a separate issue for the acquisition costs being financed, would, in the opinion of the County's bond counsel, be exempt from federal and state income taxation, and (c) only if the County determines to its satisfaction that any District taxes levied or to be levied for the County's permanent financing hereunder supplant, and do not supplement, the District's levy for the Program.

5. Aggregate Outstanding Principal. The aggregate outstanding principal amount of permanent obligations hereunder shall not exceed \$25 million at any time. The County shall determine the maturity schedules and other terms of the permanent financing in consultation with the District and shall use its best efforts to provide the District with 20-year financing. The District shall pay a portion of the issuance costs of an issue of County bonds which provides the permanent financing based on the District's pro rata share of the total par amount of bonds issued. The bonds shall be payable primarily from payments to be made by the District on the dates and in the amounts sufficient to pay the County bonds when due. Such obligation shall be evidenced by a Promissory Note of the District substantially in the form attached as Appendix A. In the event of any actual or anticipated deficiency the County may levy taxes on all taxable property in the District to provide for the full and prompt payment of the County bonds.

IN TESTIMONY WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

COUNTY OF CARVER

By _____
Chair, Carver County Board of
Commissioners

By _____
County Administrator

Approved as to form and execution:

By _____ Assistant County Attorney

MINNEHAHA CREEK WATERSHED
DISTRICT

By _____
President,
Board of Managers

Approved as to form and execution:

By _____ District Counsel

PROMISSORY NOTE

UNITED STATES OF AMERICA
STATE OF MINNESOTA
MINNEHAHA CREEK WATERSHED DISTRICT

Dated: _____ \$ _____

For value received, MINNEHAHA CREEK WATERSHED DISTRICT (the "District"), hereby acknowledges itself indebted to and promises to pay to the order of:

CARVER COUNTY

or registered assigns, the principal sum of _____ Dollars (\$ _____), and interest thereon in installments of principal and interest on or before the dates and in the amounts set forth in Appendix A attached hereto.

This Note is subject to prepayment in whole or in part at the option of the District on any date at par plus accrued interest on or after (the first call date of the County's bonds), and only with the consent of the County.

This Note is issued in accordance with the Master Loan Agreement by and between the District and Carver County, Minnesota dated _____, 20__ (the "Loan Agreement") to evidence the obligation of the District to provide for the payment of bonds issued by the County pursuant to the Loan Agreement.

This Note is issued pursuant to and in conformity with the Constitution and Laws of the State of Minnesota, including Minnesota Statutes, Section 103D.335, Subd. 1 and Chapter 475, and is payable from ad valorem taxes on all taxable property in the District which the District shall levy as part of its capital improvement program under Minnesota Statutes, Section 103B.241, Subd. 1, without limit as to rate or amount.

The representations and warranties of the District as set forth in the Loan Agreement are incorporated by reference herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to and in the issuance of this Note have been done, have happened and have been performed in regular and due form, time and manner as required by law and that this Note, together with all other indebtedness of the District outstanding on the date of its issuance, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, said MINNEHAHA CREEK WATERSHED DISTRICT, in the State of Minnesota, by its Board of Managers, has caused this Note to be executed by the President of said Board, on the date of this Note.

MINNEHAHA CREEK WATERSHED DISTRICT

By _____
Its President

DRAFT



BOARD OF COUNTY COMMISSIONERS CARVER COUNTY, MINNESOTA

Date: April 18, 2017 Resolution No.: 18-17

Motion by Commissioner: Maluchnik Seconded by Commissioner: Ische

RESOLUTION OF SUPPORT TO ESTABLISH THE SIX MILE-HALSTED BAY SUBWATERSHED PARTNERSHIP

WHEREAS, the Six Mile-Halsted Bay subwatershed spans 27 square miles and includes the communities of Victoria, Waconia, Minnetrista, St. Bonifacius, and Laketown Township; Hennepin and Carver Counties; and the 3,700 acre Carver Park Reserve, owned and managed by Three Rivers Park District;

WHEREAS, each of these municipalities, both counties, the Three Rivers Park District, and the Minnehaha Creek Watershed District share a vision of a Six Mile-Halsted Bay subwatershed that:

- Preserves and enhances natural resources;
- Wisely anticipates the growth and development of vibrant communities;
- Promotes the preservation of distinctive areas;
- Recognizes that natural systems can serve to underpin local identity and sense of place;
- Builds strong community connections through transportation infrastructure, trails, parks, and schools; and
- Integrates natural and built systems to enhance the long term social and economic value of communities;

WHEREAS, the Six Mile-Halsted Bay subwatershed is rich in water resources, with 17 lakes and hundreds of acres of wetlands connected by Six Mile Creek, which drains into Halsted Bay on the west side of Lake Minnetonka; five of the area's lakes are listed on the state's impaired waters list due to excessive nutrients; these impairments are driven by a combination of landscape loading and internal loading, exacerbated by the presence of carp in a number of lakes; Halsted Bay requires the largest phosphorus load reduction of any waterbody in the Minnehaha Creek Watershed; many of the area's wetlands and stream segments have been altered and degraded requiring restoration; the area also includes a number of high quality natural resources that merit protection plans as the area develops;

WHEREAS, the Six Mile-Halsted Bay subwatershed represents one of the fastest growing areas of the region, and much of the land will be annexed and developed over the coming decades; the City of Victoria has an orderly annexation agreement with the Cities of Waconia and Chaska that will over time lead to the annexation of all of Laketown Township, resulting in significant land use conversion and infrastructure development;

WHEREAS, the cities and counties are currently updating their comprehensive plans pursuant to the Metropolitan Land Planning Act, and the Minnehaha Creek Watershed District is updating its comprehensive water resources management plan pursuant to the Metropolitan Surface Water Management Act, and the Partners have identified these plan updates as an opportunity to integrate long range policies and plans;

WHEREAS, the Minnehaha Creek Watershed District Board of Managers has established the Six Mile-Halsted Bay subwatershed as a priority focal geography, and has committed significant resources to develop a multi-jurisdictional investment strategy to preserve and restore natural systems in the Six Mile-Halsted Bay subwatershed while enhancing the social and economic vitality of communities;

WHEREAS, the communities of Victoria, Waconia, Minnetrista, St. Bonifacius, and Laketown Township; Hennepin and Carver Counties; the Three Rivers Park District; and the Minnehaha Creek Watershed District each recognize that in order to meet the goals of the partnership stated in paragraph two, the following actions are needed to establish a partnership:

- Develop and adopt a subwatershed plan that identifies key water resource issues and strategies, identifies natural resource corridors, and accommodates local growth and development planning; and
- Establish a framework for plan implementation, memorializing routine reengagement of the Partners for the purposes of aligning plans and priorities, forecasting upcoming projects, and establishing investment strategies, including sources of external funding, to be incorporated into capital improvement plans;

WHEREAS, each of these partners desire to participate in a planning process to develop strategies to implement this vision of the Six Mile-Halsted Bay subwatershed, along with a coordinated investment framework;

NOW, THEREFORE, BE IT RESOLVED:

Carver County shares a vision for the Six Mile-Halsted Bay subwatershed that integrates land use and water resources to protect and enhance natural resources, supports the growth vibrant communities, values and preserves distinct areas, and builds strong community connections, and

FURTHER, Carver County expresses support for the establishment of the Six Mile-Halsted Bay subwatershed Partnership and assigns/authorizes Paul Moline to serve as a representative on the Six Mile-Halsted Bay Subwatershed Committee (the Committee), and

FURTHER, The Committee will guide the development of a coordinated policy and investment framework for the Six Mile-Halsted Bay subwatershed, to be memorialized through the District's Comprehensive Plan in a dedicated Six Mile-Halsted Bay Subwatershed plan section (the Plan), and

FURTHER, The District and its partners will share its plans and appropriate staff resources to contribute to the development of the Plan, and

FURTHER, The Committee will further develop and adopt a framework for plan implementation, to include routine coordination for the purposes of aligning plans a priorities, identifying upcoming project opportunities, and developing investment strategies, and

FURTHER, The District and its partners will work together to secure federal, state or other resources to implement the Plan, and

FURTHER, As the Six Mile-Halsted Bay subwatershed plan will be informed by local priorities and plans, the District's partners will utilize the Plan in the development of comprehensive plans, land use ordinances, investment strategies, and other local planning and implementation work.

YES

ABSENT

NO

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Ische

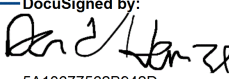
Lynch

Maluchnik

Workman

**STATE OF MINNESOTA
COUNTY OF CARVER**

I, Dave Hemze, duly appointed and qualified County Administrator of the County of Carver, State of Minnesota, do hereby certify that I have compared the foregoing copy of this resolution with the original minutes of the proceedings of the Board of County Commissioners, Carver County, Minnesota, at its session held on the 18th day of April, 2017, now on file in the Administration office, and have found the same to be a true and correct copy thereof.

DocuSigned by:

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 County Administrator