

January 5, 2007

Patrick E. Flahaven
Secretary of the Senate
231 State Capitol
75 Rev. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1606

Albin Mathiowetz
Chief Clerk of the House
211 State Capitol
75 Rev. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1606

Dear Secretary Flahaven and Chief Clerk Mathiowetz:

On behalf of DNR Commissioner Mark Holsten, I am providing this annual report to the legislature on the ***Stream Protection and Improvement Loan Program***, as directed by Minnesota Statutes, Section 103G.705, Subdivision 1(b).

The stream loan program was created by Laws of 1999, Chapter 231, Section 129. A \$1.1 million start-up fund for the program was appropriated in Laws of 1999, Chapter 231, Section 5, Subdivision 3. The program allows political subdivisions to apply to the DNR for loans to protect or improve streams. Loans must be repaid without interest over a period not to exceed ten years.

The City of Stillwater was the only political subdivision that submitted a loan application when the program was announced in 1999. Stillwater requested the entire \$1.1 million to protect Brown's Creek in Washington County, and identified a need for an additional \$1.7 million. DNR and Stillwater signed a stream loan agreement in February 2000 that provided Stillwater with the entire \$1.1 million.

The legislature appropriated an additional \$850,000 for the program in Laws of 2001, First Special Session, Chapter 2, Section 5, Subdivision 7(9). The City of Stillwater was the only political subdivision that submitted a loan application. DNR and Stillwater signed a second stream loan agreement in August 2002 that provided Stillwater with the entire \$850,000 for additional protection of Brown's Creek.

Loan repayments are deposited in the Stream Protection and Redevelopment revolving fund authorized by Minnesota Statutes, Section 103G.705, Subdivision 2. The current fund balance is approximately \$1.2M.

Loan applications are accepted on a continuous basis. No loan applications were received in calendar year 2006. Notice of availability of loan funds for stream protection and improvement will be published in the State Register on January 16, 2007.

Sincerely,
DNR WATERS

Kent Lokkesmoe
Director

cc: Mark Holsten, DNR Commissioner
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