

July 28, 2026

Mayor Dave Badeaux
City of Brainerd
501 Laurel Street
Brainerd, MN 56401

VIA EMAIL

Mayor Darrel Olson
City of Baxter
50 Memorywood Drive
Baxter, MN 56425

Re: Sewer Use and Capacity Agreement modification representation

Dear Mr. Badeaux and Mr. Olson,

The City of Brainerd and Brainerd Public Utilities (“Brainerd”) intends to seek modifications to the existing Sewer Use and Capacity Agreement (the “Agreement”) between Brainerd, and the City of Baxter (“Baxter”). Brainerd has engaged Flaherty & Hood (“Firm”) to represent the interests of Brainerd and to provide legal services in support of its efforts to review and modify this Agreement.

Baxter is also a current legislative service client of the Firm. As a result, we have determined that there is potential for a concurrent conflict of interest pursuant to Rule 1.7 of the Minnesota Rule of Professional Conduct.

However, based on our review there does not appear to be at present, nor do we expect there to be during the course of our representation of Brainerd for legal services and Baxter for legislative services, a conflict of interest between the two cities that would operate to prohibit Flaherty & Hood from representing both parties in their individual capacities, with their informed written consent. Flaherty & Hood is able to competently and diligently represent Brainerd and Baxter as outlined in each party’s respective engagement letters, and our representation is not prohibited by law.

However, as noted above, our representation of Brainerd is contingent on both Brainerd and Baxter consenting to our representation of both parties in connection with the the modification of the Agreement.

By signing this letter below, you confirm that you are aware of the potential that a conflict may arise during our representation, you are aware of the risks, advantages, and

alternatives available to you, and have had an opportunity to raise any questions or concerns regarding our representation of both Brainerd and Baxter, and you consent to our representation of both parties in connection with the project. If either party is uncomfortable with the concurrent representation and services provided by Flaherty & Hood, that party has every right not to waive the potential conflict. We recommend that both Brainerd and Baxter consult with their respective City attorney's before signing this waiver.

If you have any questions or believe you need further information, do not hesitate to contact me.

Thank you.

Daniel Marx

Very truly yours,

FLAHERTY & HOOD, P.A.
Daniel M. Marx
Shareholder Attorney

DMM

[SIGNATURE PAGES FOLLOW]

ACKNOWLEDGE AND AGREED TO: The City of Brainerd and Brainerd Public Utilities (“Brainerd”) acknowledges that Flaherty & Hood represents the City of Baxter, a municipal corporation, by providing legislative services in connection with sales and use taxation matters. Brainerd acknowledges that it has read and understands the potential conflict of interest as addressed in this letter, including that Flaherty & Hood's representation of Baxter and Brainerd on the modification of the Agreement may result in Flaherty & Hood having directly adverse interests to Brainerd, and that reasonably foreseeable risks of this concurrent representation include the possibility that Flaherty & Hood may need to withdraw from representing one or both cities on the Agreement modification if the parties' positions become materially adverse or contested. Brainerd agrees to Flaherty & Hood's representation and hereby waives any potential conflict of interest as described herein. No information regarding Baxter that Flaherty & Hood has previously learned will be provided to Brainerd.

CITY OF BRAINERD

By: _____
Its: Mayor

By: _____
Its: City Administrator

Date: _____

BRAINERD PUBLIC UTILITIES

By: _____
Its Commission President

By: _____
Its Director

Date: _____

ACKNOWLEDGE AND AGREED TO: The City of Baxter acknowledges that Flaherty & Hood represents the City of Brainerd, a municipal corporation, by providing legal services in connection with the modification of the Agreement. Baxter acknowledges that it has read and understands the potential conflict of interest as addressed in this letter, including that Flaherty & Hood's representation of Brainerd and Baxter on the modification of the Agreement may result in Flaherty & Hood having directly adverse interests to Baxter, and that reasonably foreseeable risks of this concurrent representation include the possibility that Flaherty & Hood may need to withdraw from representing one or both cities on the Agreement modification if the parties' positions become materially adverse or contested. Baxter agrees to Flaherty & Hood's representation on matters involving the Brainerd in connection with modification of the Agreement and hereby waives any potential conflict of interest as described herein. No information regarding Brainerd that Flaherty & Hood has previously learned will be provided to Baxter.

THE CITY OF BAXTER

By: _____
Its: Mayor

By: _____
Its: City Administrator

Date: _____