

CERTIFICATION OF MINUTES RELATING TO  
ISSUANCE OF HOUSING AND HEALTH CARE FACILITIES REVENUE BONDS  
(ST. JOHN'S LUTHERAN HOME OF ALBERT LEA PROJECT),  
SERIES 2016A

Issuer: the City of Hayward

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting, held on October 10, 2016, at 7:00 p.m., at City Hall in Hayward, Minnesota.

Members present:

Members absent:

Documents Attached:

minutes of said meeting (pages): 1 to 2 including:

RESOLUTION NO. 2016-15


RESOLUTION AUTHORIZING THE ISSUANCE OF HOUSING AND HEALTH CARE  
FACILITIES REVENUE BONDS (ST. JOHN'S LUTHERAN HOME OF ALBERT LEA  
PROJECT), SERIES 2016A

I, the undersigned, being the duly qualified and acting recording officer of the political subdivision issuing the obligations referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of the corporation in my legal custody, from which they have been transcribed; that the documents are a correct and complete transcript of the minutes of a meeting of the governing body of the corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at the meeting, insofar as they relate to the obligations; and that the meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer and the seal of the Issuer this 10th day of October, 2016.

(SEAL)



  
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City Clerk

BOND AUTHORIZING RESOLUTION

Councilmember Darwin Dolph introduced the following resolution and moved its adoption:

**RESOLUTION NO. 2016-15**

**RESOLUTION AUTHORIZING ISSUANCE OF HOUSING AND HEALTH CARE FACILITIES REVENUE BONDS (ST. JOHN'S LUTHERAN HOME OF ALBERT LEA PROJECT), SERIES 2016.**

WHEREAS, the City of Hayward (the "Issuer") is a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota and its city charter; and

WHEREAS, pursuant to the Constitution and laws of the State of Minnesota, particularly Minnesota Statutes, Chapter 462C, as amended (the "Act"), the Issuer is authorized to carry out the public purposes described therein and contemplated thereby in the financing of housing by issuing revenue notes and bonds to defray, in whole or in part, the development costs of a multifamily housing development including a health care facility designed to be used primarily by elderly or physically disabled persons, and by entering into any agreements made in connection therewith and by pledging any such agreements as security for the payment of the principal of and interest on any such revenue notes and bonds; and

WHEREAS, at the request and for the benefit of St. John's Lutheran Home of Albert Lea, a Minnesota nonprofit corporation (the "Corporation"), the Issuer has previously issued its Housing and Health Care Facilities Revenue Bonds (St. John's Lutheran Home of Albert Lea Project), Series 2014A (the "Series 2014 Bonds"), in the original aggregate principal amount of \$17,715,000, for the purpose in part of financing a portion of a project consisting of (i) construction and equipping of a new 84-bed skilled nursing facility, 32 units of assisted living and a town center in Albert Lea, Minnesota (the "Health Care Facility"), and (ii) construction and equipping of 40 independent senior housing units (the "Housing Facility"), pursuant to the terms of an Indenture of Trust dated as of December 1, 2014 (the "Original Indenture"), between the Issuer and the Trustee; and

WHEREAS, the proceeds of the Series 2014 Bonds were loaned to the Corporation pursuant to the provisions of a Loan Agreement dated as of December 1, 2014 (the "Original Loan Agreement"), between the Issuer and the Corporation; and

WHEREAS, simultaneously with the execution and delivery of the Original Loan Agreement, the Corporation executed and delivered to the Trustee, as security for the Bondholders, a Combination Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents, dated as of December 1, 2014, and amended as of August 20, 2015 (as so amended, the "Original Mortgage"); and

WHEREAS, the Corporation has requested the Issuer to issue its Housing and Health Care Facilities Revenue Bonds (St. John's Lutheran Home of Albert Lea Project), Series 2016A

(the "Series 2016 Bonds"), in the original aggregate principal amount of \$1,950,000, for the purpose of completing the town center; and

WHEREAS, the Series 2016 Bonds and the interest on said Series 2016 Bonds shall be payable solely from the revenues pledged therefor and the bonds shall not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or assets or taxing power, and shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer other than the Issuer's interest in the Project; and

WHEREAS, forms of the following documents, including the exhibits referred to therein, have been submitted to the Issuer:

(i) a First Supplemental Indenture of Trust (the "First Supplement"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee");

(ii) a First Amendment to Loan Agreement (the "First Amendment"), between the Issuer and the Borrower;

(iii) a Bond Purchase Agreement (the "Bond Purchase Agreement"), by and among the Issuer, the Borrower and Dougherty & Company LLC (the "Underwriter").

The First Supplement, the First Amendment and the Bond Purchase Agreement are referred to collectively as the "Bond Documents."

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HAYWARD:

Section 1. The Issuer acknowledges, finds, determines, and declares that the preservation of the quality of life in the City of Hayward and its environs is dependent upon the maintenance, provision, and preservation of an adequate housing stock, which is affordable to persons and families of low or moderate income and elderly persons and that accomplishing this is a public purpose. The housing program in the form submitted to the Issuer is hereby adopted.

Section 2. For the purpose of financing the Project, the Issuer hereby authorizes the issuance of the Bonds in an original aggregate principal amount of \$1,950,000 at an average interest rate per annum not to exceed six percent (6%). The issuance of the Bonds is subject to (i) final agreement between the Issuer, Underwriter, and Borrower with respect to the terms of the Bonds and the Bond Documents, and (ii) payment by the Borrower of the administrative fee of the Issuer with respect to the Bonds in the amount of 0.50% of the principal amount of the Bonds.

All of the provisions of the Bonds, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Bonds

shall bear interest at such rates, shall be in such denominations, shall be numbered, shall be dated, shall mature, shall be subject to redemption prior to maturity, shall be in such forms, and shall have such other details and provisions as are prescribed by the Indenture on file with the Issuer, which forms are hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Bonds, the stated maturities of the Bonds, the interest rates on the Bonds, and the terms of redemption of the Bonds) as the Mayor of the Issuer (the "Mayor") and the City Clerk of the Issuer (the "City Clerk"), in their discretion, shall determine. The execution of the Bonds with the manual or facsimile signatures of the Mayor and the City Clerk and the delivery of the Bonds by the Issuer shall be conclusive evidence of such determination.

The principal of, premium, if any, and interest on the Bonds shall be payable solely from the revenue pledged therefor and the Bonds shall not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation nor give rise to a pecuniary liability of the Issuer or the City or a charge against the general credit or assets of the Issuer, and shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer other than the Issuer's interest in the Loan Agreement. The Bonds are not general or moral obligations of the Issuer and are not secured by any taxing power of the Issuer.

Section 3. The forms of the Bonds and the Bond Documents are hereby approved. The Mayor and City Clerk are hereby authorized and directed to execute and deliver the Bonds and the Bond Documents. All of the provisions of the Bonds and the Bond Documents, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Bonds and the Bond Documents shall be substantially in the forms on file with the Issuer with such omissions and insertions as do not materially change the substance thereof, or as the Mayor and the City Clerk, in their discretion, shall determine, and the execution thereof by the Mayor and the City Clerk shall be conclusive evidence of such determination.

Section 4. All covenants, stipulations, obligations, representations, and agreements of the Issuer contained in this resolution or contained in the Bonds, the Bond Documents, or other documents referred to therein shall be deemed to be the covenants, stipulations, obligations, representations, and agreements of the Issuer to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations, representations, and agreements shall be binding upon the Issuer. Except as otherwise provided in this resolution, all rights, powers, and privileges conferred, and duties and liabilities imposed, upon the Issuer by the provisions of this resolution or of the Bonds, the Bond Documents, or other documents referred to therein shall be exercised or performed by the Issuer, or by such officers, board, body, or agency as may be required or authorized by law to exercise such powers and to perform such duties. No covenant, stipulation, obligation, representation, or agreement herein contained or contained in the Bonds, the Bond Documents, or other documents referred to herein shall be deemed to be a covenant, stipulation, obligation, representation, or agreement of any officer, agent, or employee of the Issuer in that person's individual capacity, and neither the members of this City Council (the

“Council”) nor any officer or employee executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 5. Except as herein otherwise expressly provided, nothing in this resolution or in the Bonds or the Bond Documents, expressed or implied, is intended or shall be construed to confer upon any person, firm, or corporation other than the Issuer, the Borrower, the holders of the Bonds, and the Trustee any right, remedy, or claim, legal or equitable, under and by reason of this resolution or any provision hereof or of the Bonds, the Bond Documents, or any provision thereof; this resolution, the Bonds, the Bond Documents and all of their provisions being intended to be and being for the sole and exclusive benefit of the Issuer, the Trustee and the holders from time to time of the Bonds issued under the provisions of this resolution and the Indenture and the Borrower to the extent expressly provided in the Bonds and the Bond Documents.

Section 6. In case any one or more of the provisions of this resolution, or of the Bonds or the Bond Documents, shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution, or of the Bonds or the Bond Documents, but this resolution, the Bonds and the Bond Documents shall be construed as if such illegal or invalid provision had not been contained therein. The terms and conditions set forth in the Bonds and the Bond Documents, the pledge of revenues derived from the Project, the pledge of collateral derived from the Project, the creation of the funds provided for in the Indenture, the provisions relating to the application of the proceeds derived from the sale of the Bonds pursuant to and under the Indenture, and the application of said revenues, collateral, and other money are all commitments, obligations, and agreements on the part of the Issuer contained in the Bonds and the Bond Documents, and the invalidity of any provision of the Bonds or the Bond Documents, shall not affect the commitments, obligations, and agreements on the part of the Issuer to create such funds and to apply said revenues, other money, and proceeds of the Bonds for the purposes, in the manner, and according to the terms and conditions fixed in the Indenture, it being the intention hereof that such commitments on the part of the Issuer are as binding as if contained in this resolution separate and apart from the Indenture.

Section 7. The Bonds, when executed and delivered, shall contain a recital that they are issued pursuant to the Act, and such recital shall be conclusive evidence of the validity of the Bonds and the regularity of the issuance thereof. All acts, conditions, and things required by the laws of the State of Minnesota, relating to the adoption of this resolution, to the issuance of the Bonds, and to the execution of the Bond Documents and the other documents referred to therein to happen, exist, and be performed precedent to and in the enactment of this resolution, and precedent to the issuance of the Bonds, and precedent to the execution of the Bond Documents and the other documents referred to herein have happened, exist, and have been performed as so required by law. The Bonds shall also contain a recital that they are special, limited obligations of the Issuer.

Section 8. The Council, officers of the Issuer, and attorneys and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by or in

connection with this resolution and the Bonds, the Bond Documents, and the other documents referred to therein for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, the Bond Documents, and the other documents referred to herein, and this resolution.

Section 9. The Mayor and the City Clerk are authorized and directed to execute and deliver any and all certificates, agreements, instrument, or other documents which are required by the Bond Documents, or any other certificates or documents which are deemed necessary by bond counsel to evidence the validity or enforceability of the Bonds, the Bond Documents, or the other documents referred to in this resolution, or to evidence compliance with applicable provisions of the Code, as amended; and all such agreements or representations when made shall be deemed to be agreements or representations, as the case may be, of the Issuer. The Mayor and the City Clerk are hereby designated and authorized to take such other administrative action as is permitted or required by the Bond Documents. The officers of the Issuer, attorneys, engineers, and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents and the Bonds for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, in the aforementioned documents, and this resolution. In the event that for any reason the Mayor of the Issuer is unable to carry out the execution of any of the documents or other acts provided herein, any other member of the Council or any officer of the Issuer delegated the duties of the Mayor shall be authorized to act in his capacity and undertake such execution or acts on behalf of the Issuer with full force and effect, which execution or acts shall be valid and binding on the Issuer. If for any reason the City Clerk of the Issuer is unable to execute and deliver the documents referred to in this resolution, such documents may be executed by any member of the Council or any officer of the Issuer delegated the duties of the City Clerk, with the same force and effect as if such documents were executed and delivered by the City Clerk of the Issuer.

Section 10. The Issuer has not participated in the preparation of the Preliminary Official Statement or the Official Statement relating to the offer and sale of the Bonds (collectively, the "Official Statement"), and has made no independent investigation with respect to the information contained therein, including the appendices thereto, and the Issuer assumes no responsibility for the sufficiency, accuracy, or completeness of such information. Subject to the foregoing, the Issuer hereby consents to the distribution and the use by the Underwriter in connection with the sale of the Bonds of the Official Statement. The Official Statement is the sole material consented to by the Issuer for use in connection with the offer and sale of the Bonds.

Section 11. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the Issuer makes the following factual statements and representations:

- (a) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

(b) the Issuer designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;

(c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the Issuer (and all subordinate entities of the Issuer) during calendar year 2016 will not exceed \$10,000,000; and

(d) not more than \$10,000,000 of obligations issued by the Issuer during calendar year 2016 have been designated for purposes of Section 265(b)(3) of the Code.

Section 12. This resolution shall be in full force and effect from and after its passage.

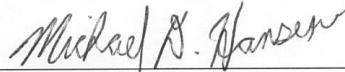
The motion for the adoption of the foregoing resolution was seconded by Councilmember Anthony Cox, and upon a vote being taken thereon the following voted in favor thereof:

Mayor Michael Hansen  
Council Members Anthony Cox, Darwin Dolph, Eugene Flaskerud and Susan Ruble;

and the following voted against the same:  
None

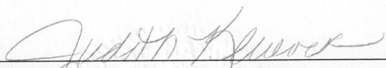
PASSED AND APPROVED this 10th day of October, 2016.

CITY OF HAYWARD, MINNESOTA

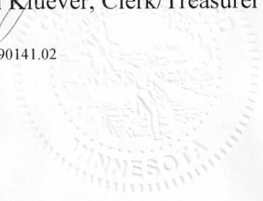


Mike Hansen, Mayor

ATTEST:

  
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Judith Kluever, Clerk/Treasurer

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Hayward City Council Meeting  
October 10, 2016

**Present:** Hayward Representatives present –Mayor, Mike Hansen; Council Members, Anthony Cox, Darwin Dolph, Eugene Flaskerud and Susan Ruble; Director of Operations, Paul Ladlie; City Clerk/Treasurers, Kari Jacobson and Judith Kluever; Fire Chief, Eric Knutson; City Engineer, Bill Trygstad; St. John’s Lutheran Home representative, Scott Spates and 3 community members.

The meeting was called to order at 7:00 p.m. by Mayor Hansen. Council member Dolph motioned to approve the agenda; Council member Ruble advanced and the motion carried unanimously. Council member Flaskerud motioned to accept the resignation of Kari Jacobson, effective immediately; Council member Dolph advanced and the motion carried unanimously. Council member Cox resolved to hire Judith Kluever as temporary clerk and provide her with bank signatory power (Resolution 2016-16); Council member Ruble advanced and the Resolution passed unanimously. At this time Kari Jacobson departed and Judith Kluever assumed the clerk/treasurer duties. Council member Ruble motioned to approve the minutes of the 9/12/16 meeting; Council member Dolph advanced and the motion carried unanimously.

During the Community Forum Shelly Wangen and Lori Stanik requested information about FEMA and/or City assistance with the costs of their sewer backup during the September rain event. City insurance does not cover individual residences. Mayor Hansen will find out if FEMA could help. Paul Ladlie explained installation of a ball valve/back-flow preventer could prevent the same thing from happening again. Installation and associated costs would be the responsibility of the resident.

Bill Trygstad reported one document is needed from a contractor before the sewer project can be considered completed. His work related to the bike trail project is done. He presented plans and cost estimates for the storm sewer/ditch project and answered Council questions. He also explained the City would need approval of the proposed project by the Shell Rock Watershed District and approval from Freeborn County to complete the work that would lie within their right away on County Rd 26. No action was taken on the project.

Fire Chief Knutson reported there was one fire call last month and the equipment approved for purchase in the grant has been ordered and received. presented the fire report stating the department has had three (3) medical runs and no fires.

Unfinished Business: Council member Flaskerud reported he and/or Council member Dolph will present the storm sewer/ditch project to the businesses it would affect and provide their feedback at the November Council meeting.

New Business: Judi Kluever presented a draft agenda for a special Council meeting to work on the budget. The Council set Monday, November 7, 2016 at 6:00p.m. as the date and time for the meeting. She explained the purpose of a Rural Service District Resolution and after discussion, Council member Dolph resolved [Resolution 2016-14] to maintain the following 4 parcels as being in the Hayward Rural Service District for the 2017 levy - R29.050.0330, R29.050.0420, R29.040.0090 and R29.050.0410. Council member Flaskerud advanced and the resolution carried unanimously.

Scott Spates explained the need to a second conduit bond and answered questions from the Council. Council member Dolph resolved to move forward with the Bond Purchase Agreement (Resolution



2016-15); Council member Cox advanced and the resolution carried unanimously. Please note: the agenda referenced 2 resolutions incorrectly.

Council member Ruble motioned to appoint Mayor Hansen and Council member Flaskerud as the Recruitment and Interview committee for the permanent clerk/treasurer position. Council member Cox advanced and the motion carried unanimously. Three resumes have been received and interviews are scheduled.

Paul Ladlie reported on work that was needed subsequent to the September 22, 2016 rain event. The Council commended Paul for his efforts and how timely he responded.

Council member Cox motioned to appoint Council member Ruble as the City Insurance Liaison and the Public Health & Safety Liaison; Council member Dolph advanced and the motion carried unanimously. Council member Ruble accepted the appointments.

After discussion, Council member Cox motioned to offer a 2-year farm land lease for the acreage by the sewer ponds to the current lease at the same per acre rate. Council member Ruble advanced and the motion carried unanimously.

Paul Ladlie presented an Operations Update: The water for the park fountain has been turned off for the winter. 3 loads of gravel were spread on the park road and 3 loads on the sewer pond road. Paul requested approval to have the well pump repaired even though it was not budgeted this year as it is failing. Council member Dolph motioned to approve the repair regardless of cost as it is a health and safety concern for residents. Council member Ruble advanced and the motion carried unanimously.

Council reports: Council members Cox and Dolph had nothing additional. Council member Flaskerud reported non-residents of Hayward using the compost site and finding non-compostable rubbish being left. He motioned to establish a \$500 fine for non-Hayward residents using the compost site and to purchase a sign so stating with a cost not to exceed \$100. After discussion, Council member Ruble advanced and the motion carried unanimously. Post meeting note: After investigation, it was realized to take this action requires establishing a city ordinance which will be discussed at the November meeting before any action is taken.

As the City Health & Safety Liaison, Council member Ruble volunteered to research the availability and cost of sewer backup insurance to cover residences. She also voiced her opinion that the park tennis court presented a safety concern. The budget does not include funds for repair or replacement. Donations would need to be sought to cover the cost.

Mayor Hansen reported a previous resident with an outstanding water/sewer bill is requesting an extension of the payment date. After discussion, Council member Flaskerud motioned to extend the due date to December 10, 2016 with the standard late fee imposed to failure to pay by the November 10, 2016 date. Council member Cox advanced and the motion carried unanimously.

Judi Kluever introduced the September, 2016 bills, deposits and financial reports. Council member Ruble motioned to accept the September, 2016 bills, deposits and financial reports; Council member Cox advanced and the motion carried unanimously.

Having no further business, Mayor Hansen adjourned the meeting at 8:45 p.m.

Judith Kluever  
City of Hayward  
City Clerk/Treasurer