

OFFICIAL CITY COUNCIL PROCEEDINGS  
REGULAR SESSION  
AUGUST 15, 2016

A regular session of the Granite Falls City Council was called to order by Mayor David Smiglewski at 7:30 p.m., Monday, August 15<sup>th</sup>, in the Council Chambers of City Hall. Council Members present: DuWayne Galow, Sarina Otaibi, Steve Nordaune, Steve Schaub, Joe Fagnano and Scott Peterson. Staff present: City Manager Crystal Johnson, Finance Director Mike Betker and City Clerk Joan Taylor. Also in attendance were EDA Director Justin Bentaas, Mike Amborn from Rodeberg & Associates, Kristi Fernholtz from the RDC, Marty Seifert from CGMC and Advocate Tribune News Editor Scott Tedrick.

MINUTES: M/S NORDAUNE/SCHAUB TO APPROVE THE MINUTES OF THE AUGUST 1<sup>ST</sup> REGULAR MEETING. Motion carried unanimously.

BILLS: M/S NORDAUNE/GALOW TO APPROVE BILLS PRESENTED FOR PAYMENT. Motion carried unanimously.

CGMC: Marty Seifert from the Coalition of Greater Minnesota Cities was in attendance to give council an update on the 2016 Legislative Session.

Following discussion, Nordaune introduced a resolution and moved its adoption authorizing a voluntary assessment to fund the Coalition of Greater Minnesota Cities' environmental program at a cost of \$.35 per capita for a total assessment of \$980.

RESOLUTION NO. 16-108

RESOLUTION AUTHORIZING ASSESSMENT TO FUND  
COALITION OF GREATER MINNESOTA CITIES ENVIRONMENTAL PROGRAM

WHEREAS, the Coalition of Greater Minnesota Cities has asked for a voluntary member assessment to be used to participate in rulemaking and legal challenges to unscientific and unnecessary regulations; and

WHEREAS, the city's assessment for 2017 would be a \$.35 per capita or \$980.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, authorizing a voluntary member assessment in the amount of \$980 to the Coalition of Greater Minnesota Cities Environmental Action Fund.

Adopted by the City Council this 15<sup>th</sup> day of August, 2016.

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

With second by Schaub, the resolution was adopted unanimously.

MEMORIAL PARK: Kristi Fernholtz with the Upper Minnesota Valley Regional Development Commission was in attendance to request authorization to submit a grant application to the Minnesota DNR Parks and Trails to continue with the improvements proposed in the Memorial Park Implementation Plan. The projects proposed in this grant application will include the Shower/Restroom Building replacement, shelter house rehabilitation, and safety improvements and crosswalk at the main entrance. The total request will be for \$736,125. Following discussion Nordaune introduced a resolution and moved its adoption authorizing submittal of the grant application for Memorial Park improvements and authorized a 10% local match for the project costs.

RESOLUTION NO. 16-109

RESOLUTION SUPPORTING GRANT FUNDING  
FOR REGIONAL PARKS AND TRAILS IN GREATER MINNESOTA

BE IT RESOLVED that the CITY OF GRANITE FALLS has the legal public authority to sponsor a grant funding request associated with MEMORIAL PARK FUNDING APPLICATION #16-009F (PROJECT), which has been previously designated by the Greater Minnesota Regional Park and Trail Commission (COMMISSION) as a regional park or trail.

BE IT FURTHER RESOLVED that as we are fully aware of the information provided in the funding request, including any non-state match and other long-term commitments (as defined in the funding request), related master plan and any supporting information as submitted.

BE IT RESOLVED that, if selected for funding by the COMMISSION, the CITY OF GRANITE FALLS shall act as legal sponsor for the PROJECT contained in the Department of Natural Resources (DNR) Parks & Trails Legacy Grant Application (STATE'S GRANT APPLICATION) and that DAVID SMIGLEWSKI, MAYOR hereby authorized to apply to the Department of Natural Resources for funding of this project on behalf of the applicant.

BE IT FURTHER RESOLVED that the APPLICANT has not incurred any development costs and has not entered into a written purchase agreement to acquire the property described in the funding request and therefore, also in the STATE'S GRANT APPLICATION.

BE IT FURTHER RESOLVED that the APPLICANT has or will acquire fee title or permanent easement over the land described in the funding request and therefore, also in the STATE'S GRANT APPLICATION for regional parks and has or will acquire fee title, perpetual easement or a minimum of a 20 year lease over the land described in the funding request and therefore, also in the STATE'S

BE IT FURTHER RESOLVED that, upon approval of its application by the state, the applicant may enter into an agreement with the State of Minnesota for the above-referenced project, and that the applicant certifies that it will comply with all applicable laws and regulations as stated in the grant contract including

- dedicating the park property for uses consistent with the grant program into perpetuity; and
- committing to maintain the trail for a period of no less than 20 years and providing a perpetual easement for recreational trail purposes on all lands acquired for trail use.

NOW, THEREFORE BE IT RESOLVED that MAYOR, DAVID SMIGLEWSKI is hereby authorized to execute such agreements as are necessary to implement the project on behalf of the applicant.

I CERTIFY THAT the above resolution was adopted by the Granite Falls City Council, of CITY OF GRANITE FALLS on this 15<sup>th</sup> day of August, 2016.

David Smiglewski  
Mayor

Witnessed:  
Joan M. Taylor  
City Clerk

With second by Schaub, the resolution was adopted unanimously.

2016 STREET/UTILITY IMPROVEMENTS: Mike Amborn with Rodeberg & Berryman updated council regarding the progress of the utility improvements and advised them that Duininck, Inc. has requested an extension to complete the street portion of the improvements. The completion date would be changed from October 1, 2016 to October 29, 2016. Following discussions Fagnano introduced a resolution and moved its adoption extending the completion date for the street improvements until October 29, 2016.

RESOLUTION NO. 16-110

RESOLUTION EXTENDING COMPLETION DATE -  
2016 STREET IMPROVEMENTS

WHEREAS, pursuant to Resolution No. 16-75 council authorized entering into a contract with Duininck, Inc. to complete the 2016 Street Improvements; and

WHEREAS, the contract with Duininck, Inc. called for a completion date of October 1, 2016; and

WHEREAS, Duininck, Inc. has requested an extension of the completion date from October 1, 2016 until October 29, 2016.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, extending the completion date for the 2016 Street Improvements to October 29, 2016.

Adopted by the City Council this 15<sup>th</sup> day of August, 2016.

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

With second by Galow, the resolution was adopted unanimously.

REPORT: The EDA Board report was acknowledged at this time.

811 RLF: Upon the recommendation of the EDA Board, Schaub introduced the following resolution and moved its adoption approving a loan from the 811 Revolving Loan Fund to J.S. Ventures LLC in the amount of \$35,000 at 3.5% interest to be paid over 10 years. The financing will help with start-up costs to get the bowling center reopened.

RESOLUTION NO. 16-111

RESOLUTION APPROVING LOAN FROM  
811 REVOLVING LOAN FUND TO J.S. VENTURES, LLC

WHEREAS, J.S.Ventures, LLC has applied to the EDA for a loan from the 811 Revolving Loan Fund in the amount of \$35,000 for start-up costs to reopen Granite Bowl; and

WHEREAS, the Economic Development Authority at its August 8<sup>th</sup> meeting recommended council approve a loan from the 811 Revolving Loan Fund in the amount of \$35,000 at an interest rate of 3.5% payable over a term of ten years.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA approving a loan from the 811 Revolving Loan Fund in the amount of \$35,000 to J. S. Ventures, LLC at an interest rate of 3.5% payable over 10 years.

Adopted by the City Council this 15<sup>th</sup> day of August, 2016.

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

With second by Galow, the resolution was adopted unanimously.

Also upon the recommendation of the EDA Board Nordaune introduced the following resolution and moved its adoption modifying the loan from the 811 Revolving Loan Fund to David and Melanie Syring to monthly payments of \$36.37 plus monthly interest of \$38.63 for a total monthly payment of \$75 to run from October 2016 through March 2017.

RESOLUTION NO. 16-111

RESOLUTION APPROVING LOAN FROM  
811 REVOLVING LOAN FUND TO J.S. VENTURES, LLC

WHEREAS, J.S.Ventures, LLC has applied to the EDA for a loan from the 811 Revolving Loan Fund in the amount of \$35,000 for start-up costs to reopen Granite Bowl; and

WHEREAS, the Economic Development Authority at its August 8<sup>th</sup> meeting recommended council approve a loan from the 811 Revolving Loan Fund in the amount of \$35,000 at an interest rate of 3.5% payable over a term of ten years.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA approving a loan from the 811 Revolving Loan Fund in the amount of \$35,000 to J. S. Ventures, LLC at an interest rate of 3.5% payable over 10 years.

Adopted by the City Council this 15<sup>th</sup> day of August, 2016.

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

With second by Peterson, the resolution was adopted unanimously.

REPORTS: The Airport Commission report was acknowledged at this time.

2017 AIRPORT IMPROVEMENTS: Upon the Airport Commission's recommendation, Nordaune introduced the following resolution and moved its adoption calling for

bids for the 2017 Runway Reclamation Project contingent upon a signed grant agreement with the statement.

RESOLUTION NO. 16-113

RESOLUTION AUTHORIZING CALLING FOR BIDS  
2017 AIRPORT IMPROVEMENTS

WHEREAS, pursuant to Resolution No. 15-169, council authorized execution of a contract with Airport Engineer's Bolton & Menk concerning the 2016/2017 Airport Improvements;

WHEREAS, pursuant to Resolution No. 16-65 council entered into a Grant Agreement with the State of Minnesota to cover the engineering costs for preparation of plans and specifications for the Runway Reclamation Project; and

WHEREAS, the State has now authorized the city to call for bids for the runway portion of the 2017 Runway Reclamation Project with the state's share estimated at \$678,011.93 and the local share at approximately \$75,334.66.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, authorizing calling for bids for the runway portion of the 2017 Runway Reclamation Project contingent upon execution of a grant agreement with state.

Adopted by the City Council this 15<sup>th</sup> day of August, 2016.

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

With second by Peterson, the resolution was adopted unanimously.

REPORTS: The following reports were acknowledged at this time: Planning Commission, Police Chief and Granite Falls Historical Society.

UPPER SIOUX: Following discussion M/S NORDAUNE/PETERSON AUTHORIZING THE USE OF MEMORIAL PARK BY THE UPPER SIOUX COMMUNITY TO HOLD ITS ANNUAL "POWDER RUN". The run will be held on September 24<sup>th</sup> from 8:00 a.m. to 11:00 p.m. Motion carried unanimously.

TURBINE REPLACEMENT PROJECT: Nordaune introduced the following resolution and moved its adoption authorizing execution of Change Order No. 7 for the Turbine Replacement Project in the amount of \$13,439. This change order provided the turbine shafts with stainless steel in the bearing area.

RESOLUTION NO. 16-114

RESOLUTION AUTHORIZING EXECUTION OF  
CHANGE ORDER NO. 7 – TURBINE REPAIR PROJECT

WHEREAS, pursuant to Resolution No. 14-117 council accepted the bid received from Robert L. Carr Company for repairs to Generators 1 & 2 at the Hydro Electric Plant in the amount of \$1,346,000; and

WHEREAS, Change Order #7 has been submitted by Robert L. Carr Co. in the amount of \$13,439 to provide turbine shafts with stainless steel in the bearing area.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, authorizing execution of Change Order No. 7 to cover the stainless steel in the bearing area for an increase in the contract with Robert L. Carr Co in the amount of \$13,439.

Adopted by the City Council this 15<sup>th</sup> day of August, 2016.

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

With second by Galow, the resolution was adopted unanimously.

CMPAS: Nordaune introduced the following resolution and moved its adoption appointing City Manager Crystal Johnson as the city's representative on the Central Municipal Power Agency/Services and Utilities Plus Board of Directors with Electrical Superintendent Peterson as the 1<sup>st</sup> alternate and Mike Betker the 2<sup>nd</sup> alternate.

RESOLUTION NO. 16-115

CITY COUNCIL RESOLUTION

RESOLUTION MAKING CITY APPOINTMENT TO CENTRAL MUNICIPAL POWER  
AGENCY/SERVICES (CMPAS) and UTILITIES PLUS (UP) BOARD OF DIRECTORS

Member Nordaune moved the adoption of the following resolution. Member Schaub seconded the motion.

BE IT RESOLVED by the City Council of the City of Granite Falls, Minnesota (hereinafter referred to as "City") as follows:

Section 1: Crystal Johnson is hereby appointed as the City of Granite Falls representative on the Central Municipal Power Agency/Services' (CMPAS) and Utilities Plus (UP) Board of Directors

Section 2: Perry Peterson is hereby appointed as the City of Granite Falls alternate representative on the Central Municipal Power Agency/Services' (CMPAS) and Utilities Plus (UP) Board of Directors.

Section 3: Michael Betker is hereby appointed as the City of Granite Falls second alternate representative on the Central Municipal Power Agency/Services' (CMPAS) and Utilities Plus (UP) Board of Directors.

WHEREUPON, the members voted as follows: Aye: Galow, Otaibi, Nordaune, Smiglewski, Schaub, Fagnano and Peterson; Nay: none and the Resolution was declared passed.

Adopted this 15<sup>th</sup> day of August, 2016.

**CITY OF GRANITE FALLS**

By  
David Smiglewski, Its Mayor  
Attest:

By  
Crystal Johnson, City Manager

**CERTIFICATE**

I, Crystal Johnson, the City Manager of the City of Granite Falls, do hereby certify that attached hereto is a true and correct copy of the Resolution approving the Appointment duly adopted by the City Council at a meeting duly held on the 15<sup>th</sup> day of August, 2016, notice of such meeting having been given in accordance with law and at which meeting a quorum was present and acting throughout.

I also do hereby certify that such resolution has not been amended in any way from the date of such adoption to the date hereof.

**IN WITNESS WHEREOF** I have hereunto set my hand this 16<sup>th</sup> day of August, 2016.

**CITY OF GRANITE FALLS, MINNESOTA**

By  
City Manager

With second by Schaub, the resolution was adopted unanimously.

G.O. TAXABLE NURSING HOME BONDS: Nordaune introduced the following resolution and moved its adoption accepting the offer of the USDA to purchase the \$7,500,000 G.O. Taxable Nursing Home Revenue Bond of 2016C.

## RESOLUTION NO. 16-116

## RESOLUTION ACCEPTING THE OFFER OF THE UNITED STATES OF AMERICA TO PURCHASE A \$7,500,000 GENERAL OBLIGATION TAXABLE NURSING HOME REVENUE BOND OF 2016C AND PROVIDING FOR ITS ISSUANCE

WHEREAS, the City of Granite Falls, Minnesota ("the City") owns and operates a 57-bed nursing home facility known as the Granite Falls Manor (the "Facility"); and

WHEREAS, the City Council of the City of Granite Falls, Minnesota (the "City"), authorized the issuance and sale of \$5,000,000 General Obligation Temporary Nursing Home Revenue Bonds, Series 2014B (the "Temporary 2014B Bond") bearing a date of original issue of September 25, 2014 and \$5,730,000 General Obligation Taxable Nursing Home Revenue Bonds, Series 2015A bearing a date of original issue of January 7, 2015 (the "Temporary 2015A Bond and together with the Temporary 2014B Bonds, the "Temporary Bonds"), pursuant to Minnesota Statutes, Chapters Section 376.56, Subdivision 3, issued for the purpose of providing money to temporarily finance the acquisition and betterment of a new nursing home facility to replace the existing Granite Falls Manor facility, in anticipation of a long-term federal loan; and

WHEREAS, pursuant to Minnesota Statutes, Section 376.55, Subdivision 7 and a resolution adopted by the Board of Commissioners of Yellow Medicine County (the "County") on March 19, 2013, 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

WHEREAS, neither the issuance of the Temporary Bonds nor the issuance of the Bond shall increase the number of beds in the County or increase the number of accommodations for residents in the County; and

WHEREAS, other than the Temporary Bonds there are no other outstanding bonds payable from the net revenues of the Facility; and

WHEREAS, the City Council has heretofore determined that it is necessary and advisable to issue a \$7,500,000 General Obligation Taxable Nursing Home Revenue Bond of 2016C (the "Bond"), pursuant to Minnesota Statutes, Section 376.56 and the 2016D Bond (as hereinafter defined) to provide funds to pay the outstanding Temporary Bonds on the Call Date (the "Refunding"); and

WHEREAS, the City proposes to issue on the same date as the Bond, a \$3,233,000 General Obligation Taxable Nursing Home Revenue Bond of 2016D (the "2016D Bond") to refund the remaining portion of the Temporary 2015A Bond not refunded by this Bond and a \$600,000 General Obligation Taxable Nursing Home Revenue Bond of 2016E (the "2016E Bonds") to finance a portion of the costs of the acquisition and betterment of the Facility and to which the revenues of the Facility will be pledged; and

WHEREAS, the Temporary Bonds mature on August 1, 2017, as provided in the resolution of the City Council, adopted September 2, 2014 as to the Temporary 2014B Bond and adopted on December 1, 2014 as to the Temporary 2015A Bond (together, the "Prior Resolutions") and under the terms of the Temporary Bonds and as part of the underlying security for the payment thereof, the City has covenanted to issue bonds for delivery and

payment on or before the maturity date of the Temporary Bonds for the purpose of refunding the Temporary Bonds; and

WHEREAS, the City Council deems it desirable and in the best interests of the City to call the Temporary Bonds for redemption and prepayment on \_\_\_\_\_ (the "Call Date"), in accordance with the Prior Resolutions; and

WHEREAS, the City has determined to accept the offer of the United States of America, the United States Department of Agriculture (the "Government"), administered by Rural Development ("RD"), to purchase a long term definitive bond of the City in the principal amount of \$7,500,000 for the purpose of financing a portion of the Refunding; and

WHEREAS, the Government's commitment to the City is for the purchase of one bond in the principal amount of \$7,500,000 with interest at the rate of two and three-quarters percent (2.75%) per annum; and

WHEREAS, the Government has agreed to purchase the Bond without requirement of a public sale, as permitted by Minnesota Statutes, Section 475.60, Subdivision 2(4), and has elected to purchase the Bond in the amount of \$7,500,000 as one bond with principal installments payable in accordance with the maturity schedule hereinafter set forth; and

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

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Granite Falls, Chippewa and Yellow Medicine Counties, Minnesota, as follows:

Acceptance of Offer; Place of Payment. The offer of the Government to purchase the Bond of the City, at the rate of interest hereinafter set forth, and to pay therefor the sum of \$7,500,000, is hereby accepted, and the sale of the Bond is hereby awarded to the Government. The Bond shall be payable as to principal and interest at the RD Office, in Willmar, Minnesota, or at such place or places as designated by the Government in writing.

Date; Denomination; Interest Rate; Maturities. The Bond shall be a fully registered negotiable bond dated as of the date of delivery and issued forthwith. The Bond shall be in the principal amount of \$7,500,000, bear interest on the unpaid principal amount thereof at the rate of two and three-quarters percent (2.75%) per annum, payable on January 1, 2017, and annually thereafter on January 1 of each year and mature on January 1 in the years and installments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2017	\$,000	2037	\$,000
2018	,000	2038	,000
2019	,000	2039	,000
2020	,000	2040	,000
2021	,000	2041	,000
2022	,000	2042	,000
2023	,000	2043	,000
2024	,000	2044	,000

2025	,000	2045	,000
2026	,000	2046	,000
2027	,000	2047	,000
2028	,000	2048	,000
2029	,000	2049	,000
2030	,000	2050	,000
2031	,000	2051	,000
2032	,000	2052	,000
2033	,000	2053	,000
2034	,000	2054	,000
2035	,000	2055	,000
2036	,000		

Purpose; Cost. The proceeds of the Bond (together with other available funds, if any) and the Series 2016D Bond shall provide funds to finance the Refunding. It is hereby found, determined and declared that the Bond and the 2016D Bond shall provide moneys for the prompt and full payment of the principal on the Temporary Bonds. The Bond and the 2016D Bond does not exceed the total cost of the Refunding.

Redemption. Any or all installments of principal due on the Bond are subject to prepayment at the option of the City on any date in multiples of \$1,000, at par plus interest accrued to the date of prepayment. Notice of any such optional prepayment shall be given prior to the prepayment date by mailing to the registered owner of the affected Bond a notice fixing such prepayment date and the amount of principal to be prepaid.

Registration of Bond. At the time of issuance and delivery of the Bond, the City Clerk shall register the Bond in the name of the payee in a bond register which his or her successors in office shall maintain for the purpose of registering the ownership of the Bond. The Bond shall be prepared for execution with an appropriate text and spaces for notation of registration. The force and effect of such registration shall be as stated in the form of Bond hereinafter set forth. Payment of principal installments and interest, whether upon redemption or otherwise, made with respect to a Bond, may be made to the registered holder thereof or to the registered owner's legal representative, without presentation or surrender of the Bond.

Form of Bond. The Bond, together with the Certificate of Registration thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA  
 CHIPPEWA AND YELLOW MEDICINE COUNTIES  
 CITY OF GRANITE FALLS  
 \$7,500,000 GENERAL OBLIGATION TAXABLE NURSING HOME REVENUE BOND  
 OF 2016C

KNOW ALL PERSONS BY THESE PRESENTS that the City of Granite Falls, Chippewa and Yellow Medicine Counties, Minnesota (the "City"), certifies that it is indebted and for value received promises to pay to the United States of America, the United States Department of Agriculture, or the registered assign, the principal sum of SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$7,500,000) on the first day of January in the years and installments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2017	\$,000	2037	\$,000
2018	,000	2038	,000
2019	,000	2039	,000
2020	,000	2040	,000
2021	,000	2041	,000
2022	,000	2042	,000
2023	,000	2043	,000
2024	,000	2044	,000
2025	,000	2045	,000
2026	,000	2046	,000
2027	,000	2047	,000
2028	,000	2048	,000
2029	,000	2049	,000
2030	,000	2050	,000
2031	,000	2051	,000
2032	,000	2052	,000
2033	,000	2053	,000
2034	,000	2054	,000
2035	,000	2055	,000
2036	,000		

and to pay interest on the balance of said principal sum from time to time remaining unpaid, from the date hereof until the principal amount hereof is paid, at the rate of two and three-quarters percent (2.75%) per annum, payable on the first day of January 2017, and annually thereafter on the first day of January in each year. Both principal and interest are payable at the Rural Development Office, in Willmar, Minnesota, or at such place or places as designated by the United States of America in writing, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

Redemption. In addition to the installments of principal required to be paid by the City as hereinabove set forth, the City shall have the right to prepay on any date the entire principal amount hereof then remaining unpaid, or such lesser portion thereof as it may determine upon, in multiples of \$1,000, at par plus interest accrued to the date of prepayment. Notice of any such optional prepayment shall be given prior to the prepayment date by mailing to the registered owner of this Bond a notice fixing such prepayment date and the amount of principal to be prepaid.

Purpose; General Obligation. This Bond has been issued pursuant to and in full conformity with the Charter of the City, the Constitution and laws of the State of Minnesota for the purpose of refinancing temporary bonds of the City issued to finance the acquisition and betterment of a new nursing home facility to replace the existing facility known as Granite Falls Manor (the "Facility") and is payable out of the Debt Service Account of the Nursing Home Fund of the City, to which account have been pledged the net revenues of the Facility. This Bond constitutes a general obligation of the City, and to provide moneys for the prompt and full payment of said principal installments and interest when the same become due, the full faith, credit and taxing powers of the City have been and are hereby irrevocably pledged.

Registration; Transfer. This Bond shall be registered in the name of the payee on the books of the City by presenting this Bond for registration to the City Clerk, who will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration on the reverse side hereof. Thereafter this Bond may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or the registered owner's legal representative, and the City may treat the registered owner as the person exclusively entitled to exercise all the rights and powers of an owner until this Bond is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the City Clerk.

Taxable Interest. The interest on this Bond is included in the gross income of the owner hereof for purposes of United States income tax and to the same extent in both gross income and taxable net income for purposes of State of Minnesota income tax.

Not Qualified Tax-Exempt Obligation. This Bond has not been designated by the City as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Charter of the City, 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 City outstanding on the date hereof, being the date of its actual issuance and delivery, does not exceed any charter, constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Granite Falls, Chippewa and Yellow Medicine Counties, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the signatures of its Mayor and its Clerk, the corporate seal of the City having been intentionally omitted as permitted by law, all as of (do not date), 2016.

(do not sign)  
Clerk

(do not sign)  
Mayor

(on reverse side of bond)

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Bond may be made only by the registered owner or the registered owner's legal representative last noted below.

DATE OF  
REGISTRATION

REGISTERED OWNER

SIGNATURE OF  
CITY CLERK

(do not date), 2016

United States of America,  
Rural Development Office  
Willmar, MN

(do not sign)

\_\_\_\_\_  
\_\_\_\_\_  
  
\_\_\_\_\_  
\_\_\_\_\_  
  
\_\_\_\_\_  
\_\_\_\_\_

Execution. The Bond 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, however, that the seal may be omitted as permitted by law. In the event of disability or resignation or other absence of either such officer, the Bond may be signed by the manual signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Bond shall cease to be such officer before the delivery of the Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

Delivery; Application of Proceeds. The Bond when so prepared and executed shall be delivered by the Finance Director to the purchaser thereof upon receipt of the purchase price, and the purchaser shall not be obliged to see to the proper application thereof.

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 and a Debt Service Account within the Nursing Home Fund. The City agrees to continue to maintain the Nursing Home Fund and to deposit in the Operation and Maintenance Account all of the gross revenues of the Facility. The City hereby covenants and agrees that it will, so long as the Bond is 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 Operation and Maintenance Account of 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 Bond is fully paid. 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 established a Payment Account and the Debt Service Account shall continue to be maintained in the Nursing Home Fund:

Payment Account. All of the proceeds of the Bond shall be deposited in the Payment Account of the Nursing Home Fund (the "Payment Account"), which amount, together with the proceeds of the 2016D Bond and available funds of the City shall be sufficient to prepay the outstanding Temporary Bonds on the Call Date.

Debt Service Account. There are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (i) net revenues of the Facility in an amount sufficient to pay the principal and interest due on the Bond, the 2016D Bond and the 2016E Bond; (ii) all collections of taxes which may hereafter be levied in the event that net revenues and other funds herein pledged to the payment of the principal and interest of the Bond and the 2016D Bond and the 2016E Bond are insufficient therefor; (iii) all funds remaining on deposit in the Payment Account after the Temporary Bonds have been paid and discharged; (iv) all investment earnings on funds held in the Debt Service Account; and (v) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the Bond, the 2016D Bond and the 2016E Bond and any other general obligation bonds of the City hereafter issued by the City and made payable from said account as provided by law.

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 the net revenues to the Debt Service Account for the payment and security of Bonds issued under and as contemplated in this resolution.

Tax Levy. The City Council shall determine on or before October 1 in each year whether the amount then held in the Debt Service Account and the amounts estimated to be received therein in the following year are sufficient to pay the principal and interest on the Bond, the 2016D Bond and the 2016E Bond. If not, the City Council shall by resolution levy an ad valorem tax upon all taxable property within its corporate limits, in an amount at least equal to 105% of the amount of the deficiency, and the Administrator shall certify this tax to the County Auditors' of Chippewa County and Yellow Medicine County for collection in the following year with other general taxes of the City. As provided in Minnesota Statutes, Sections 475.61 and 475.74, the levy of such taxes, if required, shall not be subject to any statutory limitation of rate or amount.

Coverage Test; Pledge of Net Revenues; Excess Net Revenues. It is hereby found, determined and declared that the net revenues of the Facility are sufficient in amount to pay when due the principal of and interest on the Bond, the 2016D Bond and the 2016E Bond and a sum at least five percent in excess thereof, and the net revenues of the Facility are hereby pledged on a parity with the 2016D Bond and the 2016E Bond for the payment of the Bond and shall be applied for that purpose, but solely to the extent required to meet the principal and interest requirements of the Bond as the same become due. Excess net revenues may be used for any proper purpose. 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 and any such pledge and appropriation of the net revenues 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.

General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bond, 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 principal and interest on the Bond, together with other funds irrevocably appropriated to the Debt Service Account, shall at any time be insufficient to pay such 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 they become due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bond, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

No Defeasance. So long as Government is the holder of the Bond, the City shall not, and hereby covenants not to, cause the Bond to be defeased by the deposit of moneys or investments sufficient to pay the Bond more than ninety days after the deposit of such moneys or investments.

Certificate of Registration. The Clerk is hereby directed to file a certified copy of this resolution with the County Auditor of Chippewa County, Minnesota and Yellow Medicine County, Minnesota, together with such other information as each such County Auditor shall require, and to obtain from each County Auditor a County Auditor's certificate that the Bond has been entered in each respective County Auditor's Bond Register.

RD Loan Resolution. Each and all of the provisions of this resolution relating to the Bond are intended to be consistent with the provisions of the Loan Resolution (Form RD No. 1942-47) adopted by the City, and to the extent that any provision in the Loan Resolution is in conflict with this resolution as it relates to the Bond, that provision shall control and this resolution shall be deemed accordingly modified.

Payment of Temporary Bonds; Notices of Call for Redemption. The Temporary Bonds will be paid on the Call Date. The Administrator is hereby authorized and directed to give mailed notice of redemption to the registered owner of the Temporary Bonds, at the address shown on the registration books kept by the bond registrar for the Temporary Bonds, on a date that gives the registered owner of the Temporary Bonds at least thirty days' mailed notice prior to the Call Date. The Notices of Call for Redemption shall be in substantially the forms attached hereto as Exhibit A and Exhibit B.

Temporary Bonds; Security. Until retirement of the Temporary Bonds, all provisions theretofore made for the security thereof shall be observed by the City and all of its officers and agents.

Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to RD, and to the attorneys approving the legality of the issuance of the Bond, certified copies of all proceedings and records of the City relating to the Bond 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 Bond 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.

Taxable Status of the Bonds. The City does not qualify the Bonds as tax-exempt under the Internal Revenue Code of 1986, as amended. It is hereby determined that the Bonds are to be issued as fully taxable obligations, and all interest received on the Bonds is to be included in the gross income of the Holder of any Bond for federal income taxation purposes and, to the same extent, in both gross income and taxable net income for state income taxation purposes.

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.

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 full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Galow, Otaibi, Nordaune, Smiglewski, Schaub, Fagnano and Peterson.

and the following voted against the same: None

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTIES OF CHIPPEWA AND 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 such minutes relate to \$7,500,000 General Obligation Taxable Nursing Home Revenue Bond of 2016C.

WITNESS my hand on August 15, 2016.

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Clerk

EXHIBIT A

NOTICE OF CALL FOR REDEMPTION  
GENERAL OBLIGATION TEMPORARY NURSING HOME REVENUE BOND,

SERIES 2015A  
CITY OF GRANITE FALLS, MINNESOTA

NOTICE IS HEREBY GIVEN that by order of the City Council of the City of Granite Falls, Chippewa and Yellow Medicine Counties, Minnesota, there have been called for redemption and prepayment on

\_\_\_\_\_, 2016

those outstanding bonds of the City designated General Obligation Temporary Nursing Home Revenue Bond, Series 2015A, dated January 7, 2015, having a stated maturity date of August 1, 2017 and totaling \$5,730,000 in principal amount and having CUSIP number listed below:

<u>Year</u>	<u>CUSIP Number*</u>
2017	387370 XW4

The bonds are being called at a price of par plus accrued interest to \_\_\_\_\_, 2016, on which date all interest on the bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment at Bond Trust Services Corporation, 3060 Centre Pointe Drive, Roseville, MN 55113.

BY ORDER OF THE CITY COUNCIL  
CITY OF GRANITE FALLS,  
MINNESOTA

/s/ Joan Taylor, City Clerk

The City shall not be responsible for the selection of or use of the CUSIP numbers, nor is any representation

EXHIBIT B

NOTICE OF CALL FOR REDEMPTION  
GENERAL OBLIGATION TEMPORARY NURSING HOME REVENUE BOND,  
SERIES 2014B  
CITY OF GRANITE FALLS, MINNESOTA

NOTICE IS HEREBY GIVEN that by order of the City Council of the City of Granite Falls, Chippewa and Yellow Medicine Counties, Minnesota, there have been called for redemption and prepayment on

\_\_\_\_\_, 2016

those outstanding bonds of the City designated General Obligation Temporary Nursing Home Revenue Bond, Series 2014B, dated September 25, 2014, having a stated maturity date of August 1, 2017 and totaling \$5,000,000 in principal amount and having CUSIP number listed below:

<u>Year</u>	<u>CUSIP Number*</u>
2017	387370 XE4

The bonds are being called at a price of par plus accrued interest to \_\_\_\_\_, 2016, on which date all interest on the bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment at Bond Trust Services Corporation, 3060 Centre Pointe Drive, Roseville, MN 55113.

BY ORDER OF THE CITY COUNCIL  
CITY OF GRANITE FALLS,  
MINNESOTA

/s/ Joan Taylor, City Clerk

The City shall not be responsible for the selection of or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the notice. They are included solely for the convenience of the holder.

With second by Galow, the resolution was adopted unanimously.

Nordaune introduced the following resolution and moved its adoption accepting the offer of the USDA to purchase the \$3,233,000 G.O. Taxable Nursing Home Revenue Bond of 2016D.

RESOLUTION NO. 16-117

**RESOLUTION ACCEPTING THE OFFER OF THE UNITED STATES OF AMERICA TO PURCHASE A \$3,233,000 GENERAL OBLIGATION TAXABLE NURSING HOME REVENUE BOND OF 2016D AND PROVIDING FOR ITS ISSUANCE**

WHEREAS, the City of Granite Falls, Minnesota ("the City") owns and operates a 57-bed nursing home facility known as the Granite Falls Manor (the "Facility"); and

WHEREAS, the City Council of the City of Granite Falls, Minnesota (the "City"), authorized the issuance and sale of \$5,730,000 General Obligation Taxable Nursing Home Revenue Bonds, Series 2015A bearing a date of original issue of January 7, 2015 (the "Temporary Bond"), pursuant to Minnesota Statutes, Chapters Section 376.56, Subdivision 3, issued for the purpose of providing money to temporarily finance the acquisition and betterment of a new nursing home facility to replace the existing Granite Falls Manor facility, in anticipation of a long-term federal loan; and

WHEREAS, pursuant to Minnesota Statutes, Section 376.55, Subdivision 7 and a resolution adopted by the Board of Commissioners of Yellow Medicine County (the "County") on March 19, 2013, 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

WHEREAS, neither the issuance of the Temporary Bond nor the issuance of the Bond shall increase the number of beds in the County or increase the number of accommodations for residents in the County; and

WHEREAS, other than the Temporary Bond there are no other outstanding bonds payable from the net revenues of the Facility; and

WHEREAS, the City Council has heretofore determined that it is necessary and advisable to issue a \$3,233,000 General Obligation Taxable Nursing Home Revenue Bond of 2016D (the "Bond"), pursuant to Minnesota Statutes, Section 376.56 and the 2016C Bond (as hereinafter defined) to provide funds to pay the outstanding Temporary Bond on the Call Date (the "Refunding"); and

WHEREAS, the City proposes to issue on the same date as the Bond, a \$7,500,000 General Obligation Taxable Nursing Home Revenue Bond of 2016C (the "2016C Bond") to refund the remaining portion of the Temporary Bond not refunded by this Bond and a \$600,000 General Obligation Taxable Nursing Home Revenue Bond of 2016E (the "2016E Bonds") to finance a portion of the costs of the acquisition and betterment of the Facility and to which the revenues of the Facility will be pledged; and

WHEREAS, the Temporary Bond matures on August 1, 2017, as provided in the resolution of the City Council, adopted on December 1, 2014 (the "Prior Resolution") and under the terms of the Temporary Bond and as part of the underlying security for the payment thereof, the City has covenanted to issue bonds for delivery and payment on or before the maturity date of the Temporary Bond for the purpose of refunding the Temporary Bond; and

WHEREAS, the City Council deems it desirable and in the best interests of the City to call the Temporary Bond for redemption and prepayment on \_\_\_\_\_ (the "Call Date"), in accordance with the Prior Resolution; and

WHEREAS, the City has determined to accept the offer of the United States of America, the United States Department of Agriculture (the "Government"), administered by Rural Development ("RD"), to purchase a long term definitive bond of the City in the principal amount of \$3,233,000 for the purpose of financing a portion of the Refunding; and

WHEREAS, the Government's commitment to the City is for the purchase of one bond in the principal amount of \$3,233,000 with interest at the rate of two and three-quarters percent (2.75%) per annum; and

WHEREAS, the Government has agreed to purchase the Bond without requirement of a public sale, as permitted by Minnesota Statutes, Section 475.60, Subdivision 2(4), and has elected to purchase the Bond in the amount of \$3,233,000 as one bond with principal installments payable in accordance with the maturity schedule hereinafter set forth; and

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

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Granite Falls, Chippewa and Yellow Medicine Counties, Minnesota, as follows:

Acceptance of Offer; Place of Payment. The offer of the Government to purchase the Bond of the City, at the rate of interest hereinafter set forth, and to pay therefor the sum of \$3,233,000, is hereby accepted, and the sale of the Bond is hereby awarded to the Government. The Bond shall be payable as to principal and interest at the RD Office, in Willmar, Minnesota, or at such place or places as designated by the Government in writing.

Date; Denomination; Interest Rate; Maturities. The Bond shall be a fully registered negotiable bond dated as of the date of delivery and issued forthwith. The Bond shall be in the principal amount of \$3,233,000, bear interest on the unpaid principal amount thereof at the rate of two and three-quarters percent (2.75%) per annum, payable on January 1, 2017, and annually thereafter on January 1 of each year and mature on January 1 in the years and installments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2017	\$,000	2037	\$,000
2018	,000	2038	,000
2019	,000	2039	,000
2020	,000	2040	,000
2021	,000	2041	,000
2022	,000	2042	,000
2023	,000	2043	,000
2024	,000	2044	,000
2025	,000	2045	,000
2026	,000	2046	,000
2027	,000	2047	,000
2028	,000	2048	,000
2029	,000	2049	,000
2030	,000	2050	,000
2031	,000	2051	,000
2032	,000	2052	,000
2033	,000	2053	,000
2034	,000	2054	,000
2035	,000	2055	,000
2036	,000		

Purpose; Cost. The proceeds of the Bond (together with other available funds, if any) shall provide funds to finance the Refunding. It is hereby found, determined and declared that the Bond shall provide moneys for the prompt and full payment of the principal on the Temporary Bond. The Bond does not exceed the total cost of the Refunding.

Redemption. Any or all installments of principal due on the Bond are subject to prepayment at the option of the City on any date in multiples of \$1,000, at par plus interest accrued to the date of prepayment. Notice of any such optional prepayment shall be given prior to the prepayment date by mailing to the registered owner of the affected Bond a notice fixing such prepayment date and the amount of principal to be prepaid.

Registration of Bond. At the time of issuance and delivery of the Bond, the City Clerk shall register the Bond in the name of the payee in a bond register which his or her successors in office shall maintain for the purpose of registering the ownership of the Bond.

The Bond shall be prepared for execution with an appropriate text and spaces for notation of registration. The force and effect of such registration shall be as stated in the form of Bond hereinafter set forth. Payment of principal installments and interest, whether upon redemption or otherwise, made with respect to a Bond, may be made to the registered holder thereof or to the registered owner's legal representative, without presentation or surrender of the Bond.

Form of Bond. The Bond, together with the Certificate of Registration thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA  
 CHIPPEWA AND YELLOW MEDICINE COUNTIES  
 CITY OF GRANITE FALLS  
 \$3,233,000 GENERAL OBLIGATION TAXABLE NURSING HOME REVENUE BOND  
 OF 2016D

KNOW ALL PERSONS BY THESE PRESENTS that the City of Granite Falls, Chippewa and Yellow Medicine Counties, Minnesota (the "City"), certifies that it is indebted and for value received promises to pay to the United States of America, the United States Department of Agriculture, or the registered assign, the principal sum of THREE MILLION TWO HUNDRED THIRTY THREE THOUSAND DOLLARS (\$3,233,000) on the first day of January in the years and installments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2017	\$,000	2037	\$,000
2018	,000	2038	,000
2019	,000	2039	,000
2020	,000	2040	,000
2021	,000	2041	,000
2022	,000	2042	,000
2023	,000	2043	,000
2024	,000	2044	,000
2025	,000	2045	,000
2026	,000	2046	,000
2027	,000	2047	,000
2028	,000	2048	,000
2029	,000	2049	,000
2030	,000	2050	,000
2031	,000	2051	,000
2032	,000	2052	,000
2033	,000	2053	,000
2034	,000	2054	,000
2035	,000	2055	,000
2036	,000		

and to pay interest on the balance of said principal sum from time to time remaining unpaid, from the date hereof until the principal amount hereof is paid, at the rate of two and three-quarters percent (2.75%) per annum, payable on the first day of January 2017, and annually thereafter on the first day of January in each year. Both principal and interest are payable at the Rural Development Office, in Willmar, Minnesota, or at such place or places as

designated by the United States of America in writing, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

Redemption. In addition to the installments of principal required to be paid by the City as hereinabove set forth, the City shall have the right to prepay on any date the entire principal amount hereof then remaining unpaid, or such lesser portion thereof as it may determine upon, in multiples of \$1,000, at par plus interest accrued to the date of prepayment. Notice of any such optional prepayment shall be given prior to the prepayment date by mailing to the registered owner of this Bond a notice fixing such prepayment date and the amount of principal to be prepaid.

Purpose; General Obligation. This Bond has been issued pursuant to and in full conformity with the Charter of the City, the Constitution and laws of the State of Minnesota for the purpose of refinancing temporary bonds of the City issued to finance the acquisition and betterment of a new nursing home facility to replace the existing facility known as Granite Falls Manor (the "Facility") and is payable out of the Debt Service Account of the Nursing Home Fund of the City, to which account have been pledged the net revenues of the Facility. This Bond constitutes a general obligation of the City, and to provide moneys for the prompt and full payment of said principal installments and interest when the same become due, the full faith, credit and taxing powers of the City have been and are hereby irrevocably pledged.

Registration; Transfer. This Bond shall be registered in the name of the payee on the books of the City by presenting this Bond for registration to the City Clerk, who will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration on the reverse side hereof. Thereafter this Bond may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or the registered owner's legal representative, and the City may treat the registered owner as the person exclusively entitled to exercise all the rights and powers of an owner until this Bond is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the City Clerk.

Taxable Interest. The interest on this Bond is included in the gross income of the owner hereof for purposes of United States income tax and to the same extent in both gross income and taxable net income for purposes of State of Minnesota income tax.

Not Qualified Tax-Exempt Obligation. This Bond has not been designated by the City as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Charter of the City, 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 City outstanding on the date hereof, being the date of its actual issuance and delivery, does not exceed any charter, constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Granite Falls, Chippewa and Yellow Medicine Counties, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the signatures of its Mayor and its Clerk, the corporate seal of the City having been intentionally omitted as permitted by law, all as of (do not date), 2016.

(do not sign)  
Clerk

(do not sign)  
Mayor

(on reverse side of bond)

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Bond may be made only by the registered owner or the registered owner's legal representative last noted below.

<u>DATE OF REGISTRATION</u>	<u>REGISTERED OWNER</u>	<u>SIGNATURE OF CITY CLERK</u>
<u>(do not date)</u> , 2016	United States of America, Rural Development Office <u>Willmar, MN</u>	<u>(do not sign)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Execution. The Bond 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, however, that the seal may be omitted as permitted by law. In the event of disability or resignation or other absence of either such officer, the Bond may be signed by the manual signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Bond shall cease to be such officer before the delivery of the Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

Delivery; Application of Proceeds. The Bond when so prepared and executed shall be delivered by the Finance Director to the purchaser thereof upon receipt of the purchase price, and the purchaser shall not be obliged to see to the proper application thereof.

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 and a Debt Service Account within the Nursing Home Fund. The City agrees to continue to maintain the Nursing Home Fund and to deposit in the Operation and Maintenance Account all of the gross revenues of the Facility. The City hereby covenants and agrees that it will, so long as the Bond is 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 Operation and Maintenance Account of 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 Bond is fully paid. 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 established a Payment Account and the Debt Service Account shall continue to be maintained in the Nursing Home Fund:

Payment Account. All of the proceeds of the Bond shall be deposited in the Payment Account of the Nursing Home Fund (the "Payment Account"), which amount, together with the proceeds of the 2016C Bond and available funds of the City shall be sufficient to prepay the outstanding Temporary Bond on the Call Date.

Debt Service Account. There are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (i) net revenues of the Facility in an amount sufficient to pay the principal and interest due on the Bond, the 2016C Bond and the 2016E Bond; (ii) all collections of taxes which may hereafter be levied in the event that net revenues and other funds herein pledged to the payment of the principal and interest of the Bond and the 2016C Bond and the 2016E Bond are insufficient therefor; (iii) all funds remaining on deposit in the Payment Account after the Temporary Bond and the City's \$5,000,000 General Obligation Temporary Nursing Home Revenue Bonds, Series 2014B bonds have been paid and discharged; (iv) all investment earnings on funds held in the Debt Service Account; and (v) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the Bond, the 2016C Bond and the 2016E Bond and any other general obligation bonds of the City hereafter issued by the City and made payable from said account as provided by law.

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 the net revenues to the Debt Service Account for the payment and security of Bonds issued under and as contemplated in this resolution.

Tax Levy. The City Council shall determine on or before October 1 in each year whether the amount then held in the Debt Service Account and the amounts estimated to be received therein in the following year are sufficient to pay the principal and interest on the

Bond, the 2016C Bond and the 2016E Bond. If not, the City Council shall by resolution levy an ad valorem tax upon all taxable property within its corporate limits, in an amount at least equal to 105% of the amount of the deficiency, and the Administrator shall certify this tax to the County Auditors' of Chippewa County and Yellow Medicine County for collection in the following year with other general taxes of the City. As provided in Minnesota Statutes, Sections 475.61 and 475.74, the levy of such taxes, if required, shall not be subject to any statutory limitation of rate or amount.

Coverage Test; Pledge of Net Revenues; Excess Net Revenues. It is hereby found, determined and declared that the net revenues of the Facility are sufficient in amount to pay when due the principal of and interest on the Bond, the 2016C Bond and the 2016E Bond and a sum at least five percent in excess thereof, and the net revenues of the Facility are hereby pledged on a parity with the 2016C Bond and the 2016E Bond for the payment of the Bond and shall be applied for that purpose, but solely to the extent required to meet the principal and interest requirements of the Bond as the same become due. Excess net revenues may be used for any proper purpose. 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 and any such pledge and appropriation of the net revenues 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.

General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bond, 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 principal and interest on the Bond, together with other funds irrevocably appropriated to the Debt Service Account, shall at any time be insufficient to pay such 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 they become due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bond, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

No Defeasance. So long as Government is the holder of the Bond, the City shall not, and hereby covenants not to, cause the Bond to be defeased by the deposit of moneys or investments sufficient to pay the Bond more than ninety days after the deposit of such moneys or investments.

Certificate of Registration. The Clerk is hereby directed to file a certified copy of this resolution with the County Auditor of Chippewa County, Minnesota and Yellow Medicine County, Minnesota, together with such other information as each such County Auditor shall require, and to obtain from each County Auditor a County Auditor's certificate that the Bond has been entered in each respective County Auditor's Bond Register.

RD Loan Resolution. Each and all of the provisions of this resolution relating to the Bond are intended to be consistent with the provisions of the Loan Resolution (Form RD

No. 1942-47) adopted by the City, and to the extent that any provision in the Loan Resolution is in conflict with this resolution as it relates to the Bond, that provision shall control and this resolution shall be deemed accordingly modified.

Payment of Temporary Bond. The Temporary Bond will be paid on the Call Date.

Temporary Bond; Security. Until retirement of the Temporary Bond, all provisions theretofore made for the security thereof shall be observed by the City and all of its officers and agents.

Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to RD, and to the attorneys approving the legality of the issuance of the Bond, certified copies of all proceedings and records of the City relating to the Bond 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 Bond 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.

Taxable Status of the Bonds. The City does not qualify the Bonds as tax-exempt under the Internal Revenue Code of 1986, as amended. It is hereby determined that the Bonds are to be issued as fully taxable obligations, and all interest received on the Bonds is to be included in the gross income of the Holder of any Bond for federal income taxation purposes and, to the same extent, in both gross income and taxable net income for state income taxation purposes.

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.

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 full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Galow, Otaibi, Nordaune, Smiglewski, Schaub, Fagnano and Peterson.

and the following voted against the same: None

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTIES OF CHIPPEWA AND 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

Official City Council Proceedings, Regular Meeting August 15, 2016 Pg. 28  
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 such minutes relate to \$3,233,000 General Obligation  
Taxable Nursing Home Revenue Bond of 2016D.

WITNESS my hand on August 15, 2016.

---

Clerk

With second by Galow, the resolution was adopted unanimously.

Nordane introduced the following resolution and moved its adoption accepting  
the offer of the USDA to purchase the \$600,000 G.O. Taxable Nursing Home  
Revenue Bond of 2016E.

#### RESOLUTION NO. 16-118

#### RESOLUTION ACCEPTING THE OFFER OF THE UNITED STATES OF AMERICA TO PURCHASE A \$600,000 GENERAL OBLIGATION TAXABLE NURSING HOME REVENUE BOND OF 2016E AND PROVIDING FOR ITS ISSUANCE

WHEREAS, the City of Granite Falls, Minnesota ("the City") owns and operates an  
existing 57-bed nursing home facility known as the Granite Falls Manor; and

WHEREAS, the City Council has heretofore determined and declared that it is  
necessary and expedient to issue \$600,000 General Obligation Taxable Nursing Home  
Revenue Bond of 2016E (the "Bonds" or individually, a "Bond"), pursuant to Minnesota  
Section 376.56, Subdivision 3, for the purpose of providing money to finance a portion of  
the cost of the acquisition and betterment of a new facility to replace the existing facility  
(the "Facility") without increasing the number of beds in Yellow Medicine County,  
Minnesota (the "County") and not increasing the number of accommodations for residents;  
and

WHEREAS, pursuant to Minnesota Statutes, Section 376.55, Subdivision 7 and a  
resolution adopted by the County's Board of Commissioners on March 19, 2013, 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

WHEREAS, there are no outstanding obligations of the City, any portion of the  
interest and principal of which would constitute a prior lien upon the net revenues of the  
Facility; and

WHEREAS, the City proposes to issue on same date as the Bond, a \$7,500,000  
General Obligation Taxable Nursing Home Revenue Bond of 2016C (the "2016C Bond")  
and a \$3,233,000 General Obligation Taxable Nursing Home Revenue Bond of 2016D (the  
"2016D Bond") to refund outstanding temporary bonds issued to finance the Facility and to  
which the revenues of the Facility will be pledged; and

WHEREAS, the City has determined to accept the offer of the United States of America, the United States Department of Agriculture (the "Government"), administered by Rural Development ("RD"), to purchase the Bond; and

WHEREAS, the Government's commitment to the City is for the purchase of one bond in the principal amount of \$600,000 with interest at the rate of two and three-quarters percent (2.75%) per annum; and

WHEREAS, the Government has agreed to purchase the Bond without requirement of a public sale, as permitted by Minnesota Statutes, Section 475.60, Subdivision 2(4), and has elected to purchase the Bond in the amount of \$600,000 as one bond with principal installments payable in accordance with the maturity schedule hereinafter set forth; and

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

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Granite Falls, Chippewa and Yellow Medicine Counties, Minnesota, as follows:

Acceptance of Offer; Place of Payment. The offer of the Government to purchase the Bond of the City, at the rate of interest hereinafter set forth, and to pay therefor the sum of \$600,000, is hereby accepted, and the sale of the Bond is hereby awarded to the Government. The Bond shall be payable as to principal and interest at the RD Office, in Willmar, Minnesota, or at such place or places as designated by the Government in writing.

Date; Denomination; Interest Rate; Maturities. The Bond shall be a fully registered negotiable bond dated as of the date of delivery and issued forthwith. The Bond shall be in the principal amount of \$600,000, bear interest on the unpaid principal amount thereof at the rate of two and three-quarters percent (2.75%) per annum, payable on January 1, 2017, and annually thereafter on January 1 of each year and mature on January 1 in the years and installments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2017	\$,000	2037	\$,000
2018	,000	2038	,000
2019	,000	2039	,000
2020	,000	2040	,000
2021	,000	2041	,000
2022	,000	2042	,000
2023	,000	2043	,000
2024	,000	2044	,000
2025	,000	2045	,000
2026	,000	2046	,000
2027	,000	2047	,000
2028	,000	2048	,000
2029	,000	2049	,000
2030	,000	2050	,000
2031	,000	2051	,000
2032	,000	2052	,000

2033	,000	2053	,000
2034	,000	2054	,000
2035	,000	2055	,000
2036	,000		

Purpose; Cost. The proceeds of the Bond shall provide funds to finance a portion of the Facility. The principal of the Bond does not exceed the cost of the portion of the Facility to be financed by the Bond. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Facility proceeds with due diligence to completion and that any and all permits and studies required under the law for the Facility are obtained.

Redemption. Any or all installments of principal due on the Bond are subject to prepayment at the option of the City on any date in multiples of \$1,000, at par plus interest accrued to the date of prepayment. Notice of any such optional prepayment shall be given prior to the prepayment date by mailing to the registered owner of the affected Bond a notice fixing such prepayment date and the amount of principal to be prepaid.

Registration of Bond. At the time of issuance and delivery of the Bond, the City Clerk shall register the Bond in the name of the payee in a bond register which his or her successors in office shall maintain for the purpose of registering the ownership of the Bond. The Bond shall be prepared for execution with an appropriate text and spaces for notation of registration. The force and effect of such registration shall be as stated in the form of Bond hereinafter set forth. Payment of principal installments and interest, whether upon redemption or otherwise, made with respect to a Bond, may be made to the registered holder thereof or to the registered owner's legal representative, without presentation or surrender of the Bond.

Form of Bond. The Bond, together with the Certificate of Registration thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA  
 CHIPPEWA AND YELLOW MEDICINE COUNTIES  
 CITY OF GRANITE FALLS  
 \$600,000 GENERAL OBLIGATION TAXABLE NURSING HOME REVENUE BOND  
 OF 2016E

KNOW ALL PERSONS BY THESE PRESENTS that the City of Granite Falls, Chippewa and Yellow Medicine Counties, Minnesota (the "City"), certifies that it is indebted and for value received promises to pay to the United States of America, the United States Department of Agriculture, or the registered assign, the principal sum of SIX HUNDRED THOUSAND DOLLARS (\$600,000), or so much as may have been advanced, on the first day of January in the years and installments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2017	\$,000	2037	\$,000
2018	,000	2038	,000
2019	,000	2039	,000
2020	,000	2040	,000
2021	,000	2041	,000
2022	,000	2042	,000
2023	,000	2043	,000
2024	,000	2044	,000
2025	,000	2045	,000
2026	,000	2046	,000
2027	,000	2047	,000
2028	,000	2048	,000
2029	,000	2049	,000
2030	,000	2050	,000
2031	,000	2051	,000
2032	,000	2052	,000
2033	,000	2053	,000
2034	,000	2054	,000
2035	,000	2055	,000
2036	,000		

and to pay interest on so much of the principal amount of the Bond as may be advanced and remains unpaid until the principal amount hereof is paid or has been provided for, at the rate of two and three-quarters percent (2.75%) per annum. Interest starts accruing as of the date of the initial advance. Interest shall accrue only on the aggregate amount of this Bond which has been advanced. The principal installments shall be paid in the amounts scheduled above even if at the time of payment the full principal amount of this Bond has not been advanced; provided that if the full principal amount of this Bond is never advanced, the amount of the principal not advanced shall be applied to reduce each unpaid principal installment in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be reamortized to provide similarly level annual installments of total debt service payments). Both principal and interest are payable at the Rural Development Office, in Marshall, Minnesota, or at such place or places as designated by the United States of America in writing, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

Redemption. In addition to the installments of principal required to be paid by the City as hereinabove set forth, the City shall have the right to prepay on any date the entire principal amount hereof then remaining unpaid, or such lesser portion thereof as it may determine upon, in multiples of \$1,000, at par plus interest accrued to the date of prepayment. Notice of any such optional prepayment shall be given prior to the prepayment date by mailing to the registered owner of this Bond a notice fixing such prepayment date and the amount of principal to be prepaid.

Purpose; General Obligation. This Bond has been issued pursuant to and in full conformity with the Charter of the City, the Constitution and laws of the State of Minnesota for the purpose of providing money to finance a portion of the acquisition and betterment of a new nursing home facility to replace the existing facility known as Granite Falls Manor (the "Facility") and is payable out of the Debt Service Account of the Nursing Home Fund

of the City, to which account have been pledged the net revenues of the Facility. This Bond constitutes a general obligation of the City, and to provide moneys for the prompt and full payment of said principal installments and interest when the same become due, the full faith, credit and taxing powers of the City have been and are hereby irrevocably pledged.

Registration; Transfer. This Bond shall be registered in the name of the payee on the books of the City by presenting this Bond for registration to the City Clerk, who will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration on the reverse side hereof. Thereafter this Bond may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or the registered owner's legal representative, and the City may treat the registered owner as the person exclusively entitled to exercise all the rights and powers of an owner until this Bond is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the City Clerk.

Taxable Interest. The interest on this Bond is included in the gross income of the owner hereof for purposes of United States income tax and to the same extent in both gross income and taxable net income for purposes of State of Minnesota income tax.

Not Qualified Tax-Exempt Obligation. This Bond has not been designated by the City as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Charter of the City, 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 City outstanding on the date hereof, being the date of its actual issuance and delivery, does not exceed any charter, constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Granite Falls, Chippewa and Yellow Medicine Counties, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the signatures of its Mayor and its Clerk, the corporate seal of the City having been intentionally omitted as permitted by law, all as of (do not date), 2016.

(do not sign)  
Clerk

(do not sign)  
Mayor

(on reverse side of bond)

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Bond may be made only by the registered owner or the registered owner's legal representative last noted below.

DATE OF  
REGISTRATION

REGISTERED OWNER

SIGNATURE OF  
CITY CLERK

United States of America,  
Rural Development Office  
Willmar, MN

(do not date) \_\_\_\_\_, 2016

(do not sign) \_\_\_\_\_

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Execution. The Bond 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, however, that the seal may be omitted as permitted by law. In the event of disability or resignation or other absence of either such officer, the Bond may be signed by the manual signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Bond shall cease to be such officer before the delivery of the Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

Delivery; Application of Proceeds. The Bond when so prepared and executed shall be delivered by the Finance Director to the purchaser thereof upon receipt of the purchase price, and the purchaser shall not be obliged to see to the proper application thereof.

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 a Construction Account, an Operation and Maintenance Account and a Debt Service Account within the Nursing Home Fund. The City agrees to continue to maintain the Nursing Home Fund and to deposit in the Operation and Maintenance Account all of the gross revenues of the Facility. The City hereby covenants and agrees that it will, so long as the Bond is 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 Operation and Maintenance Account of 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 Bond is fully paid. 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, the Construction Account and the Debt Service Account shall continue to be maintained in the Nursing Home Fund:

A "Construction Account", To the Construction Account there shall be credited all proceeds received from the advancement of the proceeds of the Bond. It is recognized that the sale proceeds of the Bond are received in reimbursement for costs expended on the Facility or in direct payment of such costs, and that accordingly the moneys need not be placed in the Construction Account upon receipt but may be applied immediately to reimburse the source from which the expenditure was made. The moneys in the Construction Account shall be used solely for the purpose of paying for the cost of constructing the Facility, including all costs enumerated in Minnesota Statutes, Section 475.65. Upon completion of the Facility and the payment of the costs thereof, any unexpended balance in the Construction Account shall be transferred to the Debt Service Account. All earnings on the Construction Account shall remain in the Construction Account.

A "Debt Service Account", There are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (i) net revenues of the Facility in an amount sufficient to pay the principal and interest due on the Bond, the 2016C Bond and the 2016D Bond; (ii) all collections of taxes which may hereafter be levied in the event that net revenues and other funds herein pledged to the payment of the principal and interest of the Bond and the 2016C Bond and the 2016D Bond are insufficient therefor; (iii) all funds remaining on deposit in the Payment Account after the Temporary Bonds have been paid and discharged; (iv) all investment earnings on funds held in the Debt Service Account; and (v) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the Bond, the 2016C Bond and the 2016D Bond and any other general obligation bonds of the City hereafter issued by the City and made payable from said account as provided by law.

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 Facility.

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 the net revenues to the Debt Service Account for the payment and security of Bonds issued under and as contemplated in this resolution.

Tax Levy. The City Council shall determine on or before October 1 in each year whether the amount then held in the Debt Service Account and the amounts estimated to be received therein in the following year are sufficient to pay the principal and interest on the

Bond, the 2016C Bond and the 2016E Bond. If not, the City Council shall by resolution levy an ad valorem tax upon all taxable property within its corporate limits, in an amount at least equal to 105% of the amount of the deficiency, and the Administrator shall certify this tax to the County Auditors' of Chippewa County and Yellow Medicine County for collection in the following year with other general taxes of the City. As provided in Minnesota Statutes, Sections 475.61 and 475.74, the levy of such taxes, if required, shall not be subject to any statutory limitation of rate or amount.

Coverage Test; Pledge of Net Revenues; Excess Net Revenues. It is hereby found, determined and declared that the net revenues of the Facility are sufficient in amount to pay when due the principal of and interest on the Bond, the 2016C Bond and the 2016D Bond and a sum at least five percent in excess thereof, and the net revenues of the Facility are hereby pledged on a parity with the 2016C Bond and the 2016D Bond for the payment of the Bond and shall be applied for that purpose, but solely to the extent required to meet the principal and interest requirements of the Bond as the same become due. Excess net revenues may be used for any proper purpose. 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 and any such pledge and appropriation of the net revenues 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.

General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bond, 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 principal and interest on the Bond, together with other funds irrevocably appropriated to the Debt Service Account, shall at any time be insufficient to pay such 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 they become due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bond, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

No Defeasance. So long as Government is the holder of the Bond, the City shall not, and hereby covenants not to, cause the Bond to be defeased by the deposit of moneys or investments sufficient to pay the Bond more than ninety days after the deposit of such moneys or investments.

Certificate of Registration. The Clerk is hereby directed to file a certified copy of this resolution with the County Auditor of Chippewa County, Minnesota and Yellow Medicine County, Minnesota, together with such other information as each such County Auditor shall require, and to obtain from each County Auditor a County Auditor's certificate that the Bond has been entered each respective County Auditor's Bond Register.

RD Loan Resolution. Each and all of the provisions of this resolution relating to the Bond are intended to be consistent with the provisions of the Loan Resolution (Form RD

No. 1942-47) adopted by the City, and to the extent that any provision in the Loan Resolution is in conflict with this resolution as it relates to the Bond, that provision shall control and this resolution shall be deemed accordingly modified.

Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to RD, and to the attorneys approving the legality of the issuance of the Bond, certified copies of all proceedings and records of the City relating to the Bond 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 Bond 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.

Taxable Status of the Bonds. The City does not qualify the Bonds as tax-exempt under the Internal Revenue Code of 1986, as amended. It is hereby determined that the Bonds are to be issued as fully taxable obligations, and all interest received on the Bonds is to be included in the gross income of the Holder of any Bond for federal income taxation purposes and, to the same extent, in both gross income and taxable net income for state income taxation purposes.

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.

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 full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Galow, Otaibi, Nordaune, Smiglewski, Schaub, Fagnano and Peterson.

and the following voted against the same: None.

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTIES OF CHIPPEWA AND 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

Taxable Nursing Home Revenue Bond of 2016E.

WITNESS my hand on August 15, 2016.

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Clerk

With second by Galow, the resolution was adopted unanimously.

SALVATION ARMY HEATSHARE: Galow introduced the following resolution and moved its adoption authorizing execution of an agreement with the Salvation Army to continue participation in the HeatShare Program effective September 1, 2016 through August 31, 2017.

RESOLUTION NO. 16-119

RESOLUTION AUTHORIZING EXECUTION OF AGREEMENT WITH SALVATION  
ARMY  
TO CONTINUE PARTICIPATION IN HEATSHARE PROGRAM

WHEREAS, pursuant to Resolution No. 93-133, council authorized execution of an agreement with the Salvation Army to administer its HeatShare program which furnishes financial assistance to special needs residents with payment of residential energy bills through the combined efforts of the Granite Falls Municipal Utilities and the Salvation Army; and

WHEREAS, in future years council authorized execution of agreements with the Salvation Army to continue participating in the HeatShare Program.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, authorizing execution of an agreement with the Salvation Army to continue participation in the HeatShare Program as administered by the Salvation Army, effective September 1, 20016 to August 31, 2017.

Adopted by the City Council this 15<sup>th</sup> day of August, 2016.

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

With second by Nordaune, the resolution was adopted unanimously.

ORDINANCE: Following discussion M/S NORDAUNE/SCHAUB TO HAVE THE SECOND READING AND SUBSEQUENT ADOPTION OF AN ORDINANCE AMENDING CITY CODE CHAPTER 155, ZONING CODE.

ORDINANCE NO. 177

AN ORDINANCE OF THE CITY OF GRANITE FALLS, MINNESOTA, AMENDING CITY CODE CHAPTER 155, ZONING CODE, BY ADOPTING SECTION 155.18, AN ORDINANCE OPTING OUT OF REQUIREMENTS OF MINNESOTA STATUTES §462.3593.

WHEREAS, on May 12, 2016, Governor Mark Dayton signed into law the creation and regulation of temporary family health care dwellings codified at Minnesota Statutes §462.3593, which permit and regulate temporary family health care dwellings; and

WHEREAS, Subdivision 9 of Minnesota Statutes §462.3593 allows cities to “opt out” of those regulations;

The City of Granite Falls does ordain as follows:

Section 1. Section 155.18 is hereby adopted to read as follows.

OPT-OUT OF MINNESOTA STATUTES §462.3953:

Pursuant to authority granted by Minnesota Statutes, Section 462.3593, Subd. 9, the City of Granite Falls, Minnesota, opts out of the requirements of Minnesota Statutes §462.3593, which defines and regulates temporary family health care dwellings.

Section 2. This ordinance to become effective from and after its passage and publication according to law.

Adopted by the City Council of the City of Granite Falls, Minnesota, this 15<sup>th</sup> day of August 2016, by a unanimous vote of the Council of those present.

ATTEST:

\_\_\_\_\_  
Joan M. Taylor, City Clerk

\_\_\_\_\_  
David Smiglewski, Mayor

This Ordinance published in the *Granite Falls-Clarkfield Advocate Tribune* on the 17<sup>th</sup> day of August 2016.

Motion carried unanimously and will become affective once published.

GROUP HEALTH INSURANCE: Staff advised council that the city has been notified that our group health insurance will increase 18.9% beginning January 1, 2017.

PERSONNEL: Staff advised council that Michael Thull has been offered and did accept the position of Police Officer/School Resource Officer. Also Jarred Ryer has accepted the position of Line Worker for the Electric Department.

SUNDAY LIQUOR: Following discussion, Nordaune introduced a resolution and moved its adoption authorizing the following ballot questions to be place on the November General Election ballot. "Shall the City of Granite Falls be authorized to issue Sunday intoxicating liquor licenses?"

RESOLUTION NO. 16-120

RESOLUTION AUTHORIZING BALLOT QUESTION

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, authorizing the following ballot question to be put on the November General Election ballot:

"Shall the City of Granite Falls be authorized to issue Sunday intoxicating liquor licenses?"

Adopted by the City Council this 15<sup>th</sup> day of August, 2016.

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

With second by Peterson, the resolution was adopted unanimously.

ADJOURN: M/S/P NORDAUNE/SCHAUB TO ADJOURN AT 8:56 p.m.

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

BILLS PAID:

Total ADVOCATE-TRIBUNE:	2,802.32
Total ALMICH'S MARKET:	283.56
Total AMERICAN WELDING & GAS INC:	792.23
Total ARNESON DISTRIBUTING INC.:	118.00
Total ARTIC GLACIER INC:	246.48
Total AUS FLOORS & MORE:	430.00
Total AUS, NANCY:	100.00
Total BENNETT & BENNETT TRANS. INC.:	1,143.95
Total BENTAAS, JUSTIN:	33.60
Total BEVERAGE WHOLESALERS:	217.66
Total BORDER STATES ELECTRIC SUPPLY:	665.74
Total BREAKTHRU BEVERAGE:	2,081.77
Total CENTRAL MN MUNICIPAL POWER:	146,404.94
Total CHAPPELL CENTRAL:	349.00
Total CITIZENS ALLIANCE BANK:	5,352.85
Total CNH CAPITAL:	360.25
Total COALITION OF GREATER MN CITIES:	980.00
Total DAKOTA SUPPLY GROUP:	2,850.82
Total DAMON FABER ASSOCIATES:	18,582.60
Total DAVE'S ELECTRIC MOTOR CO:	139.77
Total DEPARTMENT OF ENERGY:	18,589.41
Total EAGLE ENGRAVING INC:	157.77
Total EARL F. ANDERSEN:	403.60
Total EHLERS & ASSOCIATES INC.:	2,585.00
Total ETTERMAN ENTERPRISES:	215.28
Total FARMERS UNION OIL CO.:	9,948.21
Total FINKEN, JIM:	614.16
Total G & K SERVICES:	109.19
Total GILLUND ENTERPRISES:	135.44
Total GRANITE FALLS AUTO PARTS:	460.85
Total GRANITE FALLS BANK:	4,071.72
Total GRANITE TRUE VALUE:	134.94
Total GRAYMONT CAPITAL INC:	3,969.97
Total GREAT PLAINS GAS CO.:	1,730.76
Total HAPPE, LAWRENCE:	3,670.00
Total HAWKINS INC:	1,773.86
Total HENLE PRINTING COMPANY:	880.48
Total HOERNEMANN, PAUL:	255.00
Total HOLMSTROM & KVAM PLLP:	154.25
Total IMS, LINDA:	125.00
Total JOHN DEERE FINANCIAL:	414.90
Total JOHNSON BROS WHOLESALE LIQUOR:	4,936.22
Total KEELER-AUS, RAE ANN:	650.00
Total KHC CONSTRUCTION INC:	59,669.04
Total KNUTSON, STANLEY:	492.00
Total KRANITZ, FRANK:	325.00
Total LIGHT FUND:	28.65
Total LOCHER BROTHERS:	13,925.03
Total MADISON BOTTLING CO.:	7,012.70
Total MARTIN TRUCKING:	321.20
Total MERCHANT JTS:	550.00
Total MEYER'S REPAIR & TOWING INC:	196.61
Total MIDWEST OVERHEAD CRANE:	225.02
Total MINNESOTA VALLEY SERVICES LLC:	41,267.60
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Total MINNESOTA VALLEY TECH. INC:	256.50
Total MN Bureau of Criminal Apprehension:	25.00
Total MN VALLEY COOPERATIVE:	1,145.20
Total MN VALLEY TESTING LAB INC.:	690.75
Total MONSON, DEBRA:	20.00
Total MVTV:	475.70
Total NORTHERN BUSINESS PRODUCTS:	433.04

Total OFFICE DEPOT:	25.82
Total OFFICE PEEPS:	105.21
Total OLIVIA, CITY OF:	1,575.00
Total PAUSTIS & SONS:	673.00
Total PETERSEN, JODI:	362.50
Total PHILLIPS WINE & SPIRITS CO.:	3,725.62
Total PICHT'S BODY SHOP:	2,770.82
Total POLLARD WATER:	297.93
Total PRENTICE PLACE COMMONS ASSN:	100.51
Total PROJECT TURNABOUT:	632.24
Total QEI LLC:	533.00
Total REZNECHEK, DONALD:	29.98
Total SAWMILL, THE:	809.96
Total SCHINDLER ELEVATOR CORP:	401.40
Total SOUTHERN WINE & SPIRITS OF MN:	1,083.84
Total SPEEDCONNECT:	19.95
Total STENERSEN, JEREL:	187.50
Total STREICH, LISA:	40.00
Total T & R ELECTRIC:	7,031.31
Total TACTICAL SOLUTIONS:	98.00
Total TIMM, DEREK:	2,905.00
Total TOSTENSON SEPTIC LLC:	375.00
TOTAL FILTRATION SYSTEM:	153.24
Total TROY'S ELECTRIC COMPANY:	573.22
Total UNIVERSITY OF MINNESOTA:	85.00
Total UPS:	17.00
Total UTILITIES PLUS ENERGY SERVICES:	12,532.34
Total VARIETY FOODS LLC:	211.35
Total VERIZON WIRELESS:	110.20
Total VIKING COCA-COLA BOTTLING CO.:	189.80
Total WEST CENTRAL COMMUNICATIONS:	2,315.00
Total WEST CENTRAL SANITATION:	602.62
Total WEST, ROBBIN:	129.40
Total WILLIE'S KORNER STORE:	192.92
Total WOOD LAKE, CITY OF:	4,500.00
Total WOODS, KEITH:	30.00
Total XCEL ENERGY:	1,319.80
Total XEROX CORPORATION:	61.50
Total YELLOW MEDICINE EAST COMM. ED:	573.88
Total ZEA, GARY & SHARON:	80.00
Total ZIEGLER INC.:	34,140.00
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Grand Totals:	448,581.45
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