

Extract of Minutes of a Meeting of the
City Council of the City of Hamburg

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Hamburg was duly held in the City of Hamburg, Minnesota, on Tuesday, July 9, 2013, at 7:00 o'clock P.M.

The following members were present: *Mayor Richard Malz and Council Members Steve Trebesch, Chris Lund, Richard Odoms and Robert Gregonis.*

and the following were absent: *None*

During said meeting Council Member Gregonis introduced the following resolution and moved its adoption:

CITY OF HAMBURG, MINNESOTA
RESOLUTION NO. 2013-06

RESOLUTION APPROVING THE ISSUANCE AND SALE OF A
HEALTHCARE FACILITIES REVENUE NOTE, SERIES 2013
AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO
(RIDGEVIEW MEDICAL CENTER PROJECT)

The motion for the adoption of the foregoing resolution was duly seconded by Council Member Odoms, and after full discussion thereof and upon vote being taken thereon, the following voted in favor thereof:

Mayor Richard Malz and Council Members Steve Trebesch, Chris Lund, Richard Odoms and Robert Gregonis.

and the following voted against the same: *None*

whereupon said resolution was declared duly passed and adopted.

CITY OF HAMBURG, MINNESOTA
RESOLUTION NO. 2013-06

RESOLUTION APPROVING THE ISSUANCE AND SALE OF A
HEALTHCARE FACILITIES REVENUE NOTE, SERIES 2013 AND
AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO
(RIDGEVIEW MEDICAL CENTER PROJECT)

WHEREAS,

(a) One of the purposes set forth in Minnesota Statutes, Sections 469.152 to 469.1655, as amended (the "Act"), as found and determined by the legislature, is to promote the welfare of the state by providing necessary health care facilities so that adequate health care services are available to residents of the State at reasonable cost;

(b) Factors necessitating the active promotion and development of economically sound health care facilities are the increasing concentration of population in the metropolitan areas, the rapidly rising increase in the amount and cost of governmental services required to meet the needs of the increased population, the need for development of land use which will provide an adequate tax base to finance these increased costs and access to employment opportunities;

(c) The City Council of the City of Hamburg, Minnesota (the "City") has received from Ridgeview Medical Center, a Minnesota nonprofit corporation and Ridgeview Clinics, a Minnesota nonprofit corporation, each organized under the laws of the State of Minnesota (collectively, the "Borrower"), a proposal that the City assist in financing a Project hereinafter described through the issuance of a revenue note, referred to in this resolution as the "Note", pursuant to the Act;

(d) The City has determined that it is in the best interest of the community to facilitate the delivery of health care to residents of the City and the community served by the Hospital (as defined herein) by providing the aid of municipal financing to the Project (as defined herein); and the Project will assist the City in achieving those objectives and will enhance the image and reputation of the community;

(e) The Project to be financed, in part, by the Note is (i) additions and renovations to the Borrower's clinic located at 916 St. Peter Avenue in Delano, Minnesota (the "Delano Facilities"); (ii) refinancing of the outstanding principal balance of the City of Excelsior, Minnesota \$4,212,750 Healthcare Facilities Revenue Note, Series 2005 (Ridgeview Excelsior Clinic/Ridgeview Medical Center Project) which was issued to finance the Borrower's medical clinic facility located at 675 Water Street, Excelsior, Minnesota (the "Excelsior Facilities") and an MRI system for the Borrower's facilities at 500 South Maple Street, Waconia, Minnesota (the "Waconia Hospital"); (iii) acquisition and installation of a daVinci surgical robot, cardiac monitors and other capital expenditures and equipment located at the Waconia Hospital; (iv) acquisition and installation of an MRI, a CT Scanner and other capital expenditures and equipment located at 111 Hundertmark Road, Chaska, Minnesota (the "Chaska Facilities"); (v) refinancing the outstanding principal balance of the City of Howard Lake, Minnesota \$5,024,000

Healthcare Facilities Revenue Note (Ridgeview Medical Center Project) Series 2002 which was issued to finance medical clinics included in the Delano Facilities and at 7907 Powers Boulevard, Chanhassen, Minnesota (the “Chanhassen Facilities”); (vi) the refinancing of a USDA loan used for the acquisition and installation of electrical and telecommunications facilities located at the Waconia Hospital; (vii) refinancing of the outstanding principal balance of the City of Waconia \$9,670,000 Healthcare Facilities Revenue Note, Series 2003 (Ridgeview Medical Center) which was issued to finance improvements to the Waconia Hospital; and (viii) construction and equipping of approximately 70,000 square feet of additions and expansions to the Chaska Facilities;

(f) The Waconia Hospital is owned by the City of Waconia, Minnesota and leased to and operated by the Borrower and the other facilities included in the Project are owned and operated by the Borrower;

(g) On July 22, 2013, the City of Waconia (“Waconia”), is expected to adopt a resolution, on July 15, 2013, the City of Excelsior (“Excelsior”) is expected to adopt a resolution on July 16, 2013, the City of Delano (“Delano”) is expected to adopt a resolution, on July 16, 2013, the City of Howard Lake (“Howard Lake”) is expected to adopt a resolution, on July 16, 2013, the City of Chanhassen (“Chanhassen”) is expected to adopt a resolution, and on July 15, 2013, the City of Chaska (“Chaska”) is expected to adopt a resolution, consenting to the issuance of the Note by the City;

(h) The City has been advised by representatives of the Borrower that comparable private permanent financing for the Project was not found by the Borrower to be reasonably available and, with the aid of municipal financing, and its resulting low borrowing cost, the Project is economically more feasible; and

(i) No public official of the City has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project.

BE IT RESOLVED by the City as follows:

SECTION 1. LEGAL AUTHORIZATION AND FINDINGS.

1.1 Findings. The City hereby finds, determines and declares as follows:

(a) The City is a political subdivision of the State of Minnesota and is authorized under the Act to assist the revenue producing project herein referred to, and to issue and sell the Note, as hereinafter defined, for the purpose, in the manner and upon the terms and conditions set forth in the Act and in this Resolution.

(b) As required by the Act and Section 147(f) of the Code, the City has, on July 9, 2013, held a public hearing on the issuance of one or more revenue notes to finance the Project.

(c) The issuance and sale of the Healthcare Facilities Revenue Note, Series 2013 (Ridgeview Medical Center Project) in a principal amount not to exceed \$9,000,000

(the “Note”) by the City, pursuant to the Act, is in the best interest of the City, and the City hereby determines to issue the Note and to sell the Note to KleinBank (the “Lender”), as provided herein. The City will loan the proceeds of the Note (the “Loan”) to the Borrower to assist the Borrower in financing the Project.

(d) Pursuant to a Loan Agreement (the “Loan Agreement”) to be entered into between the City and the Borrower, the Borrower has agreed to repay the Note in specified amounts and at specified times sufficient to pay in full when due the principal of, premium, if any, and interest on the Note. In addition, the Loan Agreement contains provisions relating to the maintenance and operation of the Project, indemnification, insurance, and other agreements and covenants which are required or permitted by the Act and which the City and the Borrower deem necessary or desirable for the financing of the Project. A draft of the Loan Agreement has been submitted to the City Council.

(e) Pursuant to a Pledge Agreement (the “Pledge Agreement”) to be entered into between the City and the Lender, the City has pledged and granted a security interest in all of its rights, title, and interest in the Loan Agreement to the Lender (except for certain rights of indemnification and to reimbursement for certain costs and expenses). A draft of the Pledge Agreement has been submitted to the City Council.

(f) The Note will be a special limited obligation of the City. The Note shall not be payable from or charged upon any funds other than the revenues pledged to the payment thereof, nor shall the City be subject to any liability thereon. No holder of the Note shall ever have the right to compel any exercise of the taxing power of the City to pay the Note or the interest thereon, nor to enforce payment thereof against any property of the City. The Note shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation.

(g) On the basis of information available to the City it appears, and the City hereby finds, that the Project constitutes properties, real and personal, used or useful in connection with one or more revenue producing enterprises within the meaning of Subdivision 2(d) of Section 469.153 of the Act; that the Project furthers the purposes stated in Section 469.152; that the availability of the financing under the Act and the willingness of the City to furnish such financing will be a substantial inducement to the Borrower to undertake the Project, and that the effect of the Project, if undertaken, will be to assist in the prevention of the emergence of blighted and marginal land, to help prevent chronic unemployment, to help the surrounding area retain and eventually improve the tax base, to provide the range of service and employment opportunities required by the population, to help prevent the movement of talented and educated persons out of the state and to areas within the State where their services may not be as effectively used, and to promote more intensive development and use of land within the City and surrounding communities.

(h) It is desirable, feasible and consistent with the objectives and purposes of the Act to issue the Note, for the purpose of financing the costs of the Project. A draft of the Note has been submitted to the City Council.

1.2 Authorization and Ratification of Project. In anticipation of the approval of the Project by the State of Minnesota, Department of Employment and Economic Development and all other necessary entities and the issuance of the Note to finance all or a portion of the Project, and in order that completion of the Project will not be unduly delayed when approved, the City has heretofore and does hereby authorize the Borrower, in accordance with the provisions of the Act and subject to the terms and conditions imposed by the Lender, to provide for the acquisition and construction of the Project by such means as shall be available to the Borrower and in the manner determined by the Borrower, and without advertisement for bids as may be required for the construction and acquisition of other municipal facilities; and the City hereby ratifies, affirms, and approves all actions heretofore taken by the Borrower consistent with and in anticipation of such authority.

SECTION 2. THE NOTE.

2.1 Authorized Amount and Form of Note. The Note issued pursuant to this Resolution shall be in substantially the form submitted to the City Council with such appropriate variations, omissions and insertions as are permitted or required by this Resolution, and in accordance with the further provisions hereof; and the total aggregate principal amount of the Note that may be outstanding hereunder is expressly limited to \$9,000,000, unless a duplicate Note is issued pursuant to Section 2.7. The Note shall bear interest at a variable rate as set forth therein.

2.2 The Note. The Note shall be dated as of the date of delivery to the Lender, shall be payable at the times and in the manner, shall bear interest at a variable interest rate, and shall be subject to such other terms and conditions as are set forth therein at the time of execution by the Mayor and City Clerk-Treasurer, whose execution of the Note shall constitute acceptance of the initial interest rate on the Note and provisions for adjustment thereof.

2.3 Execution. The Note shall be executed on behalf of the City by the signatures of its Mayor and City Clerk-Treasurer and shall be sealed with the seal of the City; provided that the seal may be intentionally omitted as provided by law. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if had remained in office until delivery. In the event of the absence or disability of the Mayor or the City Clerk-Treasurer such officers of the City as, in the opinion of the City Attorney, may act in their behalf, shall without further act or authorization of the City Council execute and deliver the Note.

2.4 Delivery of Initial Note. Before delivery of the Note the Cities of Waconia, Excelsior, Delano, Chanhassen, Howard Lake and Chaska must have consented to issuance of the Note by the City and there shall be filed with the Lender (except to the extent waived by the Lender) the following items:

- (a) an executed copy of each of the following documents:
 - (i) the Loan Agreement;
 - (ii) the Pledge Agreement;

(iii) one or more Security Agreements dated as of the date of delivery of the Note from Ridgeview Medical Center and Ridgeview Clinics to the Lender (not executed by the City) and a mortgage with respect to the Chanhassen Facilities, the Excelsior Facilities and the Delano Facilities as required by the Lender; and

(iv) The Intercreditor Agreement (the "Intercreditor Agreement") dated as of the date of delivery of the Note among the Lender and other lenders to the Borrower (not executed by the City).

(b) an opinion of Counsel for the Borrower as prescribed by the Lender and Bond Counsel;

(c) the opinion of Bond Counsel as to the validity and tax exempt status of the Note;

(d) a 501(c)(3) determination letter from the Internal Revenue Service evidencing that the Borrower is exempt from income taxation under Section 501(c)(3) of the Code;

(e) such other documents and opinions as Bond Counsel may reasonably require for purposes of rendering its opinion required in subsection (c) above or that the Lender may reasonably require for the closing.

2.5 Disposition of Proceeds of the Note. Upon delivery of the Note to Lender, the Lender shall, on behalf of the City, disburse the proceeds of the Note for payment of Project Costs in accordance with the terms of the Loan Agreement as applicable.

2.6 Registration of Transfer. The City will cause to be kept at the office of the City Clerk-Treasurer a Note Register for the Note in which, subject to such reasonable regulations as it may prescribe, the City shall provide for the registration of transfers of ownership of the Note. The Note shall be initially registered in the name of the Lender and shall be transferable upon the Note Register by the Lender in person or by its agent duly authorized in writing, upon surrender of the Note together with a written instrument of transfer satisfactory to the City Clerk-Treasurer, duly executed by the Lender or its duly authorized agent. The following form of assignment shall be sufficient for said purpose.

For value received _____ hereby sells, assigns and transfers unto _____ the within Note of the City of Hamburg, Minnesota, and does hereby irrevocably constitute and appoint _____ attorney to transfer said Note on the books of said City with full power of substitution in the premises. The undersigned certifies that the transfer is made in accordance with the provisions of Section 2.9 of the Resolution authorizing the issuance of the Note.

Dated: _____

Registered Owner

Upon such transfer the City Clerk-Treasurer shall note the date of registration and the name and address of the new Lender in the applicable Note Register and in the registration blank appearing on the Note.

2.7 Mutilated, Lost or Destroyed Note. In case any Note issued hereunder shall become mutilated or be destroyed or lost, the City shall, if not then prohibited by law, cause to be executed and delivered, a new Note of like outstanding principal amount, number and tenor in exchange and substitution for and upon cancellation of such mutilated Note, or in lieu of and in substitution for such Note destroyed or lost, upon the Lender's paying the reasonable expenses and charges of the City in connection therewith, and in the case of a Note destroyed or lost, the filing with the City of evidence satisfactory to the City with indemnity satisfactory to it. If the mutilated, destroyed or lost Note has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Note prior to payment.

2.8 Ownership of Note. The City may deem and treat the person in whose name the Note is last registered in the applicable Note Register and by notation on the applicable Note whether or not such Note shall be overdue, as the absolute owner of such Note for the purpose of receiving payment of or on account of the Principal Balance, redemption price or interest and for all other purposes whatsoever, and the City shall not be affected by any notice to the contrary.

2.9 Limitation on Note Transfers. The Note has been issued without registration under state or other securities laws, pursuant to an exemption for such issuance; and accordingly the Note may not be assigned or transferred in whole or part, nor may a participation interest in the Note be given pursuant to any participation agreement to any party other than another financial institution.

2.10 Issuance of New Note. Subject to the provisions of Section 2.9, the City shall, at the request and expense of the Lender, issue a new Note, in aggregate outstanding principal amount equal to that of the Note surrendered, and of like tenor except as to number, principal amount, and the amount of the monthly installments payable thereunder, and registered in the name of the Lender or such transferee as may be designated by the Lender.

SECTION 3. MISCELLANEOUS.

3.1 Severability. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Resolution contained shall not affect the remaining portions of this Resolution or any part thereof.

3.2 Authentication of Transcript. The officers of the City are directed to furnish to Bond Counsel certified copies of this Resolution and all documents referred to herein, and affidavits or certificates as to all other matters which are reasonably necessary to evidence the

validity of the Note. All such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute recitals of the City as to the correctness of all statements contained therein.

3.3 Authorization to Execute Agreements. The forms of the proposed Note, Loan Agreement and Pledge Agreement are hereby approved in substantially the form heretofore presented to the City Council, together with such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by Bond Counsel prior to the execution of the documents, and the Mayor and City Clerk-Treasurer of the City are authorized to execute the Note, Loan Agreement and Pledge Agreement in the name of and on behalf of the City and such other documents as Bond Counsel considers appropriate in connection with the issuance of the Note. In the event of the absence or disability of the Mayor or the City Clerk-Treasurer such officers of the City as, in the opinion of the City Attorney, may act in their behalf, shall without further act or authorization of the City Council do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers. The execution of any instrument by the appropriate officer or officers of the City herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof.

3.4 Qualified Tax Exempt Obligation. In order to qualify the Note as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

- (a) the Note is not treated as a “private activity bond” under Section 265(b)(3) of the Code;
- (b) the City hereby designates the Note as a qualified tax-exempt obligation for purposes of Section 265(b)(3) of the Code;
- (c) the reasonably anticipated amount of tax-exempt obligations (other than obligations described in clause (ii) of Section 265(b)(3)(C) of the Code) which will be issued by the City (and all entities whose obligations will be aggregated with those of the City) during the calendar year 2013 will not exceed \$10,000,000;
- (d) not more than \$10,000,000 of obligations issued by the City during the calendar year 2013 have been designated for purposes of Section 265(b)(3) of the Code; and
- (e) the aggregate face amount of the Note does not exceed \$10,000,000.

Adopted by the City Council of the City of Hamburg, Minnesota, this 9th day of July,
2013.

Mayor

ATTEST:

City Clerk-Treasurer

STATE OF MINNESOTA
COUNTY OF CARVER
CITY OF HAMBURG

I, the undersigned, being the duly qualified and acting City Clerk-Treasurer of the City of Hamburg, 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 a resolution authorizing the issuance of a revenue note.

WITNESS my hand this 9th day of July, 2013.

City Clerk-Treasurer