

**LINCOLN COUNTY BOARD OF COMMISSIONERS
MEETING MINUTES**

May 17, 2016
Courthouse Commissioner Room
Ivanhoe, MN 56142

The meeting was called to order at 9:00 a.m. by Board Chair, Richard Hamer, followed by the Pledge of Allegiance. Commissioners present were Joe Drietz, Don Evers, Richard Hamer, Joan Jagt, and Mic VanDeVere. Also present were Lincoln County Auditor, Deb Vierhuf, and Lincoln County Attorney, Glen Petersen. No conflicts of interest were noted.

Motion by Jagt, seconded by Evers to approve the consent agenda which included approval of minutes from May 03, 2016 and agenda for May 17, 2016. All voted in favor.

Bid opening for Blk-10, Lots 1, 2 & 3 in the City of Ivanhoe was scheduled for 9:30 a.m. No bids were received.

Juanita Lauritsen SW MN PIC Executive Director and Mary Mulder, Public Assistance Program Manager gave an update on the Youth and Young Adult Services which is the focus for 2016. An update on Family Stabilization Services, Diversionary Work Program, MN Family Investment Program, and Supplemental Nutrition Assistance Program was also given.

Dave Halbersma, Highway Engineer, reviewed project updates:

- Currently advertising for CSAH 9 plans.
- Arco plans for County Road 26 are up at the state for review. For state funded projects, the Board Chair and the County Auditor need to sign off on diagonal parking.

Motion by Jagt, seconded by VanDeVere to authorize the Board Chair and the County Auditor to sign off on the diagonal parking plan for the City of Arco. All voted in favor.

- Bridge bonding has been discussed in Legislature. After we know what is approved in Legislature, we will know if we will have funding for box culvert replacement on CSAH 1 and 7.
- Central Specialties scheduling will be determined in the next week.

Halbersma also gave an update on the status of the possible Tyler Shop purchase from Scott Petersen. Halbersma reviewed the various parts of the building that are adequate and what would need to be changed if the County would purchase the building. Halbersma's recommendation is to have an appraisal done on new and existing property, get an estimate for the work needed, and check into sewer hookup options. The Board is in favor of moving forward with getting this information.

Halbersma gave a virtual road tour presentation. A five year plan proposal will be brought back to the Board at a future meeting.

Halbersma provided the Board with the Road and Bridge Annual Report for review.

Halbersma reviewed maintenance updates:

- Have been doing blading and tying of culverts as weather permits.
- Road and Bridge employees have started the summer schedule of four 10 hour days.

- Gravel crushing project is being looked at. Thinking about designating an area of the County and letting the contractor decide on the gravel pit and get a price.

Halbersma also presented an issue to the Board regarding a possible Right of Way Ordinance pertaining to utility setbacks. This would give the County some control as to where the utility lines are placed. Robert Olsen recommended hiring Rupp, Anderson, Squires & Waldspurger, P.A. to put the ordinance language together. Motion by Drietz, seconded by VanDeVere to move forward with hiring Rupp, Anderson, Squires & Waldspurger to put language together for a utility set back ordinance. All voted in favor.

Robert Olsen, Environmental, presented updates on the following items.

- The Conditional Use Hearing is May 18th at 7:00 p.m. for the Xcel substation and the Verizon cellphone tower.
- Damages are being paid out for CD 2.
- Final hearing is coming up for CD 33. The assessments are being put together.
- Hansonville has expressed concern on the benefits charged for JD 28. All notices were properly given.
- On June 21st at 1:00 p.m. a hearing will be held for the possible ditch redeterminations of CD #15, CD #42, and JD #19.
- Sent administrative orders out for buffer requirements.
- Will need to meet with the Solid Waste Committee regarding roll-offs, landfill and future costs. This has been tentatively set for June 7th at 1:00 p.m.
- Legislature is proposing possible funding to enforce the buffer laws.
- Had the opportunity to look at Lake Benton Lake and the lake has great clarity.
- The Lake Shaokatan Vegetation Management plan is being reviewed at DNR in New Ulm but they are not prepared to sign it yet.
- Doing clean-ups in the cities.

Daryl Schlapkohl, Parks Manager, gave an update on the following items.

- Water was turned on at Picnic Point and a water leak was discovered. The Highway Department assisted in finding the leak. Replacement of some of the line was needed.
- The sewer system for the new sites at Norwegian Park will be put in this week.
- The new playground equipment for Norwegian Park will be assembled in the next week or two.

Committee Reports were given:

VanDeVere – SW Reg Dev
 Drietz – Area II and RCRCA, 1 Watershed 1 Plan
 Hamer – None
 Jagt – None
 Evers – None

Auditor Warrants were presented.

Motion by Jagt seconded by VanDeVere, to approve the following Commissioner Warrants #1969 - 2088 for the following amounts: Revenue - \$205,222.99, Road & Bridge - \$34,795.18, Ditch - \$89,745.53, and Solid Waste Task Force - \$2,700.41. All voted in favor.

The following bills were over \$2,000.00 per M.S. 375.12: A & C Excavating - \$3,300.00, Area II MN River Basin Projects Inc. - \$4,822.00, Computer Man Inc. - \$4,105.95, Election Systems & Software Inc - \$5,694.55, Ground Works - \$5,230.85, Pamela Hansen - \$31,815.00, Michael & Pamela Hansen - \$13,783.00, Etlar & Danene Jensen – \$8,218.00, Johnson Trenching Co - \$2,314.00, Robert C. Kuehl - \$4,994.00, Linc Co Council on Aging - \$2,000.00, Linc Co Enterprise Dev Corp Slayton - \$22,500.00,

Linc Co Fair Assn - \$17,500.00, Linc Co Historical Soc - \$8,000.00, Curtis & Darla Madsen - \$7,959.00, MN Pollution Control Agency - \$61,749.03, Nobles County Sheriff - \$2,337.50, Plum Creek Library Sys - \$21,115.00, RCRCA - \$5,175.00, Laurel Skime - \$3,250.00, SMSU Business Services, IL 139 - \$2,700.41, SW Sanitation Inc - \$3,547.33, Thomas Electric Inc - \$5,690.15, Thompson Excavating - \$17,728.98, Waste Management of WI-MN - \$9,699.89, WM of Southern Minnesota MA 1 - \$6,573.94, Ziegler Inc - \$3,075.23, and 93 payments less than \$2,000.00 - \$47,585.30.

Deb Vierhuf, Lincoln County Auditor, presented the Frontier phone agreements and asked for approval to have the Auditor sign said agreements and authorized the payment of the phone system to come out of the capital expenditures fund. Motion by VanDeVere, seconded by Drietz to approve the Equipment Purchase and Installation Schedule, the Frontier Services Agreement and the Business Local & LD Services Schedule and authorized said agreements to be signed by the Auditor and authorize payment for the new phone system to be paid out of the capital expenditures fund. All voted in favor.

Vierhuf also requested approval of the Professional Service Agreement for on-line Election Judge Training. Motion by Jagt, seconded by VanDeVere to approve the Professional Service Agreement effective May 1, 2016 thru December 31, 2020 with DS Solutions for the Online Election Judge Training Course. All voted in favor.

Vierhuf also requested approval of the SeaChange Election Services Agreement which includes a summary of services, ballot layout and related services and ballot printing services. Motion by Evers, seconded by Drietz to approve the SeaChange Elections Services Agreement effective June 1, 2016 thru May 31, 2020. All voted in favor.

Vierhuf presented resolution No 25-2016 Resolution Providing for the Issuance, Sale, and Delivery of \$3,108,000 General Obligation Water Revenue Bond, Series 2016B of Lincoln County, MN. Motion by Evers, seconded by Drietz to approve Resolution No 25-2016 Resolution Providing for the Issuance, Sale and Delivery of \$3,108,000 General Obligation Water Revenue Bond, Series 2016B of Lincoln County, MN, to Pay a Part of the Cost of Water System Improvements; Establishing the Terms and Conditions Therefore; and Awarding the Sale Thereof. A roll call vote was taken. Commissioners Drietz, Evers, Hamer, Jagt, and VanDeVere all voted aye for the roll call vote. There were 0 nays. Motion passed by unanimous vote.

RESOLUTION NO. 25-2016

RESOLUTION PROVIDING FOR THE ISSUANCE, SALE, AND DELIVERY OF \$3,108,000 GENERAL OBLIGATION WATER REVENUE BOND, SERIES 2016B OF LINCOLN COUNTY, MINNESOTA, TO PAY A PART OF THE COST OF WATER SYSTEM IMPROVEMENTS; ESTABLISHING THE TERMS AND CONDITIONS THEREFOR; AND AWARDING THE SALE THEREOF

BE IT RESOLVED, by the County Board (the "County Board") of Lincoln County, Minnesota (the "Issuer"), as follows:

Section 1. Bond Purpose, Authorization, and Award.

1.01 Recitals. For a fuller understanding of the matters set forth in this Resolution, the following factual matters are set forth:

A. Pursuant to the requirements of Minnesota Statutes, Sections 116A.01 through 116A.26 (the "Act"), on July 20, 1984 the District Court of the Fifth Judicial District of the County of Lyon, State of Minnesota (the "Court") entered its order establishing the Lincoln Pipestone Rural Water System (the "System") as a multicounty water system, including area in Jackson, Lac Qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock and Yellow Medicine Counties (the "Counties"). Lincoln County is herein referred to as the "Issuer."

B. Pursuant to the requirements of Section 116A.24 of the Act, the Court appointed a water commission of the System (the "Commission") to do all things necessary to establish, construct, operate and maintain the System, to act as agent of the Issuer in supervising the construction, improvement and extension of the System and in operating and maintaining the System as further set forth in Section 116A.24 of the Act.

C. The County Board has determined that it is in the public interest and in furtherance of the purposes of the Issuer to provide for the acquisition and construction of certain facilities and improvements to the Issuer's waterworks system including the addition of two new wells to the Verdi Well Field, construction of the Magnolia Connection, upgrades and improvements to the electric and control systems and underground meter pits at the Verdi Well Field and Holland Well Field, SCADA improvements and miscellaneous improvements to distribution mains (the "Project").

D. In order to provide temporary financing for the Project, the Issuer issued its \$3,108,000 General Obligation Bond Anticipation Note dated April 19, 2016 (the "Prior Bond") which is subject to redemption and prepayment any day at par plus accrued interest.

E. Pursuant to Section 116A.20 of the Act, the Issuer is authorized to issue general obligation bonds to finance the Project, including refunding the Prior Bond, which bond must be issued in strict accordance with the requirements of the Act and will be payable from special assessments levied or to be levied against property specially benefited by the Project to be extended upon the tax rolls in each year of the term of the Bond referred to below, together with interest payable thereon (the "Special Assessments") and from the net revenues from time to time received during the term of the bonds in excess of the current costs of operating and maintaining the System, including maintenance of a reasonable operating reserve and necessary allowances for depreciation, from the establishment and collection of charges for connection to the System and for service furnished and made available by the System to any person, firm, corporation, or political subdivision or from any federal or state grant monies, or from any combination of these receipts (the "Net Revenues"). The Special Assessments and Net Revenues are collectively referred to herein as (the "Pledged Revenues").

F. Pursuant to that order and judgment entered February 29, 2016, the Court determined that the Pledged Revenues are sufficient for payment of bonds issued to finance the Expansion Project and authorized the Issuer to issue such bonds.

G. By a resolution to be adopted May 23, 2016, the Commission will find that the Special Assessments expected to be approved no later than the date of issuance of the Bond, together with the Net Revenues available for payment of the Bond (if necessary), will be sufficient to pay the Bond. The Special Assessments and Net Revenues are pledged to payment of the Bond.

H. Pursuant to a Joint Powers Agreement dated January 1, 2016 (the "Joint Powers Agreement"), the Counties have each agreed to pay their proportionate share of principal of and interest on the Bond in the event that Pledged Revenues are insufficient for payment thereof. The Commission has acknowledged the Joint Powers Agreement.

1.02 Findings.

A. The County Board has found that it is necessary and in the best interest of the Issuer and its taxpayers to provide long-term financing for the costs of the Project by obtaining a loan from the United States of America acting through the United States Department of Agriculture (the "USA") acting under the provisions of the Consolidated Farm and Rural Development Act, as the Issuer is unable to obtain sufficient credit elsewhere to finance the cost of the Project, taking into consideration prevailing private interest rates and terms currently available. Such finding is ratified and confirmed.

B. It is found and determined that it is necessary, expedient and in the best interests of the System and its customers, that the Issuer should issue the Bond for the purpose of paying the outstanding principal and interest of the Prior Bond.

1.03 The Bond. Pursuant to Minnesota Statutes, Chapter 475 and Section 116A.20 of the Act, the Commission, on behalf of the Issuer, has applied for and received approval of a \$3,108,000 loan from the USA to finance the Project (the "Loan") and authorizes and directs the issuance and sale of the General Obligation Water Revenue Bond, Series 2016B of the Issuer in the aggregate principal amount of not to exceed \$3,108,000 (the "Bond") to the USA on the terms as hereinafter provided to evidence the Loan.

1.04 Advances. Principal of the Bond will be advanced by the USA to or at the direction of the Issuer as requested to pay the costs of the Project provided that the aggregate principal amount of not to exceed \$3,108,000 shall be fully advanced no later than December 31, 2016. The Commission is authorized and directed to make such requests on behalf of the Issuer.

Section 2. Terms of Bond.

2.01 Principal Payments. This issue shall be a single bond, dated the date of delivery, in fully registered form, in an amount not to exceed \$3,108,000, with principal payable in 39 installments on January 1 of each year commencing with the initial principal payment on January 1, 2018 in the principal amounts and in the years stated below (as adjusted to reflect the total amount advanced hereunder):

Maturity Date (January 1)	Principal Amount Due	Maturity Date (January 1)	Principal Amount Due
2018	\$50,000	2038	\$79,000
2019	\$52,000	2039	\$81,000
2020	\$53,000	2040	\$82,000
2021	\$54,000	2041	\$84,000
2022	\$55,000	2042	\$86,000
2023	\$56,000	2043	\$89,000
2024	\$58,000	2044	\$90,000
2025	\$59,000	2045	\$92,000
2026	\$60,000	2046	\$94,000
2027	\$61,000	2047	\$97,000
2028	\$63,000	2048	\$99,000
2029	\$64,000	2049	\$102,000
2030	\$66,000	2050	\$103,000
2031	\$67,000	2051	\$106,000
2032	\$69,000	2052	\$108,000
2033	\$70,000	2053	\$111,000
2034	\$72,000	2054	\$114,000
2035	\$74,000	2055	\$117,000
2036	\$75,000	2056	\$119,000
2037	\$77,000		

2.02 Interest Payments. The Bond shall bear interest on the advanced and unpaid principal balance at the rate of 2.25% per annum or such lower rate as may be in effect prior to closing and delivery of the Bond. Interest shall be payable on January 1 of each year commencing with the initial interest payment on January 1, 2017 (each, an "Interest Payment Date"). Payments shall be applied first to interest due through the stated maturity date set forth above on the unpaid balance of the Bond and thereafter to reduction of principal. Delinquent payments, if any, shall be applied by the registered holder in the following sequence: (1) billed delinquent interest, (2) past-due interest installments, (3) past-due principal installments, (4) interest installments due and (5) principal installments due. The Bond is subject

to redemption and prepayment, in whole or in part, at the option of the Issuer on any date, at par plus accrued interest. Partial prepayments of principal on the Bond shall be applied to the principal amounts last to come due. Notice of redemption shall be given in accordance with the rules and regulations of the USA and Minnesota Statutes, Chapter 475.

2.03 Registration and Transfer. The Bond is transferable upon the books of the Issuer at the office of the County Auditor, by the registered holder of the Bond in person or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the County Auditor, fully executed by the registered holder or its duly authorized attorney. Upon such transfer, the County Auditor will note the date of registration and the name of the newly registered holder in the registration blank appearing on the Bond. The Issuer may deem and treat the person in whose name the Bond is last registered upon the books of the Issuer, with such registration noted on the Bond, as the absolute owner thereof for the purpose of receiving payment of or on account of the principal balance or interest on the Bond and for all other purposes; and all such payments so made to the registered holder shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid and the Issuer will not be affected by notice to the contrary.

Section 3. Form, Preparation and Delivery of Bond.

3.01 Form. The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA

No. R-1

\$3,108,000

LINCOLN COUNTY
GENERAL OBLIGATION WATER REVENUE BOND, SERIES 2016B

Rate Date of Original Issue
2.25% June 16, 2016

REGISTERED OWNER: UNITED STATES OF AMERICA
(acting through the United States Department of Agriculture)

PRINCIPAL AMOUNT: THREE MILLION ONE HUNDRED EIGHT THOUSAND DOLLARS

The County Board of Lincoln County, Minnesota (the "Issuer"), for value received promises to pay to the registered owner set forth above, or registered assigns (the "Holder"), at such address as shall be designated in writing by the Holder, the principal amount of not to exceed \$3,108,000 (but only so much as shall have been drawn hereunder, as provided below) in 39 installments, on January 1 of each year commencing with the initial principal installment on January 1, 2018 in the principal installment amounts and the years stated below (as adjusted to reflect the total amount advanced hereunder):

Maturity Date (January 1)	Principal Amount Due	Maturity Date (January 1)	Principal Amount Due
2018	\$50,000	2038	\$79,000
2019	\$52,000	2039	\$81,000
2020	\$53,000	2040	\$82,000
2021	\$54,000	2041	\$84,000
2022	\$55,000	2042	\$86,000
2023	\$56,000	2043	\$89,000
2024	\$58,000	2044	\$90,000
2025	\$59,000	2045	\$92,000
2026	\$60,000	2046	\$94,000

2027	\$61,000	2047	\$97,000
2028	\$63,000	2048	\$99,000
2029	\$64,000	2049	\$102,000
2030	\$66,000	2050	\$103,000
2031	\$67,000	2051	\$106,000
2032	\$69,000	2052	\$108,000
2033	\$70,000	2053	\$111,000
2034	\$72,000	2054	\$114,000
2035	\$74,000	2055	\$117,000
2036	\$75,000	2056	\$119,000
2037	\$77,000		

and to pay interest on the advanced and unpaid principal balance to the Holder, said interest being at the rate per annum set forth above. Interest shall be computed on the basis of the actual days elapsed in a year of 365 days. Interest is payable to the Holder commencing January 1, 2017, and annually thereafter on January 1 of each year. The principal of and interest on this Bond are payable in such funds as are legal tender for payment of debts due the United States of America. Payments shall be applied first to interest due through the maturity date set forth above on the unpaid principal balance and thereafter to reduction of principal. Delinquent payments, if any, shall be applied by the Holder in the following sequence: (1) billed delinquent interest, (2) past-due interest installments, (3) past-due principal installments, (4) interest installments due and (5) principal installments due.

Principal of this Bond shall be advanced by the Holder to the Commission of the Lincoln Pipestone Rural Water System (the "System") on behalf of the Issuer in accordance with the Resolution, to refund the Issuer's \$3,108,000 General Obligation Bond Anticipation Note dated April 19, 2016.

For the prompt and full payment of such principal and interest as they become due, the full faith and credit and taxing power of the Issuer are irrevocably pledged. This Bond is issued pursuant to the authority of and in strict compliance with Minnesota Statutes, Section 116A.01 through 116A.26 and Chapter 475, and all other laws thereunto enabling, and pursuant to an authorizing resolution adopted by the governing body of the Issuer on May 17, 2016 (the "Resolution"), to provide funds to refund the Issuer's \$3,108,000 General Obligation Bond Anticipation Note dated April 19, 2016 and to pay Project costs. The principal of and interest on the Bond are payable primarily from special assessments levied or to be levied against property specially benefited by the extension and enlargement of the System and from the net revenues from time to time received in excess of the current costs of operating and maintaining the System. The Commission of the System, by resolution adopted May 23, 2016, has pledged and appropriated the net revenues to be derived from the operation of the System in excess of normal, reasonable and current costs of the operation and maintenance of the System for the payment of the principal and interest when due on the Bond, and has covenanted and agreed that it will establish rates and charges for the service of the System, sufficient to pay all costs of operation and maintenance thereof and to produce net revenues adequate, with special assessments, to pay the Bond and interest thereon when due. Reference is made to the Resolution for a full statement of rights and powers thereby conferred together with all other bonds issued on a parity herewith.

This Bond is subject to redemption and prepayment, in whole or in part, at the option of the Issuer on any date, at par plus accrued interest. Any partial prepayment of this Bond shall be applied to the principal installments last to come due as provided above. Notice of redemption shall be given in accordance with the rules and regulations of the Holder and Minnesota Statutes, Chapter 475.

This Bond is transferable upon the books of the Issuer at the office of the County Auditor, by the registered Holder hereof in person or by its attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the County Auditor, duly executed by the registered Holder or its duly authorized attorney. Upon such transfer the County Auditor will note the date of registration and the name of the newly registered Holder in the registration blank appearing below. The Issuer may deem and treat the person in whose name this Bond is last registered upon the books of

the Issuer, with such registration noted on the Bond, as the absolute owner hereof for the purpose of receiving payment of or on account of the principal balance or interest on this Bond and for all other purposes; all such payments so made to the registered Holder or upon its order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and the Issuer shall not be affected by any notice to the contrary.

It is certified and recited that all acts and conditions required by the laws and the Constitution of the State of Minnesota to be done and to exist precedent to and in the issuance of this Bond, in order to make it a valid and binding general obligation of the Issuer in accordance with its terms, have been done and do exist in form, time, and manner as so required; that all taxable property within the boundaries of the Issuer is subject to the levy of ad valorem taxes to the extent needed to pay the principal hereof and the interest hereon when due, without limitation as to rate or amount; and that the issuance of this Bond does not cause the indebtedness of the Issuer to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Board of Commissioners of Lincoln County has caused this Bond to be signed by its Chair, and attested by its County Auditor, and has caused this Bond to be dated the date of original issue set forth above.

[form – do not sign here] _____
 Chair

ATTEST:

[form – do not sign here] _____
 County Auditor

PROVISIONS AS TO REGISTRATION

The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of the Board of Commissioners of Lincoln County, Minnesota, in the name of the registered Holder last noted below.

Date of Registration	Name of Registered Holder	Signature of County Auditor
June 16, 2016	United States of America, acting through the United States Department of Agriculture	_____
_____	_____	_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Name and Address of Assignee)

_____ Social Security or Other

_____ Identifying Number of Assignee

the within Bond and all rights thereunder and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

(Bank, Trust Company, member of
National Securities Exchange)

3.02 Execution. The Bond shall be executed on behalf of the Issuer by the manual signatures of the Chair and the County Auditor on the face of the Bond. The corporate seal may be omitted from the Bond as permitted by law.

3.03 Delivery. The Bond when so prepared and executed shall be delivered under the direction of the County Auditor or her designee to the USA upon receipt of the initial advance.

Section 4. Funds, Accounts and Covenants.

4.01 Rate Covenant. The Commission has covenanted and agreed with the Issuer, the holder from time to time of the Bond and with its customers that it will impose and collect just and equitable rates and charges for all use and for the availability of all facilities of the System at the times and in the amounts required to pay the normal, reasonable, and current expenses of operating and maintaining the System and to maintain a reasonable operating reserve, and also to produce Net Revenues which along with Special Assessments will be at least adequate at all times to pay the principal and interest due on the Bond issued hereunder and on all other bonds heretofore or hereafter issued and made payable from said Net Revenues, and will operate the System and segregate and account for the revenues thereof as provided in this Section.

4.02 Funds, Accounts, Appropriations, and Revenues.

A. Water Fund.

(1) The Commission has agreed to place all charges described in Section 4.01 above when collected, and all money received from the sale of any facilities or equipment of the System in the Water Fund (the "Water Fund") previously established by the Commission.

(2) The Water Fund will be continued as a single fund administered by the Commission on behalf of the Issuer and held to serve as a depository for all sums, including bond proceeds, Special Assessments, tax levies and Net Revenues received on account of the System.

(3) Except as provided in this Section, the Water Fund may be used only to pay claims duly approved and allowed for payment of expenses which, under generally accepted accounting principles, constitute normal, reasonable, and current expenses of operating and maintaining the System; to maintain such reasonable reserves for such expenses and other reasonable operating reserves as the Commission determines to be necessary from time to time;

and as may otherwise be permitted by the Act. Sums required to make such payments and maintain such reserves, constitute the Net Revenues which are herein pledged and appropriated first to pay the principal of and interest when due on the Bond.

(4) The depository bank selected by the Commission for deposit of the monies constituting the Water Fund is hereby deemed designated by the County Board for purposes of Section 116A.24, subdivision 3(d).

B. Prior Debt Service Fund. On receipt of each advance of the purchase price of the Bond, the Issuer shall credit the proceeds from the sale of the Bond to the 2016 Bond Anticipation Note Fund (the "Prior Debt Service Fund") established for the Prior Bond by the Issuer in a resolution adopted March 28, 2016 (the "Prior Bond Resolution"), a joint account administered by the Commission on behalf of the Issuer. The Commission is directed to use the proceeds of the Bond to pay and retire the principal amount of the Prior Bond allocable to the Project on the earliest possible date.

C. Water Fund Accounts. For the convenience and proper administration of the monies to be borrowed and repaid on the Bond and to provide adequate and specific security for the purchaser and holder from time to time of the Bond, there is created in the Water Fund two separate accounts, to be designated the "2016B Bond Construction Account" and the "2016B Bond Debt Service Fund," respectively:

1. 2016B Bond Construction Account. The 2016B Bond Construction Account (the "Construction Account") shall be administered and maintained by the Commission on behalf of the Issuer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the Issuer and the System. The Construction Account shall be maintained in the manner herein specified:

(i) On receipt of any advances of Bond proceeds not used to refund the Prior Bond and the final advance on December 31, 2016, the Issuer shall credit such proceeds of the Bond to the Construction Account.

(ii) From the Construction Account there shall be paid all costs and expenses of making the Project, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65; and the moneys in said account shall be used for no other purpose except as otherwise provided by law. Other costs for which payment from the Construction Account is authorized shall include costs of legal, financial advisory, and other professional services, printing and publication costs, and costs of issuance of the Bond. Any funds remaining in the Construction Account upon completion of the Project shall be transferred to the 2016B Bond Debt Service Fund.

(iii) Disbursements from the Construction Account made after December 31, 2016 are subject to such additional requirements as are or may be imposed by the USA.

2. 2016B Bond Debt Service Fund. The "2016B Bond Debt Service Fund" (the "Debt Service Fund") shall be administered as a joint account by the Commission on behalf of the Issuer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the Issuer and the System.

(i) Any funds remaining in the Construction Account upon completion of the Project are pledged and appropriated to the Debt Service Fund.

(ii) Pledged Revenues are pledged and appropriated to the Debt Service Fund in an amount sufficient to pay the interest and principal then due on the Bond. The money in the Debt Service Fund must be used for no purpose other than the payment of principal and interest on the Bond when due.

(iii) The Debt Service Fund shall be maintained in the manner herein specified until all of the Bond and interest thereon have been fully paid.

(iv) The Commission has directed that, prior to each Interest Payment Date, its chief financial officer of the Commission must transfer from the Water Fund to the Debt Service Fund amounts of Net Revenues which, along with payments of Special Assessments on deposit in the Debt Service Fund, will be sufficient for the payment of all interest and principal then due on the Bond.

(v) If the balances in the Debt Service Fund are ever insufficient to pay all principal and interest then due on the Bond the County Auditor of the Issuer is required to provide sufficient money from any other funds of the Issuer which are available for that purpose, including, the proceeds of taxes levied pursuant to Section 4.03B and any amounts received under and pursuant to the Joint Powers Agreement, and the funds from which said monies have been taken must be replenished by the Commission with interest for the time actually needed at the rate of eight percent per annum from the Pledged Revenues and such funds applied to such replenishment shall not be deposited in the Debt Service Fund.

(vi) The County Board hereby affirms the pledge and appropriation to the Debt Service Fund by the Commission of the Special Assessments and Net Revenues in an amount described in clause (1) above.

D. Surplus Revenues. The County Board hereby consents to the use of surplus revenues from time to time received in the Water Fund, in excess of payments due from and reserves required to be maintained in the Water Fund and in the Debt Service Fund, for necessary expenditures for the improvement or extension of the System, for the prepayment and redemption of bonds constituting a lien on the System, and for any other proper purpose consistent with the Act and the policies established by resolution of the Commission.

E. Investments. Monies on deposit in the Water Fund and the Debt Service Fund may, at the discretion of the Commission, be invested in securities permitted by Minnesota Statutes, Chapter 118A; provided, that any such investments must mature at such times and in such amounts as will permit for payment of principal and interest on the Bond when due.

4.03 No Tax Levy.

A. The Court has previously determined that the Special Assessments (including interest thereon) and Net Revenues are sufficient for payment of the Bond and interest thereon by order entered pursuant to Section 116A.12, subdivision 8 of the Act, which amounts will be received at the times required and in the amounts not less than 5% in excess of the amounts needed to meet when due the principal and interest payments on the Bond and, accordingly, no tax is presently levied for this purpose.

B. It is recognized, however, that the Issuer's liability on the Bond is not limited to the Net Revenues and Special Assessments so pledged, and the County Board covenants and agrees that it will levy upon all taxable property within the Issuer, and cause to be extended, assessed, and collected, any taxes found necessary for full payment of the principal of and interest on the Bond, without limitation as to rate or amount.

Section 5. Tax Covenants.

5.01 General.

A. The Issuer covenants and agrees to comply with requirements under the Code necessary to establish and maintain the tax exempt status of the Bond, including without limitation (1) requirements relating to temporary periods for investment, (2) limitation on amounts invested at a yield greater than the

yield on the Bond, and (3) the rebate of excess investment earnings to the United States if the proceeds of the Bond are not spent within six months of the date of closing and delivery of the Bond.

B. The Issuer covenants and agrees with the holders of the Bond that the Issuer will (1) take all action on its part necessary to cause the interest on Bond to continue to be exempt from income taxation including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bond and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (2) refrain from taking any action which would cause interest on the Bond to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Bond and investment earnings thereon on certain specified purposes.

C. No portion of the proceeds of the Bond shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (i) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bond was issued, and (ii) in addition to the above, in an amount not greater than the lesser of five percent of the proceeds of the Bond or \$100,000 (the "minor portion"). To this effect, any proceeds of the Bond and any sums from time to time held in the Debt Service Fund (or any other Issuer account which will be used to pay principal and interest to become due on the Bond) in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or minor portion made available under the federal arbitrage regulations. Money in those funds shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bond to be "federally guaranteed," other than as permitted by the Code.

5.02 Eighteen-Month Spending Exception to Rebate. Based on the representation of the Commission, Issuer reasonably expects that the gross proceeds and investment earnings thereon will be allocated to project costs allocable to the Bond in accordance with the following schedule measured from the date of closing and delivery of the Bond:

- (a) at least 15% within 6 months (the first spending period);
- (b) at least 60% within 12 months (the second spending period); and
- (c) 100% within 18 months (the third spending period);

provided that the Bond will not fail to satisfy the spending requirement herein specified as a result of reasonable retainage not exceeding 5% of the proceeds of the Bond if such amount is allocated to the portion of the project costs allocable to the Bond within 30 months of the date of closing and delivery of the Bond. In the event proceeds of the Bond are not so spent, the Issuer will compute or cause to be computed and cause the payment to the United States of all amounts required under the rebate requirement of Section 148(f) of the Code and the Regulations issued thereunder.

Section 6. Certificate of Proceedings.

6.01 Filing of Resolution. The County Auditor or her designee is directed to file a certified copy of this Resolution in her office and to provide a certificate stating that the Bond herein authorized has been duly entered on her register.

6.02 Proceedings. The officers of the Issuer are authorized and directed to prepare and furnish to the USA and to bond counsel certified copies of all proceedings and records of the Issuer relating to the authorization and issuance of the Bond and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Bond as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates, and affidavits, including any heretofore furnished, constitute

representations of the Issuer as to the correctness of facts recited therein and the actions stated therein to have been taken.

6.03 Absent or Disabled Officers. In the event of the absence or disability of the Chair or the County Auditor, such officers of the Issuer or members of the County Board as in the opinion of the Issuer's attorney may act in their behalf shall, without further act or authorization of the Issuer, execute and deliver the Bond, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

Section 7. Refunding; Findings; Redemption.

7.01 Findings. It is found and determined that, based on information provided by the Commission and bond counsel,

A. the issuance of the Bond is consistent with covenants in the Prior Bond and is necessary and desirable for the reduction of debt service cost to the Issuer and the System and for the adjustment of the maturities in relation to the resources available for their payment; and

B. proceeds of the Bond and available System funds will be sufficient to pay the Prior Bond outstanding on June 16, 2016 (the "Redemption Date") and allocable to the Project in full on the date of closing and delivery of the Bonds or as soon thereafter as reasonably possible.

7.02 Notice of Call for Redemption. The Prior Bond outstanding on Redemption Date shall be redeemed and prepaid in accordance with its terms. The designee of the Commission is authorized and directed to forthwith provide notice of call of redemption of the Prior Bond outstanding on Redemption Date in accordance with its terms.

ATTEST:

Richard Hamer, 2016 Board Chair

Deb Vierhuf, County

Vierhuf presented Resolution No 26-2016 Motion by Evers, seconded by VanDeVere to approve Resolution No 26-2016 Resolution for Southwest Minnesota Housing Partnership to administer the Rental Rehabilitation Deferred Loan (RRDL) Pilot Program on behalf of Minnesota Housing (MHFA) in Lincoln County. All voted in favor.

RESOLUTION NO 26-2016
RESOLUTION FOR SOUTHWEST MINNESOTA HOUSING PARTNERSHIP TO ADMINISTER THE
RENTAL REHABILITATION DEFERRED LOAN (RRDL) PILOT PROGRAM ON BEHALF OF
MINNESOTA HOUSING (MHFA) IN LINCOLN COUNTY.

WHEREAS, **Lincoln County** has made significant progress in meeting the need for housing rehabilitation in the cities and rural areas of the county, and

WHEREAS, an unmet need remains for the repair and rehabilitation of rental housing units, and

WHEREAS, the Rental Rehabilitation Deferred Loan Program, sponsored by Minnesota Housing (MHFA), may provide a means for rehabilitating rental housing units in **Lincoln County**, and

WHEREAS, **Southwest Minnesota Housing Partnership** has been selected and found to have the capacity to administer the Rental Rehabilitation Loan Program for Minnesota Housing, and

WHEREAS, there is no cost to the County to participate in the Rental Rehabilitation Deferred Loan Program, sponsored by Minnesota Housing,

NOW, THEREFORE, BE IT RESOLVED that **Southwest Minnesota Housing Partnership** is hereby approved to act as the administrative body for the implementation of this program in **Lincoln County**.

Whereupon the resolution was declared duly passed and adopted.

ATTEST:

Richard Hamer, 2016 Board Chair

Deb Vierhuf, County Auditor

Motion by Drietz, seconded by Jagt to adjourn at 11:40 a.m. All voted in favor.

ATTEST:

Richard Hamer, 2016 Board Chair

Deb Vierhuf, County Auditor