CITY OF GRANITE FALLS
OFFICIAL CITY COUNCIL PROCEEDINGS
SPECIAL SESSION
June 9, 2014

Mayor David Smiglewski called a special session of the Granite Falls City Council to order at 5:00 p.m., Monday, June 9, 2014, in the Council Chambers of City Hall. Council Members present: DuWayne Galow, Sarina Otaibi, Steve Schaub, Joe Fagnano and Scott Peterson. Council Member absent: Steve Nordaune. Staff in attendance: City Manager Bill Lavin, Finance Director Michael Betker and City Clerk Joan Taylor. Also in attendance were City Attorney Greg Holmstrom, Hospital Administrator George Gerlach and members of the Hospital Board and Kevin Friesen from USDA Rural Development.

Mayor Smiglewski announced that the purpose of the joint special meeting between the City Council and the Hospital Board is to discuss financing the new Nursing Home Project through USDA Rural Development.

City Attorney Holmstrom provided information relative to the "Best Value Procurement" method for bidding the Nursing Home Project. Following discussion and upon the recommendation of the Hospital Board, Schaub introduced a resolution and moved it adoption authoring the Hospital Board to pursue the "Best Value Procurement" method for bidding the Nursing Home Project in accordance with Minnesota Statutes.

RESOLUTION NO. 14-91

RESOLUTION AUTHORIZING THE HOSPITAL BOARD TO PURSUE THE "BEST VALUE PROCUREMENT" METHOD FOR CONSTRUCTION BIDDING FOR THE NURSING HOME PROJECT

WHEREAS, the Hospital Board is recommending council authorize the Hospital Board to utilize the "Best Value Procurement" method relative to bidding the construction of the new nursing home project.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, authorizing the Hospital Board to use the "Best Value Procurement" method when calling for bids for the construction of the new Nursing Home Project in accordance with Minnesota Statutes.

Adopted by the City Council this 9th day of June, 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

With second by Galow, the resolution was adopted unanimously by those present.

At this time Kevin Friesen reviewed with council and the Hospital Board the special conditions which must be agreed to before further consideration by USDA may be given to the application for financing for the Nursing Home Project.

Upon the recommendation of the Hospital Board, Galow introduced a resolution and moved its adoption authorizing the Hospital Administrator to sign all documents required by USDA Rural Development relative to the Nursing Home Project.

RESOLUTION NO. 14-92

RESOLUTION AUTHORIZING HOSPITAL ADMINISTRATOR
TO SIGN ALL DOCUMENTS REQUIRED BY USDA RURAL DEVELOPMENT
RELATIVE TO THE NURSING HOME PROJECT

WHEREAS, the Hospital Board is recommending council authorize the Hospital Administrator authority to sign all documents required by USDA Rural Development relative to the Nursing Home Project.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, authorizing the Hospital Administrator to sign all documents required by USDA Rural Development relative to the Nursing Home Project.

Adopted by the City Council this 9th day of June, 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

With second by Schaub, the resolution was adopted unanimously by those present.

Also upon the Hospital Boards recommendation, Peterson introduced the following resolution and moved its adoption authorizing the execution of the Letter of Intent to Meet Special Conditions of USDA Rural Development.

RESOLUTION NO. 14-93

RESOLUTION AUTHORIZING EXECUTION OF

LETTER OF INTENT TO MEET SPECIAL CONDITIONS OF
USDA RURAL DEVELOPMENT

WHEREAS, the Hospital Board is recommending council authorize execution of the Letter of Intent to Meet Special Conditions of USDA Rural Development.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, authorizing execution of the Letter of Intent to Meet Special Conditions of USDA Rural Development relative to the Nursing Home Project.

Adopted by the City Council this 9th day of June, 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

With second by Schaub, the resolution was adopted unanimously by those present.

Following discussion and upon the Hospital Board's recommendation, Schaub introduced the following resolutions and moved their adoption authorizing and providing for the incurrence of indebtedness in the amount of $7,500,000.

Position 5

USDA
Form RD 1942-47
(Rev. 12-97)

LOAN RESOLUTION NO. 14-94
(Public Bodies)

FORM APPROVED
OMB NO. 0575-0015

A RESOLUTION OF THE City Council

OF THE Granite Falls, City of

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

Nursing Home Replacement

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Granite Falls, City of (Public Body) (herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of [illegible],100,000.00

pursuant to the provisions of MN Statute Chapters 376 and 475 ; and

WHEREAS, the Association intends to obtain assistance from the Rural Housing Service, Rural Business - Cooperative Service, Rural Utilities Service, or their successor Agencies with the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983 (c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contract or agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by the Government. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, [illegible]

And with the second resolution in the amount of $3,233,000.

Position 5

USDA
Form RD 1942-47
(Rev. 12-97)

LOAN RESOLUTION NO. 14-35
(Public Bodies)

FORM APPROVED
OMB NO. 0575-0015

A RESOLUTION OF THE City Council

OF THE Granite Falls, City Of
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Nursing Home Replacement
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Granite Falls, City Of
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of
3,233,600.00
pursuant to the provisions of MN Statue chapters 376 and 475; and

WHEREAS, the Association intends to obtain assistance from the Rural Housing Service, Rural Business - Cooperative Service, Rural Utilities Service, or their successor Agencies with the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U. S. C. 1983 (c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contract or agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by the Government. No free service or use of the facility will be permitted.

[illegible]

With second by Peterson, both resolutions were adopted unanimously by those present.

M/S/P SCHAUB/PETERSON TO ADJOURN at 5:30.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk