

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.

Pursuant to
FORM RD 1942-47
(Rev. 12-97)

LOAN RESOLUTION NO. 14-94
(Public Bodies)

FORM ATACHED
CMB NO. 75-20-203

A RESOLUTION OF THE CITY COMMISSION

OF THE CITY OF [REDACTED], CALIFORNIA
AUTHORIZING AND PROVIDING FOR THE INCURRING OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING
A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING THE
Nursing Home Replacement
FACILITY TO SERVE AN AREA LAWNITY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the [REDACTED] County of [REDACTED], City of [REDACTED]
[REDACTED] herein after called Association, to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of \$2,500,000.00

WHEREAS, it is necessary for the [REDACTED] County of [REDACTED], City of [REDACTED]
[REDACTED] herein after called Association, to obtain assistance from the Rural Housing Services, Rural Business - Cooperative Service, Rural Utility Service, or other successor Agencies with the U.S. and States Department of Agriculture, thereinafter called the Government, acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the financing, financing, and operation of such undertaking and the purchasing of bonds lawfully issued, to the extent that no other acceptable purchaser can be found as is found by the Association.

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

- To issue upon its behalf and to adopt an indenture relating to the issuance of its bonds containing such covenants and in such form as are required by State statutes and are agreeable and acceptable to the Government.
- To commence the unpaid balance, in whole or in part, of the loans upon the request of the Government at any time it shall choose to the Government that the Association shall refinance the bonds by obtaining a loan for such purpose from responsible and reputable private sources of reasonable rates and terms for paying the principal and interest of same as required by section 133(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (a).
- To provide for, execute, and comply with Form FSA 410-1, "Assurance Agreement," and Form 2D 402-1, "Rural Opportunity Agreement," bearing an "Rural Opportunity Charge" which charge is to be incorporated in or attached to the first, new construction contract and account book involving in excess of \$30,000.
- To indemnify the Government for any amounts made on loans entered by the Government on behalf of the Association. Such indemnification shall be payable when the sum of all fees pledged to pay the bonds or any other debt pertaining thereto.
- That upon default in the payment 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, among other things, securing the loan, the Government may (a) declare the entire principal amount due and owing thereon in full, immediately due and payable, (b) for the account of the Association (payable to the name of the Indenture) to disburse to pay the bonds or any other legally permissible source, incur and pay reasonable expenses for receipt of interest, and operation of the facility and such other reasonable expenses as may be necessary to meet the cause of default, and/or (c) take possession of the facility, reject, abandon, and/or repossess or retain. Decree under the provisions of the resolution may be taken and included in the working or issuing of the bond may be imposed by the Government to constitute default, under any other instrumentality provided or assumed by the Association, and shall, unless any such instrumentality may be construed by the Government to constitute default, hereinafter.
- 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.
- Not to decrease the bonds, or to borrow money, enter into any contract or agreement, or otherwise incur any liability for any purpose in connection with the facility (including external items and expenses) without the prior written consent of the Government if such undertaking would involve the use of funds pledged to pay the bonds.
- To place the proceeds of the bonds on deposit in an account and in manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Deposit Insurance Corporation or in banks or trust companies having the City of [REDACTED] and credit of the United States. Any income from these accounts will be considered as revenue of the system.
- To comply with all applicable State and Federal laws and regulations and to reasonably operate and maintain the facility in good condition.
- To provide for the receipt of funds for carrying out the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Reserves must be set up above and above and beyond need for pay operating and maintenance, debt service and reserves may only be retained or used in making payments on the debt. Receipts cannot be used in any way except as expenses which are not directly incurred for the facility financed by the Government. The City of [REDACTED] or any of the facility users

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

ISDA
Form RD 1942-47
Rev. 12-97

Funding:

LOAN RESOLUTION NO. 16-35
(Public Bodies)

FORM APPROVED
OMB NO. 0575-0015

A RESOLUTION OF THE City Council

OF THE Seattle Falls, City of
AUTHORIZING AND PROVIDING FOR THE INCURSION OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING
A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, EXPANDING, IMPROVING, AND/OR EXTENDING ITS
Moving Home Replacement

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

WHEREAS, it is necessary for the Seattle Falls, City of

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of \$1,233,620.00

PURSUANT to the provisions of NY State Law Chapters 275 and 475

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, (hereinafter the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1911 et seq.) in the financing, 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 agrees:

1. To have prepared or its belief and to adopt an ordinance or resolution for the issuance of its bonds containing such items and form as we require, by some date(s) and as are agreeable and acceptable to the Government.
2. To refund 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 unable to reimburse its bonds by offering a loan for such purpose from responsible and reliable sources at reasonable rates and terms for loans for the purpose and periods of time as required by section 233(d) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1933 (d)).
3. To provide for, execute, and comply with Form RD 490-4, "Assumption Agreement," and Form RD 490-4, "Opportunity Agreement," (inc. 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 losses or expenses to be 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 interest payable thereon.
5. That upon default in the payment 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 (i) is authorized (a) to seize 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 relet it. Default under the provisions of this bond, by any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument used by the Government and issued, or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not itself, trans fer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so without prior written consent of the Government.
7. Not to lease the bonds, or to borrow money, enter into any contract or agreement, or otherwise limit its liability 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 trustee approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities, held solely for the full faith and credit of the United States. Any income from these accounts will be considered as resources of the system.
9. To comply with all applicable State and Federal laws and regulations and to maintainly operate and maintain the facility in good condition.
10. To provide for the removal of infrastructure necessary to meet the requirements of other service, operation and maintenance, and the substantial need of assignable reserves. Reserve is required over and above that needed to pay operating and maintenance debt service and reserves may only be retained or used to make improvements on the item. Reserve is limited to 120% to 200% of expenses which are not directly incurred for the facility chartered by the Government. No fine service or use of the facility will be permitted.

According to the Uniform Bond Resolution Act of 1971, a resolution is required to contain a statement of the amount and nature of the debt, a statement of the term of the debt, and a statement of the manner in which the debt is to be paid. This resolution complies with these requirements.

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