

OFFICIAL CITY COUNCIL PROCEEDINGS
REGULAR SESSION
SEPTEMBER 2, 2014

A regular session of the Granite Falls City Council was called to order by Mayor David Smiglewski at 7:30 p.m., Tuesday, September 2nd, in the Council Chambers of City Hall. Council Members present: DuWayne Galow, Sarina Otaibi, Steve Nordaune and Joe Fagnano. Council Members absent: Steve Schaub and Scott Peterson. Staff present: City Manager Bill Lavin, Finance Director Michael Betker and City Clerk Joan Taylor. Also in attendance were Todd Hagen from Ehlers & Associates and Advocate Tribune News Editor Scott Tedrick.

MINUTES: M/S NORDAUNE/GALOW TO APPROVE THE MINUTES OF THE August 18th REGULAR MEETING. Motion carried unanimously by those present.

BILLS: M/S NORDAUNE/ FAGNANO TO APPROVE BILLS PRESENTED FOR PAYMENT AFTER RECEIVING CLARIFICATION OF THE BILL RECEIVED FROM THE DOG KENNEL. Motion carried unanimously by those present.

REPORTS: The following reports were acknowledged at this time: Building Inspection, Finance, Fire Department, and Kilowatt Community Center Board.

KCC: Norduane introduced the following resolution and moved its adoption accepting the proposal received from UHL in the amount of \$18,900 to upgrade the global control system which controls all aspects of the HVAC system at the KCC.

RESOLUTION NO. 14-132

RESOLUTION ACCEPTING PROPOSALS FOR HVAC CONTROL SYSTEM UPGRADE
KILOWATT COMMUNITY CENTER

WHEREAS, a proposal has been submitted by UHL in an amount not to exceed \$18,900 to upgrade the global control system at the Kilowatt Community Center.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, accepting the proposal received from UHL in an amount not to exceed \$18,900 to upgrade the global control system which controls all aspects of the HVAC system at the KCC.

Adopted by the City Council this 2nd day of September, 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

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

REPORT: The following reports were acknowledged at this time: Public Works Director Anderson, Utilities Commission and Hospital Board.

2015 BUDGET: The following resolutions pertaining to the 2015 budget were acted on:

Introduced by Nordaune:

RESOLUTION NO. 14-133

RESOLUTION APPROVING PROPOSED TAX LEVY
PAYABLE 2015 AND CALLING PUBLIC HEARING FOR
GENERAL FUND BUDGET FOR 2015

BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, COUNTIES OF YELLOW MEDICINE AND CHIPPEWA, STATE OF MINNESOTA, that the following sums of money be levied for the current year, collectible in 2015, upon the taxable property in said City of Granite Falls, Minnesota, for the following purposes:

	2015 Levy \$
GENERAL FUND	824,453
2007 GO IMPROVEMENT	37,100
2008 GO IMPROVEMENT & REFUNDING	72,800
2010 GO IMPROVEMENT	66,000
2011 GO IMPROVEMENT	210,700
2012 REFUNDING	166,600
2013 GO IMPROVEMENT	11,200
COMMUNITY CENTER	126,800
 Total	 \$ 1,515,653

BE IT FURTHER RESOLVED, to call for a hearing on the General Fund Budget for 2015, for December 1, 2014 at 7:00 p.m., and to call for a continuation hearing on the General Fund Budget for December 15, 2014 at 8:00 p.m.

The city clerk is hereby instructed to transmit a certified copy of this resolution to the county auditors of Yellow Medicine and Chippewa counties, Minnesota.

Adopted by the City Council this 2nd day of September 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

With second by Galow, the resolution was adopted unanimously.

Introduced by Fagnano:

RESOLUTION NO. 14-134

RESOLUTION APPROVING PROPOSED
GENERAL FUND BUDGET FOR YEAR 2015

BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, that the following budget provides a financial program for said city during the fiscal year beginning January 1, 2015 and ending December 31, 2015, and it is hereby approved, viz:

REVENUES

	2015
General Property Tax	824,453
Licenses & Permits	33,900
Intergovernmental Revenue	1,071,302
Charges for Services	108,875
Fines & Forfeits	10,650
Other Financing Sources	325,000
Miscellaneous Revenue	45,400
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	2,419,580
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EXPENDITURES

General Government	389,595
Public Safety	632,950
Public Works	445,325
Culture & Recreation	234,730
Miscellaneous/Other Functions	326,830
Transfers	390,150
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	2,419,580
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Adopted by the City Council this 2nd day of September 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

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

Introduced by Galow:

RESOLUTION NO. 14-135

RESOLUTION APPROVING PROPOSED
SPECIAL REVENUE FUND
AND ENTERPRISE FUND BUDGETS FOR 2015

WHEREAS, per generally accepted accounting principles promulgated by the National Council on Governmental Accounting, a formal budget is to be adopted for the following Special Revenue and Enterprise funds; and

	REVENUES	EXPENSES
Dutch Elm #211	\$10,950	\$10,950
Lodging Tax #260	12,000	12,000
Gas Franchise #270	80,000	80,000
PUR #401	57,900	24,400
General Revenue Capital Imp. #411	248,200	131,418
Light Fund #601	3,492,100	3,349,223
Water Fund #602	779,670	813,400
Sewer Fund #609	406,500	406,500
Liquor Fund #611	1,145,495	1,145,495
Community Center #612	393,250	442,350
Cable TV #614	34,750	30,700
Motor Vehicle #615	110,125	96,650
Community Housing #616	210,000	207,980
Library Trust #801	2,250	200
Volstead Trust #831	6,000	6,000

WHEREAS, since formal budgets are not required for all other funds, they are available as financial projections for those funds.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, to adopt the budgets for the Special Revenue funds and Enterprise funds as stated above, for the City of Granite Falls during the fiscal year

Adopted by the City Council this 2nd day of September 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

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

Introduced by Nordaune:

RESOLUTION NO. 14-136

RESOLUTION APPROVING PROPOSED TRANSFERS
OF GENERAL FUNDS
TO VARIOUS CITY FUNDS FOR 2015 BUDGET

BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA,
to authorize the transfer of the indicated amounts of monies from the General
Fund to the various funds listed below for the 2015 budget:

Community Development	\$20,000
Capital Improvements	243,200
Dutch Elm	8,450
Severance Pay Trust	6,000
Kilowatt Community Center	93,000
Liquor Debt Service	0
Volstead Trust	6,000

Adopted by the City Council this 2nd day of September 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

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

Introduced by Nordaune:

RESOLUTION NO. 14-137

RESOLUTION APPROVING PROPOSED TRANSFERS
OF ENTERPRISE FUNDS TO THE 2015 GENERAL
AND AIRPORT CONSTRUCTION FUND

BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA,
to authorize the transfer of the indicated amounts of monies from the following
listed funds to the General Fund and Airport Construction Fund for the
operation of its 2015 budget:

The following funds will make a transfer of the stated amount to the
General Fund in 2015:

Light Fund	\$225,000
Liquor Fund	100,000

The following funds will make a transfer of the stated amount to the
Airport Construction Fund in 2013:

Light Fund	\$5,550
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Adopted by the City Council this 2nd day of September 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

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

Introduced by Nordaune:

RESOLUTION NO. 14-138

RESOLUTION APPROVING PROPOSED 5-YEAR CAPITAL IMPROVEMENTS PLAN
AND EQUIPMENT REPLACEMENT SCHEDULE – ALL FUNDS

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE
FALLS, MINNESOTA, that the 5-Year Capital Improvements Plan and Equipment
Replacement Schedule (a copy of which is on file in the office of the City Clerk),
as presented at the Granite Falls City Council meeting held on Tuesday,
September 2nd, 2014 is hereby approved.

Adopted by the City Council this 2nd day of September 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

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

CUSTODIAL SERVICES: Following discussion Nordaune introduced a resolution and moved its adoption authorizing execution of a renewal contract with Jodi Petersen for the maintenance of city buildings to run from October 1, 2014 through September 30, 2015 at a contract price of \$805 per month and \$15 per hour for any additional work requested.

RESOLUTION NO. 14-139

RESOLUTION RENEWING CONTRACT
FOR CUSTODIAL SERVICES - CITY BUILDINGS

WHEREAS, Jodi Petersen provided custodial services for city buildings for 2014; and

WHEREAS, Jodi Petersen has requested, in writing, pursuant to the renewal option in the above-referenced contract renewal of said contract at a rate of \$805 per month and \$15 per hour for any additional work as requested for the period October 1, 2014 through September 30, 2015.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, renewing the Custodial Services - City Buildings Contract Jodi Petersen for the period of one year beginning October 1, 2014 through September 30, 2015 in the amount of Eight Hundred Five (\$805) per month and Fifteen Dollars \$15 per hour for additional work requested, as per the terms of said contract.

Adopted by the City Council this 2nd day of September, 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

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

POLICE DEPARTMENT: Following discussion regarding keeping the 2010 Ford Explorer for city use, Galow introduced a resolution declaring the 2004 Chevrolet Impala as surplus property and authorizing its sale.

RESOLUTION NO. 14-140

RESOLUTION DECLARING CITY OWNED PROPERTY AS SURPLUS
AND AUTHORIZING THE SALE OF SAME

WHEREAS, the City Code authorizes that excess personal property, when no longer needed for a municipal purpose, shall be declared surplus and disposed of in the manner stated therein; and

WHEREAS, the city has determined that the 2004 Chevrolet Impala VIN #261WF55K549195369 is no longer needed and should be declared surplus property; and

WHEREAS, the city has recommended that the 2004 Chevrolet Impala should be declared excess property and advertised for sale.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, declaring the 2004 Chevrolet Impala VIN #261WF55K549195369 as surplus property and authorizing the sale of this vehicle.

Adopted by the City Council this 2nd day of September, 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

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

AIRPORT: Nordaune introduced the following resolution and moved its adoption authorizing execution of a grant agreement with the Minnesota Department of Transportation relative to updating the Airport Layout Plan.

RESOLUTION NO. 14-141

AUTHORIZATION TO EXECUTE
MINNESOTA DEPARTMENT OF TRANSPORTATION
GRANT AGREEMENT FOR AIRPORT IMPROVEMENT

EXCLUDING LAND ACQUISITION

It is resolved by the City of Granite Falls as follows:

1. That the state of Minnesota Agreement No. 06417 ,
"Grant Agreement for Airport Improvement Excluding Land Acquisition," for State Project No. A1202-23 at the Granite Falls Municipal Airport is accepted.
2. That the Mayor and City Manager are authorized to execute this Agreement and any amendments on behalf of the City of Granite Falls.

CERTIFICATION

STATE OF MINNESOTA

COUNTY OF YELLOW MEDICINE

I certify that the above Resolution is a true and correct copy of the Resolution

adopted by the City of Granite Falls at an authorized meeting

held on the 2nd day of September , 2014 as

shown by the minutes of the meeting in my possession.

Signature

Clerk

CORPORATE SEAL /or/

Notary Public

My Commission Expires _____

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

MEMORIAL PARK: Norduane introduced the following resolution authoring submittal of a Hedgehog Grant application to the Upper Minnesota Valley Regional Development Commission in the amount of \$3,750 to be used as matching funds toward the contract for professional services to complete the Master Plan for Memorial Park.

RESOLUTION NO. 14-142

RESOLUTION AUTHORIZING SUBMITTAL
OF HEDGEHOG GRANT APPLICATION

WHEREAS, pursuant to Resolution No. 14-130 council authorized execution of a contract with the Upper Minnesota Valley Regional Development Commission in the amount of up to \$7,500 to complete the Master Plan for Memorial Park; and

WHEREAS, is has been recommended that council consider submittal of a Hedgehog Grant application to the Upper Minnesota Regional Development Commission in order to assist with the cost for completing the Master Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, approving submittal of the Hedgehog Grant application to the Upper Minnesota Regional Development Commission in the amount of \$3,750 to be used as matching funds towards the contract for professional services with the RDC to complete the Master Plan for Memorial Park.

Adopted by the City Council this 2nd day of September, 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

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

MESERB: Council reviewed a request from the Minnesota Environmental Science and Economic Review Board for assistance from the city to help fund a declaratory judgment action before the Minnesota Court of Appeals regarding the MPCA's recently adopted numeric nutrient standards for rivers and streams. Following discussion Galow introduced a resolution approving a \$1,000 donation to MESERB to assist in the appeal.

RESOLUTION NO. 14-143

RESOLUTION APPROVING \$1,000 DONATION
TO MESERB

WHEREAS, the Minnesota Environmental Science and Economic Review Board (MESERB) has requested assistance from the city to fund a declaratory judgment action before the Minnesota Court of Appeals regarding the MPCA's recently adopted numeric nutrient standards for rivers and streams.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, approving a donation in the amount of \$1,000 to MESERB to assist with its appeal of the MPCA's recently adopted numeric nutrient standards for rivers and streams.

Adopted by the City Council this 2nd day of September, 2014.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

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

NURSING HOME: Todd Hagen from Ehlers & Associates was in attendance to discuss with council the bid results for the sale of \$5,000,000 General Obligation Temporary Nursing Home Revenue Bonds to be used for the construction of the new nursing home. Following discussion Nordaune introduced the following resolution awarding the sale of the bonds to Piper Jaffray & Co. at a true interest rate of 0.9698%.

RESOLUTION NO. 14-144

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$5,000,000
GENERAL OBLIGATION TEMPORARY NURSING HOME REVENUE BONDS,
SERIES 2014B AND PLEDGING NET REVENUES FOR THE SECURITY THEREOF

A. WHEREAS, the City of Granite Falls, Minnesota (the "City"), owns and operates an existing __-bed nursing home facility known as the Granite Falls Hospital and Manor as a revenue producing utility (the "Facility"); and

B. WHEREAS, the City Council has heretofore determined and declared that it is necessary and expedient to issue \$5,000,000 General Obligation Temporary Nursing Home Revenue Bonds, Series 2014B (the "Bonds" or individually, a "Bond"), pursuant to Minnesota Statutes, Section 376.56, Subdivision 3, to provide moneys to temporarily finance the acquisition and betterment of a new nursing home facility to replace the existing Facility (the "Project") without increasing the number of beds in Yellow Medicine County, Minnesota (the "County") and the Project does not increase the number of accommodations for residents; and

C. WHEREAS, pursuant to Minnesota Statutes, Section 376.55, Subdivision 7 and a resolution adopted by the County's Board of Commissioners on _____, 20__, the County authorized the City to exercise, within the County, the powers of a county under Minnesota Statutes, Sections 376.55 to 376.60; and

D. WHEREAS, the United States of America, the United States Department of Agriculture (hereinafter, the "Government") administered by Rural Development ("RD"), has entered into a prior commitment with the City to purchase a General Obligation Nursing Home Bond of the City to provide definitive financing for a Project (as hereinafter defined) provided that the City issues the Bond to provide interim financing for the Project; and

E. WHEREAS, as part of the underlying security for the payment of the Bonds, the City is obligated to accept the offer of the Government to purchase a definitive bond of the City for delivery and payment on or before the maturity date of the Bonds for the purpose of refunding all or a portion of the same; and

F. WHEREAS, a contract or contracts for the construction of the Project have been made by the City with the approval of the Government and all other state and federal agencies of which approval is required; and

G. WHEREAS, the City has retained Ehlers and Associates, Inc., in Roseville, Minnesota ("Ehlers"), as its independent financial advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Ehlers; and

H. WHEREAS, the proposals set forth on Exhibit A attached hereto were received by the Clerk, or designee, at the offices of Ehlers at 10:00 a.m. this same day pursuant to the Terms of Proposal established for the Bonds; and

I. WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Granite Falls, Minnesota, as follows:

1. Acceptance of Offer. The offer of _____, in _____, _____ (the "Purchaser"), to purchase the Bonds in accordance with the terms and at the rates of interest hereinafter set forth, and to pay therefor the sum of \$_____, plus interest accrued to settlement, is hereby accepted.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturity. The Bonds shall be dated September 25, 2014, as the date of original issue, shall be issued forthwith on or after such date in fully registered form, shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations") and shall mature on August 1, 2017, unless called for earlier redemption.

(b) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

(i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.

(ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO., as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").

(iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

(iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.

(v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10, references to the Nominee hereunder shall refer to such new Nominee.

(vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or

applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").

(vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.

(viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(x) In the case of a partial prepayment of a Bond, the Holder may, in lieu of surrendering the Bonds for a Bond of a lesser denomination as provided in paragraph 5, make a notation of the reduction in principal amount on the panel provided on the Bond stating the amount so redeemed.

(c) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:

(i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.

(ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance

with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10, the Bonds will be delivered to the Beneficial Owners.

(iii) Nothing in this subparagraph (c) shall limit or restrict the provisions of paragraph 10.

(d) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purpose. The Bonds shall provide funds to finance the Project. The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

4. Interest. The Bonds shall all bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2015, calculated on the basis of a 360-day year of twelve 30-day months, at the rate of _____% per annum.

5. Optional Redemption. All Bonds maturing on August 1, 2017 shall be subject to redemption and prepayment at the option of the City on August 1, 2015, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Notice of redemption shall be given by registered or certified mail prior to the date fixed for redemption to the paying agent and to each affected registered holder of the Bonds at the address shown on the registration books.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of the Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of

the Bond, without service charge, a new Bond or Bonds having the same stated maturity date and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Prior to the date on which any Bond or Bonds are directed by the City to be redeemed in advance of maturity, the City will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

6. Bond Registrar. Bond Trust Services Corporation, in Roseville, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF YELLOW MEDICINE
CITY OF GRANITE FALLS

R-_____

\$_____

GENERAL OBLIGATION TEMPORARY NURSING HOME REVENUE BOND,
SERIES 2014B

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	August 1, 2017	September 25, 2014	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Granite Falls, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for earlier redemption, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2015, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date

to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of Bond Trust Services Corporation, in Roseville, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. All Bonds of this issue (the "Bonds") maturing on August 1, 2017 are subject to redemption and prepayment at the option of the Issuer on August 1, 2015, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the Issuer; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Notice of redemption shall be given by first class prior to the date fixed for redemption to the paying agent and to each affected Holder of the Bonds at the address shown on the registration books.

Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of the Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of the Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of the Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000

for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity date and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$5,000,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on September 2, 2014 (the "Resolution"), for the purpose of providing funds to temporarily finance the acquisition and betterment of a new nursing home facility. This Bond is payable out of the General Obligation Temporary Nursing Home Revenue Bonds, Series 2014B Fund of the Issuer, to which fund there are to be paid proceeds of the definitive bond or additional temporary bonds which the Issuer is required by law to issue at or prior to the maturity of this Bond. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or by the Holder's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

Fees upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owners. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

Qualified Tax-Exempt Obligation. This Bond has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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 Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law, and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Granite Falls, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its Clerk, the seal of the City having been intentionally omitted as permitted by law.

Date of Registration:

Registrable by: BOND TRUST
SERVICES CORPORATION

BOND REGISTRAR'S CERTIFICATE
OF AUTHENTICATION

Payable at: BOND TRUST
SERVICES CORPORATION

This Bond is one of the Bonds described
in the Resolution mentioned within.

CITY OF GRANITE FALLS,
YELLOW MEDICINE COUNTY,
MINNESOTA

BOND TRUST SERVICES
CORPORATION
Roseville, Minnesota,
As Bond Registrar

/s/ Facsimile
Mayor

By _____
Authorized Signature

/s/ Facsimile
Clerk

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship
and not as tenants in common

UTMA - _____ as custodian for _____ under the _____
Uniform

(Cust) (Minor) (State)
Transfers to Minors Act

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

The Bond Registrar will not effect transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address: _____

(Include information for all joint owners if the Bond is held by joint account.)

PREPAYMENT SCHEDULE

This Bond has been prepaid in part on the date(s) and in the amount(s) as follows:

<u>DATE</u>	<u>AMOUNT</u>	<u>AUTHORIZED SIGNATURE OF HOLDER</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

8. Execution; Temporary Bonds. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and Clerk and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer

whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on such Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue of September 25, 2014. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly cancelled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or the Holder's attorney duly authorized in writing.

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost Bonds.

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The Clerk is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when prepared and executed shall be delivered by the Clerk to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Fund and Accounts. The City has heretofore established a special fund designated as the Nursing Home Fund (the "Nursing Home Fund"), and has created various accounts, including an Operation and Maintenance Account within the Nursing Home Fund.

The City agrees to continue to maintain the Nursing Home Fund and to deposit therein all of the gross revenues of the Facility. The City hereby covenants and agrees that it will, so long as the Bonds are outstanding, maintain the Nursing Home Fund as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. All of the gross income and revenue derived from the operation of the Facility, and of any future additions or improvements to the Facility, including all amounts received with respect to services and commodities furnished by the Facility to any person are appropriated and pledged to the Nursing Home Fund, which the City shall continue to maintain as a separate and special fund on the books of the City until the Bonds are fully paid or deemed paid as provided in paragraph 19. The City Finance Director shall maintain books and records showing all receipts and disbursements of revenues herein pledged to the Nursing Home Fund and of all other moneys pertaining to the Facility and in addition to the accounts heretofore created in the Nursing Home Fund, there shall be maintained in the Nursing Home Fund the following separate accounts:

(a) Construction Account. The Capital Expenditures Account shall be used only to pay expenses which under generally accepted accounting principles constitute capital

costs necessarily incurred for the acquisition and betterment of the Facility and related facilities, including but not limited to, land, easements, buildings, structures and equipment, and the cost of architectural, engineering, legal and other professional services, printing and publication, and other costs reasonably necessary and incidental thereto. To the Capital Expenditures Account shall be credited all of the proceeds of the Bonds except the amounts thereof to be deposited in the Debt Service Account, as provided in subparagraph (a), and the proceeds of any other bonds of the City issued in the future as contemplated by this resolution or otherwise, for the financing of capital improvements or additions to the Facility, and such other moneys as may from time to time be appropriated thereto for this purpose.

(b) Debt Service Account. There are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (1) net revenues of the Facility; (2) any collections of all taxes herein or hereafter levied for the payment of the Bonds and interest thereon; (3) all funds remaining in the Capital Expenditures Account after completion of the Project and payment of the costs thereof; (4) capitalized interest in the amount of \$ _____ (together with interest earnings thereon and subject to such other adjustments as are appropriate to provide sufficient funds to pay interest due on the Bonds on or before _____); (5) all funds remaining in the Payment Account after all costs of issuing the Bonds have been paid; (6) the proceeds of any definitive bond or additional temporary bonds in an amount, together with other moneys then on hand irrevocably appropriated to said account, as is necessary to pay the principal of and interest on, the Bonds; (7) all investment earnings on funds held in the Debt Service Account; and (8) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Construction Account or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Nursing Home Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

All moneys of the Nursing Home Fund shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation. Upon issuance of the Bonds, the Construction Account in said Nursing Home Fund shall be established as a "supervised bank account" if and as required by the Government. Amounts in the supervised bank account exceeding \$100,000 shall be secured by the depository bank in advance in accordance with U.S. Treasury Department Circular No. 176. Withdrawals from the supervised bank account shall be made only on checks signed by the Finance Director (or any other person who is

lawfully delegated the responsibility of performing such duty) as certified to by the City Council of the City, from time to time and countersigned by a Director of RD authorized to act on behalf of the Government. Any liquidated damages and other moneys paid by defaulting contractors or their sureties shall be deposited in the Construction Account to assure completion of the related Project.

16. Other Accounts. The City reserves the power to establish other accounts in the Nursing Home Fund for the purpose of segregating revenues pledged for the payment and security of any revenue bonds which may in future be issued to finance improvements or additions to the Facility, and are made payable solely from such revenues. The amounts required for this purpose may be credited to such accounts from the net revenues prior to depositing amounts required in paragraph 15 (c) to the Debt Service Account for the payment and security of Bonds issued under and as contemplated in this resolution.

17. Covenants Relating to the Bonds.

(a) Pledge of Proceeds of Definitive Bond or Additional Temporary Bonds; Sufficiency of Net Revenues; Coverage Test. To provide moneys for the prompt and full payment of principal and interest on the Bonds, the City shall issue and sell the definitive bond or additional temporary bonds for delivery and payment at or prior to the maturity date of the Bonds. The proceeds of the definitive bond or additional temporary bonds, together with estimated net revenues of the Facility, are hereby found, determined and declared to be sufficient in amount to pay when due the principal of and interest on the Bonds and a sum at least five percent in excess thereof and the net revenues of the Facility are hereby pledged for the payment of the Bonds and shall be applied for that purpose, but solely to the extent required to meet the principal and interest requirements of the Bonds and as the same become due. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the Facility for the payment of other or additional obligations of the City provided that it has first been determined by the City Council that the estimated net revenues of the Facility will be sufficient, in addition to the proceeds of the definitive or additional temporary bonds, for the payment of the Bonds and such additional obligations and any such pledge and appropriation of the net revenues of the Facility may be made superior or subordinate to, or on a parity with the pledge and appropriation herein. In addition, nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the Facility for any other governmental purposes and levying a tax for the payment of the Bonds.

(b) Excess Net Revenues. Net revenues of the Facility in excess of those required for the foregoing may be used for any proper purpose.

(c) General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the net revenues of the Facility appropriated and pledged to the payment of the principal and interest on the Bonds, together with other funds irrevocably appropriated to the Debt Service Account, shall at any time be insufficient to pay the principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as it becomes due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds payable therefrom, the deficiency shall be promptly paid out of any other accounts of the City which are available for such purpose, and such other funds

may be reimbursed without interest from the Debt Service Account when a sufficient balance is available therein.

18. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

19. Conditions Prior to Issuance of Definitive Bond. The City has heretofore secured a contract from the Government for a loan in the amount of \$_____ in anticipation of which the Bonds are issued. It is hereby found, determined and declared that all conditions exist precedent to the anticipation of a definitive bond in an amount equal at least to the principal sum of the loan.

20. Compliance With Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Bonds, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

(a) Not later than 60 days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil

testing expenses and similar prefatory costs, which in the aggregate do not exceed 20% of the "issue price" of the Bonds, and (ii) a de minimis amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or five percent of the proceeds of the Bonds.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Bonds or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Bonds and in all events within the period ending on the date which is the later of three years after payment of the Reimbursement Expenditure or one year after the date on which the Project to which the Reimbursement Expenditure relates is first placed in service.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of Bond proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Bonds are issued, shall be treated as made on the day the Bonds are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph upon receipt of an opinion of its Bond Counsel for the Bonds stating in effect that such action will not impair the tax-exempt status of the Bonds.

21. Certificate of Registration. The Clerk is hereby directed to file a certified copy of this resolution with the County Auditor, together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register.

22. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

23. Negative Covenant as to Use of Bond Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

24. Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (a) requirements relating to temporary periods for investments, (b) limitations on amounts invested at a yield greater than the yield on the Bonds, and (c) the rebate of excess investment earnings to the United States. The City expects to satisfy the twenty four month expenditure exemption for gross proceeds of the Bonds as provided in Section 1.148-7(d)(1) of the Regulations. If any elections are

available now or hereafter with respect to arbitrage or rebate matters relating to the Bonds, the Mayor, the Manager, or either of them, are hereby authorized and directed to make such elections as they deem necessary, appropriate or desirable in connection with the Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the City.

25. Designation of Qualified Tax-Exempt Obligations. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

- (a) the Bonds are issued after August 7, 1986;
- (b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;
- (c) the City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;
- (d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2013 will not exceed \$10,000,000; and
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2013 have been designated for purposes of Section 265(b)(3) of the Code.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

26. Payment of Issuance Expenses. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Klein Bank, Chaska, Minnesota on the closing date for further distribution as directed by the City's financial advisor, Ehlers.

27. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

28. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member Galow and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: unanimous.

and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF YELLOW MEDICINE
CITY OF GRANITE FALLS

I, the undersigned, being the duly qualified and acting Clerk of the City of Granite Falls, Minnesota, do hereby certify that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as the minutes relate to providing for the issuance and sale of the \$5,000,000 General Obligation Temporary Nursing Home Revenue Bonds, Series 2014B.

WITNESS my hand on September 2, 2014.

Clerk

STATE OF MINNESOTA
CERTIFICATE

COUNTY AUDITOR'S

COUNTY OF YELLOW MEDICINE

AS TO REGISTRATION

I, the undersigned, being the duly qualified and acting County Auditor of Yellow Medicine County, Minnesota, do hereby certify that on the date hereof, there was filed in my office a certified copy of a resolution adopted on September 2, 2014 by the City Council of the City of Granite Falls, Minnesota, authorizing the issuance of \$5,000,000 General Obligation Temporary Nursing Home Revenue Bonds, Series 2014B, together with full information regarding the Bonds, and the Bonds have been entered in my Bond Register.

WITNESS my hand and the seal of the County Auditor on _____, 2014.

County Auditor

(SEAL)

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

SANITARY SEWER LIFT STATION: Council reviewed an update received from Daryl Kirschenman relative to lift station construction.

WATER TREATMENT PLANT DEMO: Council was reminded that the bids for the demolition of the old Water Treatment Plant will be opened on Thursday, September 4th.

TURBINE REPLACEMENT PROJECT: Council discussed the update relative to the Turbine Replacement Project received from Cordelle Thomasma from Barr Engineering.

LIBRARY/SENIOR CENTER: Council was advised that the plans and specifications for repairs to the Library and Senior Center will be completed by the end of September.

PERSONNEL: Council reviewed letters received from Police Chief Russ Blue and Water Treatment Plant Operator Joe Riley notifying the city that they will be retiring with their last days to be October 17, 2014 and October 31, 2014 respectively. Following discussion M/S NORDAUNE/GALOW AUTHORIZING THE CITY MANAGER TO FILL THESE TWO POSITIONS. Motion carried unanimously by those present.

ADJOURN: M/S/P NORDAUNE/OTAIBI TO ADJOURN at 8:35 p.m.

David Smiglewski
Mayor

ATTEST:

Joan M. Taylor
City Clerk

BILLS PAID:

Total 2XL CORPORATION:	119.93
Total ABDO EICK & MEYERS:	10,975.00
Total ADVOCATE-TRIBUNE:	1,620.35
Total ALEX AIR APPARATUS:	325.00
Total ALEX PRO FIREARMS 11C:	225.00
Total ALMICH'S MARKET:	6,223.00
Total ALPHA WIRELESS:	275.50
Total ARNESON DISTRIBUTING INC.:	138.00
Total ARTIC GLACIER INC:	301.90
Total ATKINSON, JASON:	40.05
Total BALFANY, JERLYN:	50.05
Total BEVERAGE WHOLESALERS INC:	496.70
Total BLUEGLOBES INC:	105.27

Total BONNEMA SURVEYS:	350.25
Total BORDER STATES ELECTRIC SUPPLY:	391.20
Total CENEX CREDIT CARD:	25.27
Total CENTURYLINK:	206.04
Total CENTURYLINK-PHOENIX:	16.14
Total CITIZENS ALLIANCE BANK:	680.00
Total CIVIC SYSTEMS:	1,406.25
Total CNH CAPITAL:	39.64
Total COALITION OF GREATER MN CITIES:	315.00
Total COCARD:	77.80
Total CONVENTION & VISITORS BUREAU:	1,855.35
Total DAKOTA PUMP & CONTROL:	865.00
Total DAVE'S ELECTRIC MOTOR CO:	32.24
Total DAVIS TYPEWRITER CO:	1.78
Total DEPARTMENT OF HUMAN SERVICES:	19,294.82
Total Di-Mar Construction:	28,665.85
Total DUNN RITE POOL PRODUCTS:	200.80
Total FAGNANO, JOSEPH:	450.00
Total G & K SERVICES:	172.87
Total GRANITE FALLS BANK:	5,212.33
Total GRAYMONT CAPITAL INC:	4,108.90
Total HEARTLAND PAYMENT SYSTEMS:	97.40
Total HOERNEMANN, PAUL:	255.00
Total HOLMSTROM & KVAM:	1,405.25
Total ICS HEALY-RUFF:	716.00
Total IRBY:	513.14
Total JOHNSON BROS WHOLESALE LIQUOR:	4,634.22
Total K M FIRE PUMP SPECIALISTS:	528.50
Total KOTEK, NICOLLE:	80.00
Total KRANITZ, FRANK:	200.00
Total LAVIN, WILLIAM P.:	103.96
Total LAVOY, TAYLOR:	41.00
Total LEAGUE OF MINNESOTA CITIES:	2,976.00
Total LIGHT FUND:	22,140.18
Total LOCATORS & SUPPLIES:	238.60
Total LOCHER BROTHERS:	13,395.80
Total LUNDELL, KATY:	1,287.28
Total MADISON BOTTLING CO.:	8,769.30
Total MARCO:	87.73
Total MARTIN MARIETTA AGGREGATES:	244.99
Total MCLAUGHLIN & SCHULZ INC.:	752.60
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Total MERCURY PAYMENT SYSTEMS:	1,762.05
Total MESERB:	1,000.00
Total MEYER'S REPAIR & TOWING INC:	75.00
Total MINNESOTA LIFE:	1.14
Total MINNESOTA VALLEY SERVICES LLC:	9,618.75
Total MINNESOTA VALLEY TECH. INC:	49.50
Total MN DEPT OF HEALTH-WATER:	1,963.00
Total MN DEPT OF REVENUE:	30,044.00
Total MN DPT OF ADMINISTRATION:	88.37
Total MN NCPERS-496000:	80.00
Total MN VALLEY TESTING LAB INC.:	538.50
Total MOSS & BARNETT:	376.50
Total MVTV:	362.70
Total NIELSEN, BETSY:	20.00
Total NIHCA:	40.00
Total NORTHWEST OHIO EMERGENCY EQUIP:	126.00
Total OFFICE PEEPS:	38.56
Total O'REILLY AUTO PARTS:	53.12
Total PATTERSON MEDICAL SUPPLY INC:	74.40
Total PAUSTIS & SONS:	523.00
Total PETERSEN, JODI:	402.50
Total PETTY CASH:	156.50

Total PHILLIPS WINE & SPIRITS CO.:	3,330.46
Total POSTMASTER:	598.82
Total QUAM CONSTRUCTION CO INC:	25,978.30
Total RIEKE, JOHN:	40.97
Total ROBERT L. CARR CO:	76,000.00
Total RODEBERG & BERRYMAN INC.:	40,207.05
Total SHRED-IT SIOUX FALLS:	35.95
Total SIOUX VALLEY WIRELESS:	19.95
Total SMIGLEWSKI, DAVID:	465.94
Total SOUTHERN WINE & SPIRITS OF MN:	4,330.39
Total STRUFFERT, BRIAN:	10.00
Total SW-WC SERVICE COOPERATIVES:	31,427.50
Total T & R ELECTRIC:	9,110.73
Total TIGERDIRECT INC:	229.32
Total TOSTENSON SEPTIC LLC:	600.00
TOTAL FILTRATION SYSTEM:	102.43
Total TREVINO, JOSE & MARIA:	29.70
Total TSP:	3,425.83
Total UNIVAR USA INC:	2,260.50
Total UNIVERSITY OF MINNESOTA:	80.00
Total VANCO SERVICES:	37.00
Total VELDE, GORMAN:	100.00
Total VESSCO INC.:	133.22
Total VIKING COCA-COLA BOTTLING CO.:	160.00
Total VISA:	3,427.79
Total WBM WINE & SPIRITS:	4,176.95
Total WEST CENTRAL COMMUNICATIONS:	351.56
Total WIDSETH SMITH NOLTING & ASSC.:	3,929.50
Total WILKENING, GREG:	75.00
Total WINE MERCHANTS:	120.00

Grand Totals:

401,918.68
