



**CITY OF SAINT PETER, MINNESOTA
AGENDA AND NOTICE OF MEETING**

Special City Council Meeting of Monday, March 29, 2018
Community Center Governors' Room - 8:00 p.m.

- I. CALL TO ORDER
- II. USDA CONDITIONS LETTER ACCEPTANCE
- III. ADJOURNMENT

Office of the City Administrator
Todd Prafke

*****Please note start time*****



United States Department of Agriculture

Rural Development

March 29, 2018

110 Buchanan St N
Cambridge, MN 55008

Voice 763.689.3354
Fax 855.804.4097

CITY OF SAINT PETER
RIVER'S EDGE HOSPITAL & CLINIC
1900 SUNRISE DR
SAINT PETER, MN 56082

Dear Mr. Rohrich:

This letter establishes the conditions, which must be understood and agreed to by you and your organization before further consideration may be given to your Community Facilities application. The loan will be administered on behalf of the Rural Housing Service (RHS) by the State and Area staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development Community Facilities Program personnel (referred to as RD in the balance of this letter). Approval will be by written amendment to this letter. Any changes not approved by RD may be cause for discontinuing processing of the application.

This letter is not to be considered as loan approval, or as representation of the availability of funds.

Please complete and return Form RD 1942-46, "Letter of Intent to Meet Conditions," and Form RD 1940-1, "Request for Obligation of Funds," if you agree to meet these conditions and desire that further consideration be given to your application. If the conditions set forth in this letter are not met within 33 months from the date hereof, RD reserves the right to discontinue the processing of your application. Your loan will be considered approved and funds will be reserved on the date RD signs and returns, Form RD 1940-1 "Request for Obligation of Funds".

Extra copies of this letter are being provided for use by your architect, attorney, and accountant. All parties may access information and regulations referenced in the letter at our website located at:

<http://www.rd.usda.gov/publications/regulations-guidelines/instructions>

Direct Loans: RD Instruction 1942-A

Further processing of your application is to be done under the following conditions:

USDA is an equal opportunity provider, employer, and lender.

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1. Total Project Cost – Total costs must not exceed \$45,876,000 for the proposed hospital remodel and expansion project. Funding from all sources has been budgeted for the estimated expenditures as follows:

<u>Project Costs:</u>	<u>Total Budgeted:</u>
Construction	\$21,777,000
Construction – Sitework	\$ 2,225,000
Contingencies	\$ 1,928,000
Equipment and Furnishings	\$ 4,745,000
Architecture & Engineering	\$ 1,955,000
Project Management	\$ 800,000
Legal & Admin.	\$ 370,000
Refinance Bonds	\$ 9,670,000
Funded Interest	\$ 1,970,000
<u>Costs of Issuance</u>	<u>\$ 436,000</u>
TOTALS	\$45,876,000

Your funding needs will be reassessed if there is a significant reduction in project costs after bids are received. Obligated loan funds not needed to complete the proposed project will be deobligated.

2. Project Funds - Project funding is planned from the following sources:

<u>Project Funding Source:</u>	<u>Funding Amount:</u>
Community Facilities Direct Loan	\$33,320,000
Commercial Lender	\$ 5,000,000
<u>River's Edge Hospital & Clinic</u>	<u>\$ 7,556,000</u>
TOTALS	\$45,876,000

The applicant contribution and funding from other sources shall be considered as the first funds expended in the project. An agreement should be reached with all funding sources on how funds are to be disbursed before the start of construction.

Any changes in funding sources following obligation of RD funds must be reported to the processing official. Prior to advertisement for construction bids, you must provide evidence of applicant contributions and approval of any other funding sources. This evidence should include a copy of the award letter and any agreements or contracts.

3. "Loan Resolution" – Form RD 1942-47 and RD 1942-9, must be properly executed.
4. Repayment Schedule – The loan will be scheduled for repayment over a period of 35 years. Equally amortized payments of principal plus interest will be due each 1st of the

month. For planning purposes use a 3.5% interest rate, which provides for a monthly payment of \$137,945. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, whichever is less, unless you choose otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount.

5. Pre-authorized Debit Payment Process (PAD) – You will be required to complete Form RD 3550-28 “Authorization Agreement for Pre-authorized Payments”. The PAD payment process allows your payment to be electronically deducted from your account on the day your payment is due. You will be notified of the amount of the principal and interest due, and the date of the withdrawal from your account. The statement your bank provides monthly will confirm the entry to your account. The first loan payment(s) and any extra payments may require separate processing of payment(s) being handled individually outside of the PAD process.

6. Security Requirements – The loan will be secured by a revenue bond payable by user fees or other revenues. Additional security includes a pledge of the projects revenues and other agreements between you and RD as set forth in the bond resolution. Additional means of security may include, but not limited to, a real estate mortgage, assignment of income, financing statements, and deposit agreement. At a minimum, RD must have a shared first lien position on all security. A parity agreement will be executed to reflect a parity position on all security.

7. Business Operations –
 - a. Ordinances or Resolutions – Enact an ordinance or resolution necessary for collection of revenues for loan payment and operation and maintenance expenses. Enact an ordinance or resolution establishing rules and regulations for the facility.

 - b. Conflict of Interest Policy - Prior to obligation of funds, you must certify in writing that your organization has in place an up-to-date written policy on conflict of interest. The policy will include, at a minimum: (1) a requirement for those with a conflict or potential conflict to disclose the conflict/potential conflict; (2) a clause that prohibits interested members of the applicant’s governing body from voting on any matter in which there is a conflict, and (3) a description of the specific process by which the governing body will manage identified or potential conflicts.

You must also submit a disclosure of planned or potential transactions related to the use of Federal funds that may constitute or present the appearance of personal or organizational conflict of interest. Disclosure must be in the form of a written letter signed and dated by the applicant’s official. A negative disclosure in the same format is required if no conflicts are anticipated.

Sample conflict of interest policies may be found at the National Council of Nonprofits website, <https://www.councilofnonprofits.org/tools-resources/conflict-of-interest>, or in Internal Revenue Service Form 1023, Appendix A, "Sample Conflict of Interest Policy," at <http://www.irs.gov/pub/irs-pdf/i1023.pdf>.

- c. Operating Expenses – O&M expenses must be properly budgeted to determine the financial viability of any operation. For planning purposes, you should consider: 1) your present operating and maintenance costs, 2) increases or decreases based on changes that will be made, and 3) on projected typical year expenses which you have verified to be accurate to the way you will operate your system from data in the Preliminary Architect Report. It is expected that O&M will likely change each year and user rates will need to be adjusted accordingly.
- d. Reserves - Reserves must be properly budgeted to maintain the financial integrity of the system operations. The following reserves are required:
 - i. Debt Service Reserve - As required in the loan resolution, there shall be a set aside into a Debt Service Reserve Account the sum of \$13,795 each month until there is accumulation in that account equaling one years annual loan installment in the sum of \$1,655,340. After which time, deposits may be suspended, except to replace withdrawals. When necessary, disbursements may be used for payments due on the Note if sufficient funds are not available in the General or Debt Service Account. With the prior written approval of the Government, funds may be withdrawn for: (1) paying the cost of repairing or replacing any damage to the Facility which may have been caused by catastrophe, or (2) making extensions or improvements to the Facility. Whenever disbursements are made from the Reserve Account, monthly deposits shall then be resumed until there is again accumulated an amount of \$1,655,340, at which time deposits may be discontinued.

The Debt Service Reserve Account must be individually tracked in the annual financial records/audits of your organization, and identified as the Debt Service Reserve Account for this specific RD funded project.
- e. Initial Operating Budget and Rate Schedule – Prior to obligation of the RD Loan, the applicant shall establish and approve the initial operating budget and rate schedule. You must maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance, debt service and reserves. It is estimated that your proposed revenue is adequate to meet the initial budget needs.

- f. Financial Performance – You shall maintain a debt service coverage ratio of at least 1.25 and 60 days of unrestricted cash on hand. If the debt service coverage ratio or days cash on hand are not maintained based on a review of the annual audit, a fiscal strategy report which documents how the debt service coverage and cash on hand requirement will be achieved will be provided to RD. These performance measures will be tested semi-annually based on the mid and ending point of the fiscal year.
8. Accounting, Management Reports and Audits – RD approval of your accounting and financial reporting system, including the agreement with your auditor, will be needed prior to the start of construction. MN 1942-A, Guide 4, “Accounting, Reporting System and Audit Agreement Approval”, may be used for this agreement.
- a. RD approval of your accounting and financial reporting system, including the agreement with your auditor, will be needed before loan closing or start of construction.
- b. An annual audit or annual financial statements (Income & Expense Statement, Balance Sheet & Projected Budgets) are required for the duration of the loan. See below for requirements:
- i. 2 CFR 200.501 requires non-Federal entity’s that expend \$750,000 or more in Federal awards during the entity’s fiscal year to complete a single audit conducted in accordance with 2 CFR 200.514.
- The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Projects financed with interim financing are considered Federal expenditures.
- ii. Annual Financial Statements (Income & Expense Statement, Balance Sheet & Projected Budget) for borrowers who did not expend \$750,000 or more in Federal Funds and have an outstanding loan balance. Must have Rural Development's approval for this option and must meet requirements of 1942.17 (r) (1) (ii) (C). Financial statements are still required within 60 days of the fiscal year end in accordance with RD Instruction 1942-A.
- iii. Quarterly Management Reports are required for all borrowers for a period of at least three years. Quarterly Management Report includes: current balance sheet, year to date income & expense figures, and when applicable, a Workout Agreement per 7 CFR 1942.17 (q) (2). With the submission of the annual budget, you will be required to provide a current rate schedule and a current listing of the Board or Council Members and their terms. Quarterly Management Reports are due

within 30 days of the end of each quarter. The Quarterly Management Reports may be waived after 3 years if the facility is viable, as determined by RD. Likewise, at the Agency's discretion, if the viability of the facility is in question, RD can again require Quarterly Management Reports. A year-end management report shall consist of: Form RD 442-3, "Balance Sheet", and Form RD 442-2, "Statement of Budget, Income and Equity", or forms that provide the information in a similar format. An annual audit report may be submitted in lieu of Forms RD 442-2 and 442-3. The audit report must be submitted no later than 150 days after the end of the borrower's fiscal year.

- c. Your organization will retain all records, books and supporting material for three years after the issuance of management reports.
9. Insurance and Bonding - Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your architect, attorney and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.
- a. General Liability Insurance – Include vehicular coverage.
 - b. Worker's Compensation – In accordance with appropriate State laws.
 - c. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. You should have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RD will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s). The coverage may be increased during construction of this project based on the anticipated monthly advances. The amount of coverage should be discussed and approved by RD.
 - d. National Flood Insurance – In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
 - i. If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.

ii. Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

e. Real Property Insurance – Fire and extended coverage will normally be maintained on all structures except reservoirs, pipelines and other structures if such structures are not normally insured and subsurface lift stations except for the value of electrical and pumping equipment. Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all facilities identified above.

f. Builder’s Risk Insurance – It is the Owners responsibility to carry Builder’s Risk Insurance, during the construction of the proposed project.

10. Legal Services – You will be required to obtain a “Legal Services Agreement.” This agreement will address the fees necessary for the services outlined in this agreement. At closing the owner’s attorney will certify that the executed contract documents, including performance and payment bonds on contracts over \$100,000 are adequate and that the persons executing these documents have been properly authorized to do so by the entity in accordance with RD Instruction.

11. Property Rights – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must in the following form:

a. Preliminary Title Work – Form MN 1927 Guide - 9, “Preliminary Title Opinion”, must be provided for each deed, contract or option for land being acquired for the proposed project (not required for Rights-of-Way). For land already owned that will be used for the proposed project, a Preliminary Title Opinion(s) will be completed for all such property(ies). Title Insurance may be obtained in lieu of Title Opinion. A Title Insurance binder will be required on all real estate now owned and property to be acquired in connection with the project. The binder will be in the amount of the proposed loan and name the United States of America, acting through the United States Department of Agriculture, as the proposed insured.

b. Opinion Concerning Permits, Certificates, Licenses and Other Items – The Applicant’s attorney will provide a narrative opinion showing that all legal requirements can be met and stating how they will be met.

c. Final Title Work – On the day of loan closing, your attorney must furnish a separate final title opinion on all existing land(s) and those to be acquired on the

day of loan closing. Form RD 1927-10, "Final Title Opinion" will be used. In lieu of the Final Title Opinion, immediately after closing, a Title Insurance Policy can be obtained. The opinion must show no exceptions that would adversely affect the use of the real property in connection with the proposed project.

12. Architectural Services – The Agency must approve any agreements and modifications to agreements for professional architectural services. The agreement for architectural services should consist of the AIA documents as indicated in RD Guidance.
13. Restrictions on Lobbying - In order to comply with Section 319 of Public Law 101-121 which prohibits applicants and recipients of Federal contracts, grants and loans from using Federal appropriated funds for lobbying, the Federal Government in connection with the award of a specific contract, grant or loan, the Applicant, and all contractors and subcontractors must:

- a. Execute the attached Certification for Contracts, Grants, and Loans.
- b. Complete Standard Form LLL, "Disclosure of Lobbying Activities", if they have made, or agreed to make payment, using funds other than Federal appropriated funds, to influence or attempt to influence a decision in connection with the contract.

The Certification (and, if appropriate, the Disclosure) must be provided to RD.

14. Contract Documents, Final Plans and Specifications -

- a. The contract documents should consist of the AIA Construction Contract Documents with attachments, additional guidance is provided in MN 1942-A Guide 27, "Community Facilities Information for Architects" (March 2013) or other approved form of agreement.
- b. The final plans, and specifications must comply with guidance in MN 1942-A Guide 27, "Community Facilities Information for Architects" (March 2013) and require submission to the Agency for final review/approval by the RD Architect prior to advertisement for bids.
- c. The use of any procurement method other than competitive bidding must be requested in writing and approved by the Agency.
- d. The Agency requires a pre-construction conference, pre-final, final, and warranty inspection.
- e. The Agency requires prior Agency concurrence with all Change Orders, Invoices, and Payment Estimates.

15. Bidding Phase –

- a. Contract bidding will be authorized by RD only after the final design has been reviewed and accepted; funding has been arranged; and loan closing instructions have been completed by the USDA Office of General Counsel (OGC).
- b. After you receive MN 1942-A Guide 10, “Authorization to Bid” from RD, you shall authorize the Architect to proceed with the bid phase. The Architect will assist in the following:
 - i. The Architect will assist you in providing a written statement or other evidence to RD of the steps taken to comply with affirmative action to assure that small, minority and women-owned businesses will be utilized when possible on projects as a source of supplies, equipment, construction and services.
 - ii. The Architect will assist you in advertising for and obtaining bids for the Work and maintaining a record of prospective bidders to whom Bidding Documents have been issued, attend pre-Bid conferences, if any, and receive and process Contractor deposits for accessing the Bid Documents.
 - iii. Issue Addenda as appropriate to clarify, correct or change the Bidding Documents.
 - iv. Consult with you as to the acceptability of subcontractors, vendors, suppliers and other person and entities proposed by Contractor for those portions of the work as to which such acceptability is required by the Bidding Documents.
 - v. Determine the acceptability of substitute materials and equipment proposed when substitution is necessary because the specified item is incompatible with the Project or fails to comply with applicable codes.
 - vi. Perform or provide other additional Bidding tasks as necessary in the obtaining and delivery of acceptable bids for the Project.
 - vii. Consult with you and RD on qualifications and acceptance of qualified apparent low bidder. Provide RD with bid tabulation and Architect’s evaluation of bids and recommendations for contract awards.
 - viii. Contracts will be completed in accordance with AIA Document A201 and RD Instruction 1942-A Guide 27.

16. Cost Overruns – Cost overruns exceeding 20% of the development cost at time of loan approval or where the scope of the original purpose has changed will compete for funds with all other applications on hand as of that date. Cost overruns must be due to high bids or unexpected construction problems that cannot be reduced by negotiations, redesign, use of bid alternatives, rebidding or other means prior to consideration by the Agency for subsequent funding. Such requests will be contingent on the availability of funds.

17. Construction Phase –

- a. Pre-Construction Conference - A pre-construction conference must be held. It will be directed or led by the Architect. It is expected that you, Rural Development, Architect, Contractor, sub-contractors and others attend. The “Notice to Proceed” with construction will be authorized at or after this meeting. See “Record of Pre-Construction Meeting”.
- b. Environmental Mitigation Measures – All mitigation measures must be followed as described in the environmental report. The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

18. Disbursement of Funds –

- a. Interim Construction Financing – is to be obtained from commercial sources or special funding sources (approved by RD) in an amount equal to the loan when available at reasonable rates and terms. Any additional temporary bond amount over the RD loan must be agreed to in writing by RD.
- b. Partial Payments - During construction, RD 1924-18, “Partial Payment Estimate,” will be used for periodic construction estimates. Prior to disbursement of funds you and RD will review and approve each payment estimate. All bills and vouchers must be approved by RD prior to payment.
- c. Electronic Funds Transfer – Loan funds will be transferred into your account at the time of loan closing using the “Automated Clearing House” payment system. You must complete Form SF 3881, “Electronic Funds Transfer Payment Enrollment Form” prior to closing or start of construction, whichever is earlier.
- d. Required Refunds – Rebates earned from any source will be submitted to RD as an extra payment on the loan.

- e. Use of Remaining Funds – Remaining funds may be used for eligible purposes, provided the use will not result in major changes to the original scope of work and the project purpose remains the same. Loan funds not needed for authorized purposes will be cancelled. You will be notified of RD’s intent to cancel the remaining funds and given appropriate appeal rights.

19. Civil Rights, Accessibility and Other Special Requirements –You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

- a. Drug-Free Workplace – All recipients of RD funding must provide a drug-free workplace. Form AD 1049, “Certification Regarding Drug-Free Workplace Requirements”, must be completed.
- b. Civil Rights Act of 1964 – All borrowers are subject to and facilities must be operated in accordance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and 7 CFR 1901 subpart E, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required in 7 CFR 1901 Subpart E paragraph 202(e).
- c. Civil Rights Compliance Reviews – RD financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap. The Applicant is required to gather racial identity and national origin information, along with gender information on the people in the community and the service area being served by the “Federally assisted program”. This information must be provided to RD periodically for required Compliance Reviews during the application process and during the term of the loan. Tracking of this information is required by Federal Civil Rights laws.
- d. Age Discrimination Act of 1975 – Provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
- e. Section 504 of Rehabilitation Act of 1973 – All recipients of RD funding must comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794). No handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied of benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. A “Self Evaluation and Transition Plan” will be required to be completed, prior to the loan being closed. The self-evaluation shall be in accordance with the Architectural Barriers Act Accessibility Standards (ABAAS).

- f. The Americans with Disabilities Act (ADA) of 1990 – Prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities, which provided services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities, which accommodate the public.
- g. Limited English Proficiency (LEP) under Executive Order 13166 - LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally-assisted and/or conducted programs on the ground of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons. LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English. These individuals may be entitled to language assistance, free of charge. You must take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to USDA programs, services, and information your organization provides. These protections are pursuant to Executive Order 13166 entitled, “Improving Access to Services by Persons with Limited English Proficiency” and further affirmed in the USDA Departmental Regulation 4330-005, “Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA”.

20. System for Award Management (SAM) Requirements:

- a. You as the recipient must maintain the currency of your information in SAM until you submit the final financial report required under this award and all grants funds under this award have been disbursed or de-obligated, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term. Recipients can register on-line at (<https://www.sam.gov/>).
- b. You as the recipient may not make a sub-award to an entity unless the entity has provided its Data Universal Numbering System (DUNS) number to you. Sub-recipients with sub-awards of \$25,000 or more must also have and maintain a current SAM registration.
- c. Recipient Reporting - You as the recipient must report each first tier sub-awards of \$25,000 or more in non-Recovery Act funds to <http://www.frs.gov> no later than the end of the month following the month the obligation was made. As part of your registration profile at <https://www.sam.gov>, you must report the total compensation of the 5 most highly compensated executives (if the award was \$25,000 or more, 80% or more of annual gross revenues subject to

Transparency Act, and \$25 Million of annual gross revenues subject to Transparency Act) by end of month following month in which award was made. This requirement also pertains to sub-recipients (if the award was \$25,000 or more, 80% or more of annual gross revenues subject to Transparency Act, and \$25 Million of annual gross revenues subject to Transparency Act).

21. Felony Conviction or Tax Delinquent Status for Corporate Applicants - This award is subject to the provisions contained in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2012, P.L. No. 112-55, Division A, Sections 738 and 739, regarding corporate felony convictions and corporate federal tax delinquencies.

Accordingly, by accepting this award the recipient acknowledges that it: 1) does not have a tax delinquency, meaning that it is not subject to any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, and 2) has not been convicted (or had an officer or agent acting on its behalf convicted) of a felony criminal violation under any Federal or State law within 24 months preceding the award, unless a suspending and debarment official of the United States Department of Agriculture has considered suspension or debarment of the recipient corporation, or such officer or agent, based on these convictions and/or tax delinquencies and determined that suspension or debarment is not necessary to protect the interests of the Government.

If the recipient fails to comply with these provisions, the Rural Housing Service will annul this agreement and may recover any funds the recipient has expended in violation of sections 738 and 739.

22. Loan Closing – The loan will be closed in accordance with instructions prepared by OGC. Form RD 1910-11, “Application Certification, Federal Collection Policies for Consumer or Commercial Debts”, must be read and signed prior to loan closing.
- a. Post-closing Issues or Errors – The parties agree and acknowledge that it is their intent to close this transaction in the required manner. As part of loan closing instructions and upon the request of RD, the Borrower agrees to fully cooperate and adjust any post-closing issues or errors necessary or desirable in the reasonable discretion of, or required by the laws and regulations governing Rural Development, its programs, policies, or operations. If additional costs are involved in performing these duties, those costs will be borne by the parties as required under the terms of the program, loan documents, security agreements, and/or other supplemental agreements. If post-closing issues are not satisfactorily resolved, the transaction shall be voidable by RD.

- b. Borrower Graduation Requirement Certification – By accepting this loan, you are also agreeing to refinance (graduate) the unpaid loan balance in whole, or in part, upon request of the government. If at any time the Agency determines your entity is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms, you will be requested to refinance. At the time of loan closing the Borrower will certify that they understand that the law requires them to refinance their loan when other credit is available at reasonable rates and terms. MN 1780 Guide 23 - "Graduation Certification" will be used for this certification.

If the conditions set forth in this letter are not met within 180 days from the date of this letter, RD reserves the right to discontinue processing the application. In the event the application has not advanced to the point of bidding within 180 days and it is determined the applicant still wishes to proceed, it may be necessary to review the conditions outlined in this letter. If during that review, it is determined the conditions outlined are no longer adequate, Rural Development reserves the right to require that the letter of conditions be revised or replaced.

We believe the information in this letter clearly sets forth the conditions which must be complied with; however, this letter does not relieve you from meeting the requirements of RD Instruction. If you have any questions, please do not hesitate to contact me.

Sincerely,



Brett Repulske
Area Specialist

Cc: File

City of Saint Peter – Todd Prafke
Johnson Johnson Crabtree Architects – Stephanie Pielich
City Attorney – James Brandt
Briggs & Morgan – Mary Ippel
Eide Bailly – Mark Dale
Peoples Bank Midwest – Kevin Kelly
Baird – Paul Donna
David Drown Associates – Shannon Sweeney

LETTER OF INTENT TO MEET CONDITIONS

Date 03-29-2018

TO: United States Department of Agriculture

Rural Development

(Name of USDA Agency)

110 Buchanan St N
Cambridge, MN 55008

(USDA Agency Office Address)

We have reviewed and understand the conditions set forth in your letter dated 03-29-2018 . It is our intent to meet all of them not later than 12-29-2020 .

City of Saint Peter

(Name of Association)

BY _____

Mayor

(Title)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a persons is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015 and 0570-0062. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data. needed, and completing and reviewing the collection of information.

CITY OF SAINT PETER, MINNESOTA

RESOLUTION NO. 2018 -

STATE OF MINNESOTA)
COUNTY OF NICOLLET)
CITY OF SAINT PETER)

RESOLUTION ACCEPTING CONDITIONS OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) FINANCING FOR 2018 HOSPITAL EXPANSION PROJECT

WHEREAS, the City of Saint Peter owns River's Edge Hospital and Clinic; and

WHEREAS, the City Council has supported the United States Department of Agriculture (USDA) Community Facilities Application through the USDA Rural Development; and

WHEREAS, River's Edge Hospital is a Critical Access Hospital and the services provided have a significant impact on the Saint Peter community and surrounding area; and

WHEREAS, the expansion of operating rooms, number of beds, security, and the Emergency Room will help the Hospital to continue to improve quality and availability of services to the Saint Peter area and the people that live here; and

WHEREAS the City and Hospital have received a letter of conditions from USDA which includes the offer of \$33,320,000 in long term financing at an interest rate of 3.5% over a term of thirty-five (35) years; and

WHEREAS, USDA requires the City Council to formally accept the conditions as outlined in the letter; and

WHEREAS, the Hospital Commission recommends acceptance of the conditions as outlined in the USDA letter.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAINT PETER, NICOLLET COUNTY, MINNESOTA, THAT:

1. The City of Saint Peter hereby accepts the conditions as offered by the United States Department of Agriculture (USDA) for financing for the 2018 Hospital Expansion Project.
2. Staff is directed to provide all appropriate documentation and execution of documentation as required by the USDA for acceptance of the requested financing including, but not limited to, the Letter of Intent to Meet Conditions and a Request for Obligation of Funds.

Adopted by the City Council of the City of Saint Peter, Nicollet County, Minnesota, this 29th day of March, 2018.

Charles Zieman
Mayor

ATTEST:

Todd Prafke
City Administrator